

Research Monitor (January)

9 January 2024

Key Themes

- 1. Some pushbacks against imminent Fed rate cuts despite growing hopes of a global monetary policy pivot.** The December 2023 FOMC minutes suggested that rate cuts are not imminent, even as participants viewed the policy rate as likely at or near its peak for this tightening cycle and baseline projections implied rate cuts would be appropriate by the end of 2024. The December nonfarm payrolls surprised at 216k, the most in three months, albeit the net two-month revision was -71k. The unemployment rate was surprisingly unchanged at 3.7%, but 676k people left the labour force and the services ISM also softened. The Fed Funds Futures market pricing remains hopeful of a March Fed rate cut, with more than 100bps cumulative rate cuts priced in by end-2024. Fed's Logan also opined that discussion on slowing the asset runoff should start. Elsewhere, the BOJ is considering exiting negative interest rates for the first time in 17 years, notwithstanding the recent Noto peninsula earthquake. MAS is likely to maintain its monetary policy stance later this month but watch the core inflation trajectory going out into 2H24.
- 2. US economic signals remained mixed in December.** Manufacturing PMIs contracted for the US, Eurozone, China (official, not Caixin) and most of Asia (South Korea, Taiwan, Malaysia, Thailand and Vietnam) whereas Singapore fared better. Adding to the headwinds, the recent Houthis attacks in the Red Sea are a timely reminder of supply chain vulnerabilities amid rising shipping rates, higher fuel and insurance costs and possible delays, as 8 of the 10 largest container liners carrying 61% of global shipping capacity are reportedly avoiding Bab al-Mandab Strait. A busy political calendar lies ahead with the upcoming Taiwan elections, followed by Indonesia in February and culminating with the US presidential elections in November, hence geopolitics remains a potential wildcard. While a soft global and US economic landing is anticipated, the strong risk rally at end-2023 has given way to a limping start in 2024. Until there is greater clarity of the great monetary policy pivot, expect risk appetite to remain susceptible in the near-term, even though we anticipate a more constructive outlook overall for 2024.
- 3. The main challenge for China's economy in 2024 may be whether policies can mitigate deflation risks.** This question involves both policy intent and policy capability. Currently, policy intent is not entirely clear. While monetary and fiscal policies already loosened throughout last year, real interest rates have increased, dampening market sentiment. If deflation risks persist longer than expected, China may resort to measures such as interest rate cuts. China has reactivated its pledged supplementary lending (PSL) tool in December, with an increase in outstanding amounts by CNY350 billion. Watch the upcoming LPR decision in January, as the direction taken will be crucial in shaping the near-term monetary policy trajectory.
- 4. The OCBC SME Index*** fell further to 47.9 in December 2023 from the 48.8 previously, with a broad-based contraction across all sectors except for Transport & Logistics. While 4Q GDP growth improved, the SME outlook remains subdued.
- 5. Our forecast is for Brent oil prices to average USD80/bbl versus USD82/barrel in 2023,** based on weaker global growth and a relatively comfortable supply outlook. Upside price risk remains with geopolitical tensions, namely a more widespread conflict in the Middle East involving neighbouring countries beyond Israel and Hamas, prolonged closures of crucial sea routes and large-scale disruptions to oil supplies from key producers. Downside price risks include a US hard landing, lack of OPEC+ compliance, and higher non-OPEC output.

**Using data until 08th January 2024*

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Asset Class Views

	House View	Trading Views
FX	<p>G-10 FX: USD short squeeze kick-started the year after ~6% decline seen over Nov-Dec 2023. The messaging out of FoMC minutes that rates will stay elevated warrants a re-look at the aggressive rate cut expectations markets are pricing. Our house view continues to look for 100bps of cut for 2024, starting in 2Q 2024. Global growth concerns, risk-off sentiments in US equities and markets partially unwinding some of their aggressive bets on Fed cut were some of those factors that drove the USD rebound so far. Extended sell-off in equities continued to undermine broad market sentiments. There are chatters that the sell-off led by US magnificent-7 (previously known as FAANGS- Apple, Alphabet, Amazon, MSFT, Nvidia, Tesla, Meta) may have more room to fall, given that the large run up (75% up in 2023) have yet to see robust follow-through in actual and projected earnings. Contractionary readings in US and China manufacturing PMIs also did little to support sentiments.</p> <p>We are still in favor of leaning against USD strength. Recent data continues to point to a consistent story of how US labor market tightness is gradually easing, and that the disinflation trend remains intact. Latest ISM mfg report shows new orders fell, ISM prices paid also fell while JOLTS job openings and quit rate continue to fall. The trend of falling quit rate can be interpreted as a sign that workers are less certain about the labor market or may also imply that they are very satisfied with their current jobs. But taken together, the trend of falling job openings, quit rate, higher continuing claims and news of layoffs in tech sector and most recently at Xerox (by about 15% of workforce) do suggest that labor market tightness is gradually easing. At the same time, disinflation story is also increasingly entrenched, with core PCE cooling to 3.2% y/y in Nov (31-month low). These support the story that the Fed is done with tightening but may not fully justify the aggressive rate cut bets at this point. Hence, the caution that USD is not a one-way trade. Expectations for Fed to ease can result in USD overshooting to the downside and when it corrects, the USD can rebound. Furthermore, USD remains a safe-haven proxy. A scenario of global, China growth momentum sputtering, global risk-off or escalation in geopolitical tensions could still see USD finding intermittent support on dips. Hence the bias to adopt sell USD-on-rallies approach.</p>	<p>Sell rallies. Expect range of 101.80 – 103 within wider range of 100.60 – 104.60.</p>
	<p>EUR started the month of Jan on a softer footing as USD saw a broad rebound following the sharp sell-off seen in the last couple of weeks into 2023-end. We perceive the EUR slippage so far as a corrective pullback and still expect to see EUR reverse losses as USD narrative shifts. But more broadly for 2024, we retain our neutral outlook on EUR. Euro-area growth at risk of further deceleration and election risks are factors that may restrain EUR bulls. While ECB tightening cycle has likely concluded for current cycle, we expect rates to stay elevated for longer. We still expect Fed to be closer to rate cut as early as 2Q 2024 vs. ECB in 2Q/3Q 2024. Some degree of convergence in ECB-Fed monetary policies is still likely and that could still be supportive of a mild upward trajectory for EUR into 2024.</p>	<p>Neutral outlook. Likely to trade 1.0860 – 1.1020 range within wider perimeters of 1.0760 – 1.1140.</p>
	<p>At the last ECB meeting, Lagarde downplayed prospects of a pivot. She cautioned against complacency following the recent sharp decline in inflation and cited upside risks to CPI, including corporate profitability and ongoing wage pressures (which is not declining) as well as geopolitical tensions. She also specifically said that ECB did not discuss rate cuts and that inflation is expected to decline more slowly in 2024. ECB also announced tapering of PEPP in 2H 2024. Key downside risks to EUR's outlook are an earlier than expected dovish ECB pivot and/or growth momentum in Euro-area continues to decelerate sharply. Meanwhile, elections in Euro-area are plenty with Portugal holding parliamentary election in Mar, Belgium and European parliamentary election in Jun, Austria in Sep, and Lithuania in Oct. Dutch election outcome (Far-Right Geert Wilders, known for anti-Islamic Euroskeptical views won most seats) is a reminder that far-right popularity may further gather traction in Europe and this may bring back fears of Euro break-up, referendum</p>	

risks again. Election risk is worth keeping a close watch as the past decade has shown that rise in far-right sentiments can undermine EUR.

We see room for **GBP** to recover on a combination of mild positives: UK demand growth proved resilient (owing to strong labour market, falling energy prices), consumer confidence rebounding, labour market remains tight alongside higher real wages, higher participation while better finances allow for some degree of stimulus ahead of elections. Chancellor Hunt introduced measures to reduce debt, cut taxes and reward work. OBR expects UK economy to expand 0.6%, 0.7% and 1.4% in 2023, 2024 and 2025, respectively. BoE may have room to keep rates high for a little longer than the Fed and ECB. BoE's Chief Economist Huw Pill said that key price gauges (i.e. wage growth, service inflation, etc.) very elevated in UK. He also said that BoE will not relent of its fight against inflation despite signs that UK economy is softening. We still hold to a mild upward trajectory for GBP as BoE is likely to keep rates restrictive for a little longer as inflationary pressures remain, and potential BoE-Fed policy divergence may be supportive of GBP. Risk to our outlook: an earlier than expected BoE pivot; growth slowdown in UK, actual public finances turns out to be worse than expected and/or energy prices surge.

USDJPY extended its rise in the new year. Some of the factors contributing to USDJPY's 2.5% rebound YTD including the uptick in UST yields as markets unwound some of their aggressive bets on Fed cut following the release of the recent FOMC minutes (which suggest that markets may have gotten ahead of the Fed); 2/ unwinding of long JPY as there is a risk that BoJ may delay policy normalisation due to BoJ needing more time to assess economic implications from the recent quake in northwestern Japan. Near term, USDJPY may still be vulnerable to further upside if markets re-price Fed cut expectations (to be less dovish) and the BoJ continue to keep markets in suspense (i.e. BoJ giving little to no guidance if there will be a move). Beyond the near term, we expect USDJPY to trade lower on the back of a moderate-to-soft USD profile (as Fed tightening has likely concluded and that USD can fall when rate cut comes into play in 2024) and on expectation for further BoJ shift towards policy normalisation amid higher services inflation and wage pressures in Japan. Barring the corrective pullback since start of the year, the AUD had appreciated as much as 8% at one point between Nov and Dec 2023. The outperformance was due to higher metal prices, improved risk appetite, expectations that RBA could be one of the last few DM central banks to ease policies as well as a softer USD post-dovish Fed pivot.

We continue to see room for **AUD** to head higher in coming months: 1/ on signs that China growth may be stabilising; 2/ possibly warmer ties between Australia and China to support investment and trade flows benefits AUD; 3/ RBA to be on hold for longer (possibly one of the last major central banks to cut rates); 4/ a more moderate-to-soft USD profile into 2024 (as Fed nears end tightening cycle and embark on rate cut cycle in 2Q 2024). On AU-China relations, development has been promising. The latest was Australia PM's visit to Beijing; a restart of high-level talks between Australia and China in Beijing, providing a platform for senior reps from industry, government, etc to exchange perspectives across the breadth of bilateral relationship. This is the first time since early 2020 that a dialogue has been held and PM Albanese's visit was the first visit made by an Australian leader in 7 years. This represents an important step towards warmer bilateral ties. Australia is looking to work with China to lift restrictions on other Australian imports such as wine, etc. Other notable developments this year include: 1/ China imports of Australian timber resumed since mid-May (halted since late 2020 and is worth approx. A\$600mio); 2/ China lifted tariff on import of Australian barley (5 Aug), hay; 3/ China's top steelmaker and 3 central government-backed utilities have resumed coal imports from Australia earlier this year; 4/ wine, crayfish, and meat are outstanding items that could potentially see restrictions lifted by Beijing. We have shared that the tourism, education, and property sectors in Australia could benefit if relations between China and Australia further warm up, and this can be a positive for AUD. Key downside risk factors that may affect AUD outlook are 1/ extent of CNH swings; 2/ if Fed

Consolidative for now but bias leans towards buying dips. Range of 1.2540 – 1.28 range within wider range of 1.2460 – 1.2900.

Upside risk in the interim. Bias to sell rallies. Range of 144.50 – 146.20 within wider perimeters of 142.80 – 147.40.

Near term risk of pullback. Buy dips preferred. Range of 0.6610 – 0.6770 within wider range of 0.6520 – 0.6850.

tightening cycle unexpectedly extends; 3/ global growth outlook – if DM's slowdown deteriorates; 4/ any market risk-off event (i.e. escalation in Israel-Hamas conflict).

Asian FX and SGD: Dec-2023's FoMC outcome reinforced the message that Fed is done tightening for current cycle and is paving way for rate cuts. As Fed eventually pivots, the next leg of USD's decline will depend on 1/ how much more markets expect the Fed to cut (dependent on US data) and 2/ how global growth pans out. If global growth can trudge along well, alongside a more sustained exports recovery momentum seen in Asia so far, then counter-cyclical USD could further stay under pressure for the coming months ahead. Asian FX can recover on a few fronts: 1/ yield differentials to narrow in favour of AXJs; 2/ trade rebound; 3/ eventual return of portfolio flows.

CNH has appreciated by 3% at one point since Nov-2023 as USD eased lower, alongside lower UST yields (as market starts to price in end of Fed tightening/ rate cut cycle for 2024). But since start of 2024, CNH has started to trade on a softer footing (-0.7% vs. USD). Risk-off sentiments, modestly higher UST yields and mixed manufacturing PMI readings in China (NBS worsened while Caixin improved) were some of the factors that undermined CNH, alongside broad AXJs. We expect RMB weakness to moderate as there are tentative signs of stabilisation in China growth while there is already so much pessimism in the price. That said, any meaningful recovery in RMB would require patience. A more material recovery in RMB would require China economic activities to pick up, confidence channel to be "repaired" (foreign inflows to return) and USD to turn lower.

S\$NEER is trading near its upper bound and may still continue to press on as MAS's policy stance is still on an appreciation stance. However, should core inflation ease further into 2024 as projected by MAS, then the S\$ strength we've seen for large part of this year can potentially taper off against some of its major trade partners. Historically there is a positive correlation between the change in S\$NEER and MAS core inflation. i.e. to say if core inflation does ease materially, then there is no need to for the S\$NEER policy to be so tight. Looking out into our forecast horizon, we still expect a mild downward trajectory for USDSGD, premised on our view for a moderate-to-soft USD outlook, on expectations that Fed is likely at end of tightening cycle/ to embark on rate cut cycle in 2Q 24) and on expectations that China growth has probably found a bottom. On upcoming MAS policy meeting (no later than 29 Jan), our house view expects policy status quo as inflation remains sticky for now.

Apart from JPY, **MYR** was the worst performer of Asian FX for 2023, falling by 4% vs. USD. MYR's underperformance was driven by mainly exogenous factors including wider yield differentials with US, slowdown in Chinese economy/ sharp depreciation in RMB (at one point), foreign outflows, risk-off sentiments (Israel-Hamas on global growth/ demand) as well as the slump in Malaysia exports. But as Fed potentially embarks on rate cut cycle (our house view is for Fed to start in 2Q), the higher for longer narrative (US rates) becomes a lesser risk. US-Asia yield differentials can narrow, and this can be supportive of MYR. Elsewhere, turnaround in tech downcycle may also support Malaysia's exports recovery and benefit the MYR to some extent (given that Malaysia is the world's 6th largest semiconductor exporter/ holds 7% of global market share). To add, further stabilisation in China economy/ RMB should also provide some support for MYR. On net, we do see room for MYR to recover some loss grounds on the back of 1/ expectations of softer USD and UST yields as Fed gets closer to start of rate cut cycle; 2/ potential case for China stabilisation story (relief to overall sentiments) and that should benefit MY inbound tourism and trade; 3/ domestic fundamentals remain largely sound. A more material recovery for MYR would require exogenous factors to improve further, and that would include which includes stabilising China growth, lower UST yields and a significant pick-up in external demand.

Near term upside risks. Range of 7.14 – 7.20 within wider range of 7.09 – 7.23.

Bias to sell rallies. Range of 1.3220 – 1.3340 within wider range of 1.3160 - 1.3410.

Bullish divergence for now. Range of 4.61 – 4.68 within wider range of 4.58 – 4.71.

	House View	Trading Views ¹	
Commodities	<p>For 2024, our forecast is for Brent oil prices to average USD80/bbl versus USD82/barrel in 2023. The soft Brent price forecast is based on weaker global growth and a relatively comfortable supply outlook.</p> <p>On the demand side, a global growth slowdown is anticipated for 2024. There are signs that US data is softening. The slowdown in the US economic growth will weigh on the broader global growth outlook. Additionally, China's economic recovery will be tepid. We forecast GDP growth to slow to 5.0% in 2024 from 5.4% in 2023.</p> <p>Meanwhile, global oil supply will likely remain ample to meet weakening demand. Despite supply cuts from the OPEC+ alliance, which increase to 3.9mbpd for 1Q24 from 3.0mbpd in December 2023, higher oil supply from countries such as US, Brazil and Iran may keep the global oil market supported. These countries produced 29.9mbpd in November 2023 (~30.0% of total world demand) versus 27.4mbpd in the same period last year (~27.4% of total world demand), according to the US Energy Information Administration. The easing of US sanctions on Venezuelan oil is another area which may see stronger oil flows (largest OPEC proven crude reserves, at end 2022) to the global oil market this year, ensuring an ample global oil supply. Admittedly, the extension of additional voluntary cuts beyond 1Q24 is needed to prevent a buildup in inventories that could dampen oil prices.</p>	<p>WTI and Brent oil prices have had a volatile start in the first trading week of 2024. Brent oil prices generally traded at a wider range in the first 4 trading days of January. Increased geopolitical tensions associated to the Israel-Hamas war (i.e., the reported arrival of an Iranian warship to the red sea) and a supply disruption to Libya's largest oilfield provided a boost for oil prices which had been trending downwards towards the end of December. On the flipside, the buildup in US gasoline and distillate inventories signal a weakening US demand. This had a dampening effect on oil prices. Notwithstanding, the fragile demand outlook for oil, we expect a relatively high volatility in oil prices due to recent flashpoints in the Middle East. To that end, we expect a wider trading range for the month: USD73/bbl and USD82/bbl.</p> <p>The main upside risk for oil prices is from geopolitical tensions. A more widespread conflict in the Middle East involving neighbouring countries beyond Israel and Hamas, prolonged closures of crucial sea routes and large-scale disruptions to oil supplies from key producers can put upward pressure on oil prices. Specifically, attacks by the Houthi rebels along the Red Sea trade route could become a more serious medium-term risk. It is estimated that the Suez Canal handles 12% of global trade and is crucial artery of trade between Europe and Asia; notably, freight costs have already started to rise. Downside risks include a hard landing in the US, lack of compliance from OPEC+ members, higher production in non-OPEC countries.</p>	→

Rates

USTs rallied further during most part of December as the December FOMC outcome reinforced market rate cut expectation. Powell sounded decisively more dovish at the press conference than his earlier comments, and rightly so in our view, as the FOMC prepare to shift the discussion to the timing and extent of rate cuts. US yields have rebounded from the lows seen in late December since the start of the year, as we earlier commented that market had gone ahead of itself in terms of rate cut expectations and that Q1 coupon bond supply would be a test to the market.

Our base-case remains for a total of 100bps of Fed rate cut in 2024 with risk for more cuts should inflation slow faster than expected and/or growth deteriorate. On the Fed's latest dot-plot, the 2024 median dot reflects a Fed funds rate target range of 4.50-4.75%, i.e. 75bps of cuts in 2024 (assuming no more rate hike); the dot-plot is skewed to the upside. On quantitative tightening, the FOMC minutes revealed that several participants suggested that the Committee begin to discuss a slower run-off before such a decision was reached. How long QT can last hinges on liquidity situation; our view has been that QT has potential to continue throughout most of 2024 as we reckon a liquidity buffer of some USD1trn plus. Granted, there is uncertainty as to how much more liquidity will be shifted from the Fed's reverse repos and as to how much bank reserves are seen as comfortable.

The ECB refused to pivot. We note a few hawkish elements from the December MPC meeting and our interpretation has been that the chance of an early start of the easing cycle is low. In contrast to the FOMC, Lagarde said "we did not discuss rate cuts at all" and "we should absolutely not lower our guard" against inflation. Notwithstanding this stance, market has added to rate cut expectations which look overly dovish to us. Meanwhile, although the deadline for full reinvestment under PEPP is brought forward as we have expected, there is still 50% of reinvestment in H2-2024 which is not as hawkish. Taking these together, we see room for short-end Bunds to mildly outperform EUR OIS.

USD rates: We continue to expect consolidation in USTs and do not rule up some further upticks in yields near-term as still resilient US data may lead to some market correction in terms of rate cut expectations, while Q1 bond supply represents an upside overall. The next lining up is the reopening of the 10Y coupon bond; the 10Y yield had tested the 4.1% level upon payroll and we watch if that will be broken. Higher yields may be better seen as providing better entry levels to add to long positions. →

Asian rates:

SGD rates mildly underperformed USD rates in the downward move in December but as USD rates went higher over the past days, SGD-USD rates differentials stayed deeply negative. Our medium-term is that when US rates are on a downtrend, SGD rates likely to lag, thereby partially normalizing SGD-USD rates spreads. → Similarly, on the bond side, despite the sanguine SGS supply outlook, SGS may lag USTs on rally, mainly reflecting the stable nature of SGS.

IndoGB performances were mixed over the past month with short-end bonds outperforming. Q1 gross IndoGB supply (conventional + sukuk) has been announced at IDR240trn which is on the high side; nevertheless, front-loading of fund raising has been the usual practice. Chasing short end yields lower is not preferred, given still high SRBI rates and a lack of further improvement in yield differentials with USTs after the widening during October. →

MGS underperformed USTs in the latest round of bond rallies as MGS stayed fairly stable. The 10Y MGII auction at the start of the year went well, garnering a bid/cover ratio of 2.445x. We look for continued stability in front-end MGS yields as the current spreads over OPR look fair while OCBC economists expect OPR to stay at 3% throughout this year; there may be more scope for long-end MGS to perform upon expectedly lower US rates on a multi-month horizon. →

CNY rates. Repo-IRS are likely to trade in ranges as market awaits policy decision. After the latest round of bank deposit rate cuts, market has increased expectations for an interest rate cut. We still see quantitative/liquidity measures including a potential RRR cut as the main policy focus. Notwithstanding liquidity injections, we maintain a mild upward bias to RMB rates and CGB yields, as market shall react more to the prospect of economic recovery from support measures. The FX swap curve may be under a mild flattening bias near-term especially if spot stays supported. ↑

	House View	Trading Views	
Credit	<p>Asiadollar credit improved for the second consecutive month in December 2023 with tighter spreads. Bloomberg Asia IG spreads tightened by ~1bps m/m to 105bps while Bloomberg Asia HY spreads tightened by ~36bps m/m to 781bps. Meanwhile, IG and HY spreads YTD tightened by 36bps and 266bps respectively. Per Bloomberg league tables, USD1.63bn was priced in the Asiadollar primary space in December, down from USD11.2bn in November due to the festive season and year end slow down. Primary issuance in 2023 declined 19.8% y/y to USD118.9bn amidst higher rates and low appetite for HY issuances.</p> <p>Key headlines in December included (1) China's A1 credit rating outlook was revised to negative from stable by Moody's amidst rising debt concerns and a deepening property rout, (2) related outlook change on eight Chinese banks' (including the BIG 4) and tens of LGFV and government-linked corporates that were downgraded to negative, (3) China Evergrande Group's restructuring proposal was once again adjourned to 29 January 2024 despite the Judge previously stating in September that that would be the last adjournment, and (4) Chinese authorities opening criminal investigations into the money management business of Zhongzhi Enterprise Group Co., ("Zhongzhi") after the shadow banking giant revealed a shortfall of USD36.4bn in its balance sheet.</p> <p>Primary issuances in the SGD space plunged 87.4% m/m in December amidst the festive season. Meanwhile, primary SGD issuances in 2023 greater than SGD30mn issue size fell 20.2% y/y to SGD17.8bn per Bloomberg, highly similar to the trend observed in Asiadollar market (-19.8% y/y). The high rates environment has reduced the willingness of issuers to issue bonds, while some borrowers prefer to refinance via bank loans which rates are normally floating (benefits when rate fall).</p> <p>SGD credit market gained 7.6% in 2023, driven by both spread compression and lower SORA rates. The top three outperformers by category were Longer Tenors (+14.5%), Mid Tenors (+7.9%) and Tier 2s and Other Non-perpetual Sub (+7.8%).</p>	<p>UBS 4.85% 'PERP:</p> <ul style="list-style-type: none"> UBS Group AG ("UBS") is the world's largest wealth manager by assets under management and is a global systemically important bank. UBS also provides Personal & Corporate Banking, Asset Management, and Investment Banking. To accommodate the integration of CS, a non-core and legacy ("NCL") division for CS businesses to be divested was also set up. YTD financial impacts of UBS's acquisition of CS are as expected and while the integration progress is continuing, UBS's business franchise appears to remain intact. This continues to be a key support for its credit profile. We think UBS' existing strong market positions and scale, and its capital position mitigate the operating and integration backdrop. Additional Tier 1 ("AT1s") instruments have recovered following the depths of earlier this year. UBS non-call risk appears contained with recent calls of its SGD and USD AT1s and the recently well received USD AT1 issues. We think the pick-up in select AT1s from stronger names provide decent returns for the risk against tighter spreads for Tier 2s. <p>WINGTA 4.8%'28s</p> <ul style="list-style-type: none"> Wing Tai Holdings Ltd ("WINGTA") is an investment holding company with businesses in Development Properties, Investment Properties and Retail segments. WINGTA is focused primarily in Singapore, HK SAR, Malaysia and Australia. Based on our calculation, almost half (49%) of WINGTA's FY2023 net profit excluding fair value losses on the investment properties of SGD131.3mn was contributed by Uniqlo Malaysia (SGD35.1mn) and Singapore (SGD29.0mn), with the other 17% from Wing Tai Properties Ltd. and 34% primarily from WINGTA's own property development projects, investment properties rental, and other retail businesses. FY2023 interest coverage ratio based on EBITDA plus dividends received from associates and joint ventures / interest expenses plus perpetual distribution was decent at 4.0x in FY2023, which was the strongest level in the last five fiscal years. Meanwhile, leverage ratios were healthy with (1) net debt plus perpetual/equity at 12.4% as at 30 June 2023 (30 June 2022: 6.4%) and (2) Adjusted Net Debt / Adjusted EBITDA at 3.1x. 	<p>↑</p> <p>↑</p>

Macroeconomic Views

	House View	Key Themes
US	Our house view remains that the Fed will enter into its easing cycle beginning 2Q24, and pencil in a cumulative 100 bp cut in 2024. That said, while headline inflation may land below 2.5% YoY by 2Q24, we expect a bumpy road to the coveted 2% target in the following quarters. Downward tailwinds on falling energy prices and supply chain normalisation will run its course, leaving behind stickier services inflation. On growth, our base case of a full year GDP growth rate of 0.3% YoY in 2024 implies a soft-landing scenario, predicated on muted private domestic investments and belt-tightening on the fiscal side – owing to the lagged effects of rate hikes.	Final 3Q23 GDP growth figures were revised downwards to 4.9% annualised QoQ, lower than the previous 5.2% estimate and reflecting downward revisions to consumer spending, but still show a marked acceleration from the 2.1% QoQ observed in 2Q23. Markets cheered November's PCE print depicting a slowdown to 2.6% YoY (Oct: 2.9% YoY) and 1.9% YoY on a 6-month annualised basis, interpreting them as signals that inflation has meaningfully moved towards the Fed's target. Market attention is now on the December CPI with headline and core expected to print at 3.2% and 3.8% respectively. Nonfarm payrolls (NFP) saw 216K jobs added in December, beating consensus estimates of 170K, aided by gains in the government (52K), leisure and hospitality (40K), health care (38K), social assistance (21K) and construction (17K) sectors. Despite the whipsaw in the US equity and bond markets at the start of 2024, the market pricing of the probability of a Fed rate cut starting in March with a cumulative ~135bps rate cuts by December 2024, have not shifted significantly.
EU	The Eurozone economy likely expanded 0.5% YoY in 2023 (2022: 3.4%) followed by an expected modest expansion of 0.6% YoY in 2024. Following weaker euro-area composite PMI readings in December, we maintain our view that ECB policy rates have peaked given the picture of a broadly contracting economy. ECB President Lagarde, however, continued to push back on market pricing for easing in March stating that the ECB "won't lower its guard" and is focused on the persistence of domestic inflation.	Eurozone price pressures bounced back in December with CPI up 2.9% YoY (November: 2.4%), as energy subsidies are being removed. However, core CPI also eased for a fifth month to 3.4% YoY. The ECB tips price gains to slow more gradually this year due to statistical effects and the continued phasing out of aid, and only meet the 2% inflation target in mid-2025. Meanwhile, leading economic indicators paint a sluggish picture – euro-area composite PMI readings slipped to 47.0 in December from November's 47.6, with France's readings down to 43.7 (Nov: 44.6) and Germany's figures falling to 46.7 (Nov: 47.8). While consumer confidence unexpectedly improved in December to -15.1, market players are anticipating the ECB will embark on rate cuts by mid-2024, with more than 140bps of cumulative rate cuts tipped by end-2024.
Japan	We maintain our house view that the BoJ will remove its YCC and NIRP regimes, subject to the pace and durability of rising JGB yields, inflation, wage pressures. While we believe recent months' data on inflation and wage pressures is constructive on such monetary policy adjustments, cracks have begun to show, and the Bank of Japan (BoJ) remains on the lookout for concrete signals that inflation will be sustained at its target level. We do not expect the BoJ to be in a rush to tweak its ultra-loose policy further, especially given the backdrop of the recent earthquake hitting Japan's easier coast and as the BoJ awaits the result of the February/March shunto wage negotiations between unions and major companies to assess if wage growth will sufficiently support inflation.	Japan's headline inflation fell to 2.8% YoY in November from 3.3% YoY in October, the lowest since July 2022. Core inflation (excluding fresh food) also slipped to 2.5% YoY from 2.9% YoY gains in October, but still exceeded the BoJ's 2% target for the 20th consecutive month. Tokyo headline CPI – which may be viewed as a bellwether for national inflation trends, also fell to 2.5% YoY in November from 3.3% in October, with core inflation at 2.3% YoY. The consumer confidence index climbed to 37.2 in December from 36.1 in November, the highest reading in 2 years. Bolstering sentiment has been the rise in overall livelihood (35.7 from 34.1), willingness to purchase durable goods (31.4 from 30.1) and income growth (39.6 from 0.8). The Jibun Bank manufacturing PMI contracted at 47.9, but the services PMI remained in expansion territory at 51.5. At the December Monetary Policy Committee meeting, the BoJ stood pat and kept its increased tolerance for higher adjustments to JGB yields. This follows the change from a strict 1% cap on 10Y JGB yields to being viewed as a mere "reference" to guide the BoJ's market operations.

	House View	Key Themes
Singapore	<p>2023 GDP growth was slightly above expectations at 1.2% YoY as manufacturing and construction surprised on the upside in 4Q23. This follows a NODX exports resurfacing back. We expect 2024 GDP growth to pick up to 1-3% YoY (2.0% midpoint) as key exports make a tepid recovery in 1H24, followed by firmer growth in 2H24 as inventory level normalisation in final markets and cooler global inflation data in advanced economies give room for central banks to begin their easing cycles. In tandem, headline CPI should moderate modestly in 1H24 owing to softer commodity prices, before giving way to a more discernible easing in 2H24 amid the acceleration of housing projects and increase in COE quotas. MAS is likely to extend its pause in the January monetary policy review, while watching the easing in core inflation.</p>	<p>The acceleration in 4Q23 growth momentum to 2.8% YY (1.75 QoQ sa) beat market expectations. While this was partly due to the low growth base (2.1% YoY) in 4Q22, manufacturing, rebounded 3.2% YoY (9.0% QoQ sa) in 4Q23, after four consecutive quarters of YoY contraction. Meanwhile the construction sector ended last year on a high (9.1% YoY), aided by both public and private sector construction activities, and the services sector sustained relatively steady 2.4% YoY growth, led by the ongoing recovery in tourist arrivals, and demand for IT & information services and other professional, scientific & technical services etc. Headline CPI decelerated to 3.6% YoY (-0.2% MoM nsa) in November, while core CPI also eased to 3.2% YoY (0.1% MoM nsa). The upcoming expansion in LTA's COE quota supply should contribute to easing COE premiums. However, URA private home prices reaccelerated from 0.8% QoQ in 3Q to 2.7% QoQ in 4Q23, bringing the full-year to 6.7% YoY. The December manufacturing and electronics PMIs improved for the 4th and 2nd straight months to 50.5 (+0.2 points) and 50.2 (+0.1 point) respectively, while the S&P Global Singapore PMI also remained healthy at 55.7 in December. MAS is likely on hold at the January monetary policy review, but Budget 2024 due on 16 February may see enhancements to the Cost-of-Living and unemployment assistance.</p>
Indonesia	<p>We forecast GDP growth to ease to 4.8% YoY in 2024 from an expected 5.0% in 2023 (5.1% in 1Q-3Q23) due to relatively weak external demand, fading commodity tailwinds, and election-related uncertainties. The 14 February 2024 Presidential elections still looks likely to extend into a second-round run-off in June 2024, given it is a 3-horse race. But that is increasingly becoming a close call, with Prabowo-Rakabuming gaining rapidly in the polls. Interestingly, the policy inclinations of all three Presidential candidates remains ambiguous; as such investor sentiments may stay cautious heading into the elections and possibly after. The incoming President's selection of his cabinet members will also be key. Benign inflation and contained external pressures will allow Bank Indonesia (BI) to maintain its benchmark rate at 6.00% in 1Q24 before cutting its policy rate by 125bp starting 2Q24.</p>	<p>Headline CPI eased to 2.6% YoY in December, bringing the full-year 2023 average CPI to 3.7% (2022: 4.2%). Core inflation also eased, albeit to a lesser extent. For 2024, we forecast headline inflation to remain within BI's 1.5%-3.5% target. However, risks to the inflation outlook persist from the ongoing El Nino phenomenon and geopolitical tensions. Notwithstanding, we expect the overall policy stance (i.e., monetary and fiscal policies) to become more accommodative in 2024. We forecast slowing growth and easing inflation, combined with rate cuts from US Federal Reserve, to allow BI to cut its policy rate by a cumulative 125bp starting in 2Q24. There is also greater fiscal room to manoeuvre this year. The fiscal deficit narrowed significantly to 1.65% of GDP in 2023 versus 2.35% in 2022, well below official estimates of 2.3% of GDP. For 2024, we expect the government to meet its fiscal deficit target of 2.3% of GDP, as spending ramps up ahead of the February Presidential elections. In terms of politics, Prabowo Subianto received a significant bump up in the electability surveys following his nomination of Gibran Rakabuming Raka (President Joko Widodo's son) as his VP candidate. Recent polls even suggest that Prabowo-Gibran could win an outright majority in February, which would be a significant upside surprise.</p>

	House View	Key Themes
China	<p>China's economy exhibited a robust performance in the third quarter, with a year-over-year growth of 4.9%, surpassing market expectations by a significant margin. We project a reacceleration of China's economic growth in the fourth quarter, potentially reaching approximately 5.5%-6% YoY, spurred by a favourable base effect and intensified restocking activities. This will bring the annual growth to about 5.3% YoY, above government's target of 5% YoY.</p>	<p>The latest December official manufacturing PMI reinforced a pronounced imbalance between supply and demand which are simultaneously weakening. Production fell to 50.2, a drop of 0.5 points, while there was also a notable decline in new orders and new export orders which decreased by 0.7 and 0.5 points respectively to 48.7 and 45.8 respectively. The decline in new orders is particularly concerning, as it underscores the persistent issue of weak demand. There has been growing expectations of a reduction in the Loan Prime Rate (LPR), particularly following the decision by major Chinese banks to cut deposit rates in late December. While there is market hope for a dual policy decision — a combination of both interest rate cuts and balance sheet expansion by the PBoC — the reality might present a choice between the two. In other words, the deployment of balance sheet expansion via PSL could potentially limit the scope for an interest rate cut. As a result, the market is poised to closely monitor the upcoming LPR decision in January.</p>
Hong Kong	<p>Our full year growth forecast for 2024 is pitched at 2.5%, in view of the fading reopening boost, ongoing headwinds and higher base of comparison. As for labour market and price pressure, we tip the overall unemployment rate at 2.9% and inflation rate at 2.5% next year. Despite the dented sentiment in housing market, further sharp correction in housing price from this point onward is still not our baseline scenario, given the increased pool of end-users, likely suspension of land sales in coming quarters and possible downward trajectory of HKD rates in 2024.</p>	<p>We continue to see a diverging trend between housing rent and price, suggesting that housing demand was redirected to the rental market. On month-on-month basis, the rental index increased by 0.6% in November 2023, marking it the tenth consecutive month of rally. On the other hand, the residential property price index fell by 2.0% in November over the previous month. Comparing with the level at end-2022, housing price fell by 5.6% in November, while rental index rose by 6.4%. Trading activities stayed subdued, with the number of residential property transactions hovering at a low level of 2,554 during the month. On a separate note, Hong Kong's PMI rose to 51.3 in December 2023, up from that of 50.1 in November, on the back of improvement in output and new orders. Private sector activities expanded for the second month in a row, while business sentiment turned more pessimistic at the end of 2023. Meanwhile, the year-on-year growth of total retail sales widened to 15.9% in value terms (+12.4% in volume terms) in November, due to a more favourable base effect and sustained recovery of inbound tourism.</p>
Macau	<p>In the first three quarters, Macau's GDP grew by 77.7% YoY, recovering to around 77.4% of the pre-pandemic level in the same period of 2019. Macau's economy will likely return the pre-Covid size in 2024, given the current trajectory. Further recovery in gaming and inbound tourism sector should underpin growth. Nonetheless, the full year growth is likely to come down, given the less favourable base effect. We pitch the growth rate of Macau at 16% in 2024.</p>	<p>Macau's casino gross gaming revenue closed the year 2023 with impressive growth, reaching 64.1% of the pre-Covid level, slightly below our forecast of 65%. In December, the figure surprised the market to the upside, surging by 15.7% MoM to MOP18.567bn, adding to the full year sum of MOP183.059bn. Comparing with the same period in 2019, the gross gaming revenue in December was down only by 18.7%. Macau's gaming sector enjoyed brisk recovery since reopening, despite weaker-than-expected growth in China. In view of that, our call has been that gross gaming revenue will return to 65% of the pre-Covid level in 2023, and 100% in 2024. The recovery so far was mostly led by mass and premium mass segments, while VIP segment remained under pressure amid junket crackdowns. We expect the mass and premium mass market to continue to grow, though at a slower pace, heading into 2024. According to the government forecast, Macau's gross gaming revenue will reach MOP216 billion next year (representing a 18% YoY growth).</p>

	House View	Key Themes
Malaysia	<p>The government remains committed to fiscal consolidation in 2024, with the budget announcement including some measures to broaden the revenue base. The introduction of the PADU database on 2 January 2024 established the first step towards introducing a targeted subsidy rationalisation regime this year. The timeline for introduction is crucial in assessing whether the fiscal deficit of 4.3% of GDP versus 5.0% in 2023 can be achieved. Meanwhile, we do not expect Bank Negara Malaysia (BNM) to succumb to hawkish peer pressure from regional central banks as it has rarely reacted to supply side price adjustments in the past. That said, we expect BNM to retain a cautious bias at its 24 January meeting ahead of the introduction of targeted fuel subsidy rationalisation measures.</p>	<p>Headline and core inflation eased to 1.5% YoY and 2.0% in November from 1.8% and 2.4% in October, respectively. Food prices eased significantly to 2.5% YoY from 3.6% in October more than offsetting the modest pickup in utilities and transportation inflation. This easing inflation backdrop provides a conducive setting for the government to introduce targeted fuel subsidies. Meanwhile, government expenditure growth slowed in October and November 2023 versus 3Q23. Other activity data remained mixed in 4Q23 suggesting only modest improvements in 4Q23 GDP growth versus 3Q23. The contraction in export and import volume growth narrowed in October and November while palm oil production picked up. However, service sector indicators slowed in October as underscored by retail and wholesale trade growth while commercial and passenger vehicle sales growth contracted in October/November 2023. Credit growth showed signs of improving while the government pressed on its agenda to bolster investment spending and attract FDIs. Taken together, we see GDP growth improving modestly in 4Q23 with 2023 GDP averaging 4.0%. For 2024, we expect GDP growth to improve modestly to 4.2%.</p>
Thailand	<p>We forecast higher GDP of 2.8% YoY in 2024 from an expected 2.0% in 2023. Based on better domestic demand, we expect headline inflation to pick up modestly to 2.0% YoY in 2024 from 1.2% in 2023, still staying well within Bank of Thailand (BOT)'s 1-3% headline inflation target. The government, under PM Thavisin, pushed out additional consumption-focused measures in the form of energy subsidies, higher minimum wages, visa waivers for certain tourists, and excise tax cuts on alcoholic beverages. The upshot is that the fiscal deficit will remain larger than previously forecasted at 3.6% of GDP in FY24 (i.e., October 2023 to September 2024) and in the medium-term. Concomitantly, the public debt profile will remain elevated (63.5-64.0% of GDP) in medium-term. Our baseline is for Bank of Thailand (BOT) to keep its policy rate unchanged at 3.00% in 2024.</p>	<p>Headline CPI declined for a third consecutive month in December to -0.8% YoY from -0.4% in November due to government policies managing cost-of-living pressures. Meanwhile, core inflation held steady at 0.6% YoY. This brings the full-year 2023 average headline CPI and core inflation to 1.2% and 1.3%, respectively. Looking ahead, headline CPI may remain in negative territory following recent announcements by the government to extend its energy subsidies through 1Q24 and cut excise taxes on alcoholic beverages. These cost-of-living subsidies come at a higher fiscal cost. The government is projecting large medium-term fiscal deficits compared to its previous estimates. The fiscal deficit for FY24 will remain wide at 3.6% of GDP (versus 3.3% of GDP in FY23). In terms of data, government spending in the first two months of FY24 (i.e., October and November 2023) has remained somewhat lacklustre (October: -4.2%; November: -21.6% YoY). Other data was also mixed. On the one hand, growth in the private consumption index (PCI) remained strong at 7.4% in November (October: 7.3%) but the private investment index (PII) growth was still subdued at 0.3% YoY in November (October: -3.1%). Import and export growth slowed to 9.5% YoY and 3.9% YoY in November from 10.5% and 7.0% in October, respectively. Taking together activity data for October and November we see 4Q23 GDP growth tracking 1.9% YoY versus 1.5% in 3Q23. Persistent external pressures has pushed the trade balance into a small deficit of USD0.2bn in November (October: +USD1.3bn), which tipped the current account to a small deficit of USD1.2bn in November (October: +USD0.7bn).</p>

	House View	Key Themes
South Korea	<p>We maintain our view that the Bank of Korea's (BoK) policy rates have peaked and that its current priorities lie in the last-mile inflation flight. The BoK's 'Monetary Policy for 2024' press release on 29 December stated that it will maintain its restrictive monetary policy stance for a "sufficiently long period of time until it is confident that inflation will stabilize at the target level (2% YoY)." We also expect growth to rebound from 1.4% YoY in 2023 to 2.2% YoY in 2024 predicated on the recovery of the semiconductor cycle, bolstered by demand for AI chips. The finance ministry's January announcement of pro-cyclical measures including tax exemptions on credit card spending and expansion of liquidity support measures will also be constructive on growth.</p>	<p>Headline inflation inched lower to 3.2% YoY (0.0% MoM) in December 2023 from 3.3% YoY (-0.5% MoM) in November, marking the lowest figure since June largely due to a slowdown in food prices. Core inflation (excl. food & energy) eased to 3.1% YoY from 3.2% YoY previously. Separately, South Korea's exports grew 5.1% YoY in December, down from 7.7% YoY in November but also marking the third consecutive month of expansion amid a recovery in semiconductor exports. Imports shrank 10.8% YoY as December printed the ninth straight month in import decline and bringing the trade surplus to US\$4.5bn from US\$3.8bn in November. December's manufacturing PMI fell modestly to 49.9 from 50 in November, returning to contraction after November's figures ended a 16-month declining streak. Output levels remained relatively consistent due to a small decrease in new orders being balanced out by a renewed fall in backlogged orders. The PMI report also revealed that employment increased at a rate surpassing the long-run survey trend and companies increased purchases in anticipation of workload growth in 2024.</p>
Philippines	<p>For 2024, we forecast higher GDP of 6.0% YoY from an expected 5.7% in 2023, supported by a bottoming in electronics exports downcycle and stabilising private consumption. We forecast headline inflation to moderate to 3.9% YoY from 6.0% in 2023, edging towards the upper end of BSP's 2-4% headline inflation target. That said, the path towards lower inflation is expected to be uneven rather than linear manner. In terms of monetary policy, we expect BSP to maintain tight settings in 1Q24. Lower domestic inflation and the potential for rate cuts from the US Fed (starting in 2Q24 in our house view) will afford BSP room to start cutting rates from 2Q24. We expect the BSP to cut by a cumulative 100bp, taking the policy rate to 5.50% by end-2024.</p>	<p>Headline CPI and core inflation eased to 3.9% YoY and 4.4% in December from 4.1% and 4.7% in November, respectively. This brings the full-year 2023 average headline CPI and core inflation to 6.0% and 6.6% respectively. The main drivers were lower food and utilities inflation which more than offset a modest uptick in the 'transport' component. Despite easing food inflation, the details underscore price stickiness in rice prices. Rice inflation in December was the highest since March 2009 and is a source of concern. To that end, the government has publicly announced that further temporary tariff adjustments is on the table to keep rising rice prices contained. Meanwhile, the fiscal deficit has improved. On a 12-month rolling sum basis until November 2023, the deficit narrowed to 6.2% of GDP from 7.3% of GDP in 2022. Both revenue and expenditure growth slowed to 8.7% YoY and 3.6% YoY in Jan-Sep '23 compared to 18.0% and 10.4% in 2022, respectively. This puts the government on track to achieving its fiscal deficit of 6.1% of GDP for 2023. On external demand, exports contracted -17.5% in October (September: -6.3%), driven by lower electronics export. Imports growth, on the other hand, have had a smaller contraction (September: -14.1%; October: -4.4%) underscoring improving consumer sentiments. December manufacturing PMI edged lower to 51.5 (November: 52.7) but remained in expansion for the fourth straight month. This implies a potential turnaround in the weak external demand in the coming months, in our view.</p>

	House View	Key Themes
Vietnam	<p>GDP growth accelerated to 6.8% YoY in 4Q23, up from a revised 5.6% in 3Q23 bringing full-year 2023 growth to 5.0%. Although it falls short of the government's targeted 6.5% and represents a slowdown from 8.0% in 2022, it surpassed expectations (Consensus: 4.7%; OCBC: 4.4%). With this, Vietnam was still one of the fastest-growing economies in the region. The strong growth performance in 4Q23 bodes well for 2024 and our 2024 GDP growth of 5.2% which points to growth stabilisation. Similarly, the headline CPI rose to 3.5% YoY in 4Q from 2.9% in 3Q, bringing the average inflation for 2023 to 3.3%. Looking ahead, we expect foodstuff inflation to exert upward pressure on prices, but overall inflation is anticipated to average 4.3% in 2024 – well within the government's 4.0%-4.5% target range. With stable growth and easing inflation, further easing measures from the State Bank of Vietnam (SBV) cannot be ruled out, in our view, as the central bank aims for a 15% credit growth in 2024 (credit growth reached 13.5% in Dec-2023) to support the government's efforts to stimulate economic growth.</p>	<p>The solid GDP growth in 4Q23 was supported by an acceleration in industrial activities (7.8% YoY from 3.7% in 3Q) and services activities (7.4% from 6.5%), which offset lower growth in agricultural activities (3.1% from 6.4%). Indeed, industrial production (IP) growth steadied at 5.8% YoY in December, a significant improvement from -8.0% in January 2023. For full-year 2023, IP growth averaged only 1.5% (2022: 7.8%). There are encouraging signs to suggest that IP growth will improve in the coming months. The manufacturing PMI, although still in contraction, improved to 48.9 in December from 47.3 in November, with firms expressing optimism that output will expand in 2024. Furthermore, we expect a bottoming in the global electronics downcycle which should buffer electronics exports. Separately, rice prices remain elevated, which is advantageous to Vietnam. More fundamentally, Vietnam's medium-term FDI profile remains solid. Despite the weaker global growth backdrop, registered FDI inflows increased by 32.1% YoY, reaching USD 33.6bn in 2023. The 'processing and manufacturing' sector received the majority of investment, accounting for 64.2% of total registered capital and experiencing a 39.9% growth. Realized FDI also saw a 3.5% YoY increase, reaching USD 23.8bn. Looking ahead, Vietnam's long-term issuer default rating was upgraded to BB+ with a stable outlook by Fitch Ratings, supporting the country's favourable medium-term prospects. Notwithstanding, the US still has Vietnam on its “monitoring list” of foreign exchange policies. While the impact of Vietnam being added to the list in November 2023 has so far been contained, further developments on this front will be monitored.</p>
ASEAN-4	<p>The region remains a bright spot in an uncertain 2024 environment. For Indonesia, Malaysia and the Philippines, the demographic dividend remains. Many of these economies have also committed to boosting the reform agenda and pushing ahead with fiscal consolidation. GDP growth will remain resilient into 2024 averaging 4.5% YoY for the ASEAN-4 economies versus 4.4% in 2023.</p>	<p>Inflation will remain a focus in the region especially with food prices proving to be sticky. Rice prices remain elevated and given the importance of rice in the inflation basket for most countries in the region, starting with the Philippines, the trajectory downwards for inflation is not likely to be a linear path downwards. Notwithstanding, assuming the broader trend of easing inflation and forthcoming rate cuts from the US Federal Reserve (our house view is for 100bp in rate cuts in 2024 starting in 2Q), we expect monetary policy to become more accommodative in the ASEAN-4. BI and BSP will cut rates by a cumulative 125bp and 100bp, respectively in 2024.</p>

FX/Rates Forecast

USD Interest Rates	Current	Q124	Q224	Q324	Q424
FFTR upper	5.50	5.50	5.25	4.75	4.50
SOFR	5.32	5.30	5.05	4.55	4.30
3M SOFR OIS	5.32	5.35	5.15	4.65	4.40
6M SOFR OIS	5.18	5.23	5.05	4.60	4.35
1Y SOFR OIS	4.84	4.90	4.70	4.25	4.10
2Y SOFR OIS	4.22	4.30	4.15	3.70	3.60
5Y SOFR OIS	3.71	3.75	3.70	3.40	3.40
10Y SOFR OIS	3.65	3.70	3.70	3.40	3.40
15Y SOFR OIS	3.69	3.75	3.75	3.45	3.45
20Y SOFR OIS	3.67	3.75	3.75	3.45	3.45
30Y SOFR OIS	3.50	3.55	3.55	3.30	3.35
SGD Interest Rates	Current	Q124	Q224	Q324	Q424
SORA	3.82	3.60	3.50	3.35	3.10
3M compounded SORA	3.70	3.62	3.57	3.44	3.24
3M SGD OIS	3.58	3.55	3.50	3.25	2.95
6M SGD OIS	3.48	3.55	3.50	3.25	3.00
1Y SGD OIS	3.28	3.35	3.30	3.20	3.05
2Y SGD OIS	2.94	2.95	2.85	2.55	2.55
3Y SGD OIS	2.79	2.85	2.78	2.58	2.58
5Y SGD OIS	2.72	2.75	2.70	2.60	2.60
10Y SGD OIS	2.75	2.75	2.75	2.60	2.60
15Y SGD OIS	2.69	2.73	2.73	2.58	2.58
20Y SGD OIS	2.60	2.70	2.70	2.70	2.70
SORA	3.82	3.60	3.50	3.35	3.10
MYR Interest Rates	Current	Q124	Q224	Q324	Q424
OPR	3.00	3.00	3.00	3.00	3.00
1M MYR KLIBOR	3.34	3.30	3.25	3.20	3.20
3M MYR KLIBOR	3.70	3.60	3.55	3.50	3.50
6M MYR KLIBOR	3.75	3.65	3.60	3.55	3.55
1Y MYR IRS	3.55	3.60	3.55	3.40	3.40
2Y MYR IRS	3.51	3.60	3.55	3.50	3.35
3Y MYR IRS	3.50	3.65	3.65	3.55	3.40
5Y MYR IRS	3.65	3.65	3.65	3.55	3.50
10Y MYR IRS	3.92	3.95	3.90	3.80	3.70
15Y MYR IRS	4.13	4.10	4.05	3.95	3.90
20Y MYR IRS	4.28	4.25	4.25	4.20	4.00
HKD Interest Rates	Current	Q124	Q224	Q324	Q424
1M HKD HIBOR	4.87	4.85	4.65	4.30	4.05
3M HKD HIBOR	4.95	5.00	4.80	4.40	4.20
2Y HKD IRS	4.01	4.10	4.05	3.65	3.50
5Y HKD IRS	3.59	3.65	3.60	3.45	3.40
10Y HKD IRS	3.60	3.65	3.65	3.50	3.50

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UST yields	Current	Q124	Q224	Q324	Q424
2Y UST	4.38	4.45	4.25	3.80	3.50
5Y UST	4.01	4.05	4.00	3.80	3.55
10Y UST	4.05	4.10	4.05	3.90	3.65
30Y UST	4.20	4.20	4.20	4.15	3.95
SGS yields	Current	Q124	Q224	Q324	Q424
2Y SGS	3.32	3.35	3.20	2.90	2.65
5Y SGS	2.71	2.80	2.80	2.75	2.65
10Y SGS	2.83	2.85	2.80	2.80	2.70
15Y SGS	2.86	2.88	2.85	2.85	2.80
20Y SGS	2.87	3.00	2.95	2.95	2.90
30Y SGS	2.79	2.90	2.90	2.90	2.90
MGS yields	Current	Q124	Q224	Q324	Q424
3Y MGS	3.48	3.45	3.40	3.30	3.30
5Y MGS	3.64	3.60	3.55	3.40	3.35
10Y MGS	3.87	3.85	3.80	3.75	3.55
IndoGB yields	Current	Q124	Q224	Q324	Q424
2Y IndoGB	6.46	6.55	6.50	6.10	6.00
5Y IndoGB	6.63	6.65	6.50	6.30	6.25
10Y IndoGB	6.71	6.70	6.65	6.50	6.40

Source: OCBC Research (Latest Forecast Update: 8th January 2023)

Currency Pair	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
USD-JPY	140.00	138.00	136.00	135.00	134.00
EUR-USD	1.1000	1.1100	1.1200	1.1300	1.1350
GBP-USD	1.2800	1.2850	1.2900	1.3000	1.3050
AUD-USD	0.6850	0.6950	0.7000	0.7050	0.7100
NZD-USD	0.6350	0.6450	0.6500	0.6600	0.6650
USD-CAD	1.3200	1.3000	1.2800	1.2800	1.2700
USD-CHF	0.8600	0.8500	0.8500	0.8500	0.8450
USD-SEK	10.40	10.34	10.09	9.96	9.96
DXY	101.58	100.60	99.60	98.84	98.36
USD-SGD	1.3200	1.3180	1.3140	1.3090	1.3070
USD-CNY	7.10	7.0500	7.0000	6.9900	6.9800
USD-CNH	7.1000	7.0500	7.0000	6.9900	6.9800
USD-THB	34.50	34.50	34.30	34.10	34.10
USD-IDR	15350	15300	15200	15100	15100
USD-MYR	4.5800	4.5600	4.5400	4.5400	4.5100
USD-KRW	1275	1255	1245	1230	1225
USD-TWD	30.70	30.60	30.50	30.30	30.20
USD-HKD	7.7900	7.7800	7.7800	7.7800	7.7900
USD-PHP	54.90	54.60	54.20	54.00	54.00
USD-INR	82.50	82.30	82.00	81.50	81.50
USD-VND	24050	24000	23800	23700	23700
EUR-JPY	154.00	153.18	152.32	152.55	152.09
EUR-GBP	0.8594	0.8638	0.8682	0.8692	0.8697
EUR-CHF	0.9460	0.9435	0.9520	0.9605	0.9591
EUR-SGD	1.4520	1.4630	1.4717	1.4792	1.4834
GBP-SGD	1.6896	1.6936	1.6951	1.7017	1.7056
AUD-SGD	0.9042	0.9160	0.9198	0.9228	0.9280
NZD-SGD	0.8382	0.8501	0.8541	0.8639	0.8692
CAD-SGD	1.0000	1.0138	1.0266	1.0227	1.0291
SEK-SGD	0.1269	0.1275	0.1302	0.1314	0.1312
CHF-SGD	1.5349	1.5506	1.5459	1.5400	1.5467
JPY-SGD	0.9429	0.9551	0.9662	0.9696	0.9754
SGD-MYR	3.4697	3.4598	3.4551	3.4683	3.4507
SGD-CNY	5.3788	5.3490	5.3272	5.3400	5.3405
SGD-IDR	11629	11608	11568	11536	11553
SGD-THB	26.14	26.18	26.10	26.05	26.09
SGD-PHP	41.59	41.43	41.25	41.25	41.32
SGD-VND	18220	18209	18113	18105	18133
SGD-CNH	5.38	5.35	5.33	5.3400	5.34
SGD-TWD	23.26	23.22	23.21	23.15	23.11
SGD-KRW	965.91	952.20	947.49	939.65	937.26
SGD-HKD	5.9015	5.9029	5.9209	5.9435	5.9602
SGD-JPY	106.06	104.70	103.50	103.13	102.52
AUD-NZD	1.0787	1.0775	1.0769	1.0682	1.0677
EUR-AUD	1.6058	1.5971	1.6000	1.6028	1.5986
EUR-GBP	0.8594	0.8638	0.8682	0.8692	0.8697
Gold \$/oz	2065	2092	2105	2140	2160

Source: OCBC Research (Latest Forecast Update: 8th January 2023)

Macroeconomic Calendar

Date Time	C	Event	Period	Survey	Actual	Prior
02/01 08:00	SI	GDP YoY	4Q A	1.80%	2.80%	1.10%
02/01 12:00	ID	CPI YoY	Dec	2.74%	2.61%	2.86%
04/01 21:00	GE	CPI YoY	Dec P	3.70%	3.70%	3.20%
05/01 09:00	PH	CPI YoY 2018=100	Dec	4.00%	3.90%	4.10%
05/01 11:30	TH	CPI YoY	Dec	-0.30%	-0.83%	-0.44%
05/01 16:00	TA	CPI YoY	Dec	2.60%	2.71%	2.90%
09/01 07:30	JN	Tokyo CPI Ex-Fresh Food YoY	Dec	2.10%	--	2.30%
11/01 21:30	US	CPI YoY	Dec	3.20%	--	3.10%
12/01 09:30	CH	CPI YoY	Dec	-0.40%	--	-0.50%
16/01 15:00	GE	CPI YoY	Dec F	--	--	3.70%
16/01 21:30	CA	CPI YoY	Dec	--	--	3.10%
17/01 09:00	MA	GDP YoY	4Q A	--	--	3.30%
17/01 10:00	CH	GDP YoY	4Q	5.20%	--	2.90%
17/01 15:00	UK	CPI YoY	Dec	--	--	3.90%
17/01 18:00	EC	CPI YoY	Dec F	--	--	--
19/01 07:30	JN	Natl CPI YoY	Dec	--	--	2.80%
23/01 13:00	SI	CPI YoY	Dec	--	--	3.60%
24/01 05:45	NZ	CPI QoQ	4Q	--	--	1.80%
25/01 07:00	SK	GDP YoY	4Q A	--	--	1.40%
25/01 07:00	SK	GDP SA QoQ	4Q A	--	--	0.60%
25/01 10:00	VN	CPI YoY	Jan	--	--	--
25/01 21:30	US	GDP Annualized QoQ	4Q A	--	--	4.90%
26/01 07:30	JN	Tokyo CPI Ex-Fresh Food YoY	Jan	--	--	--
30/01 18:00	EC	GDP SA QoQ	4Q A	--	--	-0.10%
30/01 18:00	EC	GDP SA YoY	4Q A	--	--	0.00%
31/01 08:30	AU	CPI YoY	4Q	--	--	5.40%
31/01 08:30	AU	CPI QoQ	4Q	--	--	1.20%
31/01 10:00	PH	GDP YoY	4Q	--	--	5.90%
31/01 16:30	HK	GDP YoY	4Q A	--	--	4.10%
31/01 21:00	GE	CPI YoY	Jan P	--	--	--

Source: Bloomberg

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Survey	Actual	Prior
04/01 03:00	US	FOMC Meeting Minutes	Dec-13	--	--	--
11/01 08:00	SK	BOK Base Rate	Jan-11	3.50%	--	3.50%
17/01 15:20	ID	BI-Rate	Jan-17	--	--	6.00%
22/01 09:15	CH	1-Year Loan Prime Rate	Jan-22	3.35%	--	3.45%
22/01 09:15	CH	5-Year Loan Prime Rate	Jan-22	4.10%	--	4.20%
23/01 08:00	JN	BOJ 10-Yr Yield Target	Jan-23	--	--	0.00%
23/01 08:00	JN	BOJ Policy Balance Rate	Jan-23	--	--	-0.10%
24/01 15:00	MA	BNM Overnight Policy Rate	Jan-24	--	--	3.00%
24/01 22:45	CA	Bank of Canada Rate Decision	Jan-24	5.00%	--	5.00%
25/01 21:15	EC	ECB Main Refinancing Rate	Jan-25	--	--	4.50%
25/01 21:15	EC	ECB Deposit Facility Rate	Jan-25	--	--	4.00%
25/01 21:15	EC	ECB Marginal Lending Facility	Jan-25	--	--	4.75%
26/01 07:50	JN	BOJ Minutes of Dec. Meeting				

Source: Bloomberg

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