



Weekly Macro Views (WMV)

OCBC Group Research

02 June 2026

Weekly Macro Update

Key Global Data for this week:

01 June	02 June	03 June	04 June	05 June
<ul style="list-style-type: none"> • AU S&P Global PMI Mfg, Melbourne Institute Inflation MoM, Melbourne Institute Inflation YoY • EC M3 Money Supply YoY, Unemployment Rate • EC ECB 1Y-/3Y- CPI Expectations • SK Trade Balance, Exports YoY, Imports YoY 	<ul style="list-style-type: none"> • SK CPI YoY, CPI MoM • ID, MA S&P Global PMI Mfg • AU BoP Current Account Balance • ID Imports YoY, Exports YoY, Trade Balance, CPI YoY, Core CPI YoY • EC CPI YoY, Core CPI YoY 	<ul style="list-style-type: none"> • AU S&P Global PMI Composite, S&P Global PMI Services • CH RatingDog PMI Composite, RatingDog PMI Services • EC S&P Global Services PMI, S&P Global Composite PMI • EC PPI YoY, PPI MoM 	<ul style="list-style-type: none"> • SK Foreign Reserves • AU Trade Balance, Exports MoM, Imports MoM • EC Retail Sales MoM, Retail Sales YoY 	<ul style="list-style-type: none"> • SK BoP Current Account Balance, BoP Goods Balance • PH CPI YoY • IN RBI Repurchase Rate • AU Foreign Reserves • EC GDP SA YoY, Employment YoY, GDP YoY

Summary of Macro Views:

Global	<ul style="list-style-type: none"> • Global: Will the US-Iran deal work out? • US: Growth revised lower in 1Q26 • US: Elevated inflation and weaker confidence signal 	Asia	<ul style="list-style-type: none"> • ID: Inflation edges higher in May • ID: Strong rebound in exports and imports • PH: Export growth slows • TH: Mixed April activity data
Asia	<ul style="list-style-type: none"> • Asean: ASEAN manufacturing improves, but cost pressures persist • SG: Strong manufacturing momentum continues in April • HK: Housing prices rose by slower month-on-month pace • HK: Merchandise exports recorded strong gains in April 	Asset Class	<ul style="list-style-type: none"> • FX & Rates: Resilient USD Story

Global: Central Banks

Forecast – Key Rates

Reserve Bank of India (RBI)



Friday, 5th June

House Views

Repurchase Rate

Likely **hike** by **25bps** to **5.50%**

Global: Will the US-Iran deal work out?

- As the US-Iran conflict enters its fourteenth week, the geopolitical backdrop remains clouded by uncertainty over whether a negotiated deal is materialising. According to the BBC, a US official indicated that the two sides had agreed on a framework, pending approval from President Trump and Iran’s leadership. However, progress has since stalled, with the latest reports suggesting that Trump is seeking multiple amendments to the proposed agreement. Moreover, despite the ceasefire formally holding, tensions have resurfaced around the Strait, with US strikes on Iranian radar and command facilities described as a “measured” response to hostile actions, including the downing of a US drone.
- Peace talks were briefly derailed yesterday (1 June 2026) after Iran’s semi-official Tasnim news agency warned that negotiations with the US would be suspended and retaliatory strikes launched against Israel if Israel’s offensive in Lebanon continued. Subsequently, following negotiations and a heated exchange between Prime Minister Netanyahu and President Trump, a ceasefire was reached between Israel and Hezbollah, under which Israel agreed to refrain from attacks on Beirut. Against this backdrop, oil prices rose on Monday, with Brent crude climbing 2.8% to USD93.65 per barrel, partially retracing the previous week’s 11% decline as markets balanced tentative diplomatic progress against renewed escalation risks.

Issue	Iran position	US position
Traffic through Hormuz Strait	Wants to control maritime traffic	Insists on free passage for vessels
Iran’s frozen financial assets	Iran media says government wants USD12bn unfrozen with an interim deal	Unclear; pressure on Trump from Iran hawks not to release funds
Lebanon	Ceasefire must include Lebanon	Ally Israel reluctant to have its operations in Lebanon restricted
Iran’s highly-enriched uranium	Says it wants to keep possession of its stocks; may accept them being sent to Russia or China	Trump wants HEU destroyed or sent to US

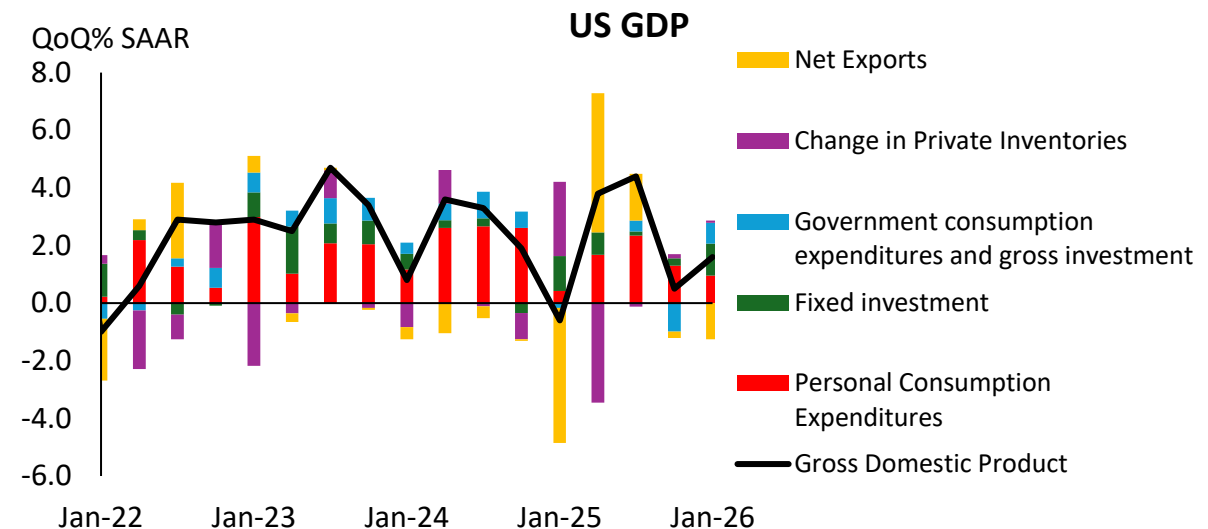
Source: Bloomberg Reporting (as of 1st June 2026), OCBC Group Research.



US: Growth revised lower in 1Q26

- The BEA revised 1Q26 GDP growth down to 1.6% QoQ SAAR from the initial estimate of 2.0%, mainly reflecting downward revisions to investment and consumer spending. The investment downgrade was driven by weaker private inventory accumulation, particularly in manufacturing and retail. Meanwhile, the revision to consumption reflected softer services, partly offset by stronger goods spending, including recreational goods, pharmaceuticals, and food & beverages.
- Despite the downgrade, growth still improved from the 0.5% pace recorded in 4Q25. By components, weaker personal consumption expenditure (1.4% in 1Q26 vs. 1.9% in 4Q25) was offset by stronger gross private domestic investment (7.0% vs. 2.3%) and government consumption expenditure & gross investment (4.4% vs. -5.6%). Similarly, both exports and imports rebounded sharply, rising 13.1% and 21.1%, respectively, from -3.2% and -5.6% in the previous quarter.

Seasonally adjusted at annual rates (%)	2025				2026
	Q1	Q2	Q3	Q4	Q1
GDP	-0.6	3.8	4.4	0.5	1.6
Personal consumption expenditures	0.6	2.5	3.5	1.9	1.4
Gross private domestic investment	23.3	-13.8	0.0	2.3	7.0
Government consumption expenditures and gross investment	-1.0	-0.1	2.2	-5.6	4.4
Exports	0.2	-1.8	9.6	-3.2	13.1
Imports	38.0	-29.3	-4.4	-1.0	21.1

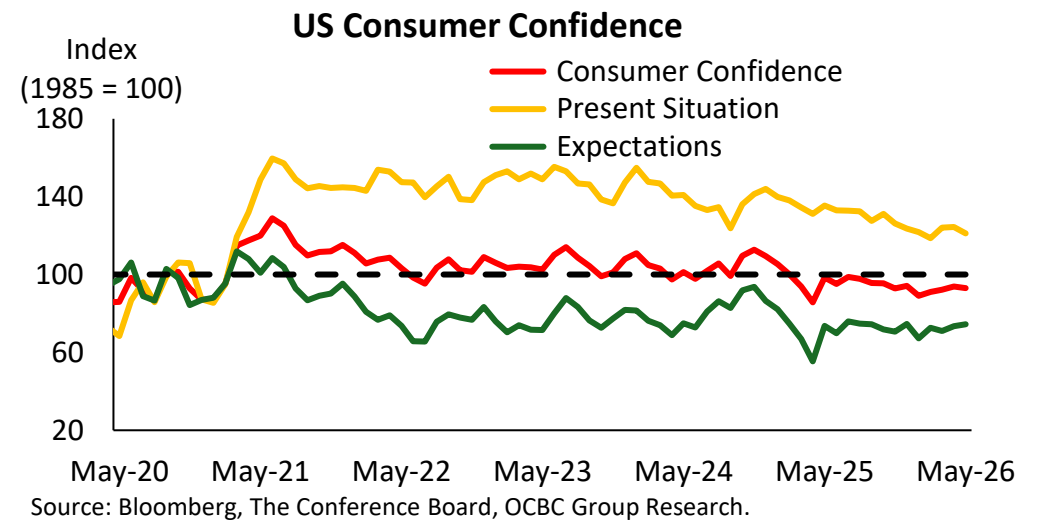
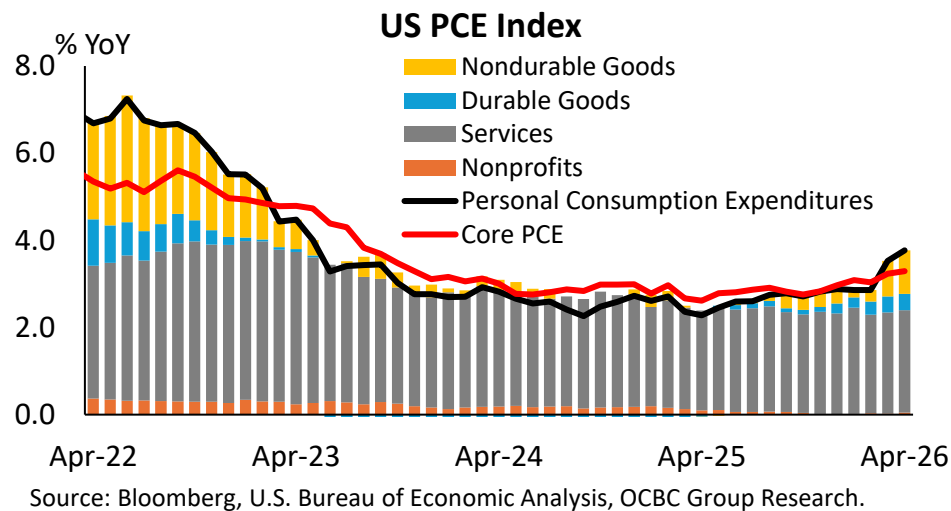


Source: Bloomberg, U.S. Bureau of Economic Analysis, OCBC Group Research.



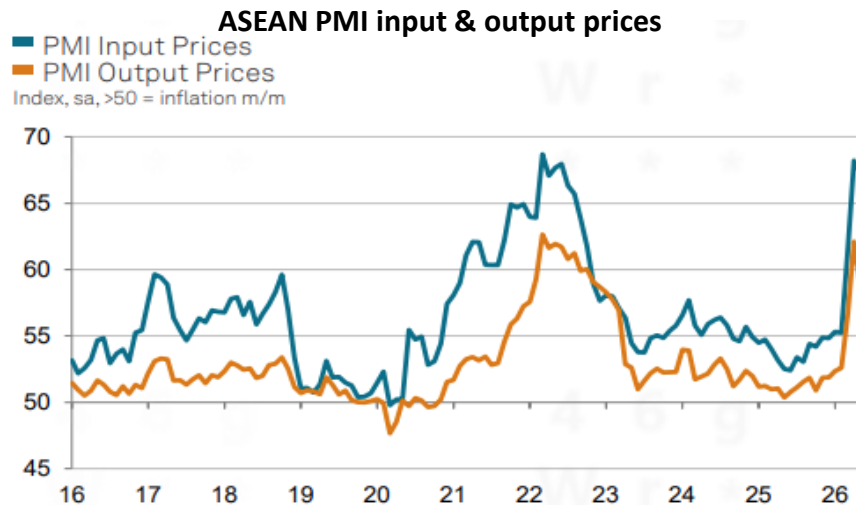
US: Elevated inflation and weaker confidence signal

- The PCE Price Index rose to 3.8% YoY (0.4% MoM) in April 2026, up from 3.5% YoY (0.7% MoM) in March, marking the highest reading since May 2023. Excluding food and energy, core PCE increased at a more moderate pace to 3.3% YoY (0.2% MoM) from 3.2% YoY (0.3% MoM) but still marked the highest print since November 2023. Meanwhile, personal income was broadly flat (0.0% MoM) following a 0.5% increase in March, while personal spending eased to 0.5% from 1.0%.
- Inflation expectations remained elevated in May, with references to prices, oil, and geopolitical tensions continuing to rise, reflecting spillovers from Middle East developments, according to the Conference Board survey. Consumer confidence edged lower to 93.1 (from 93.8), driven by a decline in the Present Situation Index (121.2 vs. 124.4), indicating softer views on current business and labour market conditions. In contrast, the Expectations Index rose modestly to 74.4 (from 73.4) but remained historically weak. Consumers' write-in responses also remained pessimistic, highlighting ongoing concerns over the inflationary impact of higher energy prices and geopolitical tensions.

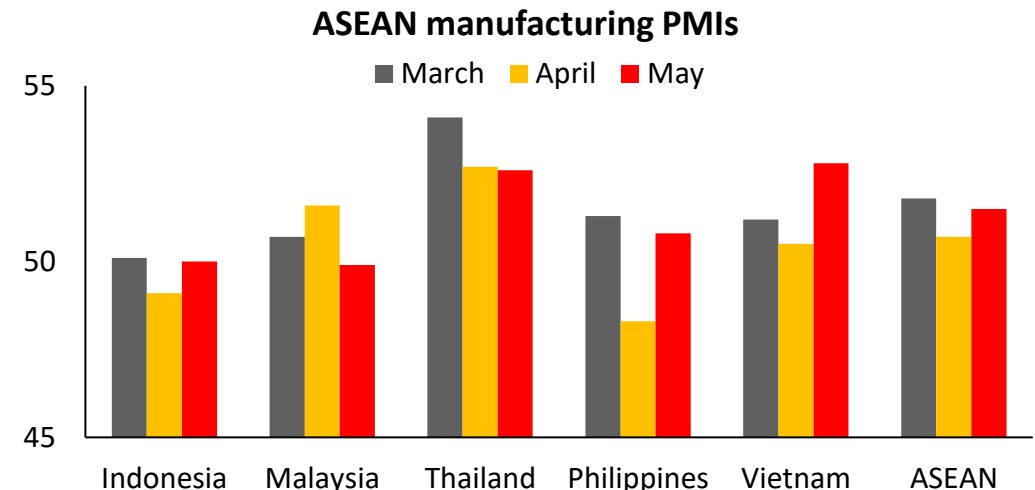


ASEAN: ASEAN manufacturing improves, but cost pressures persist

- ASEAN manufacturing conditions improved in May, with the headline PMI rising to 51.5 from 50.7 in April, marking the first uptick in three months. The expansion was driven by stronger output and new orders, alongside improved business confidence for the year ahead. Nonetheless, firms continued to report longer supplier delivery times, while cost pressures remained elevated, with both input costs and output charges rising significantly.
- At the country level, PMI readings were mixed. Improvements were recorded in Indonesia (50.0 from 49.1), the Philippines (50.8 from 48.3), and Vietnam (52.8 from 50.5), while Thailand eased slightly (52.6 from 52.7) and Malaysia slipped back into contraction territory (49.9 from 51.6). A common theme across the region is the persistence of elevated cost pressures. For Singapore, the May PMI and electronics PMI (due for release tonight at 9pm SGT) are expected to improve from April's readings of 50.7 and 51.7, respectively. However, contracting supplier deliveries and rising input prices point to ongoing supply chain challenges.



Source: S&P Global PMI. ©2026 S&P Global.

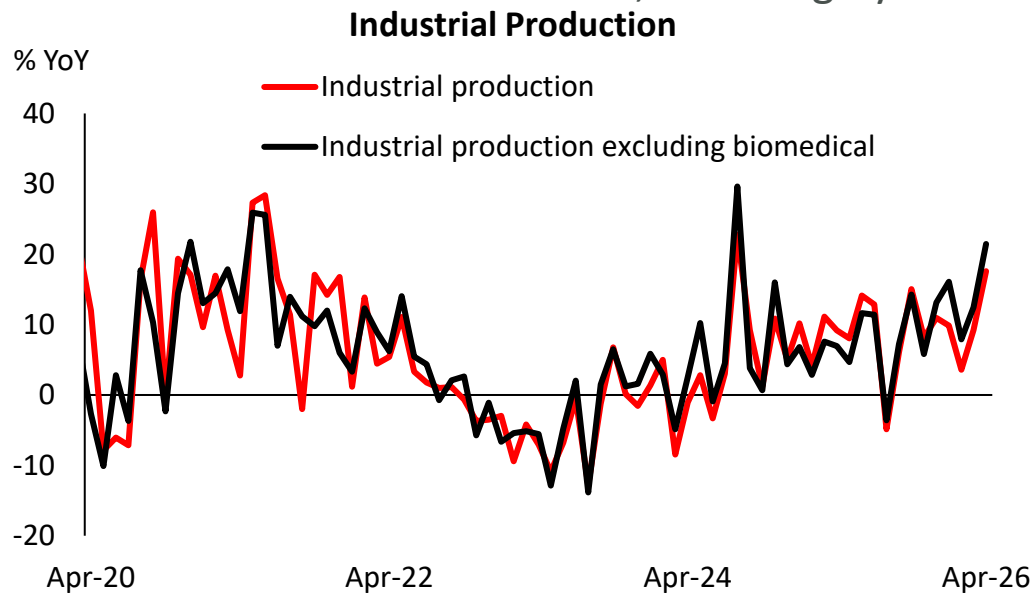


Source: S&P Global, Bloomberg, OCBC Group Research.



SG: Strong manufacturing momentum continues in April

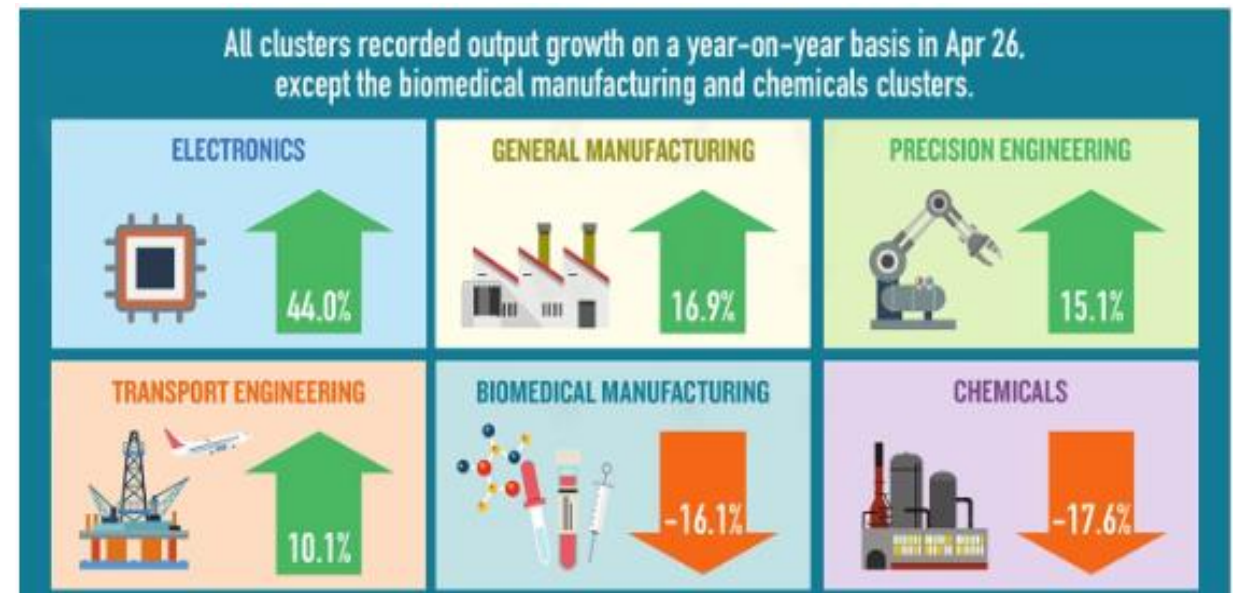
- Manufacturing momentum remains strong in April, with Industrial production rising more-than-expected to 17.6% YoY (Consensus: 12.0% YoY, OCBC: 13.1%), up from a downwardly revised March print of 9.2% YoY. This marked the eighth consecutive month of YoY expansion. Excluding biomedical manufacturing, output expanded a healthy 21.5% YoY.
- By cluster, the outperformers were electronics and general manufacturing which expanded by 44.0% YoY and 16.9% YoY, respectively, up from 29.0% and 8.1% in March. Additionally, precision engineering and transport engineering rose by 15.1% YoY and 10.1% YoY, respectively, in April. In contrast, the chemical and biomedical manufacturing cluster remained in contraction, declining by 17.6% YoY and 16.1% YoY, respectively in April.



Source: EDB, CEIC, OCBC Group Research.

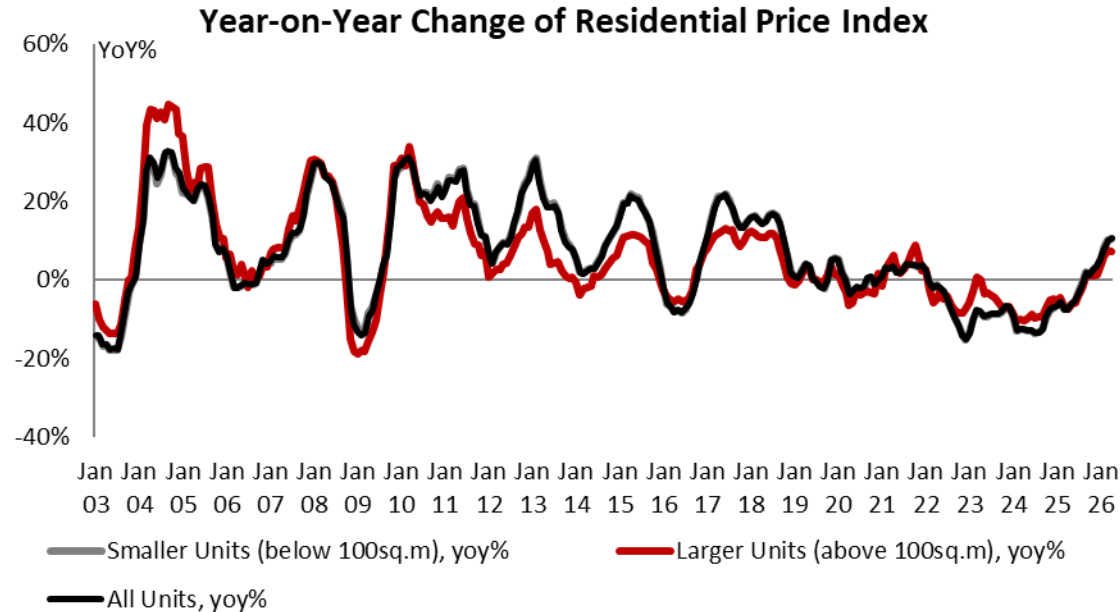


Source: EDB, CEIC, OCBC Group Research.



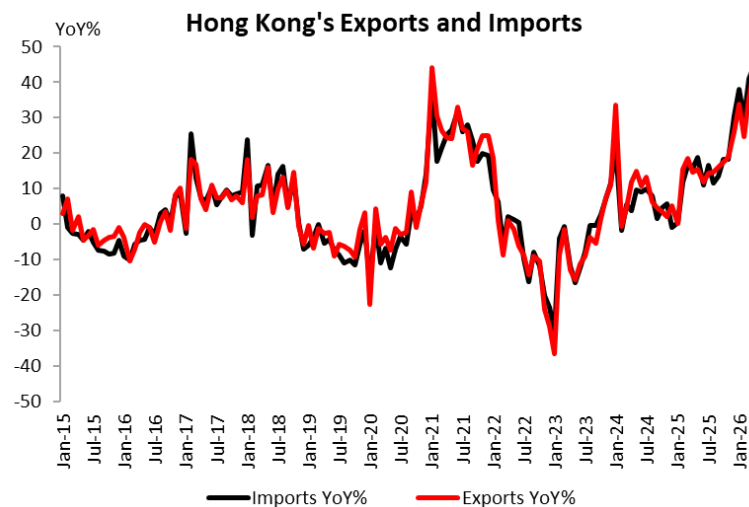
HK: Housing prices rose by slower month-on-month pace

- The official residential property price and rental index rose cumulatively by 5.7% and 1.4% respectively in the first four months of 2026, accompanied by a notable pickup in transaction activity. In sequential basis, the increase in price index slowed to 0.9% MoM in April, from that of 1.8% MoM in March, while the pace of increase in rental index was little changed at 0.6% MoM.
- Analyzed by flat size, the price indexes of mass-market and medium-sized properties (Class A, B and C; below saleable area of 100 square meter) and large-sized properties (Class D and E; saleable area of 100 square metre or above) rose by slower pace of 0.9% MoM and 0.3% MoM respectively in April (1.8% MoM and 0.8% MoM respectively in March). On the other hand, total transactions rose to 7,368 cases in April, sharply above the monthly average at 6,218 in 1Q26 and 5,236 in 2025.



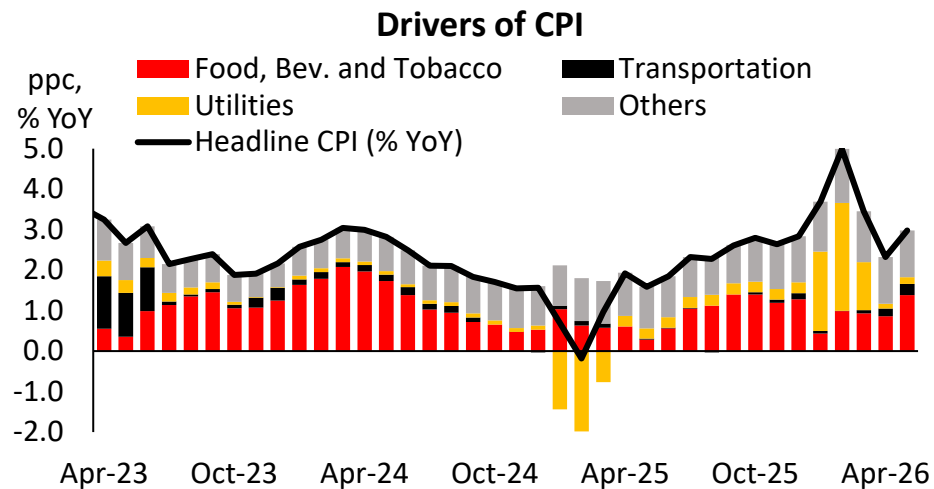
HK: Merchandise exports recorded strong gains in April

- Merchandise exports and imports continued to record strong gains in April, at 43.9% YoY and 44.4% YoY respectively. During the period, trade balance deficit narrowed somewhat to HKD29.5 billion, down from HKD89.1 billion in March. From a GDP accounting perspective, net exports are therefore expected to remain a drag on overall economic growth in the second quarter.
- Exports to most markets and of most major commodities increased visibly in April, riding on the AI-related export boom. Most notable increases were recorded in exports of "electrical machinery, apparatus and appliances, and electrical parts thereof" (45.9% YoY), "telecommunications and sound recording and reproducing apparatus and equipment" (54.6% YoY) and " office machines and automatic data processing machines " (41.5% YoY).
- For the first four months of 2026, the value of merchandise exports and imports rose by 35.0% YoY and 38.9% YoY respectively. A visible trade deficit of HKD198.0 billion, equivalent to 8.4% of the value of imports of goods. As a result, net exports are likely to have exerted a negative contribution to GDP growth.

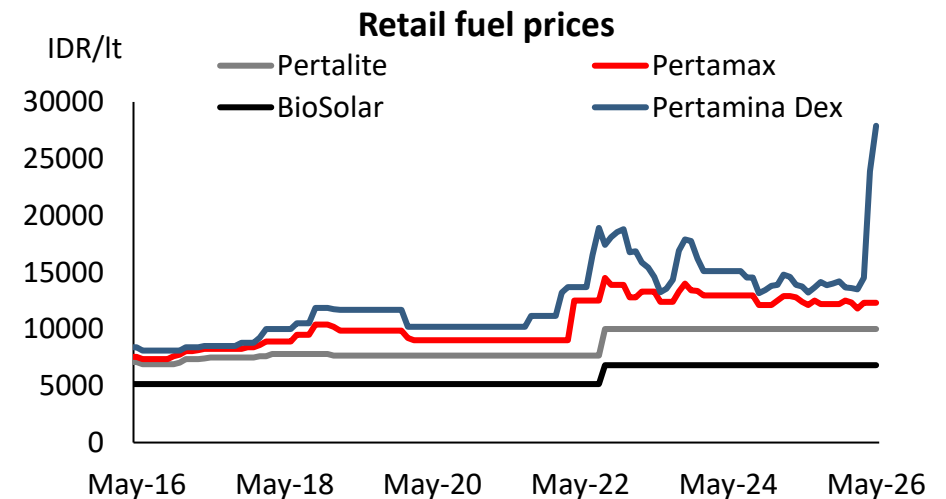


Indonesia: Inflation edges higher in May

- Headline inflation rose to 3.1% YoY in May from 2.4% in April, exceeding expectations for a more measured increase (OCBC: 2.8%; Consensus: 3.0%). The higher reading reflects a broad-based increase across key components, led by food, beverages & tobacco (4.9% YoY in May from 3.1% in April). Other categories also recorded moderate increases, including utilities (1.0% from 0.7%), transportation (2.3% from 1.6%), and health (1.7% from 1.5%). This was partially offset by a slight moderation in personal care & other services, which eased to 10.3% from 11.4%. Meanwhile, core CPI edged higher to 2.6% YoY in May, up from 2.4% in March.
- The May print brings average Apr–May headline inflation to 2.7% YoY, easing from 3.9% in 1Q26. Looking ahead, we maintain our forecast for headline inflation to average 3.0% YoY in 2026 (vs 1.9% in 2025), suggesting broadly stable price pressures within Bank Indonesia’s 1.5%–3.5% target range. The government has reiterated its commitment to maintaining subsidised retail fuel prices through year-end, which should help anchor inflation expectations.



Source: BPS, CEIC, OCBC Group Research.

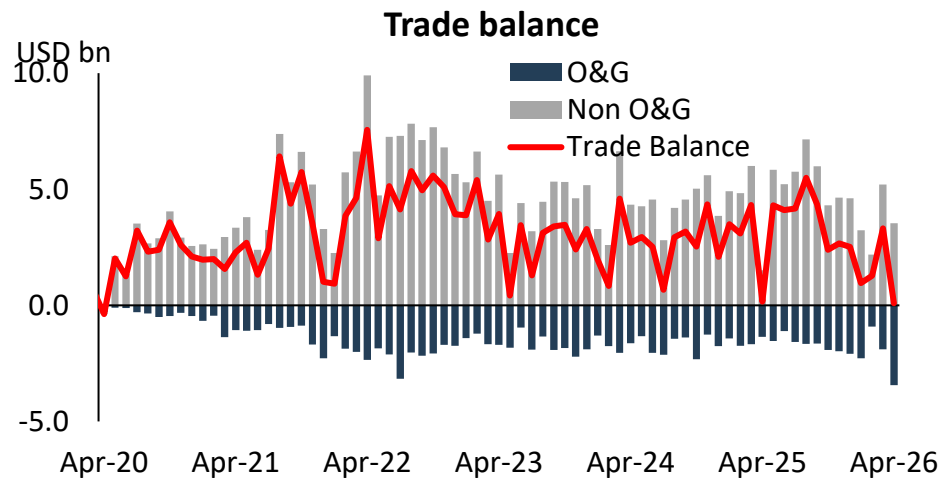


Source: Pertamina, CEIC, OCBC Group Research.

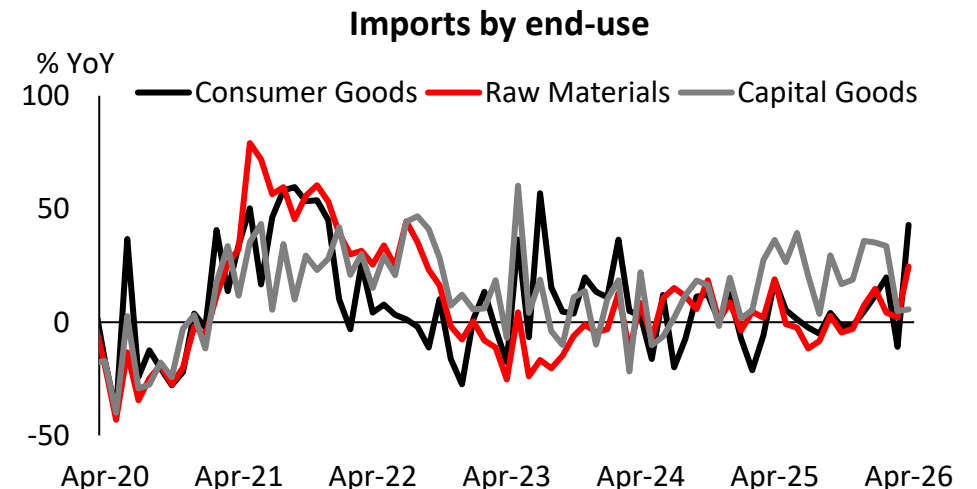


Indonesia: Strong rebound in exports and imports

- Trade data improved notably in April, with both exports and imports exceeding expectations. Exports grew by 22.0% YoY, rebounding from a 3.1% contraction in March and surpassing forecasts (Consensus: 9.0%; OCBC: 4.5%). The improvement was broad-based, driven by a sharp recovery in non-oil & gas exports (23.4% YoY from -2.5%) and a smaller contraction in oil & gas exports (-1.2% from -11.8%).
- On the import side, imports rose 22.5% YoY, up from 1.5% in March, reflecting a surge in both oil & gas imports (82.5% from 1.5%) and non-oil & gas imports (14.1% from 1.5%). By end-use, growth was broad-based, led by consumer goods (42.9% from -10.8%), followed by raw materials (24.6% from 2.1%) and capital goods (5.6% from 5.0%).
- As a result, the trade surplus narrowed sharply to USD89.1mn in April from USD3.3bn in March, marking the smallest surplus since 2020.



Source: Statistics Indonesia (BPS), CEIC, OCBC Group Research.

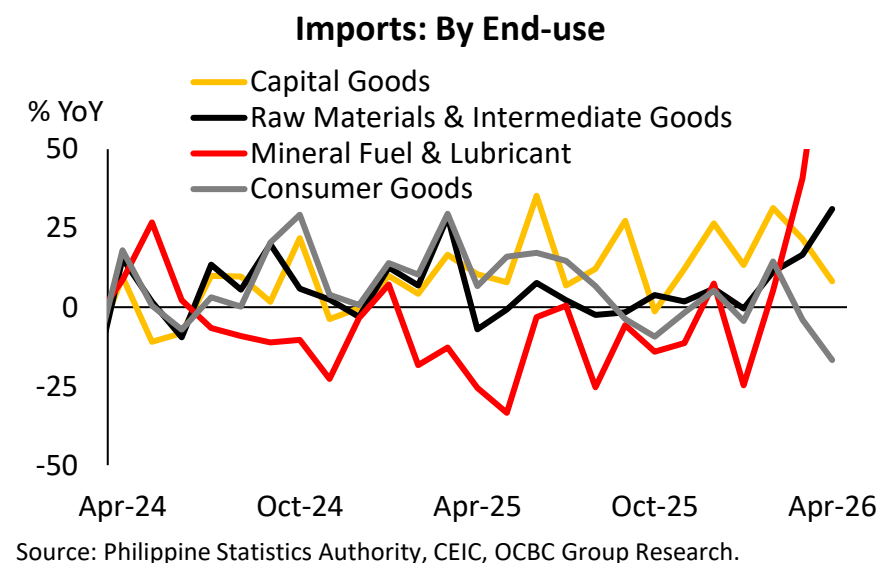
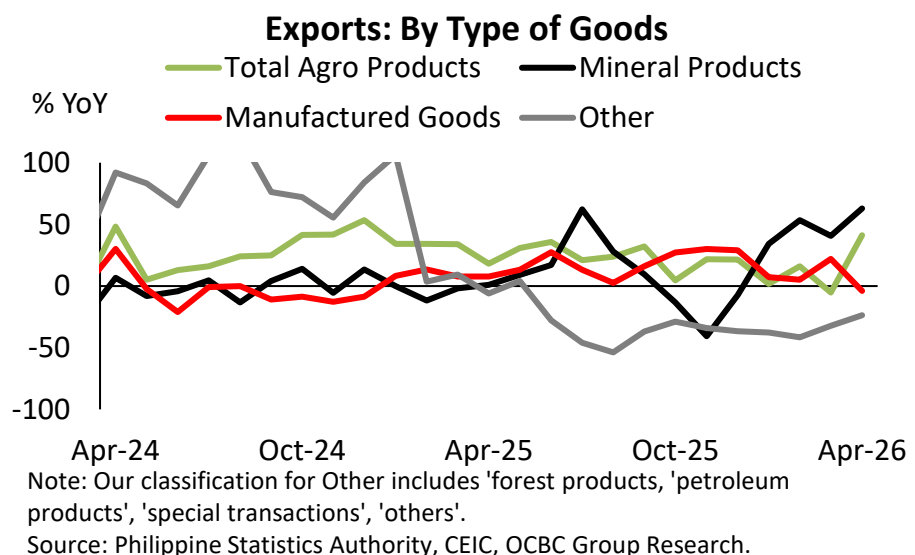


Source: Statistics Indonesia (BPS), CEIC, OCBC Group Research.



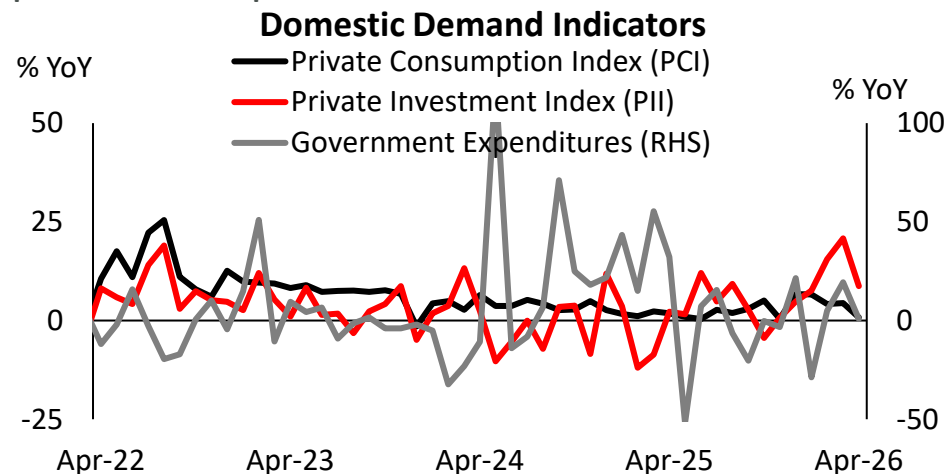
Philippines: Export growth slows

- Export growth in April surprised to the downside, slowing to 6.3% YoY (consensus: 16.8%) compared to an upwardly revised 20.8% in March. In contrast, import expanded by 22.4% YoY (consensus: 12.9%) from an upwardly revised 17.0% in the previous month. As a result, the trade deficit widened to USD6.0bn from USD5.0bn in March.
- The slowdown was driven by lower shipments of manufactures which declined by 4.0% YoY versus +22.0% in March. This is the first YoY contraction after 15 consecutive months of expansion. The decline in manufactures more than offset higher exports in 'total agro products' (+41.2% YoY versus -5.1% in March) and 'mineral products' (62.9% versus 40.7%). By destination, export growth to the US remained broadly stable at 25.7% YoY compared to 24.4% in March.
- Looking ahead, the divergence between slowing export growth and robust import expansion may continue to pressure the trade balance in the near term, potentially leading to a wider trade deficit and increased vulnerability to external economic shocks.

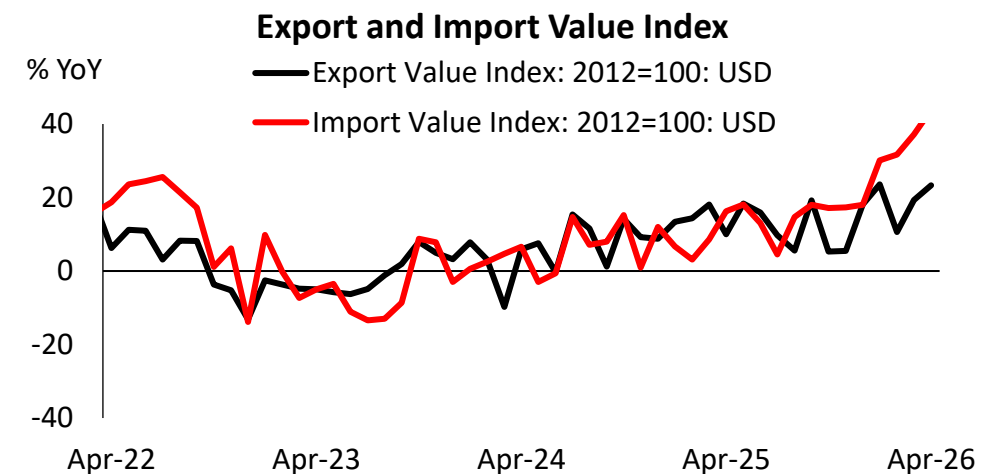


Thailand: Mixed April activity data

- April economic activity data was mixed, with export growth momentum remaining robust. In contrast, domestic demand drivers slowed down considerably. The private consumption index decelerated to 0.8% YoY from 4.4% in March. Similarly, growth in the private investment index and government spending softened to 8.7% YoY and 0.8% YoY, respectively, down from 20.8% and 19.4% in the previous month.
- On the external front, export growth expanded by 23.3% YoY compared to 19.3% in March, marking five consecutive months of double-digit growth. Similarly, import growth remained robust at 43.9% YoY, up from 37.2% in March. Consequently, the trade deficit widened significantly to USD6.8bn from USD0.1bn in March.
- Regarding monetary policy, we expect the Bank of Thailand (BoT) to maintain a prolonged pause through 2026. Economic growth will be tested with domestic demand under pressure even as export growth holds up in the near-term. However, the risk for BoT would be incremental rate hikes to address inflationary pressures should that be dictated by price developments.



Source: Bank of Thailand, CEIC, OCBC Group Research.



Source: Bank of Thailand, CEIC, OCBC Group Research.



FX & Rates



FX & Rates: Resilient USD Story

- **Resilient USD Story:** Rangebound USD with a firm bias. US growth resilience and sticky inflation support, while easing oil risks act as a mild drag. Maintain a neutral USD stance and focus on relative value in FX.
- **Spike to De-escalate:** Diplomacy is stalling as brinkmanship persists. With Hormuz shut, limited inventories raise the risk of price spikes. Higher oil prices may be the trigger needed to force a ceasefire and restore supply flows.
- **Tech Up, US Outperforms, Oil Down in May:** Risk assets rallied with tech leadership in May. USD strength and higher yields echoed US outperformance. Oil moved the other way, falling late and moderating the hawkish shift in Fed rate expectations.
- **GBP Outlook Shift:** GBP steadies as fiscal concerns ease and carry draws inflows. We shift to neutral from bearish, as stretched short positioning may limit downside despite political risks.
- **IDR forecast revision:** BI's jumbo hike offers some support, but soft investor confidence and a challenging external backdrop warrant lower IDR forecasts.
- **Gold forecast revised lower:** Elevated oil prices, higher yields and hawkish Fed repricing have weakened gold's near term backdrop, though central bank diversification and portfolio hedging remain medium term anchors.

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