

# DAILY DIGEST

## Fed affirms three cuts, boosting markets

- **Macro:** The FOMC voted unanimously to maintain its benchmark interest rate reaffirming the outlook of three 25bps cuts. BI also held its benchmark interest rate steady to maintain rupiah stability. Malaysia trims inflation outlook.
- **Fixed Income:** UST bull steepened alongside a surge in equities amid markets interpretation of dovish Fed signals. Regional bonds were mixed ahead of the FOMC meeting with BI decision being a non-event on IndoGBs.
- **FX:** DXY strength waned with G10 currencies mostly surging amid USD weakness. AUD surged on strong employment data while JPY marginally pares losses following FOMC meeting. Regional currencies were range bound ahead of FOMC meeting.

### Global macro wrap

- **Global:** The FOMC voted unanimously to maintain its benchmark interest rate at 5.25-5.50% for a fifth consecutive meeting, with a small tweak in the language on job gains to “job gains have remained strong” from the prior “moderated since early last year but remain strong”. The new dot plot’s outlook for 2024 was unchanged from last Dec with officials seeing 75bps of cuts. However, the median participant revised up rate forecasts further out, with 2025 now at 3.9% (prior: 3.6%) and 2026 at 3.1% (prior: 2.9%). Interestingly, the median FOMC member revised up the longer term fed funds rate to 2.6% (prior: 2.5%) signalling higher longer term neutral rates. Most importantly, Fed Chair Jerome Powell did not dismiss the idea of rate cut in May or Jun, if policy makers see an “unexpected” deterioration on the labour market.
- **ASEAN:** BI held its benchmark interest rate steady on Wednesday as expected at 6.00% (consensus: 6.00%; CIMB: 6.00%) to maintain rupiah stability and reaffirmed its conviction that monetary policy could be eased in 2H24 in line with when the Fed is expected to cut rates. BNM Governor Abdul Rasheed Ghaffour said that subsidy reforms effects on prices are transitory in nature and thus do not require monetary policy intervention, saying the effect on price pressures would last “about a year”. He also said Malaysia has a “window of opportunity” to undertake the necessary structural reforms amid a growth rebound and stable inflation. BNM also trimmed its inflation outlook for 2024 to 2-3.5% (prior: 2.1-3.6%).

### Fixed income

- **Global:** UST rallied strongly alongside equities with the S&P 500 index reaching a new high following the Fed’s affirmation on three 25bps cuts this year, with the yield curve bull steepening and yields across most of the curve falling 2-8bps. The front end rallied the most with the 2Y falling 8bps to close at the 4.60% level amid what markets interpreted to be dovish signals from the Fed. US swap markets now pencil in an effective 84bps of rate cuts by year-end (prior: 73bps), turning slightly more dovish with the probability of a Jun cut now at 84% (prior: 66%)
- **ASEAN:** Regional bonds performed mixed ahead of the Mar FOMC meeting. MGS were practically unchanged despite BNM marginally lowering their 2024 inflation outlook. IndoGBs rallied across the curve with yields falling 1-2bps as BI rate decision was a non-event. The 2Y yield fell 2bps to close just above the 6.30% level. ThaiGBs meanwhile retreated marginally with the 10Y yield rising 1bps to the 2.54% level amid the seventh consecutive day of non-resident outflows.

### FX

- **Majors:** G10 currencies rallied amid a dovish Fed which sent the DXY down 0.4%. JPY dove to a multi-month low despite the BOJ ending the world’s last negative interest rate as a lack of clear indication on further rate hikes leaves the Fed as the determinant on near-term movement. JPY fell 0.6% but pared losses following the Fed’s decision to close 0.3% down. GBP and EUR gained 0.5% while AUD surged 0.8% amid stronger than expected employment data.
- **ASEAN:** Regional currencies were range bound amid a risk off stance ahead of the Mar FOMC meeting. THB led the rout to fall 0.2%, extending the prior day’s weakness. SGD fell 0.2% ahead of the FOMC meeting but rebounded to gain 0.2% after the meeting while MYR and IDR were virtually unchanged.

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### Rates dashboard

Gov’t bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.60	-8.1	-3.2	-6.4	35.2
UST 10Y	4.27	-2.0	8.3	-4.6	39.4
MY 3Y	3.48	-0.2	2.5	3.5	1.4
MY 10Y	3.87	-0.6	3.5	1.2	14.4
ID 2Y	6.30	-2.3	4.0	12.4	-8.2
ID 10Y	6.64	0.3	2.0	4.9	18.6
SG 2Y	3.44	-1.1	2.8	10.8	18.0
SG 10Y	3.08	-1.8	7.2	0.7	39.0
TH 2Y	2.13	0.0	1.9	-0.9	-20.1
TH 10Y	2.54	-0.5	5.5	1.8	-13.2

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

### FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	103.39	-0.4	0.6	-0.6	2.0
EURUSD	1.0922	0.5	-0.2	1.0	-1.1
GBPUSD	1.2785	0.5	-0.1	1.2	0.4
AUDUSD	0.6586	0.8	-0.5	0.5	-3.3
USDJPY	151.26	0.3	2.4	0.6	7.2
USDCNH	7.2112	-0.0	0.2	0.2	1.2
USDMYR	4.7367	-0.0	1.1	-1.2	3.1
USDIDR	15715	0.0	0.9	0.5	2.1
USDSGD	1.3397	-0.2	0.6	-0.3	1.5
USDTHB	36.17	0.2	1.2	0.9	6.0

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

### Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	81.68	-2.1	2.5	4.8	14.0
Brent	85.95	-1.6	2.3	3.5	11.6
Copper	8,928	-0.5	0.0	4.5	4.3
Gold	2,186	1.3	0.6	7.9	6.0
CPO	4,364	1.6	2.8	9.9	19.2

## HIGHLIGHTS

**Macro:** BI maintains its 2024 growth target of 4.7-5.5%, inflation target of 1.5-3.5%, and current account deficit range of 0.1-0.9% of GDP.

**Macro:** BNM said on Wednesday it found rising foreign currency holdings among Malaysian corporates, exporters and importers, resulting in an imbalance that weakened the ringgit in the short run. BNM governor Abdul Rasheed Ghaffour “strongly urged” Malaysian businesses from all sectors to repatriate their overseas investment income and convert export proceeds back to ringgit to support the central bank’s efforts to manage short-term pressure on the local currency. Meanwhile deputy BNM governor said Malaysia would not be facing a BOP crisis and would likely record another round of current account surplus this year on higher tourism and exports earnings.

**Macro:** Thailand’s Constitutional Court called for more documents in a petition seeking to disband the nation’s largest opposition party that was previously found guilty of breaching the country’s charter over efforts to amend the royal defamation law. The Election Commission, which submitted the petition earlier this week to dissolve Move Forward Party, has seven days to supply additional documents.

**Macro:** Singapore’s Certificate of Entitlement (COE) premiums closed mostly slightly higher in the latest bidding exercise on Wednesday. For Category A cars, premiums closed at SGD85,489 (prior: SGD83,000). Premiums for Category B rose by SGD1 to SGD96,011 (prior: SGD96,010).

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
21 Mar 2024	UK	Bank of England Bank Rate		--	5.25%
21 Mar 2024	US	Current Account Balance	4Q	-\$209.5b	-\$200.3b
21 Mar 2024	US	Philadelphia Fed Business Outlook	Mar	-4.0	5.2
21 Mar 2024	US	Initial Jobless Claims	16-Mar	--	209k
21 Mar 2024	US	S&P Global US Manufacturing PMI	Mar P	51.8	52.2
21 Mar 2024	US	S&P Global US Services PMI	Mar P	52.0	52.3
21 Mar 2024	US	S&P Global US Composite PMI	Mar P	--	52.5
21 Mar 2024	US	Leading Index	Feb	-0.2%	-0.4%
21 Mar 2024	US	Existing Home Sales	Feb	3.92m	4.00m
21 Mar 2024	US	Existing Home Sales MoM	Feb	-2.0%	3.1%

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
20 Mar 2024	CH	5-Year Loan Prime Rate		3.95%	3.95%	3.95%
20 Mar 2024	CH	1-Year Loan Prime Rate		3.45%	3.45%	3.45%
20 Mar 2024	ID	BI-Rate		6.00%	6.00%	6.00%
20 Mar 2024	EC	ECB's Lagarde Speaks in Frankfurt				
20 Mar 2024	EC	ECB's Lane Speaks in Frankfurt				
20 Mar 2024	EC	ECB's De Cos Speaks in Frankfurt				
20 Mar 2024	EC	ECB's Schnabel Speaks in Frankfurt				
20 Mar 2024	AS	ECB's Holzmann Speaks in Vienna				
20 Mar 2024	EC	ECB's Nagel Speaks				
20 Mar 2024	US	FOMC Ends Two-Day Meeting				
20 Mar 2024	US	FOMC Rate Decision (Upper Bound)		5.50%	5.50%	5.50%
20 Mar 2024	US	FOMC Rate Decision (Lower Bound)		5.25%	5.25%	5.25%
20 Mar 2024	US	Interest on Reserve Balances Rate		5.40%	5.40%	5.40%
20 Mar 2024	US	Fed Chair Powell Holds Post-Meeting Press Conference				

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 3: Sovereign yields and CDS

	US	UK	Germany	Japan	Australia	China	Malaysia	Indonesia	Singapore	Thailand
Yield	4.27	4.02	2.43	0.73	4.05	2.30	3.87	6.64	3.08	2.54
1D	-2.0	-4.1	-1.8	0.0	-2.9	2.0	-0.6	0.3	-1.8	-0.5
1W	8.3	-0.5	6.5	-2.7	3.6	-3.0	3.5	2.0	7.2	5.5
1M	-4.6	-8.7	-1.7	1.4	-11.9	-11.4	1.2	4.9	0.7	1.8
YTD	39.4	47.9	41.0	12.6	9.6	-25.5	14.4	18.6	39.0	-13.2
5Y IRS										
	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)					
MY	3.65	0	5	-1	7					
SG	2.98	-2	8	-3	42					
TH	2.57	0	0	0	0					
5Y CDS										
	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)					
MY	41	7	5	1	-3					
ID	73	8	8	2	2					
TH	44	8	8	31	8					

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 4: Interbank rates and credit indices

	US o/n SOFR	EU o/n ESTRON	JP o/n TONAR	MY 3m KLIBOR	MY MYOR	ID 3m JIBOR	SG o/n SORA	TH BOT o/n THOR	
Rate	5.31	3.91	-0.00	3.57	3.01	6.85	3.88	2.50	
1D	0	0	0	0	0	0	0	0	
1W	0	0	1	0	1	0	49	0	
1M	1	0	0	2	1	0	29	0	
YTD	-7	3	4	-20	1	0	26	-0	
Credit indices									
	Close	1D (%)	1W (%)	1M (%)	YTD (%)				
Bloomberg Global Aggregate	263	0.1	-0.6	0.9	-1.4				
Bloomberg US Aggregate	2132	0.2	-0.4	0.8	-1.4				
Bloomberg EUR Aggregate	235	-0.0	-0.4	0.6	-1.0				
Bloomberg Asia Aggregate	181	0.4	1.3	0.7	3.4				
Bloomberg Asia Pac Treasury	118	-0.3	-1.6	-0.4	-4.8				
Bloomberg ASEAN Corp/Quasi	117	0.2	-0.2	1.0	0.3				

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	103.39	-0.4	0.6	-0.6	2.0
EURUSD	1.0922	0.5	-0.2	1.0	-1.1
GBPUSD	1.2785	0.5	-0.1	1.2	0.4
AUDUSD	0.6586	0.8	-0.5	0.5	-3.3
USDJPY	151.26	0.3	2.4	0.6	7.2
USDCNH	7.2112	-0.0	0.2	0.2	1.2
USDMYR	4.7367	-0.0	1.1	-1.2	3.1
USDIDR	15,715	0.0	0.9	0.5	2.1
USDSGD	1.3397	-0.2	0.6	-0.3	1.5
USDTHB	36.17	0.2	1.2	0.9	6.0
GBPMYR	6.0122	0.2	0.4	-0.6	3.0
AUDMYR	3.0858	0.1	-0.4	-1.8	-1.3
SGDMYR	3.5227	-0.1	0.2	-1.2	1.3
CNHMYR	0.6563	-0.1	0.8	-1.4	1.7
IDRMYR	0.0301	-0.1	0.1	-1.8	0.9
THBMYR	13.0854	-0.3	-0.3	-2.0	-2.3

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,224.62	0.9	1.1	4.9	9.5
Nasdaq	16,369.41	1.3	1.2	5.1	9.0
Eurostoxx	5,000.31	-0.2	-0.0	4.7	10.6
Nikkei 225	40,003.60	0.0	3.4	4.6	19.5
Hang Seng	16,543.07	0.1	-3.2	0.2	-3.0
KLCI	1,535.79	-0.6	-0.2	-1.1	5.6
JCI	7,331.13	-0.1	-1.2	-0.2	0.8
SET	1,373.18	-0.7	-0.8	-1.5	-3.0
Commodities					
	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	99.25	-0.3	0.3	2.8	0.6
WTI (US\$/bbl)	81.68	-2.1	2.5	4.8	14.0
Brent (US\$/bbl)	85.95	-1.6	2.3	3.5	11.6
Natural Gas (US\$/mmbtu)	1.70	-2.6	2.5	-8.8	-26.3
Copper (US\$/ton)	8,928	-0.5	0.0	4.5	4.3
Gold (US\$/oz)	2,186	1.3	0.6	7.9	6.0
CPO (RM/ton)	4,364	1.6	2.8	9.9	19.2

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	2.3	2.5
Thailand	1.5	2.6	1.9	2.8	3.0
Policy rate	1Q24	2Q24	3Q24	4Q24	1Q25
US (upper bound)	5.50	5.50	5.00	4.50	4.00
Malaysia	3.00	3.00	3.00	3.00	3.00
Indonesia	6.00	5.75	5.50	5.25	5.00
Thailand	2.50	2.50	2.25	2.00	2.00
Commodity prices	1Q24	2Q24	3Q24	4Q24	1Q25
Brent (USD/bbl)	75	78	77	75	73
WTI (USD/bbl)	71	74	73	71	69
CPO (RM/mt)	3,967	4,033	3,800	3,800	3,900
Gold (USD/oz)	1,900	1,925	1,925	1,950	2,000
Copper (USD/mt)	7,900	7,900	8,200	8,300	8,100

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	1Q24	2Q24	3Q24	4Q24	1Q25
UST 2Y	4.60	4.30	4.05	3.85	3.60
UST 10Y	4.15	3.95	3.75	3.60	3.45
MG3 3Y	3.45	3.50	3.55	3.55	3.50
MG3 10Y	3.75	3.80	3.85	3.90	3.90
IndoGB 2Y	6.45	6.20	5.95	5.70	5.45
IndoGB 10Y	6.85	6.85	6.80	6.80	6.80
ThaiGB 2Y	2.35	2.30	2.10	2.00	2.00
ThaiGB 10Y	2.70	2.75	2.85	2.80	2.75
Currency	1Q24	2Q24	3Q24	4Q24	1Q25
DXY	102.6	101.1	99.9	98.9	97.9
EURUSD	1.09	1.10	1.11	1.12	1.13
GBPUSD	1.27	1.29	1.30	1.31	1.32
USDCHF	0.90	0.90	0.89	0.89	0.88
AUDUSD	0.67	0.67	0.68	0.69	0.69
USDJPY	140	135	132	130	128
USDCNH	7.15	7.10	7.05	7.00	6.95
USDIDR	15,328	15,213	15,129	15,050	14,974
USDMYR	4.55	4.48	4.40	4.38	4.33
USDSGD	1.34	1.33	1.32	1.31	1.30
USDTHB	34.7	34.3	34.0	33.7	33.4

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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