GLOBAL MARKETS RESEARCH

Research Monitor (September)

5 September 2023

Global Markets Research & Strategy
+65 6530 8384

Key Themes

1. **September blues?** August proved a challenging month for US equities but if history is any guide, the seasonal pattern for September is not encouraging. That said, financial markets have settled into leaning towards a soft landing for the US economy and the latest nonfarm payrolls and unemployment report may give room for the Fed to pause again in September. Most of the major central banks are nearing the peak of their rate tightening cycle, even though the ECB is telegraphing another 25bps hike at the upcoming 14 September meeting given persistent inflation. With Russia extending oil export curbs and OPEC+ likely to follow suit to extend its curbs into October, oil prices may remain buoyant in the near-term.

2. **Although weighed down by economic challenges in China, Asian economies have been focusing on alternative sources of growth.** Some Asian manufacturing PMIs improved in August – Indonesia (53.9 from 53.3), China's Caixin (51.0 highest since February versus 49.2), India (58.6 versus 57.7) - but the majority remained in contractionary territory including S'pore (49.9 versus 49.8), Malaysia (47.8 unchanged), and South Korea (48.9 versus 49.4), Thailand (48.9 versus 50.7) and Philippines (49.7 versus 51.9) actually deteriorated. As such, the question remains if the resilient labour market and private consumption, coupled with the return of more tourists, will provide sufficient offset to the drag from manufacturing/electronics ahead. Asian central banks are unlikely to rush into rate cuts but may increasingly flag the downside growth risks and subsiding inflationary pressures from here, thus opening the door to a potential policy pivot.

3. **China's market sentiment turned increasingly fragile in August with several significant developments unfolding.** Among these were one developer's announcement to delay payment on an onshore private debt, and a trust company's failure to meet payment on real estate market exposure. Recent July economic figures persistently underwhelmed, potentially paving the way for additional cuts to growth projections. Our current 2023 growth estimate of 5.5% hinges on the trajectory of China's inventory cycle. If our prediction holds true – that China will conclude its destocking phase by 4Q23 – then achieving approximately 5.5% growth remains feasible. On a positive note, the Chinese government has dramatically ramped up their policy support, ranging from currency to property to equity. China's equity market rose after the CSRC rolled out a comprehensive set of strategies to rejuvenate the capital market, targeting both the demand and supply facets. The USDCNY retreated from its recent high due to a tightening in offshore yuan liquidity. The current wide China-US interest rate differential suggests that this period of offshore liquidity tightening might be more prolonged than in previous instances.

4. **Flash estimates* indicate that the OCBC SME Index contracted at 47.2 in August, a dip from July's 51.2.** While the August 2022 reading was high at 53.5, the narrowing of the 2023 official GDP growth forecast range to 0.5% to 1.5% due to sluggish external demand suggests that the near-term outlook remains uncertain. As inflation continues to weigh, SMEs are looking ahead to improving tourism numbers and consumer demand to support domestic sectors and retail sales.

5. **We maintain our 2023 forecast for Brent oil prices to average US$87/bbl in 2H23.** Anticipated supply tightness should be large enough to push prices higher in the coming months amidst the complex and fragile global growth backdrop.

**Using data until 21st August*

Asset Class Views

	House View	Trading Views
FX	**G-10 FX:** The US Dollar (USD) index closed 1.29% firmer for the month of August. Market narrative of rates staying high for longer continues to underpin support for USD. Recent Fed speaks may seem mixed but what is consistent is that "high for longer" regime remains intact and that rate cuts are not likely soon. Fed Chair Powell's remarks at Jackson Hole (25 Aug) was largely a reiteration of "high for longer" narrative with little deviation from previous communication. He took opportunity to emphasize on deploying a risk management strategy, to proceed carefully as Fed officials decide whether to tighten further or hold rates constant and await data. He acknowledged that rates are now high enough to be "restrictive" and real interest rates are now positive and well above mainstream estimates of the neutral policy. But at the same time, he maintains optionality for further rate hikes if additional evidence of persistently above-trend growth puts disinflation trend at risk. His speech also puts forth the impression that the Fed is in no hurry to cut rates as the US economy remains resilient, unemployment is still low, and inflation has yet to move more firmly towards 2%. On net, we retain our view for a moderate-to-soft USD profile as Fed is likely done with tightening for this cycle. But as rates remain high for longer in the interim, any USD dips may be shallow for now as a dovish pivot is still yet in sight. The point of USD inflection would come when market narrative shifts into trading the expectations for "more rate cuts in 2024" and this is highly dependent on how data pans out. A more entrenched disinflation trend and more material easing of labour market tightness, activity data should bring about the shift and for the USD to trade softer. For now, the USD still retains a significant yield advantage and is a safe haven proxy to some extent. As such, there will still be some room for USD upticks especially if global, China growth momentum stay subdued.	Maintain view of a moderate to soft dollar profile. Expect range of 103.5 – 104.50 within wider range of 102 – 106.
	The EUR fell over 3.2% since mid-July as markets unwound hawkish bets on ECB while Euro-area data continued to disappoint. Recent preliminary release of August PMI saw services dipped into contractionary territory for the first time in 8 months and was the lowest since Mar-2021. Within the Euro-area, Germany remains in recession and PMI surveys still show no signs of rebound in manufacturing and services sectors. Path of least resistance for EUR remains skewed to the downside as such. While markets are no longer fully pricing in another ECB rate hike this year, we opine it is probably too early to write off ECB tightening at this point as price pressure remains elevated. We are still of the view that the ECB could still tighten once more this year vs. the Fed that is likely done with tightening (Fed may potentially be closer to a pivot as early as 1Q 2024 vs. ECB in 2H 2024). Some degree of convergence in ECB-Fed monetary policies is still likely and that could still marginally be supportive of EUR. The key risks to EUR's outlook are an earlier than expected dovish ECB pivot and/or growth momentum in Euro-area continues to decelerate sharply. We turned neutral on EUR's outlook as growth in Euro-area looks to slow while ECB tightening cycle is likely near its end. That said, potential ECB-Fed policy convergence (with the Fed likely cutting rate first) could still support a mild upward trajectory for EUR.	Neutral outlook. Likely to trade 1.0790 – 1.0930 range within wider perimeters of 1.0630 – 1.1030.
	GBP continued to trade lower amid softer UK data prints, unwinding of hawkish bets on BoE, and USD strength. Softer CPI prints were the first trigger for a notable shift in BoE bets – markets now looking at ~50bps of rate hikes by end-2023 (vs. 120bps hike a month ago) while PMIs slumped into contractionary territories. We turned neutral on GBP outlook as UK growth momentum shows signs of deceleration while BoE tightening cycle may be approaching its end soon. Near term, GBP may stay under pressure amid strong USD environment and that UK growth momentum shows signs of slowing. But looking out, we still hold to a mild upward trajectory for GBP on BoE is still on a tightening path (but likely less hawkish than before) and potential BoE-Fed policy divergence may still be supportive of GBP. Risk to our outlook is the pockets of concerns in some aspects of domestic fundamentals (i.e., over-tightening into recession, consumer squeeze, etc.) that could still restraint GBP's recovery to some extent.	Neutral outlook. Look for GBP to trade in 1.2550 – 1.2710 range within wider range of 1.2480 – 1.2800.

	USDJPY continued to trade higher amid rise in UST yields and USD rebound. Path of least resistance for USDJPY remains skewed to the upside as high for longer suggests that UST yields and USD stay bid. At Jackson Hole Symposium (26 Aug), Governor Ueda said that underlying inflation is still a bit below BoJ's 2% target and that's why BoJ is sticking with its current monetary easing framework. He acknowledged that "domestic demand is still on a healthy trend" but that "needs to be checked" with 3Q data. While market chatters of BoJ intervention may intensify (should USDJPY continues to inch higher), we see little risk of intervention at the moment. For the month of August, JPY fell 2.28% while AUD, NZD all fell >3.5% range. The magnitude of JPY weakness was also not entirely sharp. Market chatters of JPY intervention risks stem from USDJPY crossing the 145-level itself but in actual fact, intervention risks are more real if JPY move is one-sided/ contains excessive volatility (which is not observable at the moment). Hence, we believe intervention fears are overblown at this point but will continue to watch out for risks. **Our house view still expects both the YCC, NIRP regimes to be removed over time,** depending on how fast JGB yields, inflationary, wage pressures rise over time and how sustained the rise is. We do note that inflationary pressures are broadening; growth outlook is improving and upward pressure on wage growth remains intact. Beyond the near term, we expect USDJPY to trade lower on the back of a moderate-to-soft USD profile (as Fed tightening stretches into late cycle and that USD can fall when pause or pivot comes into play) and on expectation for further BoJ shift towards policy normalisation amid higher inflationary and wage pressures in Japan.	Near term range of 144.70 – 146.70, within wider range of 142.50 - 148.
	AUD continued to trade with a heavy bias amid China growth concerns and USD strength. High for longer narrative lingers and is likely risk sentiment stays under pressure, alongside AUD softness. But looking out, we still favour AUD to trade higher on the back of expectations that China growth could stabilise at some point, possibly warmer ties between Australia and China, and a more moderate-to-soft USD profile (as Fed nears end of tightening cycle). Key downside risk factors that may affect AUD outlook are 1/ extent of CNH swings; 2/ if USD strength or Fed tightening cycle unexpectedly extends; 3/ global growth outlook – if DM's slowdown deteriorates; 4/ any market risk-off event.	Range of 0.6365 – 0.6450 within wider range of 0.6280 – 0.6570.
FX	**Asian FX and SGD:** RMB weakened for the month of August while policymakers stepped up to slow pace of depreciation via the daily fix and pushed up short-term funding cost. Front-end CNH cost rose with 1w and 2w implied CNH rates at >4% (makes shorting the CNH expensive) and PBoC keeping up with aggressive daily fix helps to anchor relative stability (to some extent). We believe policymakers can come in from time to time to push up funding cost, but this is only at best to fight speculation in the offshore CNH space. In the CNY onshore space, policymakers should continue to use daily fix to anchor expectations. Policymakers' action also implied that the line in the sand appears to be 7.30 for now. We reiterate that using tools such as daily fix and funding squeeze are short term patches to manage and stabilise expectations, and in a way caution against speculators. Ultimately for RMB to stabilise fundamentally and recover would still require China economic activities to pick up, confidence to be "repaired" (foreign inflows to return) and USD to turn lower (dependent on timing of Fed pivot). The first two would require policymakers to urgently address economic issues, including its real estate sector (developer defaults, bankrupts, falling demand, etc.), LGFV debt (default risks), shadow banking sector (Zhongrong Trust) and to swiftly implement policies. We caution that Chinese policymakers risk doing too little, too late, and continued disappointment and endless wait may wear out patience and invigorate RMB bears.	Supported. Range of 7.25 – 7.35 likely to hold within wider perimeter of 7.20 – 7.40.
	USDSGD continued to trade higher, taking cues from higher UST yields, USD bounce, softer RMB and JPY. High for longer rate environment may keep USD broadly supported until Fed pivot comes into play. The build up to Fed pivot would take cues from softer US data, Fed's rhetoric and this could take time. Elsewhere China's growth momentum remains weak while doldrums in its real estate sector (developer defaults, bankrupts, falling demand, etc.), LGFV debt (default risks) and shadow banking sector (Zhongrong Trust) may potentially have large contagion risks. China woes undermine regional/ global growth, sentiments, and these further weigh on Asian FX, including SGD (via trade, investment, sentiment channels). Domestically, SG 2Q GDP came in softer than expected (0.1% q/q vs. 0.4% expectations). MTI also narrowed full year growth forecast to 0.5% to 1.5%,	Supported. Range of 1.3500 – 1.3600 likely within wider perimeters of 1.34 - 1.38.

	from 0.5% to 2.5% previously, citing China's slowing recovery and global demand downturn as the main factors. Dimmer growth outlook (both regional and domestic) and signs of disinflation in SG may suggest that SGD has room to ease further. We still expect a mild downward trajectory for USDSGD over the forecast horizon owing to the moderate-to-soft USD view (on Fed likely at end of tightening cycle) and premised on assumption that China growth to find a bottom in 2H. On MAS policy, our base case is still for MAS to maintain policy status quo at the October meeting. We still think it may be too early to call for MAS easing at the Oct MPC as inflationary risks remain. Previous periods of El Nino saw food prices surged and Singapore imports more than 90% of our food from more than 170 countries and region. Though MAS/MTI had lowered full year headline inflation forecast from 5.5-6.5% to 4.5-5.5%, MAS/MTI noted that both upside and downside risks remain, including fresh shocks to global commodity prices and a more persistent-than-expected tightness in the domestic labour market. That said, we do not rule out a possibility of a slope reduction if core inflation slows more than expected. USDMYR traded higher for the month of August, alongside the dominant theme of high for longer (USD strength) and renewed RMB softness. These drivers may still persist and weigh on MYR. Domestically, 2Q GDP decelerated sharply as net external demand turned negative. Our Economists have also lowered both 2023 and 2024 growth forecasts, reflecting the drag persistent drag from global growth. That said, we still expect BNM to maintain policy status quo into 2024. In the interim, MYR is beholden to exogenous factors and is likely to trade on the back foot amid USD strength and RMB softness. We still look for MYR to recover at some point this year on the back of 1/ expectations of softer USD and UST yields as Fed gets closer to end of tightening cycle; 2/ China stabilisation story in 2H 2023 (relief to overall sentiments) and that should benefit MY inbound tourism and trade; 3/ domestic fundamentals remain largely sound.	Supported. Range of 4.59 – 4.69 likely within wider range of 4.55 – 4.75.

Research Monitor (September)

5 September 2023

	House View	Trading Views[1]	
Commodities	We maintain our 2023 forecast for Brent oil prices to average US$87/bbl in 2H23. Our forecast underpins higher global oil prices in the coming months, as supply tightness in the coming months will be large enough to push prices higher amidst the complex and fragile global growth backdrop. Brent averaged US$85.02/bbl in August versus US$80.16/bbl in July (up 6.1% MoM), driven mainly by tighter supply conditions. Indeed, this is supportive of our view of higher global oil prices in 2H23 versus 1H23. The announcements by Saudi Arabia and Russia to extend its additional voluntary cuts to include the month of September will likely keep the supply situation tight, implying that WTI and Brent prices will remain supported in the near-term.	Prior to August, most of the weekly growth momentum was largely built on supply tightness in the oil market. The upward momentum continued into the 1H of August but slowly fizzled out in the 2H of August on macroeconomic concerns regarding China and poor growth prospects (underscored by poor preliminary August PMI prints for the US, UK, Eurozone, and Australia). Taken together, this creates a base for oil prices to range trade between US$84-87 in September. Brent prices could rally towards US$90/barrel if the global demand situation improves and/or risks of further US Fed rate hikes recede while supply remains restricted into 4Q23. The downside risks to oil price include weakening growth momentum in China and a more hawkish US Fed.	→

[1] Arrows point to direction of commodity prices, interest rates, and bond yields.

	House View	Trading Views	
Rates	USTs have been responsive to economic data; yields were an on uptrend for most of the month as US data showed resilience. Meanwhile, market reaction to Jackson Hole symposium was short-lived. Powell did not deviate much from his monetary policy stance at his Jackson Hole speech. There are two parts in the approach to the path forward: the FOMC is prepared to raise rates further “if appropriate”, but given past rate hikes, the Committee are “in a position to proceed carefully as [they] assess the incoming data”. Another key takeaway from his speech is that he (and presumably the Committee) is uncertain about the key parameters in their decision-making process – the inflation outlook, the neutral rate of interest, the precise level of monetary policy restraint, the duration of the lags (in the impact of previous monetary tightening). Given such uncertainties and that Powell emphasized risk-management considerations, the FOMC is likely to keep the Fed funds rate target range unchanged at the September meeting, and thereafter decision at each meeting remains to be highly data-dependent. Our base-case is the Fed is done with its rate hiking cycle, as we expect disinflation continues to be reflected in core price readings. Lagarde sounded more hawkish than Powell at the symposium. Her speech focused on the structural shifts in the economy and inflation that central banks are facing. These shifts lead to “larger relative price shocks” and mean, for the ECB, “setting interest rates at sufficiently restrictive levels for as long as necessary”. It appears that the ECB is not prepared to conclude its hiking cycle yet. We maintain our call for one additional 25bp hike in this cycle. ACGBs outperformed major DM government bonds, as Australian data generally printed on the weak side, including July employment change (-14.6K in July; full time employment -24.2K), July building approvals (-8.1% MoM), and July CPI (4.9% YoY from 5.4% prior). Market trimmed expectation for another hike by the RBA, to 22% by the February 2024 MPC meeting.	**USD rates:** The UST curve bearish steepened over the past month, as long-end real yield went higher upon relatively firm economic data. Yields nevertheless retraced mildly from intra-month highs. We maintain a downward bias to UST yields on a multi-month horizon, based on our expected Fed funds rate profile (which is mildly more dovish than the market), while the 10Y real yield looks overly high compared to economic fundamentals.	↓
		Asian rates: SGD rates mostly followed USD rates movements in the past month, leaving SGD-USD rates spreads little changed. On the SGD OIS curve itself, the 2Y and 3Y rates have remained relatively low, which may attract some residue hedging demand. Our medium-term view is for SGD-USD rates spreads to become less negative; the trigger for this expected move in spreads will be USD rates starting to ease, and if it is coupled with MAS easing then the move in SGD-USD rates spreads will be quicker.	→
		The **IndoGB** curve bearish flattened over the past month as 2-5Y bonds underperformed. Bank Indonesia introduced SRBI to replace reverse repos. The fate of operation twist is ambiguous; assuming absence of operation twist in the interim, then the IndoGB curve is likely to stay flat. Q3 gross IndoGB issuance is likely to add up to below IDR112trn, vs initial target of IDR141trn. August (as of 29 Aug) saw outflows from IndoGBs amounting to IDR9.9trn.	→
		MGS have been relatively stable in the face of the volatilities in USD rates, in line with our expectations. The 3Y yield shall stay anchored by the monetary policy outlook. Benchmark 3M KLIBOR has creeped higher suggesting some liquidity tightness; this is also reflected in some RHS demand on FX swaps towards month-end. Otherwise, banks’ liquidity and funding positions stayed stable in July, with outstanding Ringgit liquidity placed with BNM virtually unchanged, at MYR142bn vs MYR141bn in June; within which money market borrowings fell further to MYR73bn, in line with the policy to focus on interbank bills in OMOs.	→
		CNY rates. Repo-IRS have continued to trade in low ranges as support measures so far are seen as not enough to reverse market trading direction. There were a few rounds of spikes in implied CNH rates. We prefer to stay away from the front-end of the CNH DF curve against the risk of CNH liquidity squeeze. While back-end CNH points and rates shall be better anchored by onshore CNY rates, risk is still asymmetric to the upside.	↑

	House View	Trading Views	
Credit	Bloomberg Asia IG spreads widened by 15bps m/m to 128bps (31 July 2023 to 30 August 2023), pulling back from 5Y lows on 31 July 2023. Bloomberg Asia HY spreads similarly widened 12bps m/m to 1011bps during the same period. While UST yields have increased across the board, with concerns over rates staying higher for longer, investors are also increasingly concerned that ongoing problems in the China property sector are structural and persistent. Country Garden Holdings Co Ltd ("COGARD") missed coupons on two USD notes (COGARD 4.2% '26s and COGARD 4.8% '30s) and announced 1H2023 net loss attributable to owners of the company of RMB48.9bn against a small net profit of RMB612mn in 1H2022 in its financial results released yesterday. Meanwhile, COGARD, is proposing a grace period of 40 calendar days for a RMB-denominated bond. Prices of a number of perpetuals slumped, including those issued by New World Development Co Ltd (down by 20-30 pts), Hysan Development Co Ltd (down by 6-10 pts), Li & Fung Ltd (down by 7-8 pts), CK Asset Holdings Ltd (down by 4 pts) and AT1 from Bank of East Asia (down by 10-11 pts). These companies are seen to be impacted, at least in part, from having some exposure to China or China property. Volatility in Asiadollar credits is not merely one-way. Following its significant slump, perpetuals of New World Development Co Ltd partially rebounded by a record amount, with a report that the perpetuals may be redeemed early. Bonds issued by GLP Pte Ltd and GLP China Holdings Ltd saw significant rebound, with news GLP Pte Ltd has made available USD7bn in assets for China Logistics Group Ltd to choose from, following announcement in May about potential sale of some assets. Such sale may alleviate near-term liquidity. Issuance in August rose to SGD4.42bn from SGD1.41bn in July. Credit Agricole SA priced a SGD350mn 10NC5 Tier 2 at 5.25%. Lloyds Banking Group PLC priced a SGD500mn 10NC5 Tier 2 at 5.25%, returning to the SGD market after several years of hiatus, following Oversea-Chinese Banking Corp Ltd which priced a SGD550mn AT1 the week prior.	**BNP 3.125% '32:** • BNP Paribas S.A. ("BNPP")'s is a globally systemic bank with operations that span domestic and international retail banking as well as corporate and institutional banking with its Investment & Protection Services division offering savings, investment and insurance solutions. Concentrated in Europe, its businesses operate in sixty-four countries. As a global systemically important bank, it had total assets of EUR2,693.8bn as at 31 March 2023 with the Belgian government as its largest shareholder at ~7.8%. BNPP's 1H2023 pre-tax income of EUR6.44bn was down 5.7% y/y due to higher operating expenses while revenues were flat. This, along with EUR1.33bn in risk costs drove a 7.4% y/y fall in operating income. 1H2023 results were broadly reflective of 2Q2023 performance with 2Q2023 operating income down 5.4% y/y to EUR3.79bn with revenues down 1.5% y/y and operating expenses up 1.6% y/y. BNPP's CET1 ratio of 13.6% as at 30 June 2023 remains well above its CET1 requirement of 9.73% that translates to a EUR27.1bn distance to its Maximum Distributable Amount restrictions level. BNPP's liquidity position also remains sound with a liquidity coverage ratio of 143% as at 30 June 2023, up from 139% as at 31 March 2023 with the immediately available liquidity reserve at EUR473bn. • This SGD350mn Tier 2 paper is rated investment grade and comes with a relatively low reset spread which increases non-call risk. That said, low cash price creates decent value in our opinion with a yield to call of ~5.0%.	↑
		LREIT 4.2 'PERPc26s: • Lendlease Global Commercial REIT ("LREIT")'s portfolio comprises three properties with two in Singapore (313@somerset and Jem) and the Sky Complex in Milan. LREIT's 2HFY2023 net property income ("NPI") went up 69% y/y to SGD77.5mn due primarily to financial contribution of JEM and positive rental growth across the portfolio. LREIT recorded positive rental reversion of 4.8% and 5.9% on retail and office segments respectively in FY2023. Portfolio committed occupancy remained robust 99.9% a at 30 June 2023 (Dec 2022: 99.8%). LREIT's outlook is expected to be stable though adjusted interest coverage ratio is expected to decline further post refinancing of EUR285mn, which the new interest rate of over 3% will kick in by October 2023 (previous EUR loan interest rate at ~0.6%). Businesses are well underpinned primarily by resilient JEM and 313@Somerset retail assets.	↑

		• LREIT perp look attractive at ask yield to reset of 5.6% with a reset date on 4 June 2026. This perpetual's reset is benchmarked with 5-year SOR (discontinued on 30 June 2023) but with a fallback language. We estimate the yield may increase to ~6.7% based on current rates if they didn't redeem the perpetual on the reset date. The reset spread for this perpetual is 324bps.	

Research Monitor (September)

5 September 2023

Macroeconomic Views

	House View	Key Themes
US	The US economy has remained resilient, our forecast is for the economy to grow ~1.7% YoY in 2023 (vs. 2.1% in 2022). However, our view of a heightened risk of recession in the next 12 months remains, due to the risk of over-tightening by the central bank amid the ongoing tightening in credit conditions and regulatory scrutiny, especially for smaller regional lenders. Our view is that the FOMC is likely to keep the Fed funds rate target range unchanged at the 20 September meeting, and the bar remains high for any further hikes from here. A growth slowdown into 2024 to open the door to rate cuts.	July headline inflation accelerated to 3.2% YoY (0.2% MoM), from 3.0% YoY (0.2% MoM) in June, core CPI moderated to 4.7% YoY 90.2% MoM0. Similarly, the labour market data was mixed in August, with the unemployment rate unexpectedly rising from 3.5% to 3.8% and the nonfarm payrolls seeing a net 110k downward revision for June-July despite August coming in stronger than expected at 187k. The August ISM improved from 46.4 to 47.6 but marked the 10th straight month in contraction. 2Q23 GDP was also revised down to an annualised 2.1% QoQ from the initial 2.4% estimate. During the Jackson Hole symposium, Fed Chair Powell opined that the FOMC is "prepared to raise rates further if appropriate", however will "proceed carefully" given past rate hikes. The futures market is also eyeing the Fed to pause on 20 September, but pricing in ~1/3 chance of a 25bp rate hike by the 1 November meeting.
EU	Our view is that the ECB is not prepared to pause hiking rates at this juncture. We maintain our call for one additional 25bp hike in this cycle, potentially as early as the 14 September meeting. With inflation stubbornly more than double its 2% target and likely to stay above the 2% handle through end-2025, the manoeuvre could be narrowing as growth prospects are weaker than foreseen. As such, stagflation risks have heightened.	2Q23 GDP growth in the Eurozone came in at 0.3% QoQ sa (0.6% YoY sa), after flatlining at 0% in 1Q23 and contracting 0.1% in 4Q22. However leading indicators remain soft - the manufacturing PMI improved to 43.7 but the services PMI dipped back into contraction territory at 48.3 after expanding 50.9 in July. Germany's August IFO business climate index also fell for the 5th consecutive month to 85.7 and the ZEW survey expectations was negative for the 4th consecutive month at -12.3. The Eurozone's July unemployment rate was flat for the 4th consecutive month at 6.4%. ECB President Lagarde's Jackson Hole speech focused on structural economic shifts leading to "larger relative price shocks" which may require "setting interest rates at sufficiently restrictive levels for as long as necessary". Meanwhile Villeroy opined that "we are close – or very close – to the peak point of our interest rates" even though "we are still far though from the point where we could envisage cutting them".
Japan	We believe the intent of the BoJ is to let the 10Y JGB yield move higher but would like to avoid abrupt market movements. As and when the 10Y yield moves near 1%, the next step will be a removal of the YCC ie. the 1% level may not be a binding cap. However, the timing is uncertain as some BoJ members remain cautious that the 2% inflation target accompanied by wage growth is not sustainable yet. Even BOJ governor Ueda noted that uncertainties surrounding inflation are extremely high for both the upside and downside. Note the BoJ forecasts inflation at 2.5% for FY23, but only 1.9% and 1.6% for FY24 and FY25 respectively.	The Japanese economy grew at an annualised 6.0% QoQ in 2Q (vs. 3.7% in 1Q), more than double consensus expectations. However, the August consumer confidence remained below the 50-threshold at 36.2 versus 37.1 in July. Meanwhile, July industrial production fell more-than-expected by -2.0% MoM after expanding 2.4% in June. The August manufacturing PMI improved slightly from 49.6 to 49.7 (still in contraction), while the services PMI rose further to 54.3. On the inflation front, July CPI was unchanged at 3.3% YoY, while core CPI (excluding fresh food) eased from 3.3% to 3.1% YoY. The July PPI also eased to 3.6% YoY, the slowest since April 2021. BoJ Governor Ueda opined during the Jackson Hole symposium that underlying inflation is still a bit below BoJ's 2.0% target and that is why the BoJ is sticking with its current monetary easing framework. He acknowledged that "domestic demand is still on a healthy trend" but it "needs to be checked" with 3Q data.

	House View	Key Themes
Singapore	Our 2023 full-year GDP growth forecast is still close to 1.3% YoY (2022: 3.7%), assuming that 2H23 growth improves to approximately 2.2% with a stabilization in manufacturing and electronics amid resilient construction and selected services sectors. If core inflation slows faster than what the MAS has projected (2023F: 3.5 - 4.5%), then we cannot rule out the possibility of a slope reduction for the October MPS, but the base case is still for a hold at this juncture while awaiting the next inflation print on 25 September. However, sticky core inflation ahead, especially given the next 1% GST hike and carbon tax hike in 2024 and still tight labour market conditions may imply no dovish pivot is forthcoming in the near-term.	Singapore escaped a technical recession in 2Q23, with 0.5% YoY (0.1% QoQ sa) growth compared to the flash estimate of 0.7% YoY (0.3% QoQ sa) and faster than the 1Q23's 0.4% YoY (-0.4% QoQ sa). However, economic data remains mixed – both manufacturing and electronics PMIs improved slightly in August to 49.9 and 49.5 respectively, they remain in contraction territory for the 6th and 13th consecutive months. Industrial production also shrank a milder 0.9% YoY in July compared to -6.6% in June, whereas NODX declined 20.2% YoY, dragged down by electronics exports (-26.1% YoY). Meanwhile, both headline and core inflation eased to 4.1% YoY and 3.8% YoY (lowest since May 2022) and are on track to ease further till year-end. This may give room for MAS to pause again at the October MPS as they assess the growth-inflation dynamics. While wage growth expectations are cooling, the anticipated adjustments in GST and carbon taxes amid the still tight labour market conditions may mean it is still too early to contemplate a dovish pivot. Budget 2024 may herald an enhancement to the Assurance Package, in addition to the recent announcement of the Majullah Package for "young seniors".
Indonesia	We expect growth momentum to slow in 2H23 to 4.6% after 5.1% in 1H23 as personal consumption slows, investment spending turns more cautious ahead of the 14 February 2024 elections, and external demand remains weak. Meanwhile, inflationary pressure will remain contained, albeit with risks skewed to the upside on account of the El Nino phenomenon. Notwithstanding, we think growth priorities will dominate and open the door for BI to cut its policy rate in late 4Q23. The risk, however, is that the timing is delayed into 1Q24 on account of external considerations including incremental Fed rate hikes and currency moves. Meanwhile, we expect limited fiscal support to growth as underscored by the proposed 2024 budget, which pegs the 2024 fiscal deficit at 2.29% of GDP, relatively unchanged to the fiscal deficit 'outlook' for this year at 2.28% of GDP.	GDP growth surprised to the upside at 5.2% YoY in 2Q23 from 5.0% in 1Q. Domestic demand contributed a solid 5 percentage points (pp) to 2Q GDP growth from 3.4pp in 1Q. Notably, household consumption grew 5.2% YoY from 4.5% YoY in 1Q, boosted by the religious holidays and the pay out of the 13th month salary. The resilience of investment growth was mostly supported by the significant improvement in buildings & structures. By contrast, net exports contribution was flat (0.0pp) in 2Q versus +2.0 in 1Q, as import growth fell to -3.1% from +3.8% in 1Q, while slower global demand manifested in export growth of -2.7% YoY vs +12.1% in 1Q. Indeed, the weakness in the external position was evidenced by the shift of the current account balance to a deficit of 0.5% of GDP in 2Q23 from a surplus of 0.9% 1Q23. We have revised our 2023 current account forecast to -0.1% of GDP versus our previous forecast of +0.4% of GDP. This is still within BI's forecast range of '-0.4% of GDP to +0.4% of GDP'. On inflation, the headline CPI eased to 3.1% YoY in July from 3.5% in June. This brings average year-to-date inflation to 4.4% YoY from 4.2% in 2022. We are maintaining our 2023 headline CPI forecast of 3.7%, implying easing inflation in the months ahead. In preparation for the potential adverse impact of El Nino, the agriculture ministry is considering increasing rice production, in addition to the 2.4 tonnes of rice imports planned for this year.

	House View	Key Themes
China	The July economic figures persistently underwhelmed, potentially paving the way for additional reductions in China's growth projections for 2023. Our current growth estimate of 5.5% hinges on the trajectory of China's inventory cycle. If our prediction holds true – that China will conclude its destocking phase by the final quarter of 2023 – then achieving approximately 5.5% growth in 2023 remains feasible.	The Chinese government has dramatically ramped up their policy ranging from currency to property to equity. On equity, The China Securities Regulatory Commission rolled out a comprehensive set of strategies to rejuvenate the capital market, targeting both the demand and supply facets. On property, China confirmed that for buyers who do not own a property in a city are now eligible for the credit policy for first time buyers, regardless of whether they have applied for a mortgage previously. In addition, requirements for property refinancing have been lightened with listed property businesses can pursue refinancing, even if they're hindered by factors like trading below their net asset value, registering losses, or their stock price falling below the initial offering price. On currency, despite the US dollar index climbing above 104 recently, the Chinese Yuan bucked the trend, largely propelled by a tightening in offshore yuan liquidity. This method is often deemed a last-resort measure. The current wide China-US interest rate differential suggests that this period of offshore liquidity tightening might be more prolonged than previous instances.
Hong Kong	The Government has narrowed Hong Kong's GDP growth forecast for 2023 to 4.0-5.0%, from 3.5-5.5% earlier, taking into account the actual outturn in the first half. We, on the other hand, have revised downward our full year growth forecast to 3.2% YoY, in view of the slower-than-expected growth in the second quarter, delayed Chinese economic stimulus measures, and high interest rate environment. Heading into the second half, the Hong Kong economy should continue to recover with exports of services and private consumption driving growth. Inflationary pressures are expected to remain muted in 2023.	Private sector activities contracted for the first time since the beginning of this year, flashing further warning signs for the economy. Hong Kong's PMI fell below the boom-bust divide to 49.4 in July, down from 50.3 in June, on the back of softer demand. Meanwhile, retail sales continued to rise on the back of increased visitors' spending, while merchandise exports stayed weak. The labour market tightened further, with the unemployment rate edging down further to 2.8% in May-July 2023. On the other hand, Hong Kong's housing market continued to cool. On a month-on-month basis, the residential property price index fell by 1.1% in July, making it the 3rd consecutive month of decline. Still, compared with the level at end-2022, housing prices rose by 2.6% cumulatively. Rental index rose further compared to the previous month, at an accelerated pace of 1.0% in July. Trading activities were also quiet in July and August so far.
Macau	We expect total tourism spending (excluding gaming expense) to rise to around 115% of the pre-pandemic level in 2023. The impact brought by the increase in total visitor arrivals in periods ahead, however, is likely to be partly offset by the decline in tourists' per capita spending. In view of the stronger-than-expected recovery of tourism and gaming sectors, we revise upward our annual growth forecast of Macau to 89%, from the earlier estimate of 54%.	Macau's real GDP jumped by 117.5% YoY in the second quarter, led by sharp rebound in the tourism and gaming sectors. In the first half this year, Macau's GDP grew by 71.5% YoY, recovering to around 71% of the pre-pandemic level in 2019. During the second quarter, exports of services recorded an impressive year-on-year increase of 211.9%, as exports of gaming services and tourism services soared by 463.6% YoY and 157.5% YoY, respectively. Private consumption expenditure reverted to year-on-year growth of 15.1%, on the back of improved economic sentiment and tight labour market. Gross fixed capital formation also surged by 47.8%, due to a solid increase in construction investment. Meanwhile, growth of public consumption expenditure moderated to 3.0% YoY, amid scaled back economic relief measures. Driven by investment spending, domestic demand expanded by 18.4% YoY.

Research Monitor (September)

5 September 2023

	House View	Key Themes
Malaysia	We reduce our 2023 GDP growth forecast to 4.0% YoY from 4.4%, previously. This reflects the weaker-than-expected 1H23 outturn of 4.2%. Our 2H23 growth forecast remains unchanged at 3.7% reflecting a bigger drag from anaemic external demand conditions. Our full year 2023 forecast is now at the low end of BNM's 4-5% forecast range for the year. For 2024, we lower our GDP growth forecast to 4.2% from 4.5%, previously, as the drag from global growth is expected to persist. This nonetheless underscores an improvement in growth momentum relative to 2023. Despite our weaker 2023 and 2024 GDP growth forecasts, we continue to expect Bank Negara Malaysia (BNM) to remain on hold for the rest of 2023 and into 2024. Importantly, the continued current account surplus, which by our forecast will be to 2.4% of GDP in 2023 from 3.1% in 2022, will buffer against external risks.	GDP growth slowed sharply to 2.9% YoY in 2Q23 from 5.6% YoY in 1Q23. On a seasonally adjusted basis, the economy grew 1.5% QoQ in 2Q from 0.9% in 1Q23. The details on the demand-side were mixed. The contribution of domestic final demand to headline GDP was only marginally lower at 4.2 percentage points (pp) in 2Q23 versus 4.3pp in 1Q23. The public sector, on account of higher consumption and investment spending, played a bigger role in supporting growth in 2Q. By contrast, private sector contribution narrowed in 2Q23 versus 1Q23. Notably, inventory de-stocking continued and shaved 1.2pp off 2Q GDP growth (1Q: -0.8pp). Meanwhile, the current account surplus widened to MYR9.1bn (1.9% of GDP) in 2Q23 from MYR4.3bn (1.0% of GDP) in 1Q23. This was mainly driven by narrower deficits on the services and primary income balance. Weakness on the external front continued into Q3 as underscored by the July trade data. Export growth remained weak at -13.1% YoY in July (June: -14.1%) while import growth was -15.9% YoY (June: -18.7%). The trade surplus, as a result, narrowed to MYR17.1bn from MYR25.6bn in June. Notwithstanding, the most encouraging aspect was the sustained improvement in electronics exports (7.3% YoY in July from 3.3% in June and 1.5% in May). Indeed, BNM is seeing tentative signs that the global tech downcycle is bottoming out.
Thailand	We lower our 2023 GDP growth forecast to 2.5% from our previous forecast of 3.0%. The downward revision mainly reflects the weaker-than-expected 1H23 outturn of 2.2% YoY. For 2H23, our growth forecast of 2.9% remains unchanged reflecting an anaemic external demand. For 2024, we lower our GDP growth forecast to 2.8% from our previous forecast of 3.5% as the drag from global growth is expected to persist into 2024. Even so, this external drag could be buffered by policies from the new government. With history as a guide, the Pheu Thai party (and its predecessors) have had a penchant for large cash handouts and schemes to boost consumption spending. With the Pheu Thai set to retain key economic ministries, fiscal stimulus is likely on the cards especially the degree of follow through on populist election promises. Apart from the stimulatory growth impact, these polices are also likely to be inflationary. To that end, we see Bank of Thailand's (BOT) hawkish bias as justified. Our baseline remains for the BOT to stay on hold at its 27 Sep meeting. However, we recognise that there is a risk for BOT to push through another incremental 25bp hike.	Srettha Thavisin was endorsed by the king to become the country's 30th Prime Minister in mid-August, clearing months of political overhang that followed the May elections. A list of portfolio appointments has been submitted for vetting and will subsequently be submitted for royal endorsement. It seems likely that the Pheu Thai party will hold onto the post of Finance Minister, making the degree of follow through on election promises crucial. The first order of business will be to approve the F23-24 budget (i.e., October 2023 5o September 2024). Contrary to expectations of an improvement, 2Q23 GDP growth slowed sharply to 1.8% YoY from a downwardly revised 2.6% in 1Q23. On a seasonally adjusted basis, the economy grew 0.2% QoQ in 2Q23 from 1.7% in 1Q23. The weakest link on the demand side was the public sector reflecting the absence of a formal government over the quarter. Specifically, both government consumption and investment spending declined to -4.3% YoY and -1.1% YoY from -6.3% and 4.7% in 1Q23, respectively. As a result, the contribution of the public sector turned more negative at -0.8 percentage points (pp) in 2Q23 (1Q23: -0.6pp). By contrast, there was some uplift from the private sector which has shown to remain resilient in 2Q23. Notably, inventory destocking continued for the third consecutive quarter, shaving off 1.7pp in 2Q23 (1Q23: -0.2pp). Meanwhile, the current account flipped into a deficit of USD1.8bn (-1.6% of GDP) in 2Q23 from a surplus of USD3.5bn (2.6% of GDP) in 1Q23 driven by a lower trade surplus. On inflation, price pressures were contained even though headline inflation edged slightly higher to 0.4% YoY from 0.2% in June. Year-to-date headline CPI averaged 2.2%, within BOT's 1-3% target range.

	House View	Key Themes
South Korea	The Bank of Korea (BoK) kept its policy rate unchanged during its 24 August meeting at 3.50%. The BoK maintained their hawkish bias, indicating their expectations for inflation to "pick up again to around the 3% level" where they expect it to "remain above the target level for a considerable time." On the need for further rate hikes, the "[Monetary Policy] Board will make a judgement while assessing the changes in domestic and external policy conditions." Overall, given the easing of inflation, our house view is that the BoK will keep its policy rate unchanged at 3.50% for the rest of 2023.	The disinflation trend continued with headline inflation easing for the 6th straight month to 2.3% YoY in July (vs. 2.7% in June) partly due to lower costs in petroleum products and public utility prices. Core inflation also fell to 3.3% YoY (vs. 3.5% in June). Economic activities appear weak with July industrial production coming in worse-than-expected at -8.0% YoY (-2.0% MoM sa), from -5.9% YoY (-1.5% MoM sa). August manufacturing PMI fell to 48.9 (vs. 49.4 in July), marking 14 straight months of contraction. Looking at trade, the slowdown in exports persisted in August albeit at a lesser pace of -8.4% YoY (vs. -16.4% in July), while imports also fell -22.8% YoY (vs. -25.4% in July), resulting in a narrower trade surplus of US$870mn (vs. US$1,652mn in July). Looking at the labour market, July unemployment rate came in slightly higher at 2.8% (vs. 2.6% in June) against expectations for 2.7%.
Philippines	We reduce our 2023 GDP growth forecast sharply to 5.4% from our previous forecast of 6.0%. Although we expect government spending to pick up in 2H23, the lagged impact of sharp monetary policy tightening will continue to be a source of drag on investment and private consumption. As such, we have pencilled in only a modest recovery to 5.5% in 2H23 from 5.4% in 1H23. For 2024, we lower our GDP growth forecast to 5.9% from our previous forecast of 6.1% as external pressures will likely persist amidst a continued fiscal consolidation. From a monetary policy perspective, we expect headline inflation to ease in the coming months. This, in our view, will provide BSP policy space to support growth by late 4Q23. The risk is that is the timing of the rate cuts gets pushed into 1Q24 as BSP focuses on containing external vulnerabilities and inflationary risks.	GDP growth slowed sharply to 4.3% YoY in 2Q23 from 6.4% in 1Q23. This was the lowest since the pandemic, taking 1H23 growth to 5.3% YoY from 7.6% in 2022. The details were as dismal as the headline print. From the demand-side, the main drags were government spending and investment spending which declined -7.1% YoY and +3.9% YoY from +6.2% and +10.9%, respectively. Reflecting the lagged impact of monetary policy tightening, private consumption growth slowed to 5.5% YoY (1Q23: 6.4%). Taken together, the contribution of the domestic final demand moderated to 3.5 percentage points (pp) (1Q23: 8.1pp). Mirroring the poor domestic demand picture, goods import in 2Q23 fell to -5.1% YoY (1Q23: +0.5%). Meanwhile, exports rose 4.1% YoY (1Q23: +1.0%) driven by a moderation in goods exports (-0.9% YoY in 2Q23 from -14.9% in 1Q23). The contribution of net exports to the headline GDP growth improved to 0.9pp (1Q23: -1.6pp). On inflation, headline and core inflation have eased further to 4.7% YoY and 6.7% YoY in July from 5.4% and 7.4% in June, respectively, but still above BSP's 2-4% target range. BSP expects headline inflation to return to its target range by 2Q23 but remains vigilant of inflationary pressures that could be potentially brought on by increases in transportation and electricity costs, food supply constraints and El Nino risks.

	House View	Key Themes
ASEAN-4	Growth momentum weakened significantly across the region. This supports our view that monetary policy easing is on the cards, even if it implies a divergence from US Fed policy. The main consideration under such circumstances would be minimise external/currency depreciation risks. To that end, we believe these economies are on much stronger footing than in the past to pursue policies required of their individual economies. Our baseline remains for BI and BSP to start cutting rates in late 4Q23. We expect BNM and BOT to remain on hold. However, BOT's inclination to build policy space leaves the door open for another 25bp hike at its September meeting. The main risk to our view is the re-emergence of inflationary pressures from higher food prices as the El Nino phenomenon intensifies. Even in this regard, we believe that these economies are better prepared past than in the past. Most countries have already put in place precautionary measures, including higher food importation and water management policies, to mitigate some of the El Nino impact.	2QGDP growth, except for Indonesia, surprised significantly to the downside. The weighted average 2QGDP growth for the region slowed to 3.8% YoY from 4.5% in 1Q23. While the external demand slowdown was anticipated, domestic demand trends were mixed. Domestic demand conditions improved in Indonesia and Thailand but were a drag in the Philippines. It was relatively stable in Malaysia and Singapore. Our baseline is for growth momentum to weaken further into 2H23 as external demand remains weak but also as the pockets of domestic demand resilience become more concentrated in specific sectors such as travel and tourism. This will help ease core inflationary pressures and allow central banks in this region to focus on growth support. The caveat is that global market risk sentiment remains volatile and risks of capital outflows from the ASEAN-4 economies persist, due to unattractive interest rate differentials to the US. This along with a worsening trade balance exacerbate external vulnerabilities. Indeed, Indonesia's current account shifted back to a deficit in 2Q23 while the trade balances in Malaysia, the Philippines and Thailand have come under pressure from weak external demand. Although the basic balance (net FDI+ current account balance) remains in a surplus for most of these countries, the surplus has narrowed in 2Q23. The concomitant currency depreciation pressures from capital outflows and perceived risk of outflows have resulted in the need for these ASEAN-4 central banks to manage currency volatility. To that end, FX reserve adequacy metrics from import cover to short-term external debt coverage remain have been met. Indeed, we do not rule out the possibility that these central banks will build reserves during periods of DXY weakness.

FX/Rates Forecast

USD Interest Rates	Current	3Q23	4Q23	1Q24	2Q24
FFTR upper	5.50	5.50	5.50	5.25	4.75
SOFR	5.31	5.30	5.30	5.05	4.55
3M SOFR OIS	5.39	5.50	5.50	5.20	4.70
6M SOFR OIS	5.43	5.55	5.45	5.15	4.65
1Y SOFR OIS	5.35	5.35	5.25	4.95	4.35
2Y SOFR OIS	4.77	4.70	4.60	4.50	3.90
5Y SOFR OIS	4.07	4.00	3.95	3.95	3.50
10Y SOFR OIS	3.89	3.75	3.70	3.70	3.30
15Y SOFR OIS	3.88	3.74	3.70	3.70	3.35
20Y SOFR OIS	3.83	3.69	3.65	3.65	3.30
30Y SOFR OIS	3.62	3.49	3.45	3.55	3.20
SGD Interest Rates	**Current**	**3Q23**	**4Q23**	**1Q24**	**2Q24**
SORA	3.78	3.80	3.80	3.75	3.65
1M SIBOR	4.03	4.10	4.10	4.05	3.60
3M SIBOR	4.06	4.15	4.15	4.10	3.70
3M SGD OIS	3.64	3.75	3.75	3.40	3.40
6M SGD OIS	3.61	3.70	3.70	3.50	3.50
1Y SGD OIS	3.56	3.65	3.65	3.50	3.25
2Y SGD OIS	3.35	3.40	3.40	3.35	3.05
3Y SGD OIS	3.23	3.30	3.30	3.28	3.05
5Y SGD OIS	3.19	3.20	3.20	3.20	3.05
10Y SGD OIS	3.18	3.15	3.15	3.15	3.00
15Y SGD OIS	3.13	3.13	3.13	3.10	3.10
20Y SGD OIS	3.02	3.11	3.11	3.08	3.08
MYR Interest Rates	**Current**	**3Q23**	**4Q23**	**1Q24**	**2Q24**
OPR	3.00	3.00	3.00	3.00	3.00
1M MYR KLIBOR	3.27	3.20	3.20	3.15	3.15
3M MYR KLIBOR	3.52	3.50	3.45	3.45	3.45
6M MYR KLIBOR	3.61	3.55	3.55	3.55	3.50
12M MYR KLIBOR	3.79	3.75	3.75	3.70	3.60
1Y MYR IRS	3.60	3.50	3.45	3.40	3.40
2Y MYR IRS	3.60	3.60	3.55	3.45	3.45
3Y MYR IRS	3.62	3.60	3.55	3.50	3.50
5Y MYR IRS	3.71	3.65	3.65	3.65	3.65
10Y MYR IRS	3.94	3.95	4.00	4.00	4.00
15Y MYR IRS	4.14	4.20	4.25	4.25	4.25
20Y MYR IRS	4.30	4.25	4.30	4.30	4.30
HKD Interest Rates	**Current**	**3Q23**	**4Q23**	**1Q24**	**2Q24**
1M HKD HIBOR	3.69	4.85	4.85	4.65	4.20
3M HKD HIBOR	4.44	5.00	5.00	4.80	4.35
2Y HKD IRS	4.50	4.50	4.40	4.00	3.60
5Y HKD IRS	4.13	4.00	3.95	3.80	3.65
10Y HKD IRS	4.06	3.90	3.90	3.70	3.70

Research Monitor (September)

5 September 2023

UST yields	Current	3Q23	4Q23	1Q24	2Q24
2Y UST	4.88	4.65	4.55	4.35	3.80
5Y UST	4.30	4.10	4.00	3.90	3.70
10Y UST	4.18	4.00	3.90	3.75	3.50
30Y UST	4.29	4.10	4.05	3.85	3.75
MGS yields	**Current**	**3Q23**	**4Q23**	**1Q24**	**2Q24**
3Y MGS	3.46	3.40	3.40	3.30	3.30
5Y MGS	3.59	3.60	3.60	3.60	3.60
10Y MGS	3.84	3.90	3.95	3.95	3.95
IndoGB yields	**Current**	**3Q23**	**4Q23**	**1Q24**	**2Q24**
2Y IndoGB	6.05	6.15	6.15	5.50	5.50
5Y IndoGB	6.04	6.10	6.00	5.80	5.70
10Y IndoGB	6.34	6.35	6.35	6.30	6.30

FX	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
USD-JPY	144.00	141.00	137.00	136.00	135.00
EUR-USD	1.0900	1.1000	1.1040	1.1100	1.1200
GBP-USD	1.2600	1.2700	1.2800	1.2800	1.2800
AUD-USD	0.6550	0.6650	0.6800	0.6900	0.7000
NZD-USD	0.6000	0.6100	0.6200	0.6200	0.6300
USD-CAD	1.3400	1.3200	1.3100	1.3000	1.2800
USD-CHF	0.8900	0.8900	0.8900	0.8900	0.8800
USD-SEK	10.5000	10.3500	10.1000	9.9000	9.8000
DXY	103.01	101.88	101.00	100.43	99.59
USD-SGD	1.3500	1.3360	1.3320	1.3300	1.3280
USD-CNY	7.1800	7.1100	7.0500	7.0000	6.9500
USD-CNH	7.2000	7.1200	7.0500	7.0000	6.9500
USD-THB	34.800	34.600	34.400	34.400	34.200
USD-IDR	15350	15100	14850	14820	14800
USD-MYR	4.6200	4.5800	4.5400	4.5000	4.5000
USD-KRW	1295.0	1275.0	1265.0	1260.0	1255.0
USD-TWD	32.000	31.700	31.500	31.500	31.300
USD-HKD	7.8400	7.8200	7.8100	7.8000	7.8000
USD-PHP	56.600	56.200	55.900	55.600	55.200
USD-INR	82.500	82.000	82.000	81.800	81.500
USD-VND	24000	23600	23400	23400	23300
EUR-JPY	156.96	155.10	151.25	150.96	151.20
EUR-GBP	0.8651	0.8661	0.8625	0.8672	0.8750
EUR-CHF	0.9701	0.9790	0.9826	0.9879	0.9856
EUR-SGD	1.4715	1.4696	1.4705	1.4763	1.4874
GBP-SGD	1.7010	1.6967	1.7050	1.7024	1.6998
AUD-SGD	0.8843	0.8884	0.9058	0.9177	0.9296
NZD-SGD	0.8100	0.8150	0.8258	0.8246	0.8366
CHF-SGD	1.5169	1.5011	1.4966	1.4944	1.5091
JPY-SGD	0.9375	0.9475	0.9723	0.9779	0.9837
SGD-MYR	3.4222	3.4281	3.4084	3.3835	3.3886
SGD-CNY	5.3185	5.3219	5.2928	5.2632	5.2334
SGD-IDR	11370	11302	11149	11143	11145
SGD-THB	25.778	25.898	25.826	25.865	25.753
SGD-PHP	41.926	42.066	41.967	41.805	41.566
SGD-CNH	5.3333	5.3293	5.2928	5.2632	5.2334

SGD-TWD	23.704	23.728	23.649	23.684	23.569
SGD-KRW	959.26	954.34	949.70	947.37	945.03
SGD-HKD	5.8074	5.8533	5.8634	5.8647	5.8735
SGD-JPY	106.67	105.54	102.85	102.26	101.66
Gold $/oz	1920.0	1955.0	1980.0	2000.0	2020.0

Source: OCBC Research (Latest Forecast Update: 28th August 2023)

Research Monitor (September)

5 September 2023

Macroeconomic Calendar

Date Time	C	Event	Period	Survey	Actual	Prior
01/09 10:00	ID	CPI YoY	Aug	3.33%	--	3.08%
01/09 20:30	CA	Quarterly GDP Annualized	2Q	1.20%	--	3.10%
05/09 07:00	SK	CPI YoY	Aug	--	--	2.30%
05/09 07:00	SK	GDP YoY	2Q P	0.90%	--	0.90%
05/09 07:00	SK	GDP SA QoQ	2Q P	0.60%	--	0.60%
05/09 09:00	PH	CPI YoY 2018=100	Aug	--	--	4.70%
05/09 11:30	TH	CPI YoY	Aug	--	--	0.38%
06/09 09:30	AU	GDP SA QoQ	2Q	--	--	0.20%
06/09 09:30	AU	GDP YoY	2Q	--	--	2.30%
06/09 16:00	TA	CPI YoY	Aug	--	--	1.88%
07/09 17:00	EC	GDP SA QoQ	2Q F	--	--	0.30%
07/09 17:00	EC	GDP SA YoY	2Q F	--	--	0.60%
08/09 07:50	JN	GDP SA QoQ	2Q F	--	--	1.50%
08/09 07:50	JN	GDP Annualized SA QoQ	2Q F	--	--	6.00%
08/09 07:50	JN	GDP Deflator YoY	2Q F	--	--	3.40%
08/09 14:00	GE	CPI YoY	Aug F	--	--	--
09/09 09:30	CH	CPI YoY	Aug	--	--	-0.30%
13/09 20:30	US	CPI YoY	Aug	--	--	3.20%
19/09 17:00	EC	CPI YoY	Aug F	--	--	--
19/09 20:30	CA	CPI YoY	Aug	--	--	3.30%
20/09 14:00	UK	CPI YoY	Aug	--	--	6.80%
21/09 06:45	NZ	GDP SA QoQ	2Q	--	--	-0.10%
22/09 07:30	JN	Natl CPI YoY	Aug	--	--	3.30%
25/09 10:00	VN	CPI YoY	Sep	--	--	--
25/09 13:00	SI	CPI YoY	Aug	--	--	4.10%
28/09 20:00	GE	CPI YoY	Sep P	--	--	--
28/09 20:30	US	GDP Annualized QoQ	2Q T	--	--	--
29/09 07:30	JN	Tokyo CPI Ex-Fresh Food YoY	Sep	--	--	2.80%
29/09 14:00	UK	GDP QoQ	2Q F	--	--	0.20%
29/09 14:00	UK	GDP YoY	2Q F	--	--	0.40%

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Survey	Actual	Prior
05/09 12:30	AU	RBA Cash Rate Target	Sep-05	--	--	4.10%
06/09 22:00	CA	Bank of Canada Rate Decision	Sep-06	5.00%	--	5.00%
07/09 15:00	MA	BNM Overnight Policy Rate	Sep-07	--	--	3.00%
14/09 20:15	EC	ECB Main Refinancing Rate	Sep-14	--	--	4.25%
14/09 20:15	EC	ECB Deposit Facility Rate	Sep-14	--	--	3.75%
14/09 20:15	EC	ECB Marginal Lending Facility	Sep-14	--	--	4.50%
20/09 09:15	CH	1-Year Loan Prime Rate	Sep-20	--	--	3.45%
20/09 09:15	CH	5-Year Loan Prime Rate	Sep-20	--	--	4.20%
21/09 02:00	US	FOMC Rate Decision (Upper Bound)	Sep-20	5.50%	--	5.50%
21/09 02:00	US	FOMC Rate Decision (Lower Bound)	Sep-20	5.25%	--	5.25%
21/09 09:00	TA	CBC Benchmark Interest Rate	Sep-21	--	--	1.88%
21/09 15:00	PH	BSP Overnight Borrowing Rate	Sep-21	--	--	6.25%
21/09 15:00	PH	BSP Standing Overnight Deposit Facility Rate	Sep-21	--	--	5.75%
21/09 15:20	ID	Bank Indonesia 7D Reverse Repo	Sep-21	--	--	5.75%
21/09 19:00	UK	Bank of England Bank Rate	Sep-21	--	--	5.25%
22/09 08:00	JN	BOJ Policy Balance Rate	Sep-22	--	--	-0.10%
22/09 08:00	JN	BOJ 10-Yr Yield Target	Sep-22	--	--	0.00%
27/09 15:00	TH	BoT Benchmark Interest Rate	Sep-27	--	--	2.25%

Source: Bloomberg

Global Markets Research & Strategy

Macro Research

Selena Ling
Head of Strategy & Research
LingSSSelena@ocbc.com

Tommy Xie Dongming
Head of Greater China Research
XieD@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau
cindyckeung@ocbcwh.com

Herbert Wong
Hong Kong & Macau
herberthtwong@ocbcwh.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
JonathanNg4@ocbc.com

Ong Shu Yi
ESG
ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung
Rates Strategist
FrancesCheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei
Credit Research Analyst
WongHongWei@ocbc.com

Chin Meng Tee
Credit Research Analyst
MengTeeChin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.:193200032W