



Fixed Income & FX Research

30 July 2024

Snapshot Summary...

Global FX: The dollar rose slightly ahead of July US employment data**Global Rates:** UST rallied on lingering mixed PCE data sentiment last week**MYR Bonds:** Suspected foreign inflows prompted bullish local govies space**USD/MYR:** Ringgit strengthens as the dollar remains rangebound

Macro News

Malaysia: Producer price index (PPI) increased by 1.6% y/y in June 2024, rebounding from a 1.4% gain in the previous month, which was a three-month low. Prices rose more rapidly for agriculture, forestry & fishing (3.4% y/y compared to 1.3% y/y in May) and slightly for the manufacturing sector by 1.1% y/y. Conversely, prices moderated for mining (4.6% compared to 6.6%), electricity & gas supply (1% compared to 1.5%), and water supply (7.8% compared to 8.7%). With that in mind, from the perspective of consumer and producer inflation, we can safely conclude that there is a negligible impact from the first month of implementing diesel subsidy rationalisation.

United Kingdom: The monthly retail sales balance reported by the Confederation of British Industry (CBI) in the United Kingdom dropped to -43 in July 2024 from -24 in the previous month, significantly below the anticipated -20. This represents the second consecutive month of declining annual sales, with retailers attributing the downturn to unfavourable weather conditions and market uncertainty.

United States: The Dallas Fed Manufacturing Index fell to -17.5 in July 2024 from -15.1 in the previous month, continuing a negative trend. Shipments significantly contracted to -16.3 due to weak demand for manufactured goods.

Fixed Income

Global bonds: The UST papers started the week on a relatively good note as the yield curve rallied by a few bps on lingering sentiment from last Friday's mixed PCE Price data and ahead of the US Fed monetary policy decision. Both the Bunds and Gilts curves also rallied on the same sentiment, expecting the BoE to cut its rate by 60% probability. We posit that global bonds could remain steady and supported ahead of global central banks' decisions this week.

MYR Government Bonds: Local govies space continued to rally with overall yields shifting lower by circa 3-5 bps across the curve in tandem with the USD/MYR pair dived below the key psychological level of 4.6500 for the first time since January and prompted, we suspect, better foreign inflow amidst still subdued foreign buying into Malaysia govies. There was little change on the IRS front as the recent movement was deemed oversold despite 3M KLIBOR being traded slightly lower at 3.57%.

MYR Corporate Bonds: While the buying spree persisted in the corporate space, the trading flow was slightly subdued at MYR491 million ahead of the key global central banks meeting. Among notable trades were MYR5 million on TNB 08/32 (AAA), done

FX Daily Rates

Vs. USD	Last Close	Per cent
DX	104.56	0.2
EUR/USD	1.082	(0.3)
AUD/USD	0.655	0.0
GBP/USD	1.286	(0.0)
USD/JPY	154.02	0.2
USD/MYR	4.636	(0.5)
USD/IDR	16,280	(0.1)
USD/THB	36.06	0.0
USD/SGD	1.343	0.1
USD/CNY	7.260	0.1
USD/KRW	1,383	(0.1)
USD/INR	83.74	0.0
USD/PHP	58.52	0.3
USD/TWD	32.88	0.1
USD/HKD	7.810	0.0
USD/VND	25,290	(0.1)
NZD/USD	0.588	(0.2)

MYR Cross Rates

MYR Cross	Last Close	Per cent
EUR/MYR	5.024	(0.6)
GBP/MYR	5.950	(0.7)
AUD/MYR	3.037	(0.6)
JPY/MYR	3.011	(0.6)
SGD/MYR	3.451	(0.4)
10CNY/MYR	6.386	(0.6)
100IDR/MYR	2.847	(0.4)
THB/MYR	12.900	(0.2)
10HKD/MYR	5.936	(0.5)
100INR/MYR	5.530	(0.5)

MGS Bond Yields (%)

MGS	Maturity	Last	bps
3-Year	07/26	3.40	(2)
5-Year	04/28	3.55	(2)
7-Year	04/31	3.70	(2)
10-Year	11/33	3.76	(1)
15-Year	04/39	3.89	(2)
20-Year	10/42	4.04	(1)
30-Year	03/53	4.17	(1)

MYR Swap Rates (%)

Swap / Rates	Last Close	bps
IRS 1-Year	3.47	(1)
IRS 3-Year	3.44	2
IRS 5-Year	3.50	(0)
IRS 7-Year	3.60	1
IRS 10-Year	3.71	0
3-M KLIBOR	3.57	0

Major Sovereign Yields (%)

Sov. Yield	Last Close	bps
UST 2Y	4.40	2
UST 10Y	4.17	(2)
Germany 10Y	2.36	(5)
UK 10Y	4.05	(5)
Japan 10Y	1.03	(4)
Australia 10Y	4.28	(3)
China 10Y	2.16	(3)
Korea 10Y	3.04	(6)
Indonesia 10Y	6.95	(4)
Thailand 10Y	2.60	0
Malaysia 10Y	3.76	(1)

at 3.877%, MYR10 million on Public Bank 12/29 (AA1), done at 3.651%, and MYR10 million on UEM Sunrise 02/31, done at 3.968%.

Forex

United States: The dollar rose by 0.2% as traders prepared for an eventful week ahead, including policy decisions from the Federal Reserve and Bank of Japan on Wednesday, followed by the July US employment report released on Friday.

Europe: At the start of a busy week for central bank decisions, and as the dollar showed relative strength, we noted mainly flat trading in the EUR and GBP. This week, we have the Eurozone's inflation data and the BoE's policy meeting. Bloomberg's WIRP showed that market players are pricing in almost 60% probability for a rate cut to happen during BoE's Thursday meeting.

Asia-Pacific: The CNY was holding steady yesterday while the dollar was in range near 104.5. Traders were cautious as they waited for China's Politburo meeting to hear any new economic policy measures following last week's PBoC actions to lower key interest rates and conduct lending operations. Traders also await this week's release of July PMI figures. The JPY was also in range, coming before the BoJ policy meeting this week. Authorities may not normalise rates yet, but we expect them to signal a hawkish bias. Elsewhere, the AUD was also steady while traders waited for the latest inflation data, which is at risk of rising again before the RBA policy meeting set for next month.

Malaysia: The ringgit strengthened yesterday amid a rangebound dollar ahead of critical global monetary policy decisions. This week, we see the upside for ringgit, especially if the Fed tweaks its stance somewhat dovishly and the US NFP data continues to show weaker progress.

Other Markets

Gold: Gold edged lower yesterday in a cautious market before the central bank meetings. Expectations of a dovish Fed at the FOMC meeting this week could feed into gold sentiment, but ahead of the event, the market was cautious.

Crude oil: Risk aversion caused a tumble in oil prices overnight. On top of a cautious market before FOMC, sentiment continued to be negatively affected by worries over China's demand even after PBoC's rate cuts last week.

Weekly Indicative PDS Yields (%)

PDS Indicative	Last Close	bps
3-Year AAA	3.80	0
3-Year AA	3.94	0
3-Year A	4.90	0
5-Year AAA	3.90	0
5-Year AA	4.03	0
5-Year A	5.15	0
10-Year AAA	4.06	0
10-Year AA	4.23	0
10-Year A	5.65	0

Key Commodities

Commodities	Last Close	Per cent
Brent (USD/bl)	79.78	(1.7)
WTI (USD/bl)	75.81	(1.7)
Gold (USD/oz)	2,384	(0.1)
CPO (RM/tonne)	4,037	(0.3)

Equity Indices

Equity	Last Close	Per cent
S&P500 Index	5,464	0.1
Dow Jones	40,540	(0.1)
Nasdaq	17,370	0.1
London FTSE	8,292	0.1
German DAX	18,321	(0.5)
Nikkei 225	38,469	2.1
Japan TOPIX	2,760	2.2
FBM KLCI	1,625	0.7
Strait Times	3,444	0.5
Jakarta	7,289	0.0
Shanghai	2,892	0.0
MSCI Asia Pac	181	1.0
MSCI World	3,527	0.1
Hang Seng	17,238	1.3
KOSPI	2,766	1.2
Thai Stock Exc	1,307	0.0
Taiwan	22,164	0.2
India	81,356	0.0
Australia	7,990	0.9

Policy Rates

Central Banks	Current	Next
US Fed Funds	5.50	31-July
ECB Main Refinancing	4.25	12-Sept
BoE Base Rate	5.25	01-Aug
RBA Cash Rate	4.35	06-Aug
BoJ Cash Rate	(0.10)	31-July
PBoC 1Y LPR	3.35	n.a.
BoK Base Rate	3.50	-
BNM OPR	3.00	05-Sept

Ringgit Outlook for The Week

	1	2
Resistance	4.680	4.700
Support	4.595	4.614

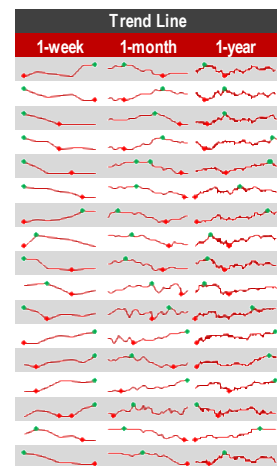
Sources: Bloomberg, Trading Economics, AmBank Economics

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
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
DXY Dollar Index	104.56	104.32	104.31	105.87	101.62
EUR/USD	1.082	1.086	1.089	1.071	1.102
AUD/USD	0.655	0.655	0.664	0.667	0.665
GBP/USD	1.286	1.287	1.293	1.265	1.285
USD/JPY	154.02	153.76	157.04	160.88	141.16
USD/MYR	4.636	4.658	4.682	4.718	4.555
USD/IDR	16,280	16,290	16,220	16,375	15,095
USD/THB	36.06	36.06	36.28	36.70	34.08
USD/SGD	1.343	1.343	1.346	1.356	1.332
USD/CNY	7.260	7.251	7.274	7.267	7.149
USD/KRW	1,383	1,384	1,388	1,377	1,277
USD/INR	83.74	83.73	83.67	83.39	82.26
USD/PHP	58.52	58.35	58.39	58.61	54.90
USD/TWD	32.88	32.84	32.86	32.44	31.39
USD/HKD	7.810	7.807	7.807	7.808	7.797
USD/VND	25,290	25,321	25,336	25,455	23,692
NZD/USD	0.588	0.589	0.598	0.609	0.616

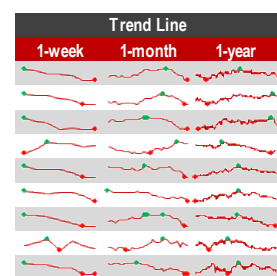
Percentage Change				
1-day	1-week	1-month	1-year	YTD
0.2	0.2	(1.2)	2.9	3.2
(0.3)	(0.6)	1.0	(1.8)	(2.0)
0.0	(1.4)	(1.8)	(1.5)	(3.9)
(0.0)	(0.5)	1.7	0.1	1.0
0.2	(1.9)	(4.3)	9.1	9.2
(0.5)	(1.0)	(1.7)	1.8	0.9
(0.1)	0.4	(0.6)	7.9	5.7
0.0	(0.6)	(1.7)	5.8	5.6
0.1	(0.2)	(0.9)	0.9	1.7
0.14	(0.2)	(0.1)	1.6	2.3
(0.1)	(0.4)	0.5	8.3	7.4
0.0	0.1	0.4	1.8	0.6
0.3	0.2	(0.2)	6.6	5.6
0.1	0.1	1.4	4.7	7.1
0.0	0.0	0.0	0.2	(0.0)
(0.1)	(0.2)	(0.6)	6.7	4.2
(0.2)	(1.7)	(3.5)	(4.6)	(7.0)



Ringgit Cross Rates

	Latest	1-day	1 week	1-Month	1-Year
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
EUR/MYR	5.024	5.056	5.100	5.052	4.999
GBP/MYR	5.950	5.994	6.054	5.967	5.839
AUD/MYR	3.037	3.054	3.121	3.139	3.031
JPY/MYR	3.011	3.027	2.981	2.932	3.227
SGD/MYR	3.451	3.466	3.482	3.481	3.420
10CNY/MYR	6.386	6.423	6.437	6.492	6.372
100IDR/MYR	2.847	2.857	2.887	2.881	3.016
THB/MYR	12.900	12.929	12.896	12.847	13.229
10HKD/MYR	5.936	5.967	5.997	6.041	5.841

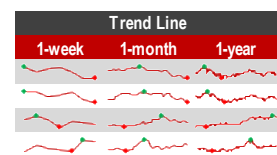
Percentage Change				
1-day	1-week	1-month	1-year	YTD
(0.6)	(1.5)	(0.5)	0.5	(1.0)
(0.7)	(1.7)	(0.3)	1.9	1.9
(0.6)	(2.7)	(3.3)	0.2	(2.9)
(0.6)	1.0	2.7	(6.7)	(7.5)
(0.4)	(0.9)	(0.8)	0.9	(0.8)
(0.6)	(0.8)	(1.6)	0.2	(1.2)
(0.4)	(1.4)	(1.2)	(5.6)	(4.6)
(0.2)	0.0	0.4	(2.5)	(3.7)
(0.5)	(1.0)	(1.7)	1.6	0.9



Commodities

	Latest	1-day	1 week	1-Month	1-Year
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
Brent (USD/barrel)	79.78	81.13	82.4	86.41	84.99
WTI (USD/barrel)	75.81	77.16	79.78	81.54	80.58
Gold (USD/oz)	2,384	2,387	2,397	2,327	1,959
Malaysia CPO (RM/tonne)	4,037	4,048	4,031	3,996	3,833

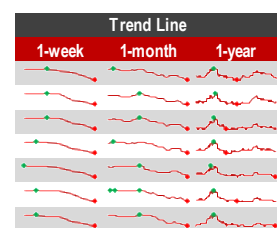
Percentage Change				
1-day	1-week	1-month	1-year	YTD
(1.7)	(3.2)	(7.7)	(6.1)	3.6
(1.7)	(5.0)	(7.0)	(5.9)	5.8
(0.1)	(0.5)	2.5	21.7	15.6
(0.3)	0.2	1.0	5.3	8.6



Malaysia Government Securities

	Latest	1-day	1 week	1-Month	1-Year
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
3-Year	3.40	3.43	3.47	3.52	3.48
5-Year	3.55	3.57	3.60	3.65	3.59
7-Year	3.70	3.72	3.76	3.80	3.75
10-Year	3.76	3.78	3.81	3.87	3.83
15-Year	3.89	3.92	3.95	4.00	4.01
20-Year	4.04	4.05	4.08	4.12	4.11
30-Year	4.17	4.17	4.18	4.22	4.21

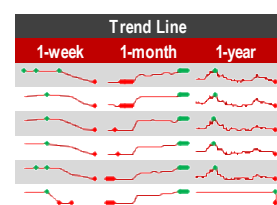
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
(2)	(7)	(12)	(8)	(6)
(2)	(5)	(10)	(4)	(3)
(2)	(5)	(9)	(5)	(1)
(1)	(5)	(11)	(7)	3
(2)	(6)	(11)	(12)	(9)
(1)	(4)	(9)	(7)	(6)
(1)	(2)	(5)	(4)	(7)



Malaysia Government Investment Issues

	Latest	1-day	1 week	1-Month	1-Year
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
3-Year	3.39	3.40	3.42	3.47	3.47
5-Year	3.54	3.56	3.59	3.63	3.65
7-Year	3.72	3.72	3.76	3.79	3.80
10-Year	3.77	3.78	3.81	3.87	3.88
15-Year	3.94	3.95	3.97	4.01	3.99
20-Year	4.08	4.09	4.10	4.13	4.16

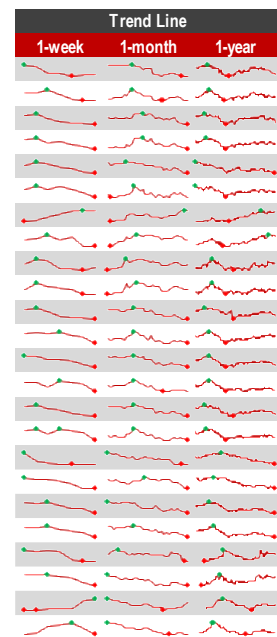
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
(1)	(3)	(8)	(8)	(11)
(2)	(4)	(9)	(11)	(6)
(1)	(4)	(7)	(9)	(5)
(2)	(4)	(10)	(11)	(2)
(1)	(3)	(7)	(5)	(1)
(1)	(2)	(6)	(9)	(4)



Major Sovereign Yield (%)

	Latest	1-day	1 week	1-Month	1-Year
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
UST 2Y	4.40	4.38	4.52	4.75	4.87
UST 10Y	4.17	4.19	4.25	4.40	3.95
Germany 2Y	2.59	2.62	2.83	2.83	3.05
Germany 10Y	2.36	2.41	2.50	2.50	2.49
UK 2Y	3.88	3.92	4.06	4.22	4.99
UK 10Y	4.05	4.10	4.16	4.17	4.33
Japan 2Y	0.40	0.40	0.35	0.37	-0.03
Japan 10Y	1.03	1.07	1.06	1.06	0.57
Australia 2Y	4.09	4.10	4.13	4.16	3.94
Australia 10Y	4.28	4.31	4.31	4.31	4.07
France 2Y	2.82	2.84	2.97	3.12	3.32
France 10Y	3.07	3.12	3.15	3.30	3.03
Italy 2Y	3.16	3.21	3.30	3.53	3.68
Italy 10Y	3.71	3.76	3.77	4.07	4.11
Spain 2Y	2.90	2.93	3.05	3.17	3.44
Spain 10Y	3.18	3.23	3.26	3.42	3.52
China 2Y	1.52	1.52	1.58	1.66	2.13
China 10Y	2.16	2.19	2.24	2.21	2.66
Korea 2Y	3.05	3.09	3.13	3.24	3.68
Korea 10Y	3.04	3.10	3.14	3.26	3.73
Indonesia 2Y	6.64	6.68	6.82	6.79	6.07
Indonesia 10Y	6.95	6.98	7.00	7.07	6.29
Thailand 2Y	2.36	2.36	2.34	2.34	2.20
Thailand 10Y	2.60	2.60	2.62	2.67	2.57

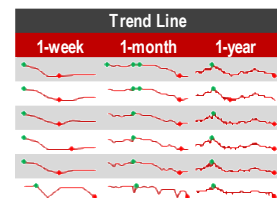
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
2	(12)	(35)	(47)	15
(2)	(8)	(22)	22	30
(3)	(24)	(24)	(46)	19
(5)	(14)	(14)	(13)	34
(4)	(18)	(34)	(111)	(11)
(5)	(11)	(12)	(28)	51
0	6	4	43	35
(4)	(3)	(3)	46	41
(1)	(4)	(7)	15	38
(3)	(3)	(3)	21	32
(2)	(15)	(31)	(50)	(13)
(4)	(8)	(22)	4	51
(5)	(14)	(37)	(52)	17
(6)	(7)	(37)	(41)	0
(2)	(15)	(26)	(54)	(6)
(5)	(8)	(24)	(33)	19
0	(5)	(13)	(61)	(67)
(3)	(9)	(6)	(51)	(41)
(4)	(7)	(18)	(62)	(19)
(6)	(10)	(22)	(69)	(13)
(4)	(18)	(15)	57	13
(4)	(5)	(13)	66	47
0	3	2	16	3
0	(2)	(7)	3	(8)



Key swap rates

	Latest	1-day	1 week	1-Month	1-Year
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
IRS 1-Year	3.47	3.47	3.53	3.57	3.65
IRS 3-Year	3.44	3.42	3.49	3.56	3.66
IRS 5-Year	3.50	3.51	3.55	3.63	3.73
IRS 7-Year	3.60	3.59	3.66	3.73	3.82
IRS 10-Year	3.71	3.71	3.77	3.84	3.94
IRS 20-Year	4.06	4.05	4.09	4.20	4.26

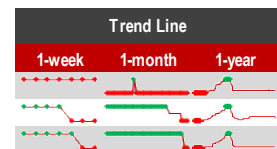
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
(1)	(6)	(11)	(18)	(11)
2	(5)	(12)	(22)	(5)
(0)	(5)	(13)	(23)	(8)
1	(6)	(13)	(22)	(11)
0	(6)	(14)	(24)	(12)
0	(3)	(14)	(21)	(16)



Key KLIBOR rates

	Latest	1-day	1 week	1-Month	1-Year
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
1-Month Klibor	3.29	3.29	3.29	3.30	3.27
3-Month Klibor	3.57	3.57	3.58	3.59	3.51
6-Month Klibor	3.63	3.63	3.64	3.64	3.60

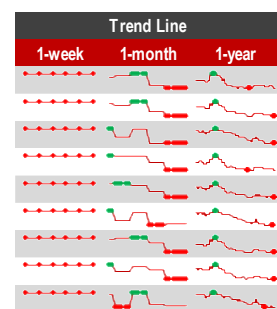
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
0	0	(1)	2	(8)
0	(1)	(2)	6	(20)
0	(1)	(1)	3	(18)



Indicative PDS yields

	Latest	1-day	1 week	1-Month	1-Year
	29-Jul-24	26-Jul-24	22-Jul-24	29-Jun-24	30-Jul-23
3-Year AAA	3.80	3.80	3.80	3.84	3.96
3-Year AA	3.94	3.94	3.94	3.97	4.16
3-Year A	4.90	4.90	4.90	4.92	5.28
5-Year AAA	3.90	3.90	3.90	3.94	4.09
5-Year AA	4.03	4.03	4.03	4.07	4.30
5-Year A	5.15	5.15	5.15	5.16	5.61
10-Year AAA	4.06	4.06	4.06	4.08	4.32
10-Year AA	4.23	4.23	4.23	4.25	4.59
10-Year A	5.65	5.65	5.65	5.65	6.09

Basis Points Change				
1-day	1-week	1-month	1-year	YTD
0	0	(4)	(17)	(6)
0	0	(3)	(22)	(10)
0	0	(2)	(38)	(34)
0	0	(4)	(19)	(7)
0	0	(4)	(27)	(14)
0	0	(1)	(46)	(40)
0	0	(2)	(27)	(12)
0	0	(2)	(36)	(18)
0	0	1	(44)	(41)



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

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