

# Daily Digest

## Indonesia targets narrower deficit

- **Macro:** Indonesia announced a narrower 2023 fiscal deficit target of 2.85% of GDP. In developed economies, data continued to be mainly weaker.
- **Fixed income:** UST yields edged higher with encouraging data from US retail giants. Strong demand yesterday in IndoGB new series, with MoF taking opportunity to upsize the issuance.
- **FX:** DXY was flat amid weak data and awaiting further market guidance, especially FOMC meeting minutes.

### Global macro wrap

Indonesia announced a narrower 2023 fiscal deficit target of 2.85% of GDP from 3.92% projected this year. In developed economies, data continued to be mainly weaker.

- **Global:** Bearish sentiment yesterday with German ZEW Survey Expectations coming at -55.3 for Aug (consensus: -52.7; Jul: -53.8). US Housing Starts also came in lower than expected at 1.446m for Jul vs. a revised 1.559m for Jun (consensus: 1.527m), while IPI strengthened to 0.6% mom for Jul (consensus: 0.3%; 0.0% Jun). Canadian CPI met expectations at 7.6% yoy and 0.1% mom. Reports suggest the West's potential nuclear deal with Iran is back on track, as crude oil prices fell further amid spate of weak global macroeconomic data this week.
- **ASEAN:** PM Jokowi in his 2023 State Budget speech yesterday announced plans to narrow the 2023 budget deficit to 2.85% of GDP, from an estimated 3.92% of GDP in 2022. Indonesia recorded a state budget surplus of IDR106tr in 7M22. The PM announced an increased allocation for subsidies by 4.4% (IDR297.2tr). Meanwhile, the Energy Minister said government plans to hike fuel prices to control energy subsidy bills. This will complement plans for subsidized fuel sales to be issued later this month. Singapore data today shows NODX beating consensus at 7.0% yoy in Jul (consensus: 6.4%; Jun: 8.5%). Electronics exports surged 10.3% yoy (Jun: 4.1%).

### Fixed income

UST yields edged higher with encouraging data from US retail giants. Strong demand yesterday in IndoGB new series, with MoF taking opportunity to upsize the issuance.

- **US:** USTs reversed prior day's rally, with 2Y yields rising 8bps, as markets focused on retail earnings and sales data for clues on impact of inflation. Treasuries also fell after the stronger-than-expected US industrial production data.
- **ASEAN:** Divergence in trading activity yesterday, as MYR bond activity remained muted with limited price action. Meanwhile, IndoGBs strengthened on longer tenors, aided by bond auction strong demand. The government issued three new series which saw bids reaching IDR72.16tr and with BTC at 3.33x. The three new series comprised 5Y FR95 maturing Aug 2028, 10Y FR96 Feb 2033, and 20Y FR97 Jun 2043. The government upsize the issuance to IDR21.65tr, above target of IDR19.0tr. ThaiGBs strengthened, lifted by firm THB despite the 2Q22 GDP missing expectations.

### FX

DXY was flat amid weak data and awaiting further market guidance, especially FOMC meeting minutes.

- **USD:** Flat dollar yesterday before tonight's FOMC meeting minutes.
- **Majors:** EUR and USD gained against the dollar, as Brent and WTI fell steeply. USD rose against JPY as traders refrain from active trades before further US data releases.
- **ASEAN:** USDMYR and USDIDR continued its selloff yesterday as benchmark oil fell further and as CNH continued to wane. USDTHB reversed losses slightly to close at 35.43, continues to be guided by BOT's messaging of an economic recovery.

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### Rates dashboard

Gov't bonds	Close	1D	Change (bps)		
			1W	1M	YTD
UST 2Y	3.26	7.5	-1.2	2.0	252.5
UST10Y	2.80	1.6	2.7	-21.7	129.4
MY 3Y	3.46	-0.3	-3.8	-5.2	66.5
MY 10Y	3.96	-0.3	1.2	-8.5	36.5
ID 2Y	5.62	3.5	35.2	-6.4	149.6
ID 10Y	7.03	-4.7	-8.3	-42.6	64.7
SG 2Y	2.58	-4.1	-4.1	-22.0	171.0
SG 10Y	2.61	-4.4	-7.7	-19.9	97.6
TH 2Y	1.52	-2.4	-12.4	-23.2	86.3
TH 10Y	2.43	-0.3	-8.2	-22.0	53.5

### FX dashboard

FX pairs	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	106.50	-0.0	0.1	-0.2	11.3
EURUSD	1.01	-0.7	-0.9	-1.3	-10.9
GBPUSD	1.20	-0.6	-0.7	-0.0	-11.2
AUDUSD	0.70	-0.5	0.3	1.4	-3.6
USDJPY	134.21	-0.6	0.5	2.4	-14.3
USDCNH	6.81	-0.4	-0.7	-0.9	-6.6
USDMYR	4.47	-0.2	-0.3	-0.4	-6.7
USDIDR	14,768	-0.2	0.6	1.4	-3.5
USDSGD	1.38	-0.3	-0.1	0.8	-2.2
USDTHB	35.43	0.2	-0.1	3.4	-5.7

### Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	86.53	-3.2	-4.4	-17.0	15.1
Brent	92.34	-2.9	-4.1	-14.0	18.7
Copper	7,979	-0.0	-0.1	9.6	-17.9
Gold	1,778	-0.0	-0.8	3.5	-2.8
CPO	4,156	-4.0	-0.3	9.4	-19.4

## HIGHLIGHTS

**Macro:** Indonesia's PM Jokowi in his 2023 State Budget speech announces plans to narrow the 2023 budget deficit to 2.85% of GDP, from an estimated 3.92% of GDP in 2022. Indonesia will also reduce its 2023 borrowing plans by 8% to IDR696.3tr, its lowest since 2019. Even as the PM announced an increased allocation for subsidies by 4.4% (IDR297.2tr), his Energy Minister said the government plans to hike fuel prices to control energy subsidy bills. This will complement plans for subsidized fuel sales to be issued later this month.

**Macro:** Indonesia's MoF issued 3 new series in yesterday's auction, with demand strong and total incoming bids reaching IDR 72.16tr. The three new series comprised 5Y FR95 maturing Aug 2028, 10Y FR96 Feb 2033, and 20Y FR97 Jun 2043. The government upsized the issuance to IDR21.65tr, above target of IDR19.0tr. 02/33 FR96 received the most incoming bids (31.78T).

**Macro:** Thailand's cabinet approved a 90% reduction in annual vehicle tax for taxis, motorcycle taxis, and tuk-tuks, to help them recover from impact of high fuel prices and Covid-19.

**Macro:** Malaysia's Energy Minister said the cost of electricity tariff adjustment through the Imbalance Cost Pass-Through (ICPT) mechanism for the period of Jul to Dec 2022 is estimated to reach almost RM20bn. The Government plans to increase the share of renewable energy in its installed capacity to 31% in 2025, and 40% in 2035, under the Malaysia Renewable Energy Roadmap.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
17 Aug 2022	US	Retail Sales Advance MoM	Jul	0.2%	1.0%
17 Aug 2022	US	Retail Sales Ex Auto MoM	Jul	0.1%	1.0%
17 Aug 2022	US	Retail Sales Ex Auto and Gas	Jul	0.3%	0.7%
17 Aug 2022	US	Business Inventories	Jun	1.4%	1.4%
18 Aug 2022	US	FOMC Meeting Minutes	27 Jul		

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
16 Aug 2022	US	Net Long-term TIC Flows	Jun	--	\$121.8b	\$155.3b
16 Aug 2022	US	Total Net TIC Flows	Jun	--	\$22.1b	\$194.5b
16 Aug 2022	US	Building Permits	Jul	1640k	1674k	1696k
16 Aug 2022	US	Building Permits MoM	Jul	-3.3%	-1.3%	0.1%
16 Aug 2022	US	Housing Starts	Jul	1527k	1446k	1599k
16 Aug 2022	US	Housing Starts MoM	Jul	-2.1%	-9.6%	-2.4%
16 Aug 2022	US	Industrial Production MoM	Jul	0.3%	0.6%	0.0%
16 Aug 2022	US	Capacity Utilization	Jul	80.2%	80.3%	79.9%
17 Aug 2022	SI	Non-oil Domestic Exports YoY	Jul	6.6%	7.0%	8.5%
17 Aug 2022	SI	Non-oil Domestic Exports SA MoM	Jul	-3.1%	1.4%	3.2%
17 Aug 2022	SI	Electronic Exports YoY	Jul	--	10.3%	4.1%

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 3: Sovereign yields and CDS

	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
US	2.80	1.6	2.7	-21.7	129.4
UK	2.13	10.8	15.4	-5.5	115.4
Germany	0.97	7.1	5.1	-30.5	115.0
Japan	0.17	-1.5	0.4	-6.4	10.3
Australia	2.91	-1.7	7.4	54.8	124.4
China	2.64	-3.0	-11.4	-14.7	-13.7
Malaysia	3.96	-0.3	1.2	-8.5	36.5
Indonesia	7.03	-4.7	-8.3	-42.6	64.7
Singapore	2.61	-4.4	-7.7	-19.9	97.6
Thailand	2.43	-0.3	-8.2	-22.0	53.5
<b>5Y IRS</b>	<b>Close (bps)</b>	<b>1D (bps)</b>	<b>1W (bps)</b>	<b>1M (bps)</b>	<b>YTD (bps)</b>
MY	3.58	-2	-5	-3	64
SG	2.73	-3	-3	-18	123
TH	2.04	-3	-12	-46	78
<b>5Y CDS</b>	<b>Close (bps)</b>	<b>1D (bps)</b>	<b>1W (bps)</b>	<b>1M (bps)</b>	<b>YTD (bps)</b>
MY	72	-0	-11	-32	59
ID	99	2	-11	-36	32
TH	45	-2	-5	-21	39

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 4: Interbank rates and credit indices

	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
<b>Interbank rates</b>					
US 3m LIBOR	2.94	0	2	21	273
EUR 3m LIBOR	-0.58	0	0	0	0
JP 3m LIBOR	-0.01	0	0	0	6
MY 3m KLIBOR	2.71	1	1	7	66
ID 3m JIBOR	3.80	5	-5	15	18
SG 3m SORA	1.40	1	6	33	121
SG 3m SIBOR	2.48	0	0	47	204
SG 3m SOR	2.66	0	-1	4	230
TH 3m BIBOR	0.91	0	10	18	29
<b>Credit indices</b>	<b>Close</b>	<b>1D (%)</b>	<b>1W (%)</b>	<b>1M (%)</b>	<b>YTD (%)</b>
Bloomberg Global Aggregate	254	-0.2	0.2	2.2	-13.7
Bloomberg US Aggregate	2149	-0.1	0.2	1.5	-8.8
Bloomberg EUR Aggregate	242	-0.6	-0.3	2.2	-9.4
Bloomberg Asia Aggregate	172	0.6	-0.2	-0.2	3.8
Bloomberg Asia Pac Treasury	129	-0.5	0.4	2.8	-12.6
Bloomberg ASEAN Corp/Quasi	110	0.2	1.0	4.5	-9.0

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currency	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DX	106.50	-0.0	0.1	-0.2	11.3
EURUSD	1.01	-0.7	-0.9	-1.3	-10.9
GBPUSD	1.20	-0.6	-0.7	-0.0	-11.2
AUDUSD	0.70	-0.5	0.3	1.4	-3.6
USDJPY	134.21	-0.6	0.5	2.4	-14.3
USDCNH	6.81	-0.4	-0.7	-0.9	-6.6
USDMYR	4.47	-0.2	-0.3	-0.4	-6.7
USDIDR	14,768	-0.2	0.6	1.4	-3.5
USDSGD	1.38	-0.3	-0.1	0.8	-2.2
USDTHB	35.43	0.2	-0.1	3.4	-5.7
GBPMYR	5.38	-0.1	-0.5	0.5	-4.5
AUDMYR	3.13	-0.3	0.4	1.9	3.2
SGDMYR	3.24	-0.1	0.1	1.2	4.9
MYRCNH	1.52	-0.2	-0.4	-0.5	0.0
MYRIDR	3,306	0.0	0.8	1.8	3.5
MYRTHB	7.94	0.2	0.2	3.6	0.3

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
<b>Equities</b>					
S&P500	4,305.20	0.2	4.4	9.4	-9.7
Nasdaq	13,102.55	-0.2	4.9	11.9	-16.3
Eurostoxx	3,805.22	0.4	2.4	6.1	-11.5
Nikkei 225	28,868.91	-0.0	3.1	7.1	0.3
Hang Seng	19,830.52	-1.0	-0.9	-4.0	-15.2
KLCI	1,518.78	1.0	1.4	6.3	-3.1
JCI	7,133.45	0.6	0.4	5.9	8.4
SET	1,629.95	0.3	0.7	6.3	-1.7
<b>Commodities</b>	<b>Close</b>	<b>1D (%)</b>	<b>1W (%)</b>	<b>1M (%)</b>	<b>YTD (%)</b>
BCOM Index	121.54	0.1	2.4	4.7	22.6
WTI (US\$/bbl)	86.53	-3.2	-4.4	-17.0	15.1
Brent (US\$/bbl)	92.34	-2.9	-4.1	-14.0	18.7
Natural Gas (US\$/mmbtu)	9.33	6.9	19.1	30.5	155.9
Copper (US\$/ton)	7,979	-0.0	-0.1	9.6	-17.9
Gold (US\$/oz)	1,778	-0.0	-0.8	3.5	-2.8
CPO (RM/ton)	4,156	-4.0	-0.3	9.4	-19.4

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	7.0	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
<b>Policy rate</b>	<b>3Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>
US	3.00	3.50	3.75	3.75	3.75
Malaysia	2.50	2.75	3.25	3.25	3.25
Indonesia	3.75	4.00	4.25	4.50	4.75
Thailand	1.00	1.25	1.75	1.75	1.75
<b>Commodity prices</b>	<b>3Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>
Brent (USD/bbl)	110	105	100	95	93
WTI (USD/bbl)	100	100	95	90	88
CPO (RM/ton)	4,000	3,800	4,000	3,700	3,500
Gold (USD/oz)	1,850	1,800	1,780	1,750	1,730
Copper (USD/ton)	8,000	7,800	8,250	8,250	8,500

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	3Q22	4Q22	1Q23	2Q23	3Q23
UST 2Y	3.10	3.05	3.00	3.00	2.95
UST10Y	3.40	3.35	3.30	3.25	3.15
MY 3Y	3.75	3.60	3.50	3.40	3.20
MY 10Y	4.20	4.05	4.00	3.90	3.80
ID 2Y	5.80	6.00	6.00	5.90	5.80
ID 10Y	7.70	7.70	7.50	7.40	7.30
TH 2Y	1.80	1.75	1.70	1.70	1.60
TH 10Y	3.20	3.00	2.90	2.90	2.70
<b>Currency</b>	<b>3Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>
DX	106	105	102	100	98
EURUSD	1.02	1.04	1.06	1.10	1.13
GBPUSD	1.18	1.20	1.24	1.27	1.28
AUDUSD	0.70	0.72	0.74	0.75	0.75
USDJPY	135	133	129	127	125
USDCNH	6.72	6.72	6.68	6.65	6.60
USDMYR	4.35	4.20	4.15	4.15	4.13
USDIDR	14,750	14,600	14,500	14,400	14,300
USDSGD	1.37	1.35	1.32	1.31	1.32
USDTHB	35.00	34.40	33.80	33.60	33.80

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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