Hong Leong Bank

Quarterly Market Outlook 3Q2024

Global Markets

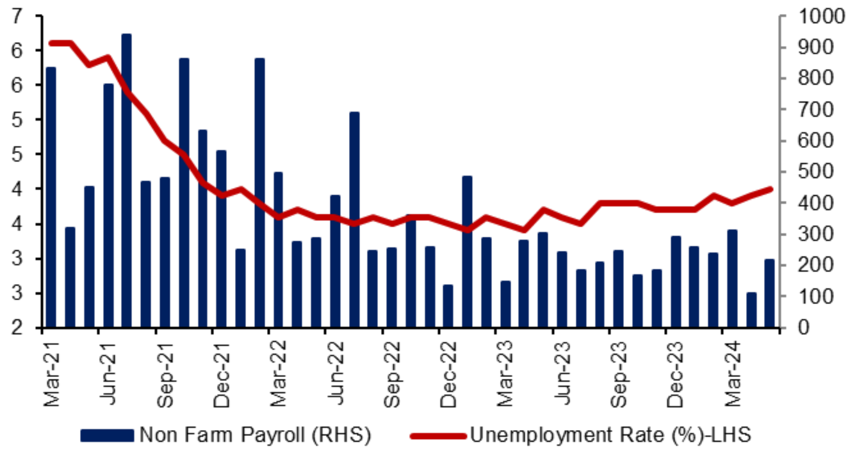
July 2024

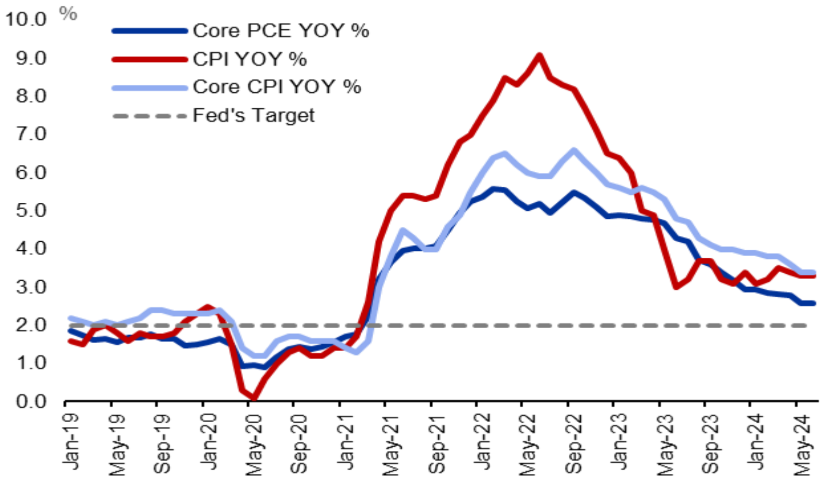
Global Central Banks Policy Rates Outlook

	Current	3Q24	4Q24	1Q25	2Q25	Remarks (Total change in 3Q-4Q 2024)
United States Federal Reserve *Fed Funds Rate*	5.25-5.50	5.25-5.50	5.00-5.25 (-25bps)	4.75-5.00 (-25bps)	4.50-4.75 (-25bps)	**-25bps**
Eurozone European Central Bank *Deposit Rate*	3.75	3.50 (-25bps)	3.25 (-25bps)	3.00 (-25bps)	2.75 (-25bps)	**-50bps**
United Kingdom Bank of England *Bank Rate*	5.25	5.00 (-25bps)	4.75 (-25bps)	4.50 (-25bps)	4.25 (-25bps)	**-50bps**
Japan Bank of Japan *Policy Balance Rate*	0-0.10	0.10-0.20 (+10bps)	0.10–0.20	0.2–0.30 (+10bps)	0.20-0.30	**+10bps**
Australia Reserve Bank of Australia *Cash Rate*	4.35	4.35	4.35	4.10 (-25bps)	3.85 (-25bps)	**No change**
New Zealand Reserve Bank of New Zealand *Official Cash Rate*	5.50	5.50	5.00 (-50bps)	4.75 (-25bps)	4.50 (-25bps)	**-50bps**
Malaysia Bank Negara Malaysia *Overnight Policy Rate*	3.00	3.00	3.00	3.00	3.00	**No change**
Thailand The Bank of Thailand *1-Day Repurchase Rate*	2.50	2.50	2.25 (-25bps)	2.25	2.00 (-25bps)	**-25bps**
Indonesia Bank Indonesia *7-day Reverse Repo Rate*	6.25	6.25	6.00 (-25bps)	5.75 (-25bps)	5.50 (-25bps)	**-25bps**

Source: Bloomberg, Global Markets Research

US – Outlook remains positive although cooled; inflations risks have abated somewhat



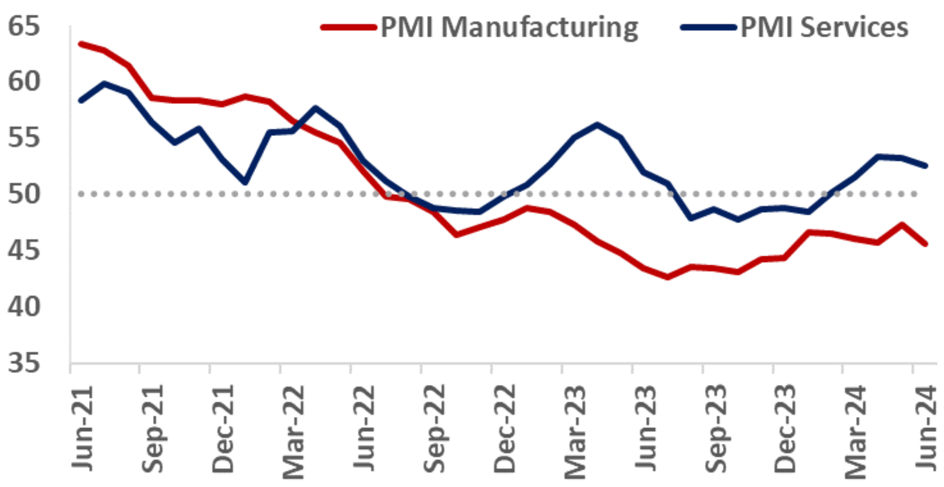


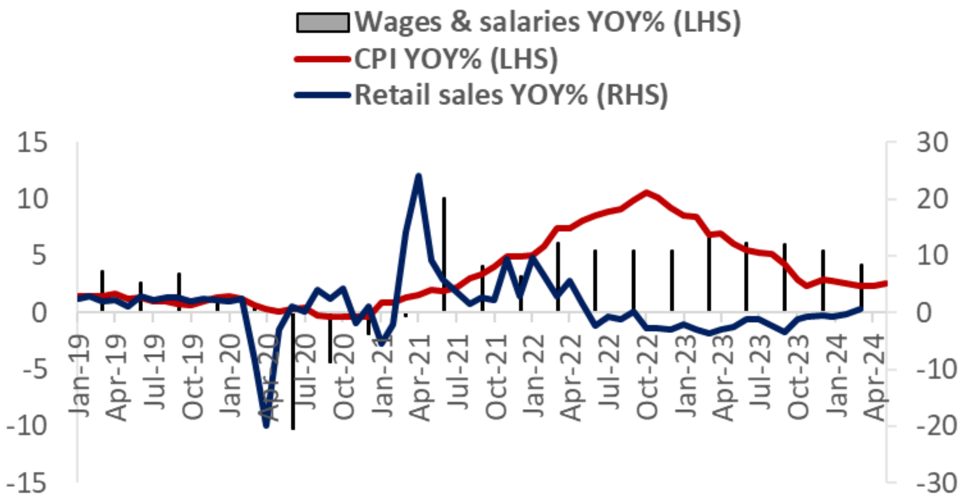
	2022	2023	2024F
GDP (%)	1.9	2.5	2.1
Core PCE Inflation (%)	5.2	3.2	2.8
Fed Funds Rate (%)	4.25-4.50	5.25-5.50	5.00-5.25
Dollar Index (End of period)	103.52	101.33	102.71

Source: Fed, Bloomberg, HLBB Global Markets Research

- The US economy has been expanding at a modest pace - **job gains cooling but have remained resilient;** moved into better balance.
- **Modest progress towards the Fed's inflation target** - upward revisions in PCE prices.
- **Slowdown in consumer spending expected** - cumulative effects of past monetary tightening, recent softening in labor market tightness, diminishing savings as well as on moderation in household wealth gains from real estate and equities.
- Little correlation between Fed policy and elections; equities rallied in the aftermath of the 2 previous elections, different reactions in the Treasury market and USD.

Eurozone – ECB may skip a beat



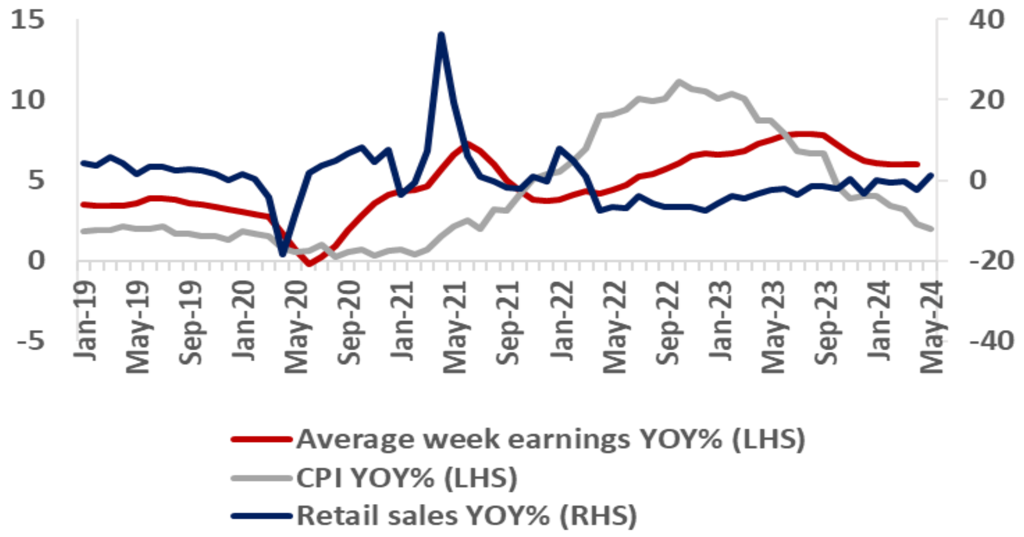


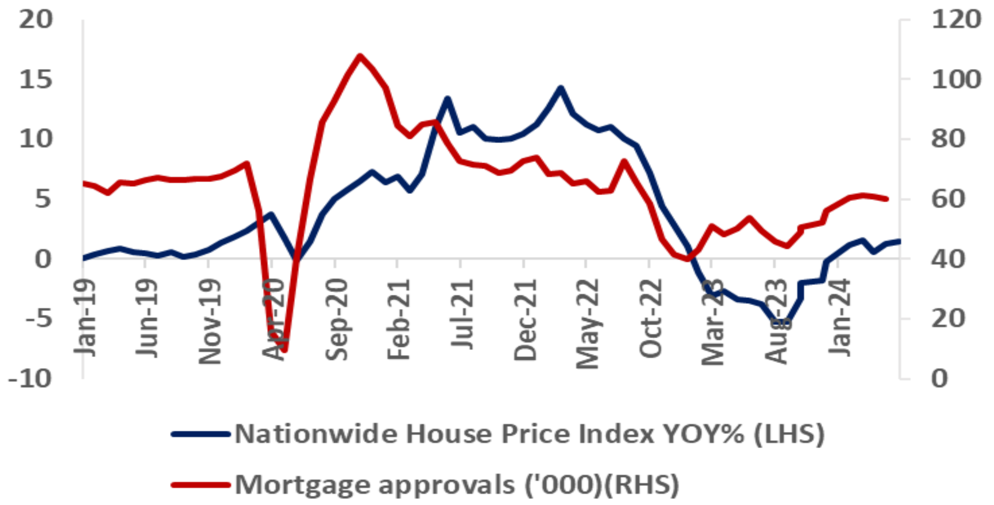
	2022	2023	2024F
GDP (%)	3.4	0.4	0.9
Inflation (%)	8.4	5.5	2.5
Deposit Facility Rate (%)	2.00	4.00	3.25
EUR/USD (End of period)	1.0705	1.1039	1.09

Source: ECB, Bloomberg, HLBB Global Markets Research

- **Upward revisions to both GDP and inflation** - Risks to growth are balanced in the near term, tilted to the downside over the medium term due to the trade tensions between major economies and potentially, a weaker global economy.
- Elevated wage growth remains the “”devil” - domestic price pressures remain strong and likely to stay above target well into next year, while consumer spending continues to lag.
- **Cautious tone on wage growth suggests that the next rate cut may only happen in September.**

UK – Upward surprises in both economic growth and services inflation



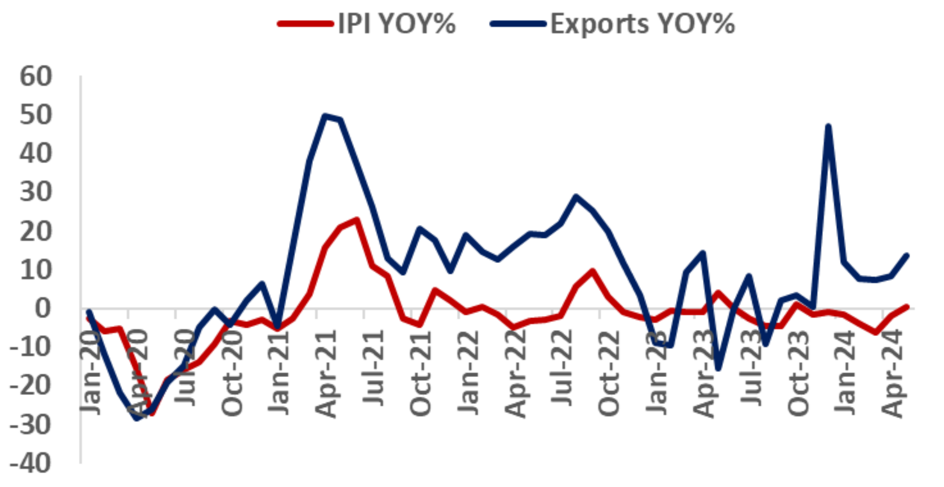


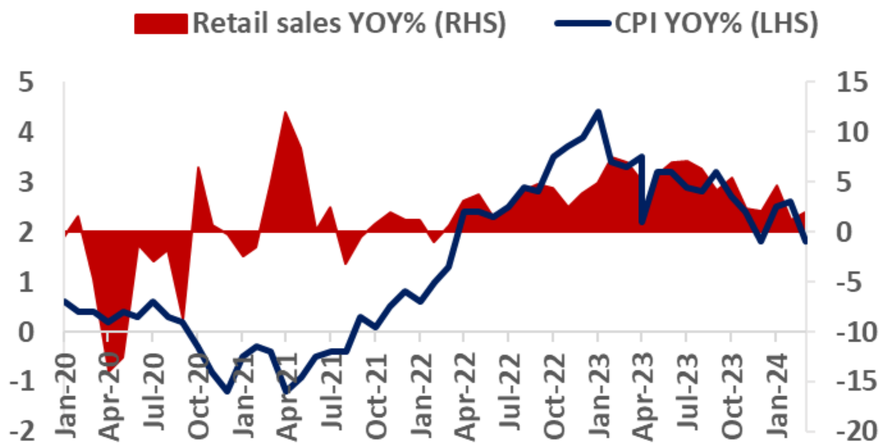
	2022	2023	2024F
GDP (%)	4.5	0.1	0.5
Inflation (%)	9.1	7.4	2.5
Bank Rate (%)	3.50	5.25	4.75
GBP/USD (End of Period)	1.2083	1.2731	1.29

Source: BOE, Bloomberg, HLBB Global Markets Research

- The UK economy appeared to have grown **stronger than expected** - **pick-up in consumer spending** even for discretionary spending; consumer confidence highest in 2.5 years; most housing indicators has shown signs of greater stability BUT huge rise in payments when fixed-rate mortgages expire for many households.
- **Services inflation remains higher than BOE's expectations**. Although headline CPI has eased to target, this could be short-lived given the lower-base effect in 2H.
- **Disagreements over the accumulated evidence that would warrant a change in bank rate.** The last monetary policy vote was split at 7-2; 2 voted to cut and "finely balanced" for those who voted to hold.

Japan – Signs of a possible turnaround for the economy



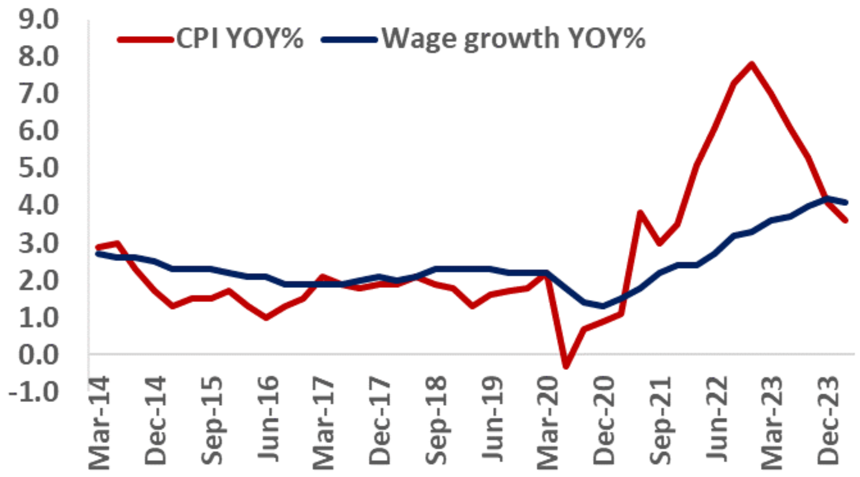


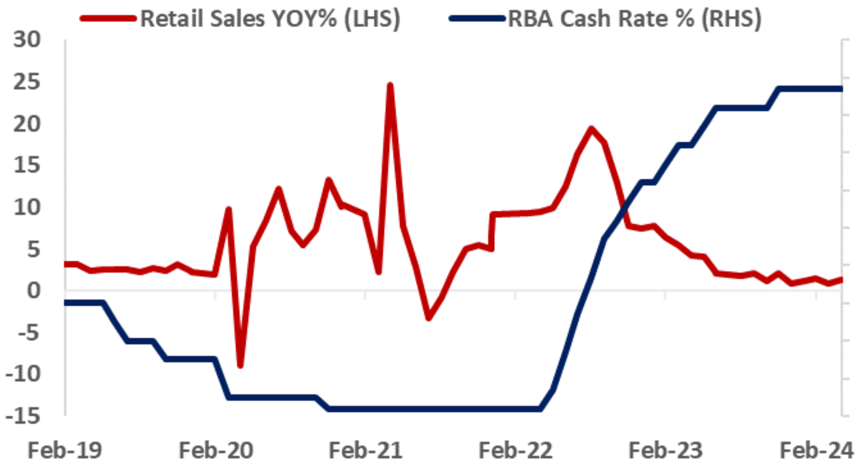
	2022	2023	2024F
GDP (%)	1.0	1.9	0.8
Core Inflation (%)	3.0	2.8	2.8
Policy Balance Rate	-0.1	-0.1	0.10-0.20
USD/JPY	131.12	141.04	155

Source: BOJ, Bloomberg, HLBB Global Markets Research

- Production has been flattish, but increased **profitability and rebound post-suspension of shipments at some automakers should lend support for business investment and exports towards 3Q.**
- **Private consumption has remained resilient** despite still feeling the rumble from the price increases.
- Together with the biggest wage hike in 33 years @ 5.28%, **the virtuous cycle from income to spending and inflation** is expected to gradually intensify, and **send the economy above its potential growth rates.**
- Nonetheless, officials expressed **concerns of polarization** in terms of firms' profitability and wage levels, between big and small medium-sized firms.

Australia – Still on a hawkish hold



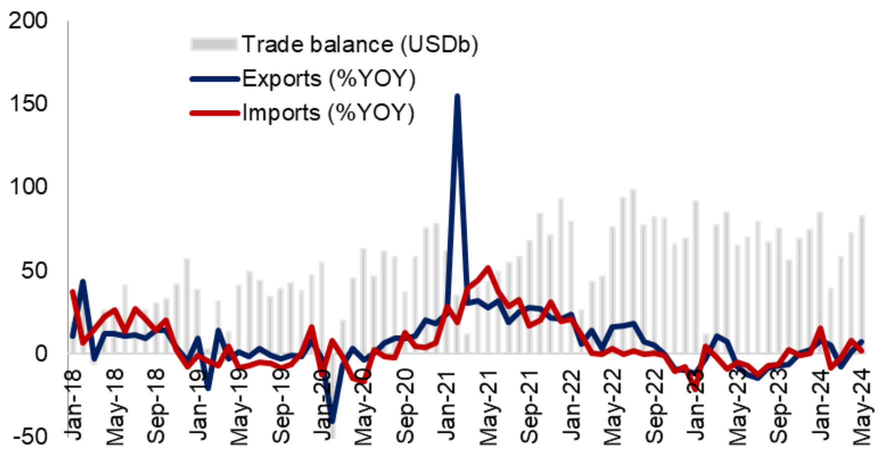


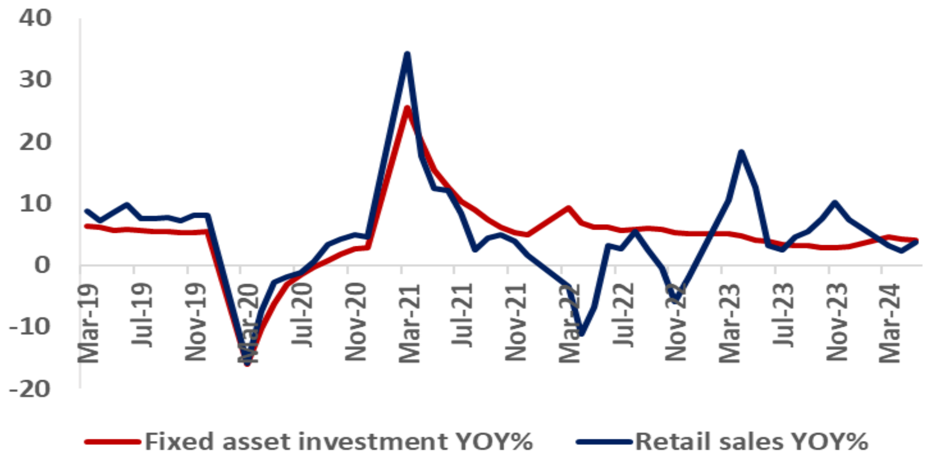
	2022	2023	2024F
GDP (%)	3.8	2.1	1.3
Inflation (%)	6.6	5.6	3.8
Cash Rate (%)	3.10	4.35	4.35
AUD/USD	0.6813	0.6812	0.68

Source: RBA, Bloomberg, HLBB Global Markets Research

- **RBA is the only major central bank discussing a rate hike**; staying on alert to upside inflation risk stemming from elevated but peaked labour cost. 2Q CPI will provide a comprehensive view on services inflation and prices overall.
- **Momentum in economic activity is weak** - risk of household consumption picking up more slowly-than-expected, resulting in continued subdued output growth and a noticeable deterioration in the labour market.
- On the flip side, **real disposable income could benefit** from lower inflation and tax cuts, and increase in wealth, driven by housing prices.

China – Premature to conclude a sustainable recovery



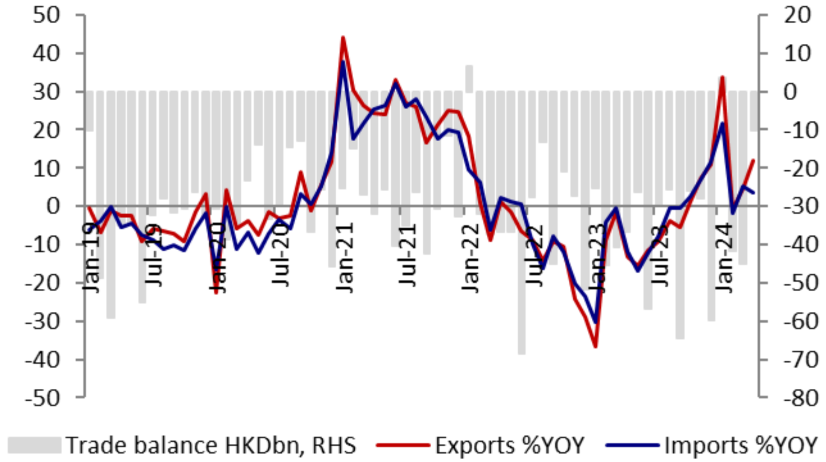


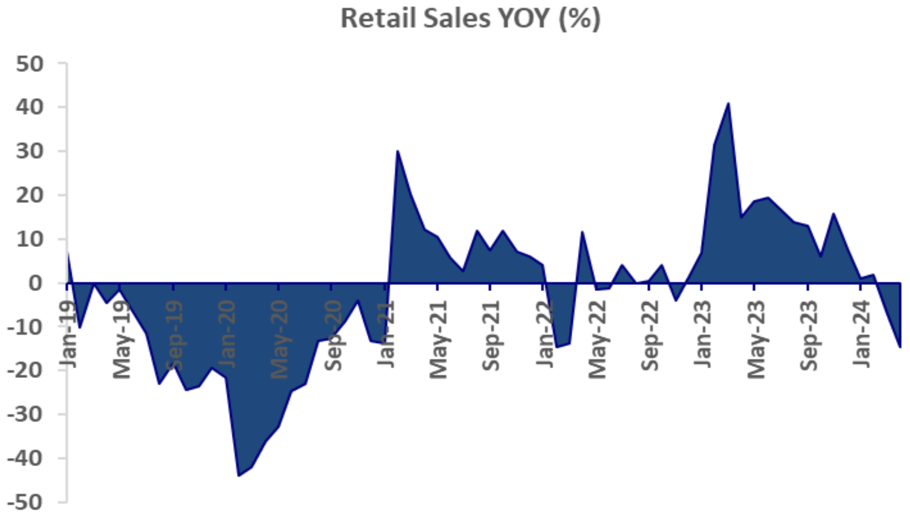
	2022	2023	2024F
GDP (%)	3.0	5.2	5.0
Inflation (%)	2.0	0.2	0.7
1Y LPR (%)	3.65	3.45	3.45
USD/CNY	6.9220	7.1258	7.09

Source: National People's Congress, Bloomberg, HLBB Global Markets Research

- Firmer overseas demand and favourable base effect will support export growth; **Headwinds from increasing trade restrictions by the US and EU**. May's jump due to shipments to emerging markets, not from developed economies.
- **Still weak domestic demand** due to subdued sentiment, rising indebtedness, limited price gains for property; government's trade in programme will lend some support to retail sales.
- At such, risk to growth tilted downwards. **Growth will hinge on the success of the expansionary fiscal policies** to boost public infrastructure spending, spending on disaster reconstruction & prevention, policy support for high-tech and other manufacturing investments.

Hong Kong – Full year growth likely at the lower end of official forecast range of 2.5-3.5%



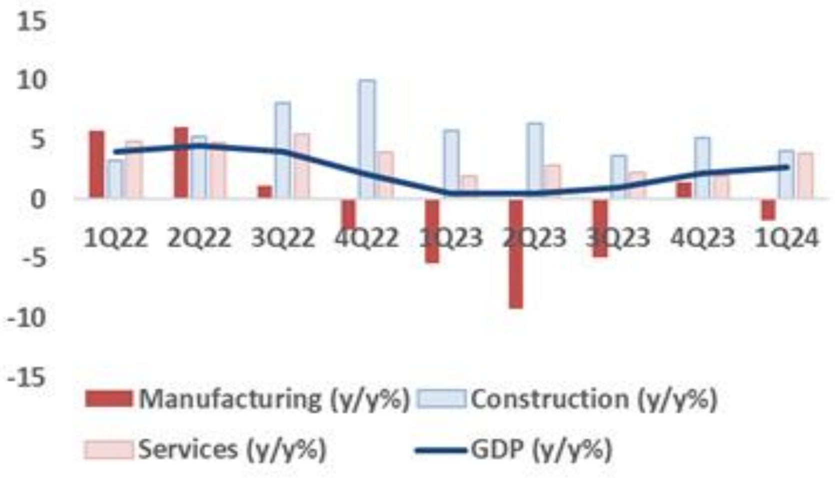


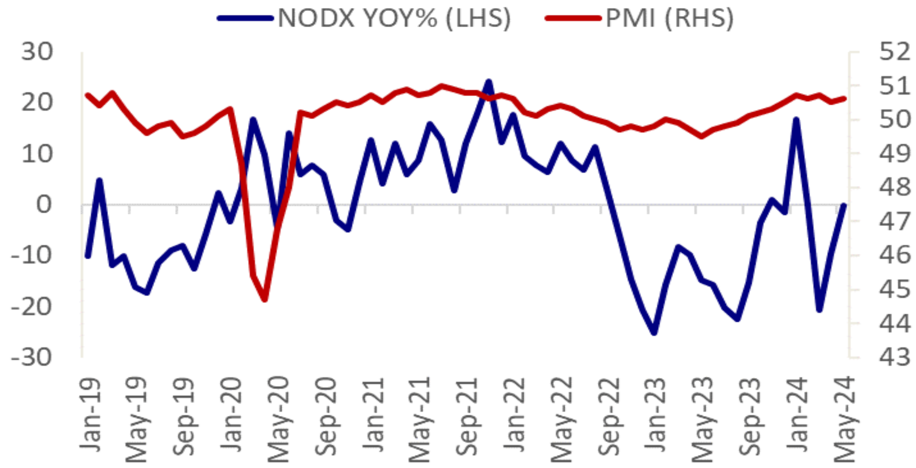
	2022	2023	2024F
GDP (%)	-3.7	3.2	2.5-3.5
Inflation (%)	1.9	2.1	2.4
3-month Hibor	4.99	5.15	4.29
USD/HKD	7.8016	7.8115	7.80

Source: HK Economy, Bloomberg, HLBB Global Markets Research

- **Investment should pick up** on government infrastructure initiatives and anticipated property market rebound due to the removal of all residential property demand management measures.
- **Sturdy labour market will support consumer spending**, although likely negated by fading tourism boost from reopening, tight financial condition.
- **Headwinds from China**. 1) China-US tension a threat given its strong economic links with both economies. 2) Softer tourist spending from Chinese tourists. 3) Hong Kong residents are spending abroad, especially the neighboring Shenzhen.

Singapore – More even growth expected



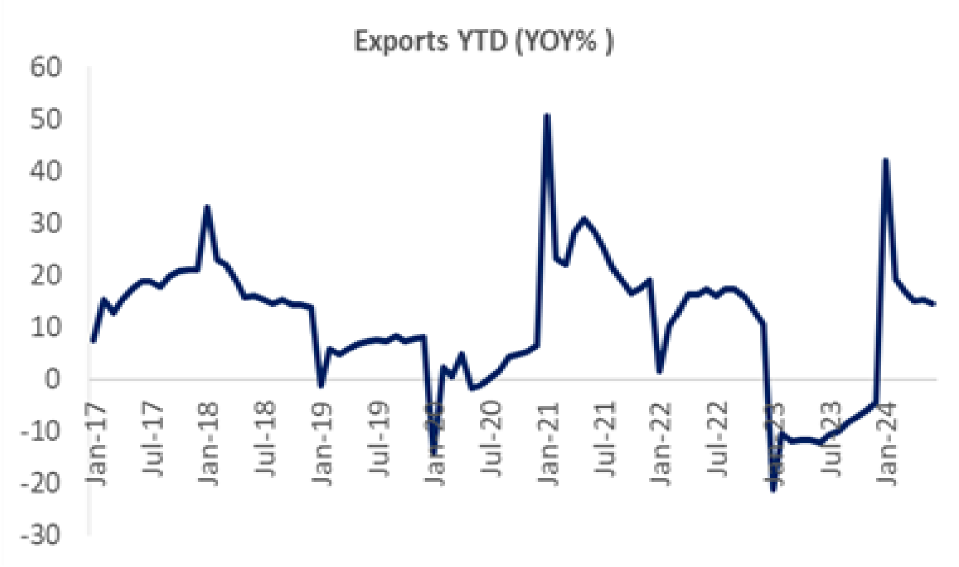


	2022	2023	2024F
GDP (%)	3.8	1.1	1.0-3.0
Inflation (%)	6.1	4.8	2.5-3.5
3m SIBOR (%)	4.25	4.06	3.80
USD/SGD	1.3395	1.3203	1.33

Source: MTI, Bloomberg, HLBB Global Markets Research

- **Manufacturing & trade-related sectors to gradually recover**, with the electronics cluster supported by demand for semiconductors for end-markets such as smartphones, PCs and AI.
- Stronger-than-anticipated recovery in air travel and tourism demand will bolster growth of aviation, tourism-related and consumer-facing sectors. The projected peaking of global policy interest rates will support the banking and fund management activities.
- **Expect MAS to maintain the slope, band, centre of the S$NEER -** gradually appreciating policy band is consistent with inflation stepping down more discernibly in 4Q and 2025, to ensure medium-term price stability and to contain imported inflation.

Vietnam – Targeted 2024 GDP growth achievable given strong 6.4% growth in 1H

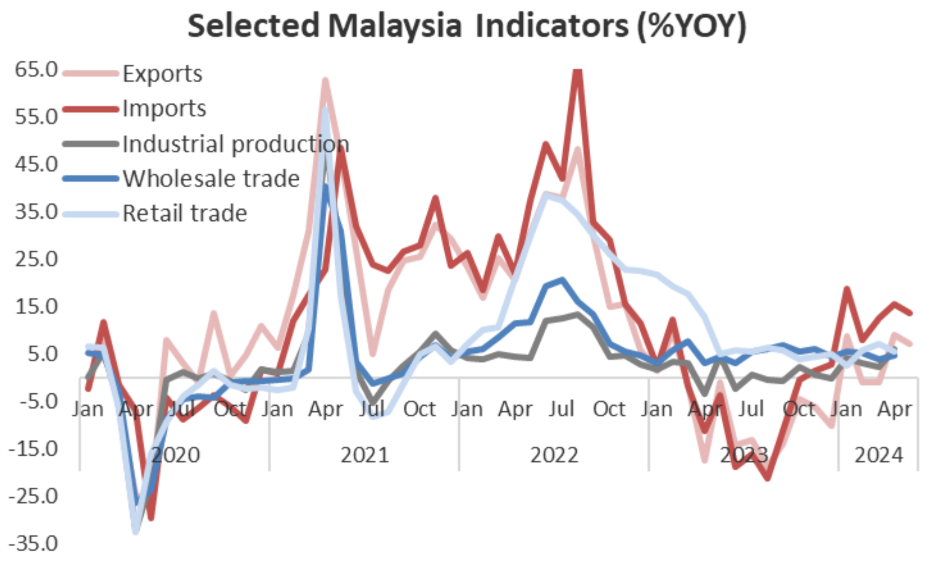


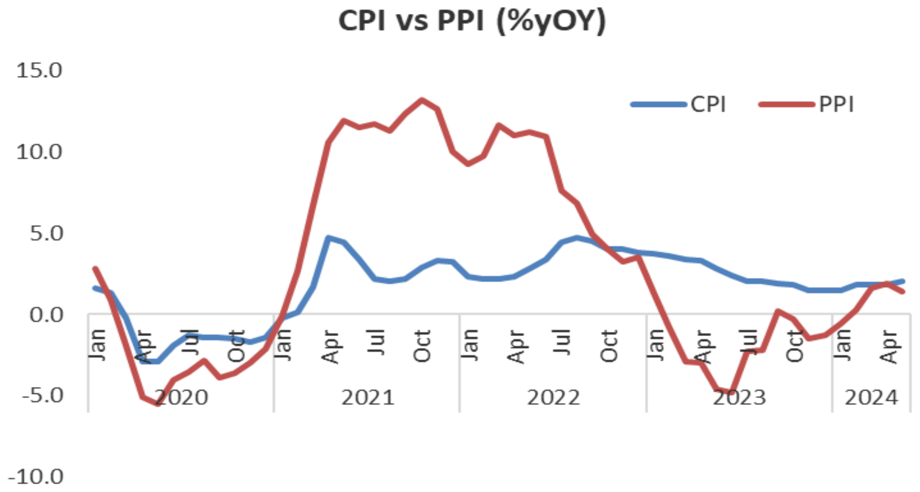
	2022	2023	2024F
GDP (%)	8.0	5.1	6.0-6.5
Inflation (%)	3.2	3.3	4.0-4.5
SBV Refinancing Rate (%)	6.00	4.50	4.50
USD/VND	23,633	24,269	25,050

Source: Bloomberg, HLBB Global Markets Research

- **Strong end to 1H growth**, driven by exports (double digit growths) and FDI (Disbursed: 8.2%, Pledged: 13.1% YTD).
- **Downside risks to growth** from: slowdown in the global economy, trade fragmentation and domestic financial stability, in particularly in the construction sector.
- **Inflation has crept up to near the inflation target ceiling**; higher medical costs, hike in base salaries for state employees and retirees wef 1 July, larger pass-through to inflation due to weak VND.
- **SBV should maintain status quo in 2H.**

Malaysia – Overall improvement offered optimism of brighter outlook





	2022	2023	2024F
GDP (%)	8.7	3.7	4.9
Inflation (%)	3.4	2.5	2.3
OPR (%)	2.75	3.00	3.00
USD/MYR	4.4040	4.5940	4.60

Source: Bloomberg, HLBB Global Markets Research

- **Expected to gain traction in 2Q**, piggybacking on continuous recovery in external demand, global tech upcycle, favourable commodity prices, further improvement in domestic economic activities; upside risk from potential spending boost from EPF Account 3 withdrawal.
- **Tentative signs of upside risk to inflation** - Largely hinge on the timing and magnitude of the subsidy reform in RON95 (5.5% of CPI basket), and to a much lesser extent, diesel (0.2%). Base assumption that RON95 adjustment to kick in in 4Q, hence most of the inflationary impact should be felt in 2025.
- **No strong case for OPR hike if the spike in inflation is transitory.**

Markets Outlook - FX

FX – USD to trade on the back foot as the Fed prepares to cut rates; JPY to be supported on reduced rate differentials; MYR likely to continue its recovery

	12-month Outlook
+	**JPY:** Reduced policy rate differential will be positive for the JPY as other major central banks ease policy; risk of possible further BoJ hikes as wages continue to head higher. **CNY**: Two-speed economy with the export sector continuing to register further gains, while the property sector and negative consumer sentiment domestically likely to remain a drag amidst continued government stimulus to attempt to cushion the blow **MYR**: Reduced policy rate differential and a continued robust economy, supported by a rebound in exports and resilient domestic demand, likely to be MYR positive; inflation should continue to head higher as subsidy removals continue to manifest **AUD:** Likely to benefit from narrowing interest rate differentials as the RBA maintains rates in the face of Fed rate reductions **GBP:** Likely to be boosted by political stability after the landslide win by Labour in the elections. Impending rate cuts by the BoE should help alleviate growth concerns.
-	**USD:** Likely to come under pressure, as the US economy and labor market continues to moderate and inflation continues to ease, allowing the Fed to finally begin to ease policy, with a few rate reductions to be delivered by the FOMC in the coming quarters. **EUR:** Supported in the short term by USD weakness and a bounce in economic conditions domestically. However the possibility of the economy losing momentum again towards the end on the year may keep the currency on the offered side going into next year amidst more ECB cuts.

FX Forecasts

	28-Jun	Q3-24	Q4-24	Q1-25	Q2-25
DXY	105.87	104.28	102.71	101.69	100.67
USD/CAD	1.37	1.35	1.34	1.33	1.31
EUR/USD	1.07	1.08	1.09	1.08	1.06
GBP/USD	1.26	1.28	1.29	1.28	1.28
USD/CHF	0.90	0.89	0.88	0.87	0.86
AUD/USD	0.67	0.67	0.68	0.69	0.69
NZD/USD	0.61	0.62	0.62	0.63	0.63
USD/JPY	161	158	155	151	148
USD/MYR	4.72	4.66	4.60	4.54	4.50
USD/SGD	1.36	1.34	1.33	1.32	1.30
USD/CNY	7.27	7.18	7.09	7.03	7.00

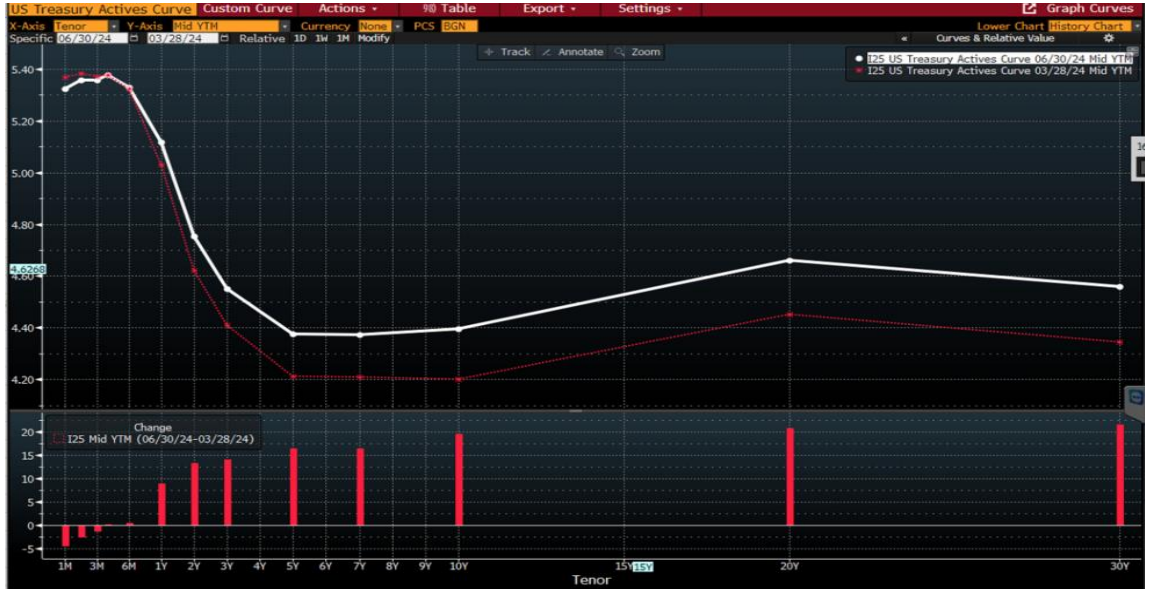
Markets Outlook – Fixed Income

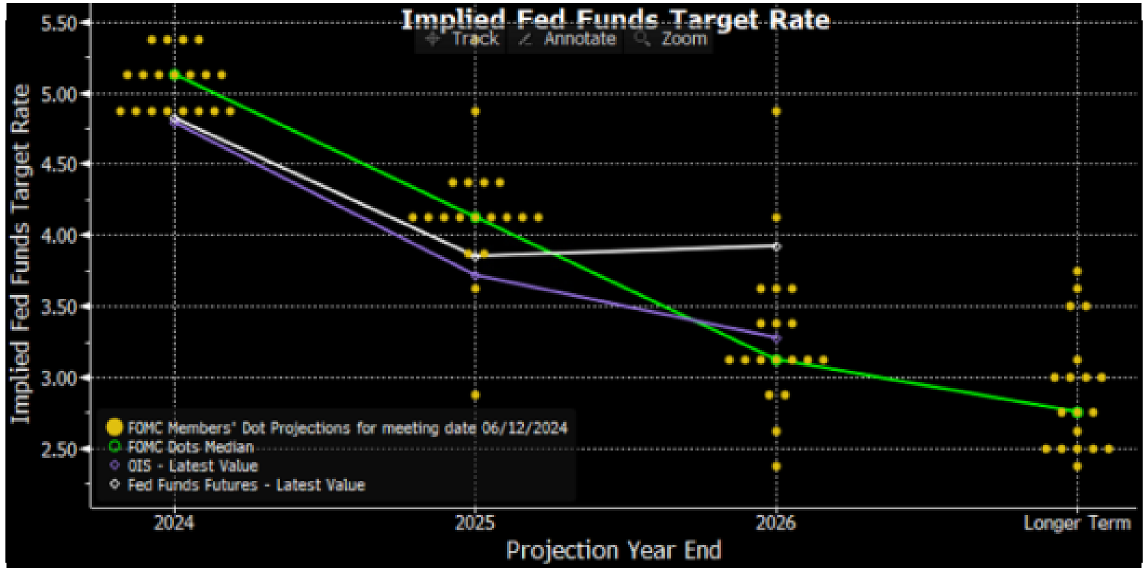
	CURRENT	3Q2024	4Q2024	1Q2025	2Q2025
UST 10Y	4.29%	4.25-4.45%	4.15-4.35%	4.05-4.25%	3.95-4.15%
MGS 10Y	3.86%	3.85-4.05%	3.90-4.10%	3.95-4.15%	3.95-4.15%
SGS 10Y	3.19%	3.15-3.35%	3.10-3.30%	3.05-3.25%	3.00-3.20%

Sovereigns – Bonds seen to be range bound in 3Q as major global central banks continue/begin to ease policy. Further out, yields in majors seen heading lower. MGS/GII to underperform on differing inflation dynamics.

UST	Yields to be range bound in 3Q and head lower further out, as the US economy continues to moderate and inflation continues to ease. FOMC finally begins to ease rates in 2H, leading to a bull steepening in the UST curve. Risks – a Trump election victory could be a catalyst for higher yields and increased volatility. A worsening of the various geopolitical conflicts may cause a faster pace of and more pronounced yield declines.
MGS	Low but rising inflation in 3Q will allow BNM to keep OPR stable. Possible divergence from USTs and underperformance seen further out, as inflation scenario domestically looks set to differ from the moderating inflation picture in the major markets. Risks – subsidy removals have a larger impact on inflation, improvement in export sector loses momentum.
SGS	Positive correlation with USTs likely to result in SGS yields gradually declining. MAS is expected to stand pat on policy at its July meeting. Risks – Larger than expected drag on economy domestically from the uptick in GST.

US Fixed Income – To trade in a range as economic data and inflation continue to moderate





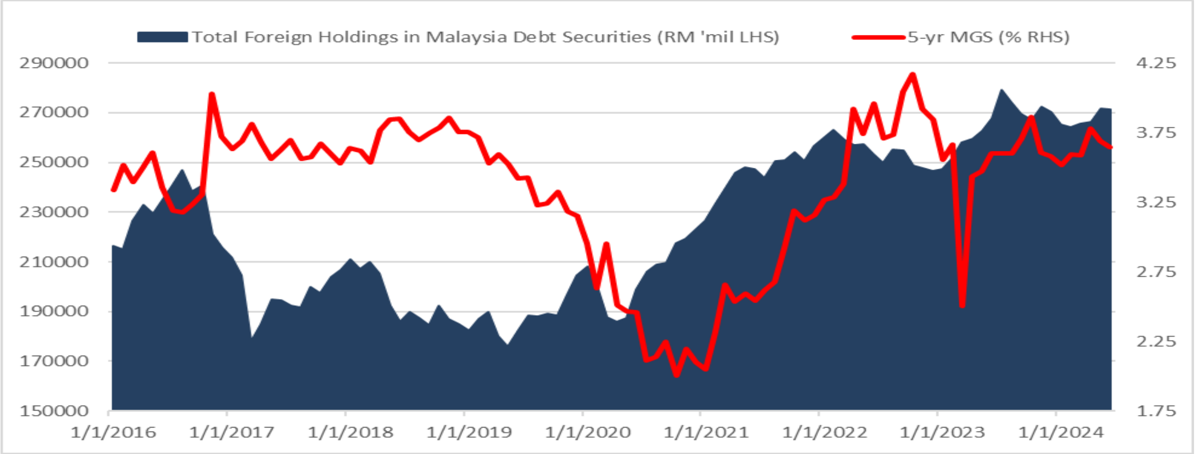
Source: Bloomberg, HLBB Global Markets Research

- **UST** -- USTs traded lower in 2Q, amidst a moderation of economic conditions and a labour market that appears to be cooling, with the unemployment rate inching higher from 3.8% in March to 4.1% as of June. Inflation is finally showing signs of faster cooling, with core PCE falling from 2.8% y/y at the end of 1Q to 2.6% y/y as of May.
- Benchmark yields rose by 13-22bps for the quarter (1Q24: 26-40bps higher) as the market further dialed back on rate cut expectations, with Fed Fund Futures only pointing to 1-2 Fed cuts for 2024 at the end of 2Q, versus 2-3 cuts priced for 2024 as at the end 1Q.
- The curve bear-steepened slightly for the quarter, as the longer dated maturities underperformed in the sell-off, with 2s10s finishing 2Q at -36bps (1Q24: -42bps)
- The Fed's Dot plot median projection during the June FOMC pointed to a 25bps cut in total for 2024, from the 75bps they indicated in the March Dot plot.
- **We expect the FOMC to begin reducing the Fed Funds Rate by 25bps in 4Q, and to continue easing policy in 1H25, although risk of a September cut has risen.** Fed Chair Powell highlighted during his semi-annual testimony to Congress that Fed officials are increasingly wary of potential risks to the labour market, but stopped short of offering guidance for the timing of rate cuts.
- Weak ISM indices and a softer monthly employment report have resulted in bond yields heading lower in 3Q thus far, with the 10yr UST falling by a further 10bps to 4.30%
- **Looking ahead, we see bonds trading in a range for 3Q, and expect the 10Y UST yield to be around 4.35% by the end of 3Q24**, as downward pressure from economic conditions and inflation continuing to moderate is offset by some election-related volatility as the market prices in a larger chance of a Trump victory, which is seen to be more inflationary as opposed to a Biden win.

- **Corporates** –Investment-grade corporate bonds were a tad weaker for the quarter with the Bloomberg US Corporate Bond Index posting a loss of 0.1% (1Q24: -0.4%). USD Corporate issuance receded in 2Q24, with issuance of IG bonds falling to USD363.2b (1Q24: USD555.8b).

Malaysia Fixed Income – Higher yields on the horizon as inflation continues to edge upwards

No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	10-yr Reopening of MGII 8/33	10	Jan	Q1	5/1/2024	5,000	5,000		5,000	2.445	3.880	3.908	3.920	83.3%
2	30-yr Reopening of MGS 3/53	30	Jan	Q1	12/1/2024	5,000	3,000	2,000	10,000	2.990	4.223	4.243	4.250	84.8%
3	5-yr Reopening of MGII 7/28	5	Jan	Q1	19/1/2024	4,500	5,000		15,000	4.402	3.610	3.620	3.624	51.3%
4	7-yr Reopening of MGS 4/31	7	Feb	Q1	5/2/2024	4,500	5,000		20,000	2.155	3.760	3.779	3.790	6.9%
5	20-yr Reopening of MGII 8/43	20	Feb	Q1	14/2/2024	5,000	3,000	2,000	25,000	3.037	4.144	4.163	4.171	60.0%
6	3-yr Reopening of MGS 5/27	3	Feb	Q1	21/2/2024	4,500	5,000		30,000	1.703	3.470	3.488	3.499	85.0%
7	15-yr Reopening of MGII 9/39	15	Mar	Q1	29/2/2024	5,000	3,000	2,000	35,000	2.973	3.972	3.990	3.998	52.3%
8	10-yr Reopening of MGS 11/33	10	Mar	Q1	14/3/2024	4,500	5,000		40,000	2.046	3.830	3.854	3.865	27.1%
9	30-yr New Issue of MGII (Mat on 3/54)	30	Mar	Q1	21/3/2024	5,000	3,000	2,000	45,000	3.187	4.254	4.280	4.286	90.0%
10	5-yr Reopening of MGS 8/29	5	Apr	Q2	29/3/2024	5,000	5,000		50,000	1.797	3.665	3.681	3.690	11.4%
11	7.5-yr New Issue of MGII (Mat on 10/31)	7	Apr	Q2	5/4/2024	5,000	4,500		54,500	3.333	3.780	3.804	3.815	41.3%
12	15-yr New Issue of MGS (Mat on 4/39)	15	Apr	Q2	16/4/2024	5,000	3,000	2,000	59,500	2.159	4.016	4.054	4.069	82.2%
13	3-yr Reopening of MGII 9/26	3	Apr	Q2	25/4/2024	5,000	5,000		64,500	1.746	3.547	3.574	3.599	40.0%
14	20-yr New Issue of MGS (Mat on 05/44)	20	May	Q2	14/5/2024	5,000	3,000	2,000	69,500	3.085	4.160	4.180	4.188	98.4%
15	15-yr Reopening of MGII 9/39	15	May	Q2	21/5/2024	5,000	3,000	2,000	74,500	3.024	4.005	4.021	4.027	83.8%
16	7-yr Reopening of MGS (4/31	7	May	Q2	29/5/2024	5,000	5,000		79,500	1.965	3.843	3.852	3.860	81.4%
17	20-yr Reopening of MGII 8/43	20	Jun	Q2	6/6/2024	5,000	3,000	2,000	84,500	3.475	4.123	4.133	4.137	15.3%
18	3-yr Reopening of MGS 5/27	3	Jun	Q2	13/6/2024	4,500	5,000		89,500	1.682	3.487	3.545	3.553	88.6%
19	30-yr Reopening of MGII 3/54	30	Jun	Q2	21/6/2024	5,000	3,000	2,000	94,500	2.504	4.220	4.241	4.249	36.0%
20	5-yr Reopening of MGS 8/29	5	Jul	Q3	1/7/2024	4,500	5,000		99,500	2.187	3.663	3.672	3.679	63.5%
21	10-yr Reopening of MGII 11/34	10	Jul	Q3		4,500								
22	15-yr Reopening of MGS 4/39	15	Jul	Q3		5,000		x						
23	7-yr Reopening of MGII 10/31	7	Aug	Q3		5,000								
24	30-yr Reopening of MGS 3/53	30	Aug	Q3		5,000		x						
25	5-yr Reopening of MGII 7/29	5	Aug	Q3		4,500								
26	10-yr Reopening of MGS 7/34	10	Aug	Q3		5,000								
27	20-yr Reopening of MGII 8/43	20	Sep	Q3		4,500		x						
28	7-yr Reopening of MGS 4/31	7	Sep	Q3		4,500								
29	30-yr Reopening of MGII 3/54	30	Sep	Q3		5,000		x						
30	3-yr Reopening of MGS 5/27	3	Oct	Q4		4,500								
31	10-yr Reopening of MGII 11/34	10	Oct	Q4		4,500								
32	20-yr Reopening of MGS 5/44	20	Oct	Q4		5,000		x						
33	7-yr Reopening of MGII 10/31	7	Oct	Q4		5,000								
34	15-yr Reopening of MGS 4/39)	15	Nov	Q4		5,000		x						
35	5-yr Reopening of MGII 7/29	5	Nov	Q4		4,500								
36	10-yr Reopening of MGS 7/34	10	Nov	Q4		5,000								
37	3-yr Reopening of GII 9/27	3	Dec	Q4		4,500								
Gross MGS/GII supply in 2024						178,000	81,500	18,000	-	PROJECTED TOTAL ISSUANCE = RM180b				

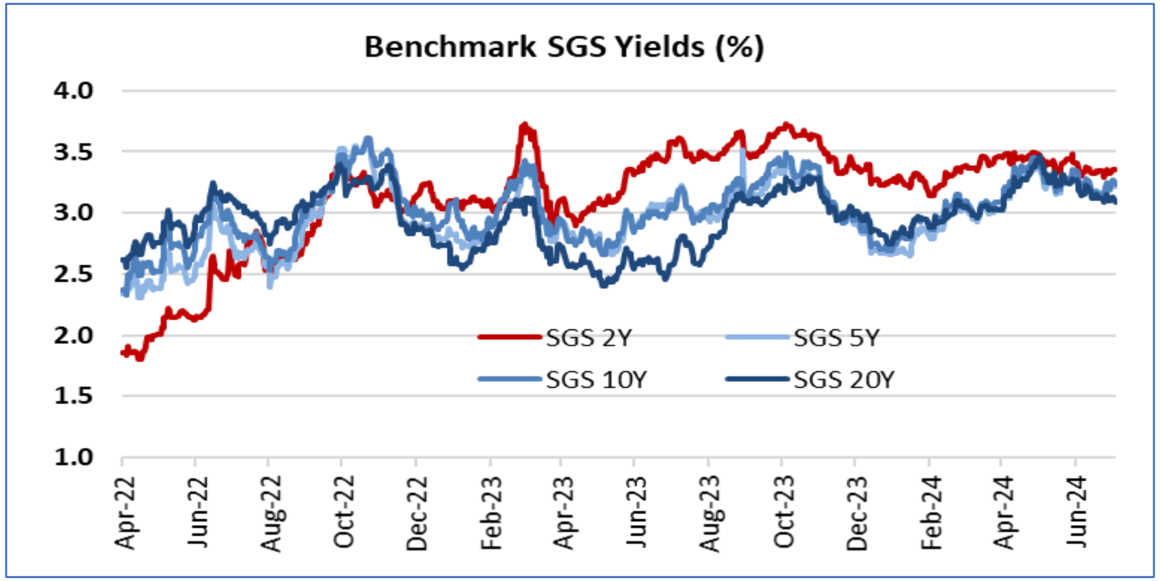


Source: Bloomberg, BNM, HLBB Global Markets Research

- **Government Bonds** – MGS and GII were weaker q/q as overall benchmark yields closed mixed between -3 and +5bps (1Q24: -6 to +11bps) with the 30yr GII outperforming for the quarter. GII outperformed MGS for the quarter.
- Foreign holdings of overall MYR bonds rose by RM5.5b during the quarter, from RM265.8bn as at end 1Q24, to RM271.3b as at end 2Q24.
- Government auctions in 2Q24 saw poorer bidding metrics amidst a higher gross issuance of RM49.5bn, with an average BTC of 2.37x across 10 auctions (1Q24: 9 auctions; average BTC 2.71x; gross issuances RM45.0bn).
- BNM left interest rates unchanged during their policy meet on May 09, and continued to strike a neutral tone in the monetary policy statements; we expect them to continue to hold rates steady in 3Q and for the remainder of 2024.
- Inflation is expected to continue to edge higher, as continued subsidy rationalization takes place amidst low base effects. While the diesel subsidy rationalization on June 10 on its own has little impact on CPI given the small weighting of diesel in the CPI basket, we expect some pass through of prices to consumers by sectors not covered under the new realignment of the subsidy.
- Local bonds could continue to face a challenging environment going forward, with inflation expected to continue to rise amidst expected decent growth. **We expect 10Y MGS yields to head slightly higher in 3Q24 to the 3.95% area.**

- **Corporate Bonds/Sukuk** – Mild further tightening in spreads in 2Q24, with AAA and AA2 spreads in 10Y space closing at 22 and 39bps respectively (1Q24: 22 and 43bps) as demand remained solid. Corporate bonds/sukuk issuances (including GG bonds) picked up to RM30.3b in 2Q24 (1Q24: RM22.9b). We expect issuance to continue to head higher in 3Q24.

Singapore Fixed Income – Neutral on SGS; yields expected to edge marginally higher with USTs



Source: *Bloomberg, HLBB Global Markets Research*

- **SGS** – Singapore Government Securities mostly traded lower q/q, taking cue from the slight march higher in USTs, as overall benchmark yields closed mixed between -2 and +15bps (1Q24: 21-40bps higher), with the belly of the curve bearing the brunt of the move.
- The SGS yield curve was less inverted for the quarter, with 2s10s standing at -13bps (1Q24: -28bps)
- The Bloomberg Global Singapore Bond Total Return Index registered a marginal decline of 0.1% for 2Q24 (1Q24: -1.7%).
- Total SGS issuances for 2Q24 rose to SGD11.1bn (1Q24: SGD6.6bn).
- MAS expected to be unchanged on policy at the next quarterly meeting in July, as it continues to assess the impact from the increase in the goods and services tax rate at the beginning of 2024.
- **We expect SGS yields to trade in a range for the quarter, in line with UST yields. We project SGS 10Y to be marginally higher at 3.25% at the end of 3Q24**, from the 3.19% at the end of 2Q24.

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