

DAILY DIGEST

Powell signals rates to stay higher for longer

- **Macro:** Fed Chair tilted hawkish, signalling the Fed may have to wait longer than expected before cutting rates. China 1Q24 GDP growth beat estimates. Thailand announces 43% yoy increase in tourists ytd to 14 Apr.
- **Fixed Income:** UST curve bear flattened amid Fed Chief's latest comments. Overall IndoGB yields gapped higher by 18-22bps after reopening from holiday. 15Y MGS 04/29 auction saw a BTC of 2.19x on public issuance volume of RM3.0bn.
- **FX:** DXY continued sixth session of increase. CNH fell on unexpected PBOC weaker fixing. USDIDR breached past 16,000 level despite BI intervention remarks.

Global macro wrap

- **Global:** Fed Chair Jerome Powell signalled that the central bank may have to wait longer than earlier anticipated before cutting rates, pointing to a lack of progress recently in slowing inflation. He stressed that the Fed can keep rates steady for 'as long as needed' until confidence is achieved on inflation progress. Powell's latest tune suggests the Chair's view is now more in sync with fellow colleagues, as Vice Chair of Governors Philip Jefferson said persistent price pressures would warrant higher for longer borrowing costs. Meanwhile, US housing starts fell 14.7% mom in Mar (consensus: -2.4%; Feb: +12.7%) to 1321k amid the continued rise in 30Y mortgage lending rates.
- **ASEAN:** Thailand announced a 43% yoy increase to 10.7m foreign visitors for the YTD period to 14 Apr, generating revenue of about THB518bn. Malaysia Economic Minister Rafizi Ramli reiterated that the government is on track to cut petrol subsidies this year to reduce its fiscal deficit. Incoming Singapore PM Lawrence Wong said current PM Lee Hsien Loong will stay in the cabinet as Senior Minister after stepping down on 15 May, while minor changes to the Cabinet will be announced ahead of his swearing-in ceremony.

Fixed income

- **Global:** UST yields continued to trend higher after Fed Powell's latest comments tilted more hawkish than earlier. UST curve bear flattened as yields on the front-end rose 7-8bps, as markets continue to price out any chance for an imminent cut.
- **ASEAN:** Regional bonds tracked higher UST yields to tread weaker. MGS yields shifted higher by 1-3bps, while the 15Y MGS 04/39 auction with issuance size of RM3.0bn (and RM2.0bn PP) saw a BTC of 2.16x. IndoGB yields spiked higher by 15-20bps after a 1-week holiday, before ending the session even weaker as overall yields treaded up by 18-22bps. ThaiGB is expected to reopen from holidays weaker today following global EM bond weaknesses.

FX

- **Majors:** The DXY edged up to 106.26, its sixth consecutive session of increase. Major currencies faltered once again amid expectations that the ECB, BOC, and possibly the BOE and RBA may reduce rates before the Fed. with the dollar once again advancing against most G10 currencies. EUR (-0.0%) fell slightly, after ECB President Christine Lagarde said they remain ready to cut rates if inflation eases more, adding that they are data dependent and not Fed dependent. GBP (-0.2%) fell slightly ahead of the UK's CPI readings for Mar today. AUD (-0.6%) fell to a 5-month low amid growing expectations that the RBA may have to cut rates first to counteract a sharper slowdown in Australia. JPY fell another 0.3% to 154.7, as markets challenge a new 155.0 red line that the BOJ may intervene on.
- **ASEAN:** Regional currencies continued their retreat. CNH fell 0.1% after the PBOC unexpectedly cut its reference rate after holding it broadly flat for three weeks, setting the stage for USDCNH to test the 7.30 handle. USDMYR rose 0.3% to approach the 4.80 handle. USDIDR opened at 16,080 before trending to an intraday high of 16,190, despite BI stating it aims to address FX supply and demand imbalance through triple intervention, especially in spot and domestic NDF markets. BI stated IDR weaknesses is due to risk-off sentiment from US data and ME conflict driving USD strength, and that it is coordinating with the government and other stakeholders (such as Pertamina) to maintain IDR stability.

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Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.99	6.7	24.4	30.4	73.7
UST 10Y	4.67	6.6	30.6	37.5	78.8
MY 3Y	3.58	2.6	6.0	10.0	11.6
MY 10Y	3.94	3.0	5.6	6.0	21.0
ID 2Y	6.52	18.3	18.3	19.6	13.7
ID 10Y	6.87	21.6	21.6	23.3	41.6
SG 2Y	3.45	-0.1	4.9	0.2	19.3
SG 10Y	3.37	5.7	12.5	27.1	67.9
TH 2Y	2.33	0.0	16.8	19.0	-4.9
TH 10Y	2.72	0.0	12.4	17.4	4.7

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

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	106.26	0.0	2.0	2.3	4.9
EURUSD	1.0619	-0.0	-2.2	-2.3	-3.8
GBPUSD	1.2426	-0.2	-2.0	-2.3	-2.4
AUDUSD	0.6402	-0.6	-3.4	-2.0	-6.0
USDJPY	154.72	0.3	2.0	2.6	9.7
USDCNH	7.2644	0.1	0.4	0.7	1.9
USDMYR	4.7957	0.3	1.0	1.2	4.4
USDIDR	16175	2.1	2.1	2.9	5.1
USDSGD	1.3650	0.1	1.5	1.7	3.4
USDTHB	36.61	0.0	0.7	1.4	7.2

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

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	85.36	-0.1	0.2	2.3	19.1
Brent	90.02	-0.1	0.7	3.0	16.8
Copper	9,468	-1.1	0.5	5.5	10.6
Gold	2,383	-0.0	1.3	10.4	15.5
CPO	4,214	-4.3	-6.7	-1.9	15.1

HIGHLIGHTS

Macro: China’s 1Q24 GDP expanded 5.3% yoy (consensus: +4.8%; 4Q24: +5.2%), higher than market estimates. This is despite both IPI data (Mar: +4.5% yoy; consensus: +6.0%; Jan-Feb: +7%) and retail sales data (Mar: +3.1%; consensus: +4.8%; Jan-Feb: +5.5%) slowing from the previous period and missing estimates. While fixed asset investments continue to accelerate at +4.5% ytd (consensus: +4%; previous: +4.2%), property sector investments continued its decline at 9.5% ytd (previous: -9.0%); coming as newly built home prices continued its ninth straight month of decline at -2.2% yoy in Mar (Feb: -1.4%), its steepest pace since Aug 2015 despite multiple support measures from the government.

Macro: The IMF raised its global growth forecast to 3.2% in Apr (Jan: +3.1%), driven chiefly by higher expectations for the US (+2.7% vs. +2.1% earlier) though warning that it was driven by an unsustainable fiscal policy, and that it may risk reigniting inflation and undermining long-term fiscal and financial stability around the world by raising borrowing costs. Growth forecasts was also raised for India, while the Euro Area and UK’s growth forecasts was revised lower. China and Japan’s forecasts was held steady.

Macro: Thailand’s Commerce Ministry has instructed state agencies to develop measures to counteract a possible spike in energy prices from the escalating conflict in the Middle East. Similarly, Indonesia President Jokowi has called for a meeting with several ministers and the BI Governor to discuss these developments.

Politics: Thailand PM Srettha Thavisin said discussion among coalition parties on a cabinet reshuffle will take place after Songkran. The PM also denied that he discussed a possible Cabinet reshuffle with former PM Thaksin Shinawatra during the day.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
17 Apr 2024	SI	Electronic Exports YoY	Mar	--	5.2%
17 Apr 2024	SI	Non-oil Domestic Exports YoY	Mar	-7.4%	-0.1%
17 Apr 2024	UK	BOE’s Megan Greene speaks on panel			
17 Apr 2024	EC	ECB’s Cipollone Speaks			
17 Apr 2024	EC	ECB’s de Cos Speaks			
17 Apr 2024	EC	ECB’s Schnabel Speaks			
17 Apr 2024	UK	BOE Governor Bailey speaks in Washington			
17 Apr 2024	US	Federal Reserve Releases Beige Book			
17 Apr 2024	UK	BOE’s Haskel speaks			
18 Apr 2024	US	Fed’s Mester Gives Update on Fed			
18 Apr 2024	US	Fed’s Bowman Speaks at IIF Global Outlook Forum			
18 Apr 2024	EC	ECB’s Lagarde Speaks in DC			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
16 Apr 2024	CH	New Home Prices MoM	Mar	--	-0.3%	-0.4%
16 Apr 2024	CH	Used Home Prices MoM	Mar	--	-0.5%	-0.6%
16 Apr 2024	CH	GDP SA QoQ	1Q	1.5%	1.6%	1.2%
16 Apr 2024	CH	Industrial Production YoY	Mar	6.0%	4.5%	--
16 Apr 2024	CH	GDP YoY	1Q	4.8%	5.3%	5.2%
16 Apr 2024	CH	Retail Sales YoY	Mar	4.8%	3.1%	--
16 Apr 2024	CH	Fixed Assets Ex Rural YTD YoY	Mar	4.0%	4.5%	4.2%
16 Apr 2024	FI	ECB's Rehn Speaks				
16 Apr 2024	UK	BOE Deputy Governor Clare Lombardelli testi				
16 Apr 2024	US	Building Permits MoM	Mar	-0.9%	-4.3%	2.3%
16 Apr 2024	US	Building Permits	Mar	1510k	1458k	1523k
16 Apr 2024	US	Housing Starts	Mar	1485k	1321k	1549k
16 Apr 2024	US	Housing Starts MoM	Mar	-2.4%	14.7%	12.7%
16 Apr 2024	US	Fed's Jefferson Speaks at Monetary Policy Fc				
16 Apr 2024	US	Industrial Production MoM	Mar	0.4%	0.4%	0.4%
16 Apr 2024	US	Capacity Utilization	Mar	78.5%	78.4%	78.2%
16 Apr 2024	UK	BOE Governor Andrew Bailey speaks				
16 Apr 2024	US	Fed's Williams Moderates Event w/ Villeroy				
16 Apr 2024	US	Fed's Barkin Speaks on Economic Outlook				
16 Apr 2024	US	Fed's Powell Participates in Moderated Q&A				
16 Apr 2024	US	Fed's Collins Gives Speech on Economy				

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	4.67	6.6	30.6	37.5	78.8
UK	4.30	5.8	27.0	24.2	76.2
Germany	2.49	4.6	11.5	3.6	46.4
Japan	0.87	0.7	8.7	13.1	25.7
Australia	4.33	6.9	15.7	24.9	37.5
China	2.27	-1.0	-1.8	-1.3	-28.8
Malaysia	3.94	3.0	5.6	6.0	21.0
Indonesia	6.87	21.6	21.6	23.3	41.6
Singapore	3.37	5.7	12.5	27.1	67.9
Thailand	2.72	0.0	12.4	17.4	4.7

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.82	4	9	17	24
SG	3.28	5	12	28	72
TH	2.57	0	0	0	0

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	48	6	14	26	15
ID	80	6	11	18	12
TH	48	6	9	15	16

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	5.32	0	1	1	-6
EU o/n ESTRON	3.91	0	-0	-0	2
JP o/n TONAR	0.08	0	0	8	12
MY 3m KLIBOR	3.59	0	0	2	-18
MY MYOR	3.02	0	1	1	2
ID 3m JIBOR	6.85	0	0	0	0
SG o/n SORA	3.41	0	-0	-47	-21
TH BOT o/n THOR	2.49	0	-0	-0	-0

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	258	-0.4	-2.3	-2.0	-3.5
Bloomberg US Aggregate	2088	-0.3	-1.9	-1.9	-3.4
Bloomberg EUR Aggregate	234	-0.4	-0.9	-0.4	-1.4
Bloomberg Asia Aggregate	181	-0.1	0.3	0.4	3.4
Bloomberg Asia Pac Treasury	116	-0.3	-1.9	-2.5	-6.9
Bloomberg ASEAN Corp/Quasi	116	-0.4	-1.4	-1.1	-1.0

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	106.26	0.0	2.0	2.3	4.9
EURUSD	1.0619	-0.0	-2.2	-2.3	-3.8
GBPUSD	1.2426	-0.2	-2.0	-2.3	-2.4
AUDUSD	0.6402	-0.6	-3.4	-2.0	-6.0
USDJPY	154.72	0.3	2.0	2.6	9.7
USDCNH	7.2644	0.1	0.4	0.7	1.9
USDMYR	4.7957	0.3	1.0	1.2	4.4
USDIDR	16,175	2.1	2.1	2.9	5.1
USDSGD	1.3650	0.1	1.5	1.7	3.4
USDTHB	36.61	0.0	0.7	1.4	7.2
GBPMYR	5.9714	0.1	-0.8	-0.5	2.3
AUDMYR	3.0781	-0.7	-2.1	-0.1	-1.5
SGDMYR	3.5146	0.0	-0.4	-0.3	1.0
CNHMYR	0.6596	0.2	0.6	0.4	2.2
IDRMYR	0.0296	-1.7	-1.0	-1.7	-0.7
THBMYR	13.0785	0.6	0.2	-0.4	-2.4

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,051.41	-0.2	-3.0	-2.5	5.9
Nasdaq	15,865.25	-0.1	-2.7	-1.9	5.7
Eurostoxx	4,916.99	-1.4	-1.5	-1.8	8.7
Nikkei 225	38,471.20	-1.9	-3.3	-3.8	15.0
Hang Seng	16,248.97	-2.1	-3.4	-1.7	-4.7
KLCI	1,535.00	-0.5	-1.2	-0.6	5.5
JCI	7,164.81	-1.7	-1.7	-2.3	-1.5
SET	1,396.38	0.0	-0.3	1.0	-1.4

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	102.83	0.0	0.0	3.3	4.2
WTI (US\$/bbl)	85.36	-0.1	0.2	2.3	19.1
Brent (US\$/bbl)	90.02	-0.1	0.7	3.0	16.8
Natural Gas (US\$/mmbtu)	1.73	2.4	-7.5	-7.7	-26.9
Copper (US\$/ton)	9,468	-1.1	0.5	5.5	10.6
Gold (US\$/oz)	2,383	-0.0	1.3	10.4	15.5
CPO (RM/ton)	4,214	-4.3	-6.7	-1.9	15.1

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 7: Economic and commodity price forecasts

GDP	2021	2022	2023	2024	2025
Malaysia	3.3	8.7	3.7	4.9	4.7
Indonesia	3.7	5.3	5.0	5.0	5.0
Singapore	9.7	3.8	1.1	2.1	2.6
Thailand	1.6	2.5	1.9	3.4	3.2

Policy rate	2Q24	3Q24	4Q24	1Q25	2Q25
US (upper bound)	5.50	5.00	4.75	4.25	4.00
Malaysia	3.00	3.00	3.00	3.00	3.00
Indonesia	6.00	5.75	5.25	5.00	5.00
Thailand	2.25	2.00	2.00	2.00	2.00

Commodity prices	2Q24	3Q24	4Q24	1Q25	2Q25
Brent (USD/bbl)	85	80	75	73	73
WTI (USD/bbl)	81	76	71	69	69
CPO (RM/mt)	4,033	3,800	3,800	3,900	4,000
Gold (USD/oz)	2,025	2,025	2,050	2,100	2,100
Copper (USD/mt)	8,500	8,400	8,200	8,200	8,600

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	2Q24	3Q24	4Q24	1Q25	2Q25
UST 2Y	4.55	4.45	4.35	4.25	4.15
UST 10Y	4.20	4.15	4.10	4.10	4.05
MGS 3Y	3.50	3.50	3.55	3.50	3.50
MGS 10Y	3.85	3.80	3.90	3.90	3.85
IndoGB 2Y	6.30	6.00	5.70	5.60	5.70
IndoGB 10Y	6.65	6.75	6.85	6.90	7.00
ThaiGB 2Y	1.90	1.90	2.05	2.05	2.05
ThaiGB 10Y	2.50	2.65	2.80	2.85	2.85

Currency	2Q24	3Q24	4Q24	1Q25	2Q25
DXY	104.4	99.5	98.1	97.5	97.8
EURUSD	1.06	1.08	1.10	1.12	1.12
GBPMYR	1.29	1.28	1.31	1.32	1.32
USDCHF	0.90	0.89	0.89	0.88	0.88
AUDUSD	0.67	0.68	0.69	0.69	0.69
USDJPY	145	140	135	134	133
USDCNH	7.20	7.15	7.10	7.05	7.00
USDIDR	15,923	15,813	15,633	15,514	15,450
USDMYR	4.67	4.60	4.54	4.50	4.48
USDSGD	1.33	1.32	1.31	1.30	1.30
USDTHB	36.5	36.3	36.0	35.7	35.4

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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