

DAILY DIGEST

UST up as US economy shows downtrend

- Macro:** Latest US economic data added to signs of US economic strain, amid weakening ADP, factory orders, and ISM services data. Indonesia government to partner with PT Frisian Flag for trial run of Prabowo's free lunch program.
- Fixed Income:** UST rallied, aided by weaknesses in US economic data. MGS and IndoGB rallied while ThaiGB faltered, despite solid demand for the 30Y LB556A series. Indonesia plans issuance target of IDR215tr from auctions in 3Q24.
- FX:** Major currencies continued their rally, save for the JPY that declined. Regional currencies also rose on the tumbling dollar trend.

Global macro wrap

- Global:** China's Caixin services PMI fell to 51.2 in Jun (consensus: 53.4; 54.0), with its softest pace of expansion since Oct due to easing growth on new and export orders. Similarly, US ISM services PMI tumbled to 48.8 in Jun (consensus: 52.7; May: 53.8), its sharpest contraction since Apr 2020 marked by contractions in new orders, employment, and slowing business activity. US factory orders fell 0.5% mom for May (consensus: +0.2%; Apr: +0.4%), while ADP private payrolls added only 150k workers in Jun (consensus: 165k; May: 157k) as well, underscoring recent trends of cracks in the US's economic resilience story. Meanwhile, FOMC meeting minutes generally added nothing new though Fedspeak from Atlanta President Austan Goolsbee in the morning tilted both ways - that keeping rates high too long 'is a danger' but also that the Fed needs 'a lot' more data before cutting rates.
- ASEAN:** Thailand's Deputy Finance Minister said that the digital wallet program would be implemented by the end of this year and is expected to boost GDP growth in 1H25, even as he dismissed concerns of rising new borrowings. The Commerce Ministry added that up to 1.6m vendors are ready to join the digital wallet scheme. Malaysia Economic Minister Rafizi Ramli said the government will reopen up PADU registration soon for its second phase, though no specified date was announced.

Fixed Income

- Global:** Weaknesses in ISM services data coupled with further signs of a cooling US labour market set markets sizzling, with UST rallying in a bull flattening manner by 4-8bps for the day as markets raised Fed rate cut expectations. US markets will be closed today on Independence day holiday, with futures trading likely to mirror that of Gilts activity amid the UK general elections taking place today as well.
- ASEAN:** Divergence in regional bond price movements amid the earlier minor UST gains. Overall MGS yields tread lower by 1bp, with the 15Y's outperforming for the day (-3bps) on strong offshore flows. IndoGBs continued trading in a subdued manner as it closed overall firmer by 1bp as well. Meanwhile, Indonesia's FM said the government raised only IDR154tr in bond/sukuk auctions in 2Q24 - lower than its initial target of IDR170tr. It plans to raise IDR215tr in auctions in 3Q24, but will continue to adjust its targets subject to market conditions, potential demand, and financing strategy. ThaiGBs fell 0-2bps, diverging from regional peers performance even despite blockbuster demand for the 30Y LB556A auction (size: THB9bn) that garnered a BTC of 3.41x, as markets continue to digest earlier news on the Thai government's potential increased spending.

FX

- Majors:** DXY continued to edge lower (-0.3%), with most majors once again advancing on the weaker dollar. The EUR and GBP were both up 0.4%, posting an identical 1% rise wow after earlier being weighed by domestic election worries. AUD rose firmer (+0.6%) than most peers, aided by strong Australia retail sales data in Jun that lends support to bets on a more hawkish RBA. USDJPY continued to trend upwards (+0.2%), with no BOJ intervention in sight to support the yen.
- ASEAN:** Regional currencies traded on a firmer footing, with stronger performance likely to continue on today on overnight dollar weaknesses. THB (+0.3%) outperformed regional currencies after the earlier slide, continuing its trend of relatively sizeable dod volatility among peers. USDIDR (-0.2%) retreated further from the 16,400 handle, likely allaying BI fears of IDR weaknesses in the process.

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Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.71	-3.5	-4.1	-1.6	45.6
UST 10Y	4.36	-7.3	2.9	8.3	48.0
MY 3Y	3.53	-0.5	0.0	-2.8	6.6
MY 10Y	3.87	-1.1	0.8	-1.5	13.9
ID 2Y	6.68	1.5	-7.5	-3.8	33.6
ID 10Y	7.09	-1.2	0.4	19.5	63.8
SG 2Y	3.36	1.0	4.0	2.7	10.6
SG 10Y	3.26	-1.2	5.9	1.1	56.8
TH 2Y	2.35	0.1	1.0	-1.4	-2.0
TH 10Y	2.69	0.4	-0.3	-11.4	1.2

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

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.40	-0.3	-0.6	1.1	4.0
EURUSD	1.0786	0.4	1.0	-0.8	-2.3
GBPUSD	1.2742	0.4	1.0	-0.4	0.1
AUDUSD	0.6705	0.6	0.9	0.9	-1.6
USDJPY	161.69	0.2	0.5	3.6	14.6
USDCNH	7.3032	-0.1	0.0	0.6	2.5
USDMYR	4.7195	-0.0	0.1	0.5	2.7
USDIDR	16370	-0.2	-0.2	0.5	6.3
USDSGD	1.3538	-0.2	-0.3	0.4	2.5
USDTHB	36.76	-0.3	-0.2	0.2	7.7

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

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	83.88	1.3	3.7	13.2	17.1
Brent	87.34	1.3	2.5	11.4	13.4
Copper	9,868	2.0	3.4	-0.6	15.3
Gold	2,356	1.1	2.5	0.0	14.2
CPO	4,133	-0.2	5.3	6.9	12.9

HIGHLIGHTS

Macro: World Bank’s forecast for Thailand’s economic growth this year has been revised downwards to 2.4% yoy (Apr: 2.8%), excluding the impact of the Digital Wallet Program. Weak exports and public investments early in the year can be attributed to the reduced growth expectations, while CPI inflation is expected to average 0.7% this year and 1.1% next year. Additionally, The World Bank is supportive of the BOT holding interest rates until economic uncertainties have cleared up.

Macro: The Indonesian government will partner with the local unit of Dutch dairy producer Royal FrieslandCampina NV (PT Frisian Flag Indonesia) to trial its USD4bn free lunch program, with a six-month pilot expected to start at 10 schools in Jakarta. The program was a campaign pledge by the President-elect Prabowo Subianto to provide free lunches to 83 million school children.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
04 Jul 2024	SI	Foreign Reserves	Jun	--	\$370.54b

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
03 Jul 2024	SI	S&P Global Singapore PMI	Jun	--	55.2	54.2
03 Jul 2024	CH	Caixin China PMI Composite	Jun	--	52.8	54.1
03 Jul 2024	CH	Caixin China PMI Services	Jun	53.4	51.2	54
03 Jul 2024	EC	ECB's Guindos Chairs Sintra Panel				
03 Jul 2024	EC	ECB's Cipollone Chairs Sintra Panel				
03 Jul 2024	EC	ECB's Lane Chairs Sintra Panel				
03 Jul 2024	US	Fed's Williams Speaks on Panel at ECB Forum				
03 Jul 2024	US	ADP Employment Change	Jun	165k	150k	157k
03 Jul 2024	US	Trade Balance	May	-\$76.5b	-\$75.1b	-\$74.5b
03 Jul 2024	US	Initial Jobless Claims	29 Jun	235k	238k	234k
03 Jul 2024	EC	ECB's Knot, SARB's Kganyago Speak in Sintra				
03 Jul 2024	US	S&P Global US Services PMI	Jun F	55.1	55.3	55.1
03 Jul 2024	US	S&P Global US Composite PMI	Jun F	--	54.8	54.6
03 Jul 2024	US	Factory Orders	May	0.2%	-0.5%	0.4%
03 Jul 2024	US	ISM Services Index	Jun	52.7	48.8	53.8
03 Jul 2024	US	ISM Services Prices Paid	Jun	56.7	56.3	58.1
03 Jul 2024	US	ISM Services Employment	Jun	49.5	46.1	47.1
03 Jul 2024	US	Durable Goods Orders	May F	0.1%	0.1%	0.1%
03 Jul 2024	US	ISM Services New Orders	Jun	53.6	47.3	54.1
03 Jul 2024	US	Cap Goods Orders Nondef Ex Air	May F	-0.6%	-0.6%	-0.6%
03 Jul 2024	EC	ECB'S Lagarde Speaks				
03 Jul 2024	US	FOMC Meeting Minutes	12 Jun			
04 Jul 2024	EC	ECB Publishes Account of June Policy Meeting				
03 Jul 2024	EC	ECB's Cipollone speaks at Istat event in Rome				

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	4.36	-7.3	2.9	8.3	48.0
UK	4.17	-7.6	4.0	-1.2	63.5
Germany	2.58	-1.7	13.3	7.2	56.2
Japan	1.09	1.4	7.1	8.4	48.6
Australia	4.43	1.9	11.7	18.2	47.3
China	2.24	0.4	1.7	-6.7	-31.8
Malaysia	3.87	-1.1	0.8	-1.5	13.9
Indonesia	7.09	-1.2	0.4	19.5	63.8
Singapore	3.26	-1.2	5.9	1.1	56.8
Thailand	2.69	0.4	-0.3	-11.4	1.2

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.65	0	2	-2	7
SG	3.04	-0	6	-3	48
TH	2.57	0	0	0	0

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	44	-2	-6	-5	4
ID	75	-2	-5	4	5
TH	43	-2	-4	0	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	5.35	0	1	2	-3
EU o/n ESTRON	3.66	0	0	-25	-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	-1	-1	0
ID 3m JIBOR	7.10	0	0	0	25
SG o/n SORA	3.41	0	-19	-44	-21
TH BOT o/n THOR	2.49	-0	0	0	-0

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	265	0.7	0.5	-0.1	-0.5
Bloomberg US Aggregate	2152	0.5	-0.0	-0.1	-0.5
Bloomberg EUR Aggregate	235	0.4	-0.1	-0.3	-1.1
Bloomberg Asia Aggregate	186	0.0	0.2	1.8	6.2
Bloomberg Asia Pac Treasury	113	0.1	-0.4	-1.8	-9.2
Bloomberg ASEAN Corp/Quasi	119	0.5	-0.1	-0.1	2.0

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.40	-0.3	-0.6	1.1	4.0
EURUSD	1.0786	0.4	1.0	-0.8	-2.3
GBPUSD	1.2742	0.4	1.0	-0.4	0.1
AUDUSD	0.6705	0.6	0.9	0.9	-1.6
USDJPY	161.69	0.2	0.5	3.6	14.6
USDCNH	7.3032	-0.1	0.0	0.6	2.5
USDMYR	4.7195	-0.0	0.1	0.5	2.7
USDIDR	16,370	-0.2	-0.2	0.5	6.3
USDSGD	1.3538	-0.2	-0.3	0.4	2.5
USDTHB	36.76	-0.3	-0.2	0.2	7.7
GBPMYR	5.9921	0.5	0.3	-0.2	2.7
AUDMYR	3.1493	0.3	0.1	0.8	0.7
SGDMYR	3.4793	0.1	0.1	-0.2	0.0
CNHMYR	0.6463	0.0	0.1	-0.1	0.1
IDRMYR	0.0288	0.1	0.3	-0.1	-3.4
THBMYR	12.8650	0.3	0.5	0.2	-4.0

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,537.02	0.5	1.1	3.4	16.1
Nasdaq	18,188.30	0.9	2.2	5.8	21.2
Eurostoxx	4,965.80	1.2	1.0	-1.4	9.8
Nikkei 225	40,580.76	1.3	2.3	5.4	21.3
Hang Seng	17,978.57	1.2	-0.6	-2.4	5.5
KLCI	1,615.32	1.1	1.5	0.4	11.0
JCI	7,196.76	1.0	4.2	3.6	-1.0
SET	1,294.70	0.5	-1.9	-3.3	-8.6

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	102.18	0.9	1.1	0.3	3.6
WTI (US\$/bbl)	83.88	1.3	3.7	13.2	17.1
Brent (US\$/bbl)	87.34	1.3	2.5	11.4	13.4
Natural Gas (US\$/mmbtu)	2.42	-0.7	-11.9	-14.5	-10.3
Copper (US\$/ton)	9,868	2.0	3.4	-0.6	15.3
Gold (US\$/oz)	2,356	1.1	2.5	0.0	14.2
CPO (RM/ton)	4,133	-0.2	5.3	6.9	12.9

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
GBPMYR	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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