

# DAILY DIGEST

## Thai Lower House passes FY2024 budget

- **Macro:** Fed's Bostic reduced rate cut expectations, citing persistent inflation, as Fed Chair reiterated policy support should labour conditions unexpectedly deteriorates. Malaysia cited RM2bn/month cost if blanket energy subsidies' reform is delayed. Thai FY2024 budget due for Senate reading on Tuesday.
- **Fixed Income:** UST curve shifted lower, as markets recommenced bets on rate cut expectations following a dovish take on the Fed Chair's comments. IndoGB fell as markets focus on incoming President Prabowo's election promises.
- **FX:** DXY strength continued, sending both major and regional currencies weaker. THB fell 0.9%, as the BOT weighed adjusting its neutral rate stance in Apr.

### Global macro wrap

- **Global:** Fed Chair Jerome Powell said an unexpected weakening of labour market conditions could prompt Fed rate cuts, reiterating similar post-FOMC messaging. This comes despite earlier comments from Atlanta Fed President Raphael Bostic (voter) that he now expects only 1 25bps rate cut this year (previously: 2 cuts), citing persistent inflation and resilient economic data. The US Congress has passed a funding bill that will keep federal agencies running until Sep. In China, Premier Li Qiang said the government is increasing policy support to spur growth while also addressing systematic risks such as local government debt and the property sector.
- **ASEAN:** Malaysia Economy Minister Rafizi Ramli said delays in reforming blanket petrol subsidies will cost the government at least RM2bn/month, and hence cannot afford to extend the PADU registration deadline. Thailand's House of Representatives has passed a THB3.48tr budget bill for FY2024, which will now be sent for Senate debate on Tuesday. Separately, Finance Permanent Secretary Lavaron Sangsnit said progress regarding the government's digital wallet handout scheme will be revealed before the Songkran holiday.

### Fixed income

- **Global:** UST curve shifted lower by 5-7bps, with gains led by the bellies, as markets recommence bets on Fed rate cuts following the earlier dovish outlook from the Fed Chair as well as other major central banks. US swap markets now see an 85% chance of a Fed rate cut in 2Q24, up from 60% the prior week.
- **ASEAN:** Regional bonds saw overall weaknesses amid the earlier mixed UST performance. MGS yields closed within a 1bp range, with the front and tail-end weakening while 10Y and 15Y yields seeing a slight rally. ThaiGBs fell by 0-1bp across the curve as markets digest progress on Thailand's FY2024 budget and the digital wallet scheme. IndoGBs reversed earlier gains with yields closing up 1-3bps, as international investors scrutinise incoming President Prabowo Subianto's election promises and its fiscal requirements.

### FX

- **Majors:** DXY resumed its upward momentum (+0.4%) for a second day, sending most major currencies retreating against the USD by 0.5-0.9%. EUR fell 0.5%, amid dovish speak from ECB policymakers including President Lagarde, whom said easing inflation is expected to continue, though added that the ECB can't pre-commit to a rate cut path beyond an expected Jun move. GBP also fell 0.5%, after UK retail sales in Feb outperformed expectations. JPY bucked trend with a 0.1% gain against the USD, as Japan's government pledged to continue working with the BOJ to conduct policy flexibly and beat deflation, amid a 2.8% increase in the country's Feb CPI (Jan: +2.2%). The JPY was seen slightly stronger this morning, after official Masato Kanda warned against excessive currency volatility.
- **ASEAN:** Regional currencies fell amid a rising dollar phenomenon. IDR (-0.8%) saw large declines alongside IndoGB weaknesses, while the THB fell 0.9%, after BOT Assistant Governor said MPC members will weigh recalibrating its neutral policy-rate stance at its meeting in Apr, after reviewing any structural drags on economic growth. In a later session, FPO Director-General Pornchai Thiraveja also explained that the BOT has no further reasons to refrain from reducing policy interest rates. MYR (-0.4%) and SGD (-0.3%) also fell but in a more muted fashion.

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### Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.59	-4.7	-13.9	-10.1	33.9
UST 10Y	4.20	-6.9	-10.8	-5.0	31.9
MY 3Y	3.47	0.2	0.5	2.1	0.6
MY 10Y	3.85	-0.7	-2.6	-4.0	11.7
ID 2Y	6.30	0.9	-1.0	10.5	-8.3
ID 10Y	6.64	2.1	0.0	7.9	18.3
SG 2Y	3.40	1.0	-6.1	3.2	14.5
SG 10Y	3.07	0.4	-1.1	-8.4	37.5
TH 2Y	2.13	0.0	0.0	0.3	-20.1
TH 10Y	2.55	1.1	3.1	0.2	-12.7

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

### FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	104.43	0.4	1.0	0.5	3.1
EURUSD	1.0808	-0.5	-0.7	-0.1	-2.1
GBPUSD	1.2601	-0.5	-1.1	-0.6	-1.0
AUDUSD	0.6515	-0.8	-0.7	-0.7	-4.4
USDJPY	151.41	-0.1	1.6	0.6	7.4
USDCNH	7.2761	0.8	1.0	1.0	2.1
USDMYR	4.7365	0.4	0.6	-0.9	3.1
USDIDR	15780	0.8	1.2	1.2	2.5
USDSGD	1.3486	0.3	0.8	0.4	2.1
USDTHB	36.37	0.9	1.7	0.7	6.5

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

### Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	80.63	-0.5	-0.5	5.4	12.5
Brent	85.43	-0.4	0.1	4.7	10.9
Copper	8,867	-0.9	-2.3	3.5	3.6
Gold	2,165	-0.7	0.4	6.4	5.0
CPO	4,307	-1.0	-0.5	8.5	17.6

## HIGHLIGHTS

**Macro:** Malaysia Chief Statistician Dr Mohd Uzir said 7.36m Malaysians (35% of population 18 and above) have registered with PADU, eight days ahead of the 31 Mar deadline. Separately, the Ministry of Economy will hold discussions with the Sarawak government, following the latter’s call to suspend the process of registering and updating with PADU among state government officers.

**Macro:** Malaysia PM Anwar Ibrahim said the country is working with Thailand to collaborate in areas of trade, investment, and tourism.

**Macro:** China has introduced guidelines to phase-out usage of US microprocessors (Intel and AMD) in government computers and servers, while also sidelining the Windows operating system and foreign-made database software in favour of domestic options.

**Politics:** Ganjar Pranowo has filed a complain with Indonesia’s constitutional court, calling for a fresh presidential election as well as the disqualification of the winning team of Prabowo Subianto.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
25 Mar 2024	JN	BOJ Minutes of Jan. Meeting			
25 Mar 2024	MA	CPI YoY	Feb	1.5%	1.5%
25 Mar 2024	SI	CPI YoY	Feb	3.2%	2.9%
25 Mar 2024	SI	CPI NSA MoM	Feb	--	-0.7%
25 Mar 2024	SI	CPI Core YoY	Feb	3.4%	3.1%
25 Mar 2024	US	Fed's Bostic Participates in Moderated Conversation			
25 Mar 2024	US	New Home Sales	Feb	675k	661k
25 Mar 2024	US	New Home Sales MoM	Feb	2.1%	1.5%
25 Mar 2024	UK	BOE's Catherine Mann speaks			
25 Mar 2024	US	Dallas Fed Manf. Activity	Mar	-11.5	-11.3

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
22 Mar 2024	MA	Foreign Reserves	14 Mar	--	\$113.4b	\$114.3b
22 Mar 2024	TH	Gross International Reserves	15 Mar	--	\$223.8b	\$225.4b
22 Mar 2024	EC	ECB's Nagel Speaks				
22 Mar 2024	EC	ECB's Holzmann Speaks in Vienna				
22 Mar 2024	EC	ECB's Nagel Speaks				
22 Mar 2024	US	Fed's Bostic Speaks				
22 Mar 2024	US	Fed Listens Event, Opening Remarks from Powell				

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	4.20	-6.9	-10.8	-5.0	31.9
UK	3.93	-6.7	-17.4	-10.9	39.1
Germany	2.32	-8.2	-11.9	-3.9	30.1
Japan	0.74	0.0	-4.2	2.2	12.8
Australia	4.03	-5.5	-9.8	-16.1	8.0
China	2.30	1.7	-4.0	-9.5	-25.4
Malaysia	3.85	-0.7	-2.6	-4.0	11.7
Indonesia	6.64	2.1	0.0	7.9	18.3
Singapore	3.07	0.4	-1.1	-8.4	37.5
Thailand	2.55	1.1	3.1	0.2	-12.7

  

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.66	1	4	-5	7
SG	2.97	4	-2	-10	41
TH	2.57	0	0	0	0

  

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	41	1	4	6	-3
ID	71	0	4	4	-1
TH	43	-0	4	29	5

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	5.31	0	0	0	-7
EU o/n ESTRON	3.91	0	-0	0	2
JP o/n TONAR	0.07	0	8	8	11
MY 3m KLIBOR	3.57	0	0	2	-20
MY MYOR	3.01	0	1	1	1
ID 3m JIBOR	6.85	0	0	0	0
SG o/n SORA	3.96	0	39	13	34
TH BOT o/n THOR	2.49	0	0	-0	-0

  

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	264	0.2	0.4	0.8	-1.1
Bloomberg US Aggregate	2140	0.3	0.7	0.8	-1.0
Bloomberg EUR Aggregate	236	0.4	0.6	0.8	-0.5
Bloomberg Asia Aggregate	181	-0.4	0.8	0.2	3.1
Bloomberg Asia Pac Treasury	118	-0.2	-0.8	-0.4	-4.8
Bloomberg ASEAN Corp/Quasi	118	0.3	0.7	1.0	0.7

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	104.43	0.4	1.0	0.5	3.1
EURUSD	1.0808	-0.5	-0.7	-0.1	-2.1
GBPUSD	1.2601	-0.5	-1.1	-0.6	-1.0
AUDUSD	0.6515	-0.8	-0.7	-0.7	-4.4
USDJPY	151.41	-0.1	1.6	0.6	7.4
USDCNH	7.2761	0.8	1.0	1.0	2.1
USDMYR	4.7365	0.4	0.6	-0.9	3.1
USDIDR	15,780	0.8	1.2	1.2	2.5
USDSGD	1.3486	0.3	0.8	0.4	2.1
USDTHB	36.37	0.9	1.7	0.7	6.5
GBPMYR	5.9621	-1.0	-0.7	-1.4	2.1
AUDMYR	3.0852	-1.0	-0.2	-1.5	-1.3
SGDMYR	3.5118	-0.3	-0.2	-1.1	1.0
CNHMYR	0.6511	-0.3	-0.3	-1.8	0.9
IDRMYR	0.0300	-0.3	-0.6	-2.0	0.6
THBMYR	13.0134	0.2	-1.0	-1.7	-2.9

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,234.18	-0.1	2.3	2.9	9.7
Nasdaq	16,428.82	0.2	2.9	2.7	9.4
Eurostoxx	5,031.15	-0.4	0.9	3.3	11.3
Nikkei 225	40,888.43	0.2	5.6	4.6	22.2
Hang Seng	16,499.47	-2.2	-1.3	-1.4	-3.2
KLCI	1,542.39	0.1	-0.7	-0.4	6.0
JCI	7,350.15	0.2	0.3	0.8	1.1
SET	1,381.04	-0.5	-0.4	-1.2	-2.5

  

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	98.70	-0.7	-0.5	3.5	0.1
WTI (US\$/bbl)	80.63	-0.5	-0.5	5.4	12.5
Brent (US\$/bbl)	85.43	-0.4	0.1	4.7	10.9
Natural Gas (US\$/mmbtu)	1.66	-1.4	0.2	-2.4	-28.0
Copper (US\$/ton)	8,867	-0.9	-2.3	3.5	3.6
Gold (US\$/oz)	2,165	-0.7	0.4	6.4	5.0
CPO (RM/ton)	4,307	-1.0	-0.5	8.5	17.6

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
GBPUUSD	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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