

DAILY DIGEST

Fed officials committed to fighting inflation

- **Macro:** Fed officials reinforced the need to tame inflation. White House urges banking reforms. Thailand trade balance slips into a deficit.
- **Fixed income:** UST curve flattened as front-end tracked selloff in Bunds post-German inflation. Regional ASEAN bonds traded weaker amid month-end flows.
- **FX:** Dollar slid against G10 peers. EUR surged alongside higher Bund yields.

Global macro wrap

- **Global:** Remarks from several Fed officials echoed that of the Fed Chair Jerome Powell that the central bank remains watchful of inflation, stressing the need to continue raising rates to tame price pressures. US initial jobless claims rose by 7k to 198k last week (prior: 191k) while the 4Q23 GDP growth was revised slightly lower to 2.6% qoq (3Q22: +3.2%). US House Speaker Kevin McCarthy said that House Republicans are finalising a bill that will include raising the US debt ceiling (currently at USD31.4tr), spending cuts and energy deregulation amongst others. Meanwhile, the White House urged regulators to reverse the Trump Administration's deregulation of large regional banks and in particular, to reinstate rules for banks with assets between USD100-250bn. Germany's headline inflation eased to 7.4% yoy in Mar (Feb: 8.7%) in preliminary estimates, though still significantly above the ECB's target of 2.0%.
- **ASEAN:** Thailand's customs exports slipped for the fifth straight month, reinforcing signs that weaker global demand may significantly offset the positive impact coming from a revived tourism industry. Exports fell 4.7% yoy in Feb (consensus: -7.0%; Jan: -4.5%) while import growth also came in softer at 1.1% yoy (consensus: +2.0%; Jan: +5.5%). The Commerce Ministry expects recovery in 2H23. BOT and BOJ renewed a THB240bn bilateral local currency swap arrangement for a three-year period. Indonesia's finance minister Sri Mulyani said that the country needs USD281bn financing (largely for its energy sector) to achieve its 2030 carbon emission reduction goal (-32%). Malaysia's former second finance minister, Johari Ghani, said that the current taxation model is unsustainable and left unchanged, could lead to "uncontrollable debt".

Fixed income

- **Global:** UST closed mixed with the curve flattening, as the belly to long-end staged a late rally. Front-end UST were modestly cheaper, tracking the selloff in short-term Bunds after the stronger than expected German inflation reinforcing expectations for further ECB tightening.
- **ASEAN:** Regional bonds traded a touch weaker amid month-end rebalancing activity. Malaysia's new issuance of 30Y MGS 03/2053 drew tepid demand, with bid-to-cover (BTC) ratio of 1.97x, an underperformance compared to the last six similar exercises (average BTC: 2.22x), as markets were held back by a heavy 30Y supply pipeline. BNM's newly announced MGS switch auction on 6 Apr will see an additional RM2.8bn (indicative) supply of off-the-run 30Y bonds in the market. Indonesia also conducted its first debt switch of the year, swapping IDR11.8tr worth of notes maturing in less than 1Y to 4Y with current benchmarks.

FX

- **USD:** The DXY retraced recent gains to close 0.5% lower at 102.14 amid broad-based USD weakness. All G10 currencies strengthened vs the greenback amid month and quarter-end flows.
- **Majors:** EURUSD (+0.6%) surged to regain 1.09 handle alongside higher Bund yields. Other notable gainers include NZD, GBP, DKK and CHF which advanced 0.6% vs USD. JPY (+0.1%) underperformed but could potentially be driven by Friday's data dump.
- **ASEAN:** Regional FX mostly steadied around recent levels amid an absence of major catalysts. MYR and IDR closed little changed, settling at 4.4200 and 15,047 respectively. THB slid 0.3% as profit taking weighed on the currency.

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Rates dashboard

Gov't bonds	Close	1D	1W	1M	YTD
UST 2Y	4.12	2.1	28.7	-76.5	-30.6
UST 10Y	3.55	-1.5	12.2	-50.7	-32.6
MY 3Y	3.35	0.0	-3.0	-18.7	-29.7
MY 10Y	3.91	1.1	1.9	-6.5	-12.9
ID 2Y	6.35	2.6	-9.2	-15.9	26.9
ID 10Y	6.82	-0.6	-8.4	-14.3	-12.4
SG 2Y	3.09	2.8	15.3	-63.8	-0.1
SG 10Y	2.96	2.8	14.0	-47.1	-11.9
TH 2Y	1.79	2.7	6.6	-10.9	16.0
TH 10Y	2.36	1.2	2.9	-24.7	-28.2

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

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	102.14	-0.5	-0.4	-2.7	-1.3
EURUSD	1.0905	0.6	0.7	2.9	1.9
GBPUSD	1.2386	0.6	0.8	3.7	2.5
AUDUSD	0.6712	0.4	0.4	-0.3	-1.5
USDJPY	132.70	-0.1	1.4	-3.0	1.2
USDCNH	6.8749	-0.3	0.7	-0.7	-0.7
USDMYR	4.4210	0.0	0.1	-1.2	0.4
USDIDR	15047	-0.1	-1.9	-1.5	-3.3
USDSGD	1.3276	-0.1	0.1	-1.5	-0.9
USDTHB	34.25	0.3	0.5	-1.5	-1.0

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

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	74.37	1.9	6.3	-4.8	-7.3
Brent	79.27	1.3	4.4	-6.5	-7.7
Copper	9,001	-0.0	-0.3	0.5	7.5
Gold	1,980	0.8	-0.7	7.9	8.6
CPO	4,112	2.0	9.7	-3.7	-1.4

HIGHLIGHTS

Macro: Fed officials reiterated the need to fight inflation via monetary policy tightening. Minneapolis Fed President Neel Kashkari (voter) emphasised services sector and higher wage growth trends which had yet to slow down, adding that the impact of SVB conundrum on the economy is yet unclear. Boston Fed President Susan Collins (non-voter) favours raising the FFR by 25bps. Richmond Fed President Thomas Barkin (non-voter) said he is committed to fighting inflation but has no preference over the size of rate hike.

Macro: The US initial jobless claims rose by 7k to 198k for the week ended 25 Mar (consensus: 196k; prior: 191k), marking its first increase in three weeks, although not a firm signal to indicate a sustained softening of the labour market. US 4Q22 GDP growth was revised slightly lower to 2.6% qoq annualised rate (consensus: +2.7%; 3Q22: +3.2%). Meanwhile, adjusted pre-tax corporate profit slumped 2.0% qoq in the same period (3Q22: 0%) as businesses grapple with elevated costs and softer demand.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
31 Mar 2023	CH	Manufacturing PMI	Mar	51.6	52.6
31 Mar 2023	CH	Non-manufacturing PMI	Mar	55	56.3
31 Mar 2023	TH	BoP Current Account Balance	Feb	\$800m	-\$2002m
31 Mar 2023	TH	Exports YoY	Feb	--	9.1%
31 Mar 2023	TH	Foreign Reserves	24 Mar	--	\$222.3b
31 Mar 2023	TH	Imports YoY	Feb	--	9.1%
31 Mar 2023	TH	Trade Balance	Feb	--	-\$2670m
31 Mar 2023	US	Personal Income	Feb	0.3%	0.6%
31 Mar 2023	US	Personal Spending	Feb	0.3%	1.8%
31 Mar 2023	US	PCE Core Deflator YoY	Feb	4.7%	4.7%
31 Mar 2023	US	MNI Chicago PMI	Mar	43	43.6
31 Mar 2023	US	U. of Mich. Sentiment	Mar F	63.3	63.4
31 Mar 2023	CH	BoP Current Account Balance	4Q F	--	\$106.8b
31 Mar 2023	IT	ECB's Lagarde speaks in Florence			
01 Apr 2023	US	Fed's Williams Speaks at Housatonic Community College			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
30 Mar 2023	TH	Custom Exports YoY	Feb	-7.0%	-4.7%	-4.5%
30 Mar 2023	TH	Custom Imports YoY	Mar	2.0%	1.1%	5.5%
30 Mar 2023	US	Initial Jobless Claims	25 Mar	196k	198k	191k
30 Mar 2023	US	GDP Annualized QoQ	4Q T	2.7%	2.6%	3.2%
31 Mar 2023	US	Fed's Barkin Speaks at Virginia Council of CEOs Event				

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 3: Sovereign yields and CDS

	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
US	3.55	-1.5	12.2	-50.7	-32.6
UK	3.52	4.6	15.8	-36.3	-15.4
Germany	2.37	4.4	17.7	-37.7	-19.6
Japan	0.31	1.4	1.4	-18.7	-10.0
Australia	2.91	-1.7	7.4	54.8	124.4
China	2.86	0.7	-0.9	-5.9	2.6
Malaysia	3.91	1.1	1.9	-6.5	-12.9
Indonesia	6.82	-0.6	-8.4	-14.3	-12.4
Singapore	2.96	2.8	14.0	-47.1	-11.9
Thailand	2.36	1.2	2.9	-24.7	-28.2
5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.59	-2	1	-25	-19
SG	3.26	5	1	-61	-22
TH	2.20	8	14	-30	-14
5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	76	-5	-5	10	-3
ID	99	-5	-9	6	-1
TH	54	-2	8	9	-12

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	4.83	0	3	28	53
EU o/n ESTRON	2.89	0	-0	50	100
JP o/n TONAR	-0.02	0	-0	-0	1
MY 3m KLIBOR	3.62	0	0	-1	-6
ID 3m JIBOR	6.60	0	5	0	10
SG 3m SORA	3.53	3	9	31	43
TH BOT o/n THOR	1.74	0	25	25	50
Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	251	0.0	-0.8	2.8	2.6
Bloomberg US Aggregate	2096	0.0	-1.1	2.8	2.3
Bloomberg EUR Aggregate	225	-0.3	-0.9	2.2	1.7
Bloomberg Asia Aggregate	170	0.1	0.6	0.3	2.7
Bloomberg Asia Pac Treasury	129	-0.1	-0.8	3.8	2.1
Bloomberg ASEAN Corp/Quasi	109	0.0	-0.8	1.4	2.9

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currency	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	102.14	-0.5	-0.4	-2.7	-1.3
EURUSD	1.0905	0.6	0.7	2.9	1.9
GBPUSD	1.2386	0.6	0.8	3.7	2.5
AUDUSD	0.6712	0.4	0.4	-0.3	-1.5
USDJPY	132.70	-0.1	1.4	-3.0	1.2
USDCNH	6.8749	-0.3	0.7	-0.7	-0.7
USDMYR	4.4210	0.0	0.1	-1.2	0.4
USDIDR	15,047	-0.1	-1.9	-1.5	-3.3
USDSGD	1.3276	-0.1	0.1	-1.5	-0.9
USDTHB	34.25	0.3	0.5	-1.5	-1.0
GBPMYR	5.4564	-0.1	0.3	1.8	3.0
AUDMYR	2.9604	0.3	-0.4	-1.8	-1.0
SGDMYR	3.3266	0.1	-0.1	0.1	1.3
CNHMYR	0.6430	0.3	-0.6	-0.6	1.0
IDRMYR	0.0294	0.1	2.0	0.3	3.7
THBMYR	12.9524	0.2	-0.4	0.9	1.6

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	4,050.83	0.6	2.6	1.7	5.5
Nasdaq	12,013.47	0.7	1.9	4.8	14.8
Eurostoxx	4,285.42	1.3	1.9	1.1	13.0
Nikkei 225	27,782.93	-0.4	1.3	1.0	6.5
Hang Seng	20,309.13	0.6	1.3	-0.6	2.7
KLCI	1,424.61	0.3	1.0	-2.1	-4.7
JCI	6,808.95	-0.4	1.8	-0.7	-0.6
SET	1,605.42	-0.3	0.7	-0.4	-3.8
Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	104.39	0.2	1.8	-2.4	-7.5
WTI (US\$/bbl)	74.37	1.9	6.3	-4.8	-7.3
Brent (US\$/bbl)	79.27	1.3	4.4	-6.5	-7.7
Natural Gas (US\$/mmbtu)	2.10	-3.7	-7.8	-27.4	-46.5
Copper (US\$/ton)	9,001	-0.0	-0.3	0.5	7.5
Gold (US\$/oz)	1,980	0.8	-0.7	7.9	8.6
CPO (RM/ton)	4,112	2.0	9.7	-3.7	-1.4

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 7: Economic and commodity price forecasts

GDP	2020	2021	2022	2023	2024
Malaysia	-5.5	3.1	8.7	4.0	5.0
Indonesia	-2.1	3.7	5.3	5.2	5.0
Singapore	-3.9	8.9	3.6	1.7	3.1
Thailand	-6.2	1.6	2.6	3.5	3.8
Policy rate	2Q23	3Q23	4Q23	1Q24	2Q24
US	5.25	5.25	5.00	4.50	4.00
Malaysia	2.75	3.00	3.00	3.00	3.00
Indonesia	5.75	5.75	5.50	5.25	5.25
Thailand	2.00	2.00	2.00	2.00	2.00
Commodity prices	2Q23	3Q23	4Q23	1Q24	2Q24
Brent (USD/bbl)	80	78	78	80	82
WTI (USD/bbl)	75	73	73	75	77
CPO (RM/mt)	3,800	3,700	3,700	3,900	4,000
Gold (USD/oz)	1,900	1,950	1,900	1,875	1,850
Copper (USD/mt)	8,500	8,300	8,400	8,600	8,800

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	2Q23	3Q23	4Q23	1Q24	2Q24
UST 2Y	4.25	3.65	3.25	3.20	3.00
UST10Y	3.50	3.20	3.05	3.05	3.10
MY 3Y	3.60	3.50	3.40	3.40	3.35
MY 10Y	4.05	4.10	4.05	4.05	4.00
ID 2Y	6.40	6.30	6.15	6.05	6.00
ID 10Y	6.95	6.90	6.85	6.80	6.75
TH 2Y	2.00	1.95	1.95	1.95	1.90
TH 10Y	2.55	2.60	2.70	2.65	2.60
Currency	2Q23	3Q23	4Q23	1Q24	2Q24
DXY	103.4	101.9	100.2	99.4	98.6
EURUSD	1.07	1.08	1.10	1.11	1.12
GBPUSD	1.20	1.21	1.23	1.22	1.24
AUDUSD	0.67	0.68	0.69	0.69	0.70
USDJPY	125	123	121	120	121
USDCNH	7.02	6.93	6.83	6.78	6.74
USDMYR	4.40	4.34	4.29	4.26	4.23
USDIDR	15,505	15,366	15,216	15,141	15,067
USDSGD	1.33	1.32	1.31	1.30	1.29
USDTHB	34.54	34.07	33.57	33.32	33.08

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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