

DAILY DIGEST

BOT to keep policy rate steady

- Macro:** BOT Governor Sethaput commented on wide-ranging issues during interview, including rates, inflation, and growth projections. Indonesia reduced lower bound of fiscal deficit range as it sees upside in revenue collection.
- Fixed Income:** US markets closed on holiday. Regional bonds partly tracked UST gains, ahead of end-of-week US data risks. Thai FM to work with BOT to manage state bond supply and not impact private sector bond offerings.
- FX:** Majors and ASEAN FX alike continued on the ascend against USD weaknesses. Despite ytd baht weaknesses, the BOT stated it has no target levels for it.

Global macro wrap

- Global:** All eyes on US NFP data tonight with market consensus calling for 190k job additions in Jun (May: 272k) and a deceleration in growth for hourly earnings, essentially looking to confirm recent datapoints of a US economic slowdown. Saudi Aramco continued to cut prices for all crude grades to Asia for the second month amid continued demand weaknesses there. Despite that, crude prices continued to hold near two-month highs, amid supply risks from Hurricane Beryl and hints of improving demand in the US.
- ASEAN:** BOT Governor Sethaput said its current policy rate remains consistent with its outlook on growth and inflation. The BOT will continue to remain 'outlook dependent' in rate decisions, adding that its inflation outlook for 2H24 is at 1.1% yoy on average. The Indonesian parliament has agreed to set the 2025 fiscal deficit target in a wider band of 2.29-2.82% of GDP, reducing the lower bound of the deficit target from 2.45% as it lifted revenue collections targets for next year. The Malaysian Works Minister said the government is currently reviewing the impact of increased diesel prices before considering or introducing new policies.

Fixed Income

- Global:** UST closed unchanged on Independence day celebrations, ahead of key US NFP payroll data today. Across the Atlantic, 10Y Bunds were seen closing 2-3bps higher as ECB President Christine pushed back on rate cut expectations.
- ASEAN:** Regional bonds closed stronger, only partially tracking strong overnight UST gains due to residual end-of-week US data risks. MGS curve bull steepened with greater action and gains seen on the front-end. Overall IndoGBs strengthened by 1bp, save for the 3Y tenor that weakened slightly amid the MOF's unscheduled debt switch auction that attracted IDR5.7tr in bids, with MOF opting to swap IDR3.6tr of 2-4Y tenured bonds for benchmark 5-30Y bonds. Meanwhile, front-to-belly ThaiGB rallied for the day, reversing earlier weaknesses amid statements from Thailand's FM and the BOT. Thailand Finance Ministry public debt advisor Jindarat Viriyataveekul reassured that Thailand has sufficient liquidity to fund a rise in government borrowings without impacting bond offerings from the private sector. He indicated the government will mainly borrow via short-term debt instruments to minimise local market impact due to expected strong demand.

FX

- Majors:** DXY continued to edge lower (-0.3%), fuelling further gains among major FX. GBP gains (+0.14%) was relatively muted with poll indications of Keir Starmer's Labour Party's victory in UK general elections having been largely priced in. Official election exit poll indicate the Labour party will win 410/650 seats - easily above a simple majority and the most since Tony Blair's 1997 victory. EUR was up 0.2% as ECB President Lagarde stated it requires more data for assurances on inflation trajectory. AUD (+0.3%) continued its upward trend amid strong earlier Australia retail sales data, despite the decline in trade surplus in May.
- ASEAN:** The faltering dollar heralded relief for all Asian FX including the CNH, which fell back below 7.30 against the USD. as markets priced in the earlier firmer dollar on US fiscal and inflation risks. THB (+0.4%) continued to rise, likely allaying fears of the BOT Governor as he mentioned a very weak baht has some side effects, adding that while volatility is increasing, the BOT doesn't have a target level for the baht. Meanwhile, the MYR and IDR (+0.2%) placed mid-packed among peers.

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Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.71	0.0	-0.6	-1.8	45.6
UST 10Y	4.36	0.0	7.2	7.2	48.0
MY 3Y	3.52	-1.5	-1.9	-3.1	5.1
MY 10Y	3.86	-1.0	-1.0	-0.5	13.0
ID 2Y	6.63	-5.2	-5.1	-6.5	28.4
ID 10Y	7.07	-2.5	-2.5	17.0	61.3
SG 2Y	3.36	-0.2	0.1	5.4	10.2
SG 10Y	3.24	-2.1	-0.6	3.5	54.7
TH 2Y	2.35	-0.4	0.4	-2.4	-2.4
TH 10Y	2.68	-0.6	-1.7	-11.3	0.6

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

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.13	-0.3	-0.7	1.0	3.7
EURUSD	1.0812	0.2	1.0	-0.7	-2.1
GBPUSD	1.2760	0.1	1.0	-0.2	0.2
AUDUSD	0.6726	0.3	1.2	0.9	-1.3
USDJPY	161.28	-0.3	0.3	3.6	14.4
USDCNH	7.2939	-0.1	-0.1	0.5	2.4
USDMYR	4.7090	-0.2	-0.2	0.3	2.5
USDIDR	16330	-0.2	-0.4	0.4	6.1
USDSGD	1.3519	-0.1	-0.5	0.5	2.4
USDTHB	36.63	-0.4	-0.7	0.4	7.3

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

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	83.88	0.0	2.6	11.0	17.1
Brent	87.43	0.1	1.2	9.5	13.5
Copper	9,883	0.1	3.9	-2.6	15.5
Gold	2,357	0.0	1.2	-0.8	14.2
CPO	4,117	-0.4	4.4	4.6	12.4

HIGHLIGHTS

Macro: In a wide-ranging interview with the BOT Governor, Sethaput additionally said that he remains worried on stubbornly high household debt ratio (>90%) and also access to lending, an issue that complicates monetary policy decision. Cautioning that raising inflation targets may lead to more problems such as higher inflation expectations and yields, he said the BOT and the Thai FM will agree on inflation goals in 4Q24, while declining to comment whether the current range of 1-3% is 'too low' as suggested by the government. Additionally, the Governor said recent bond outflows may be due to interest rate differentials, while stock outflows may be due to declining attractiveness in Thai markets.

Macro: Regarding growth, BOT Governor Sethaput said while risks of domestic deflation is low on continued consumption growth, competition with China is a key risk to the economy with some industries already suffering. Over the next five years, it expects Thailand's growth potential to hover around the 3% level - lower than pre-pandemic levels of 3.5% - with economic recovery hampered by heavy reliance on tourism that is recovering more slowly. He added that addressing high household debt levels and structural issues in the manufacturing sector is needed to enhance the country's growth potential in the long run.

Macro: The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) raised Thailand's export growth estimates to 0.8-1.5% (previous: 0.5-1.5%), due to the escalating US-China trade war. Chairman of the Thai Bankers' Association said that the trade war will accelerate the relocation of Chinese entrepreneurs' production facilities to Thailand. However, higher production costs driven by elevated fuel prices and freight rates pose an obstacle for the Thai export sector.

Macro: Singapore's Ministry of Finance said that 1.5m Singaporeans would receive GST vouchers amounting to upwards of SGD850. The enhanced GST Voucher cash payout scheme was announced during Budget 2023 by then Finance Minister Lawrence Wong.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
05 Jul 2024	ID	Foreign Reserves	Jun	--	\$139.00b
05 Jul 2024	TH	CPI YoY	Jun	1.1%	1.5%
05 Jul 2024	TH	CPI NSA MoM	Jun	0.1%	0.6%
05 Jul 2024	TH	CPI Core YoY	Jun	0.4%	0.4%
05 Jul 2024	SI	Retail Sales Ex Auto YoY	May	--	-4.5%
05 Jul 2024	SI	Retail Sales YoY	May	0.2%	-1.2%
05 Jul 2024	SI	Retail Sales SA MoM	May	--	-2.7%
05 Jul 2024	MA	Foreign Reserves	28 Jun	--	\$114.1b
05 Jul 2024	EC	ECB's Nagel Speaks			
05 Jul 2024	TH	Gross International Reserves	28 Jun	--	\$224.7b
05 Jul 2024	US	Fed's Williams Gives Keynote Remarks			
05 Jul 2024	US	Change in Nonfarm Payrolls	Jun	190k	272k
05 Jul 2024	US	Unemployment Rate	Jun	4.0%	4.0%
05 Jul 2024	US	Average Hourly Earnings MoM	Jun	0.3%	0.4%
05 Jul 2024	US	Average Hourly Earnings YoY	Jun	3.9%	4.1%
05 Jul 2024	EC	ECB's Lagarde Speaks in Aix			
06 Jul 2024	EC	ECB's Villeroy Speaks in Aix			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
n/a						

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	0.0	7.2	7.2	48.0
UK	4.20	2.5	6.7	2.3	66.0
Germany	2.61	2.3	15.9	5.8	58.5
Japan	1.08	-1.8	0.6	12.0	46.8
Australia	4.41	-1.3	0.5	18.9	46.0
China	2.25	0.7	4.3	-5.9	-31.1
Malaysia	3.86	-1.0	-1.0	-0.5	13.0
Indonesia	7.07	-2.5	-2.5	17.0	61.3
Singapore	3.24	-2.1	-0.6	3.5	54.7
Thailand	2.68	-0.6	-1.7	-11.3	0.6

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.62	-3	-1	-5	4
SG	2.99	-5	-2	-2	43
TH	2.57	0	0	0	0

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	42	-4	-10	-8	0
ID	74	-1	-5	4	3
TH	42	-2	-5	-1	3

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	3.47	0	2	-17	-15
TH BOT o/n THOR	2.49	0	-0	0	-0

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	265	-0.0	0.3	-0.1	-0.5
Bloomberg US Aggregate	2152	0.0	-0.2	-0.1	-0.5
Bloomberg EUR Aggregate	235	-0.2	-0.2	-0.2	-1.2
Bloomberg Asia Aggregate	186	0.0	0.3	1.7	6.2
Bloomberg Asia Pac Treasury	113	0.2	-0.0	-2.0	-9.0
Bloomberg ASEAN Corp/Quasi	119	0.0	-0.2	-0.1	2.0

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.13	-0.3	-0.7	1.0	3.7
EURUSD	1.0812	0.2	1.0	-0.7	-2.1
GBPUSD	1.2760	0.1	1.0	-0.2	0.2
AUDUSD	0.6726	0.3	1.2	0.9	-1.3
USDJPY	161.28	-0.3	0.3	3.6	14.4
USDCNH	7.2939	-0.1	-0.1	0.5	2.4
USDMYR	4.7090	-0.2	-0.2	0.3	2.5
USDIDR	16,330	-0.2	-0.4	0.4	6.1
USDSGD	1.3519	-0.1	-0.5	0.5	2.4
USDTHB	36.63	-0.4	-0.7	0.4	7.3
GBPMYR	6.0038	0.2	0.6	0.0	2.9
AUDMYR	3.1657	0.5	0.6	1.4	1.3
SGDMYR	3.4841	0.1	0.2	-0.0	0.2
CNHMYR	0.6457	-0.1	-0.0	-0.2	0.0
IDRMYR	0.0288	0.0	0.3	-0.1	-3.4
THBMYR	12.8604	-0.0	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	0.0	1.0	3.4	16.1
Nasdaq	18,188.30	0.0	1.8	5.9	21.2
Eurostoxx	4,987.48	0.4	1.7	-1.6	10.3
Nikkei 225	40,913.65	0.8	4.0	5.7	22.3
Hang Seng	18,028.28	0.3	1.8	-2.4	5.8
KLCI	1,616.75	0.1	2.0	0.1	11.1
JCI	7,220.89	0.3	3.6	3.5	-0.7
SET	1,301.04	0.5	-0.6	-2.1	-8.1

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	102.18	0.0	0.8	-1.2	3.6
WTI (US\$/bbl)	83.88	0.0	2.6	11.0	17.1
Brent (US\$/bbl)	87.43	0.1	1.2	9.5	13.5
Natural Gas (US\$/mmbtu)	2.42	0.0	-9.9	-16.4	-10.3
Copper (US\$/ton)	9,883	0.1	3.9	-2.6	15.5
Gold (US\$/oz)	2,357	0.0	1.2	-0.8	14.2
CPO (RM/ton)	4,117	-0.4	4.4	4.6	12.4

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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