

Daily Market Outlook

14 October 2025

MAS Review

- MAS maintains policy on hold** – prevailing rate of appreciation of the S\$NEER policy band, width and centre of currency band. This is in line with our expectations. Path of inflation outlook matters and growth still holds up overall. In accompanying statement, MAS indicated that core Inflation should trough in the near term and rise gradually over the course of 2026 as temporary factors dampening inflation fade. Other highlights of the MPS include: (1) Growth surpassed expectations, underpinned by resilient activity in the manufacturing and domestic consumer-facing sectors. Growth is expected to moderate from this above-trend pace in the upcoming quarters as activity normalises in the trade-related sectors. (2) While core inflation could edge down further in the near term, some of the factors dampening inflation are expected to diminish in the quarters ahead. Imported costs should exert a smaller drag on inflation in 2026, given projections for a more gradual decline in global crude oil prices, as well as a modest pickup in regional inflation from the easing this year. On the domestic front, services unit labour costs growth is projected to rise in 2026 as productivity growth normalises. The net drags on inflation associated with administrative price changes and their base effects should also unwind more discernibly from Q4 this year. All in, MAS Core Inflation is forecast to trough in the near term and rise gradually thereafter. (3) MAS is in an appropriate position to respond effectively to any risk to medium-term price stability and will continue to closely monitor economic developments amid uncertainties in the external environment.
- S\$NEER.** S\$NEER largely steady around 1.4% above model-implied mid post-decision. We reiterate that even with a MAS hold, this does not necessarily imply that the S\$NEER must return to its upper bound. Keep in mind that the MAS's current policy stance aims for only a mild appreciation. Therefore, there is still potential for the S\$NEER to remain near its current level or even decline moderately. To some extent, the S\$NEER arguably should not have been that strong, considering the 2 rounds of easing in the first half of the year, if not for safe-haven inflows.
- USDSGD. To Take Cues from Broader Moves in USD.** Implication of MAS policy on USDSGD is only one aspect as USD trend, broader market thematic, such as Fed policy, moves in RMB, growth-inflation dynamics, risk sentiments, etc. also matter. If the broader

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S\$NEER largely steady post-decision



Source: OCBC estimates

USD trend is a bullish one, then with MAS keeping policy on hold, USD/SGD can still take cues from the bullish USD trend to drift higher. Pair was last at 1.2985. Daily momentum is mild bullish while RSI shows tentative signs of backing off from overbought conditions. Immediate resistance at 1.3010, 1.3080 levels (200 DMA, 38.2% fibo). Support at 1.2950 (23.6% fibo retracement of 2025 high to low), 1.2890 (21 DMA).

- **SGD rates.** SGD rates traded on the firm side with 1Y OIS being paid up by 2-3bps thus far. We continue to expect some upward normalisation in SGD OIS, potentially towards the 1.35-1.50% area for short-end rates on a multi-month horizon, despite our long-held call for additional Fed funds rate cuts over the coming months. First, SGD rates have shown a fair bit of decoupling from USD rates so far this year; spillover from USD rates onto SGD rates is not automatic. Second, for USD rates themselves, since a slew of rate cuts are already in the price, further downside to USD rates may be limited even upon materialisation of additional Fed funds rate cuts. With S\$NEER having moved away from the top end of the band, liquidity injection from FX operations does not appear imminent, although liquidity stays in the system until being mopped up. Short-end OIS at 1.2% level appears overly stimulative against the economic backdrop. MAS expect core inflation “to trough in the near term and rise gradually thereafter”; “output gap will remain positive in 2025 and come in around 0% next year” – i.e. at potential growth. There are 5Y SGS mini auction and 10Y SGS auction on 29 October. Year-to-date SGS gross issuances amounted to SGD22.2bn, on the low side of our expected range. Remaining supply is likely to be readily absorbed. On asset swap, pick-up was last at around SOFR+40bps at 10Y SGS and at around SOFR+48bps at 20Y SGS (10Y hedge). Today brings 4W, 12W and 36W MAS bills auctions. 12W MAS bills cut-off had edged higher since the low at the 16 September auction and was at 1.48% at last week’s auction. The expected range for 12W MAS cut-off today is 1.45-1.50%.



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