

# DAILY DIGEST

## Prabowo nephew as new deputy finance minister

- Macro:** Fed speakers diverged on views amid concerns on labour markets and inflation. Prabowo nephew Thomas named as second FM with focus on FY2025 state budget. MAS expects 2024 SG GDP growth at upper-end of 1-3% range.
- Fixed Income:** UST yields shifted higher by 4bps, as markets reassess the sustainability of Fed rate cuts next year amid policy uncertainties. Regional bonds closed mostly flat. 15Y MGS 04/39 reopening auction to take place today.
- FX:** DXY rebounded above 104.0, with almost all majors and regional currencies down against the USD. ECB kept policy rates unchanged as expected.

### Global macro wrap

- Global:** US initial claims rose to 243k for the week ending 13 Jul (previous: 223k), hovering back to recent averages of around 240k. Chicago Fed President Goolsbee (non-voter) said the Fed risks a 'golden path' if they don't cut rates soon, signaling his concern amid the recent deterioration in labour market conditions. San Francisco President Mary Daly (voter) however stressed that the Fed must balance the risks between acting fast vs. being wrong on the price stability front.
- ASEAN:** Indonesia has appointed president-elect Prabowo's nephew Thomas Djiwandono as second deputy FM. FM Sri Mulyani said Djiwandono's priority area would be on the FY2025 state budget, with calculations and budget draft to be based on macro assumptions earlier agreed with parliament. The MAS said it expects Singapore's economy to expand near the upper-end of its 1-3% GDP target in 2024, though noted a less clear outlook next year amid global geopolitical tensions, Fed rates uncertainty, and the US election. Core inflation is expected to continue cooling and reach 2% in 2025. Malaysia recorded a trade surplus of RM14.3bn in Jun (consensus: RM13.2bn; May: MYR10bn). Exports growth of 1.7% yoy (consensus: +3.3%; May: +7.3%) were outpaced by the sharp 17.8% growth in imports (May: +13.8%), amid a 1.6% decline in exports of E&E products and a 7.3% fall for petroleum products. This comes ahead of Malayisa's advance 2Q24 GDP reading today with consensus expecting a slight acceleration in growth at +4.7% yoy (CIMB: +5.0%; 1Q24: +4.2%).

### Fixed Income

- Global:** Overall UST curve shifted higher by 4bps, as markets look past the timing of the first Fed rate cut to the sustainability of cuts, with Republican presidential nominee Trump's proposals seen as more inflationary, requires greater debt issuance, while also leading to greater geopolitical risks.
- ASEAN:** Regional bond yields were mostly flat for the day. MGS closed overall unchanged, with 15Y yields up by a touch at 3.95% ahead of today's reopening auction for the 15Y MGS 04/39 with issuance size RM5bn (including RM2bn in private placement). IndoGB yields closed overall practically unchanged as well with news of Prabowo's appointment of his nephew Thomas as Deputy FM being a non-event for prices. Besides a sharp climb of +5bps on the 30Y ThaiGB benchmark tenor, overall yields held flat as well alongside other ASEAN bonds for the day.

### FX

- Majors:** The DXY climbed back above 104.0 (+0.4%). All majors declined within the 0.2-0.8% range amid broad-based dollar strength. EUR closed 0.4% lower after the ECB kept key rates unchanged as expected, with the ECB non-committal on a Sep rate cut as it assessed whether only one cut is appropriate for the remaining year. JPY underperformed (-0.7%), as a suspected tailwind effects from BOJ intervention faded. Early morning data saw Japan core inflation accelerating slightly in Jun, the last CPI datapoint ahead of the BOJ's next meeting at end-July. AUD posted relatively muted declines (-0.3%), after Australia job additions that beat estimates by 2.5x raised the odds of an RBA rate hike.
- ASEAN:** Regional currencies slipped amid recuperating USD strength, with the IDR (-0.4%) and THB (-0.3%) once again showing greater sensitivity towards daily movements. MYR's decline was lower (-0.1%), amid positive news of an improving trade balance for Malaysia in Jun.

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### Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.47	3.4	-4.2	-26.6	22.2
UST 10Y	4.20	4.4	-0.8	-5.7	32.3
MY 3Y	3.47	0.3	-2.9	-6.6	0.1
MY 10Y	3.81	-0.2	-4.3	-5.4	7.5
ID 2Y	6.67	-1.0	-3.3	-14.9	32.2
ID 10Y	6.92	0.4	-6.9	-20.5	46.1
SG 2Y	3.14	3.8	-16.2	-20.2	-11.3
SG 10Y	3.01	4.2	-16.1	-15.1	32.1
TH 2Y	2.33	0.0	-0.2	-2.8	-4.4
TH 10Y	2.60	0.2	-1.9	-12.6	-7.2

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

### FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	104.17	0.4	-0.3	-1.3	2.8
EURUSD	1.0897	-0.4	0.3	1.8	-1.3
GBPUSD	1.2944	-0.5	0.2	2.3	1.7
AUDUSD	0.6706	-0.3	-0.8	0.8	-1.6
USDCHF	0.8877	0.5	-1.0	-0.4	5.5
USDJPY	157.37	0.7	-0.9	-1.0	11.6
USDCNH	7.2775	0.1	0.1	-0.2	2.1
USDMYR	4.6695	0.1	-0.4	-0.8	1.6
USDIDR	16157	0.4	-0.2	-1.7	4.9
USDSGD	1.3440	0.3	0.1	-0.8	1.8
USDTHB	35.97	0.3	-0.8	-2.2	5.4

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

### Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	82.82	-0.0	0.2	0.8	15.6
Brent	85.11	0.0	-0.3	-0.7	10.5
Copper	9,386	-2.6	-4.1	-4.8	9.7
Gold	2,445	-0.6	1.2	3.6	18.5
CPO	3,985	0.2	-0.5	0.1	8.8

## HIGHLIGHTS

**Politics:** With the US President Joe Biden now weighed down by Covid-19 infection during a campaign trail, sources indicate that former House Speaker Nancy Pelosi has said that the President may be persuaded ‘fairly soon’ to leave the presidential race.

**Macro:** Malaysia has passed regulations to establish Forest City, Johor as a duty-free zone, adding to more things in store for the state including the designation of Forest City as a special financial zone last year; a potential upcoming high-speed rail (HSR) between KL and Singapore that may pass through Forest City (may be decided by end-2024); and the Johor-Singapore Special Economic Zone (JS-SEZ) signing expected in Sep, with Iskandar Malaysia and Pengerang being the likely sites.

**Macro:** According to MITI Tengku Zafrul, Malaysia has approved a total of RM162bn in digital investments between 2021 and 1Q2024, with 76% coming from data centre investments. He also shared that Malaysia is maintaining its target of a 5% growth in approved investments for 2024.

**Macro:** Exports of fuel and metals from China have risen sharply yoy in Jun, adding to further signs of sluggish demand from its industrial and property sectors, as President Xi Jinping reiterated recent mantra of ‘high-quality growth’ that suggests reluctance on large fiscal spending to arrest the property and fixed-asset investments slump.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
19 Jul 2024	MA	GDP YoY	2Q A	4.7%	4.2%
19 Jul 2024	TH	Gross International Reserves	12 Jul	--	\$225.7b
19 Jul 2024	EC	ECB Survey of Professional Forecasters			
19 Jul 2024	US	Fed's Williams Speaks on Panel on Monetary Policy			
19 Jul 2024	US	Fed's Bostic Gives Closing Remarks			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
18 Jul 2024	MA	Exports YoY	Jun	3.3%	1.7%	7.1%
18 Jul 2024	MA	Imports YoY	Jun	15.5%	17.8%	13.4%
18 Jul 2024	MA	Trade Balance MYR	Jun	13.15b	14.29b	9.95b
18 Jul 2024	EC	ECB Main Refinancing Rate	18 Jul	4.25%	4.25%	4.25%
18 Jul 2024	EC	ECB Marginal Lending Facility	18 Jul	4.50%	4.50%	4.50%
18 Jul 2024	EC	ECB Deposit Facility Rate	18 Jul	3.75%	3.75%	3.75%
18 Jul 2024	US	Initial Jobless Claims	13 Jul	229k	243k	223k
18 Jul 2024	US	Philadelphia Fed Business Outlook	Jul	2.9	13.9	1.3
18 Jul 2024	EC	ECB President Christine Lagarde Holds Press Conference				
18 Jul 2024	US	Leading Index	Jun	-0.3%	-0.2%	-0.5%
18 Jul 2024	US	Fed's Logan Gives Opening Remarks				
19 Jul 2024	US	Fed's Daly Participates in Fireside Chat				
19 Jul 2024	US	Fed's Bowman Gives Keynote Address				

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	4.4	-0.8	-5.7	32.3
UK	4.06	-1.2	-1.0	0.7	52.7
Germany	2.43	1.1	-3.1	-0.1	40.9
Japan	1.03	-0.1	-4.8	8.6	42.6
Australia	4.24	-1.4	-13.5	3.5	28.4
China	2.26	0.4	-0.1	1.7	-29.8
Malaysia	3.81	-0.2	-4.3	-5.4	7.5
Indonesia	6.92	0.4	-6.9	-20.5	46.1
Singapore	3.01	4.2	-16.1	-15.1	32.1
Thailand	2.60	0.2	-1.9	-12.6	-7.2

  

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.54	-2	-7	-9	-4
SG	2.76	4	-17	-19	20
TH	2.57	0	0	0	0

  

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	42	1	4	-11	0
ID	74	1	5	-3	3
TH	40	2	3	-8	-2

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	5.35	0	1	3	-3
EU o/n ESTRON	3.66	0	0	-0	-22
JP o/n TONAR	0.08	0	0	0	12
MY 3m KLIBOR	3.58	-1	-1	-1	-19
MY MYOR	3.00	0	0	0	0
ID 3m JIBOR	7.10	0	0	0	25
SG o/n SORA	3.54	0	7	-4	-8
TH BOT o/n THOR	2.49	-0	-0	-0	-0

  

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	269	-0.2	0.3	1.5	0.9
Bloomberg US Aggregate	2178	-0.3	0.1	0.8	0.7
Bloomberg EUR Aggregate	238	0.1	0.4	1.0	0.2
Bloomberg Asia Aggregate	184	0.1	-0.3	-0.5	5.1
Bloomberg Asia Pac Treasury	115	-0.1	1.1	0.8	-7.2
Bloomberg ASEAN Corp/Quasi	120	-0.2	0.2	0.7	3.1

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	104.17	0.4	-0.3	-1.3	2.8
EURUSD	1.0897	-0.4	0.3	1.8	-1.3
GBPUSD	1.2944	-0.5	0.2	2.3	1.7
AUDUSD	0.6706	-0.3	-0.8	0.8	-1.6
USDJPY	157.37	0.7	-0.9	-1.0	11.6
USDCNH	7.2775	0.1	0.1	-0.2	2.1
USDMYR	4.6695	0.1	-0.4	-0.8	1.6
USDIDR	16,157	0.4	-0.2	-1.7	4.9
USDSGD	1.3440	0.3	0.1	-0.8	1.8
USDTHB	35.97	0.3	-0.8	-2.2	5.4
GBPMYR	6.0655	-0.3	0.5	1.4	3.9
AUDMYR	3.1446	-0.2	-0.7	0.1	0.6
SGDMYR	3.4823	-0.0	0.1	0.0	0.1
CNHMYR	0.6416	0.1	-0.5	-0.7	-0.6
IDRMYR	0.0289	-0.2	-0.1	0.8	-3.1
THBMYR	12.9727	-0.1	-0.1	1.2	-3.2

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,544.59	-0.8	-0.7	1.3	16.2
Nasdaq	17,871.22	-0.7	-2.3	0.8	19.1
Eurostoxx	4,870.12	-0.4	-2.1	-1.6	7.7
Nikkei 225	40,126.35	-2.4	-5.0	3.9	19.9
Hang Seng	17,778.41	0.2	-0.3	-3.0	4.3
KLCI	1,633.81	0.0	0.7	2.6	12.3
JCI	7,321.07	1.3	0.3	7.4	0.7
SET	1,324.76	0.4	-0.3	2.0	-6.4

  

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	98.98	-0.2	-1.8	-3.7	0.3
WTI (US\$/bbl)	82.82	-0.0	0.2	0.8	15.6
Brent (US\$/bbl)	85.11	0.0	-0.3	-0.7	10.5
Natural Gas (US\$/mmbtu)	2.13	4.4	-6.3	-25.5	-21.2
Copper (US\$/ton)	9,386	-2.6	-4.1	-4.8	9.7
Gold (US\$/oz)	2,445	-0.6	1.2	3.6	18.5
CPO (RM/ton)	3,985	0.2	-0.5	0.1	8.8

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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