

# Daily Digest

## Weak retail sector props up safe-haven UST

- **Macro:** Data overnight added to sentiment that growth is threatened by strong inflation, just as US retailers reported earnings that were hurt by rising costs, lower sales and supply chain disruptions. UK inflation surged in Apr.
- **Fixed Income:** Safe haven bids came back into force overnight as risk were pressured by growth fears.
- **FX:** USD found strength after its modest dip, lifted by continued hawkish Fed speak and safe haven demand overnight.

### Global macro wrap

Data overnight added to sentiment that growth is threatened by strong inflation, just as US retailers reported earnings that were hurt by rising costs, lower sales and supply chain disruptions. UK inflation surged in Apr.

- **Global:** Data overnight added to sentiment that growth is threatened by strong inflation. Japan reported its 1Q22 GDP which contracted by 0.2% after the +0.9% growth prior quarter, while the Eurozone and UK reported strong Apr inflation numbers, at 7.4% yoy and 9.0% yoy respectively, against 7.5% and 7.0% in Mar. In the US, total housing starts declined 0.2% mom in April to a SA annual rate of 1.724m. In more Fedspeak, Philadelphia Fed president Harker (non-voter) said he expects the Fed to hike by 50bps in the Jun and Jul FOMC meetings. Harker said he was confident that a sequence of measured rate hikes are on the books until there is confidence that inflation is moving back towards 2%.
- **ASEAN:** On tap today are Malaysia's trade data. After the strong showing of +25.4% yoy in exports and +29.9% yoy imports in Mar, consensus is for lower but still upbeat +19.9% and 23.2% prints for Apr.

### Fixed income

Safe haven bids came back into force overnight as risk were pressured by growth fears.

- **US:** After 10Y yields had shot up by 10bps yesterday to near 3%, the market rallied overnight with the 10Y shedding 10bps back to close at 2.88%. Safe haven came back into force overnight as equities markets were pressured on growth fears as retail companies reported disappointing earnings numbers. S&P and Nasdaq lost over 4%. The USD17bn auction of 20Y bonds received firm demand at 2.50x BTC (2.31x average BTC of past 12 auctions of same tenor).
- **ASEAN:** IndoGBs and MGS closed mixed on two-way flows and limited liquidity after UST again closing weaker overnight. In Indonesia, onshore buyers were met with offshore sellers. In the sukuk green shoe auction, MoF absorbed all incoming bids received at IDR3.285tr, making the total issuance this week at IDR7.562tr vs IDR9tr target. In Malaysia, action in MGS closed mixed while IRS rates were mostly higher. Players remained concerned over possible BNM rate hikes in coming meetings. ThaiGBs bull flattened with outperformance in 15Y-20Y buckets where yields fell by 15-25 bps.

### FX

USD found strength after its modest dip, lifted by continued hawkish Fed speak this week and safe haven demand overnight.

- **USD:** The DXY index was sustained above 103.8 overnight and likely to sustain strength today after the weak performing US equities market overnight may rub on Asian FX today.
- **Majors:** JPY trading remained near its weekly high amid safe haven bids. EUR dipped amid sustained USD strength, while the GBP tumbled on hot UK inflation data.
- **ASEAN:** Currencies weakened as the DXY found strength during the Asian trading session yesterday. IDR saw pressure from growing concerns the palm oil ban would exert risks to Indonesia's growth as well as emerging caution before BI policy meeting next week. Following weaker CNH, USDTHB found support at 34.68 in the early morning but retreated to 34.60, and USDMYR remained above the 4.39 level.

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### Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	2.67	-3.1	3.2	9.4	193.7
UST10Y	2.88	-10.2	-3.7	5.2	137.4
MY 3Y	3.67	-0.7	-11.8	25.6	87.4
MY 10Y	4.38	-6.4	-6.3	18.1	85.5
ID 2Y	5.95	-12.4	-27.7	113.4	182.1
ID 10Y	7.33	-0.6	-7.9	34.2	94.5
SG 2Y	2.17	1.2	-1.0	24.8	126.4
SG 10Y	2.76	1.2	-4.4	16.9	109.7
TH 2Y	2.01	1.0	11.0	61.0	126.0
TH 10Y	3.18	-10.0	-7.0	58.0	128.8

### FX dashboard

FX pairs	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXV	103.81	0.4	-0.0	3.4	8.5
EURUSD	1.05	0.0	-0.3	-3.1	-7.5
GBPUSD	1.24	-0.5	0.5	-5.1	-8.4
AUDUSD	0.70	-0.3	0.2	-5.7	-3.4
USDJPY	129.16	0.1	0.5	-1.1	-10.9
USDCNH	6.75	-0.0	-0.2	-4.6	-5.8
USDMYR	4.40	-0.2	-0.5	-2.6	-5.3
USDIDR	14,688	-0.3	-0.9	-2.3	-3.0
USDSGD	1.39	-0.2	-0.1	-1.7	-2.8
USDTHB	34.61	-0.3	0.0	-2.5	-3.5

### Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	109.59	-2.5	3.7	6.7	45.7
Brent	109.11	-2.5	1.5	2.2	40.3
Copper	9,235	-1.4	-1.1	-9.7	-5.0
Gold	1,817	-0.6	-1.9	-7.0	-0.6
CPO	6,694	0.5	-6.4	-1.3	29.8

**Figure 1: Data Preview**

Date	Country	Indicator	Month	Survey	Prior
19 May 2022	MA	Exports YoY	Apr	19.9%	25.4%
19 May 2022	MA	Imports YoY	Apr	23.2%	29.9%
19 May 2022	MA	Trade Balance MYR	Apr	22.25b	26.70b
19 May 2022	EC	ECB Publishes Account of April Policy Meeting			
19 May 2022	EC	ECB's Guindos Speaks			
19 May 2022	US	Philadelphia Fed Business Outlook	May	16.1	17.6
19 May 2022	US	Initial Jobless Claims	14 May	--	203k
19 May 2022	US	Existing Home Sales	Apr	5.66m	5.77m
19 May 2022	US	Existing Home Sales MoM	Apr	-1.8%	-2.7%
19 May 2022	US	Leading Index	Apr	0.0%	0.3%
20 May 2022	EC	EU's Verstager, ECB's Holzmann at award ceremony			
20 May 2022	US	Fed's Kashkari Takes Part in a Discussion on Inflation			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

**Figure 2: Data Review**

Date	Country	Indicator	Month	Survey	Actual	Prior
18 May 2022	CH	New Home Prices MoM	Apr	--	-0.30%	-0.07%
18 May 2022	US	Building Permits	Apr	1814k	1819k	1870k
18 May 2022	US	Building Permits MoM	Apr	-3.0%	-3.2%	-0.3%
18 May 2022	US	Housing Starts	Apr	1756k	1724k	1728k
18 May 2022	US	Housing Starts MoM	Apr	-2.1%	-0.2%	-0.3%
19 May 2022	US	Fed's Harker Discusses the Economic Outlook				

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 3: Sovereign yields and CDS

Sovereign bonds 10Y	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
US	2.88	-10.2	-3.7	5.2	137.4
UK	1.87	-1.6	3.9	-5.0	89.4
Germany	1.03	-1.5	4.5	17.4	121.0
Japan	0.24	-0.2	-0.3	-1.0	17.4
Australia	2.91	-1.7	7.4	54.8	124.4
China	2.80	-1.7	-2.3	-3.8	2.7
Malaysia	4.38	-6.4	-6.3	18.1	85.5
Indonesia	7.33	-0.6	-7.9	34.2	94.5
Singapore	2.76	1.2	-4.4	16.9	109.7
Thailand	3.18	-10.0	-7.0	58.0	128.8
5Y IRS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.93	-1	-17	24	99
SG	2.74	6	2	13	124
TH	2.56	-5	-11	47	131
5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	99	2	1	20	119
ID	104	0	-2	14	38
TH	49	0	4	12	52

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 4: Interbank rates and credit indices

Interbank rates	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
US 3m LIBOR	1.45	0	3	31	124
EUR 3m LIBOR	-0.58	0	0	0	0
JP 3m LIBOR	-0.02	0	0	0	6
MY 3m KLIBOR	2.26	0	26	29	21
ID 3m JIBOR	3.65	0	0	0	2
SG 3m SORA	0.45	1	7	15	26
SG 3m SIBOR	1.11	0	0	14	68
SG 3m SOR	1.43	0	4	36	106
TH 3m BIBOR	0.63	-0	0	0	1
Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	254	0.2	-0.3	-3.0	-13.7
Bloomberg US Aggregate	2127	0.4	-0.2	-0.9	-9.7
Bloomberg EUR Aggregate	243	0.2	0.1	-1.6	-9.0
Bloomberg Asia Aggregate	167	-0.3	-0.7	-2.1	0.9
Bloomberg ASEAN Corp/Quasi	109	0.5	-0.5	-2.0	-10.2

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currency	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DX	103.81	0.4	-0.0	3.4	8.5
EURUSD	1.05	0.0	-0.3	-3.1	-7.5
GBPUSD	1.24	-0.5	0.5	-5.1	-8.4
AUDUSD	0.70	-0.3	0.2	-5.7	-3.4
USDJPY	129.16	0.1	0.5	-1.1	-10.9
USDCNH	6.75	-0.0	-0.2	-4.6	-5.8
USDMYR	4.40	-0.2	-0.5	-2.6	-5.3
USDIDR	14,688	-0.3	-0.9	-2.3	-3.0
USDSGD	1.39	-0.2	-0.1	-1.7	-2.8
USDTHB	34.61	-0.3	0.0	-2.5	-3.5
GBPMYR	5.44	-0.6	0.5	-2.6	-3.4
AUDMYR	3.09	0.0	0.6	-3.0	2.0
SGDMYR	3.17	0.1	0.3	1.0	2.7
MYRCNH	1.54	0.2	0.3	-2.1	-0.7
MYRIDR	3,341	-0.1	-0.5	0.4	2.5
MYRTHB	7.87	-0.2	0.5	0.1	1.2

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Currency	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DX	103.81	0.4	-0.0	3.4	8.5
EURUSD	1.05	0.0	-0.3	-3.1	-7.5
GBPUSD	1.24	-0.5	0.5	-5.1	-8.4
AUDUSD	0.70	-0.3	0.2	-5.7	-3.4
USDJPY	129.16	0.1	0.5	-1.1	-10.9
USDCNH	6.75	-0.0	-0.2	-4.6	-5.8
USDMYR	4.40	-0.2	-0.5	-2.6	-5.3
USDIDR	14,688	-0.3	-0.9	-2.3	-3.0
USDSGD	1.39	-0.2	-0.1	-1.7	-2.8
USDTHB	34.61	-0.3	0.0	-2.5	-3.5
GBPMYR	5.44	-0.6	0.5	-2.6	-3.4
AUDMYR	3.09	0.0	0.6	-3.0	2.0
SGDMYR	3.17	0.1	0.3	1.0	2.7
MYRCNH	1.54	0.2	0.3	-2.1	-0.7
MYRIDR	3,341	-0.1	-0.5	0.4	2.5
MYRTHB	7.87	-0.2	0.5	0.1	1.2

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 7: Economic and commodity price forecasts

GDP	2019	2020	2021	2022	2023
Malaysia	4.3	-5.6	3.1	6.2	4.5
Indonesia	5.0	-2.1	3.7	5.3	5.2
Singapore	1.3	-5.4	7.9	3.9	2.8
Thailand	2.3	-6.1	1.6	4.1	2.5
Policy rate	2Q22	3Q22	4Q22	1Q23	2Q23
US	1.50	2.50	3.00	3.50	3.50
Malaysia	2.00	2.25	2.25	2.50	2.75
Indonesia	3.50	3.75	4.00	4.25	4.50
Thailand	0.50	0.50	0.75	1.00	1.00
Commodity prices	2Q22	3Q22	4Q22	1Q23	2Q23
Brent (USD/bbl)	115	110	105	100	95
WTI (USD/bbl)	105	100	95	95	90
CPO (RM/ton)	6,500	6,000	5,500	5,000	4,000
Gold (USD/oz)	1,900	1,850	1,800	1,780	1,750
Copper (USD/ton)	9,850	9,700	9,700	9,500	9,500

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	2Q22	3Q22	4Q22	1Q23	2Q23
UST 2Y	2.60	2.90	3.00	3.00	3.00
UST10Y	2.80	3.10	3.20	3.25	3.20
MY 3Y	2.90	3.00	3.25	3.20	3.15
MY 10Y	3.90	4.10	4.25	4.20	4.10
ID 2Y	4.65	4.90	5.00	5.20	5.40
ID 10Y	7.00	7.20	7.40	7.50	7.70
TH 2Y	1.00	1.20	1.30	1.20	1.40
TH 10Y	2.50	2.60	2.40	2.40	2.40
Currency	2Q22	3Q22	4Q22	1Q23	2Q23
DX	105	100	98	95	95
EURUSD	1.04	1.08	1.12	1.15	1.16
GBPUSD	1.23	1.29	1.31	1.35	1.38
AUDUSD	0.69	0.72	0.74	0.73	0.75
USDJPY	134	131	126	125	124
USDCNH	6.83	6.76	6.72	6.60	6.60
USDMYR	4.40	4.30	4.20	4.15	4.15
USDIDR	14,650	14,500	14,300	14,250	14,250
USDSGD	1.40	1.37	1.35	1.32	1.31
USDTHB	34.50	34.20	33.60	33.30	33.30

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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