



Fixed Income & FX Research

06 September 2024

Snapshot Summary...

Global FX: The dollar fell 0.2% after US ADP employment data**Global Rates:** UST yields extended its decline ahead of NFP release**MYR Bonds:** Local govies pared their gains on the back of profit-taking pressure**USD/MYR:** The Ringgit trimmed its losses after the BNM monetary policy meeting

Macro News

Malaysia: Malaysia's central bank kept its key interest rate steady at 3.00% in September 2024 for the eighth consecutive meeting, aligning with market expectations. This decision comes amid growing optimism regarding the country's growth, inflation, and currency outlook. Policymakers emphasised that the current monetary policy supports the economy and aligns with their inflation and growth prospects assessments. However, the inflation outlook remains contingent on the rollout of domestic policy measures, particularly as the government plans to implement reforms after removing certain diesel subsidies.

United States: Private businesses in the U.S. increased their payrolls by 99k in August 2024, marking the lowest addition since January 2021. This figure follows a downward revised increase of 111k in July and falls short of the expected 145k. The data indicates that the labor market has been cooling for the fifth consecutive month, while wage growth has remained steady. Additionally, the number of individuals filing for unemployment benefits decreased by 5k to 227k for the week ending 31 August, falling below market expectations of 230k and reaching a new seven-week low.

The ISM Services index rose slightly to 51.5, up from 51.4 in the previous month. This increase exceeded market expectations, which had anticipated a decline to 51.1, indicating continued positive momentum in activity for U.S. service providers.

Fixed Income

Global Bonds: The UST closed with the 10Y/2Y spread near to positive territory. Yields continued to fall as we head towards today's NFP release, after the ADP report showed the private sector payrolls rose by less than expected in August. The CME Group's FedWatch show pricing of 41% probability of a 50 bps Fed cut at this month's FOMC and 59% probability of a 25 bps cut.

MYR Government Bonds: Onshore government bonds posted gains, to follow overnight UST strength which came on the back of lower-than-expected JOLTS jobs data. However, the local bonds pared gains due to profit taking pressure after bond yield went 1-2 bps lower. Meanwhile, the 20Y GII 08/43 auction was announced, at MYR3 billion public tender and MYR2 billion private placement. WI was quoted at 4.095%/4.065%. Bonds reacted little to the MPC holding the OPR unchanged, which was expected by the market.

FX Daily Rates

Vs. USD	Last Close	Per cent
DX	101.11	(0.2)
EUR/USD	1.111	0.3
AUD/USD	0.674	0.2
GBP/USD	1.318	0.3
USD/JPY	143.45	(0.2)
USD/MYR	4.338	(0.4)
USD/IDR	15,398	(0.5)
USD/THB	33.67	(1.7)
USD/SGD	1.300	(0.3)
USD/CNY	7.089	(0.3)
USD/KRW	1,335	(0.1)
USD/INR	83.98	0.0
USD/PHP	56.23	(0.6)
USD/TWD	32.08	(0.4)
USD/HKD	7.793	(0.0)
USD/VND	24,743	(0.5)
NZD/USD	0.622	0.4

MYR Cross Rates

MYR Cross	Last Close	Per cent
EUR/MYR	4.813	0.0
GBP/MYR	5.709	(0.0)
AUD/MYR	2.915	(0.3)
JPY/MYR	3.024	(0.2)
SGD/MYR	3.332	(0.0)
10CNY/MYR	6.116	(0.1)
100IDR/MYR	2.817	0.2
THB/MYR	12.895	0.9
10HKD/MYR	5.565	(0.3)
100INR/MYR	5.170	(0.2)

MGS Bond Yields (%)

MGS	Maturity	Last	bps
3-Year	05/27	3.35	(0)
5-Year	08/29	3.50	(2)
7-Year	04/31	3.68	(1)
10-Year	07/34	3.75	(2)
15-Year	04/39	3.91	(1)
20-Year	10/42	4.05	(0)
30-Year	03/53	4.19	(0)

MYR Swap Rates (%)

Swap / Rates	Last Close	bps
IRS 1-Year	3.42	2
IRS 3-Year	3.33	(0)
IRS 5-Year	3.39	(1)
IRS 7-Year	3.47	(2)
IRS 10-Year	3.58	(1)
3-M KLIBOR	3.53	0

Major Sovereign Yields (%)

Sov. Yield	Last Close	bps
UST 2Y	3.74	(1)
UST 10Y	3.73	(3)
Germany 10Y	2.21	(2)
UK 10Y	3.92	(2)
Japan 10Y	0.88	(0)
Australia 10Y	3.93	(2)
China 10Y	2.15	2
Korea 10Y	3.03	(2)
Indonesia 10Y	6.64	(3)
Thailand 10Y	2.55	(0)
Malaysia 10Y	3.75	(2)

MYR Corporate Bonds: Malaysian corporate bonds saw a slant towards net buying activity yesterday. Gains were biased towards higher-grade AAA names, whereas TNB Power Gen tranches were especially notable. Also seen with gains were power sector names Edra Energy (AA3) and Renikola (AA2) with 15Y maturity and longer.

Forex

United States: The dollar fell 0.2% during Thursday's session after ADP employment change, which fell to the lowest level since January 2021, at 99k new workers. It buoyed the sentiment that the Fed will do its first rate cut in September for this cycle. Note that the DXY index is still within a consolidation trend (resistance of 101.97 and support of 100.51). The tepid reading for NFP and higher unemployment prints later tonight could send the dollar leg lower and perhaps past those support levels. Nonetheless, losses for the dollar were narrowed by lower-than-expected initial jobless claims and healthier reading on Services PMI.

Europe: In the Eurozone, data came out rather mixed, underpinning the region's economic growth struggles. However, the dollar's weakness pushed the euro higher by the end of the day. The GBP also benefitted from the lower dollar demand.

Asia Pacific: Most Asian currencies were on firmer ground as the expected policy easing by the Fed spurred buying for emerging market currencies. The Japanese yen firmed after data showed real wage growth in Japan grew again for the second straight month, building up the case for a BoJ rate hike. BoJ Board Member Hajime Takata said the central bank will hike more if data justify the move. In China, the yuan strengthened near its 16-month high amidst weaknesses on the dollar while the sentiment surrounding the Chinese economy remains sour. Meanwhile, the AUD was on the upside as well as RBA Governor Michele Bullock said that the central will struggle later on to maintain low unemployment if prices stay above its target level "indefinitely".

Malaysia: The USD/MYR started Thursday lower as it opened at 4.3512 and continues to fall, running up to the BNM monetary policy meeting. Post-meeting saw the pair retraced some of those losses but still posted a daily fall as it closed at 4.338. In our note yesterday, we posit that the OPR will stay at 3.00% in 2H2024, and possibly longer, considering Malaysia's subdued inflation and a flattish unemployment rate.

Other Markets

Gold: The precious metal gained 0.8% to close at USD2,517/oz as market players cheered for the lower ADP employment change print.

Crude oil: Oil prices were flat near their lowest price since June last year as traders were cautious ahead of key labour market data tonight.

Weekly Indicative PDS Yields (%)

PDS Indicative	Last Close	bps
3-Year AAA	3.76	(0)
3-Year AA	3.90	0
3-Year A	4.86	1
5-Year AAA	3.84	0
5-Year AA	3.98	(0)
5-Year A	5.12	2
10-Year AAA	3.99	(0)
10-Year AA	4.17	0
10-Year A	5.63	1

Key Commodities

Commodities	Last Close	Per cent
Brent (USD/bl)	72.69	(0.0)
WTI (USD/bl)	69.15	(0.1)
Gold (USD/oz)	2,517	0.8
CPO (RM/tonne)	3,993	0.0

Equity Indices

Equity	Last Close	Per cent
S&P500 Index	5,503	(0.3)
Dow Jones	40,756	(0.5)
Nasdaq	17,128	0.3
London FTSE	8,242	(0.3)
German DAX	18,577	(0.1)
Nikkei 225	36,657	(1.1)
Japan TOPIX	2,621	(0.5)
FBM KLCI	1,665	(0.3)
Strait Times	3,459	0.5
Jakarta	7,681	0.1
Shanghai	2,788	0.1
MSCI Asia Pac	182	0.0
MSCI World	3,567	(0.4)
Hang Seng	17,444	(0.1)
KOSPI	2,576	(0.2)
Thai Stock Exc	1,404	2.8
Taiwan	21,188	0.5
India	82,201	(0.2)
Australia	7,982	0.4

Policy Rates

Central Banks	Current	Next
US Fed Funds	5.50	18-Sept
ECB Main Refinancing	4.25	12-Sept
BoE Base Rate	5.00	19-Sept
RBA Cash Rate	4.35	24-Sept
BoJ Cash Rate	0.25	20-Sept
PBoC 1Y LPR	3.35	n.a.
BoK Base Rate	3.50	-
BNM OPR	3.00	06-Nov

Ringgit Outlook for The Week

	1	2
Resistance	4.362	4.383
Support	4.295	4.300

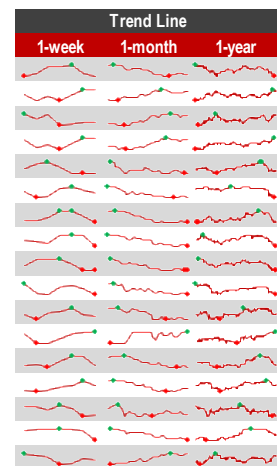
Sources: Bloomberg, Trading Economics, AmBank Economics

Note: Changes are based on day-on-day percentage, except for MGS Yield, Sovereign Yields, and IRS, where changes are in bps.

Currencies vs USD

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
DXY Dollar Index	101.11	101.36	101.34	102.97	104.86
EUR/USD	1.111	1.108	1.108	1.093	1.073
AUD/USD	0.674	0.673	0.680	0.652	0.638
GBP/USD	1.318	1.315	1.317	1.269	1.251
USD/JPY	143.45	143.74	144.99	144.34	147.66
USD/MYR	4.338	4.353	4.311	4.475	4.676
USD/IDR	15,398	15,475	15,415	16,165	15,293
USD/THB	33.67	34.23	33.94	35.53	35.51
USD/SGD	1.300	1.304	1.303	1.325	1.364
USD/CNY	7.089	7.113	7.097	7.156	7.318
USD/KRW	1,335	1,336	1,332	1,378	1,331
USD/INR	83.98	83.97	83.87	83.96	83.14
USD/PHP	56.23	56.59	56.29	57.83	56.94
USD/TWD	32.08	32.20	31.92	32.70	31.97
USD/HKD	7.793	7.797	7.798	7.795	7.843
USD/VND	24,743	24,865	24,880	25,135	24,060
NZD/USD	0.622	0.620	0.626	0.595	0.587

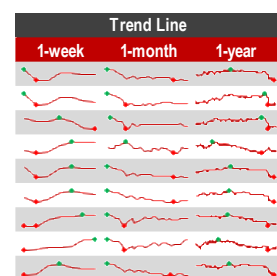
Percentage Change				
1-day	1-week	1-month	1-year	YTD
(0.2)	(0.2)	(1.8)	(3.6)	(0.2)
0.3	0.3	1.6	3.6	0.7
0.2	(0.8)	3.4	5.6	(1.0)
0.3	0.1	3.9	5.4	3.5
(0.2)	(1.1)	(0.6)	(2.9)	1.7
(0.4)	0.6	(3.1)	(7.2)	(5.6)
(0.5)	(0.1)	(4.7)	0.7	0.0
(1.7)	(0.8)	(5.2)	(5.2)	(1.4)
(0.3)	(0.2)	(1.9)	(4.7)	(1.5)
(0.34)	(0.1)	(0.9)	(3.1)	(0.2)
(0.1)	0.2	(3.1)	0.3	3.6
0.0	0.1	0.0	1.0	0.9
(0.6)	(0.1)	(2.8)	(1.3)	1.5
(0.4)	0.5	(1.9)	0.3	4.5
(0.0)	(0.1)	(0.0)	(0.6)	(0.2)
(0.5)	(0.6)	(1.6)	2.8	2.0
0.4	(0.5)	4.6	6.0	(1.5)



Ringgit Cross Rates

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
EUR/MYR	4.813	4.812	4.783	4.883	5.017
GBP/MYR	5.709	5.710	5.688	5.688	5.870
AUD/MYR	2.915	2.923	2.941	2.900	2.989
JPY/MYR	3.024	3.029	2.973	3.100	3.166
SGD/MYR	3.332	3.332	3.315	3.372	3.433
10CNY/MYR	6.116	6.120	6.074	6.253	6.387
100IDR/MYR	2.817	2.812	2.795	2.768	3.056
THB/MYR	12.895	12.783	12.686	12.607	13.138
10HKD/MYR	5.565	5.583	5.528	5.741	5.960

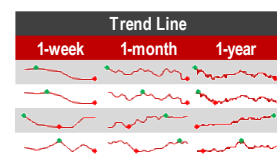
Percentage Change				
1-day	1-week	1-month	1-year	YTD
0.0	0.6	(1.4)	(4.1)	(5.2)
(0.0)	0.4	0.4	(2.7)	(2.2)
(0.3)	(0.9)	0.5	(2.5)	(6.7)
(0.2)	1.7	(2.5)	(4.5)	(7.1)
(0.0)	0.5	(1.2)	(3.0)	(4.2)
(0.1)	0.7	(2.2)	(4.2)	(5.3)
0.2	0.8	1.8	(7.8)	(5.6)
0.9	1.6	2.3	(1.9)	(3.8)
(0.3)	0.7	(3.1)	(6.6)	(5.4)



Commodities

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
Brent (USD/barrel)	72.69	72.7	79.94	76.48	90.6
WTI (USD/barrel)	69.15	69.2	75.91	73.2	87.54
Gold (USD/oz)	2,517	2,496	2,521	2,391	1,917
Malaysia CPO (RM/tonne)	3,993	3,993	4,025	3,903	3,806

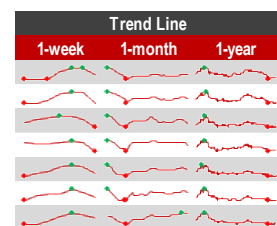
Percentage Change				
1-day	1-week	1-month	1-year	YTD
(0.0)	(9.1)	(5.0)	(19.8)	(5.6)
(0.1)	(8.9)	(5.5)	(21.0)	(3.5)
0.8	(0.2)	5.3	31.3	22.0
0.0	(0.8)	2.3	4.9	7.4



Malaysia Government Securities

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
3-Year	3.35	3.35	3.33	3.31	3.48
5-Year	3.50	3.51	3.50	3.49	3.62
7-Year	3.68	3.70	3.70	3.68	3.75
10-Year	3.75	3.76	3.76	3.74	3.86
15-Year	3.91	3.91	3.91	3.89	4.05
20-Year	4.05	4.06	4.05	4.04	4.16
30-Year	4.19	4.19	4.18	4.14	4.26

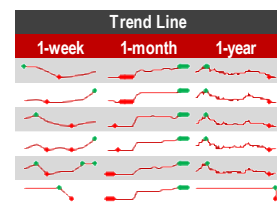
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
(0)	2	4	(13)	(12)
(2)	(0)	1	(12)	(8)
(1)	(2)	(0)	(6)	(4)
(2)	(1)	0	(11)	2
(1)	(0)	2	(15)	(8)
(0)	(0)	1	(11)	(5)
(0)	0	5	(8)	(5)



Malaysia Government Investment Issues

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
3-Year	3.32	3.32	3.31	3.31	3.50
5-Year	3.50	3.50	3.49	3.49	3.65
7-Year	3.69	3.69	3.69	3.70	3.80
10-Year	3.79	3.79	3.78	3.74	3.89
15-Year	3.94	3.94	3.94	3.90	4.02
20-Year	4.07	4.07	4.07	4.05	4.24

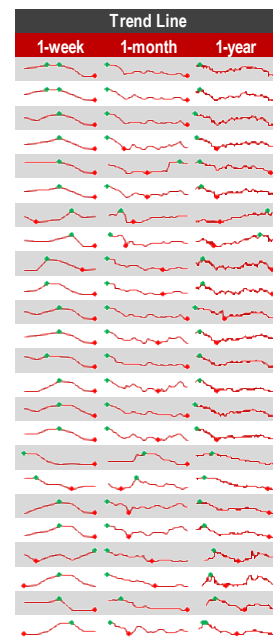
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
0	0	1	(18)	(18)
0	2	1	(14)	(10)
0	0	(1)	(11)	(7)
0	0	5	(10)	0
0	0	4	(8)	(1)
0	1	3	(17)	(4)



Major Sovereign Yield (%)

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
UST 2Y	3.74	3.75	3.89	3.98	5.02
UST 10Y	3.73	3.76	3.86	3.89	4.28
Germany 2Y	2.30	2.32	2.36	2.39	3.12
Germany 10Y	2.21	2.22	2.27	2.20	2.65
UK 2Y	4.01	4.03	4.11	3.67	5.24
UK 10Y	3.92	3.94	4.02	3.92	4.53
Japan 2Y	0.38	0.38	0.37	0.30	0.02
Japan 10Y	0.88	0.88	0.90	0.90	0.66
Australia 2Y	3.67	3.69	3.67	3.76	3.82
Australia 10Y	3.93	3.95	3.95	4.02	4.13
France 2Y	2.54	2.56	2.60	2.66	3.39
France 10Y	2.91	2.94	2.99	2.96	3.18
Italy 2Y	2.75	2.79	2.86	2.90	3.79
Italy 10Y	3.64	3.66	3.65	3.65	4.40
Spain 2Y	2.61	2.64	2.64	2.73	3.53
Spain 10Y	3.02	3.04	3.10	3.07	3.70
China 2Y	1.46	1.47	1.54	1.52	2.21
China 10Y	2.15	2.13	2.17	2.15	2.67
Korea 2Y	3.02	3.04	3.05	3.04	3.80
Korea 10Y	3.03	3.05	3.07	3.00	3.91
Indonesia 2Y	6.53	6.52	6.53	6.61	6.32
Indonesia 10Y	6.64	6.67	6.62	6.82	6.54
Thailand 2Y	2.16	2.16	2.19	2.22	2.31
Thailand 10Y	2.55	2.55	2.54	2.53	2.85

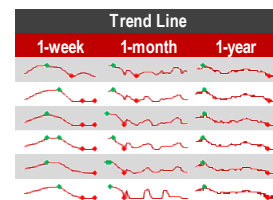
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
(1)	(15)	(23)	(127)	(51)
(3)	(13)	(17)	(55)	(15)
(3)	(6)	(9)	(83)	(11)
(2)	(7)	1	(45)	18
(2)	(11)	33	(123)	2
(2)	(10)	(0)	(62)	38
0	1	8	36	33
0	(2)	(2)	22	27
(2)	(0)	(9)	(16)	(4)
(2)	(3)	(9)	(20)	(3)
(3)	(6)	(12)	(85)	(40)
(2)	(8)	(5)	(27)	35
(3)	(11)	(15)	(104)	(23)
(2)	(1)	(1)	(76)	(6)
(3)	(3)	(12)	(92)	(36)
(2)	(8)	(5)	(68)	3
(2)	(8)	(6)	(75)	(74)
2	(3)	(0)	(52)	(42)
(2)	(3)	(2)	(78)	(22)
(2)	(4)	4	(87)	(14)
1	(0)	(8)	21	2
(3)	1	(18)	10	16
(0)	(3)	(7)	(15)	(18)
(0)	0	1	(31)	(13)



Key swap rates

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
IRS 1-Year	3.42	3.39	3.41	3.43	3.62
IRS 3-Year	3.33	3.34	3.35	3.39	3.65
IRS 5-Year	3.39	3.39	3.41	3.43	3.74
IRS 7-Year	3.47	3.49	3.49	3.52	3.85
IRS 10-Year	3.58	3.59	3.60	3.61	3.98
IRS 20-Year	3.68	3.70	3.71	3.95	4.34

Basis Points Change				
1-day	1-week	1-month	1-year	YTD
2	0	(1)	(21)	(16)
(0)	(1)	(6)	(32)	(16)
(1)	(3)	(5)	(36)	(20)
(2)	(1)	(5)	(38)	(24)
(1)	(2)	(3)	(40)	(25)
(2)	(4)	(28)	(66)	(54)



Key KLIBOR rates

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
1-Month Klibor	3.28	3.28	3.28	3.29	3.27
3-Month Klibor	3.53	3.53	3.53	3.57	3.53
6-Month Klibor	3.61	3.61	3.61	3.63	3.61

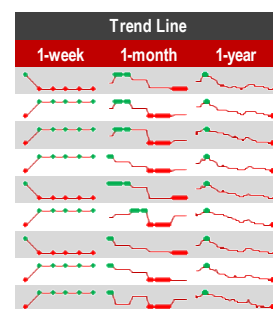
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
0	0	(1)	1	(9)
0	0	(4)	0	(24)
0	0	(2)	0	(20)



Indicative PDS yields

	Latest	1-day	1 week	1-Month	1-Year
	5-Sep-24	4-Sep-24	29-Aug-24	6-Aug-24	6-Sep-23
3-Year AAA	3.76	3.76	3.76	3.77	3.94
3-Year AA	3.90	3.90	3.89	3.91	4.14
3-Year A	4.86	4.86	4.85	4.87	5.28
5-Year AAA	3.84	3.84	3.83	3.87	4.07
5-Year AA	3.98	3.98	3.98	4.01	4.28
5-Year A	5.12	5.12	5.10	5.12	5.59
10-Year AAA	3.99	3.99	3.99	4.02	4.28
10-Year AA	4.17	4.17	4.17	4.20	4.54
10-Year A	5.63	5.63	5.62	5.64	6.08

Basis Points Change				
1-day	1-week	1-month	1-year	YTD
0	(0)	(1)	(19)	(9)
0	0	(1)	(25)	(14)
0	1	(1)	(42)	(38)
0	0	(4)	(23)	(13)
0	(0)	(3)	(30)	(20)
0	2	0	(47)	(43)
0	(0)	(3)	(29)	(19)
0	0	(3)	(37)	(24)
0	1	(1)	(45)	(43)



Sources: Bloomberg, AmBank Economics
 Note: All values are end-period

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