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US : Yellen's recent comment that yields need to rise to prevent overheating seem premature. Though there is general optimism that some sense of normalcy returning in the US, India's implosion of Covid handling has brought forth some caution. The swift rate of vaccination is the only way to herd immunity. In that the US and UK has done well in raising the rate of full vaccination to 30% and 22% respectively as at end April. With Biden's expansionary fiscal policy, inflation may creep in quicker than expected and may bring rate hikes earlier. Until data shows that, **Fed Fund Rate will likely stay at current low levels throughout the year.**

Malaysia: As feared, rising Covid cases have led to selective movement control orders to be reimposed in May. The somewhat compromised restrictions show that the govt is trying to keep the economy going while keeping the rakyat safe. Nonetheless, this rise in incidence and fear of latest more infectious variant may defer our own economic recovery. It has not reached the level of slowdown that may require monetary policy easing as yet but we remain vigilant to that possibility. Otherwise the expectation of recovery in the second half of the year as rate of vaccination ramps up, suggest that log term trend is for rates to rise. For now, **Overnight Policy Rates (OPR) is likely to stay at current levels until data shows threat of inflation or the economy can be independent of monetary stimulus.**