

DAILY DIGEST

US inflation cools yet another month

- Macro:** US headline CPI declined mom amid cooling energy and shelter inflation. BNM kept OPR unchanged at 3.00%. Prabowo to potentially raise Indonesia's debt-to-GDP ratio to 50% if revenue rises. Indonesia to also start restricting subsidised fuel purchases from 17 Aug.
- Fixed Income:** UST yields plummeted on a third consecutive month of cooling US inflation. Regional bonds closed firmer with further gains expected today. 10Y MGII 11/34 auction (size: RM5bn) to take place today.
- FX:** DXY fell to 104.4, driven by sharp gains in JPY (+1.8%) amid possible BOJ intervention. Regional FX rose, with the tailwind expected to persist today.

Global macro wrap

- Global:** US headline CPI fell 0.1% mom in Jun (consensus: +0.1%; May: +0.0%) even as core inflation cooled as well (Jun: +0.1% mom; May: +0.2%); driven by a broad-based cooling in prices including energy, shelter, and transportation. Chicago Fed President Austan Goolsbee (non-voter) said the CPI data was 'excellent' and noted the deceleration in shelter inflation being 'profoundly encouraging', adding that the overall figures gives confidence for the Fed to attain its 2% inflation target. Meanwhile, initial jobless claims also fell to 222k for the week ending 6 Jul (consensus: 235k; previous: 239k), reaching a new 5-week low though still above ytd averages, indicating a still solid but softening labour market conditions.
- ASEAN:** BNM's MPC kept the OPR at 3.00% as widely expected including by CIMB. Economic recovery is expected to gain momentum even as the inflation outlook remains anchored within BNM's target range with manageable pass-through effect on diesel subsidy rationalisation. Separately, Economic Minister Rafizi said the lack of advance notice on subsidy cuts is aimed at preventing multiple price hikes from opportunistic traders, while adding that PADU would be fully utilised when implemented the upcoming RON95 targeted subsidies. Sources indicate that Prabowo may raise Indonesia's debt-to-GDP ratio to 50% if government revenue increases as well; though Economic Minister Airlangga Hartarto later denied the reports, stating that the president-elect would adhere to current fiscal rules.

Fixed Income

- Global:** UST yields slumped 6-11bps led by the front-ends, as investors rejoiced over another month's positive US CPI reading. 10Y UST yields closed 7bps lower to nearly 4.20%, its lowest in three months, coinciding with the third straight month of decline for CPI. Market expectations consolidated over a Fed rate cut by 3Q24, with swaps now fully pricing in a 25bps rate cut by Sep as well as three 25bps rate cuts by Jan next year.
- ASEAN:** Regional bonds closed overall firmer with more gains expected today on the back of UST rally. ThaiGB saw an overall rally of 1bp with gains led by the front-end, amid the earlier successful auction for the 5Y LB29NA series. MGS curve bull flattened as yields on the tail-end closed up to 1bp lower, with BNM's OPR decision posing no surprises to market. Meanwhile, the 10Y MGII 11/34 auction (issuance size: RM5bn) will take place today. IndoGB yields closed 1-5bps lower, with the initial stronger gains on opening capped by the flip-flopping fiscal policy news from various sources, leading to some profit-taking activity.

FX

- Majors:** The DXY was sent well below the 105.0 wall to 104.44 (-0.6%). While nearly all majors posted gains of up to 0.5%, JPY (+1.8%) far outperformed with an initial rise of more than 2% post US CPI data, though the speed of its recovery sent markets paring gains amid possible BOJ intervention worries, with FX official Masato Kanda once again declining to comment whether the BOJ intervened. EUR (+0.4%) and GBP (+0.5%) continued to reverse earlier post-election selloffs to close stronger for the day.
- ASEAN:** Regional currencies continued to rise with gains within the 0.3-0.5% range, with the tailwind further expected to continue today as EM FX climbed overnight.

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Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.51	-10.7	-19.3	-18.4	26.3
UST 10Y	4.21	-7.4	-14.9	-3.4	33.1
MY 3Y	3.49	-0.1	-2.2	-5.0	3.0
MY 10Y	3.85	-0.4	-1.4	-1.3	11.7
ID 2Y	6.70	-0.5	7.1	-1.3	35.5
ID 10Y	6.98	-4.5	-8.3	0.9	53.0
SG 2Y	3.31	1.1	-3.8	-2.2	5.6
SG 10Y	3.17	0.2	-6.6	-4.4	48.2
TH 2Y	2.33	-0.3	-1.8	-3.4	-4.2
TH 10Y	2.62	-0.9	-5.9	-14.3	-5.3

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

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	104.44	-0.6	-0.7	-0.7	3.1
EURUSD	1.0868	0.4	0.5	1.2	-1.5
GBPUSD	1.2915	0.5	1.2	1.2	1.4
AUDUSD	0.6759	0.2	0.5	1.9	-0.8
USDCHF	0.8965	-0.3	-0.4	0.3	6.5
USDJPY	158.84	-1.8	-1.5	1.2	12.6
USDCNH	7.2677	-0.3	-0.4	-0.0	2.0
USDMYR	4.6875	-0.3	-0.5	-0.5	2.0
USDIDR	16195	-0.3	-0.8	-0.5	5.2
USDSGD	1.3428	-0.5	-0.7	-0.6	1.7
USDTHB	36.27	-0.4	-1.0	-1.1	6.2

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

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	82.62	0.6	-1.5	5.1	15.3
Brent	85.40	0.4	-2.3	3.2	10.9
Copper	9,787	-1.2	-1.0	-0.1	14.3
Gold	2,415	1.9	2.5	4.8	17.1
CPO	4,005	0.2	-2.7	1.8	9.4

HIGHLIGHTS

Macro: Sources indicate that Indonesia President-elect Prabowo is prepared for Indonesia’s debt-to-GDP ratio to reach 50% (currently: around 39%) assuming that government revenue increases as well, as the President believed that its investment-grade credit rating could remain intact if revenue grows alongside. Increased debt would be necessary for the President-elect to fund his election pledge of the free lunch program. Separately, Chief Economic Minister Airlangga Hartarto said Prabowo’s administration will keep fiscal deficit under 3% while maintaining the debt-to-GDP ratio around 40%, while denying the above report.

Macro: Indonesia Chief Investment Minister Luhut Binsar said the government will start restricting subsidised fuel purchases starting 17 Aug, with Pertamina now currently preparing for implementation of restrictions. This comes amid an earlier report by FM Sri Mulyani that energy subsidies in the State Budget being expected to increase this year due to changing parameters, such as oil prices, oil lifting, and the exchange rate.

Macro: Singapore’s Business Federation (SBF) reported that there is overwhelming interest in the upcoming Johor-Singapore Special Economic Zone (JS-SEZ) among Singapore businesses, with 93% of 160 businesses viewing Johor as an attractive investment destination and 50% already operating within the state. This comes as Malaysia Economy Minister Rafizi said JS-SEZ infrastructure will be co-financed by the Malaysian government together with the private sector.

Macro: Malaysia PM Anwar Ibrahim’s visit abroad has generated RM253.6bn in investments for 2023 and RM77.6bn from Jan to May, which includes 31 official and working visits to 19 countries.

Macro: Thailand’s consumer confidence continued to fall to 58.9 in Jun (May: 60.5), as increasing diesel prices and political instability in the Prime Minister’s office shaking consumer confidence to its lowest level in 10 months. Meanwhile, a survey showed Malaysian businesses remaining broadly optimistic for a second consecutive quarter in 2Q24, with respondents largely shrugging off the impact of diesel subsidy retargeting.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
12 Jul 2024	MA	Manufacturing Sales Value YoY	May	--	5.7%
12 Jul 2024	MA	Industrial Production YoY	May	--	6.1%
12 Jul 2024	TH	Gross International Reserves	01 Jul	--	--
12 Jul 2024	US	PPI Final Demand MoM	Jun	0.1%	-0.2%
12 Jul 2024	US	PPI Ex Food and Energy MoM	Jun	0.1%	--
12 Jul 2024	US	PPI Final Demand YoY	Jun	--	2.2%
12 Jul 2024	US	PPI Ex Food and Energy YoY	Jun	--	2.3%
12 Jul 2024	US	U. of Mich. Sentiment	Jul P	67	68.2
12 Jun 2024	CH	Exports YoY	Jun	8.0%	7.6%
12 Jun 2024	CH	Imports YoY	Jun	2.9%	1.8%
12 Jun 2024	CH	Trade Balance	Jun	\$83.70b	\$82.62b

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
11 Jul 2024	MA	BNM Overnight Policy Rate	01 Jul	3.00%	3.00%	3.00%
11 Jul 2024	US	CPI MoM	Jun	0.1%	-0.1%	0.0%
11 Jul 2024	US	CPI Ex Food and Energy MoM	Jun	0.2%	0.1%	0.2%
11 Jul 2024	US	CPI YoY	Jun	3.1%	3.0%	3.3%
11 Jul 2024	US	CPI Ex Food and Energy YoY	Jun	3.4%	3.3%	3.4%
11 Jul 2024	US	Real Avg Hourly Earning YoY	Jun	--	0.8%	0.7%
11 Jul 2024	US	Real Avg Weekly Earnings YoY	Jun	--	0.6%	0.5%
11 Jul 2024	US	Initial Jobless Claims	01 Jul	235k	222k	239k
11 Jul 2024	US	Fed's Bostic, Musalem Speaks in Moderated Q&A				
12 Jun 2024	SI	GDP YoY	2Q A	2.7%		2.7%
12 Jun 2024	SI	GDP SA QoQ	2Q A	0.4%		0.1%

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	4.21	-7.4	-14.9	-3.4	33.1
UK	4.07	-5.2	-12.3	-4.9	53.7
Germany	2.46	-7.0	-14.5	-0.8	44.0
Japan	1.08	0.5	0.6	11.5	47.4
Australia	4.37	2.9	-4.1	18.4	41.9
China	2.26	-0.4	1.4	-3.9	-29.7
Malaysia	3.85	-0.4	-1.4	-1.3	11.7
Indonesia	6.98	-4.5	-8.3	0.9	53.0
Singapore	3.17	0.2	-6.6	-4.4	48.2
Thailand	2.62	-0.9	-5.9	-14.3	-5.3

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.61	-1	-1	-4	3
SG	2.93	-0	-6	-5	37
TH	2.57	0	0	0	0

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	40	-2	-4	-13	-4
ID	71	-1	-5	-2	-2
TH	39	-1	-8	-8	-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	5.34	0	1	3	-4
EU o/n ESTRON	3.66	0	0	0	-22
JP o/n TONAR	0.08	0	0	0	12
MY 3m KLIBOR	3.59	0	0	0	-18
MY MYOR	3.01	0	0	0	-2
ID 3m JIBOR	7.10	0	0	0	25
SG o/n SORA	3.50	0	1	-14	-13
TH BOT o/n THOR	2.49	0	0	0	-0

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	268	0.6	1.2	1.1	0.6
Bloomberg US Aggregate	2175	0.5	1.0	0.6	0.6
Bloomberg EUR Aggregate	237	0.5	1.0	1.0	-0.2
Bloomberg Asia Aggregate	185	-1.0	-0.8	0.5	5.3
Bloomberg Asia Pac Treasury	114	1.1	0.9	-0.8	-8.2
Bloomberg ASEAN Corp/Quasi	120	0.3	0.9	0.4	2.9

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	104.44	-0.6	-0.7	-0.7	3.1
EURUSD	1.0868	0.4	0.5	1.2	-1.5
GBPUSD	1.2915	0.5	1.2	1.2	1.4
AUDUSD	0.6759	0.2	0.5	1.9	-0.8
USDJPY	158.84	-1.8	-1.5	1.2	12.6
USDCNH	7.2677	-0.3	-0.4	-0.0	2.0
USDMYR	4.6875	-0.3	-0.5	-0.5	2.0
USDIDR	16,195	-0.3	-0.8	-0.5	5.2
USDSGD	1.3428	-0.5	-0.7	-0.6	1.7
USDTHB	36.27	-0.4	-1.0	-1.1	6.2
GBPMYR	6.0359	0.3	0.5	0.3	3.4
AUDMYR	3.1681	0.0	0.1	1.1	1.3
SGDMYR	3.4789	-0.1	-0.1	-0.3	0.0
CNHMYR	0.6449	0.1	-0.1	-0.4	-0.1
IDRMYR	0.0289	0.0	0.3	0.0	-3.0
THBMYR	12.9802	0.4	0.9	1.0	-3.1

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,584.54	-0.9	0.9	2.8	17.1
Nasdaq	18,283.41	-2.0	0.5	3.5	21.8
Eurostoxx	4,976.13	0.3	-0.2	0.8	10.1
Nikkei 225	42,224.02	0.9	3.2	9.0	26.2
Hang Seng	17,832.33	2.1	-1.1	-1.5	4.6
KLCI	1,623.12	0.3	0.4	0.8	11.6
JCI	7,300.41	0.2	1.1	6.9	0.4
SET	1,329.37	0.5	2.2	1.3	-6.1

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	100.76	0.3	-1.4	-2.0	2.1
WTI (US\$/bbl)	82.62	0.6	-1.5	5.1	15.3
Brent (US\$/bbl)	85.40	0.4	-2.3	3.2	10.9
Natural Gas (US\$/mmbtu)	2.27	-2.6	-6.2	-25.3	-15.9
Copper (US\$/ton)	9,787	-1.2	-1.0	-0.1	14.3
Gold (US\$/oz)	2,415	1.9	2.5	4.8	17.1
CPO (RM/ton)	4,005	0.2	-2.7	1.8	9.4

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 7: Economic and commodity price forecasts

GDP	2021	2022	2023	2024	2025
Malaysia	3.3	8.9	3.6	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	2.8	3.0

Policy rate	3Q24	4Q24	1Q25	2Q25	3Q25
US (upper bound)	5.50	5.25	5.00	4.75	4.50
Malaysia	3.00	3.00	3.00	3.00	3.00
Indonesia	6.25	6.00	5.75	5.50	5.50
Thailand	2.50	2.50	2.50	2.50	2.50

Commodity prices	3Q24	4Q24	1Q25	2Q25	3Q25
Brent (USD/bbl)	80	75	73	73	75
WTI (USD/bbl)	76	71	69	69	71
CPO (RM/mt)	3,800	3,800	3,900	4,000	3,900
Gold (USD/oz)	2,300	2,300	2,325	2,350	2,400
Copper (USD/mt)	9,000	9,200	9,500	10,000	9,800

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	3Q24	4Q24	1Q25	2Q25	3Q25
UST 2Y	4.60	4.55	4.45	4.35	4.25
UST 10Y	4.15	4.20	4.15	4.10	4.10
MGS 3Y	3.55	3.55	3.55	3.50	3.45
MGS 10Y	3.75	3.75	3.80	3.80	3.80
IndoGB 2Y	6.65	6.50	6.35	6.20	6.25
IndoGB 10Y	6.95	7.00	7.05	7.10	7.15
ThaiGB 2Y	2.40	2.40	2.40	2.40	2.45
ThaiGB 10Y	2.85	2.90	2.95	2.95	3.05

Currency	3Q24	4Q24	1Q25	2Q25	3Q25
DXY	105.1	104.4	103.7	103.1	102.5
EURUSD	1.07	1.08	1.09	1.10	1.10
GBPUSD	1.28	1.29	1.30	1.29	1.29
USDCHF	0.89	0.89	0.89	0.89	0.89
AUDUSD	0.67	0.68	0.69	0.70	0.71
USDJPY	150	148	146	144	143
USDCNH	7.26	7.25	7.25	7.24	7.23
USDIDR	16,268	16,249	16,158	16,080	16,002
USDMYR	4.70	4.66	4.61	4.57	4.53
USDSGD	1.35	1.34	1.33	1.32	1.30
USDTHB	36.46	36.13	35.79	35.50	35.22

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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