

DAILY DIGEST

North America trade war averted for now

- **Macro:** Trump halted tariff implementation on Mexico and Canada amid agreements on border security issues, while talks with China is expected soon. Malaysia proposed lower foreign worker EPF contribution rate of 2% (initial: 12%).
- **Fixed Income:** UST yields inched higher amid choppy session, despite broad-based equity losses. Regional bonds closed weaker amid earlier flight-to-US safety, with some relieve flows expected today. 30Y MGS 03/53 auction to be held tomorrow.
- **FX:** DXY edged 0.6% higher after paring earlier gains, with CAD leading G10 FX gains. Asian FX hammered by earlier trade war risks, led by the THB (-1.1%).

Global macro wrap

- **Global:** US President Trump agreed to pause tariffs on Mexico and Canada for 30 days after both countries agreed on tougher measures to combat border migration and drug trafficking, averting a continental trade war initially slated to begin today (4 Feb). Talks with China meanwhile is expected later today. Separately, Trump signed an executive order to create a sovereign wealth fund for infrastructure funding and a potential TikTok acquisition, to be led by Scott Bessent and Howard Lutnick and with funding and investment strategies submitted within three months.
- **ASEAN:** The Malaysian government is drafting an EPF amendment to mandate a 2%-2% foreign worker-employer contribution, down from the originally proposed 12%, with the bill expected to be tabled in the Feb-Mar parliamentary sitting. Indonesia's headline inflation slowed to 0.76% yoy in Jan (Dec 2024: 1.57%, consensus: 1.88%), driven mainly by electricity tariff discounts. Core CPI meanwhile hit an 18-month high of 2.36% (Dec 2024: 2.26%, consensus: 2.30%). Thailand Deputy FM Paopoom said it will discuss monetary policy easing with the BOT, stressing lower policy rates needed amid its struggling manufacturing sector.

Fixed income

- **Majors:** Choppy trading as UST yields closed 0-5bps higher led by the front-end, as continued inflation threats diminished market expectations of a summer Fed rate cut. The long-end fared better, though tail-wind from risk-off flows were offset by concerns on Wed's refunding details, while US data (ISM manufacturing) was generally overlooked amid competing news flows. Meanwhile, the S&P500 closed 0.76% lower, while most European bourses saw sharper losses of over 1%.
- **ASEAN:** EM selloff was the theme as regional bonds and stocks closed weaker amid a flight-to-US safety, though some mean-reversion flows may be expected today given the delayed tariff implementations. MGS closed overall weaker by 0-2bps, with the front-end weighed by the exodus of some foreign investors amid pressure on the ringgit. Meanwhile, the heavy slate of issuances in Feb begins with tomorrow's (5 Feb) 30Y MGS 03/53 reopening auction, with a reduced issuance size of RM4.5bn (including RM2bn PP) and WI last quoted at 4.20/4.18%. Similarly, ThaiGB yields closed 0-3bps up amid greater pressure on the THB. Overall IndoGB yields also closed 3-5bps higher while the 10Ys saw a sharper 7bps rise, ahead of regular auction today after a holiday-pause last week.

FX

- **Majors:** Volatile session for currencies as the DXY touched an opening high of 109.88, before paring most gains by closing near the 109 level (+0.6%). CAD (+0.8%) unsurprisingly outperformed G10 FX, given easing risks of near-term tariffs. GBP (+0.4%) continued its mean-reversion of earlier year-to-date losses; while EUR (-0.2%) underperformed amid the selloff in European stocks, as investors shifted concerns towards Trump's next possible target. AUD (+0.1%) managed a slight gain, as lingering threats of tariffs onto Canadian imports is expected to boost the price competitiveness of Australian commodities.
- **ASEAN:** Trump's tariff salvo led Asian currencies to bleed red, with the THB (-1.1%) underperforming peers and once again exhibiting elevated volatility. USDIDR (+0.8%) continued its approach to the 16,500 level, while MYR and SGD (-0.3%) fared relatively firm with the CNH strengthening (+0.1%).

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Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.25	5.2	5.4	-2.6	0.7
UST 10Y	4.56	1.6	2.1	-7.5	-1.4
MY 3Y	3.47	1.8	4.1	2.8	-0.5
MY 10Y	3.81	1.0	1.1	-1.4	-0.2
ID 2Y	6.74	4.3	-1.3	-19.2	-16.7
ID 10Y	7.05	7.3	1.4	0.6	7.7
SG 2Y	2.81	-0.1	1.4	-2.1	9.5
SG 10Y	2.89	-1.8	0.9	-9.1	4.0
TH 2Y	2.05	-0.3	0.1	3.8	5.0
TH 10Y	2.32	2.8	5.1	-0.8	6.8

Close for ASEAN rates captured at end of Asian trading day.

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	108.99	0.6	1.5	0.7	0.5
EURUSD	1.0344	-0.2	-1.4	-0.4	-0.1
GBPUSD	1.2450	0.4	-0.4	-0.6	-0.5
AUDUSD	0.6227	0.1	-1.0	-0.3	0.6
USDCHF	0.9103	-0.1	0.9	0.6	0.3
USDJPY	154.73	-0.3	0.1	-1.8	-1.6
USDCNH	7.3114	-0.1	0.8	-0.5	-0.4
USDMYR	4.4735	0.3	2.1	-0.8	0.0
USDIDR	16435	0.8	1.6	1.5	2.1
USDSGD	1.3611	0.3	1.2	-0.2	-0.3
USDTHB	34.03	1.1	1.0	-1.7	-0.2

Close for USDMYR, USDIDR and USDTHB captured at end of Asian trading day.

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	73.16	0.9	-0.0	-0.5	2.0
Brent	75.96	-1.0	-1.5	-0.4	1.8
Copper	9,048	0.0	-0.5	0.5	3.2
Gold	2,815	0.6	2.7	6.8	7.3
CPO	4,627	1.6	2.6	-1.3	-4.8

HIGHLIGHTS

Macro: Chicago Fed President Austan Goolsbee (voter) commented the central bank could slow policy rate easing given uncertainties on the inflation outlook from Trump’s policies. Colleague Boston President Susan Collins (voter) however said the Fed is unlikely to react to tariff-driven price increases, assuming inflation expectations remain anchored; though added that the Fed will wait for actual policy rollouts and subsequent data before deciding how to react.

Macro: Mexico will deploy 10,000 troops to combat fentanyl and illegal migration, while Canada has pledged USD1.3bn for border security, a Fentanyl Czar to oversee efforts, and will launch a Canada-US Joint Strike Force.

Macro: US ISM Manufacturing PMI rose to 50.9 in Jan (Dec 2024: 49.2, consensus: 50), ending 26 months of contraction, with strong gains in new orders (55.1) and production (52.5). Construction spending in the US grew 0.5% mom in Dec 2024 (Nov: 0.2%, consensus: 0.2%), with private spending up 0.9% (residential +1.5%, non-residential +0.1%) and public spending down 0.5%, leading to an annual growth of 4.3%.

Macro: Indonesia House of Representatives (DPR) is set to approve a revised State-Owned Enterprises (SOEs) Law, in tandem with the establishment of Daya Anagata Nusantara (Danantara), an investment super holding consolidating seven SOEs with at least USD61bn in assets, aiming to boost competitiveness and governance.

Macro: Thailand’s auto sector remains under pressure, with car production falling 17.37% yoy in Dec 2024, and domestic auto sales plunging 26.2% in 2024, weighed down by a 70% auto loan rejection rate. Meanwhile, the Finance Ministry has called for interest rate cuts to support the sector and broader economic conditions.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
04 Feb 2025	US	JOLTS Job Openings	Dec	8000k	8098k
04 Feb 2025	US	Factory Orders	Dec	-0.8%	-0.4%
04 Feb 2025	US	Durable Goods Orders	Dec F	-2.2%	-2.2%
04 Feb 2025	US	Cap Goods Orders Nondef Ex Air	Dec F	0.5%	0.5%
04 Feb 2025	US	Fed's Bostic Speaks in Moderated Conversation on Housing			
04 Feb 2025	US	Fed's Daly Speaks in Moderated Panel			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
03 Feb 2025	JN	BOJ Summary of Opinions (Jan. MPM)				
03 Feb 2025	ID	S&P Global Indonesia PMI Mfg	Jan	--	51.9	51.2
03 Feb 2025	MA	S&P Global Malaysia PMI Mfg	Jan	--	48.7	48.6
03 Feb 2025	TH	S&P Global Thailand PMI Mfg	Jan	--	49.6	51.4
03 Feb 2025	CH	Caixin China PMI Mfg	Jan	50.6	50.1	50.5
03 Feb 2025	ID	CPI YoY	Jan	--	0.8%	1.6%
03 Feb 2025	ID	CPI Core YoY	Jan	--	2.4%	2.3%
03 Feb 2025	ID	CPI NSA MoM	Jan	--	-0.8%	0.4%
03 Feb 2025	SI	Purchasing Managers Index	Jan	--	50.9	51.1
03 Feb 2025	SI	Electronics Sector Index	Jan	--	51.1	51.4
03 Feb 2025	US	S&P Global US Manufacturing PMI	Jan F	50.1	51.2	50.1
03 Feb 2025	US	Construction Spending MoM	Dec	0.2%	0.5%	0.2%
03 Feb 2025	US	ISM Manufacturing	Jan	50.0	50.9	49.2
03 Feb 2025	US	ISM Prices Paid	Jan	54.2	54.9	52.5
03 Feb 2025	US	Fed's Bostic Speaks on Economic Outlook				

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 3: Sovereign yields and CDS

10Y yields	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
US	4.56	1.6	2.1	-7.5	-1.4
UK	4.49	-5.1	-9.8	-12.3	-8.1
Germany	2.38	-7.5	-14.7	-6.3	1.9
Japan	1.24	0.5	3.8	12.3	15.9
Australia	4.38	-5.0	-9.6	-9.0	1.7
China	1.63	0.0	0.0	3.4	-4.0
Malaysia	3.81	1.0	1.1	-1.4	-0.2
Indonesia	7.05	7.3	1.4	0.6	7.7
Singapore	2.89	-1.8	0.9	-9.1	4.0
Thailand	2.32	2.8	5.1	-0.8	6.8

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.54	0	0	-1	-1
SG	2.62	-0	-2	-15	-5
TH	-	-	-	-	-

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	47	-0	1	-3	-4
ID	77	1	1	-1	-2
TH	45	4	3	6	4

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 o/n SOFR	4.38	0	4	11	-11
EU o/n ESTRON	2.91	0	-1	-0	1
JP o/n TONAR	0.48	0	0	25	25
MY 3m KLIBOR	3.67	0	0	-5	-6
MY MYOR	3.01	0	1	1	1
ID 3m JIBOR	6.60	0	0	-20	-20
SG o/n SORA	2.63	0	-35	-20	52
SG 3m SIBOR	3.30	0	0	0	0
TH BOT o/n THOR	2.24	1	-0	0	-0

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	270	0.0	-0.2	0.8	0.6
Bloomberg US Aggregate	2201	0.0	-0.1	0.7	0.5
Bloomberg EUR Aggregate	245	0.5	1.1	1.0	0.4
Bloomberg Asia Aggregate	185	-0.2	-0.2	-0.9	-0.8
Bloomberg Asia Pac Treasury	117	-0.1	-0.5	0.9	0.7
Bloomberg ASEAN Corp/Quasi	123	0.0	-0.1	0.8	0.6

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	108.99	0.6	1.5	0.7	0.5
EURUSD	1.0344	-0.2	-1.4	-0.4	-0.1
GBPUSD	1.2450	0.4	-0.4	-0.6	-0.5
AUDUSD	0.6227	0.1	-1.0	-0.3	0.6
USDJPY	154.73	-0.3	0.1	-1.8	-1.6
USDCNH	7.3114	-0.1	0.8	-0.5	-0.4
USDMYR	4.4735	0.3	2.1	-0.8	0.0
USDIDR	16,435	0.8	1.6	1.5	2.1
USDSGD	1.3611	0.3	1.2	-0.2	-0.3
USDTHB	34.03	1.1	1.0	-1.7	-0.2
GBPMYR	5.4989	-0.7	0.5	-2.3	-2.1
AUDMYR	2.7471	-1.0	-0.3	-2.5	-1.2
SGDMYR	3.2729	-0.5	0.6	-0.8	-0.4
CNHMYR	0.6093	-0.3	0.9	-1.1	-0.1
IDRMYR	0.0272	-0.5	0.5	-2.3	-1.8
THBMYR	13.1378	-0.8	1.2	0.9	0.9

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,994.57	-0.8	-0.3	0.3	1.9
Nasdaq	19,391.96	-1.2	0.3	-2.4	0.4
Eurostoxx	5,217.91	-1.3	0.6	4.6	6.6
Nikkei 225	38,520.09	-2.7	-2.6	-2.0	-3.4
Hang Seng	20,217.26	-0.0	0.1	2.7	0.8
KLCI	1,553.63	-0.2	-0.3	-4.4	-5.4
JCI	7,030.06	-1.1	-1.9	-0.7	-0.7
SET	1,304.39	-0.8	-2.7	-5.0	-6.8

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	103.78	1.5	1.9	4.6	5.1
WTI (US\$/bbl)	73.16	0.9	-0.0	-0.5	2.0
Brent (US\$/bbl)	75.96	-1.0	-1.5	-0.4	1.8
Natural Gas (US\$/mmbtu)	3.35	10.1	3.0	7.7	8.2
Copper (US\$/ton)	9,048	0.0	-0.5	0.5	3.2
Gold (US\$/oz)	2,815	0.6	2.7	6.8	7.3
CPO (RM/ton)	4,627	1.6	2.6	-1.3	-4.8

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 7: Economic and commodity price forecasts

GDP	2022	2023	2024	2025	2026
US	2.5	2.9	2.8	2.0	1.9
Malaysia	8.9	3.6	5.2	5.0	4.9
Indonesia	5.3	5.0	5.0	5.0	5.0
Thailand	2.5	1.9	2.5	3.0	2.7

Inflation	2022	2023	2024	2025	2026
US	8.0	4.1	2.9	2.4	2.2
Malaysia	3.4	2.5	1.9	2.6	2.5
Indonesia	4.2	3.7	2.3	2.0	2.2
Thailand	6.1	1.2	0.4	1.3	1.6

Policy Rate	1Q25	2Q25	3Q25	4Q25	1Q26
US (upper bound)	4.25	4.00	4.00	4.00	4.00
Malaysia	3.00	3.00	3.00	3.00	3.00
Indonesia	5.75	5.50	5.25	5.00	5.00
Thailand	2.00	2.00	2.00	2.00	2.00

Commodities	1Q25	2Q25	3Q25	4Q25	1Q26
Brent (USD/bbl)	70	72	69	68	67
Gold (USD/oz)	2675	2700	2725	2750	2775

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	1Q25	2Q25	3Q25	4Q25	1Q26
UST 2Y	4.00	3.95	4.00	4.05	4.00
UST 10Y	4.05	4.00	4.05	4.15	4.25
MGS 3Y	3.35	3.45	3.35	3.25	3.20
MGS 10Y	3.65	3.85	3.80	3.75	3.70
IndoGB 2Y	6.60	6.50	6.40	6.30	6.20
IndoGB 10Y	6.70	6.75	6.65	6.55	6.50
SIBOR 3m	3.10	3.00	2.90	2.80	2.70
SORA 3m	3.05	2.95	2.80	2.75	2.60
ThaiGB 2Y	2.00	2.10	2.20	2.15	2.10
ThaiGB 10Y	2.05	2.25	2.30	2.25	2.25

Currency	1Q25	2Q25	3Q25	4Q25	1Q26
DXY	107.2	107.4	107.4	107.8	107.8
EURUSD	1.03	1.02	1.01	1.00	1.00
GBPUSD	1.28	1.30	1.31	1.31	1.30
USDCHF	0.88	0.86	0.85	0.85	0.86
AUDUSD	0.67	0.66	0.65	0.64	0.64
USDJPY	150	149	146	145	145
USDCNH	7.35	7.40	7.45	7.50	7.55
USDIDR	15,750	15,750	15,800	15,850	15,900
USDMYR	4.40	4.35	4.35	4.40	4.45
USDSGD	1.33	1.33	1.32	1.32	1.32
USDTHB	34.7	35.0	35.5	35.8	36.2

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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