

Key Points

- **FX:** Posisi *bull* USD menjelang rapat moneter *The Fed* yang *hawkish*; kekhawatiran Fed akan mengarahkan suku bunga ke area yang lebih restriktif di atas 4%
- **Rates:** Risiko resesi belum akan hilang dalam waktu dekat; 2Y/10Y dan 2Y/30Y akan masih terinversi dalam waktu yang lebih lama

FX: USD bulls position for hawkish Fed

Posisi USD dalam kondisi *bull* menjelang pertemuan *hawkish Federal Open Market Committee (FOMC)* pada 21 September. DXY menguat 0.7% ke level 109.76 pada pekan lalu (yang berakhir pada 16 September), level penutupan mingguan tertinggi sejak Juni 2002. Setelah data *Consumer Price Index (CPI)* Amerika yang lebih tinggi dari ekspektasi di Agustus, *Fed Funds Rate* diperkirakan naik 75 bps ke 3.25% untuk yang ketiga kalinya, ke area restriktif dari estimasi level netral di 2-3%. Setelah FOMC terakhir di Juli, *US Treasury 2Y yield* telah naik dari 2.86% ke 3.40% pada *Jackson Hole* di August ke 3.87% Jumat lalu. Kekhawatiran pasar terhadap *The Fed* yang mungkin mengarahkan suku bunga ke area yang lebih restriktif di atas 4% sebelum berhenti di 2023. Fokus akan berada pada ringkasan proyeksi ekonomi dan pidato Jerome Powell setelah FOMC.

Penguatan USD merupakan tantangan bagi aset global lainnya. Bank sentral lain menilai depresiasi terhadap mata uangnya menambah tekanan inflasi. *European Central Bank (ECB)* dan *Bank of Canada (BOC)* telah merespon dengan kenaikan 75 bps pada bulan ini untuk menopang mata uangnya, tidak terlalu signifikan terhadap USD namun pada *effective exchange rate basis*. EUR/USD berada di sekitar level *weak parity*. ECB memperkirakan adanya beberapa kenaikan suku bunga lanjutan untuk ke area yang lebih netral. Hal ini relatif tidak positif karena suku bunga Amerika akan berada di atas level netral pada 21 September. Kebijakan BOC cenderung lebih paralel dengan *The Fed*. Penguatan USD akan membuat USD/CAD mengarah ke level 1.3264, level penutupan tertinggi sejak Oktober 2020.

Swiss National Bank (SNB) diperkirakan juga akan menaikkan 75 bps ke 0.50% pada 22 September. Namun, kenaikan skala besar ini hanya akan menandakan Swiss yang keluar dari suku bunga negatif, sehari setelah suku bunga Amerika masuk ke area restriktif. USD/CHF telah naik dari level *support* di 0.94 ke 0.9650 dan dapat mengarah ke 0.98 pada kuartal ini.

GBP berpotensi menutup tahun 2022 dengan pelemahan Inggris secara fundamental. GBP ditutup di level 1.1420 di pekan lalu, level terendah sejak Maret 1985. Perkiraan dapat mengarah ke 1.0520, level *all-time low* di February 1985. Berdasarkan data CFTC, pasar menaikkan posisi *short* terhadap GBP dan merupakan posisi *short* terbesar sejak akhir April. Pada 22 September, ekspektasi kenaikan 50 bps oleh *Bank of England (BOE)* akan tidak sebanding dengan kenaikan 75 bps ketiga oleh *The Fed*. Meskipun BOE menaikkan sebesar 75 bps, hal ini belum tentu berdampak positif terhadap GBP. Pasar menilai ekonomi Inggris akan memasuki resesi dari 4Q22 menuju 2023, satu kuartal setelah ekonomi Amerika melewati resesi secara teknikalnya.

Sejak rapat moneter BOE di 4 Agustus, *yield 10Y Gilt* naik ke level 3.14% dari 1.89% akibat kekhawatiran kondisi fiskal. *Chancellor Kwasi Kwarteng* akan menyampaikan *mini-budget* sehari setelah pertemuan BOE. Kwarteg akan menyampaikan program insentif pajak senilai GBP 30 miliar untuk membantu krisis kenaikan biaya kebutuhan pokok dan mendorong pertumbuhan ekonomi, sepekan setelah Perdana Menteri Liz Truss memutuskan untuk membatasi harga energi. Meski demikian, pasar akan lebih fokus pada bagaimana pemerintahan Truss mendanai defisit fiskal yang melebar.

Returns of cross assets around the world

Index	Close	Overnight	YTD
DJIA	31,020	0.6%	-14.6%
S&P 500	3,900	0.7%	-18.2%
NASDAQ	11,535	0.8%	-26.3%
Stoxx Europe 600	408	-0.1%	-16.4%
DAX	12,803	0.5%	-19.4%
CAC 40	6,062	-0.3%	-15.3%
FTSE 100	7,237	0.0%	-2.0%
MSCI AxJ	602	-0.6%	-23.8%
Nikkei 225	27,568	0.0%	-4.3%
SHCOMP	3,116	-0.3%	-14.4%
Hang Seng	18,566	-1.0%	-20.7%
MSCI EM	939	-0.6%	-23.8%
UST10-yr yield*	3.49	411.0%	198.0
JGB 10-yr yield*	0.25	0.0%	18.5
Bund 10-yr yield*	1.80	480.0%	198.4
US HY spread*	4.81	-600.0%	198.0
EM spread*	422.29	-210.0%	92.0
WTI (USD)	85.73	0.7%	14.0%
LMEX	3,679.00	-0.3%	-18.3%
Gold (USD)	1,675.84	0.0%	-8.4%

Source: Bloomberg

* Changes in basis points

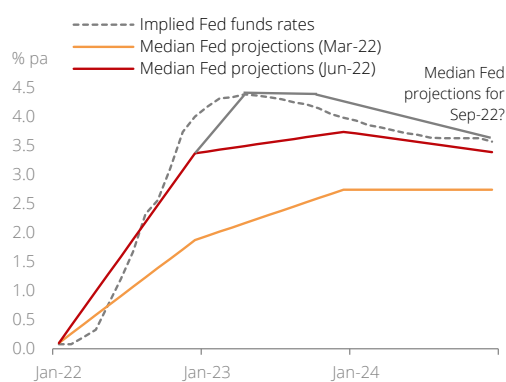
Philip Wee | FX Strategist

Figure 1: Trending South



Rates: Maximum fear heading into FOMC meeting

Figure 2: Fed and market views



Terdapat kekhawatiran di setiap kelompok aset seiring pasar melakukan penilaian Kembali terhadap kelanjutan kenaikan suku bunga setelah data inflasi bulan lalu. Pekan ini (berakhir pada 24 September) akan cenderung menantang seiring *Federal Open Market Committee (FOMC) meeting* (hasilnya pada 22 September, waktu Indonesia). Pasar tengah melakukan *pricing-in* potensi kenaikan 100 bps. Namun perkiraan masih tetap di kenaikan 75 bps, yang membuat suku bunga masuk ke area restriktif. Dengan data tenaga kerja (termasuk NFP, *jobless claims*) dan *Consumer Price Index (CPI)* tetap tinggi (8.3% y/y di August), tidak ada alasan fundamental untuk The Fed mengarah ke *dovish*. Meskipun kondisi keuangan yang telah melemah, hal ini sepertinya belum akan membuat The Fed untuk tidak agresif. Sepertinya akan diperlukan pelemahan lebih besar di pasar saham atau pelebaran *credit spread* untuk memberikan alasan (seperti yang terjadi pada Juni lalu) bagi *yield* untuk bergerak turun.

Proyeksi ekonomi akan diperhatikan. Meski demikian, walaupun pasar telah lebih menjadi *data-dependent*, arah kebijakan moneter *The Fed* akan tetap berkaca pada yang tertera di *dot plot*. The Fed berpotensi menetapkan *terminal rate* di 4.5% di 2023 dengan pemotongan suku bunga baru akan terjadi di 2024. Level netral dalam jangka panjang untuk suku bunga diperkirakan akan naik ke 3% (dari saat ini di 2.5%). Pada 2025 akan menjadi titik balik untuk level netral jangka panjang. Tingkat pengangguran dinilai perlu melemah untuk mengarahkan inflasi kembali ke 2% dan periode hal ini terjadi akan menjadi faktor yang penting.

Dengan *terminal rate* adalah target yang bergerak, *The Fed* akan memilih antara 2 opsi—*frontload* secara agresif atau *downshift* dan memperpanjang siklus kenaikan suku bunga. Dengan kondisi ekonomi yang masih stabil dan inflasi yang tinggi mendorong argumen untuk adanya *frontloading*, yang akan tetap bertahan untuk sementara waktu karena suku bunga berasal dari level yang longgar, namun dengan *implied real yields* atelah sangat sempit (*2Y implied real yield* telah naik cukup cepat dan mendekati target 1.5%). Untuk saat ini, belum terdapat ekspektasi kenaikan suku bunga akan dipercepat. Secara taktikal, posisi short untuk 2M, 3M cukup logis. Potensi pemotongan suku bunga di 2023 juga semakin kecil dan lebih ke mencapai level puncak suku bunga pada 2Q23. We currently think a slightly gentler glide path makes the most sense.

USD rates berpotensi mengalami kenaikan dengan FOMC menjadi faktor utama. Titik puncak dari kekhawatiran dapat terjadi di sekitar pengumuman FOMC. Meski demikian, 30Y (*implied real 1% yield*) relatif lebih stabil di sekitar 3.50%. Pasar belum melihat *The Fed* kehilangan kendali akan inflasi, kenaikan *yield* akan lebih terbatas, meskipun The Fed memberikan indikasi penjualan MBS.

Secara kurva, area 2Y/10Y dan 2Y/30Y dapat terinversi untuk periode yang lebih lama. Risiko resesi belum akan hilang untuk saat ini. Dengan The Fed yang tetap agresif, dan semakin tinggi level *terminal rate*, probabilitas inversi akan semakin besar. Dengan asumsi level tertinggi suku bunga di 4% saat ini, 2Y/10Y belum akan terinversi dengan level yang lebih besar dari 45 bps. Namun jika *terminal rate* naik ke 4,5% - 60 bps akan menjadi level acuan yang baru.

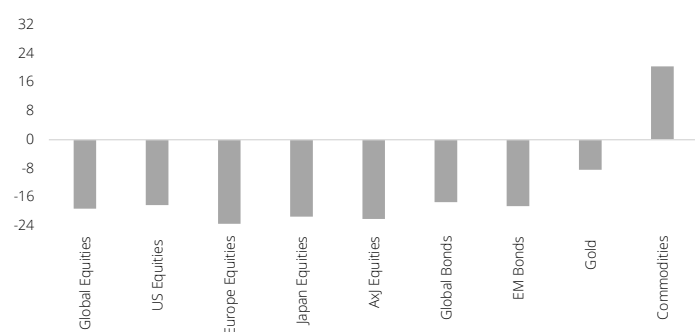
Posisi *short* untuk 2Y/5Y/10Y seiring dengan kekhawatiran resesi dapat menjadi pertimbangan. Kondisi saat ini belum menunjukkan *The Fed* akan mengubah arah kebijakan. Meskipun CPI telah menyentuh level puncak, penurunannya relatif sangat lambat di tengah pasar tenaga kerja yang stabil. *Steepening plays* (5Y/30Y) sepertinya masih terlalu dini. Diperlukan sinyal yang lebih jelas, mungkin di 1Q23, saat *The Fed* akan dapat mengubah arah kebijakan moneter.

Eugene Leow | Rates Strategist

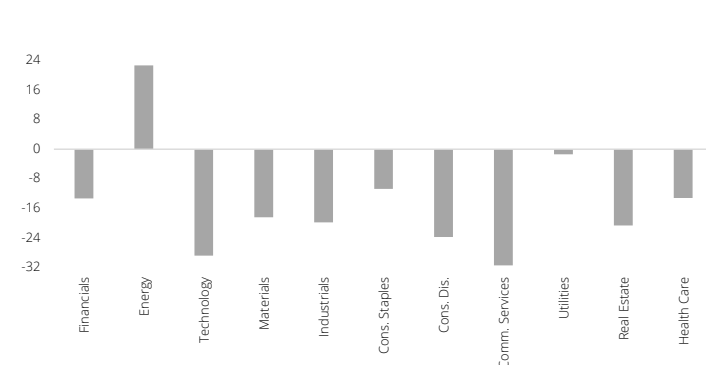
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CIO Markets Watch

Global Cross Assets YTD Returns



Global Sector YTD Returns



Global Equity Valuation

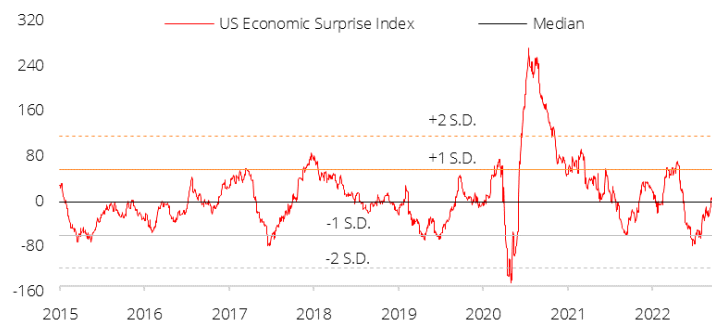


US Corporate Spreads

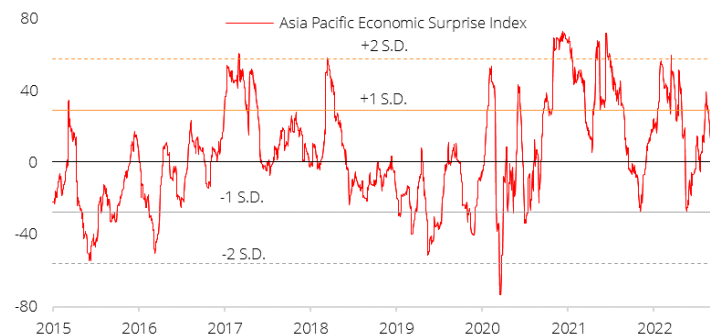


CIO Economics Watch

US Economic Surprise Index



Asia Pacific Economic Surprise Index



MACRO CALENDAR

	Date	Period	Survey	Prior
United States & Eurozone				
Initial Jobless Claims (US)	22-Sep	17-Sep	217k	213k
FOMC Rate Decision (Upper Bound) (US)	21-Sep	21-Sep	0.0325	0.025
MBA Mortgage Applications (US)	21-Sep	16-Sep	--	-0.012
S&P Global Eurozone Manufacturing PMI (EU)	23-Sep	Sep	48.7	49.6
S&P Global US Manufacturing PMI (US)	23-Sep	Sep	51	51.5
Housing Starts (US)	20-Sep	Aug	1450k	1446k
Existing Home Sales (US)	21-Sep	Aug	4.69m	4.81m
Leading Index (US)	22-Sep	Aug	-0.001	-0.004

MACRO CALENDAR

	Date	Period	Survey	Prior
Asia				
CPI y/y (SG)	23-Sep	Aug	7.20%	7.00%
Jibun Bank Japan PMI Mfg (JP)	25-Sep	Sep	--	51.5
Industrial Production y/y (SG)	26-Sep	Aug	--	0.60%
BOJ Policy Balance Rate (JP)	21-Sep	22-Sep	-0.10%	-0.10%
Jibun Bank Japan PMI Services (JP)	25-Sep	Sep	--	49.5
Jibun Bank Japan PMI Composite	25-Sep	Sep	--	49.4
Automobile COE Open Bid Cat A (SG)	21-Sep	Sep	--	86000
Automobile COE Open Bid Cat B (SG)	21-Sep	Sep	--	113000

INDEX RETURNS

	1 week	MTD	QTD	YTD
Equities				
S&P 500	-5.1%	-1.4%	3.0%	-18.2%
NASDAQ	-6.0%	-2.4%	4.6%	-26.3%
Russell 2000	-4.9%	-1.7%	6.1%	-19.3%
Euro Stoxx 600	-4.6%	-1.7%	0.2%	-16.4%
Nikkei-225	-3.4%	-1.9%	4.5%	-4.3%
MSCI WORLD	-5.1%	-1.8%	1.3%	-20.1%
MSCI ACWI	-5.0%	-2.2%	0.5%	-20.6%
MSCI Asia ex-Japan	-3.9%	-6.1%	-7.9%	-23.8%
MSCI EM	-4.1%	-5.6%	-6.2%	-23.8%
HSCEI	-4.4%	-7.7%	-17.3%	-23.0%
SHCOMP	-4.5%	-2.7%	-8.3%	-14.4%
Hang Seng	-4.1%	-7.0%	-15.1%	-20.7%
STI Index	-0.6%	1.1%	5.0%	4.2%
Fixed Income				
Barclays Global Aggregate	-1.4%	-2.2%	-4.0%	-17.4%
Barclays US Aggregate	-1.0%	-2.0%	-2.4%	-12.5%
Barclays US High Yield	-2.2%	-0.8%	2.6%	-11.9%
Barclays Euro Aggregate	-0.9%	-1.2%	-2.1%	-14.0%
Barclays Euro High Yield	-1.2%	-0.9%	2.6%	-12.1%
JPM EMBI Global	-1.9%	-1.5%	0.4%	-18.5%
JPM EMBI Global Diversified	-1.6%	-1.4%	0.3%	-20.9%

PRICES & SPREADS

	Spot	2Q22	1Q22	4Q21
Rates				
Fed Funds Target	2.50	1.75	0.50	0.25
ECB Main Refinancing Rate	1.25	0.00	0.00	0.00
BOJ Policy Balance Rate	-0.10	-0.10	-0.10	-0.10
US Treasury 10-yr	3.49	3.02	2.34	1.51
Japanese Govt. Bond 10-yr	0.25	0.23	0.21	0.07
German Bunds 10-yr	1.80	1.33	0.55	-0.18
Spreads				
US Agg Corporate Spread	1.42	1.55	1.16	0.92
US Corporate HY Spread	4.81	5.69	3.25	2.83
Euro Agg Corporate Spread	2.00	2.15	1.31	0.97
EM USD Agg Spread	3.63	4.04	3.13	2.85
Currencies				
US Dollar Index (DXY)	109.7	104.7	98.3	95.7
EUR/USD	1.00	1.05	1.11	1.14
USD/JPY	143.2	135.7	121.7	115.1
USD/CNY	7.0	6.7	6.3	6.4
Commodities				
WTI Oil	86	106	100	75
London Metal Exchange (LMEX)	3679	3879	5174	4502
TR/CC CRB Commodity	280	291	295	232
Gold	1676	1807	1937	1829

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