

DAILY DIGEST

Gold touches new high with rate cuts in sight

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- **Macro:** US retail sales beat expectations in Jun amid resilient consumer demand. BOT flagged risks on infrastructure and security for digital wallet handout. Thai government approved THB100bn in soft loans aimed at SMEs.
- **Fixed Income:** Stocks and UST alike rallied on rising rate cut expectations. Regional bonds mostly rose, as IndoGB sukuk auction saw solid demand. ThaiGB auctions for 3Y LB27NA and 20Y LB436A to take place today.
- **FX:** DXY rose slightly as most majors held unchanged. IDR (-0.1%) pared earlier gains, ahead of BI's meeting today with no expected policy rate changes.

Global macro wrap

- **Global:** Markets rallied amid bullish data from US retail sales that held unchanged in Jun, beating expectations (of -0.3% sa mom) and following an upwardly revision to +0.3% for May. Retail sales control group (excluding several volatile items) rose a solid 0.9% sa mom (consensus: +0.2%; May: +0.4%), indicating consumption activity remained broadly firm despite trending lower in recent months. Fed Governor Adriana Kugler reiterated that rate cuts are likely 'later this year', citing a layoff-driven rise in unemployment that may also spur further disinflation, but citing the need to remain data dependent. Republican presidential-nominee Donald Trump said that if he is elected, he would let Fed Chair Jerome Powell finish his term, though opined that the Fed should not cut rates ahead of the election. Gold prices jumped (+1.9%) to close at new highs, bolstered by rising rate cut expectations and the weakening USD.
- **ASEAN:** In a letter to the digital wallet committee, BOT Governor Sethaput flagged risks posed from the program such as infrastructure and financial security risks from the application being used; while also reiterating concerns on source of funding and fiscal responsibility. Separately, Thailand's Cabinet has approved a proposal to extend THB100bn in soft loans aimed at SMEs via commercial banks. Malaysia's government is reviewing all raw water agreements with Singapore, while FM2 reiterated that the government will focus on progressive measures such as targeted subsidies and taxation first before thinking of GST.

Fixed Income

- **Global:** Despite the surge in stocks and risk appetite, UST still managed to stage gains amid rising expectations of earlier rate cuts this year. UST curve bull flattened, with the 10Y's recovering from Monday's selloff to close firmly below 4.20%, while 2Y yields fell lower amid an already sharp drop over the past month. Swap markets are now pricing in up to 64bps worth of rate cuts this year, up from just 42bps at the start of Jul.
- **ASEAN:** Regional bonds strengthened, diverging from earlier UST weaknesses as markets look past the 'Trump trade' phenomenon. Yields on MGS continued to decline steadily by another 1bp for the day. ThaiGB closed mixed, with gains mostly centred around the bellies ahead of the 3Y LB27NA (size: THB35bn) and 20Y LB436A (size: THB20bn) auctions today. IndoGB bull steepened with gains of 2-3bps led by the 5-7Ys. Sukuk bond auction saw solid demand with total bids jumping to IDR27tr (previously: IDR16-17tr), with MOF maintaining issuance at IDR10tr as per target.

FX

- **Majors:** DXY closed just 0.1% up at 104.27, after earlier jumping to 104.51 on US retail sales report. EUR held unchanged despite a decline in Eurozone trade balance that also missed expectations. AUD (-0.4%) continued another bearish day, as markets continue to await for Australia jobs report today. Markets also await on UK Jun CPI data tomorrow, with the GBP closing flat for the day.
- **ASEAN:** Regional currencies traded slightly on the backfoot as CNH (-0.2%) fell, with only the THB (+0.3%) managing gains. IDR (-0.1%) reversed earlier gains, ahead of BI's meeting today with no expected changes to the BI-rate at 6.25%.

Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	4.42	-4.0	-20.9	-29.5	16.7
UST 10Y	4.16	-7.2	-13.8	-6.5	27.9
MY 3Y	3.47	-1.1	-2.4	-7.5	0.6
MY 10Y	3.82	-0.8	-3.0	-4.7	9.0
ID 2Y	6.69	-0.1	-0.5	-15.0	34.8
ID 10Y	6.94	-0.5	-8.8	-22.5	48.9
SG 2Y	3.10	-7.9	-21.3	-24.5	-15.6
SG 10Y	2.97	-6.6	-23.0	-20.9	27.8
TH 2Y	2.33	0.1	-0.5	-3.9	-4.4
TH 10Y	2.60	-0.8	-5.3	-16.0	-7.9

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

FX dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	104.27	0.1	-0.8	-0.9	2.9
EURUSD	1.0899	0.0	0.8	1.5	-1.3
GBPUSD	1.2974	0.0	1.5	2.1	1.9
AUDUSD	0.6734	-0.4	-0.1	1.2	-1.1
USDCHF	0.8937	-0.2	-0.5	1.1	6.2
USDJPY	158.35	0.2	-1.8	0.3	12.3
USDCNH	7.2891	0.2	0.0	0.2	2.3
USDMYR	4.6768	0.1	-0.6	-0.8	1.8
USDIDR	16180	0.1	-0.4	-1.3	5.1
USDSGD	1.3442	0.0	-0.5	-0.5	1.8
USDTHB	36.11	-0.3	-0.8	-2.0	5.8

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	80.76	-1.4	-0.8	-1.0	12.7
Brent	83.73	-1.3	-1.1	-1.9	8.7
Copper	9,664	-1.5	-2.1	-0.1	12.9
Gold	2,469	1.9	4.4	6.0	19.7
CPO	3,966	-0.4	-1.2	0.7	8.3

HIGHLIGHTS

Macro: US President Joe Biden is calling on Congress to pass a form of national rent control for some 20m apartments nationwide. The proposal is to either allow landlords to hike at no more than 5% per year or forfeit federal tax breaks.

Macro: The IMF in its World Economic Outlook reiterated 2024 growth outlook at 3.2% yoy while revising 2025 growth estimate upwards to 3.3% (+0.1%). The IMF however warned that inflation may stay higher for longer, with the slowdown in cooling driven by stubborn services inflation, contributed by higher wages but also price pressures from trade and geopolitical tensions.

Macro: PM Anwar expressed that systematic energy transition and green investments are needed to elevate Malaysia’s attractiveness as a preferred green investment destination. He also added that this would be crucial to achieving Malaysia’s net zero carbon emission target as early as 2050.

Macro: The Tourism Authority of Thailand (TAT) is targeting at least a 7.5% gyoy growth in the tourism industry for 2025 as they aim to generate THB3.4bn in revenues, 205m in domestic trips and 39m in foreign arrivals. Separately, the Thai cabinet has approved a THB140bn mass transit project in Bangkok.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
17 Jul 2024	SI	Non-oil Domestic Exports YoY	Jun	-1.3%	-0.1%
17 Jul 2024	SI	Electronic Exports YoY	Jun	--	21.9%
17 Jul 2024	ID	BI-Rate	17 Jul	6.25%	6.25%
17 Jul 2024	US	Building Permits	Jun	1400k	1399k
17 Jul 2024	US	Housing Starts	Jun	1300k	1277k
17 Jul 2024	US	Housing Starts MoM	Jun	1.8%	-5.5%
17 Jul 2024	US	Building Permits MoM	Jun	0.1%	-2.8%
17 Jul 2024	US	Fed's Barkin Speaks on Economy, Q&A			
17 Jul 2024	US	Industrial Production MoM	Jun	0.3%	0.7%
17 Jul 2024	US	Capacity Utilization	Jun	78.4%	78.2%
17 Jul 2024	US	Fed's Waller Speaks on Economic Outlook			
17 Jul 2024	US	Federal Reserve Releases Beige Book			

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
16 Jul 2024	US	Fed's Daly Speaks in Q&A on Economy, Tech				
16 Jul 2024	EC	ECB Bank Lending Survey				
16 Jul 2024	US	Retail Sales Advance MoM	Jun	-0.3%	0.0%	0.3%
16 Jul 2024	US	Retail Sales Control Group	Jun	0.2%	0.9%	0.4%
16 Jul 2024	US	Import Price Index MoM	Jun	-0.2%	0.0%	-0.2%
16 Jul 2024	US	NAHB Housing Market Index	Jul	43	42	43
16 Jul 2024	US	Fed's Kugler Speaks at NABE Conference				

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	4.16	-7.2	-13.8	-6.5	27.9
UK	4.05	-5.2	-11.0	0.1	51.2
Germany	2.43	-4.5	-15.3	3.0	40.4
Japan	1.02	-3.5	-6.0	8.6	41.4
Australia	4.25	-7.5	-9.4	9.6	29.5
China	2.26	1.0	-1.1	0.5	-30.0
Malaysia	3.82	-0.8	-3.0	-4.7	9.0
Indonesia	6.94	-0.5	-8.8	-22.5	48.9
Singapore	2.97	-6.6	-23.0	-20.9	27.8
Thailand	2.60	-0.8	-5.3	-16.0	-7.9

5Y IRS	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.56	-3	-7	-8	-2
SG	2.72	-7	-22	-24	16
TH	2.57	0	0	0	0

5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	41	2	0	-14	-2
ID	72	1	2	-7	1
TH	39	1	0	-11	-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	0	1	-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	0
ID 3m JIBOR	7.10	0	0	0	25
SG o/n SORA	3.51	0	11	-18	-11
TH BOT o/n THOR	2.50	0	0	0	-0

Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	269	0.2	1.0	1.3	0.9
Bloomberg US Aggregate	2182	0.4	0.9	0.8	0.9
Bloomberg EUR Aggregate	238	0.2	1.0	0.7	0.0
Bloomberg Asia Aggregate	185	0.3	-0.6	0.4	5.7
Bloomberg Asia Pac Treasury	115	-0.1	1.4	-0.1	-7.8
Bloomberg ASEAN Corp/Quasi	121	0.3	0.8	0.8	3.3

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currencies	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	104.27	0.1	-0.8	-0.9	2.9
EURUSD	1.0899	0.0	0.8	1.5	-1.3
GBPUSD	1.2974	0.0	1.5	2.1	1.9
AUDUSD	0.6734	-0.4	-0.1	1.2	-1.1
USDJPY	158.35	0.2	-1.8	0.3	12.3
USDCNH	7.2891	0.2	0.0	0.2	2.3
USDMYR	4.6768	0.1	-0.6	-0.8	1.8
USDIDR	16,180	0.1	-0.4	-1.3	5.1
USDSGD	1.3442	0.0	-0.5	-0.5	1.8
USDTHB	36.11	-0.3	-0.8	-2.0	5.8
GBPMYR	6.0651	-0.0	0.6	1.4	3.9
AUDMYR	3.1552	-0.4	-0.5	1.2	0.9
SGDMYR	3.4801	-0.1	-0.2	-0.0	0.1
CNHMYR	0.6416	-0.2	-0.6	-1.0	-0.6
IDRMYR	0.0289	0.0	-0.2	0.7	-3.1
THBMYR	12.9513	0.1	0.3	0.7	-3.3

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	5,667.20	0.6	1.6	3.3	18.8
Nasdaq	18,509.34	0.2	0.4	3.6	23.3
Eurostoxx	4,947.83	-0.7	0.9	0.7	9.4
Nikkei 225	41,275.08	0.2	-0.7	7.3	23.3
Hang Seng	17,727.98	-1.6	1.2	-1.0	4.0
KLCI	1,625.96	-0.2	0.7	1.2	11.8
JCI	7,224.29	-0.7	-0.6	7.3	-0.7
SET	1,321.31	-0.5	0.1	1.8	-6.7

Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	99.59	-0.0	-1.1	-3.1	1.0
WTI (US\$/bbl)	80.76	-1.4	-0.8	-1.0	12.7
Brent (US\$/bbl)	83.73	-1.3	-1.1	-1.9	8.7
Natural Gas (US\$/mmbtu)	2.19	1.4	-6.7	-26.8	-18.9
Copper (US\$/ton)	9,664	-1.5	-2.1	-0.1	12.9
Gold (US\$/oz)	2,469	1.9	4.4	6.0	19.7
CPO (RM/ton)	3,966	-0.4	-1.2	0.7	8.3

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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