

# DAILY DIGEST

## Sri Mulyani fiscal briefing on watch today

- **Macro:** EU/Canada responded to US steel/aluminum tariffs, while Trump vowed more measures. Indonesia fiscal statement on watch for budget clarities. Malaysia IPI slipped in Feb on 10% oil output decline.
- **Fixed Income:** UST yields continued uptick by 3-4bps, paring earlier gains. MGS and ThaiGB continued rally, while IndoGB traded steady. 30Y GII 03/54 auction (public issuance size: RM3.0bn) to be held today.
- **FX:** DXY rebounded 0.2%, pressuring regional FX by 0.1-0.3%. GBP and AUD rose amid little countermeasure on US tariffs.

### Global macro wrap

- **Global:** US headline CPI eased to 2.8% yoy in Feb (Jan: 3.0%) while core inflation neared a three-year low (3.1%), though inflation risks remain elevated given elevated trade tensions. As the US's 25% tariffs on steel/aluminium take effect (on 12 Mar), the EU responded with duties on up to EUR26bn worth of US goods (effective 1 Apr) - including metal products and politically-sensitive goods from Republican-led states such as soybeans, even as Canada's earlier announced 25% tariffs on CAD30bn worth of US products also take effect (effective 13 Mar). US President Trump vowed to respond to the EU countermeasures, though additional measures are currently unspecified.
- **ASEAN:** Indonesia Finance Minister Sri Mulyani will hold her first formal fiscal briefing today morning (13 Mar) on the government's FY2025 performance. Sources also indicate that the Indonesian parliament may amend the financial sector's omnibus law, which may involve expanding BI's mandate. Malaysia's industrial production expanded 2.1% yoy (Dec 2024: 4.6%, consensus: 2.7%), driven by gains in electronics (7.2%) and F&B (7.0%), while mining and quarrying contracted (-3.1%) due to a 10% drop in crude oil output. Thailand's industrial sentiment hit a 20-month high in Feb at 93.4 (Jan: 91.6), fuelled by lower interest rates, government stimulus, and tourism.

### Fixed income

- **Majors:** UST nursed losses for a second day, as yields closed 3-4bps near-uniformly up despite a cooler CPI report for Feb, given current market pricing of three Fed rate cuts already for 2025 despite tariff-driven inflation risks. This comes ahead of the Fed's FOMC meeting next week (19 Mar) which will include updated dot plots.
- **ASEAN:** Regional bonds' performance persisted with their domestic trends. MGS further rallied another 0-1bp, with better gains on the front-end driven by hedge fund flows, while interest from onshore and offshore funds were seen on duration papers. Ahead today is the 30Y GII 03/54 auction with a public issuance size of RM3bn and WI remaining at 4.18/4.165%, with demand expected to be anchored by flush liquidity from funds amid scarce supply this year. IndoGB traded steady for the day given overnight US CPI data risk, with overall yields closing up by a mild 1bp. ThaiGB's rally persisted with another 1-2bps in gains centered from the front-to-belly region, despite softer demand in primary auctions, with the 3Y LB284A (size: THB30bn) and 20Y LB456A series (size: THB18bn) garnering a BTC of 2.32x and 1.85x respectively.

### FX

- **Majors:** The uptick in UST yields drove the DXY to rebound 0.2% and JPY to decline 0.3%, even as BOJ Governor Ueda continue to show little concern of rising JGB yields - in contrast to the BOJ's stance last year. EUR (-0.3%) and GBP (+0.1%) diverged for the day, amid a divergence in strategies as the EU retaliated with tariffs on American goods, while the UK reaffirmed its commitment to trade talks. AUD (+0.4%) also gained after Australian PM Albanese merely verbally condemned US tariffs as 'unjustified', while the CAD (+0.5%) pared losses amid a BOC rate cut.
- **ASEAN:** Fading dollar weaknesses drove regional currencies down by a minor 0.1-0.3% - broadly in line with the DXY's uptick. IDR (-0.2%) remain pressured ahead of fiscal details, while MYR also fell 0.3% after posting relatively solid mom gains.

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### Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	3.99	4.4	-1.8	-36.8	-25.5
UST 10Y	4.31	3.3	3.4	-30.8	-25.7
MY 3Y	3.39	-0.8	-3.1	-5.9	-9.1
MY 10Y	3.76	-0.2	-1.0	-5.5	-5.1
ID 2Y	6.42	1.6	8.3	-7.1	-48.6
ID 10Y	6.91	2.0	6.1	8.8	-6.0
SG 2Y	2.42	-0.2	-14.3	-35.5	-29.3
SG 10Y	2.62	0.8	-8.1	-23.9	-22.7
TH 2Y	1.86	-1.6	-3.8	-16.7	-13.8
TH 10Y	2.14	-1.7	-5.2	-13.6	-11.3

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

### FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	103.61	0.2	-0.6	-4.0	-4.5
EURUSD	1.0888	-0.3	0.9	4.9	5.2
GBPUSD	1.2963	0.1	0.5	4.2	3.6
AUDUSD	0.6321	0.4	-0.2	0.7	2.1
USDCHF	0.8819	-0.1	-1.0	-3.5	-2.8
USDJPY	148.25	0.3	-0.4	-4.0	-5.7
USDCNH	7.2415	0.2	0.1	-0.9	-1.3
USDMYR	4.4280	0.3	-0.0	-0.9	-1.0
USDIDR	16445	0.2	0.8	0.5	2.1
USDSGD	1.3329	0.2	0.1	-1.5	-2.4
USDTHB	33.86	0.1	0.6	-0.6	-0.7

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

### Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	67.68	2.2	2.1	-5.2	-5.6
Brent	70.95	2.0	2.4	-5.6	-4.9
Copper	9,663	0.0	0.8	2.2	10.2
Gold	2,935	0.6	0.5	1.1	11.8
CPO	4,759	0.5	1.9	-2.4	-2.1

## HIGHLIGHTS

**Macro:** ECB President Christine Lagarde warned that exceptional shocks from trade, defence, and climate issues could amplify inflation volatility in the euro zone, making it crucial for the ECB to maintain its 2% inflation target and outline its reaction to various shocks, despite having cut interest rates six times since Jun and facing challenges from the Trump administration's policies.

**Macro:** US Senate Democratic leader Schumer said his party would block a Republican spending bill, risking a government shutdown, while urging the GOP to instead accept a Democratic plan to provide funding through 11 Apr instead. Meanwhile, The US budget deficit widened to USD307bn in Feb (Jan: USD-129bn, consensus: USD-303.2bn), with revenue up 9% to USD296bn and spending up 6% to USD603bn, driven by higher interest payments and expanded social benefits.

**Macro:** Former Treasury Secretary Steven Mnuchin believes reactions to Trump's policies are exaggerated, dismisses recession fears despite trade tensions, job cuts, and the Atlanta Fed's GDPNow tracker projecting a 1Q contraction. Mnuchin also views recent stock market declines as natural corrections, while emphasising long-term economic stability.

**Macro:** Retail sales in Malaysia surged 8.4% yoy in Jan (Dec 2024: 5.4%), led by strong growth in stalls and markets (10.8%), non-specialised stores (9.7%), and cultural goods (9.4%), while wholesale trade slowed (4.6%) and motor vehicles declined (-9.1%). In Indonesia, retail sales rose 0.5% yoy in Jan (Dec 2024: 1.8%), with automotive parts and accessories leading (15.2%), though Feb sales are expected to decline (-0.5%).

**Macro:** Deputy MITI Minister Liew Chin Tong reiterated Malaysia's commitment to strengthening the semiconductor supply chain with ASEAN countries, positioning it as a strategic player alongside Vietnam and Singapore, with the AEC Strategic Plan 2026-2030 and ASEAN Community Vision 2045 set to be unveiled during Malaysia's 2025 ASEAN chairmanship. Addressing US tariffs, he acknowledged potential export sector impacts but assured ongoing monitoring and trade promotion in high-growth markets to mitigate risks.

**Macro:** Indonesia's defense chief said proposed changes to the nation's military structure is due to growing geopolitical risks, and pledged that the changes will not undermine democracy. Among the proposed changes include changes to the military organisation that will allow personnel to serve in more civilian positions, while also extending the retirement age for some officers from 58 to 65.

**Macro:** Deputy FM Anggito Abimanyu reaffirmed Indonesia's appreciation for IMF support in economic and fiscal stability, citing strong cooperation on tax strategies and policy studies, while emphasizing the IMF's commitment to Indonesia's priority programs amid global challenges.

**Macro:** Thai FM Pichai Chunhavajira noted Thailand is benefiting from the global trade war, with increased foreign investment boosting economic growth towards a 3.0%-3.5% target. Despite projected 6-8% cost spikes from US tariffs, exports are expected to grow 4%, though automotive industry concerns have prompted calls for a government "war room" to address tariff risks.

**Macro:** Singapore Deputy PM expressed concerns of rising global tariffs on Singapore's open economy, and advocated for the removal of trade barriers via ASEAN agreements.

**Figure 1: Data Preview**

Date	Country	Indicator	Period	Survey	Prior
13 Mar 2025	TH	Consumer Confidence	Feb	--	59
13 Mar 2025	EC	ECB's Guindos Speaks at Sustainable Finance Conference			
13 Mar 2025	US	PPI Final Demand MoM	Feb	0.3%	0.4%
13 Mar 2025	US	PPI Ex Food and Energy MoM	Feb	0.3%	0.3%
13 Mar 2025	US	PPI Final Demand YoY	Feb	3.3%	3.5%
13 Mar 2025	US	PPI Ex Food and Energy YoY	Feb	3.5%	3.6%
13 Mar 2025	US	Initial Jobless Claims	08 Mar	225k	221k
14 Mar 2025	US	Household Change in Net Worth	4Q	\$6375.0b	\$5130.0b

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

**Figure 2: Data Review**

Date	Country	Indicator	Period	Survey	Actual	Prior
12 Mar 2025	MA	Industrial Production YoY	Jan	2.7%	2.1%	4.6%
12 Mar 2025	MA	Manufacturing Sales Value YoY	Jan	--	3.5%	5.7%
12 Mar 2025	EC	ECB's Lagarde Speaks at Frankfurt Conference				
12 Mar 2025	EC	ECB's Villeroy Chairs Panel at Frankfurt Conference				
12 Mar 2025	EC	ECB's Escriva Chairs Panel at Frankfurt Conference				
12 Mar 2025	US	CPI MoM	Feb	0.3%	0.2%	0.5%
12 Mar 2025	US	CPI Ex Food and Energy MoM	Feb	0.3%	0.2%	0.4%
12 Mar 2025	US	CPI YoY	Feb	2.9%	2.8%	3.0%
12 Mar 2025	US	CPI Ex Food and Energy YoY	Feb	3.2%	3.1%	3.3%
12 Mar 2025	US	Real Avg Hourly Earning YoY	Feb	--	1.2%	0.9%
12 Mar 2025	US	Real Avg Weekly Earnings YoY	Feb	--	0.6%	0.6%
12 Mar 2025	EC	ECB's Nagel Chairs Panel at Frankfurt Conference				
12 Mar 2025	EC	ECB's Lane Gives Closing Remarks at Frankfurt Conference				
13 Mar 2025	US	Federal Budget Balance	Feb	-\$308b	-\$307b	-\$128.6b

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	4.31	3.3	3.4	-30.8	-25.7
UK	4.72	4.8	4.0	17.9	15.4
Germany	2.88	-1.9	8.5	40.0	51.2
Japan	1.52	0.6	7.6	17.9	43.2
Australia	4.44	6.0	8.3	-2.6	7.4
China	1.83	-9.7	8.1	20.7	16.7
Malaysia	3.76	-0.2	-1.0	-5.5	-5.1
Indonesia	6.91	2.0	6.1	8.8	-6.0
Singapore	2.62	0.8	-8.1	-23.9	-22.7
Thailand	2.14	-1.7	-5.2	-13.6	-11.3

  

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.50	1	2	-6	-4
SG	2.22	2	-10	-38	-45
TH	-	-	-	-	-

  

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	49	-1	4	11	1
ID	79	-0	2	7	1
TH	45	-0	3	5	5

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	4.32	0	-2	0	-17
EU o/n ESTRON	2.66	0	-0	-0	-24
JP o/n TONAR	0.48	0	0	-1	25
MY 3m KLIBOR	3.66	0	0	-1	-7
MY MYOR	3.00	0	0	0	0
ID 3m JIBOR	6.60	0	0	0	-20
SG o/n SORA	2.13	0	-19	-38	1
SG 3m SIBOR	3.30	0	0	0	0
TH BOT o/n THOR	2.00	-0	-0	-25	-25

  

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	276	-0.2	-0.0	2.2	2.6
Bloomberg US Aggregate	2234	-0.2	-0.3	1.8	2.0
Bloomberg EUR Aggregate	240	-0.0	-0.4	-1.7	-1.7
Bloomberg Asia Aggregate	179	0.3	-0.8	-3.0	-4.1
Bloomberg Asia Pac Treasury	119	-0.3	-0.5	1.3	1.9
Bloomberg ASEAN Corp/Quasi	125	-0.1	-0.2	1.4	2.2

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	103.61	0.2	-0.6	-4.0	-4.5
EURUSD	1.0888	-0.3	0.9	4.9	5.2
GBPUSD	1.2963	0.1	0.5	4.2	3.6
AUDUSD	0.6321	0.4	-0.2	0.7	2.1
USDJPY	148.25	0.3	-0.4	-4.0	-5.7
USDCNH	7.2415	0.2	0.1	-0.9	-1.3
USDMYR	4.4280	0.3	-0.0	-0.9	-1.0
USDIDR	16,445	0.2	0.8	0.5	2.1
USDSGD	1.3329	0.2	0.1	-1.5	-2.4
USDTHB	33.86	0.1	0.6	-0.6	-0.7
GBPMYR	5.7274	0.3	0.7	2.9	2.0
AUDMYR	2.7846	0.3	0.0	-0.8	0.1
SGDMYR	3.3197	0.1	0.1	0.5	1.0
CNHMYR	0.6115	0.1	-0.1	0.0	0.3
IDRMYR	0.0269	0.1	-0.9	-1.4	-2.9
THBMYR	13.0968	0.0	-0.6	-0.0	0.6

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P 500	5,599.30	0.5	-4.2	-7.5	-4.8
Nasdaq 100	19,596.02	1.1	-5.0	-9.8	-6.7
Eurostoxx	5,359.42	0.9	-2.4	-0.9	9.5
Nikkei 225	36,819.09	0.1	-1.6	-5.5	-7.7
Hang Seng	23,600.31	-0.8	0.0	8.0	17.6
KLCI	1,484.83	-2.3	-5.1	-7.4	-9.6
JCI	6,665.05	1.8	2.0	0.3	-5.9
SET	1,160.06	-2.3	-3.9	-9.7	-17.2

  

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	104.45	-0.4	0.0	-1.0	5.8
WTI (US\$/bbl)	67.68	2.2	2.1	-5.2	-5.6
Brent (US\$/bbl)	70.95	2.0	2.4	-5.6	-4.9
Natural Gas (US\$/mmbtu)	4.08	-8.3	-8.2	14.4	33.0
Copper (US\$/ton)	9,663	0.0	0.8	2.2	10.2
Gold (US\$/oz)	2,935	0.6	0.5	1.1	11.8
CPO (RM/ton)	4,759	0.5	1.9	-2.4	-2.1

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	5.1	5.0	4.9
Indonesia	5.3	5.0	5.0	5.0	5.0
Thailand	2.6	2.0	2.5	3.0	2.7

  

Inflation	2022	2023	2024	2025	2026
US	8.0	4.1	3.0	2.4	2.2
Malaysia	3.4	2.5	1.8	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)	4.50	4.50	4.50	4.50	4.25
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	4.35	4.40	4.25	4.10	4.00
UST 10Y	4.55	4.50	4.50	4.40	4.30
MGS 3Y	3.35	3.40	3.45	3.40	3.35
MGS 10Y	3.70	3.75	3.75	3.80	3.80
IndoGB 2Y	6.50	6.40	6.30	6.20	6.10
IndoGB 10Y	6.75	6.70	6.65	6.55	6.50
SORA 3m	2.80	2.75	2.70	2.60	2.50
ThaiGB 2Y	2.00	2.00	2.05	2.05	2.10
ThaiGB 10Y	2.25	2.20	2.25	2.25	2.25

  

Currency	1Q25	2Q25	3Q25	4Q25	1Q26
DXY	107.6	108.6	109.5	109.9	109.6
EURUSD	1.03	1.02	1.00	0.99	0.99
GBPUSD	1.25	1.25	1.26	1.26	1.27
USDCHF	0.91	0.91	0.90	0.89	0.89
AUDUSD	0.63	0.64	0.64	0.63	0.63
USDJPY	150	147	144	142	140
USDCNH	7.35	7.40	7.45	7.50	7.55
USDIDR	16,300	16,400	16,600	16,600	16,500
USDMYR	4.45	4.50	4.50	4.45	4.45
USDSGD	1.34	1.35	1.37	1.37	1.35
USDTHB	34.3	34.7	35.3	35.8	35.3

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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