

# DAILY DIGEST

## DXY breaches above 109 in Day 1 2025

- **Macro:** US initial claims tumbled to eight-month low. China factory expansion slowed amid falling export orders. BOT panel sees policy rate at 'broadly neutral stance', while citing increased economic uncertainty.
- **Fixed Income:** Muted trading for UST continued, ahead of more decisive data catalysts next week. MGS firmed while IndoGB and ThaiGB weakened, amid IndoGB 1Q25 auction announcement and duration-heavy ThaiGB primary supply.
- **FX:** Sharp EUR and GBP losses drove solid DXY gains amid growth and policy rate divergence. BI intervened amid significant IDR decline.

### Global macro wrap

- **Global:** US initial claims fell to 211k in the last week of 2024 (consensus: 221k; previous: 220k), its lowest in eight months, aligning with market and Fed views that the US labour market remains tight in historical standards. This comes ahead of a potential second strike by US dockworker, with the union and their employers now in negotiations. China's Caixin manufacturing PMI fell to 50.5 in Dec (Nov: 51.5) as employment continued to decline while falling export orders dampened sales ahead of Trump's return, matching earlier NBS PMI that also weakened a touch but continued to indicate activity expansion.
- **ASEAN:** MPC minutes for the BOT's Dec meeting saw it deeming 'appropriate' to maintain policy rates at a 'broadly neutral stance', after the MPC previously unanimously voted to keep rates unchanged. The developments suggest dissipating pressure on the BOT to cut policy rates, even as Finance Minister Pichai said it will select a new BOT Chairman soon - with Kittiratt's candidacy no longer pressed due to potential legal challenges ahead from his earlier role as Finance Minister.

### Fixed income

- **Majors:** UST trading kicked off the year in lacklustre fashion, echoing end-2024 sentiment given the myriad of US policy uncertainties ahead on tariffs, taxes, spending priorities, and regulations. Firmer earlier gains were wiped following initial claims data release, leading the curve to close just 0-1bp lower for the day. A more decisive yield direction is expected next week with the release of key datapoints next week including ISM services and labour market data.
- **ASEAN:** Regional bonds fared mixed on the first trading day. MGS sentiment was cautiously optimistic as overall yields fell 1bp, while activity was moderate centred from the belly-to-tail end of the curve. IndoGB sentiment however was bearish post-1Q25 auction announcement, which sees an issuance target of IDR228tr via 6x conventional and 5x sukuk bond auctions. The curve also closed flatter, with front-end IndoGB seeing a selloff amid IDR weaknesses ahead of today's SRBI auction; while residual month-end foreign buying flows supported duration tenors. ThaiGB closed weaker from the bellies-to-tail end as markets rebalanced their portfolio ahead of a heavy-duration supply via primary auctions for this month, such as for the 30Ys, 20Ys, and 50Ys.

### FX

- **Majors:** DXY touched a high above 109.5 before closing with still-solid gains at 109.24 (+0.7%), as US-DM growth and interest rate differential expectations and US equity outperformance drove greater dollar strength via robust capital inflows. GBP (-1.1%) and EUR (-0.9%) led G10 FX declines and drove dollar strength, leading to more equivalent weaknesses compared to other major peers. AUD (+0.2%) managed gains, after earlier approaching its key support level at its Oct 2022 lows.
- **ASEAN:** Regional currencies fell against the USD, led by the IDR that initially touched a USDIDR high near 16,260 before paring losses (-0.6%) amid BI intervention, as markets priced in regulatory uncertainty and fiscal concerns after the government sharply scaled back its VAT rate hikes. Finance Minister Sri Mulyani later dismissed fiscal risk concerns, saying that FY2024 budget deficit will likely come much lower than earlier official estimates of 2.7% of GDP. THB (-0.5%) also fell sharply amid ThaiGB weaknesses and BOT-related news, while the MYR (-0.1%) mostly traded within a tight range.

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### Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.24	-0.2	-8.9	9.5	-0.2
UST 10Y	4.56	-1.0	-2.4	38.3	-1.0
MY 3Y	3.47	-1.3	-2.9	1.3	-1.3
MY 10Y	3.82	0.6	-0.2	4.0	0.6
ID 2Y	6.91	1.2	3.4	22.0	1.2
ID 10Y	6.99	2.0	-3.6	10.1	2.0
SG 2Y	2.75	3.6	-8.3	1.6	3.6
SG 10Y	2.87	2.2	-11.3	17.6	2.2
TH 2Y	2.00	-0.1	0.6	0.0	-0.1
TH 10Y	2.27	1.3	3.8	-3.1	1.3

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

### FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	109.24	0.7	1.0	3.3	0.7
EURUSD	1.0265	-0.9	-1.5	-3.0	-0.9
GBPUSD	1.2380	-1.1	-1.2	-3.0	-1.1
AUDUSD	0.6203	0.3	-0.3	-3.9	0.2
USDCHF	0.9123	0.7	1.5	3.8	0.5
USDJPY	157.50	0.2	-0.3	4.9	0.2
USDCNH	7.3403	0.1	0.5	1.1	0.0
USDMYR	4.4783	0.1	0.2	1.2	0.1
USDIDR	16195	0.6	0.0	2.1	0.6
USDSGD	1.3705	0.3	0.8	2.4	0.4
USDTHB	34.28	0.5	0.0	-0.2	0.5

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

### Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	73.13	2.0	5.0	7.1	2.0
Brent	75.93	1.7	3.6	5.3	1.7
Copper	8,768	0.0	-2.0	-3.4	0.0
Gold	2,658	1.3	0.9	1.0	1.3
CPO	4,690	-3.5	-4.3	-12.0	-3.5

## HIGHLIGHTS

**Macro:** Indonesia's government earlier said on Wed that the watered-down increase in VAT rate hikes is now expected to bring in only an additional IDR3.2tr in state revenues - much lower from earlier estimates of IDR75tr - as the government aims to support the people's purchasing power amid low growth and inflation.

**Macro:** Minutes from the BOT's MPC meeting saw it expressing concern over increasing divergence in Thai economic growth and greater overall uncertainty ahead on the Thai economy, citing potential US tax and tariff policies; though 2024 and 2025 growth expectations was maintained at 2.7% and 2.9% yoy respectively. While headline CPI is expected at 1.1% yoy in 2025 (at the bottom of its 1-3% target range), it said maintaining sufficient monetary policy space is 'essential' to maximizing effectiveness of its monetary policy, while adding that medium-term inflation expectations remain well within its range.

**Macro:** Manufacturing PMI in Southeast Asia averaged down to 50.7 in Dec (Nov: 50.8), indicating continued factory expansion even amid a decline in confidence and a sustained drop in export orders, ahead of global trade risks from the incoming US Trump administration.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
03 Jan 2025	SI	Retail Sales SA MoM	Nov	--	0.1%
03 Jan 2025	SI	Retail Sales YoY	Nov	1.5%	2.2%
03 Jan 2025	SI	Retail Sales Ex Auto YoY	Nov	--	0.3%
03 Jan 2025	TH	Gross International Reserves	27 Dec	--	\$236.2b
03 Jan 2025	US	ISM Manufacturing	Dec	48.2	48.4
03 Jan 2025	US	ISM Prices Paid	Dec	51.4	50.3
03 Jan 2025	US	Fed's Barkin Gives Keynote Address			
03 Jan 2025	EC	ECB's Lane Speaks in San Francisco			
05 Jan 2025	US	Fed's Daly, Kugler Speak at AEA Monetary Policy Session			
05 Jan 2025	US	Fed's Daly Gives Remarks on Panel Honoring Bernanke			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
02 Jan 2025	SI	GDP YoY	4Q A	3.8%	4.3%	5.4%
02 Jan 2025	SI	GDP SA QoQ	4Q A	-0.8%	0.1%	3.2%
02 Jan 2025	SI	GDP Annual YoY	2024 A	3.7%	4.0%	1.1%
02 Jan 2025	ID	S&P Global Indonesia PMI Mfg	Dec	--	51.2	49.6
02 Jan 2025	MA	S&P Global Malaysia PMI Mfg	Dec	--	48.6	49.2
02 Jan 2025	TH	S&P Global Thailand PMI Mfg	Dec	--	51.4	50.2
02 Jan 2025	CH	Caixin China PMI Mfg	Dec	51.7	50.5	51.5
02 Jan 2025	ID	CPI NSA MoM	Dec	0.5%	0.4%	0.3%
02 Jan 2025	ID	CPI Core YoY	Dec	2.3%	2.3%	2.3%
02 Jan 2025	ID	CPI YoY	Dec	1.6%	1.6%	1.6%
02 Jan 2025	SI	Purchasing Managers Index	Dec	--	51.1	51
02 Jan 2025	SI	Electronics Sector Index	Dec	--	51.4	51.6
02 Jan 2025	US	Initial Jobless Claims	28 Dec	221k	211k	220k
02 Jan 2025	US	S&P Global US Manufacturing PMI	Dec F	48.3	49.4	48.3
02 Jan 2025	US	Construction Spending MoM	Nov	0.3%	0.0%	0.4%

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	-1.0	-2.4	38.3	-1.0
UK	4.60	2.7	2.0	31.4	2.7
Germany	2.38	1.2	5.6	26.6	1.2
Japan	1.09	0.0	0.3	2.1	0.0
Australia	4.43	7.3	-0.5	20.0	7.3
China	1.61	-5.3	-10.3	-34.3	-5.3
Malaysia	3.82	0.6	-0.2	4.0	0.6
Indonesia	6.99	2.0	-3.6	10.1	2.0
Singapore	2.87	2.2	-11.3	17.6	2.2
Thailand	2.27	1.3	3.8	-3.1	1.3

  

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.53	-2	-4	5	-2
SG	2.68	2	-9	26	2
TH	-	-	-	-	-

  

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	49	1	3	13	2
ID	78	-1	1	9	-1
TH	43	-1	5	10	-1

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	4.49	0	-4	-10	0
EU o/n ESTRON	2.91	0	-0	-26	0
JP o/n TONAR	0.23	0	0	-1	0
MY 3m KLIBOR	3.73	0	0	6	0
MY MYOR	3.00	0	0	0	0
ID 3m JIBOR	6.80	0	0	0	0
SG o/n SORA	2.11	0	-44	-65	0
SG 3m SIBOR	3.30	0	0	0	0
TH BOT o/n THOR	2.24	-0	-0	-0	-0

  

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	269	0.0	-0.1	-2.3	0.0
Bloomberg US Aggregate	2189	0.0	0.1	-1.9	0.0
Bloomberg EUR Aggregate	244	-0.1	-0.2	-1.3	-0.1
Bloomberg Asia Aggregate	187	0.1	-0.1	2.6	0.1
Bloomberg Asia Pac Treasury	117	0.1	0.5	-2.4	0.1
Bloomberg ASEAN Corp/Quasi	122	0.0	-0.0	-1.7	0.0

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	109.24	0.7	1.0	3.3	0.7
EURUSD	1.0265	-0.9	-1.5	-3.0	-0.9
GBPUSD	1.2380	-1.1	-1.2	-3.0	-1.1
AUDUSD	0.6203	0.3	-0.3	-3.9	0.2
USDJPY	157.50	0.2	-0.3	4.9	0.2
USDCNH	7.3403	0.1	0.5	1.1	0.0
USDMYR	4.4783	0.1	0.2	1.2	0.1
USDIDR	16,195	0.6	0.0	2.1	0.6
USDSGD	1.3705	0.3	0.8	2.4	0.4
USDTHB	34.28	0.5	0.0	-0.2	0.5
GBPMYR	5.5900	-0.1	-0.2	-0.8	-0.4
AUDMYR	2.7846	0.6	0.1	-2.3	0.1
SGDMYR	3.2877	0.4	-0.0	-0.4	0.1
CNHMYR	0.6100	0.1	-0.3	0.1	0.0
IDRMYR	0.0277	-0.3	0.1	-1.0	-0.3
THBMYR	13.0683	0.2	0.0	0.7	0.4

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,868.55	-0.2	-2.8	-3.4	-0.2
Nasdaq	19,280.79	-0.2	-3.7	-2.1	-0.2
Eurostoxx	4,917.88	0.4	1.2	-0.7	0.4
Nikkei 225	39,894.54	0.0	0.8	1.3	0.0
Hang Seng	19,623.32	-2.2	-2.4	0.3	-2.2
KLCI	1,632.87	-0.6	1.2	1.1	-0.6
JCI	7,163.21	1.2	1.4	-2.1	1.2
SET	1,379.85	-1.5	-1.3	-4.9	-1.5

  

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	99.61	0.9	1.6	2.3	0.9
WTI (US\$/bbl)	73.13	2.0	5.0	7.1	2.0
Brent (US\$/bbl)	75.93	1.7	3.6	5.3	1.7
Natural Gas (US\$/mmbtu)	3.66	0.7	10.3	23.9	0.7
Copper (US\$/ton)	8,768	0.0	-2.0	-3.4	0.0
Gold (US\$/oz)	2,658	1.3	0.9	1.0	1.3
CPO (RM/ton)	4,690	-3.5	-4.3	-12.0	-3.5

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	2.25	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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