

Daily Digest

Treasuries rise as data disappoints

- **Macro:** US data disappoints while the Atlanta Fed drags down its 2Q real GDP estimate deeper into contractionary territory.
- **Fixed Income:** US Treasuries rallied and equity markets swooned as US data disappointed.
- **FX:** USD kept up its rally. THB led ASEAN currencies lower.

Global macro wrap

US data disappoints while the Atlanta Fed drags down its 2Q real GDP estimate deeper into contractionary territory.

- **Global:** The Atlanta Fed dragged down its estimate for 2Q22 real GDP growth to a contraction of 2.1% from -1.0% amid downbeat US ISM manufacturing at 53.0 in Jun (consensus: 54.5; Apr: 56.1). Elsewhere, manufacturing PMI numbers in Germany, Italy, Spain and France all fell in Jun. However, China's Jun Caixin Manufacturing PMI rose to 51.7 from 48.1. Europe's CPI for Jun was a stronger than anticipated at 8.6% yoy (consensus: 8.5%; May: 8.1%), though the core number was slower than expected at 3.7% yoy (consensus: 3.9%; May: 3.8%). High inflation remains a threat the ECB is focused on. ECB official Holzmann said the central bank should have made an earlier start to the rate hike cycle, as returning inflation to target will take some time.
- **ASEAN:** Indonesia's CPI rose at a higher than expected 4.35% yoy in Jun (consensus: 4.19%; May: 3.55%). Core CPI rose a smaller 2.63% yoy (consensus: 2.70%; May: 2.58%). Indonesia further reduced its 2022 budget deficit target to 3.9% of GDP, or IDR732.2tr. The government revised the state revenue higher to IDR2,436.9tr and spending to IDR3,169.1tr, from previous estimate of IDR2,266.2tr and IDR3,106.4tr respectively. Thai custom exports rose 10.5% yoy in May (consensus: 8.4%; Apr: 9.9%) while imports jumped 24.2% (consensus: 17.5%; Apr: 21.5%).

Fixed income

US Treasuries rallied and equity markets swooned as US data disappointed.

- **US:** The 10Y UST closed well below the 3% mark, down 13bps on Friday and 25bps lower for the week. Reflecting concerns over the economy, the curve bull flattened; the 10Y-2Y spread by 1bp Friday and 2bps for the week.
- **ASEAN:** Benchmark MGS papers strengthened with yields down-4-5bps on tenors up to 15Y as IRS rates fell 5-6bps on tenors >3Y. Both yields and IRS declined followed the drop in UST yields. However, there was little sign bonds reduced their pricing of an OPR hike this week - 3Y MGS over OPR remains wide at 150bps. ThaiGBs rallied led by papers 7Y and longer. IndoGBs mostly weakened upon investors hearing the stronger-than expected-headline CPI. However, there was also some net buying activity intraday as core CPI was lower than expected.

FX

USD kept up its rally. THB led ASEAN currencies lower.

- **USD:** Dollar kept up strength to close the week, rising again above 105 and staying there till closing.
- **Majors:** EURUSD fell from intraday highs near 1.0490 after the lower than expected US ISM manufacturing numbers. However, EUR closed higher from previous day's level at 1.0414, finding support after recent weakness. JPY also found support after dollar rallies brought the USDJPY pair to weekly high of 137. USDCNH fell, falling below 6.7000.
- **ASEAN:** THB led ASEAN currencies down last Friday. Sentiment was affected after release of weaker manufacturing PMI figures for Thailand and Indonesia as well as South Korea and Taiwan (which slid below 50). USDTHB closed above 35.50 and the pair remains near highest since 2017. USDIDR remained above 14,930 while MYR was slightly firmer though sustained above 4.4050. MYR was supported ahead of anticipated BNM rate hike this week.

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Rates dashboard

Gov't bonds	Close	Change (bps)			
		1D	1W	1M	YTD
UST 2Y	2.83	-12.0	-23.0	18.0	210.1
UST10Y	2.88	-13.3	-25.0	-5.3	137.0
MY 3Y	3.48	-1.6	1.9	5.7	68.6
MY 10Y	4.22	-3.9	3.3	2.4	63.4
ID 2Y	5.20	5.7	3.6	29.9	107.3
ID 10Y	7.26	4.4	-6.6	32.3	88.2
SG 2Y	2.57	-11.9	-12.6	23.7	156.2
SG 10Y	2.92	-5.8	-4.5	9.3	125.2
TH 2Y	1.80	0.0	-3.5	10.5	105.0
TH 10Y	2.72	-8.0	-11.5	-15.0	82.8

FX dashboard

FX pairs	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.14	0.4	0.9	2.9	9.9
EURUSD	1.04	0.1	-1.3	-2.8	-8.4
GBPUSD	1.21	-0.1	-1.4	-3.1	-10.6
AUDUSD	0.68	-0.9	-1.9	-5.5	-6.2
USDJPY	135.21	0.9	0.0	-3.2	-14.9
USDCNH	6.70	0.1	-0.2	-0.6	-5.1
USDMYR	4.41	0.0	-0.1	-0.4	-5.5
USDIDR	14,938	-0.3	-0.6	-3.3	-4.6
USDSGD	1.40	-0.3	-0.8	-1.5	-3.4
USDTHB	35.64	-0.8	-0.4	-3.6	-6.3

Commodities dashboard

	Close	1D (%)	1W (%)	1M (%)	YTD (%)
WTI	108.43	2.5	0.8	-8.8	44.2
Brent	111.63	-2.8	-1.3	-6.8	43.5
Copper	8,048	-2.5	-4.0	-15.3	-17.2
Gold	1,811	0.1	-0.8	-2.1	-1.0
CPO	4,886	-4.0	1.8	-27.1	-5.3

HIGHLIGHTS

Macro: Indonesia's Finance Ministry has further reduced the 2022 fiscal deficit target to 3.9% of GDP, or IDR732.2tr. This comprise revising state revenue higher to IDR2,436.9tr and spending to IDR3,169.1tr from previous estimate of IDR2,266.2tr and IDR3,106.4tr respectively. As a result, Indonesia's debt target issuance is lowered further to IDR757.6tr from IDR943.7t previous target. The 2022 fiscal targets have been reduced since the initial plan released late last year of 4.9% of GDP. Finance Minister Sri Mulyani told the House of Representatives budget committee said the state budget (APBN) in Jan-Jun logged a surplus of IDR73.6tr or 0.39% of GDP.

Figure 1: Data Preview

Date	Country	Indicator	Period	Survey	Prior
04 Jul 2022	SI	Electronics Sector Index	Jun	--	50.5
04 Jul 2022	SI	Purchasing Managers Index	Jun	--	50.4
05 Jul 2022	SI	S&P Global Singapore PMI	Jun	--	59.4

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 2: Data Review

Date	Country	Indicator	Period	Survey	Actual	Prior
01 Jul 2022	CH	Caixin China PMI Mfg	Jun	50.2	51.7	48.1
01 Jul 2022	ID	CPI YoY	Jun	4.2%	4.4%	3.6%
01 Jul 2022	ID	CPI NSA MoM	Jun	0.5%	0.6%	0.4%
01 Jul 2022	ID	CPI Core YoY	Jun	2.7%	2.6%	2.6%
01 Jul 2022	CZ	CNB minutes				
01 Jul 2022	TH	Business Sentiment Index	Jun	--	50.5	49.3
01 Jul 2022	TH	Foreign Reserves	24 Jun		\$221.7b	\$221.4b
01 Jul 2022	US	S&P Global US Manufacturing PMI	Jun F	52.4	52.7	52.4
01 Jul 2022	US	Construction Spending MoM	May	0.4%	-0.1%	0.2%
01 Jul 2022	US	ISM Manufacturing	Jun	54.5	53	56.1
01 Jul 2022	US	ISM Prices Paid	Jun	80.0	78.5	82.2
02 Jul 2022	SP	ECB's de Cos speaks at CEMFI event in Madrid				

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 3: Sovereign yields and CDS

Sovereign bonds 10Y	Close	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
US	2.88	-13.3	-25.0	-5.3	137.0
UK	2.09	-14.3	-21.6	-6.9	111.5
Germany	1.23	-10.4	-20.8	-4.1	141.1
Japan	0.22	-0.8	-0.8	-1.4	15.2
Australia	2.91	-1.7	7.4	54.8	124.4
China	2.82	0.9	-2.0	2.0	5.2
Malaysia	4.22	-3.9	3.3	2.4	63.4
Indonesia	7.26	4.4	-6.6	32.3	88.2
Singapore	2.92	-5.8	-4.5	9.3	125.2
Thailand	2.72	-8.0	-11.5	-15.0	82.8
5Y IRS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	3.79	-6	0	-0	85
SG	2.92	-9	-10	10	142
TH	2.67	-7	-11	20	142
5Y CDS	Close (bps)	1D (bps)	1W (bps)	1M (bps)	YTD (bps)
MY	103	-0	7	53	128
ID	143	-1	33	54	90
TH	49	0	0	0	52

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 3m LIBOR	2.29	1	6	67	208
EUR 3m LIBOR	-0.58	0	0	0	0
JP 3m LIBOR	-0.03	0	-0	-1	4
MY 3m KLIBOR	2.41	3	11	14	36
ID 3m JIBOR	3.65	0	-1	0	2
SG 3m SORA	0.77	1	10	24	59
SG 3m SIBOR	1.91	0	35	57	148
SG 3m SOR	2.03	-4	1	44	166
TH 3m BIBOR	0.72	-0	0	10	10
Credit indices	Close	1D (%)	1W (%)	1M (%)	YTD (%)
Bloomberg Global Aggregate	249	0.4	0.2	-2.8	-15.2
Bloomberg US Aggregate	2124	0.6	1.3	-0.6	-9.8
Bloomberg EUR Aggregate	238	1.1	1.3	-0.9	-11.2
Bloomberg Asia Aggregate	171	-0.2	-0.1	0.3	2.9
Bloomberg ASEAN Corp/Quasi	108	0.2	0.4	-2.0	-11.3

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 5: Currencies

Currency	Close	1D (%)	1W (%)	1M (%)	YTD (%)
DXY	105.14	0.4	0.9	2.9	9.9
EURUSD	1.04	0.1	-1.3	-2.8	-8.4
GBPUSD	1.21	-0.1	-1.4	-3.1	-10.6
AUDUSD	0.68	-0.9	-1.9	-5.5	-6.2
USDJPY	135.21	0.9	0.0	-3.2	-14.9
USDCNH	6.70	0.1	-0.2	-0.6	-5.1
USDMYR	4.41	0.0	-0.1	-0.4	-5.5
USDIDR	14,938	-0.3	-0.6	-3.3	-4.6
USDSGD	1.40	-0.3	-0.8	-1.5	-3.4
USDTHB	35.64	-0.8	-0.4	-3.6	-6.3
GBPMYR	5.34	-0.3	-1.3	-3.3	-5.2
AUDMYR	3.00	-1.1	-1.4	-5.7	-0.9
SGDMYR	3.16	-0.2	-0.3	-1.1	2.5
MYRCNH	1.52	-0.1	-0.3	-0.4	0.1
MYRIDR	3,390	-0.3	-0.5	-3.0	1.0
MYRTHB	8.09	-0.8	-0.4	-3.2	-1.6

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 6: Global equity indices and commodity prices

Equities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
S&P500	3,825.33	1.1	-2.2	-6.9	-19.7
Nasdaq	11,127.84	0.9	-4.1	-7.4	-28.9
Eurostoxx	3,448.31	-0.2	-2.4	-8.9	-19.8
Nikkei 225	25,935.62	-1.7	-2.1	-6.6	-9.9
Hang Seng	21,859.79	0.0	0.6	3.7	-6.6
KLCI	1,449.74	0.4	0.9	-5.7	-7.5
JCI	6,794.33	-1.7	-3.5	-5.4	3.2
SET	1,572.67	0.3	0.2	-4.6	-5.1
Commodities	Close	1D (%)	1W (%)	1M (%)	YTD (%)
BCOM Index	117.13	0.1	-3.4	-12.5	18.1
WTI (US\$/bbl)	108.43	2.5	0.8	-8.8	44.2
Brent (US\$/bbl)	111.63	-2.8	-1.3	-6.8	43.5
Natural Gas (US\$/mmbtu)	5.73	5.6	-8.8	-32.7	56.7
Copper (US\$/ton)	8,048	-2.5	-4.0	-15.3	-17.2
Gold (US\$/oz)	1,811	0.1	-0.8	-2.1	-1.0
CPO (RM/ton)	4,886	-4.0	1.8	-27.1	-5.3

SOURCE: BLOOMBERG, CIMB TREASURY AND MARKETS RESEARCH

Figure 7: Economic and commodity price forecasts

GDP	2019	2020	2021	2022	2023
Malaysia	4.3	-5.6	3.1	6.2	4.5
Indonesia	5.0	-2.1	3.7	5.3	5.2
Singapore	1.3	-5.4	7.9	3.9	2.8
Thailand	2.3	-6.1	1.6	4.1	2.5
Policy rate	3Q22	4Q22	1Q23	2Q23	3Q23
US	3.00	3.50	3.75	3.75	3.75
Malaysia	2.25	2.50	2.75	3.00	3.25
Indonesia	3.75	4.00	4.25	4.50	4.75
Thailand	0.75	1.00	1.00	1.25	1.50
Commodity prices	3Q22	4Q22	1Q23	2Q23	3Q23
Brent (USD/bbl)	110	105	100	95	90
WTI (USD/bbl)	100	95	95	90	85
CPO (RM/ton)	4,750	4,600	4,400	4,000	3,800
Gold (USD/oz)	1,850	1,800	1,780	1,750	1,730
Copper (USD/ton)	9,000	9,000	8,900	8,800	8,500

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

Figure 8: Rates and currency forecasts

Rates	3Q22	4Q22	1Q23	2Q23	3Q23
UST 2Y	3.10	3.05	3.00	3.00	2.95
UST10Y	3.40	3.35	3.30	3.25	3.15
MY 3Y	3.75	3.60	3.50	3.40	3.20
MY 10Y	4.20	4.05	4.00	3.90	3.80
ID 2Y	5.80	6.00	6.00	5.90	5.80
ID 10Y	7.70	7.70	7.50	7.40	7.30
TH 2Y	1.80	1.75	1.70	1.70	1.60
TH 10Y	3.20	3.00	2.90	2.90	2.70
Currency	3Q22	4Q22	1Q23	2Q23	3Q23
DXY	104	98	96	95	96
EURUSD	1.04	1.07	1.09	1.12	1.13
GBPUSD	1.18	1.20	1.24	1.27	1.28
AUDUSD	0.70	0.72	0.74	0.75	0.75
USDJPY	135	133	129	127	125
USDCNH	6.72	6.72	6.68	6.65	6.60
USDMYR	4.35	4.20	4.15	4.15	4.13
USDIDR	14,750	14,600	14,500	14,400	14,300
USDSGD	1.37	1.35	1.32	1.31	1.32
USDTHB	35.00	34.40	33.80	33.60	33.80

SOURCE: CIMB TREASURY AND MARKETS RESEARCH

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