

DAILY DIGEST

Thailand trims budget for digital wallet

- **Macro:** Fed Chair Powell emphasised risks from both moving too quickly or too late. US imposes tariffs on Chinese metals routed through Mexico. Thailand to cut budget for digital wallet scheme by 10% to THB450bn.
- **Fixed Income:** UST yields trended lower as market priced in higher probability of Sep rate cut by the Fed, while regional bonds closed mixed. Malaysia to see reopening of 10Y MGII 11/34 auction tomorrow. Firm demand for ThaiGB 5Y LB29NA auction with BTC of 3.13.
- **FX:** DXY edged down in line with lower Treasury yields, while most ASEAN currencies closed stronger against the dollar.

Global macro wrap

- **Global:** US Fed Chair Powell refrained from giving any signals on the timing of interest rate cuts but emphasised risks from both moving too quickly or too late. While noting inflation is receding, he isn't yet confident of a sustainable slowdown towards the 2% target. Fed Governor Lisa Cook said policymakers would be responsive to changes in labour market conditions. US will impose 25% tariffs on imports of steel from Mexico that is not melted and poured in North America, as well as 10% on aluminium from Mexico that contained primary smelt from China, Belarus, Iran or Russia. China's consumer price inflation slowed to a three-month low of 0.2% yoy in Jun (consensus: 0.4%, May: 0.3%) while producer price deflation persisted with a reading of -0.8% yoy (consensus: -0.8%, May: -1.4%) as domestic demand remains weak.
- **ASEAN:** Thai Deputy FM Julapun Amornvivat said the government will cut the budget for digital wallet scheme by 10% to THB450bn and drop the plan to borrow from the Bank for Agriculture and Agricultural Cooperatives (BAAC). This comes as the government expects 80-90% of eligible recipients to register for the scheme. The funding will come from Budget 2024 and Budget 2025. Meanwhile, FM Pichai Chunhavajira urged the BOT and commercial banks to relax the LTV rules and extend mortgage repayment period to boost property sector. Malaysia's Economy Minister Rafizi Ramli said the joint agreement on Johor-Singapore Special Economic Zone (SEZ) is expected to be signed in Sep 2024 as the negotiations are in final stages.

Fixed Income

- **Global:** UST yields fell by up to 2bps ahead of the US Jun CPI release today amid comments by Fed Chair Powell that inflation is receding. Market priced in higher probability of a rate cut in Sep 2024, with a total of two cuts for the year.
- **ASEAN:** Mixed performance for regional bonds. Little movement for MGS ahead of the MPC decision today, where BNM is widely expected to keep the OPR at 3.00%. The reopening of 10Y MGII 11/34 auction (issuance size: RM5bn) was announced for 12 Jul. ThaiGB bull flattened with yields falling by as much as 4bps as MOF signalled a smaller budget for the digital wallet scheme, while the 5Y LB29NA auction (size: THB35bn) saw firm demand with a BTC of 3.13x. IndoGB yields declined across most part of the curve.

FX

- **Majors:** DXY closed down 0.1% for the first time this week on the back of lower Treasury yields, as majority of the G10 currencies strengthened against the greenback. Gainers were led by GBP (+0.5%) after traders see less than 50% chance of BOE rate cut in Aug as Chief Economist Huw Pill emphasized that inflation remains persistent. EUR rose 0.3%, possibly fuelled by Croatian central-bank Governor Boris Yujcic being on course to be re-elected and ECB President Christine Lagarde expressing her hopes in working with him for "as long as possible". On the other hand, JPY weakness persistent with a 0.2% against the USD, feeding through to producer price inflation which accelerated to 2.9% yoy in Jun (consensus: 2.9%, May: 2.4%).
- **ASEAN:** ASEAN currencies mostly strengthened against the USD, with MYR gaining 0.2% while IDR and SGD appreciated 0.1% respectively.

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Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.62	-0.6	-8.6	-13.2	37.0
UST 10Y	4.28	-1.2	-7.5	-3.2	40.5
MY 3Y	3.49	0.0	-3.6	-5.0	3.0
MY 10Y	3.85	0.0	-2.0	-1.0	12.0
ID 2Y	6.70	0.7	2.4	-3.5	36.0
ID 10Y	7.03	-0.1	-6.2	1.8	57.6
SG 2Y	3.30	-0.9	-5.6	-6.4	4.8
SG 10Y	3.17	-2.8	-8.8	-8.9	48.0
TH 2Y	2.34	0.0	-1.9	-3.6	-3.9
TH 10Y	2.63	-1.8	-5.6	-14.1	-4.4

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

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.05	-0.1	-0.3	0.4	3.7
EURUSD	1.0830	0.2	0.4	0.2	-1.9
GBPUSD	1.2849	0.5	0.8	0.4	0.9
AUDUSD	0.6747	0.1	0.6	1.2	-1.0
USDCHF	0.8996	0.2	-0.2	0.6	6.9
USDJPY	161.69	0.2	0.0	3.2	14.6
USDCNH	7.2924	0.1	-0.1	0.4	2.3
USDMYR	4.6997	-0.2	-0.4	-0.4	2.3
USDIDR	16240	-0.1	-0.8	-0.3	5.5
USDSGD	1.3489	-0.1	-0.4	0.1	2.2
USDTHB	36.40	0.0	-1.0	-0.8	6.6

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

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	82.10	0.8	-2.1	4.6	14.6
Brent	85.08	0.5	-2.6	3.0	10.4
Copper	9,905	0.4	0.4	-0.4	15.7
Gold	2,371	0.3	0.6	2.0	14.9
CPO	3,998	-0.4	-3.3	0.9	9.2

HIGHLIGHTS

Macro: FM Pichai Chunhavajira urged the BOT and commercial banks to relax the LTV rules to boost the property sector. He also proposed extending mortgage repayment period for civil servants to age 85 and others to age 80, compared with the current benchmark of 60-70 used by banks.

Macro: Malaysia's unemployment rate stood at 3.3% in May (consensus: 3.3%, Apr: 3.3%).

Macro: Cuepacs hopes that lower-grade civil servants will take home at least RM2000 with the upcoming salary increase. On 16 Aug we will expect to hear our PM Anwar Ibrahim give more detail on this matter.

Macro: China's government spending has lagged behind its budget, just as in 2023. In the five months through May, only 25% of the budget has been spent. This comes with local governments facing difficulties in finding suitable building projects to fund, raising worries about China's capacity to use fiscal stimulus to spur growth.

Politics: Thailand's Constitutional Court has set 24 Jul as the next hearing date for a case seeking to remove PM Strettha Thavisin. The court previously said that the case would reach a verdict before Sep 2024.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
11 Jul 2024	MA	BNM Overnight Policy Rate	01 Jul	3.0%	3.0%
11 Jul 2024	US	CPI MoM	Jun	0.1%	0.0%
11 Jul 2024	US	CPI Ex Food and Energy MoM	Jun	0.2%	0.2%
11 Jul 2024	US	CPI YoY	Jun	3.1%	3.3%
11 Jul 2024	US	CPI Ex Food and Energy YoY	Jun	3.4%	3.4%
11 Jul 2024	US	Real Avg Hourly Earning YoY	Jun	--	0.8%
11 Jul 2024	US	Real Avg Weekly Earnings YoY	Jun	--	0.5%
11 Jul 2024	US	Initial Jobless Claims	01 Jul	235k	238k
11 Jul 2024	US	Fed's Bostic Speaks in Moderated Q&A			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
10 Jul 2024	CH	PPI YoY	Jun	-0.8%	-0.8%	-1.4%
10 Jul 2024	CH	CPI YoY	Jun	0.4%	0.2%	0.3%
10 Jul 2024	EC	ECB's Nagel Speaks				
10 Jul 2024	IT	Istat Releases the Note on Italian Economy				
10 Jul 2024	UK	BOE's Huw Pill speaks				
10 Jul 2024	US	Fed's Powell Testifies to House Financial Services				
10 Jul 2024	US	Wholesale Inventories MoM	May F	0.6%	0.6%	0.6%
11 Jun 2024	US	Fed's Goolsbee, Bowman Give Opening Remarks at Childcar				
11 Jun 2024	US	Fed's Cook Speaks on Global Inflation, Monetary Policy				

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	4.28	-1.2	-7.5	-3.2	40.5
UK	4.13	-3.3	-4.6	-0.2	58.9
Germany	2.53	-4.7	-5.2	0.2	51.0
Japan	1.08	-0.5	-1.7	9.7	46.9
Australia	4.34	0.0	-8.3	6.6	38.9
China	2.26	-0.4	2.5	-4.0	-29.3
Malaysia	3.85	0.0	-2.0	-1.0	12.0
Indonesia	7.03	-0.1	-6.2	1.8	57.6
Singapore	3.17	-2.8	-8.8	-8.9	48.0
Thailand	2.63	-1.8	-5.6	-14.1	-4.4

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.62	-1	-3	-3	4
SG	2.93	-1	-11	-12	37
TH	2.57	0	0	0	0

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	41	-0	-6	-12	-2
ID	71	-0	-5	-1	-1
TH	39	0	-9	-7	-4

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	3.00	0	0	0	-3
ID 3m JIBOR	7.10	0	0	0	25
SG o/n SORA	3.40	0	-7	-23	-22
TH BOT o/n THOR	2.49	0	0	0	-0

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	267	0.2	0.5	0.5	-0.0
Bloomberg US Aggregate	2164	0.1	0.5	0.6	0.1
Bloomberg EUR Aggregate	236	0.3	0.4	0.5	-0.7
Bloomberg Asia Aggregate	187	0.1	0.2	2.1	6.4
Bloomberg Asia Pac Treasury	113	-0.1	0.0	-2.1	-9.2
Bloomberg ASEAN Corp/Quasi	120	0.1	0.6	0.7	2.6

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.05	-0.1	-0.3	0.4	3.7
EURUSD	1.0830	0.2	0.4	0.2	-1.9
GBPUSD	1.2849	0.5	0.8	0.4	0.9
AUDUSD	0.6747	0.1	0.6	1.2	-1.0
USDJPY	161.69	0.2	0.0	3.2	14.6
USDCNH	7.2924	0.1	-0.1	0.4	2.3
USDMYR	4.6997	-0.2	-0.4	-0.4	2.3
USDIDR	16,240	-0.1	-0.8	-0.3	5.5
USDSGD	1.3489	-0.1	-0.4	0.1	2.2
USDTHB	36.40	0.0	-1.0	-0.8	6.6
GBPMYR	6.0199	-0.2	0.5	0.0	3.1
AUDMYR	3.1674	-0.1	0.6	1.5	1.3
SGDMYR	3.4830	-0.1	0.1	-0.2	0.1
CNHMYR	0.6445	-0.2	-0.3	-0.8	-0.1
IDRMYR	0.0289	-0.1	0.4	-0.0	-3.0
THBMYR	12.9329	0.2	0.5	-0.2	-3.5

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,633.91	1.0	1.7	3.9	18.1
Nasdaq	18,647.45	1.2	2.5	5.9	24.2
Eurostoxx	4,958.86	1.1	-0.1	-1.5	9.7
Nikkei 225	41,831.99	0.6	3.1	7.6	25.0
Hang Seng	17,471.67	-0.3	-2.8	-2.6	2.5
KLCI	1,618.38	0.2	0.2	0.6	11.3
JCI	7,287.04	0.2	1.3	6.4	0.2
SET	1,323.28	0.3	2.2	0.5	-6.5

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	100.44	-0.2	-1.7	-2.8	1.8
WTI (US\$/bbl)	82.10	0.8	-2.1	4.6	14.6
Brent (US\$/bbl)	85.08	0.5	-2.6	3.0	10.4
Natural Gas (US\$/mmbtu)	2.33	-0.6	-3.7	-25.4	-13.6
Copper (US\$/ton)	9,905	0.4	0.4	-0.4	15.7
Gold (US\$/oz)	2,371	0.3	0.6	2.0	14.9
CPO (RM/ton)	3,998	-0.4	-3.3	0.9	9.2

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 7: Economic and commodity price forecasts

GDP	2021	2022	2023	2024	2025
Malaysia	3.3	8.9	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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