

DAILY DIGEST

Firm US services activity an upside surprise

- **Macro:** US ISM Services index unexpectedly rose in Nov. China to potentially unveil an additional 10 Covid-19 easing measures. PM Anwar said Budget 2023 will be reviewed, although he finds it mostly acceptable.
- **Fixed income:** UST yields soared by 11.6bps and 8.7bps for the 2Y and 10Y benchmarks respectively, as a US services gauge showed surprising resilience.
- **FX:** The DXY firmed by a solid 0.7%, sending the EUR and GBP to close lower.

Global macro wrap

- **Global:** China's services PMI fell to 46.7 in Nov (consensus: 48.0; Oct: 48.4), its third consecutive monthly contraction and a six-month low. The US ISM Services Index rose unexpectedly higher to 56.5 in Nov (consensus: 53.5; Oct: 54.4), its 30th consecutive monthly rise, led by a strong uplift in Business Activity (64.7; Oct: 55.7) and Employment (51.5; Oct: 49.1). The S&P Global Services gauge however rose only marginally to 46.2 (consensus: 46.1; Oct: 46.1). US Factory Orders rose by 1.0% in Oct (consensus: 0.7%; Sep: 0.3%), while durable goods orders rose close to expectations by 1.1% in Oct (consensus: 1.0%; Sep: 1.0%). ECB Ireland Governor Makhoul (voter) said he sees a 50bps hike in Dec as most likely, but would also not rule out a larger 75bp hike. He also noted that QT should be carried out cautiously, preferring an end-1Q23 or 2Q23 start. Sources said China may announce an additional 10 new Covid-19 easing measures as early as Wed, supplementing the 20 measures unveiled in Nov. Coming ahead of today's RBA meeting, CPI data released by the Melbourne Institute shows inflation rising 5.9% yoy in Nov (Oct: 5.2%), with the fastest pace on record driven by rising private motoring prices (3.3%) and holiday travel and accommodation (14.6%).
- **ASEAN:** S&P Global PMI for Singapore fell slightly to 56.2 in Nov (Oct: 57.7), while retail sales met expectations at 10.4% yoy in Oct though lower than Sep's 11.3%. Malaysia's PM Anwar Ibrahim said Budget 2023 will be reviewed by the cabinet and MoF, citing "most of it is acceptable". The tabling of emolument payments will be held during the 19-20 Dec sitting while cabinet ministers have also agreed to a 20% cut in monthly salaries until the economy recovers, estimated at potential savings of RM 4.6m p.a. Separately, foreign minister Zambry Kadir said the ruling parties will be signing a coalition agreement to ensure greater stability for the full term, once all parties have finalized the terms.

Fixed income

- **Global:** Benchmark UST bonds were trading range-bound before yields soared on an unexpected rise in their US services gauge, sending 2Y and 10Y yields to 4.39% and 3.57% respectively, just a notch lower after last week's post-NFP data surge.
- **ASEAN:** ASEAN weakened a tad, with both IndoGB and MGS seeing minimal activity. For IndoGB, most action occurred from belly to 12Y, with curve closing slightly higher by 3-5bps, while most flows in MGS were centered around the 5Y tracking IRS. Indonesia's MoF is expected to hold its final conventional bond auction for the year later today, with IDR15.0tr target (up from previous IDR10.0tr) and maximum upsize to IDR22.5tr. ThaiGB market was closed due to public holiday.

FX

- **USD:** DXY rallied by 0.7%, spurred by speculation that Fed may have to keep policy tight to tame stubborn inflation.
- **Majors:** Majors' weakened on the dollar's strength, with the EUR and GBP down 0.4% and 0.7% respectively. JPY's (-0.8%) rally also ended, reversing all of yesterday's gains. The offshore CNH however rallied strongly by 1.0%, as markets look past poor services index data to more reopening news. AUDUSD also rose by 0.1% ahead of today's RBA meeting, with consensus calling for a 25bps hike.
- **ASEAN:** ASEAN currencies posted mixed performance, as the MYR (+0.5%) and SGD (+0.1%) continued making gains against the dollar while IDR (-0.3%)'s ascent halted.

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Rates dashboard

Gov't bonds	Close	1D	1W	1M	YTD
UST 2Y	4.39	11.6	-5.1	-33.4	365.5
UST 10Y	3.57	8.7	-10.8	-64.0	206.4
MY 3Y	3.65	0.7	-14.9	-26.5	85.8
MY 10Y	4.04	1.5	-8.0	-40.6	45.1
ID 2Y	6.14	3.1	-35.1	-84.3	201.5
ID 10Y	6.91	5.3	-4.7	-54.8	52.9
SG 2Y	3.18	3.4	17.2	4.0	230.9
SG 10Y	3.00	1.7	2.8	-49.4	136.0
TH 2Y	1.74	0.0	-2.5	-5.5	108.5
TH 10Y	2.61	0.0	-3.7	-51.8	71.1

FX dashboard

FX pairs	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.29	0.7	-1.3	-4.4	10.1
EURUSD	1.0491	-0.4	1.5	4.7	-7.7
GBPUSD	1.2190	-0.7	1.9	5.9	-9.9
AUDUSD	0.6797	0.1	1.3	5.2	-6.4
USDJPY	135.40	0.8	-1.7	-7.7	17.7
USDCNH	6.9512	-1.0	-3.6	-3.8	9.3
USDMYR	4.3685	-0.5	-2.6	-7.8	4.9
USDIDR	15468	0.3	-1.6	-1.5	8.5
USDSGD	1.3503	-0.1	-1.6	-3.8	0.1
USDTHB	34.77	0.0	-2.3	-7.1	4.1

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	76.93	-3.8	-0.4	-16.2	2.3
Brent	82.68	-3.4	-0.6	-15.6	6.3
Copper	8,450	0.0	6.2	6.8	-13.1
Gold	1,795	-0.1	2.0	7.0	-1.9
CPO	3,903	-0.1	-3.9	-8.4	-24.3

HIGHLIGHTS

Macro: EPF reported a gross investment income of RM12.32bn for 3Q22, up 11% qoq but lower by 12% yoy than last year's RM13.97bn income recorded in 3Q21. YTD Sep 2022, the EPF recorded a gross investment income of RM39.31bn, 18% lower compared to the corresponding period in 2021. Fixed income instruments accounted for 39% of the income for 3Q22, while 45% came from equities, including 9% from private equity, which according to CEO Datuk Seri Hamzah, was becoming a more important in the portfolio to facilitate the fund's diversification efforts.

Macro: Indonesia's Vice Minister of Finance Nazara said the completion of the Local Currency Settlement (LCS) between Indonesia (IDR) and Japan (JPY) will boost trade and investments between the two countries, while also allowing industry players to obtain easy and swift access to customs and excise duties. The government is also preparing several policies to enhance sustainability of Indonesia's economic activities, particularly in trade activities, he added.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
06 Dec 2022	AU	RBA Cash Rate Target	06 Dec	--	2.85%
06 Dec 2022	TH	CPI YoY	Nov	--	6.0%
06 Dec 2022	TH	CPI NSA MoM	Nov	--	0.3%
06 Dec 2022	TH	CPI Core YoY	Nov	--	3.2%
06 Dec 2022	US	Trade Balance	Oct	-\$71.0b	-\$73.3b

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
05 Dec 2022	SI	S&P Global Singapore PMI	Nov	--	56.2	57.7
05 Dec 2022	CH	Caixin China PMI Composite	Nov	--	47.0	48.3
05 Dec 2022	CH	Caixin China PMI Services	Nov	48.0	46.7	48.4
05 Dec 2022	EC	ECB's Lagarde Speaks				
05 Dec 2022	SI	Retail Sales YoY	Oct	10.4%	10.4%	11.3%
05 Dec 2022	SI	Retail Sales SA MoM	Oct	--	0.1%	3.2%
05 Dec 2022	SI	Retail Sales Ex Auto YoY	Oct	--	14.3%	16.9%
05 Dec 2022	US	S&P Global US Services PMI	Nov F	46.1	46.2	46.1
05 Dec 2022	US	S&P Global US Composite PMI	Nov F	46.3	46.4	46.3
05 Dec 2022	US	Factory Orders	Oct	0.7%	1.0%	0.3%
05 Dec 2022	US	Factory Orders Ex Trans	Oct	--	0.8%	-0.2%
05 Dec 2022	US	Durable Goods Orders	Oct F	1.0%	1.1%	1.0%
05 Dec 2022	US	Durables Ex Transportation	Oct F	0.5%	0.5%	0.5%
05 Dec 2022	US	ISM Services Index	Nov	53.5	56.5	54.4

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 3: Sovereign yields and CDS

	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
US	3.57	8.7	-10.8	-64.0	206.4
UK	3.10	-5.0	-2.2	-53.4	213.3
Germany	1.88	2.6	-10.9	-46.4	205.9
Japan	0.25	0.0	0.2	-0.2	18.5
Australia	2.91	-1.7	7.4	54.8	124.4
China	2.92	1.4	6.2	21.8	15.0
Malaysia	4.04	1.5	-8.0	-40.6	45.1
Indonesia	6.91	5.3	-4.7	-54.8	52.9
Singapore	3.00	1.7	2.8	-49.4	136.0
Thailand	2.61	0.0	-3.7	-51.8	71.1
5Y IRS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.73	-10	-23	-50	79
SG	3.37	2	-7	-74	187
TH	2.20	0	0	-60	94
5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	75	2	-4	-23	65
ID	92	4	-5	-26	22
TH	58	-0	-14	-31	78

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 4: Interbank rates and credit indices

	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
Interbank rates					
US 3m LIBOR	4.73	0	-0	18	452
EUR 3m LIBOR	-0.58	0	0	0	0
JP 3m LIBOR	-0.05	0	-0	-2	3
MY 3m KLIBOR	3.54	0	4	8	149
ID 3m JIBOR	6.10	0	0	50	248
SG 3m SORA	3.01	7	14	47	282
SG 3m SIBOR	4.17	0	11	20	373
SG 3m SOR	4.38	0	7	14	401
TH 3m BIBOR	1.40	0	7	12	78
Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	248	0.0	1.6	7.3	-15.7
Bloomberg US Aggregate	2086	0.0	1.6	5.7	-11.4
Bloomberg EUR Aggregate	231	0.0	0.9	3.8	-13.5
Bloomberg Asia Aggregate	169	0.7	0.6	-1.0	2.2
Bloomberg Asia Pac Treasury	125	-0.1	2.3	7.0	-15.2
Bloomberg ASEAN Corp/Quasi	107	0.0	2.0	8.2	-11.7

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currency	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.29	0.7	-1.3	-4.4	10.1
EURUSD	1.0491	-0.4	1.5	4.7	-7.7
GBPUSD	1.2190	-0.7	1.9	5.9	-9.9
AUDUSD	0.6797	0.1	1.3	5.2	-6.4
USDJPY	135.40	0.8	-1.7	-7.7	17.7
USDCNH	6.9512	-1.0	-3.6	-3.8	9.3
USDMYR	4.3685	-0.5	-2.6	-7.8	4.9
USDIDR	15,468	0.3	-1.6	-1.5	8.5
USDSGD	1.3503	-0.1	-1.6	-3.8	0.1
USDTHB	34.77	0.0	-2.3	-7.1	4.1
GBPMYR	5.3666	-0.3	-0.9	-1.1	-4.7
AUDMYR	2.9775	-0.5	-0.8	-2.8	-1.7
SGDMYR	3.2402	-0.3	-0.7	-4.0	5.0
CNHMYR	0.6285	0.6	1.1	-4.2	-4.1
IDRMYR	0.0283	-0.7	-0.8	-6.4	-3.3
THBMYR	12.5823	-0.4	0.5	-0.7	0.2

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Equities					
S&P500	3,998.84	-1.8	0.9	5.0	-16.1
Nasdaq	11,239.94	-1.9	1.7	6.4	-28.2
Eurostoxx	3,956.53	-0.5	0.5	6.7	-8.0
Nikkei 225	27,820.40	0.2	-1.2	1.1	-3.4
Hang Seng	19,518.29	4.5	12.8	17.6	-16.6
KLCI	1,471.56	-0.7	-1.0	2.0	-6.1
JCI	6,987.33	-0.5	-0.4	-1.6	6.2
SET	1,641.63	0.0	1.5	1.1	-1.0
Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	111.13	-2.9	-2.9	-5.9	12.1
WTI (US\$/bbl)	76.93	-3.8	-0.4	-16.2	2.3
Brent (US\$/bbl)	82.68	-3.4	-0.6	-15.6	6.3
Natural Gas (US\$/mmbtu)	5.58	-11.2	-22.5	-23.0	36.4
Copper (US\$/ton)	8,450	0.0	6.2	6.8	-13.1
Gold (US\$/oz)	1,795	-0.1	2.0	7.0	-1.9
CPO (RM/ton)	3,903	-0.1	-3.9	-8.4	-24.3

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	8.2	4.0
Indonesia	5.0	-2.1	3.7	5.3	5.2
Singapore	1.1	-4.1	7.6	3.9	2.8
Thailand	2.3	-6.1	1.6	3.3	4.0
Policy rate	4Q22	1Q23	2Q23	3Q23	4Q23
US	4.50	4.75	4.75	4.75	4.50
Malaysia	2.75	3.25	3.25	3.25	3.25
Indonesia	5.25	5.25	5.25	5.25	5.25
Thailand	1.25	1.75	1.75	1.75	1.75
Commodity prices	4Q22	1Q23	2Q23	3Q23	4Q23
Brent (USD/bbl)	100	100	95	93	90
WTI (USD/bbl)	95	95	90	88	85
CPO (RM/ton)	3,800	4,000	3,700	3,500	3,800
Gold (USD/oz)	1,800	1,800	1,820	1,835	1,850
Copper (USD/ton)	7,800	8,250	8,250	8,500	8,350

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	4Q22	1Q23	2Q23	3Q23	4Q23
UST 2Y	4.35	4.25	3.90	3.65	3.45
UST 10Y	3.85	3.70	3.50	3.50	3.80
MY 3Y	3.80	3.65	3.50	3.50	3.45
MY 10Y	4.20	3.95	3.80	3.80	3.70
ID 2Y	6.20	6.30	6.10	5.80	5.60
ID 10Y	7.50	7.40	7.20	7.00	6.75
TH 2Y	1.80	1.90	1.80	1.60	1.50
TH 10Y	3.20	3.30	3.20	3.20	3.10
Currency	4Q22	1Q23	2Q23	3Q23	4Q23
DXY	107.6	109.7	104.9	103.5	101.1
EURUSD	1.02	1.00	1.05	1.07	1.10
GBPUSD	1.18	1.14	1.20	1.18	1.21
AUDUSD	0.66	0.64	0.67	0.69	0.72
USDJPY	142	139	136	133	130
USDCNH	7.07	7.11	7.05	6.96	6.71
USDMYR	4.54	4.58	4.48	4.39	4.35
USDIDR	15,333	15,478	15,135	15,033	14,863
USDSGD	1.38	1.41	1.38	1.37	1.35
USDTHB	35.00	35.87	34.50	34.14	33.54

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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