

DAILY DIGEST

Trump 25-25-10% tariffs still on the cards

- **Macro:** Trump warned of 25% tariffs on Mexico and Canada by 1 Feb, while still mulling of 10% tariffs on China. Indonesia unveiled stricter requirements for commodity exporters' proceeds. Malaysia STR disbursement to begin today.
- **Fixed Income:** UST curve bull flattened by 1-5bps as markets reopened. Mixed performance for regional bonds. BNM announced 3Y GII 07/28 auction (size: RM5.5bn). IndoGB auction saw improved bids, leading to further IndoGB gains.
- **FX:** G10 and regional currencies rose against the USD, excluding tariff-impacted currencies. US issued fact sheet warning of currency manipulation.

Global macro wrap

- **Global:** US President Trump said he plans to impose 25% tariffs on Mexico and Canada by 1 Feb, reiterating his contention of undocumented migrants and drug flows into the US issue. Tariffs would impact USD1.8tr in goods and services into the US (excluding retaliation efforts by both), and is expected to significantly impact US energy imports and auto vehicle supply chains. Trump also said he's still weighing a 10% tariff onto Chinese imports, even as Chinese Vice Premier Ding Xuexiang earlier pledged that it will expand imports from the US to promote a greater trade balance.

ASEAN: Indonesia unveiled plans to require commodity exporters to keep 100% of their entire FCY earnings onshore for at least a year (current: 30% of proceeds for three months), a move that will increase firms' working capital costs but is expected to boost Indonesia's onshore FCY deposits and BI's USD warchest, which BI is preparing new FX instruments to encourage compliance with the policy. Meanwhile, Phase 1 disbursement of Malaysia's RM2.3bn STR aid program starts today with increased household and singles' support; while the third phase of Thailand's digital wallet handout scheme will begin in Apr, which will have a budget of THB157bn for the third phase.

Fixed income

- **Majors:** UST curve bull flattened, as investors belatedly cheered the lack of universal tariff executive action by Trump after markets reopened from holiday. UST rallied 1-5bps amid higher hopes that trade negotiations may succeed in time, though sentiment remains tilted towards more tariff announcements eventually.
- **ASEAN:** MGS curve bull steepened by 0-1bp, though activity remained lacklustre, aside from some supportive onshore bids from foreign selling of duration bonds. BNM also announced the reopening auction for the 3Y GII 07/28 series on 23 Jan, with size slightly larger than expected (RM5.5bn) and WI last seen at 3.55/3.54%. IndoGB yields continued to plunge by 1-8bps in a steepening manner, driven by UST gains and the earlier capped SRBI issuance and surprise BI-rate cut. Positive sentiment was reflected in conventional auction with incoming bids improving back to IDR54tr (prior: IDR31tr), while MOF issued as per IDR26tr target centred on the 5Y FR104 and 10Y FR103 series. Mixed performance seen for ThaiGBs, ahead of today's auction for the 10Y LB353A series (size: THB20bn).

FX

- **Majors:** G10 FX mostly strengthened against the USD, though in a very minor manner given the lack of US data releases and the Fed blackout. GBP (+0.2%) slightly outperformed amid mean-reversion from earlier declines, while EUR rose 0.1% - ahead of ECB President Lagarde's speech in Davos today. CAD (-0.1%) fell amid a cooling of Canadian inflation and Trump's threats of tariffs onto Canadian imports by 1 Feb, while AUD (-0.1%) also fell alongside CNH weaknesses, as investors remain on watch for potential US tariff announcements on China.
- **ASEAN:** Regional currencies strengthened, tracking earlier broad-based G10 FX gains against the USD. THB (+0.6%) outperformed to approach the 34.0 level, while MYR (+0.4%) trailed ahead of Malaysia's Dec CPI data and BNM's OPR decision today (CIMB: unchanged at 3.00%). IDR (+0.2%) continued to trail regional peers amid new exporters' earnings onshoring requirements.

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Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.27	-0.9	-9.3	-5.8	3.2
UST 10Y	4.58	-5.1	-21.6	-1.2	0.7
MY 3Y	3.44	-1.2	-4.2	-5.7	-4.2
MY 10Y	3.82	-0.5	-1.8	-2.2	0.2
ID 2Y	6.81	-2.0	-16.8	-7.4	-9.6
ID 10Y	7.11	-2.9	-14.8	8.4	14.0
SG 2Y	2.85	-3.1	-11.2	-1.6	14.0
SG 10Y	2.93	-4.2	-14.9	-5.0	8.0
TH 2Y	2.06	0.2	4.7	7.0	6.2
TH 10Y	2.40	0.2	1.3	17.9	14.8

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

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	108.06	-1.2	-1.1	-0.2	-0.4
EURUSD	1.0428	0.1	1.2	0.3	0.7
GBPUSD	1.2350	0.2	1.1	-1.5	-1.3
AUDUSD	0.6274	-0.0	1.3	0.6	1.4
USDCHF	0.9060	-0.1	-0.7	0.6	-0.2
USDJPY	155.52	-0.1	-1.5	-1.1	-1.1
USDCNH	7.2674	0.1	-1.0	-0.5	-1.0
USDMYR	4.4760	-0.4	-0.7	-0.2	0.1
USDIDR	16335	-0.2	0.4	0.9	1.4
USDSGD	1.3528	-0.3	-1.0	-0.5	-0.9
USDTHB	34.10	-0.6	-1.9	-0.2	0.0

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

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	75.89	-2.6	-2.1	8.3	5.8
Brent	79.29	-1.1	-0.8	7.8	6.2
Copper	9,275	0.0	1.3	3.6	5.8
Gold	2,745	1.4	2.5	4.9	4.6
CPO	4,508	0.9	-3.4	-7.9	-7.3

HIGHLIGHTS

Macro: US President Trump is set to unveil a groundbreaking USD500bn joint venture with OpenAI, Oracle, and Softbank to bolster AI infrastructure in the US over the next four years. The initiative, which includes an initial USD100bn investment and the establishment of a data centre in Texas, underscores the US commitment to advancing AI leadership and digital competitiveness on the global stage.

FX: Trump’s administration has issued a fact sheet warning about currency manipulation, potentially leading to greater FX volatility ahead and dollar gains ahead. The notice calls for key federal agencies to address FX manipulation by ‘other countries’, which is currently suspected to be Japan, China, Germany, and Singapore (countries currently listed on the US Treasury Department’s ‘monitoring list’).

Macro: President Prabowo has allocated IDR48.8tr for the next five years to continue developing Indonesia’s new capital Nusantara (IKN), focusing on the core government area, with funding from both the state budget and private sector, following an initial IDR89tr investment and IDR58.41tr in private sector contributions.

Macro: Thai government’s approval of a THB200 carbon tax per ton of emissions marks a pivotal policy shift toward decarbonisation. With the automotive and oil industries responsible for 70% of emissions, the move aligns with the country’s broader ambitions to achieve carbon neutrality by 2050 and net-zero by 2065.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
22 Jan 2025	MA	CPI YoY	Dec	1.8%	1.8%
22 Jan 2025	MA	Foreign Reserves	15 Jan	--	\$116.2b
22 Jan 2025	MA	BNM Overnight Policy Rate	22 Jan	3.00%	3.00%
22 Jan 2025	EC	ECB's Villeroy Speaks in Davos			
22 Jan 2025	EC	ECB's Knot Speaks in Davos			
22 Jan 2025	US	Leading Index	Dec	-0.1%	0.3%
22 Jan 2025	EC	ECB's Lagarde Speaks in Davos			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
21 Jan 2025	EC	ECB's Centeno Speaks in Lisbon				

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	4.58	-5.1	-21.6	-1.2	0.7
UK	4.59	-6.9	-29.9	1.5	2.2
Germany	2.51	-1.7	-14.1	18.9	14.5
Japan	1.19	-0.5	-5.4	12.0	10.1
Australia	4.40	-7.4	-21.0	-3.5	4.3
China	1.66	-1.6	1.8	-6.3	-1.1
Malaysia	3.82	-0.5	-1.8	-2.2	0.2
Indonesia	7.11	-2.9	-14.8	8.4	14.0
Singapore	2.93	-4.2	-14.9	-5.0	8.0
Thailand	2.40	0.2	1.3	17.9	14.8

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.57	-1	-3	-0	2
SG	2.72	-6	-16	-4	6
TH	-	-	-	-	-

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	46	-4	-8	-3	-5
ID	75	-2	-6	-3	-5
TH	43	-1	-2	6	0

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	4.29	0	1	-11	-20
EU o/n ESTRON	2.92	0	0	1	1
JP o/n TONAR	0.23	0	0	0	0
MY 3m KLIBOR	3.68	0	0	-5	-5
MY MYOR	3.00	0	0	0	0
ID 3m JIBOR	6.60	0	-20	-20	-20
SG o/n SORA	2.25	0	-68	-50	14
SG 3m SIBOR	3.30	0	0	0	0
TH BOT o/n THOR	2.25	0	0	0	0

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	269	0.3	1.6	0.2	0.2
Bloomberg US Aggregate	2196	0.3	1.4	0.5	0.3
Bloomberg EUR Aggregate	242	0.1	1.1	-0.6	-0.5
Bloomberg Asia Aggregate	186	0.2	-0.2	-0.6	-0.5
Bloomberg Asia Pac Treasury	117	0.4	1.6	0.8	0.8
Bloomberg ASEAN Corp/Quasi	122	0.3	1.1	0.3	0.3

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	108.06	-1.2	-1.1	-0.2	-0.4
EURUSD	1.0428	0.1	1.2	0.3	0.7
GBPUSD	1.2350	0.2	1.1	-1.5	-1.3
AUDUSD	0.6274	-0.0	1.3	0.6	1.4
USDJPY	155.52	-0.1	-1.5	-1.1	-1.1
USDCNH	7.2674	0.1	-1.0	-0.5	-1.0
USDMYR	4.4760	-0.4	-0.7	-0.2	0.1
USDIDR	16,335	-0.2	0.4	0.9	1.4
USDSGD	1.3528	-0.3	-1.0	-0.5	-0.9
USDTHB	34.10	-0.6	-1.9	-0.2	0.0
GBPMYR	5.4824	0.2	-0.1	-2.5	-2.4
AUDMYR	2.7892	0.1	-0.0	-0.3	0.3
SGDMYR	3.2919	0.0	-0.0	-0.2	0.2
CNHMYR	0.6155	-0.4	0.3	0.2	0.9
IDRMYR	0.0274	-0.3	-1.1	-1.2	-1.2
THBMYR	13.1833	0.2	1.6	0.3	1.2

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	6,049.24	0.9	3.5	0.2	2.8
Nasdaq	19,756.78	0.6	3.7	-1.4	2.3
Eurostoxx	5,165.96	0.0	3.7	6.3	5.5
Nikkei 225	39,027.98	0.3	1.4	-0.0	-2.2
Hang Seng	20,106.55	0.9	4.6	0.0	0.2
KLCI	1,580.46	0.5	0.3	-1.4	-3.8
JCI	7,181.82	0.2	3.2	1.6	1.4
SET	1,352.53	0.9	0.9	-3.0	-3.4

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	103.43	-0.3	0.7	5.3	4.7
WTI (US\$/bbl)	75.89	-2.6	-2.1	8.3	5.8
Brent (US\$/bbl)	79.29	-1.1	-0.8	7.8	6.2
Natural Gas (US\$/mmbtu)	3.76	-4.9	-5.3	7.2	3.4
Copper (US\$/ton)	9,275	0.0	1.3	3.6	5.8
Gold (US\$/oz)	2,745	1.4	2.5	4.9	4.6
CPO (RM/ton)	4,508	0.9	-3.4	-7.9	-7.3

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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