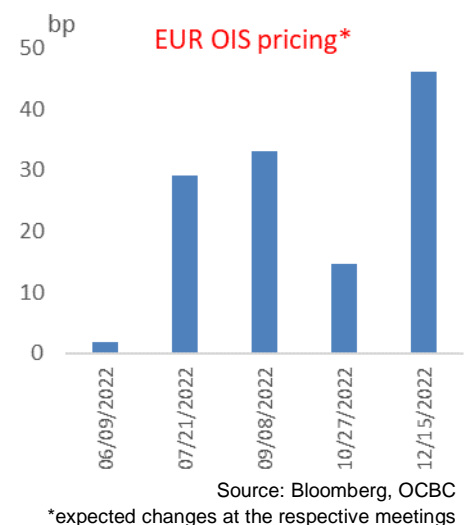
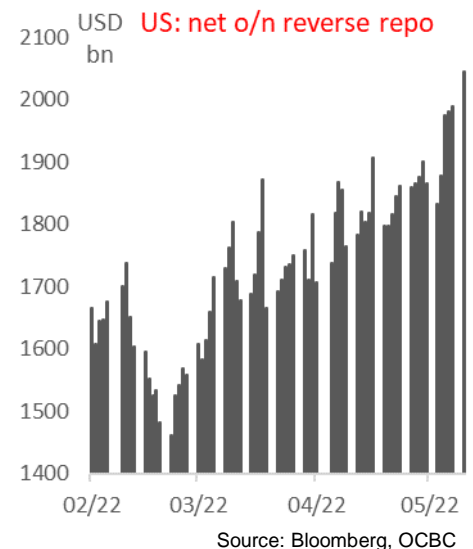


### Rates and FX Themes/Strategy

- A turn in the overall risk sentiment saw **UST** yields go higher overnight, with the curve steepening mildly. We maintain our range-trading view and expect the 10Y UST yield to be capped at around 2.95% on a multi-week horizon. The 2s10s segment may still trade with a flattening bias as market likely holds onto rate hikes expectations. Liquidity stayed ample, with the usage at the Fed's o/n reverse repo facility rising to USD2.04trn on Monday.
- **ECB** Lagarde said the expected end of APP would allow the central bank "a rate lift-off at our meeting in July", and the central bank is likely to exit negative interest rates "by the end of Q3". These comments essentially point to one 25bps hike each at the July and September meetings, which will leave room for further hikes at the October and December meetings. We expect at least three hikes this year, with the potential for an additional hike making the total to four. EUR OIS increased its pricing to 125bps, which looks roughly fair to us given that the market has tended to be running ahead.
- **IndoGBs** saw another day of buying interests on Monday. From here, we wait to see if there is pent-up demand unfolding for IndoGBs after a slew of below-target issuances. There was a huge batch of foreign outflows on one of the recent days upon maturity; it is unclear as to whether foreign investors were too bearish to re-invest, or there was simply a lack of supply. On the policy front, our economist expects BI to deliver a rate hike as soon as at the May MPC meeting.
- **USD/SGD.** SGD NEER is trading at around 1.46% above mid-point this morning, a tad below Monday close. The relatively high position of the SGD NEER may limit the downside to USD/SGD; at current market levels the upper end of the SGD NEER band corresponds to 1.3730 for USD/SGD. Further out, support sits at the 50DMA of 1.3706, while resistance is at 1.3850.
- China plans additional tax relief totalling CNY140bn, underpinning our view that the stimulative fiscal policy will prevent CGB yields from falling materially. We maintain our long-held expected range for 10Y CGB yield at 2.70-2.90%. On the FX curve, back-end **CNH points** continue to trade mainly on US rate movements, which fell overnight on higher US yields. As we expect range-trading with a mild upward bias in US yields, and with the RMB sentiment having stabilised, back-end CNH points shall also mostly consolidate with a mild downward bias. The offshore PBoC bills auction was well received; the supply represented a rollover which should not have affected CNH liquidity.

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