



Fixed Income & FX Research

16 October 2024

Snapshot Summary...

Global FX: USD continuing on its bullish run**Global Rates:** Yields lower on sustained rate cut expectations**MYR Bonds:** Cautious sentiment prevailed ahead of Malaysia's Budget tabling**USD/MYR:** The ringgit weakened in tandem with other Asian currencies

Macro News

UK: The unemployment rate unexpectedly fell to 4.0% in the three months to the end of August from 4.1% in the three months to the end of July. Meanwhile, average earnings, including bonuses, slowed from 4.1% to 3.8% in the same period. Looking ahead, inflation data will be the focal point for BoE's policy stance and markets' expectations of November and December cuts.

Japan: The country's industrial production declined by 3.3% m/m in August 2024 (July: 3.1%), in line with preliminary data. The slow growth was attributable to the lower output of motor vehicles (August: -10.7% vs. July: 1.9%), electrical machinery, and information and communication electronics equipment (August: -6.2% vs. July: 7.5%) and production machinery (August: -4.6% vs. July: 7.0%). On an annual basis, the indicator contracted by 4.9% in August, reversing a 2.9% gain in the previous month, pointing to the sixth time of decline during the year.

Fixed Income

Global Bonds: US Treasuries managed to hold steady as we think players are reluctant to re-test August 10Y yield highs while the Fed outlook remains for a series of interest rate cuts well into next year. In any case, bad data sustained the UST pickup, where the Empire manufacturing index fell to a -11.9 reading for October from 11.5 in September and below the 3.6 Bloomberg consensus expectations.

MYR Government Bonds: Government bonds received modest support on suspected bargain-hunting interest yesterday. However, flows were limited as we think there was some caution ahead of the Malaysian budget tabling at the end of the week. There's a risk that interest may continue to lag the rest of the week, in our opinion.

MYR Corporate Bonds: Flows continued to be light in yesterday's corporate bond market alongside the lacklustre govies market activity. We noted interest yesterday in select higher-grade AAA and banking papers. Notable trades involved AAA CIMB Islamic IMTN 03/34, which rose 3 bps to 4.03%, and AA2 Imtiaz 10/29, which was unchanged at 3.85%.

FX Daily Rates

Vs. USD	Last Close	Per cent
DXY	103.26	(0.0)
EUR/USD	1.089	(0.1)
AUD/USD	0.670	(0.3)
GBP/USD	1.307	0.1
USD/JPY	149.20	(0.4)
USD/MYR	4.310	0.3
USD/IDR	15,580	0.1
USD/THB	33.36	0.1
USD/SGD	1.309	0.1
USD/CNY	7.120	0.4
USD/KRW	1,365	0.5
USD/INR	84.04	(0.0)
USD/PHP	57.85	0.6
USD/TWD	32.18	0.0
USD/HKD	7.767	0.0
USD/VND	24,923	0.3
NZD/USD	0.608	(0.2)

MYR Cross Rates

MYR Cross	Last Close	Per cent
EUR/MYR	4.703	0.2
GBP/MYR	5.638	0.5
AUD/MYR	2.893	0.1
JPY/MYR	2.889	0.7
SGD/MYR	3.294	0.2
10CNY/MYR	6.054	(0.1)
100IDR/MYR	2.765	0.1
THB/MYR	12.952	0.4
10HKD/MYR	5.548	0.3
100INR/MYR	5.130	0.2

MGS Bond Yields (%)

MGS	Maturity	Last	bps
3-Year	05/27	3.42	0
5-Year	08/29	3.55	(0)
7-Year	04/31	3.75	0
10-Year	07/34	3.80	0
15-Year	04/39	3.93	(0)
20-Year	05/44	4.07	(0)
30-Year	03/53	4.20	(0)

MYR Swap Rates (%)

Swap / Rates	Last Close	bps
IRS 1-Year	3.53	(1)
IRS 3-Year	3.47	(2)
IRS 5-Year	3.53	0
IRS 7-Year	3.62	0
IRS 10-Year	3.72	0
3-M KLIBOR	3.56	0

Major Sovereign Yields (%)

Sov. Yield	Last Close	bps
UST 2Y	3.95	(1)
UST 10Y	4.03	(7)
Germany 10Y	2.22	(5)
UK 10Y	4.16	(8)
Japan 10Y	0.97	2
Australia 10Y	4.25	(2)
China 10Y	2.15	(0)
Korea 10Y	3.05	(4)
Indonesia 10Y	6.70	1
Thailand 10Y	2.51	(1)
Malaysia 10Y	3.80	0

Forex

US: On Tuesday, the dollar saw a slight appreciation against most major currencies, resuming its recent bullish run. This movement pushed the dollar to its highest level in over two months, driven by growing expectations that the Federal Reserve will implement modest interest rate cuts over the next year and a half.

Europe: The euro fell to its lowest level since August 8, ahead of the ECB policy meeting on Thursday. The central bank is poised to implement consecutive rate cuts, especially as recent regional economic data has disappointed. The pound edged slightly higher, following the UK labour market data that showed wage growth slowed to its lowest rate over two years during the three months leading up to August. This may provide the BoE room to lower interest rates next month. Meanwhile, the UK unemployment rate unexpectedly declined.

Asia Pacific: The rise in the USD has pushed the yen back towards 150, as mixed signals from policymakers continue to cloud the markets regarding the BoJ's rate outlook. Although new Prime Minister Shigeru Ishiba initially voiced surprising opposition to further rate hikes right after taking office, he clarified that he would not intervene in the BoJ's rate policy just a few days ago. In the meantime, the CNY slipped past 7.10 per dollar, its lowest in over a month, as the markets are adjusting the Fed's rate expectation and the recent disappointing trade figures from China, with both exports and imports missing forecasts. Market sentiment was further weighed down by the lack of details on the fiscal stimulus update from China's Finance Ministry over the weekend.

Malaysia: The ringgit weakened on Tuesday, alongside other Asian currencies, with the baht and peso leading the decline as the USD strengthened. The current sideways trend in the ringgit indicates that market participants are awaiting key events (as we have the US retail sales data released this week and Malaysia's Budget 2025) for a potential breakout from the range.

Other Markets

Gold: Gold rose as the outlook for global rate cuts persisted, supporting the non-yielding precious metal.

Oil: Oil fell further, by about 4% on Tuesday, to follow the 2% fall on Monday. In addition to concerns over China's weakening economy, news there's little sign of an attack on Iran's oil production facilities. The IEA has lowered its 2024 demand outlook, at 862k bpd over the 2023 number but lower than the IEA September estimate of 903k bpd.

Weekly Indicative PDS Yields (%)

PDS Indicative	Last Close	bps
3-Year AAA	3.77	1
3-Year AA	3.92	2
3-Year A	4.92	16
5-Year AAA	3.86	2
5-Year AA	4.00	2
5-Year A	5.19	11
10-Year AAA	4.00	2
10-Year AA	4.19	3
10-Year A	5.79	17

Key Commodities

Commodities	Last Close	Per cent
Brent (USD/bl)	74.25	(4.1)
WTI (USD/bl)	70.58	(4.4)
Gold (USD/oz)	2,663	0.5
CPO (RM/tonne)	4,402	0.0

Equity Indices

Equity	Last Close	Per cent
S&P500 Index	5,815	(0.8)
Dow Jones	42,740	(0.8)
Nasdaq	18,316	(1.0)
London FTSE	8,249	(0.5)
German DAX	19,486	(0.1)
Nikkei 225	39,911	0.8
Japan TOPIX	2,724	0.6
FBM KLCI	1,642	0.3
Strait Times	3,595	(0.0)
Jakarta	7,627	0.9
Shanghai	3,201	(2.5)
MSCI Asia Pac	192	(0.3)
MSCI World	3,728	(0.7)
Hang Seng	20,319	(3.7)
KOSPI	2,633	0.4
Thai Stock Exc	1,465	(0.3)
Taiwan	23,292	1.4
India	81,820	(0.2)
Australia	8,318	0.8

Policy Rates

Central Banks	Current	Next
US Fed Funds	5.00	08-Novt
ECB Main Refinancing	3.65	17-Oct
BoE Base Rate	5.00	07-Novt
RBA Cash Rate	4.35	05-Nov
BoJ Cash Rate	0.25	31-Oct
PBoC 1Y LPR	3.35	n.a.
BoK Base Rate	3.50	-
BNM OPR	3.00	06-Nov

Ringgit Outlook for The Week

	1	2
Resistance	4.345	4.366
Support	4.150	4.200

Sources: Bloomberg, Trading Economics, AmBank Economics

Note: Changes are based on day-on-day percentage, except for MGS Yield, Sovereign Yields, and IRS, where changes are in bps.

Currencies vs USD

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
DXY Dollar Index	103.26	103.30	102.55	101.11	106.24	(0.0)	0.7	2.1	(2.8)	1.9			
EUR/USD	1.089	1.091	1.098	1.108	1.056	(0.1)	(0.8)	(1.6)	3.2	(1.3)			
AUD/USD	0.670	0.673	0.674	0.670	0.634	(0.3)	(0.6)	(0.0)	5.7	(1.6)			
GBP/USD	1.307	1.306	1.310	1.312	1.222	0.1	(0.2)	(0.4)	7.0	2.7			
USD/JPY	149.2	149.76	148.2	140.85	149.51	(0.4)	0.7	5.9	(0.2)	5.8			
USD/MYR	4.310	4.297	4.287	4.301	4.738	0.3	0.5	0.2	(9.0)	(6.2)			
USD/IDR	15,580	15,560	15,645	15,400	15,720	0.1	(0.4)	1.2	(0.9)	1.2			
USD/THB	33.36	33.34	33.49	33.33	36.30	0.1	(0.4)	0.1	(8.1)	(2.3)			
USD/SGD	1.309	1.309	1.304	1.298	1.368	0.1	0.4	0.9	(4.3)	(0.8)			
USD/CNY	7.120	7.090	7.063	7.097	7.311	0.42	0.8	0.3	(2.6)	0.3			
USD/KRW	1,365	1,358	1,346	1,334	1,354	0.5	1.4	2.3	0.8	6.0			
USD/INR	84.04	84.06	83.96	83.90	83.28	(0.0)	0.1	0.2	0.9	1.0			
USD/PHP	57.85	57.47	56.92	55.99	56.79	0.6	1.6	3.3	1.9	4.4			
USD/TWD	32.18	32.17	32.24	32.01	32.29	0.0	(0.2)	0.6	(0.3)	4.8			
USD/HKD	7.767	7.764	7.776	7.800	7.817	0.0	(0.1)	(0.4)	(0.6)	(0.6)			
USD/VND	24,923	24,846	24,841	24,580	24,475	0.3	0.3	1.4	1.8	2.7			
NZD/USD	0.608	0.610	0.614	0.616	0.593	(0.2)	(0.9)	(1.2)	2.6	(3.7)			

Ringgit Cross Rates

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
EUR/MYR	4.703	4.696	4.711	4.771	4.988	0.2	(0.2)	(1.4)	(5.7)	(7.3)			
GBP/MYR	5.638	5.609	5.614	5.650	5.755	0.5	0.4	(0.2)	(2.0)	(3.4)			
AUD/MYR	2.893	2.889	2.884	2.887	2.996	0.1	0.3	0.2	(3.4)	(7.5)			
JPY/MYR	2.889	2.869	2.893	3.055	3.167	0.7	(0.1)	(5.4)	(8.8)	(11.3)			
SGD/MYR	3.294	3.289	3.290	3.313	3.459	0.2	0.1	(0.6)	(4.8)	(5.3)			
10CNY/MYR	6.054	6.061	6.077	6.062	6.478	(0.1)	(0.4)	(0.1)	(6.5)	(6.3)			
100IDR/MYR	2.765	2.761	2.739	2.792	3.012	0.1	0.9	(1.0)	(8.2)	(7.3)			
THB/MYR	12.952	12.905	12.766	12.888	13.065	0.4	1.5	0.5	(0.9)	(3.3)			
10HKD/MYR	5.548	5.534	5.514	5.516	6.059	0.3	0.6	0.6	(8.4)	(5.7)			

Commodities

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
Brent (USD/barrel)	74.25	77.46	77.18	71.61	89.65	(4.1)	(3.8)	3.7	(17.2)	(3.6)			
WTI (USD/barrel)	70.58	73.83	73.57	68.65	86.66	(4.4)	(4.1)	2.8	(18.6)	(1.5)			
Gold (USD/oz)	2,663	2,649	2,622	2,578	1,920	0.5	1.6	3.3	38.7	29.1			
Malaysia CPO (RM/tonne)	4,402	4,402	4,378	3,996	3,709	0.0	0.5	10.2	18.7	18.4			

Malaysia Government Securities

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year	3.42	3.42	3.42	3.32	3.63	0	1	10	(20)	(4)			
5-Year	3.55	3.55	3.55	3.48	3.73	(0)	0	7	(18)	(2)			
7-Year	3.75	3.75	3.74	3.68	3.94	0	1	8	(19)	3			
10-Year	3.80	3.80	3.77	3.72	4.04	0	3	8	(25)	7			
15-Year	3.93	3.93	3.91	3.87	4.18	(0)	2	7	(24)	(5)			
20-Year	4.07	4.07	4.06	4.03	4.39	(0)	1	3	(33)	(3)			
30-Year	4.20	4.20	4.19	4.17	4.46	(0)	1	3	(26)	(4)			

Malaysia Government Investment Issues

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year	3.37	3.37	3.36	3.32	3.65	(0)	1	5	(28)	(13)			
5-Year	3.55	3.55	3.55	3.51	3.79	0	1	5	(24)	(5)			
7-Year	3.76	3.76	3.74	3.69	3.96	0	2	7	(20)	0			
10-Year	3.83	3.83	3.79	3.77	4.07	0	4	7	(23)	5			
15-Year	3.95	3.95	3.94	3.92	4.18	0	1	3	(23)	(0)			
20-Year	4.08	4.08	4.08	4.07	4.40	0	0	1	(32)	(4)			

Major Sovereign Yields (%)

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
UST 2Y	3.95	3.96	3.96	3.58	5.10	(1)	(1)	36	(115)	(30)			
UST 10Y	4.03	4.10	4.01	3.65	4.71	(7)	2	38	(67)	15			
Germany 2Y	2.21	2.26	2.23	2.21	3.16	(5)	(2)	0	(95)	(19)			
Germany 10Y	2.22	2.28	2.24	2.15	2.79	(5)	(2)	7	(56)	20			
UK 2Y	4.13	4.18	4.19	3.80	4.91	(5)	(6)	33	(78)	15			
UK 10Y	4.16	4.24	4.18	3.77	4.48	(8)	(2)	39	(32)	63			
Japan 2Y	0.43	0.42	0.41	0.39	0.04	1	2	3	39	37			
Japan 10Y	0.97	0.95	0.93	0.85	0.76	2	5	13	21	36			
Australia 2Y	3.84	3.86	3.79	3.56	4.04	(1)	6	28	(19)	14			
Australia 10Y	4.25	4.27	4.17	3.82	4.46	(2)	9	44	(20)	30			
China 2Y	1.44	1.46	1.47	1.37	2.29	(2)	(3)	7	(85)	(76)			
China 10Y	2.15	2.15	2.21	2.07	2.68	(0)	(6)	7	(54)	(42)			
Indonesia 2Y	6.42	6.39	6.37	6.57	6.52	3	5	(15)	(10)	(10)			
Indonesia 10Y	6.70	6.68	6.75	6.58	6.77	1	(5)	12	(8)	22			
Thailand 2Y	2.17	2.18	2.21	2.15	2.55	(1)	(3)	2	(38)	(16)			
Thailand 10Y	2.51	2.52	2.56	2.54	3.29	(1)	(5)	(3)	(78)	(17)			

Key swap rates

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
IRS 1-Year	3.53	3.54	3.53	3.41	3.70	(1)	0	12	(17)	(5)			
IRS 3-Year	3.47	3.49	3.44	3.30	3.76	(2)	3	17	(29)	(2)			
IRS 5-Year	3.53	3.53	3.49	3.34	3.87	0	4	19	(34)	(5)			
IRS 7-Year	3.62	3.62	3.58	3.43	4.00	0	4	19	(38)	(9)			
IRS 10-Year	3.72	3.72	3.69	3.54	4.14	0	3	18	(43)	(11)			
IRS 20-Year	4.05	4.07	3.80	3.68	4.46	(2)	26	38	(41)	(16)			

Key KLIBOR rates

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
1-Month Klibor	3.28	3.28	3.28	3.28	3.29	0	0	0	(1)	(9)			
3-Month Klibor	3.56	3.56	3.56	3.53	3.61	0	0	3	(5)	(21)			
6-Month Klibor	3.62	3.62	3.62	3.61	3.66	0	0	1	(4)	(19)			

Indicative PDS yields

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	15-Oct-24	14-Oct-24	8-Oct-24	15-Sep-24	16-Oct-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year AAA	3.77	3.77	3.77	3.75	4.03	0	1	2	(25)	(8)			
3-Year AA	3.92	3.92	3.90	3.89	4.18	0	2	2	(27)	(12)			
3-Year A	4.92	4.92	4.76	4.87	5.32	0	16	6	(40)	(32)			
5-Year AAA	3.86	3.86	3.84	3.84	4.13	0	2	2	(27)	(12)			
5-Year AA	4.00	4.00	3.98	3.98	4.32	0	2	2	(32)	(18)			
5-Year A	5.19	5.19	5.08	5.11	5.63	0	11	9	(44)	(36)			
10-Year AAA	4.00	4.00	3.98	3.99	4.39	0	2	1	(39)	(18)			
10-Year AA	4.19	4.19	4.16	4.17	4.59	0	3	2	(40)	(23)			
10-Year A	5.79	5.79	5.62	5.62	6.11	0	17	17	(32)	(27)			

Sources: Bloomberg, AmBank Economics
 Note: All values are end-period

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