

Global Markets Daily

US Rates Fanned Higher

Rates Are Fanned Higher

US treasuries were sold right at the start of the week as investors position for a probable hawkish shift in the statement of the last FOMC meeting chaired by Yellen that takes place today and tomorrow. UST 10y yield broke above 2.72% at one point before slipping back to levels around 2.70% this morning. Before the decision, we have Trump's state of the union address in the US today (tomorrow Asia morning) that could include infrastructure plans that could be inflationary. US rates are definitely fanned higher. Risk appetite took a hit as equities fell. VIX spiked to 13.84.

Correlation Is A Fickle Thing

As volatility picks up, we noticed that USD moves are back in tandem with UST 10yr yields. Since the mid of Dec, there has been a disconnect between the DXY index and the UST yield. In other words, the strong positive correlation between the DXY index and the UST yield that has held for a number of years, broke down. This can be due to the current macro environment that has turned sanguine. Investors seem confident that the real economy is able to withstand the rise in rates so far. Thus, there was little outflow out of EMs and USD remained on the weakening path. However, recent sessions saw DXY index moving back in tandem with the 10y yields. Recent US data has been favourable enough for a possible hawkish shift by Fed this Wed. This could be a temporary phenomenon until the uncertainty of the Fed meeting is behind us. Afterall, correlation is a fickle thing.

FOMC Starts today, Watch BoE Carney and Trump

US and EU consumer confidence; EU GDP; AU business confidence; NZ trade; JP retail sales; BoE Carney to speak. Trump's State of the Union Address will happen in Asia morning tomorrow. Expect USDAsians to hover sideways in absence of strong directional cues in the session.

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2383	↓ -0.35	USD/SGD	1.3103	↑ 0.22
GBP/USD	1.4074	↓ -0.61	EUR/SGD	1.6226	↓ -0.15
AUD/USD	0.8094	↓ -0.20	JPY/SGD	1.2026	↓ -0.12
NZD/USD	0.7323	↓ -0.37	GBP/SGD	1.8442	↓ -0.38
USD/JPY	108.96	↑ 0.35	AUD/SGD	1.0607	↑ 0.03
EUR/JPY	134.91	↓ -0.04	NZD/SGD	0.9595	↓ -0.29
USD/CHF	0.9375	↑ 0.55	CHF/SGD	1.3976	↓ -0.28
USD/CAD	1.234	↑ 0.26	CAD/SGD	1.0618	↑ 0.04
USD/MYR	3.8815	↑ 0.27	SGD/MYR	2.9666	↑ 0.04
USD/THB	31.44	↑ 0.31	SGD/IDR	10207.89	↑ 0.12
USD/IDR	13366	↑ 0.45	SGD/PHP	39.1183	↑ 0.25
USD/PHP	51.216	↑ 0.58	SGD/CNY	4.8367	↓ -0.03

Implied USD/SGD Estimates @ 30 Jan-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.2938	1.3200	1.3462

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G7: Events & Market Closure

Date	Ctry	Event
29 Jan	NZ	Market Closure
30 Jan	US	State of the Union Address by President Trump
30-31 Jan	US	FOMC Meeting

AXJ: Events & Market Closure

Date	Ctry	Event
31Jan-1 Feb	MY	Market Closure
1 Feb	IN	Federal Budget

G7 Currencies

■ **DXY - Retracing Losses into FoMC, Trump's Address.** USD rebounded overnight, in line with our call for rebound risks. The bounce in the USD appears to coincide with the rise in UST yield. Recall that past 3 months saw a breakdown of positive correlation between DXY and UST yield (i.e. correlation turned negative with USD on the decline while UST yield rose) and that "breakdown in correlation" appears to correct back to positive overnight. We caution that there may be discomfort if UST yields rose too quickly and move outside of its familiar range of 2.30 - 2.60%. Persistent move higher towards 2.80 or 3% may trigger some reality check. A sell-off in bond markets could bring down equity markets and trigger risk aversion play (i.e. long USD, long JPY vs. short high-beta proxies including AXJs). The message from Yellen's final FoMC meeting this Thu (3am SG/KL time) will be key. While a rate hike is not expected, a shift in tone could lead to higher UST yields. On data release, PCE core rose to 1.9% q/q in 4Q (vs. 1.3% in 3Q) while 5y5y breakeven inflation has risen above 2.4% and UST 10Y yield rose to more than 3 year high of 2.71%. Personal income and spending data were in line with estimates while Dallas Fed Mfg surprised to the upside. There could be chance of an upgraded assessment in the Fed's accompanying statement this week (no press conference is scheduled). We do however caution that a surprise hike is USD positive (though chance is very low). We reiterate our house view expectation for Fed to embark on gradual pace of rate increases (i.e. 2 to 3 rate hikes) this year. Trump's State of the Union speech (10am SG/KL time) could unveil plans on infrastructure spending (which may provide some support for the USD if it manages to surprise). DXY was last seen at 89.40 levels. Bearish momentum remains intact but stochastics shows signs of rebounding from oversold conditions. We are still cautioning for rebound risks this week. Resistance at 90.90 (21 DMA). Support at 88.40 (previous low), 87.30 (50% fibo retracement of 2008 low to 2017 high) and 83.35 (61.8% fibo). Week remaining brings Conference Board Consumer Confidence (Jan) on Tue; Trump's State of the Union Address; ADP Employment Change (Jan); Chicago PMI (Jan); Pending Home Sales (Dec) on Wed; FoMC Meeting (1 Feb, 3am SG/KL time); ISM Mfg (Jan); Mfg PMI (Jan) on Thu; NFP, Unemployment rate, Avg hourly earnings (Jan); Factory orders/ durable goods (Dec); Uni of Michigan Sentiment (Jan); Fed's Williams speaks on Fri.

■ **EURUSD - GDP on Tap Today.** EUR drifted lower overnight, in line with our caution for pullback risks. The move lower came amid USD rebound in the lead up to key event risks in US this week including FoMC and Trump's State of the Union address. Pair was last seen at 1.2380 levels. Bullish momentum on monthly, weekly chart remains intact though shows signs of waning while stochastics is falling from overbought conditions. Support at 1.2320 (previous high now turned support) before 1.2131 (21 DMA). Next resistance at 1.2540, 1.2598 (61.8% fibo retracement of 2014 high to 2016 low). We continue to caution for risk of pullback in the near term amid key event risks - German coalition talks (pending SPD members final vote amid high expectations for coalition talks to proceed fast) and Italy elections on 4 Mar (watch opinion poll results that could swing sentiment). We reiterate our tactical sell on rally (initiated yesterday spot ref at 1.2420) but strategic bias to buy on dips towards 1.21 levels. Week

ahead brings GDP (4Q); Consumer Confidence (Jan) on Tue; ECB Mersch speaks; Unemployment rate (Dec); CPI (Jan) on Wed; Mfg PMI (Jan) on Thu; PPI (Dec) on Fri.

■ **GBPUSD - Signs Re-emerging that Brexit Plans Not Going to Plans.**

The recent impressive run (more than 6% since mid-Dec) in the GBP on the back of hopes of positive Brexit outcome could soon face a reality check. There were news (The Times) of PM May facing fresh calls to step down at a fundraising event last Thu and recent cabinet reshuffle that turned chaos (Heath Secretary refused to leave while Education Secretary Greening refused to accept another role). EU 27 meets in Brussels (29 Jan) - this is one key risk event that may provide a reality check on recent more than 6% GBP gains since end-Oct 2017. EU27 Ministers will meet to agree the bloc's red lines regarding the transition period and EU demands include all of EU law; UK to not take part in EU decision-making processes; UK abide by regulatory structures of the EU and its budgetary commitments; UK to recognize European Court of Justice and that the transition period last for a fixed period of time. We caution that lack of agreement or clarity on transition agreement may dampen markets' enthusiasm on soft Brexit and renewed fears of disorderly Brexit will pose downside risks to GBP. Pair was last seen at 1.4060 levels. Bullish momentum on daily chart is waning while stochastics is falling from overbought conditions. Support at 1.3810 (61.8% fibo). Resistance at 1.4270 (76.4% fibo retracement of EU referendum high to Oct-2016 low). Week ahead brings BoE Carney speaks before lawmakers; M4 (Dec) on Tue; GfK consumer confidence (Jan) on Wed; PMI Mfg (Jan) on Thu; Construction PMI (Jan) on Fri.

■ **USDJPY - Pressure Still To The Downside.** USDJPY move back above the 109-levels amid a rebound in the USD stalled in the Asian session. Disappointing data - domestic unemployment rate climbed slightly higher to 2.8% in Dec (from 2.7% in Nov) and consumer spending slipped 0.1% y/y in Dec (Nov: 1.7%) - that suggested further stimulus may be needed failed to lift the pair higher. It would appear that lingering speculation of a BOJ tapering continues to weigh on the pair. Even warning by FX chief Asakawa following the MoF, FSA and BOJ meeting yesterday that the agencies were monitoring market closely for signs of speculative activities amid rising volatility failed to deter the market. Nevertheless, further USD rebound ahead of Trump's State of the Union address tomorrow, FOMC meeting and US ADP on Wed and USD NFP on Fri could see pair re-test the 109 levels in the near term. Last seen at 108.93-levels. Bearish bias on both the daily and weekly charts remain intact. Key support still at 108.30 (trend line support from the lows of 2012 to 2016). A break of this level could see bearish extension towards 106.50 levels (61.8% fibo retracement of the 2016 low to high). Rebounds should meet resistance around 109.50, 110 levels. Bias to sell on rallies toward those levels. Week ahead has industrial production, housing starts (Dec), BOJ summary of opinions, BOJ Iwata to speak on Wed; Nikkei PMI mfg (Jan F) on Thu.

■ **NZDUSD - Tactical Short Bias.** NZD slipped, in line with our short bias call - reinstated yesterday at 0.7330 for a move towards 0.7260 (61.8% fibo retracement of Jul high to Nov low), 0.7170 (50% fibo) objectives. SL at 0.7450. Bullish momentum on daily chart is waning while stochastics show signs of falling from overbought conditions.

We continue to look for a pullback. Resistance at 0.7380 (76.4% fibo), 0.7440 levels. Week ahead brings NZ Finance Minister speaks on Wed (530am SG/Kl time); Net Migration, Building Permits (Dec); Consumer Confidence (Jan) on Fri.

■ **AUDUSD - Eyes on CPI tomorrow morning.** AUDUSD retreated from its multi-month highs yesterday and remained a tad offered this morning, last seen around 0.8090. Base on weekly chart, AUDUSD has made double top at the 0.8125-resistance level and could see a sharp reversal lower towards the first support at 0.7950 if AUDUSD is unable to close above the recent high of 0.8136. Insofar, the AUD has been underpinned by strong base metal prices and better data even though wage pressure is still illusive. We do not expect these factors to dissipate in the medium term though some corrections in base metal prices could pull the antipode lower. Eyes are on iron ore prices which looked like it's forming a tentative top at around USD75/bbl. We look for a 50% retracement of the Oct -Jan rally towards USD66. AUD could be pulled along and momentum indicators are turning lower. Look for the AUDUSD to head towards 0.7940, before 0.7890. Strong resistance remains at 0.8100, 0.8125 levels (2017 high). We would like to re-enter a short AUDUSD position at (spot ref. of 0.8096) for a target of 0.7888. Stoploss at 0.8125. Eyes on 4Q CPI this Wed. *Week ahead brings NAB Business Confidence (Dec) on Tue; Private sector credit (Dec); CPI (4Q) on Wed; Building Approvals (Dec); Import, Export Price Index (4Q) on Thu; PPI (4Q) on Fri.*

■ **USDCAD - Upside Risks.** USDCAD remained capped by the 1.2350 levels as final day of NAFTA negotiations wrapped up with the private ministerial meeting between the 3 countries' representatives. US Trade Representative, Robert Lightizer, mentioned that "some progress was made", and that core issues were being discussed. Although NAFTA tensions have ebbed for now, continuous delay of any breakthrough would continue to weigh on the CAD. Next round of NAFTA negotiation starts in late Feb. Last seen at 1.2340 levels. Resistance is now at 1.2390 (61.8% fibo retracement from Oct high to Sep low), 1.2444 (21 DMA). Support remains at 1.2300, 1.2264 (76.4% fibo). Daily and weekly chart shows stochastics nearing oversold levels. Watch for Trump's State of the Union address later today. Should there be any protectionist comments out of the NAFTA discussions, we could see the USDCAD go higher towards 1.24-levels. Week ahead brings GDP, IP, Raw Materials Price Index on Wed; Mfg PMI on Thu.

Asia ex Japan Currencies

- **SGD trades around 0.73% above the implied mid-point of 1.3200.** The top is estimated at 1.2938 and the floor at 1.3462.
- **USDSGD - Sideways.** USDSGD is on the modest uptick this morning, tracking the USD higher, though this was off its overnight high of 1.3127. Pair though appears to be in consolidation mode ahead of key event/data risks this week, namely Trump's State of the Union address, FOMC meeting and US ADP on Wed, and US NFP on Fri. Upside surprises could be supportive of the USD and lift the USDSGD even higher. Firmer UST yields yesterday lifted 3-month SOR higher by 2.2% to 0.94%. Continuing upticks in UST yields is likely to keep the 3-month SOR intraday. Last seen around 1.3110 levels. Bearish bias on the daily chart remains intact but waning, while stochastics shows tentative signs of turning higher from oversold conditions. Weekly momentum indicators remains bearish bias while stochastics is still at oversold conditions. Though trend remains your friend, we caution for rebound risks. Resistance is at 1.32-levels (61.8% fibo retracement of the 2014 low to 2017 high). Support at the 1.30-levels before 1.2880 (76.4% fibo). Quiet week ahead with just PMI (Jan) due on Fri.
- **AUDSGD - At Risk of Reversal.** This cross managed to clock the 7th consecutive bullish candlestick on the weekly chart but prices are hovering around the 200-WMA at around 1.0590. While weekly MACD is still bullish, stochs are in oversold conditions, Resistance is seen around 1.0700 (23.6% fibo retracement of the Jun 2016- 2017 high rally). We see potential for a bearish reversal. Support at 1.0540 (38.2% fibo).
- **SGDMYR - Rebound Risks but Bias to Fade.** SGDMYR inched higher overnight amid MYR pullback. Last seen at 2.9720 levels. Bearish momentum on daily chart remains intact while daily stochastics is showing signs of turning higher from oversold conditions. Rebound risks possible but bias to fade. Resistance at 2.9750, 2.99 levels. Support at 2.95, 2.93 levels
- **USDMYR Near Term Rebound Risks.** USDMYR rebounded amid broad USD rebound ahead of key event risks in US. Pair was last seen at 3.8950 levels. Bearish momentum on daily shows signs of waning while stochastics is showing signs of turning from oversold conditions. We do not rule out near term rebound risks towards 3.91, 3.94 levels. Interim support at 3.88, 3.86 levels. Broader term, we believe MYR strength should continue in early part (next few months) of 2018 amid Malaysian GE (likely to be held in coming months), positive development in domestic fundamentals including shifts in investor sentiment, strong GDP outlook, widening current account surplus against supporting external environment - synchronous global economic recovery benefitting Asian exports including Malaysia and possibly see this extending into investment recovery in 2018. Furthermore there are also signs of stabilising commodity prices amid OPEC production cut extension and steady demand for oil prices. And we expect these drivers - both external and domestic to provide the near term support for MYR. Our fair value estimate for USDMYR is around 3.70 levels. Onshore markets are closed on Wed and Thu for holidays.

- **1m USDKRW NDF - 1065 - 1075 Range.** Pair firmed amid USD rebound and softer appetite for risk (US and Kospi in the red). Last seen at 1069 levels. Bullish momentum on daily chart remains intact. Next resistance at 1076 (50 DMA). Support at 1065 (21 DMA), 1060 levels. Suggest range of 1066 - 1075 intra-day. Week ahead brings IP on Wed; CPI and exports on Thu. Trump's latest trade protectionist measures on imposing import tariffs on washing machine and solar panels may affect Korean exports. According to some calculations reported on the media, those exports stand at about US\$2bn per year and could negatively impact Korean exports to US if US consumer switches preferences.
- **USDCNH - Sideways.** USDCNH crept higher to levels around 6.3400 this morning. Weak USD bias keeps this pair pressured to the downside but USD has been on a mild recovery ahead of FOMC decision this Wed. We see little support for this pair before the next at 6.20. Resistance is now at 6.3950 (76.4% fibo retracement of the 2015-2016 rally). **PBoC fixed the USDCNY reference rate at 6.3312, 45 pips higher than previous 6.3267. CNYMYR was fixed 19 pips lower at 0.6136 vs. previous at 0.6117.** Week ahead has NBS PMI (mfg and non-mfg) for Jan on Wed. Caixin's version is released on Thu. PBOC has been skipping open market operations for fourth day. Net CNY240bn drained via OMO. Separately, PBoC could include shadow financing into the macro regulation framework (BBG).
- **1m USDINR NDF - Bias to the Upside.** 1m USDINR NDF traded around 63.88 this morning despite the bullish growth forecast and optimistic comments by the Chief Economic Advisor (CEA). Economic growth survey estimates GDP expanding by 7-7.5% for FY18/19. However, his expectations for inflationary pickup have sent yields higher as bonds were sold off. Further uncertainty on fiscal credibility could also see the sell-off continue, which will see upside to the 1m NDF. Hence, key focus still remains on the Union budget on Thu. Our India analysts anticipate difficulty in the government meeting the fiscal deficit target of 3.2-3.3% for FY18/19 to maintain India's credit rating, cutting corporate tax rates to boost the manufacturing sector and infrastructure as well as giving more to the farm sectors in anticipation of state elections. 1m NDF was last seen at 63.88 level. Resistance remains at 64.00 (23.6% fibo from Sep 2017 high to Jan 2018 low), 64.45 (38.2% fibo). Support at 63.37 level (2018 low). Week ahead brings fiscal balance print on Wed; India's FY18/19 Budget, Mfg PMI on Thu.
- **1m USDIDR NDF - Rebound Risks.** 1m USDIDR NDF spike overnight to touch a near week-and-half high of 13417 amid USD strength. Since then, 1m NDF has pared some of these gains in the Asian session and is trading slightly softer possibly on profit-taking activities. Deteriorating sentiments yesterday saw foreign investors sell off USD30.7mn of equities. Meanwhile, they had sold USD120.9mn in debt on Fri (latest data available). Spot USDIDR gapped higher at the opening to 13385 this morning from yesterday's close of 13366 amid USD strength. We continue to caution of rebound risks given key risk events/data this week, namely Trump's State of the Union address, FOMC meeting and US ADP on Wed, and US NFP on Fri, where upside surprises could keep USD supported and lift 1m NDF higher. Last seen around 13401 levels. Daily chart now

shows bullish bias, and stochastics climbing higher from oversold conditions. Weekly momentum indicators and stochastics though remain bearish bias. This suggests risks are still to the downside but in the near term there could be upside risks to the 1m NDF. Further upside could meet resistance around 13440 (50% fibo retracement of the Sep-Oct upswing), 13500 (100DMA). Support is now around 13370 (61.8% fibo) before 13280 levels (76.4% fibo). JISDOR was fixed at 13324 yesterday; 24 pips higher than the fixing on Fri. Week ahead has CPI, Nikkei PMI mfg (Jan) on Thu.

- **1m USDPHP NDF - *Bullish Bias***. 1m USDPHP NDF spiked to a high not seen since Nov 2017 at 51.52 this morning amid a rebound in the USD. Also putting the 1m NDF under selling pressure were comments by BSP deputy governor Diwa Guinigundo yesterday that there was no need to tighten policy at the moment given ample liquidity in the system. Unlike its regional peers, the 1m NDF has been on the uptick since the start of 2017 on concerns over its deteriorating current account deficit. Risk appetite waned yesterday with foreign investors selling USD1.7mn in equities, keeping the 1m NDF supported. Further outflows could see further upside pressure on the 1m NDF intraday. We could see the 1m NDF move even higher intraday given risk events/data ahead, namely Trump's State of the Union address, FOMC meeting and US ADP on Wed, and US NFP on Fri. Not surprisingly, the spot USDPHP has gapped higher at the opening to 51.324 this morning from yesterday's close of 51.216. Last seen around 51.50 levels. Momentum indicators on the daily chart remains intact, while stochastics remains at overbought conditions. Weekly chart shows momentum has turned bullish and stochastics still climbing higher from oversold conditions. This suggests risks to the 1m NDF are to the upside. Resistance is at 51.60 (23.6% fibo retracement of the Apr-Oct 2017 upswing), 51.85 levels. Support is at 51.15 (38.2% fibo) ahead of 50.90 (100DMA). Quiet week ahead with just Nikkei PMI mfg (Jan) due for release on Thu.
- **USDTHB - *Poised For Further Upside?*** USDTHB is bouncing higher this morning, tracking the USD moves higher. Risk sentiments waned yesterday with foreign funds selling USD11.5mn and USD56.7mn in equities and debt, which was supportive of the pair. Further net portfolio outflows should be continue to keep the pair supported intraday. Pair though remains in consolidative trades with current levels ahead of key events/data this week from the US, namely Trump's State of the Union address, FOMC meeting and ADP on Wed, and NFP on Fri. Upside surprises could see a further rebound in the USD and keep USDTHB supported. Last seen around 31.452 levels. Daily and weekly momentum indicators remain bearish bias, while both stochastics are at oversold conditions. This suggests risks are still to the downside though there are potential rebound risks given overstretched conditions. Resistance around 31.580, 31.860 levels. Support remains at 31.256, 31.000 levels. Week ahead has current account, trade (Dec) on Wed; Nikkei PMI mfg (Jan) on Thu; foreign reserves (26 JanZ) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.39	*3.41/38	Not traded
5YR MI3/22	3.59	3.60	+1
7YR ML9/24	3.91	3.92	+1
10YR MO11/27	3.91	3.91	Unchanged
15YR MX4/33	4.38	4.39	+1
20YR MX4/37	4.62	4.61	-1
30YR MZ3/46	4.86	4.88	+2
IRS			
6-months	3.69	3.70	+1
9-months	3.71	3.72	+1
1-year	3.73	3.75	+2
3-year	3.82	3.82	-
5-year	3.91	3.90	-1
7-year	4.01	4.02	+1
10-year	4.12	4.13	+1

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Source: Maybank KE

*Indicative levels

- Local government bonds softened softer amid the weaker USTs during Asian trading hour. Buying momentum on the Ringgit also stalled as the USD strengthened back with the USDMYR pair back up to 3.88/89 levels. MGS yield curve closed 1-2bps higher with 7y MGS 9/24 recording one of the highest amount of trades done. All eyes are on the US FOMC meet this week.
- The IRS curve bear flattened marginally, shifting 1-2bps higher at the short end, while long end rose by just 1bp. IRS market was rather active with trades taken at the short end and belly areas. 3M KLIBOR now at 3.68% since the jump last week.
- Corporate bond market was fairly active, but with better selling seen as AAA front end widened 1bp. GGs saw buying interest at the ultra-long end with Prasarana 2047s trading 1bp tighter. AA long dated bonds also tightened by 1-2bps with names like SPG better bought, while the front end saw YTL Power 2021 widening 5bps.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.46	1.49	+3
5YR	-	1.88*	-
10YR	2.12	2.19	+7
15YR	2.40	2.47	+7
20YR	2.43	2.51	+8
30YR	2.57	2.63	+6

Source: Maybank KE

- SGD rates opened higher due to the weaker USTs, which fell further in the morning. SGD IRS bear steepened +3-6bps, and SGS saw moderate selling. Although initially holding up, SGS later came off to move in line with SGD IRS. New 5y SGS benchmark was easily absorbed by market, cutting off at 1.86% which is roughly 10bps below 5y IRS, in line with prevailing swap spread levels for the tenor. After the auction, SGS yields crept higher on intermittent selling as USTs continued to fall sharply. SGS yield curve ended 3-8bps higher and steeper, and likewise for SGD IRS curve.
- The 10y UST yield's climb surpassing the 2.70% level resulted in a largely muted Asian credit space with thin trading volume. In sovereigns, INDONs traded 0.37-0.50pts lower in price. China property and AMC names saw some selling. In primary, Poly Real Estate and Yes Bank will be issuing 5y USD bonds with guidance at T5+185bps and T5+150bps respectively.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.40	5.43	2.52
5YR	5.69	5.77	7.62
10YR	6.18	6.29	10.26
15YR	6.66	6.68	1.78
20YR	6.98	7.09	10.12
30YR	7.08	7.11	2.62

* Source: Maybank Indonesia

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- Indonesia bond market closed lower during Monday trading session ahead of the scheduled bond auction today. Market participant may be on alert ahead of several major data releasing both globally and domestically especially after the UST10y yield crossed above 2.7% level. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.769%, 6.285%, 6.676% and 7.086% while 2y yield moved higher to 5.426%. During the day, FR0069 (1y) yield decline the most by 2bps while FR0074 (14y) yield increase the most by 17bps. 15y20y G-Spread is the widest on YTD basis currently (15y25y current spread: 41bps). Trading volume at secondary market was noted heavy at government segments amounting Rp23,973b with FR0075 (20y benchmark series) as the most tradable bond. FR0075 total trading volume amounting Rp2,927b with 207x transaction frequency.
- DMO will conduct their bi-weekly conventional auction this Tuesday with five series to be auctioned which are SPN03180430 (Coupon: discounted; Maturity: 30 Apr 2018), SPN12190131 (Coupon: discounted; Maturity: 31 Jan 2019), FR0063 (Coupon: 5.625%; Maturity: 15 May 2023), FR0064 (Coupon: 6.125%; Maturity: 15 May 2028) and FR0065 (Coupon: 6.625%; Maturity: 15 May 2033). We believe that the auction will be oversubscribing by 2.0x - 3.0x from its indicative minimal target issuance of Rp17t while our view on the indicative yield are as follows SPN03180430 (range: 4.080% - 4.220%), SPN12190131 (range: 5.000% - 5.200%), FR0063 (range: 5.700% - 5.830%), FR0064 (range: 6.230% - 6.350%) and FR0065 (range: 6.600% - 6.730%).
- Foreign ownership stood at Rp873.1t or 41.4% of total tradable government bond as of Jan 26th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp35.0t from begin month Jan 18 or approx. more than half of Q117 foreign purchase (worth of Rp56.1t).
- Corporate bond traded heavy amounting Rp1,688b. SMFP03CN6 (Shelf Registration III Sarana Multigriya Finansial Phase VI Year 2016; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp200b yielding 7.108%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2492	109.58	0.8143	1.4286	6.3680	0.7392	135.8700	88.5637
R1	1.2438	109.27	0.8119	1.4180	6.3530	0.7357	135.3900	88.3793
Current	1.2379	108.96	0.8094	1.4070	6.3418	0.7321	134.8900	88.1940
S1	1.2333	108.58	0.8072	1.3997	6.3185	0.7295	134.3800	87.9693
S2	1.2282	108.20	0.8049	1.3920	6.2990	0.7268	133.8500	87.7437

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3163	3.9225	13405	51.4720	31.5807	1.6365	0.6422	2.9745
R1	1.3133	3.9020	13386	51.3440	31.5103	1.6295	0.6271	2.9706
Current	1.3107	3.8840	13366	51.2250	31.4620	1.6225	0.6161	2.9678
S1	1.3067	3.8445	13330	50.9730	31.3313	1.6168	0.5978	2.9588
S2	1.3031	3.8075	13293	50.7300	31.2227	1.6111	0.5836	2.9509

*Values calculated based on pivots, a formula that projects support/resistance for the day.

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.1253	Apr-18	Neutral
BNM O/N Policy Rate	3.25	7/3/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	15/2/2018	Neutral
BOT 1-Day Repo	1.50	14/2/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	8/2/2018	Tightening Bias
CBC Discount Rate	1.38	22/3/2018	Neutral
HKMA Base Rate	1.75	-	Tightening
PBOC 1Y Lending Rate	4.35	-	Tightening Bias
RBI Repo Rate	6.00	7/2/2018	Neutral
BOK Base Rate	1.50	27/2/2018	Easing Bias
Fed Funds Target Rate	1.50	1/2/2018	Tightening
ECB Deposit Facility Rate	-0.40	8/3/2018	Easing Bias
BOE Official Bank Rate	0.50	8/2/2018	Neutral
RBA Cash Rate Target	1.50	6/2/2018	Neutral
RBNZ Official Cash Rate	1.75	8/2/2018	Neutral
BOJ Rate	-0.10	9/3/2018	Easing
BoC O/N Rate	1.25	7/3/2018	Tightening

Equity Indices and Key Commodities

	Value	% Change
Dow	26,439.48	-0.67
Nasdaq	7,466.51	-0.52
Nikkei 225	23,629.34	-0.01
FTSE	7,671.53	0.08
Australia ASX 200	6,075.41	0.42
Singapore Straits Times	3,577.07	0.28
Kuala Lumpur Composite	1,870.52	0.90
Jakarta Composite	6,680.62	0.30
Philippines Composite	9,058.62	0.19
Taiwan TAIEX	11,221.81	0.67
Korea KOSPI	2,598.19	0.91
Shanghai Comp Index	3,523.00	-0.99
Hong Kong Hang Seng	32,966.89	-0.56
India Sensex	36,283.25	0.65
Nymex Crude Oil WTI	65.52	-0.09
Comex Gold	1,343.70	-0.71
Reuters CRB Index	199.54	-0.49
MBB KL	10.20	1.19

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 2/2013 3.260% 01.03.2018	3.260%	1-Mar-18	174	3.189	3.215	3.097
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	184	3.183	3.188	3.052
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	295	3.112	3.167	3.021
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	64	3.288	3.288	3.178
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	244	3.264	3.269	3.247
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	40	3.345	3.345	3.331
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	6	3.322	3.33	3.322
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	25	3.396	3.396	3.345
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	23	3.497	3.508	3.497
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	9	3.623	3.623	3.623
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	171	3.487	3.504	3.481
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	176	3.604	3.617	3.564
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	1	3.756	3.756	3.756
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	8	3.777	3.784	3.772
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	41	3.86	3.86	3.79
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	1	3.925	3.925	3.925
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	254	3.929	3.938	3.91
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	29	3.993	4.001	3.962
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	2	4.087	4.087	4.087
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	53	4.031	4.076	3.981
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	103	3.898	3.93	3.898
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	240	4.048	4.06	4.042
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	24	4.407	4.407	4.361
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	31	4.446	4.446	4.421
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	25	4.389	4.389	4.352
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	39	4.611	4.611	4.611
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	47	4.834	4.88	4.834
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	138	3.275	3.275	3.241
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	28	3.27	3.27	3.27
GII MURABAHAH 6/2013 23.03.2021	3.716%	23-Mar-21	4	3.886	3.886	3.886
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	1	3.894	3.894	3.894
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	204	3.83	4.091	3.812
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	6	3.996	3.996	3.996
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	1	4.068	4.068	4.068
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	2	4.17	4.17	4.17
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	20	4.174	4.174	4.168
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	30	4.59	4.591	4.59
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	10	4.532	4.532	4.532
Total			2,750			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA SUKUK MURABAHAH 5.23% 13.09.2047 - S6	GG	5.230%	13-Sep-47	20	5.23	5.231	5.23
DANGA IMTN 4.100% 09.04.2020 - Tranche 5	AAA (S)	4.100%	9-Apr-20	10	4.107	4.112	4.107
DIGI IMTN 4.380% 14.04.2022 - Tranche No 1	AAA	4.380%	14-Apr-22	10	4.358	4.363	4.358
YTL POWER MTN 2557D 13.10.2021	AA1	4.700%	13-Oct-21	18	4.479	4.698	4.479
SAMALAJU IMTN 5.25% 26.12.2025 - Issue No. 3	AA1 (S)	5.250%	26-Dec-25	2	4.749	4.751	4.749
SEB IMTN 5.650% 23.06.2026	AA1	5.650%	23-Jun-26	10	4.729	4.732	4.729
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	3-May-27	10	4.898	4.912	4.898
MALAKOFF POW IMTN 5.050% 17.12.2019	AA- IS	5.050%	17-Dec-19	20	4.383	4.395	4.383
SINAR KAMIRI IMTN 5.200% 30.01.2023	AA- IS	5.200%	30-Jan-23	8	5.17	5.17	5.17
UEMS IMTN 5.000% 19.05.2023	AA- IS	5.000%	19-May-23	20	4.938	4.944	4.938
SPG IMTN 4.820% 30.04.2024	AA- IS	4.820%	30-Apr-24	15	4.729	4.733	4.729
SPG IMTN 4.850% 31.10.2024	AA- IS	4.850%	31-Oct-24	10	4.749	4.752	4.749
SPG IMTN 5.410% 29.04.2033	AA- IS	5.410%	29-Apr-33	30	5.289	5.302	5.289
SPRE IMTN 5.790% 15.07.2033	AA3	5.790%	15-Jul-33	2	5.544	5.545	5.544
SPG IMTN 5.450% 31.10.2033	AA- IS	5.450%	31-Oct-33	10	5.329	5.34	5.329
GOLDEN ASSET IMTN 5.350% 05.08.2019	A1 (S)	5.350%	5-Aug-19	30	5.14	5.196	5.14
KENINV MTN Tranche 2 3651D 28.1.2028	NR(LT)	6.600%	28-Jan-28	10	6.5	6.5	6.5
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	1	6.463	6.463	6.463
Total				236			

Sources: BPAM

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