



Weekly Macro Views (WMV)

OCBC Group Research

02 March 2026

Weekly Macro Update

Key Global Data for this week:

02 Mar	03 Mar	04 Mar	05 Mar	06 Mar
<ul style="list-style-type: none"> • AU PMI Mfg, Inflation YoY • ID PMI Mfg, Trade Balance, CPI YoY, Core CPI YoY • MA, TH, VN, JN, GE PMI Mfg • TH Business Sentiment Index • US ISM Mfg, ISM Employment • IN IP YoY, PMI Mfg 	<ul style="list-style-type: none"> • JN Jobless Rate, Monetary Base YoY, Capital Spending YoY • AU BoP CA Balance, Next Exports of GDP • EC Core CPI YoY, CPI YoY • FR Budget Balance • IT CPI EU Harmonised YoY, CPI NIC incl. tobacco YoY 	<ul style="list-style-type: none"> • AU PMI Composite, PMI Services, GDP YoY, GDP SA QoQ • SK IP YoY • JN, CH, IT, GE, EC PMI Composite, PMI Services • EC PPI YoY, Unemployment Rate • US ISM Services Index 	<ul style="list-style-type: none"> • AU Trade Balance, Household Spending YoY • TH CPI YoY, Core CPI YoY • US Fed Releases Beige Book, Challenger Job Cuts YoY, Import Price Index YoY, Unit Labour Costs, Nonfarm Productivity, Initial Job Claims, Continuing Claims 	<ul style="list-style-type: none"> • SK BoP CA Balance, CPI YoY, Core CPI YoY • VN CPI YoY, Trade Balance, IP YoY • EC GDP SA YoY, Employment YoY • US Retail Sales Advance MoM, Change in NFP, Unemployment Rate

Summary of Macro Views:

Global	<ul style="list-style-type: none"> • Global: Middle East conflict intensifies • Global: Oil risk resurface • US: Uptick in US activity indicators at the start of 2026 • US: Sticky PPI in January 2026; improved consumer confidence 	Asia	<ul style="list-style-type: none"> • ASEAN-6 & India: The gains and pains from sustained higher oil prices • ID: Export weaknesses at the start of 2026 • ID: Higher February CPI due to base effect • PH: Export growth slows • TH: Mixed January activity data • TH: Bank of Thailand cuts by 25bps
Asia	<ul style="list-style-type: none"> • SG: MAS Survey of Professional Forecasters (SPF) • SG: January IP remains relatively strong • CH: China's rising token economy in 2026 • HK: FY2026-27 budget • HK: Housing market recovery sustained into 2026 • ASEAN-6 & India: After SCOTUS, what's next? 	Asset Class	<ul style="list-style-type: none"> • ESG: Clean hydrogen investment declines amid high costs and uncertainties • FX & Rates: Risk-Off on Oil

Global: Central Banks

Forecast – Key Rates

Bank Negara Malaysia (BNM)



Thursday, 05th March

House Views

Overnight Policy Rate

Likely **hold** at **2.75%**

Global: Middle East conflict intensifies

- The US and Israel launched a major combat operation against Iran on 28 February, accompanied by a call from President Trump for regime change in Tehran. The strikes resulted in the deaths of several senior Iranian figures, including Supreme Leader Ayatollah Ali Khamenei, IRGC Commander Mohammad Pakpour, a close adviser to the Supreme Leader and Defence Council Ali Shamkhani, alongside with over 200 fatalities according to state media. Iran retaliated shortly after by firing missiles and drones at Israel and US military bases across the region. The US suffered its first casualties with three soldiers killed and five seriously wounded, with Israel and the UAE also reporting fatalities. The US President has signalled that hostilities could last “four weeks or so”.
- The conflict has significant repercussions for global trade and transportation. The Strait of Hormuz, which handles roughly 30% of global seaborne oil shipments, has seen notable disruptions after the IRGC warned commercial vessels of unsafe passage. In addition, the escalation has severely disrupted international aviation, prompted thousands of flight cancellations and left tens of thousands of travellers stranded worldwide.

Airspace over Iran



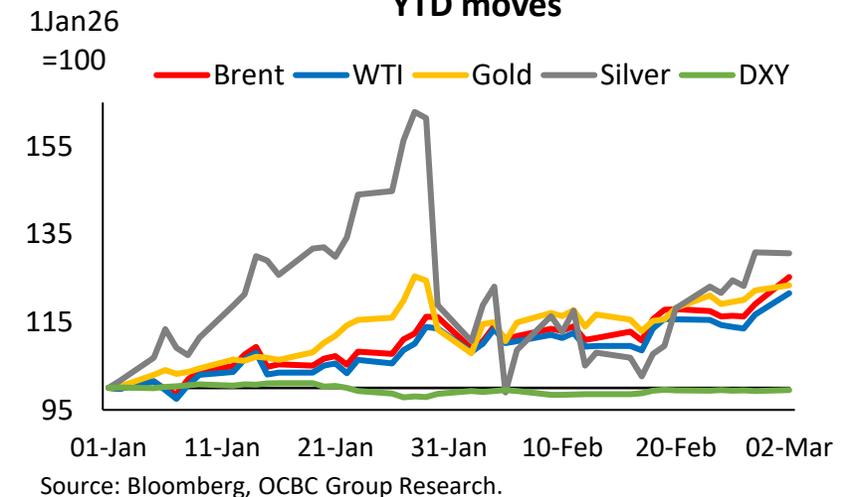
Note: Taken on 2Mar26, 11.40am SGT



Iran strikes



YTD moves



Global: Oil risk resurface

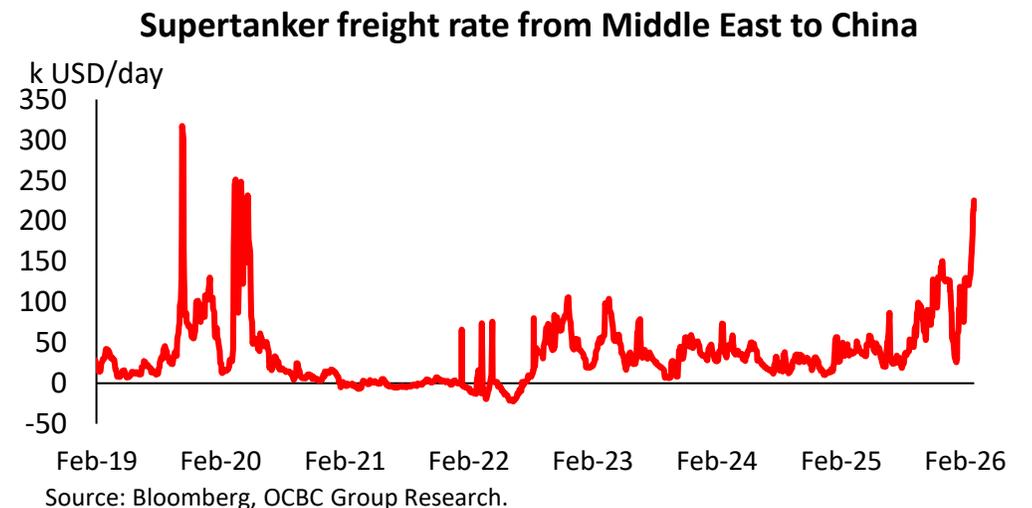
- US and Israel launched strikes on Iran over the weekend, prompting Iran to retaliate against Israel and US military sites across the Middle East. Despite talk of “significant progress” in US-Iran negotiations, markets headed into the weekend on edge, with Brent holding above USD70/bbl. OPEC+ offered some relief on Sunday, agreeing to lift its April production target by 206k bbl/d as it continues unwinding 2023 cuts, partially offsetting potential Iran-related supply disruptions.
- Conflict fears send tanker rates to multi year highs, with any Strait of Hormuz disruption risking a rapid, disorderly spike toward triple digit oil prices. Base case assumes OPEC spare capacity should cap sustained disruptions and allow the geopolitical premium to unwind later in 2026.
- A brief spike above USD80/bbl is unlikely to derail global growth, but a sustained move higher would carry clear stagflation risks. While geopolitical oil shocks typically fade quickly, an extended confrontation could keep volatility elevated.
- We have raised the end-2026 price floor to USD63/bbl (previously USD59/bbl) amid resilient US and global growth.

USD/bbl	Current (2 Mar)	1Q26	2Q26	3Q26	4Q26	1Q27
ICE Brent	76.3	70	67	65	63	63
NYMEX WTI	69.8	66	64	62	60	60

Note: Last updated 2 Mar 2026. Source: OCBC Group Research.

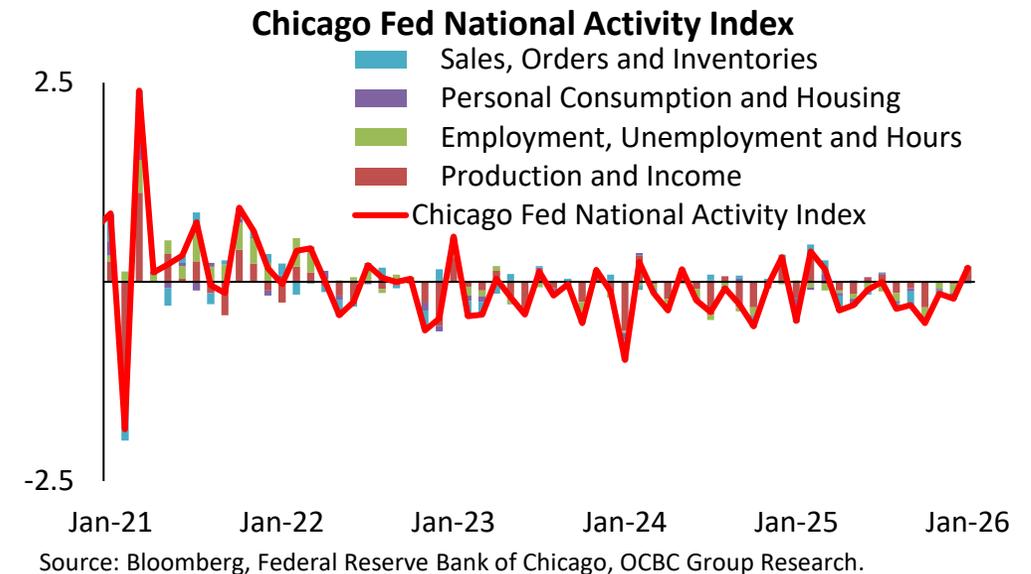
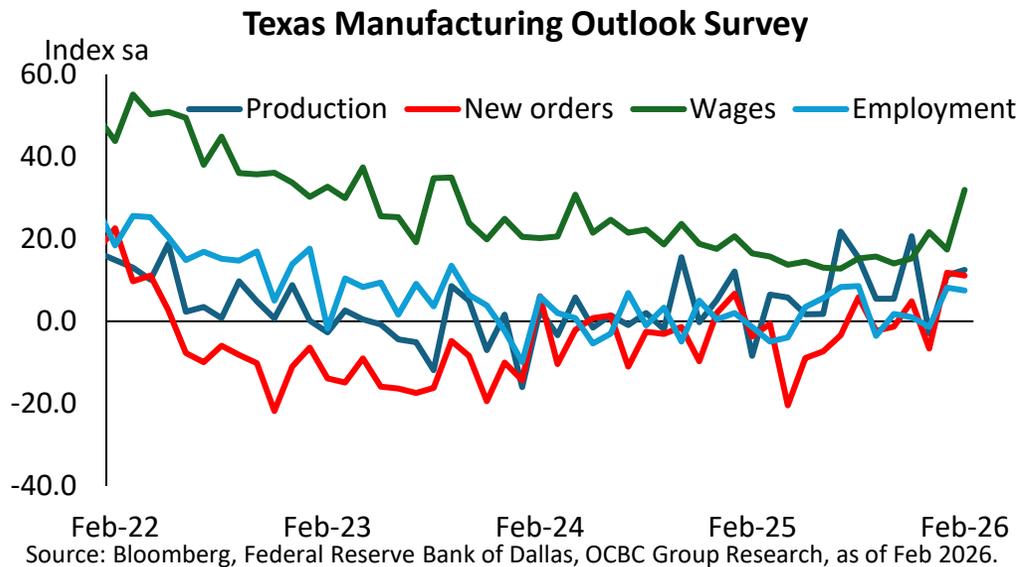


Source: Bloomberg, OCBC Group Research.



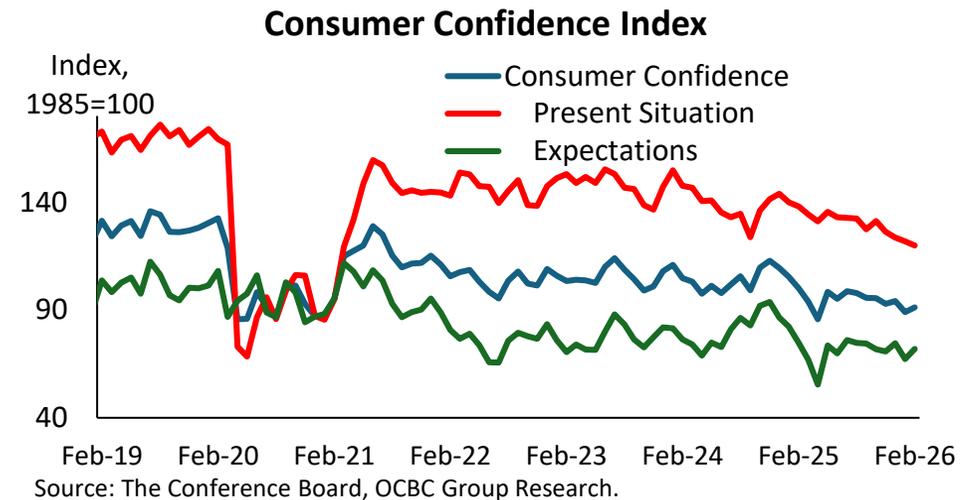
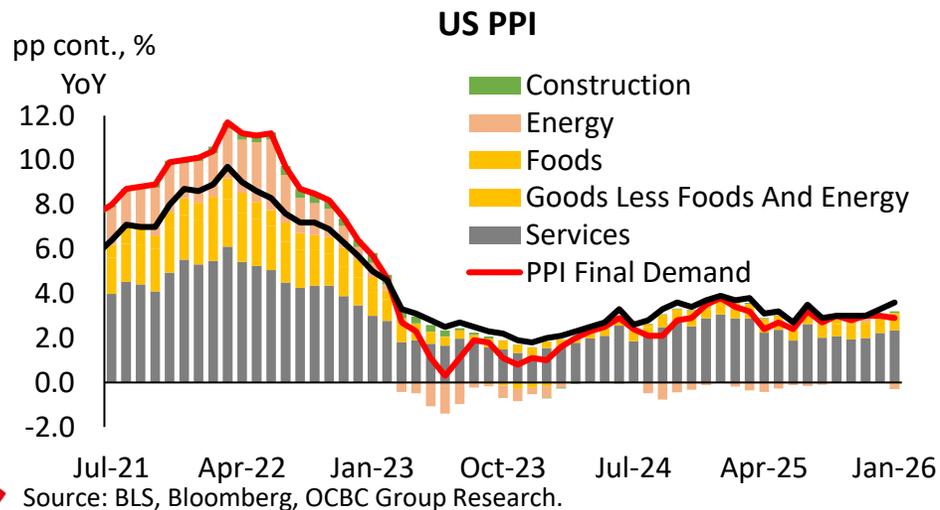
US: Uptick in US activity indicators at the start of 2026

- The Chicago Fed National Activity Index (CFNAI) rose to +0.18 in January 2026 from -0.21 in December. Two of the broad indicators made positive contributions in January. Particularly, production-related indicators and employment-related indicators contributed +0.19 (versus -0.03 in December 2025) and +0.01 in January 2026 (versus -0.11). Meanwhile, the sales, orders and inventories contributed +0.01, up from -0.11 in December.
- Similarly, the Dallas Fed's manufacturing outlook rose to 0.2 in February 2026 from -1.2 in January. Company outlook held steady at 3.1 while uncertainty rose to 6.5 but stayed below average. Employment growth continued at 7.5 in February 2026, workweeks lengthened as hours jumped to 6.1 in February from 0.7 in January 2026. Looking ahead, manufacturers are optimistic with future production (six months ahead) rising to 34.3 and future business activity forecasted at 12.7.



US: Sticky PPI in January 2026; improved consumer confidence

- The Producer Price Index (PPI) for final demand came in at 2.9% YoY in January 2026 versus 3.0% in December 2025, reflecting continued elevated pressure in producer inflation. The increase was driven primarily by final demand services (3.4% from 3.3%), while final demand goods PPI slowed to 1.6% from 2.6%. More than 20% of the increase in services came from margins for professional and commercial equipment wholesaling. On the goods side, energy and food prices both fell while metals prices rose 4.8%. Excluding food and energy, the core PPI increased by 3.6% YoY in January versus 3.3% from December 2025.
- Elsewhere, the Consumer Confidence Index increased by 2.2pts in February 2026 to 91.2 (versus 89.0 prior in January). The present situation index decreased by 1.8 pts to 120 in February while the expectations index rose by 4.8pts to 72.0 in February. All three expectations index components advanced slightly in February: expectations for business and labor market conditions six months from now were less negative, while expectations for incomes were more positive.



Singapore: MAS Survey of Professional Forecasters (SPF)

- In the March edition of the MAS Survey of Professional Forecasters, the median GDP growth forecasts for 2026 was revised upward to 3.6%, up from 2.3% in the December 2025 survey. The 2026 median headline CPI (median) was kept unchanged at 1.5% YoY, while the 2026 core CPI (median) was revised marginally upward to 1.5% YoY, compared to 1.3% in the December 2025 survey. The stronger-than-expected underlying momentum in 4Q25 is expected to carry through in 1Q26, with the median GDP forecast tipped at 5.8%
- Looking ahead, the March survey also anticipates the median forecast for growth in 2027 to ease to 2.5% YoY. Headline CPI and core CPI are tipped to rise to 1.7% YoY, up from the median forecast of 1.5% in 2026.

Median Forecasts of Macroeconomic Indicators for 2026		
Key Macroeconomic Indicators (% YoY)	December Survey	March Survey
GDP	2.3	3.6
Manufacturing	3.6	4.3
Finance & Insurance	3.6	3.6
Construction	5.0	5.0
Wholesale & Retail Trade	2.0	4.0
Accommodation & Food Services	1.6	1.3
Private Consumption	3.2	3.5
Non-oil Domestic Exports	2.0	4.5
CPI-All Items Inflation (% YoY)	1.5	1.5
MAS Core Inflation (% YoY)	1.3	1.5
Overall Unemployment Rate (End-period, SA %)	2.1	2.1
Exchange Rate (End-period, S\$ per US\$)	1.270	1.250
SORA (Average, percent per annum)	1.30	1.30
Bank Loans (End-period, % growth)	3.0	4.8

Source: MAS SPF (March 2026).



Source: MAS SPF (March 2026), OCBC Group Research.

Forecasts of Key Macroeconomic Indicators for 1Q26				
Key Macroeconomic Indicators (% YoY)	March Survey			
	Median	Mean	Min	Max
GDP	5.8	5.8	3.9	8.1
Manufacturing	12.3	13.5	5.5	27.3
Finance & Insurance	3.7	3.7	1.5	5.1
Construction	5.0	5.3	3.5	7.8
Wholesale & Retail Trade	7.7	7.7	4.4	10.5
Accommodation & Food Services	1.8	1.8	-0.3	3.0
Private Consumption	4.2	4.2	3.0	4.9
Non-oil Domestic Exports	8.0	8.4	4.3	15.0
CPI-All Items Inflation (% YoY)	1.5	1.5	1.1	1.9
MAS Core Inflation (% YoY)	1.6	1.5	1.1	1.9
Overall Unemployment Rate (End-period, SA %)	2.0	2.0	2.0	2.2
Exchange Rate (End-period, S\$ per US\$)	1.270	1.273	1.250	1.320
SORA (Average, percent per annum)	1.12	1.15	1.00	1.30
Bank Loans (End-period, % growth)	5.3	5.2	3.0	7.5

Source: MAS SPF (March 2026).

Singapore: MAS Survey of Professional Forecasters (SPF)

- Regarding monetary policy, “47% of respondents anticipate monetary policy tightening in April 2026 through an increase of the slope of the S\$NEER policy band, up from 5.6% in the previous survey, with the rest of the respondents expecting no change to the slope of the policy band. None of the respondents are expecting any changes to the width of the policy band and the level at which it is centred. Looking ahead to July and October 2026, 24% and 18% of the respondents, respectively, anticipate monetary policy tightening via an increase in the slope of the S\$NEER policy band, up from 11% and none in the previous survey.”

Expectations of the S\$NEER Policy Band (Proportion of Respondents, %)						
Indicators	December Survey			March Survey		
	2026	2026	2026	2026	2026	2026
	April	July	October	April	July	October
Slope of the S\$NEER Policy Band						
Increase	5.6	11.1	0.0	47.4	23.5	17.6
Reduce	5.6	0.0	0.0	0.0	0.0	0.0
Flatten	0.0	0.0	0.0	0.0	0.0	0.0
Unchanged	88.9	88.9	100.0	52.6	76.5	82.4
Level at which the S\$NEER Policy Band is centred						
Higher	0.0	0.0	0.0	0.0	0.0	0.0
Lower	5.6	0.0	0.0	0.0	0.0	0.0
Unchanged	94.4	100.0	100.0	100.0	100.0	100.0
Width of the S\$NEER Policy Band						
Widen	5.6	0.0	0.0	0.0	0.0	0.0
Narrow	0.0	0.0	0.0	0.0	0.0	0.0
Unchanged	94.4	100.0	100.0	100.0	100.0	100.0

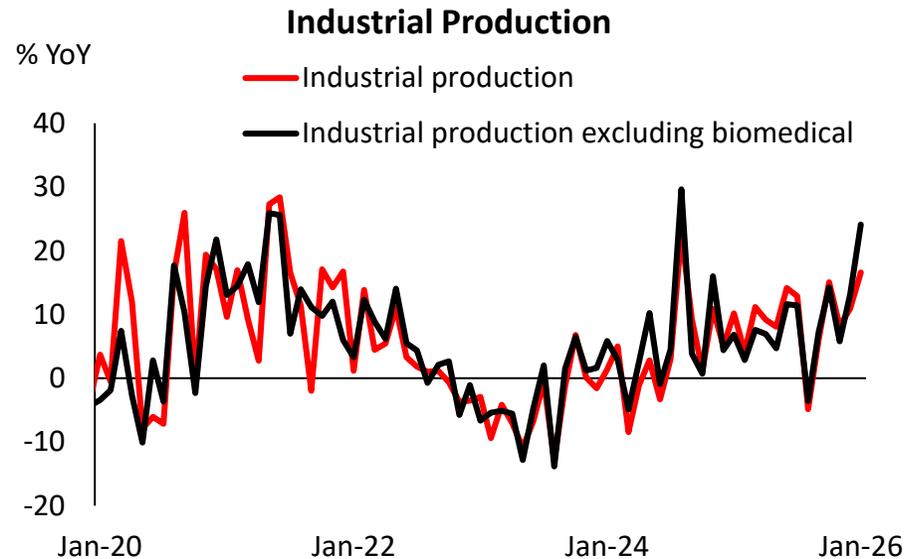
Source: MAS SPF (March 2026).



Source: MAS SPF (March 2026), OCBC Group Research.

Singapore: January IP remains relatively strong

- January IP rose 16.6% YoY (5.3% MoM sa), which is above the market consensus forecast of 11.6% YoY (6.0% MoM sa), but fell short of our forecast of 20.3% YoY (12.1% MoM sa).
- Electronics production momentum more than doubled to 44.0% YoY in January from 19.6% in December 2025, which also contributed to the precision engineering output also picking up speed from 8.1% to 13.2% YoY with higher demand for precision modules & components and machinery & systems, namely semiconductor equipment (52.0% YoY) which is correlated to the AI-related boom.
- Looking ahead, February 2026 industrial production is likely to be biased lower (likely towards the 5% handle) due to the CNY holidays falling in February this year. Nevertheless, 1Q26 manufacturing momentum should remain resilient at 9.4% YoY and full-year manufacturing growth is likely to be 3% YoY or possibly even higher depending on how sustained the AI boom lasts.



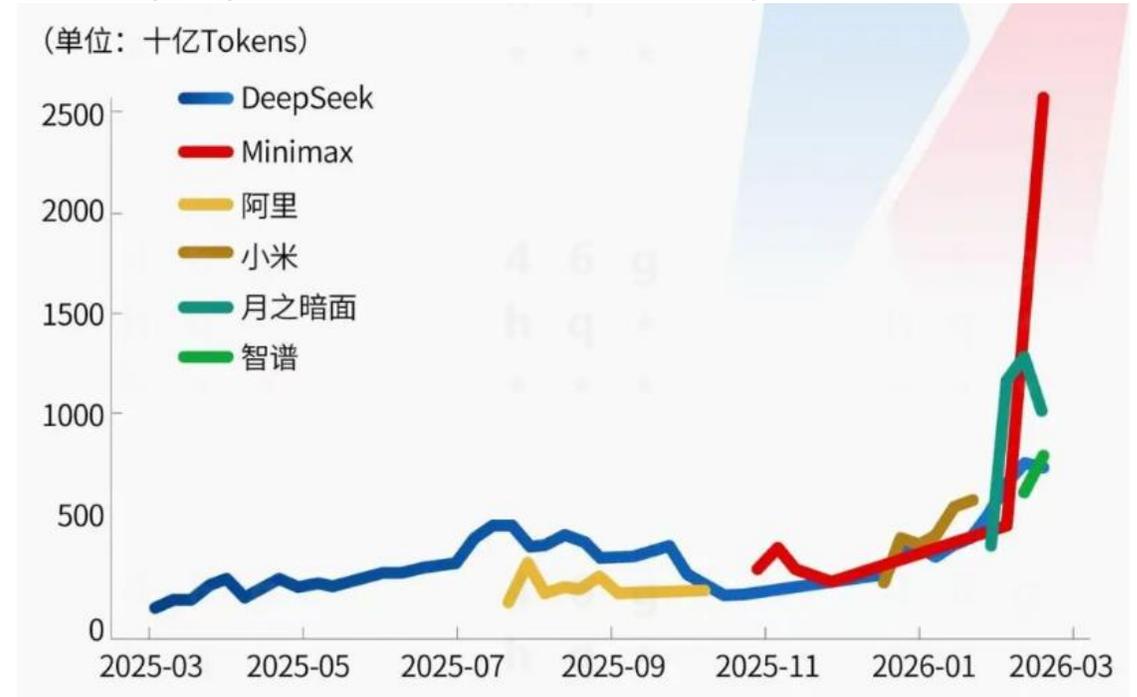
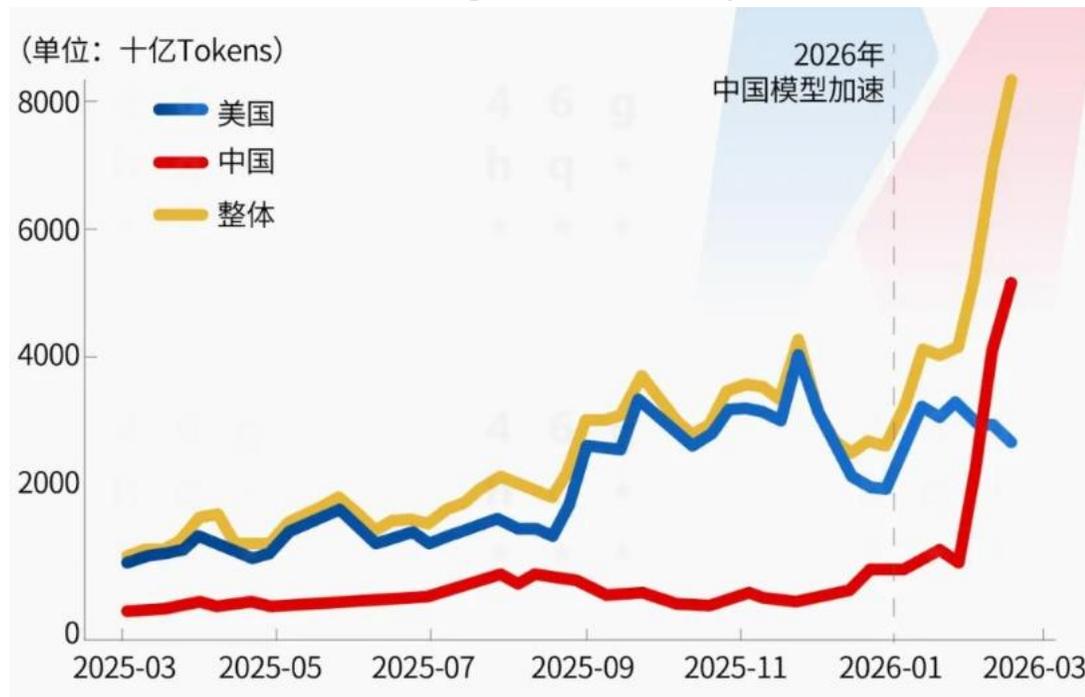
Source: EDB, CEIC, OCBC Group Research.



Source: EDB, CEIC, OCBC Group Research.

China: Rising token economy in 2026

- Data from OpenRouter, the world's largest AI model API aggregation platform, provides a striking signal of the evolving AI landscape. During the week of the 9th–15th, Chinese models recorded 4.12 trillion Tokens in call volume, surpassing US models' 2.94 trillion Tokens for the first time.
- When a foreign developer calls a Chinese AI model API, the computation is executed in Chinese data centres. The GPUs are powered domestically, electricity is consumed locally, and yet the value of the service is exported globally. In economic terms, token generation represents embedded electricity exports — a form of invisible power trade.



HK: FY2026-27 budget

- The government has ended the longest streak of budget deficits in the current fiscal year, with fiscal surplus estimated at HK\$2.9 billion (0.1% of GDP), instead of the previously estimated deficit of HK\$67 billion.
- The FY2026-27 budget clearly focuses on investing into the future, while sharing the fruits of economic recovery with residents. The government revenue is estimated to reach HK\$765.2 billion, assuming modest growth in profit tax, stamp duties and land premium. After factoring in the transfer from Bond Fund and Exchange Fund, as well as proceeds from the Government Bond Programme, fiscal surplus will rise to HK\$22.1 billion (0.6% of GDP) in FY2026-27. To finance the development of Northern Metropolis and other public work projects, government bonds totalling HK\$160-220 billion will be issued annually in next five years.
- Improved fiscal outlook this year provides room for offering more relief measures and raising civil servants' pay. For the next fiscal year, ceilings for salaries/profit tax reduction will be doubled, while a wide range of allowances will be raised by 8% or more. On the other hand, there are limited revenue enhancement measures, taking a pause from repeated adjustment in government fees/charges and piecemeal tax hikes in the last couple of years.
- The government's GDP forecast for 2026 is pitched at 2.5%-3.5%, in line with market's expectation and our in-house forecast at 2.6%. Meanwhile, the headline inflation is tipped at a moderate pace of 1.8% (vs. our estimate at 1.6%).

	2025 Actual	Government forecast		Our forecast (2026)
		2026	2027-2030	
Real GDP growth (yoy%)	3.5%	2.5-3.5%	3.0%	2.6%
Headline Inflation (yoy%)	1.4%	1.8%	-	1.6%
Underlying Inflation (yoy%)	1.1%	1.7%	2.0%	-



HK: FY2026-27 budget

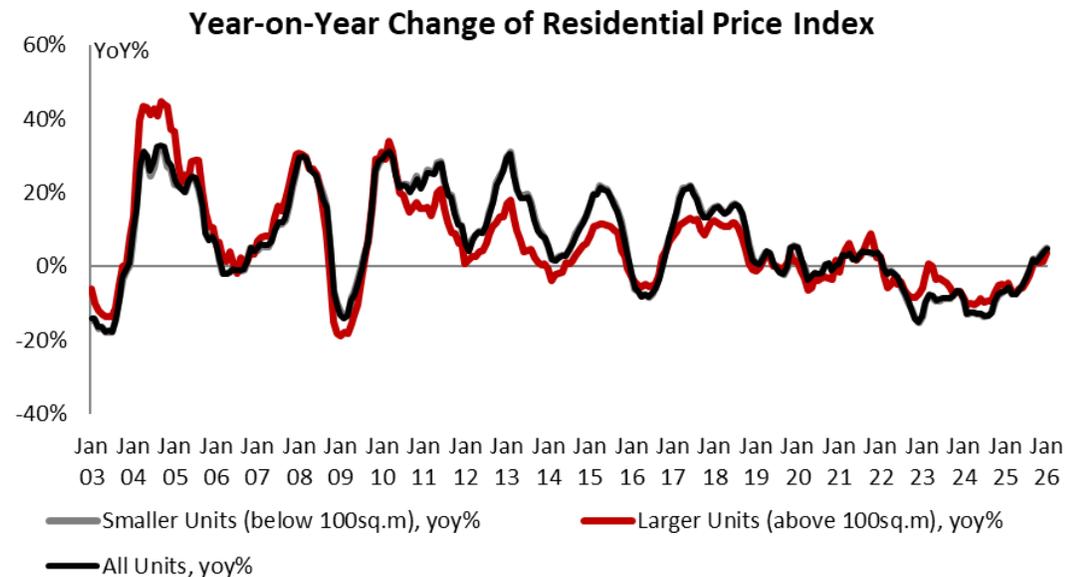
- Unlike last year’s budget, which focused on fiscal consolidation along with revenue enhancement measures, this year’s improved fiscal outlook provides room for offering more relief measures and raising civil servants’ pay. For the next fiscal year, ceilings for salaries/profit tax reduction will be doubled, while a wide range of allowances will be raised by 8% or more. These relief measures will benefit more than 2 million taxpayers, but slash the total government revenue by an estimated HK\$21.0 billion (2.7% of total government revenue in FY2026-27).
- The government’s plan to withdraw HK\$150 billion from the Exchange Fund (accounting for less than 4% of the HK\$4.1 trillion in total assets as of end-2025) for the development of the Northern Metropolis (NM)—for the first time since the fund’s inception—underscores the significance of this project in propelling Hong Kong’s medium-term economic growth. According to the budget, the government will inject HK\$10 billion into the San Tin Technopole company and another HK\$10 billion into the Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone, to accelerate land development, provide infrastructure, and establish venture fund.

<i>Sector</i>	<i>Selected new measures</i>
Life science	<ul style="list-style-type: none"> ▪ Establishing Clinical Trial Academy ▪ Allocating HK\$500 million for Chinese Medicine Development Fund
Education	<ul style="list-style-type: none"> ▪ Allocating HK\$10 billion loan to support campus development in the NM University Town
New Industrialisation	<ul style="list-style-type: none"> ▪ Launching a new Industrialisation Elite Enterprises Nurturing Scheme to support high-growth enterprises ▪ Earmarking around \$220 million to establish the first national manufacturing innovation centre
Cultural and tourism	<ul style="list-style-type: none"> ▪ Allocating HK\$200 million to launch pilot NM Urban-rural Integration Fund supporting rural tourism projects ▪ Allocating HK\$1.66 billion the Tourism Board to enhance tourist appeal



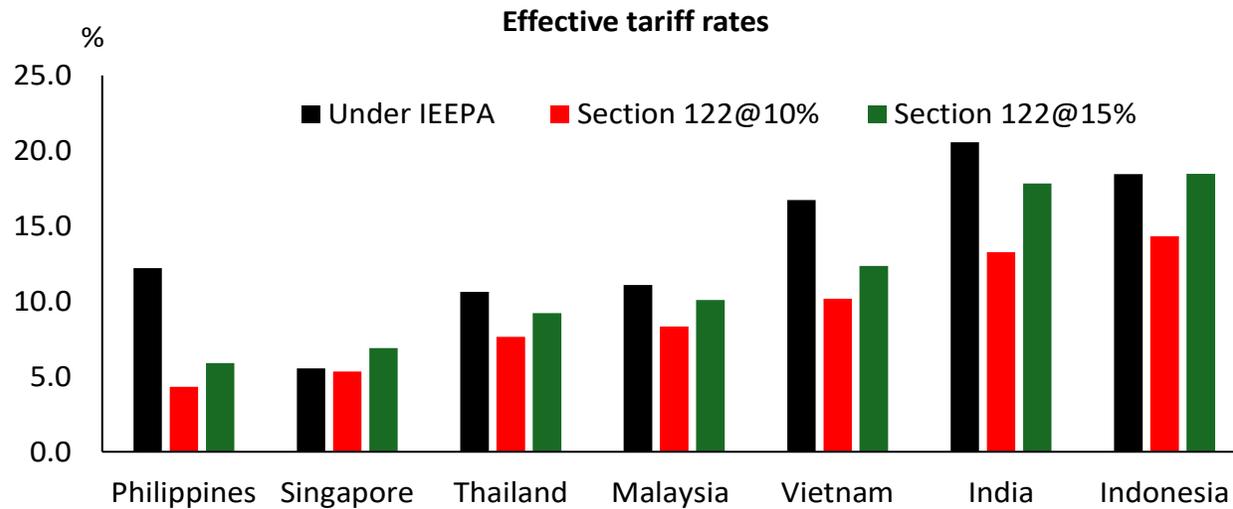
HK: Housing market recovery sustained into 2026

- Hong Kong's housing market recovery sustained into 2026. The official property price and rental index rose by 0.5% YoY and 0.3% YoY respectively in January, after 3.7% and 4.2% cumulative increases last year. During the month, housing transactions fell marginally to 5,669 cases. We expect the revival in housing demand to broaden further in 2026, and are in the process of reviewing our housing prices growth forecast at 5%.
- Given the signs of early-cycle recovery for housing market and the fact that all cooling measures have already been lifted, we are not surprised by the absence of further support measures in the budget. Instead, the government moves to hike the stamp duty for residential property transactions valued at HK\$100 million or above (from 4.25% to 6.5%; affecting around 0.3% of total transactions). This serves as a reminder that policy makers are willing to apply brake in the buildup of housing market exuberance if any. On private housing supply, an estimated 17,000 private housing units are expected to be completed annually in the coming five years, similar to that of last year. Meanwhile, commercial land plot sales will be suspended for another year, in a bid to support the still-sluggish commercial property market.



ASEAN-6 & India: After SCOTUS, what's next?

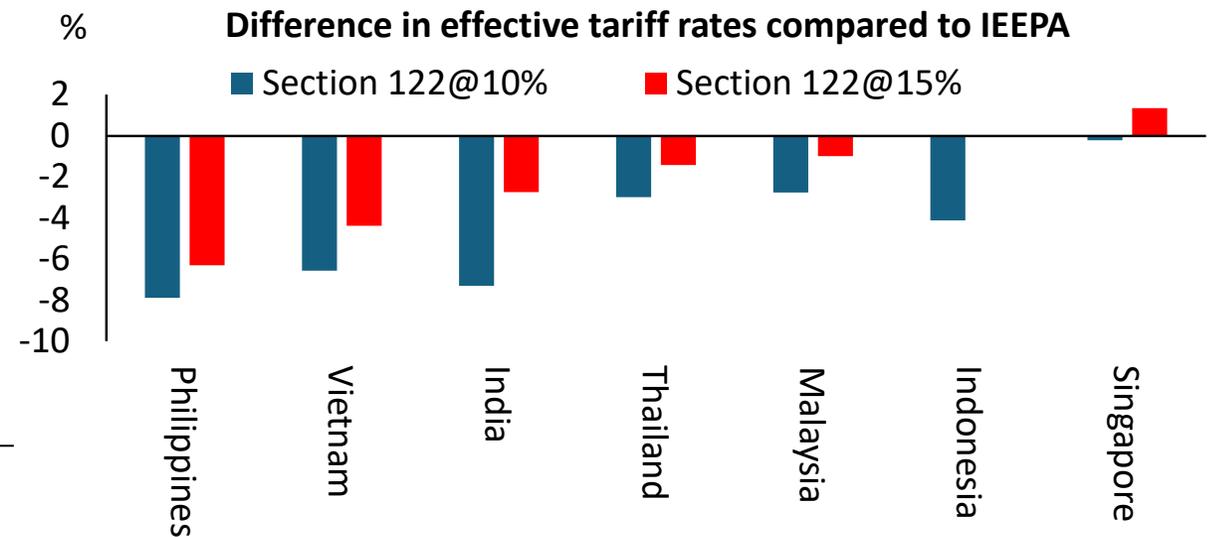
- The Supreme Court of the United States (SCOTUS) decided on 20 February 2026, in the case of “Learning Resources Inc., et al v. Trump, President of the United States et al.” that “IEEPA does not authorize the President to impose tariffs.” IEEPA stands for the International Emergency Economic Powers Act (1977).
- This ruling acts as a near-term tailwind for exports for most economies in the region. We calculate that the effective tariff is broadly lower at a 10% tariff rate but is more mixed at 15%. The exemptions under IEEPA were, however, greater than Section 122 exemptions. The pecking order of positive impact is the Philippines, Vietnam, India, Thailand. The impact of the latest ruling for US imports from Malasia, Indonesia and Singapore are less clear cut.



Source: US Census Bureau; CEIC; OCBC.



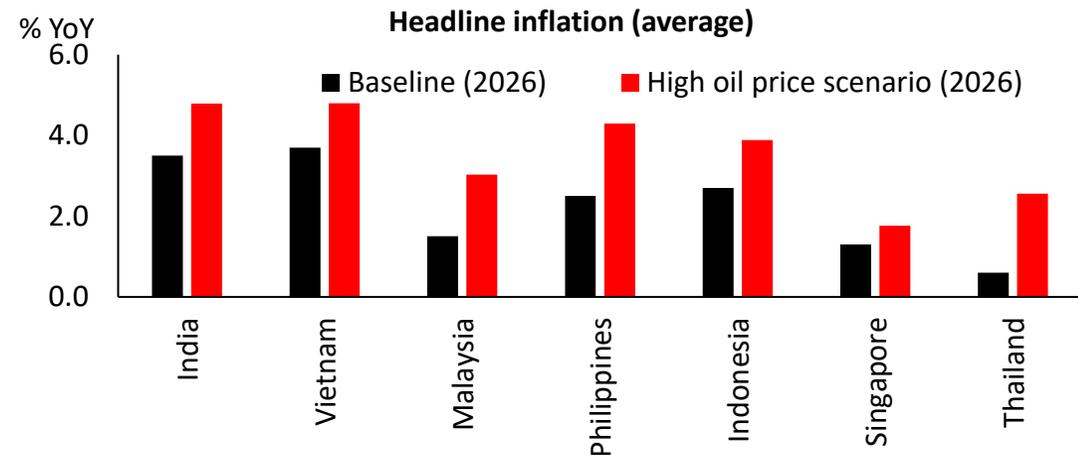
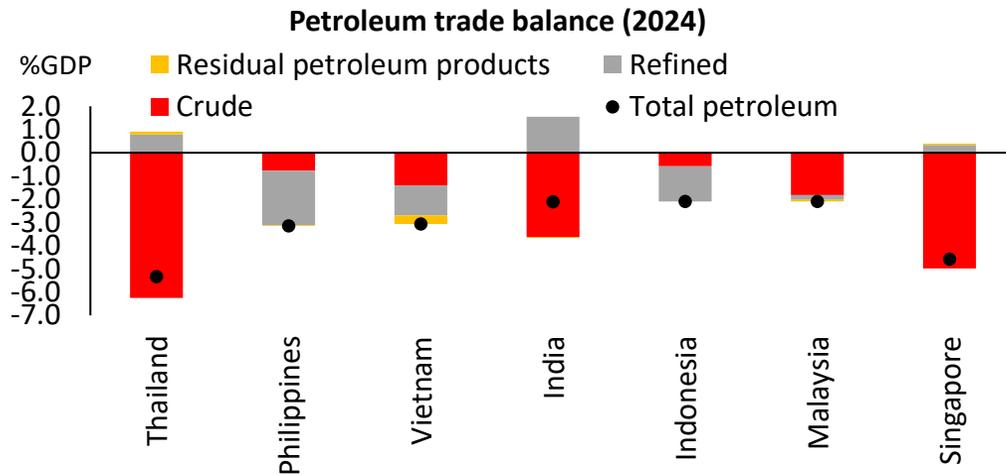
Source: US Census Bureau, CEIC, OCBC Group Research.



Source: US Census Bureau; CEIC; OCBC Group Research

ASEAN-6 & India: The gains and pains from sustained higher oil prices

- Our analysis shows that India, Indonesia, Malaysia, Philippines, Thailand, and Vietnam as net petroleum importers are exposed to a deterioration in trade balances.
- Inflationary pressures were benign in 2025 allowing for a comfortable starting point into 2026. We estimate that even with significantly higher inflation, headline inflation will likely remain within most central banks' inflation target.
- We see most central banks in the region at or near the end of the monetary policy easing cycle. Should global oil prices persist at higher levels through 2026, central banks with a modest easing bias will likely have to reassess the room left for additional rate cuts.



Source: OCBC Group Research. For India, we refer to FY27.

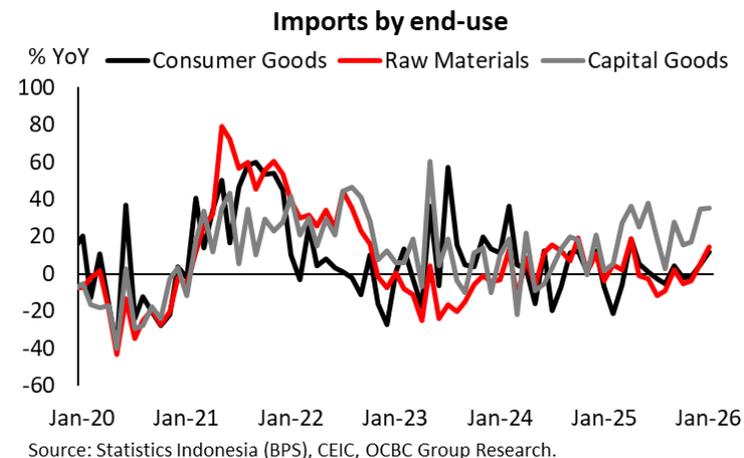
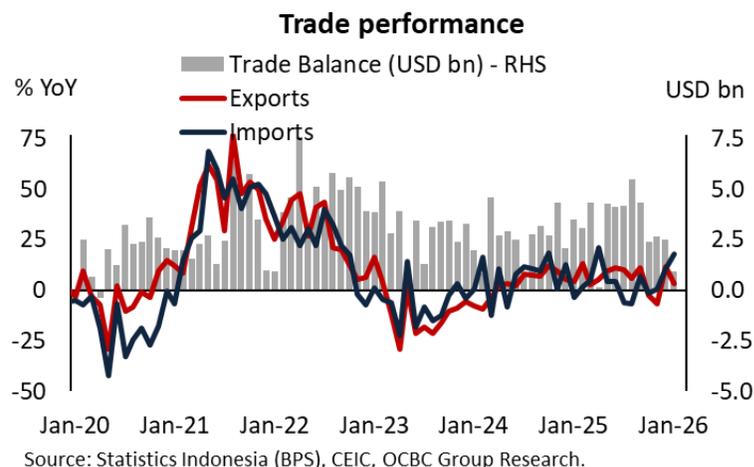
Source: UNComtrade; OCBC Group Research.



Source: UNComtrade, FY27 India, OCBC Group Research.

Indonesia: Export weaknesses at the start of 2026

- Export growth slowed sharply to 3.4% YoY from 11.6% in December 2025 (Consensus: 11.0%; OCBC: 9.8%), while import growth accelerated to 18.2% YoY from 10.8% previously (Consensus: 15%; OCBC: 15.6%). As a result, the trade surplus narrowed significantly to USD954.3mn in January, down from USD2.5bn in December.
- The moderation in export growth was broad-based across both the non-oil & gas (non-O&G) (4.4% YoY in January 2026 from 13.7% in December 2025) and the oil & gas (O&G) sector, which, despite a slight improvement, still contracted by 15.6% YoY from -18.1%, marking its tenth consecutive month of decline. By destination, stronger non-O&G shipments to China (15.5% YoY in January from 13.6% in December) were offset by slower growth in exports to India (24.3% from 32.6%) and the US (7.9% from 13.6%). These trends partly reinforce our view that earlier front-loading of shipments has come to an end (see *ASEAN-6 & India: IEEPA ruling is a mixed bag for the region*, 26 February 2026). Meanwhile, exports to Japan continued to register a slight contraction (-1.0% from -0.9%).
- By contrast, imports strengthened markedly in January, supported by broad-based gains in both non-O&G (16.7% YoY from 12.5%) and O&G (27.5% from 1.7%) categories. By end use, the acceleration was led by capital goods (35.2% from 34.7%), followed by raw materials (14.7% vs. 5.6%) and consumer goods (11.8% from 4.6%).

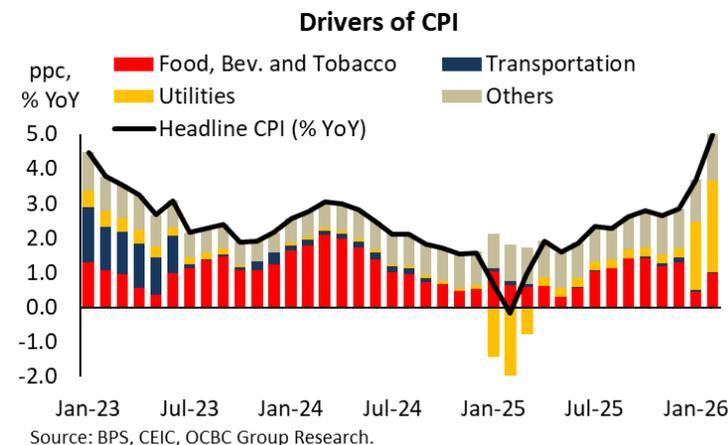
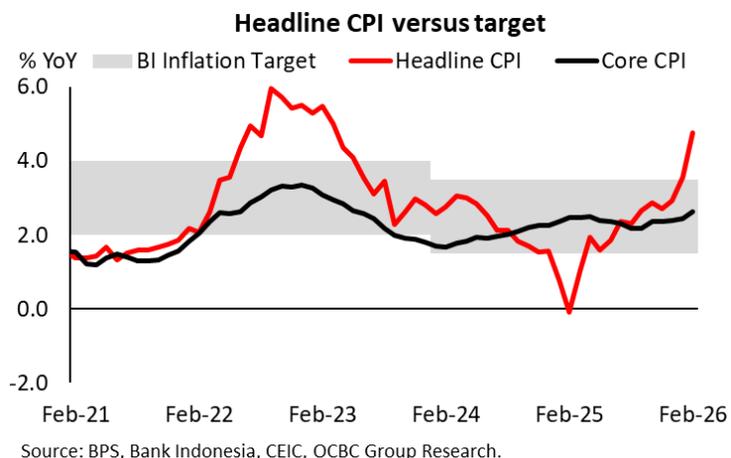


Indonesia: Higher February CPI due to base effect

- Headline inflation rose to 4.8% YoY in February 2026 from 3.5% in January, pushing CPI above Bank Indonesia’s 1.5–3.5% target range. The print also exceeded already elevated expectations (Consensus: 4.3%; OCBC: 4.1%). The February increase was driven largely by a significant base effect in utility prices, stemming from electricity tariff discounts of up to 50% for households with 2,200VA capacity or below in January–February 2025. As a result, utilities inflation jumped to 16.2% YoY in February from 11.9% in January 2026. Meanwhile, seasonal pressures from higher food prices during Ramadan lifted the food & beverages CPI to 3.5% YoY in February from 1.5% in the prior month driven by rice, chicken and red chillies. These increases more than offset the softer inflation reading in transportation (0.1% from 0.6%). In addition, elevated global gold prices continued to feed through to core inflation, rising 2.6% YoY in February, up from 2.5% in January.
- Looking ahead, we expect headline CPI to average 2.7% YoY in 2026 (vs 1.9% in 2025), suggesting that inflation will remain elevated in the near term. The low base in 1Q25, combined with persistent food price pressures that are likely to extend into early 2026, is set to push headline inflation higher in the 1Q26 before easing over the remainder of 2026.
- We will continue to review our call for another cumulative 50bp in rate cuts from BI in 2026. The trajectory for the currency (IDR) is crucial input to BI’s reaction function, and IDR along with regional currencies have been under pressure versus USD during Asian trading hours on 2 March 2026.

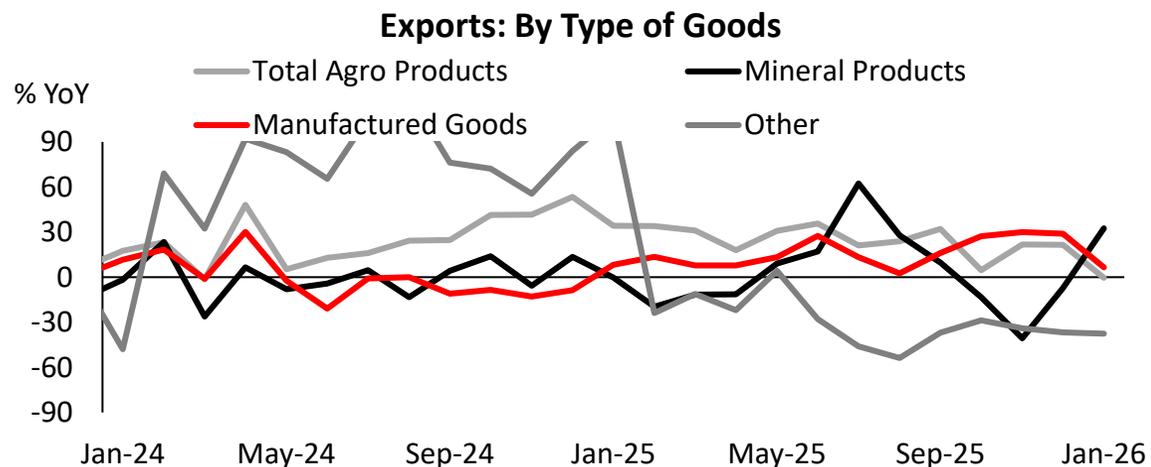


Source: BSP, CEIC, OCBC Group Research.



Philippines: Export growth slows

- January trade data surprised to the downside, with export growth slowing to 7.9% YoY (consensus: 9.7%) compared to an upwardly revised 23.9% in December. Similarly, import declined to 3.1% YoY (consensus: -1.6%) from an upwardly revised 12.2% in December. As a result, the trade deficit widened slightly to USD4.1bn from USD4.0bn in December.
- The slowdown was driven by a decline in exports in 'total agro products' (-0.4% YoY versus 21.5% in December) while 'manufactures' slowed to 6.6% YoY, following four consecutive months of double-digit growth. This more than offset higher exports in mineral products exports, which rose by 32.4% YoY compared to -7.2% in December. By destination, export growth to the US slowed to 3.1% from 15.7% in December.
- Looking ahead, we expect the strong momentum in the export sector to lose steam in the quarters ahead due to uncertainty in the external environment. Indeed, exports growth eased to 7.9% YoY in January from 21.9% in 4Q25.

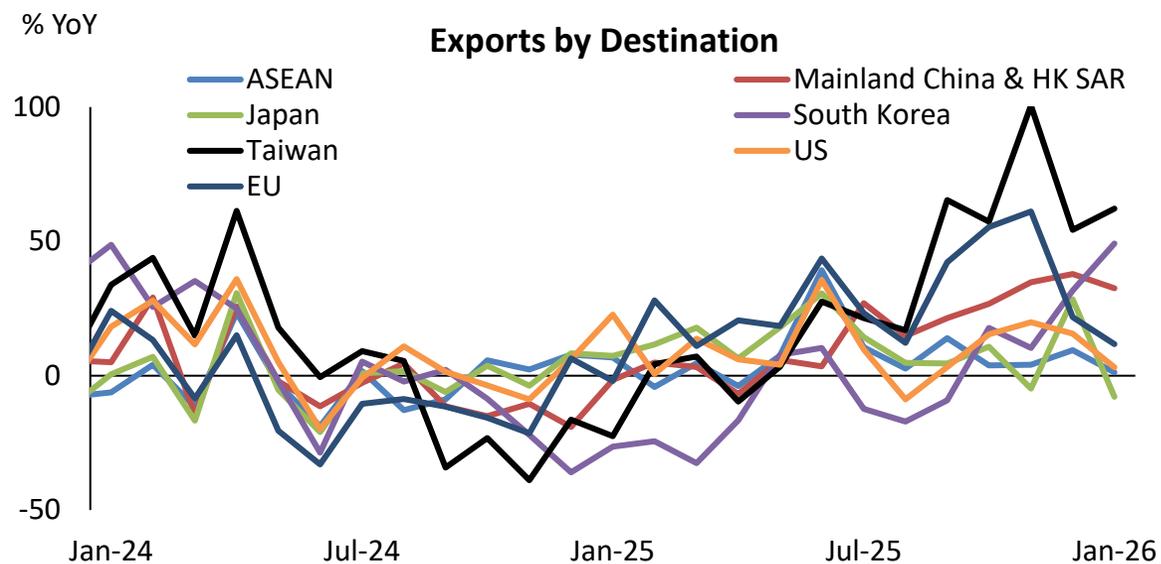


Note: Our classification for Other includes 'forest products', 'petroleum products', 'special transactions', 'others'.

Source: Philippine Statistics Authority, CEIC, OCBC Group Research.



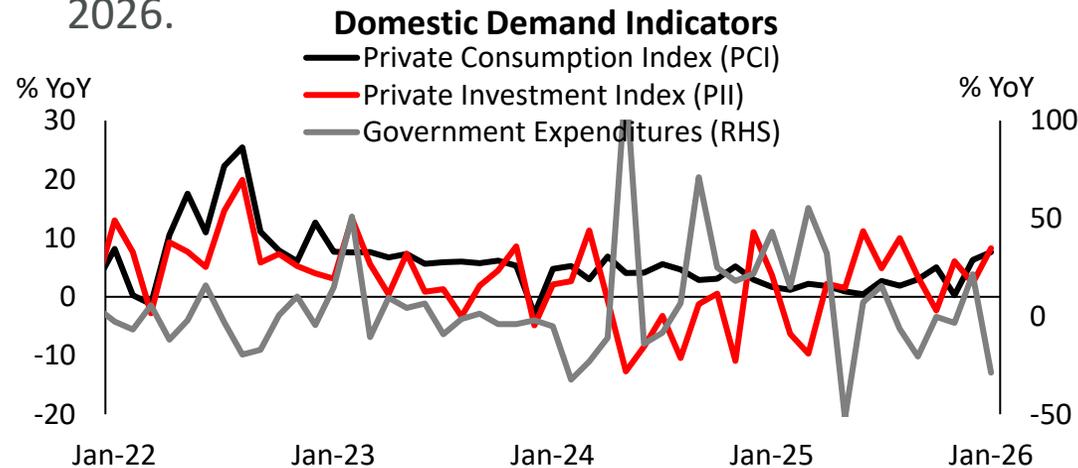
Source: Philippines Statistics Authority, CEIC, OCBC Group Research.



Source: Philippine Statistics Authority, CEIC, OCBC Group Research.

Thailand: Mixed January activity data

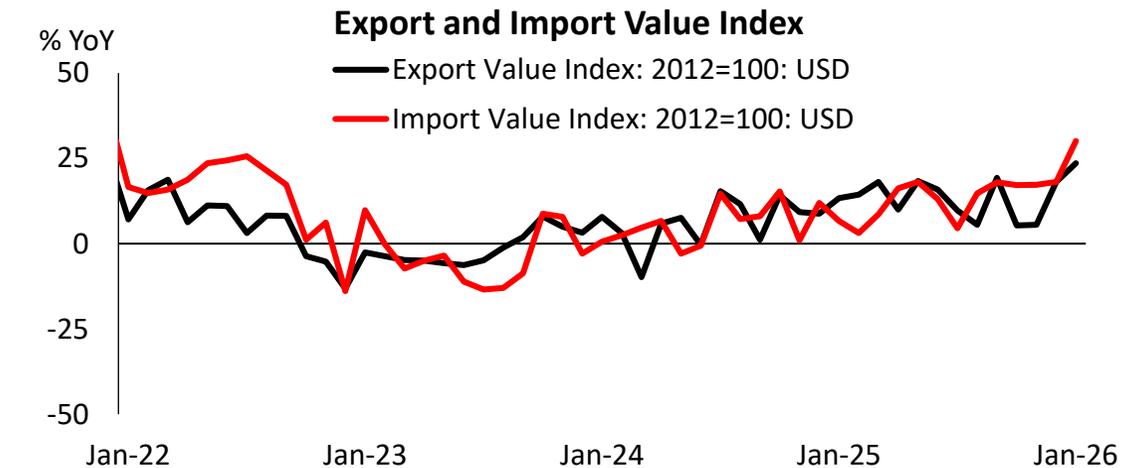
- January economic activity data was mixed. Although export growth and private sector demand accelerated, government spending was lackluster. Export growth accelerated to 23.6% YoY in January from 18.1% in December 2025, while import growth was even stronger at 30.1% YoY (December: 18.0%). As a result, the trade balance shifted into a deficit of USD0.7bn, down from a surplus of USD2.7bn in December 2025.
- On the domestic demand front, the private consumption index improved to 7.6% YoY from 6.3% in December, while the private investment index picked up to 8.2% YoY from 2.3% the previous month. In contrast, government spending declined sharply by 28.7% YoY, down from +21.5% in December.
- Although domestic demand conditions have improved, the medium-term economic growth is expected to remain below potential due to structural issues and intense competition. The National Economic and Social Development Council upgraded 2026 GDP growth to 1.5-2.5%, which is more in line with our own GDP growth forecast of 2.0% in 2026.



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



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



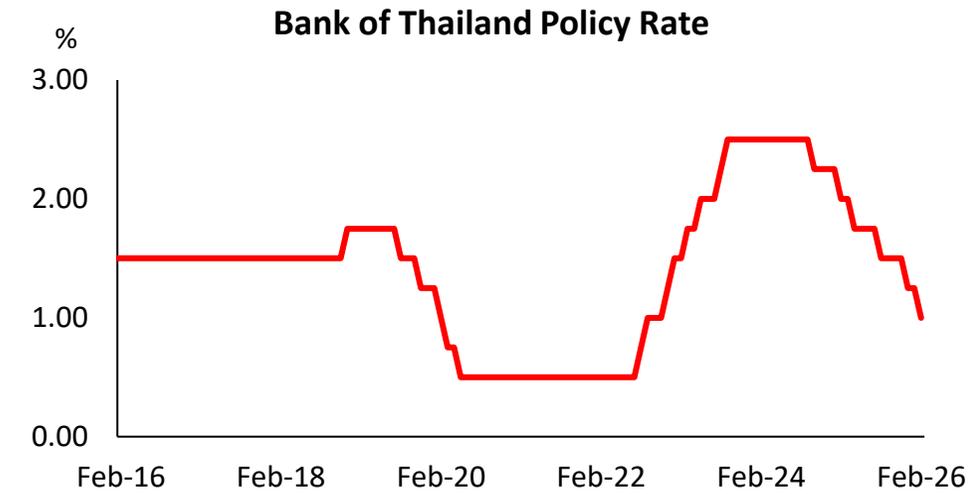
Source: Bank of Thailand, CEIC, OCBC Group Research.

Thailand: Bank of Thailand cuts by 25bps

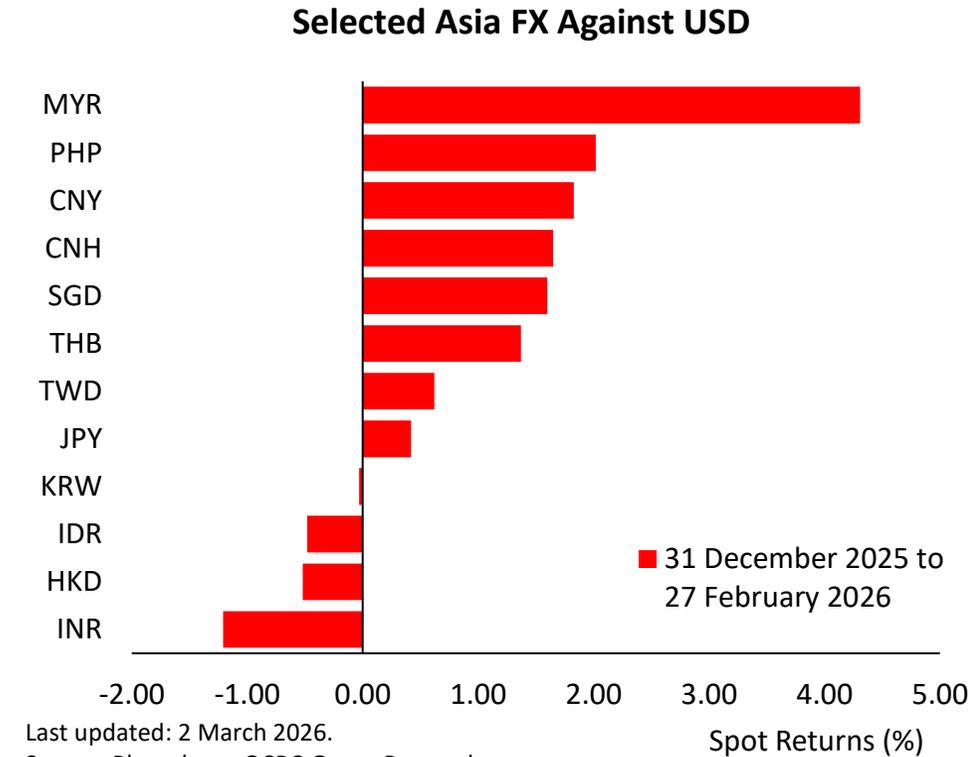
- Bank of Thailand (BoT) cut its policy rate by 25bps to 1.00%, surprising consensus and our expectations. The Monetary Policy Committee (MPC) voted 4-2 in favour of the decision.
- We judge that decision today was aimed at reining the strength in the currency (THB) which has continued to outperform regional peers, leading to tightening financial conditions. On the fundamentals, BoT noted that the better-than-expected 4Q25 GDP was driven by temporary factors at the end of the year and stronger-than-expected momentum in private investment and merchandise exports. BoT expects the underlying momentum to carry through into 2026 and 2027. Nevertheless, it cautioned that growth is projected to “remain below its potential due to structural impediments and intensified competition.” On inflation, BoT sees further downside risk in 2026 and 2027.
- The dovishness of the official statement, BoT’s subdued growth and inflation outlooks suggests that the room for further easing remains open. Although we continue to see many of the issues weighing on growth as structural and beyond the purview of monetary policy, there is still some room to support the cyclical growth cycle. We add 25bp to our rate cut profile for 2026, taking the policy rate to 0.75%.



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



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



Last updated: 2 March 2026.

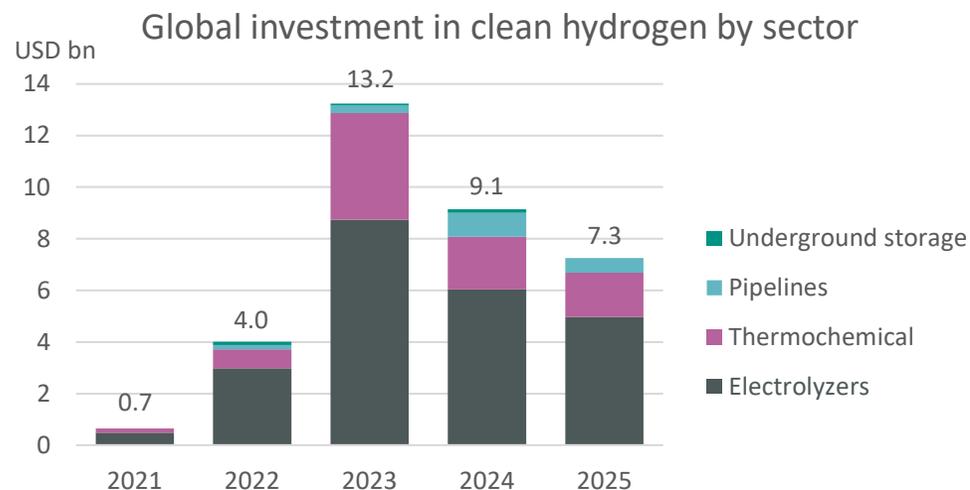
Source: Bloomberg, OCBC Group Research.

ESG



ESG: Clean hydrogen investment declines amid high costs and uncertainties

- Europe's green hydrogen industry is urging the EU to prioritise European manufacturers in public contracts, as China's large-scale projects are threatening the development of the EU hydrogen industry. Many green hydrogen projects were cancelled or delayed amid high European energy costs and cheaper fossil fuel-based hydrogen. The European Commission plans to propose a law to prioritise European manufacturers in public procurement.
- Globally, investment in clean hydrogen fell for the second year in a row, according to BNEF. Clean hydrogen investment fell by 21% from USD9.1bn in 2024 to USD7.3bn in 2025, as consistently high costs and challenges securing offtake have made it challenging for developers to reach final investment decisions on clean hydrogen projects. Many projects have been cancelled or postponed as a result. Investment across all sectors of the clean hydrogen industry fell, such as investment in electrolyzers that fell from USD6bn in 2024 to USD5bn in 2025, although they still accounted for 69% of total 2025 investment. The largest single investment in 2025 was CF Industries' Blue Point hydrogen project, estimated at USD1.7bn committed for the hydrogen production facility.



FX & Rates



FX and Rates: Risk-Off on Oil

- **Risk-Off on Oil:** Middle East escalations lifted oil. The USD and CHF benefit from risk aversion but there is also higher risk of SNB intervention. Energy-linked FX may gain modestly, but importers face pressure if crude remains high despite OPEC+'s modest output boost.
- **Oil Risks Resurface:** Oil's climb past USD70/bbl and multi-year-high tanker rates underscore rising conflict risk. A Hormuz blockade remains a tail risk, with OPEC capacity offering a buffer that should let the geopolitical premium fade later in 2026.
- Middle East tensions are boosting demand for geopolitical hedges. **Gold's** upside hinges on whether the conflict widens and disrupts oil supplies—hurting global growth and inflation—or calms quickly, limiting the rally's momentum.
- **JPY Caution Prevails:** Political hesitation over BoJ tightening and dovish nominees limit JPY recovery prospects. With USDJPY vulnerable to oil-driven moves toward 160, intervention risks loom. We maintain a neutral stance and a 149 end-2026 USDJPY forecast.
- **UK Politics vs Macro:** Political strain continues to weigh on the GBP, but improving growth data, easing inflation, and fiscal tailwinds should limit downside. Once political risks fade, we see room for EURGBP to move lower.
- Middle East tensions should pressure **Asian FX**, with oil import dependent and market-sensitive currencies – KRW, TWD, INR, PHP – likely to lag the most.

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