



Weekly Macro Views (WMV)

OCBC Group Research

04 May 2026

Weekly Macro Update

Key Global Data for this week:

04 May	05 May	06 May	07 May	08 May
<ul style="list-style-type: none"> • ID, SK, MA, PH, VN S&P Global PMI Mfg • AU Melbourne Institute Inflation YoY • ID Exports YoY, Imports YoY, Trade Balance, CPI YoY, Core CPI YoY • EC Sentix Investor Confidence • US Factory Orders, Durable Goods Orders 	<ul style="list-style-type: none"> • AU Household Spending YoY, RBA Cash Rate Target • ID GDP YoY • HK GDP YoY • US Trade Balance, Exports MoM, Imports MoM • US ISM Services Index, New Home Sales, ISM Services New Orders, ISM Services Employment • US JOLTS Job Openings, JOLTS Quits Rate, JOLTS Layoffs Rate 	<ul style="list-style-type: none"> • SK CPI YoY, Core CPI YoY • HK S&P Global HK PMI • CH RatingDog China PMI Composite, RatingDog China PMI Services • TH CPI YoY, Core CPI YoY • EC PPI YoY, PPI MoM • US MBA Mortgage Applications, ADP Employment Change, US Treasury Quarterly Refunding Announcement 	<ul style="list-style-type: none"> • SK Foreign Reserves • AU Trade Balance, Exports MoM, Imports MoM, Foreign Reserves • PH GDP YoY, GDP SA QoQ • MA BNM Overnight Policy Rate • HK Foreign Reserves • EC Retail Sales YoY • US Challenger Job Cuts YoY, Nonfarm Productivity, Unit Labor Costs, Initial Jobless Claims, Continuing Claims, NY Fed 1Y Inflation Expectations, Construction Spending MoM 	<ul style="list-style-type: none"> • ID, TH Foreign Reserves • SK BoP CA Balance, BoP Goods Balance • US Consumer Credit, change in Nonfarm Payrolls, Change in Manu. Payrolls, Avg Hourly Earnings YoY, Average Weekly Hours, Unemployment Rate • US U.Mich Sentiment, U.Mich Current Conditions, U.Mich 1Y/5-10Y Expectations

Summary of Macro Views:

Global	<ul style="list-style-type: none"> • Global: Strait of Hormuz risks stay elevated • US: Central banks outlook – watching inflation risks • US: GDP picks up, but signals are mixed 	Asia	<ul style="list-style-type: none"> • ID: Trade data disappoint in March • ID: Inflation cools further in April • PH: Export growth accelerates • TH: BoT remains on hold but sounds cautious • TH: Improved economic activity in 1Q26 • VN: Inflationary pressures intensify
Asia	<ul style="list-style-type: none"> • SG: Labour market holds steady in 1Q26 • SG: Manufacturing and Business Expectation Surveys • SG: April Manufacturing PMI rises on stronger orders and outputs • CH: Manufacturing may have benefited from the Iran war • HK: Revising up growth forecast of exports/imports • HK: Housing prices rose by 4.4% in 1Q26 • MO: GDP grew by 7.1% YoY in 1Q26 	Asset Class	<ul style="list-style-type: none"> • ESG: Countries discussed practical steps to phase out fossil fuels • FX & Rates: Hormuz Bottleneck Bites

Global: Central Banks

Forecast – Key Rates

Reserve Bank of Australia (RBA)



Tuesday, 05th May

Bank Negara Malaysia (BNM)



Thursday, 07th May

House Views

Cash Target Rate

Likely **hike** by **25bps** to **4.35%**

Overnight Policy Rate

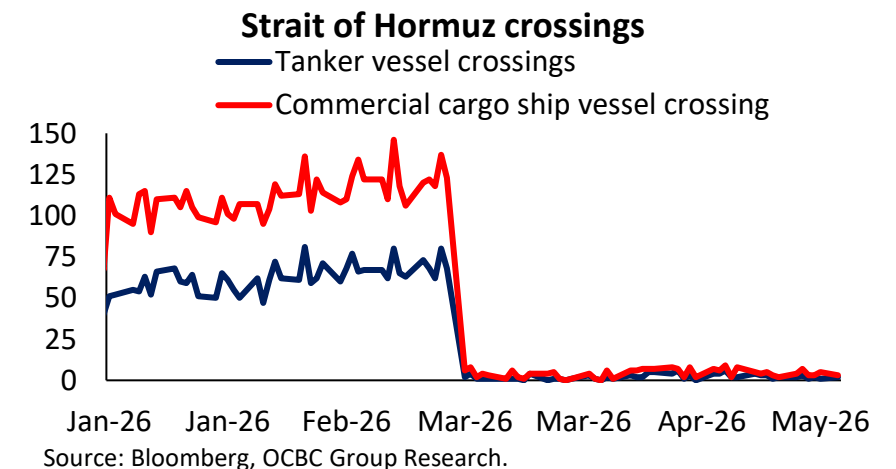
Likely **hold** at **2.75%**

Global: Strait of Hormuz risks stay elevated

- We are now entering week 10 of the US–Iran conflict, with the Strait of Hormuz still effectively closed. Oil prices would likely be materially higher if not for continued drawdowns in strategic and commercial inventories, though this buffer is finite. If the strait remains shut for an extended period, markets will eventually need to price oil high enough to force demand destruction. Meanwhile, the UAE’s decision to exit OPEC has limited near-term impact while Hormuz remains closed and the Fujairah pipeline is fully utilised, though longer-term implications remain significant once exports normalise.
- Against this backdrop, the US has announced plans to begin guiding neutral commercial vessels out of the Persian Gulf via the Strait of Hormuz starting Monday (4 May). US Central Command said it would provide military support to facilitate shipping, including naval assets, aircraft, and drones, though without formal US Navy escorts at this stage. Iran has warned that any US interference would violate the ceasefire. Oil prices have remained relatively steady amid doubts over the effectiveness of this initiative, despite reports of a tanker incident near the waterway, while diplomatic engagement between the US and Iran continues without a clear breakthrough.

Crude oil forecasts	Current	2Q26	3Q26	4Q26	1Q27	2Q27
ICE Brent USD/bbl (new)	108.4	100	85	80	75	75
ICE Brent USD/bbl (prev)	<i>n.a</i>	100	85	70	70	70
NYMEX WTI USD/bbl (new)	101.8	94	81	76	71	71
NYMEX WTI USD/bbl (prev)	<i>n.a</i>	94	81	66	66	66

Source: OCBC Group Research.



Global: Central banks outlook – watching inflation risks

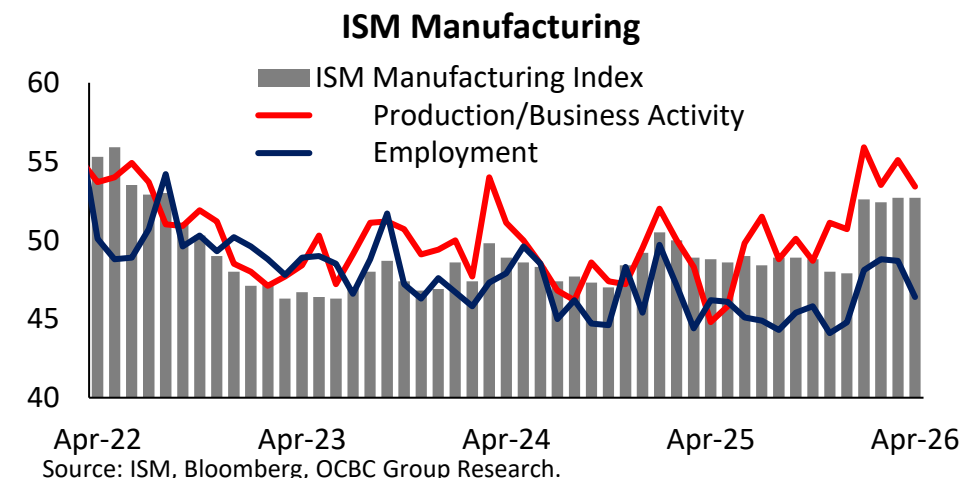
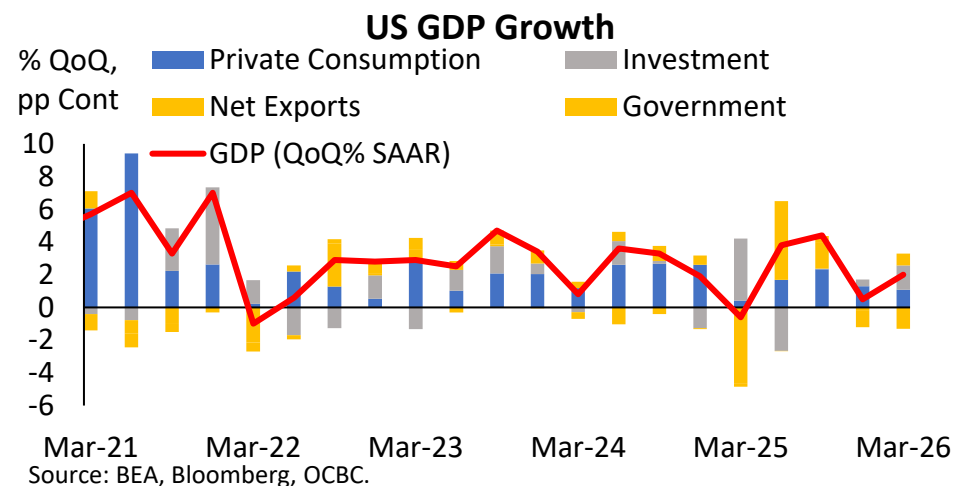
- FOMC decided to keep the target range for the Fed funds rate unchanged at 3.50-3.75% at the April meeting, in line with expectations. The FOMC statement mentioned three members “did not support inclusion of an easing bias in the statement at this time”, which had led to hawkish market re-pricing of the Fed funds rate. We still have one 25bp Fed funds rate cut on our forecast profile considering downside risk in the labour market and to growth, but we are pushing this expected rate cut to 4Q2026 from 3Q2026 as energy prices have stay elevated.
- ECB decided to keep the three key ECB interest rates unchanged at its April meeting, in line with expectation. We have pencilled in a 25bp insurance hike at the June meeting. While ECB noted both the upside risks to inflation and the downside risks to growth have intensified, some members opened that economic developments are still close to baseline, but the inflation outlook has deteriorated. Given the potentially bigger impact on inflation, and the depo rate at a non-restrictive 2%, there is room for the ECB to mildly tighten monetary policy.
- We remain of the view that the room for the BoE to hike rates is limited, given where Bank Rate is and expectedly slower wage growth ahead. On balance, we expect the central bank to keep Bank Rate unchanged at 3.75% through this year as the default option. Bank of England maintained Bank Rate at 3.75% at its April meeting. The vote at 8-1, with one member voting for a 25bp hike, was not more hawkish than market pricing.

Interest rates forecasts	Current	2Q26	3Q26	4Q26	1Q27	2Q27
Fed Funds Rate (upper)	3.75	3.75	3.75	3.50	3.50	3.50
BoE Bank Rate	3.75	3.75	3.75	3.75	3.50	3.50
ECB Depo Rate	2.00	2.25	2.25	2.25	2.25	2.25
BoJ Policy Rate	0.75	1.00	1.00	1.25	1.25	1.50
RBA Cash Rate	4.10	4.35	4.35	4.35	4.35	4.35
RBNZ OCR	2.25	2.25	2.25	2.50	2.50	2.75



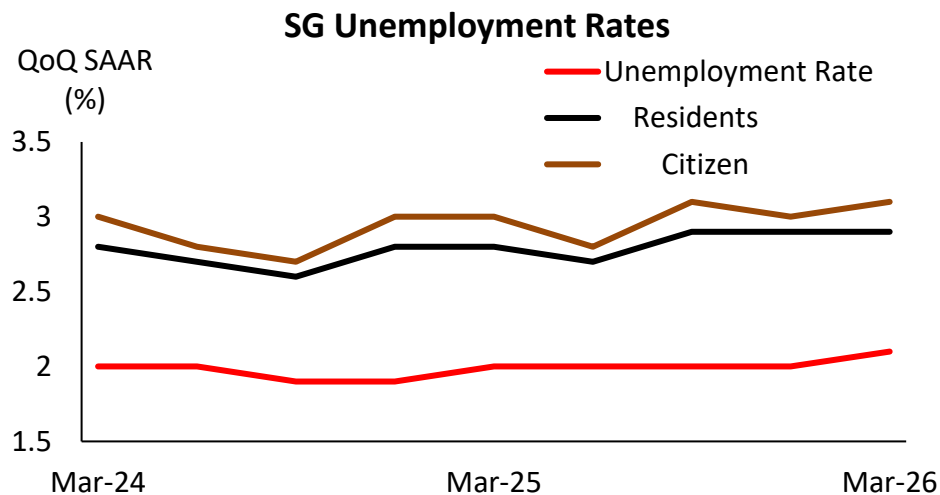
US: GDP picks up, but signals are mixed

- Real GDP grew at an annualised 2.0% rate in 1Q26 (Consensus: 2.3%) up from 0.5% in 4Q25, according to the BEA's advance estimate. The acceleration reflected stronger investment, a rebound in government spending, and higher exports, partly offset by a deceleration in consumer spending and a pickup in imports. Export growth was driven mainly by goods exports, particularly computers and industrial supplies, while goods imports also increased. Consumer spending continued to expand, led by services consumption, especially health care. Government spending rose, primarily due to higher federal non-defence spending, following weakness in the prior quarter that was affected by a government shutdown.
- Looking ahead into 2Q26, incoming activity indicators suggest growth momentum has been broadly sustained, though signs of unevenness are emerging across sectors. Manufacturing activity expanded for a fourth consecutive month in April, with the ISM Manufacturing PMI holding steady at 52.7, indicating continued expansion. However, production growth slowed, employment remained in contraction, and input cost pressures intensified sharply, pointing to mixed demand conditions amid elevated cost pressures.

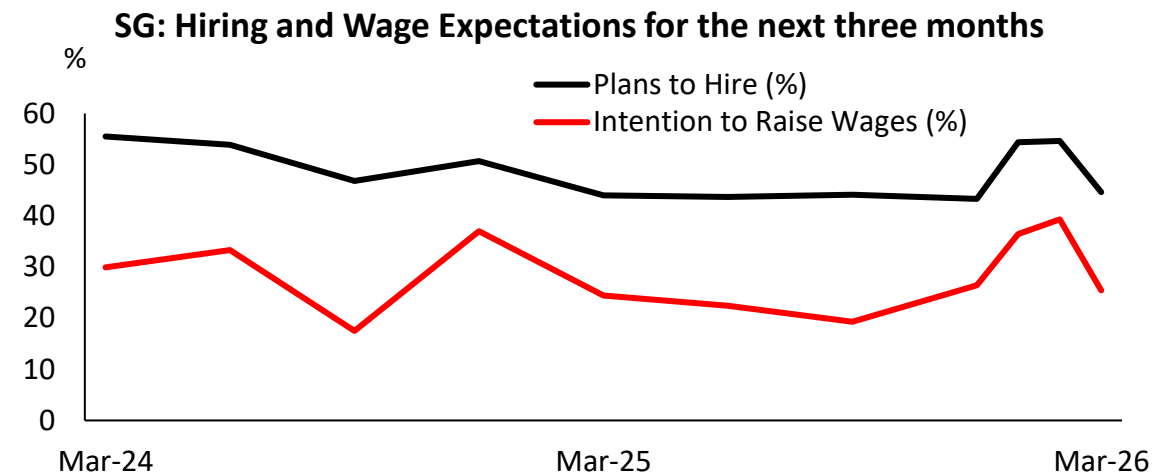


Singapore: Labour market holds steady in 1Q26

- Preliminary data released on 30th April 2026 indicates that Singapore’s labour market remained resilient in 1Q26, with employment expanding for the 18th consecutive quarter since 4Q21. The total employment grew by 5K in 1Q26, more than 2.3K in 1Q25 but down from 17.7K in 4Q25. This reflects seasonal effects as construction activity typically slows during the CNY period, and a step down from a high base, rather than broad-based weakening in the labour market.
- Moreover, unemployment rates remained low and broadly stable – the overall unemployment rate edged up slightly to 2.1% SA in March 2026, from 2.0% in December 2025, while resident and citizen unemployment rates held steady at 2.9% and 3.1% in March (versus 2.9% and 3.0% in December) respectively.
- However, the hiring outlook turns cautious as the share of firms expecting to hire in the next three months declined from 54.6% in February to 44.6% in March, while expectations to increase wages declined from 39.3% to 25.4% over the same period.



Source: Bloomberg, Ministry of Manpower, OCBC Group Research.



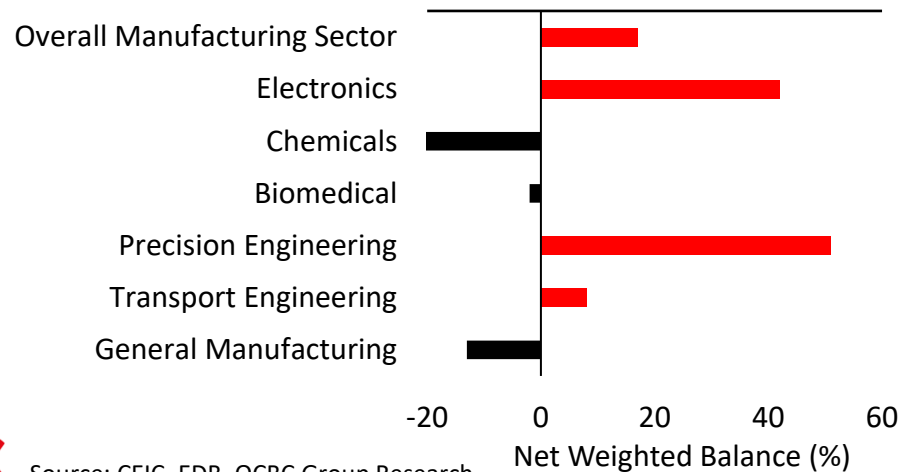
Source: Bloomberg, Ministry of Manpower, OCBC Group Research.



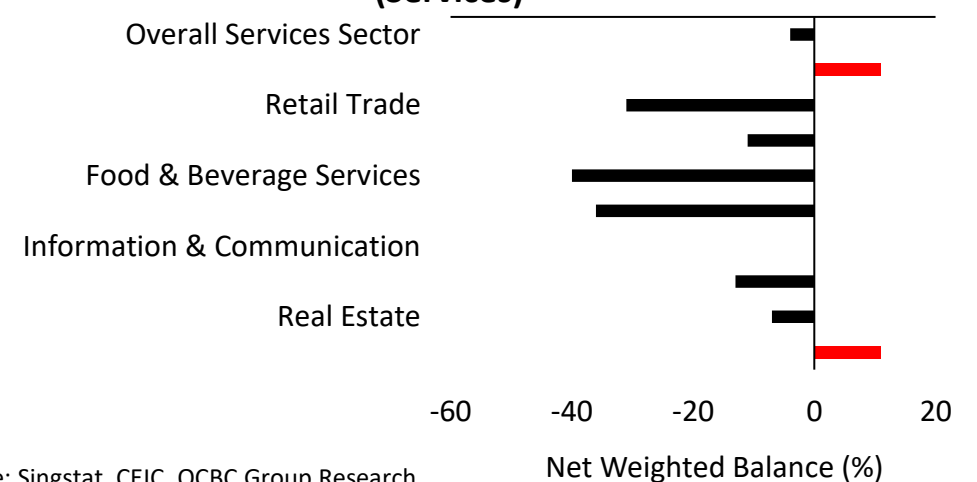
Singapore: Manufacturing and Business Expectations Surveys

- Manufacturing remains relatively resilient, driven by the AI boom, particularly electronics and semiconductors. However, services sentiment has turned weaker, with a net 4% of firms expecting a less favourable Apr–Sep 2026 outlook, led by pessimism in F&B, transport & storage, retail, finance & insurance, accommodation and real estate.
- Prolonged geopolitical tensions, especially the Middle East conflict, have triggered energy shocks and supply chain disruptions, heightening stagflation risks — reflected in higher business cessations compared to a year ago. In particular, the Construction sector is under strain from higher material, labour, energy and freight costs (with subcontractors particularly exposed under fixed-price contracts), while F&B, retail, transport, and petroleum-related industries face similar cost and demand pressures.
- Looking ahead, the industries that are more resilient will be those tied to the AI boom, namely the electronics and precision engineering (both machinery & systems as well as precision modules & components).

General Business Outlook for April - September 2026 (Manufacturing)



General Business Outlook for April - September 2026 (Services)



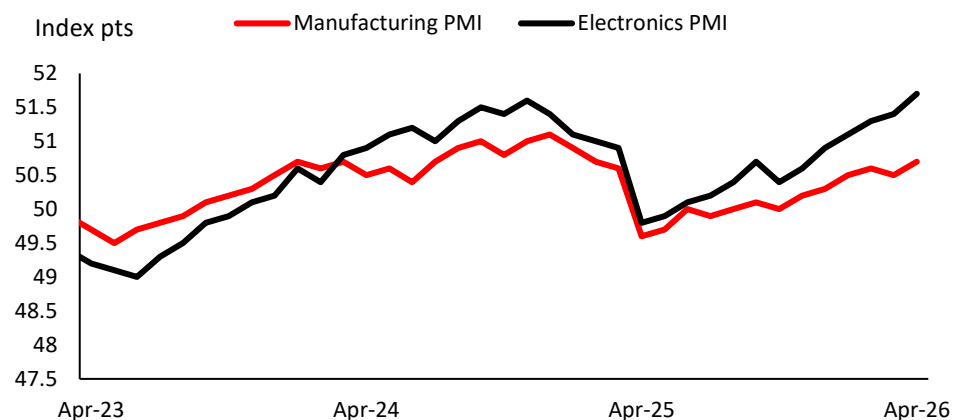
Source: CEIC, EDB, OCBC Group Research.

Source: Singstat, CEIC, OCBC Group Research.

Singapore: April Manufacturing PMI rises on stronger orders and outputs

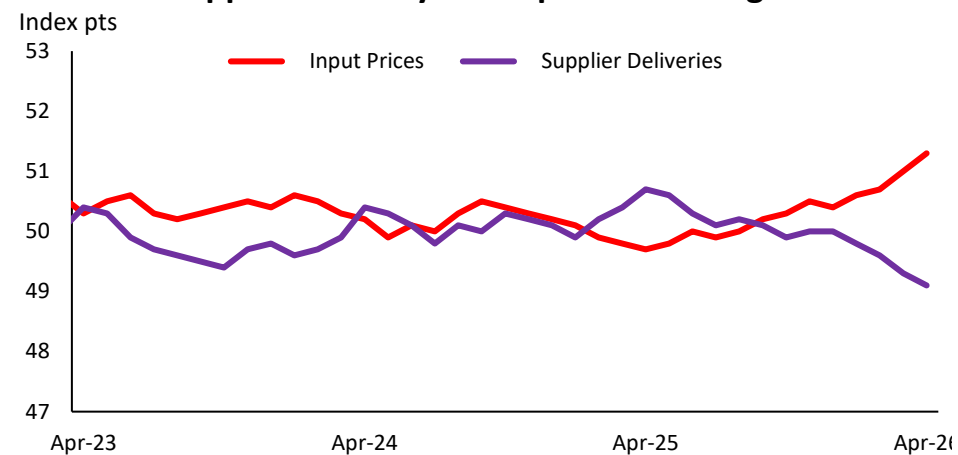
- Singapore's PMI and Electronics Sector PMI edged upwards to 50.7 pts and 51.7 pts in April from 50.5 pts and 51.4 pts in March respectively, marking the ninth consecutive month of expansion. The increase was largely attribution to stronger expansion in new orders (51.1 in April vs 50.9 in March), factory production (50.4 vs 50.2) and employment (50.5 vs 50.3).
- However, severe supply chain constrains inflate costs and prolong delivery lead times. The input prices rose to 51.3 in April as compared to 51.0 in March, while the supplier deliveries index contracted at a faster pace for the fourth consecutive month, indicating longer lead times.

Manufacturing and Electronics Sector PMI



Source: Bloomberg, OCBC Group Research.

Supplier Delivery and Input Price Gauges

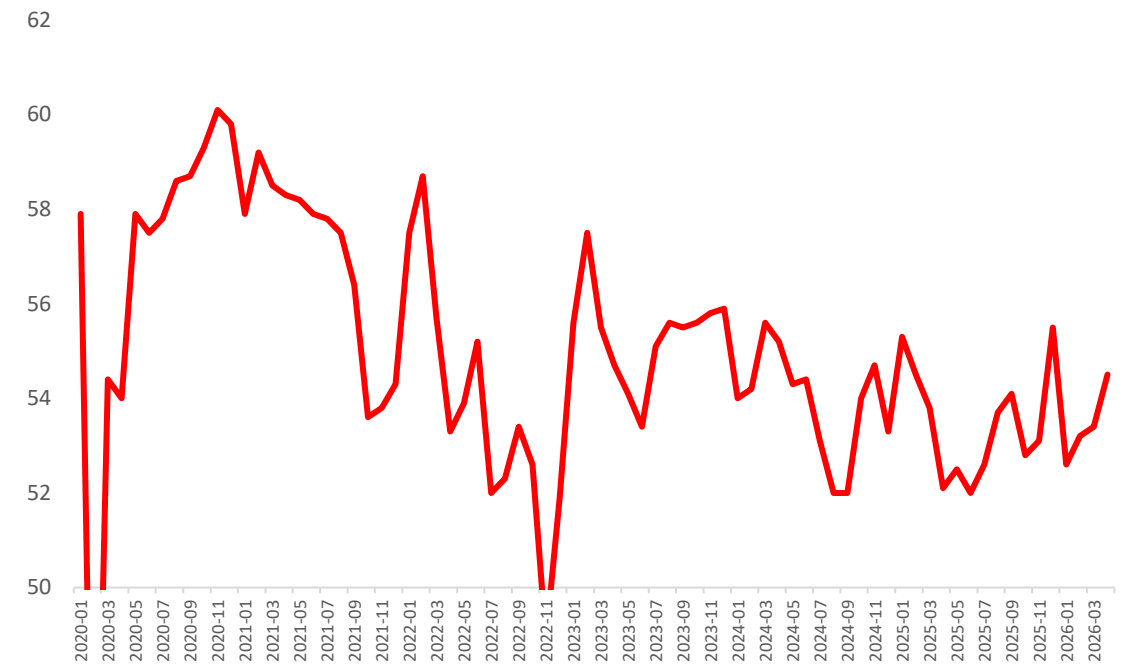
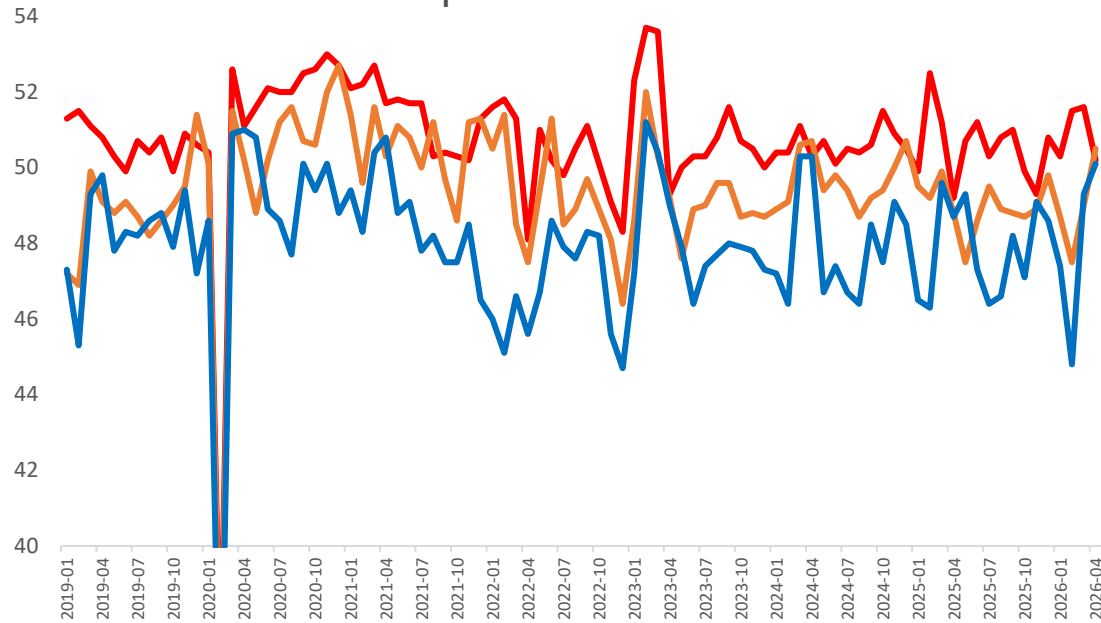


Source: Bloomberg, OCBC Group Research.



China: Manufacturing may have benefited from the Iran war

- First, new export orders rose to 50.3, returning to expansionary territory for the first time in two years. Second, PMIs for medium- and small-sized enterprises improved to 50.5 and 50.1, respectively, marking the first time in two years that all enterprise-size PMIs were in expansion. This suggests that China's exporters may be benefiting from order relocation amid global supply-chain disruptions. Third, the business expectations index strengthened further to 54.5 in April, pointing to improving confidence. In our view, the war has reinforced the market's re-rating of China's manufacturing resilience, supported by its comprehensive and reliable supply chain. This should remain a near-term tailwind for China's exports.

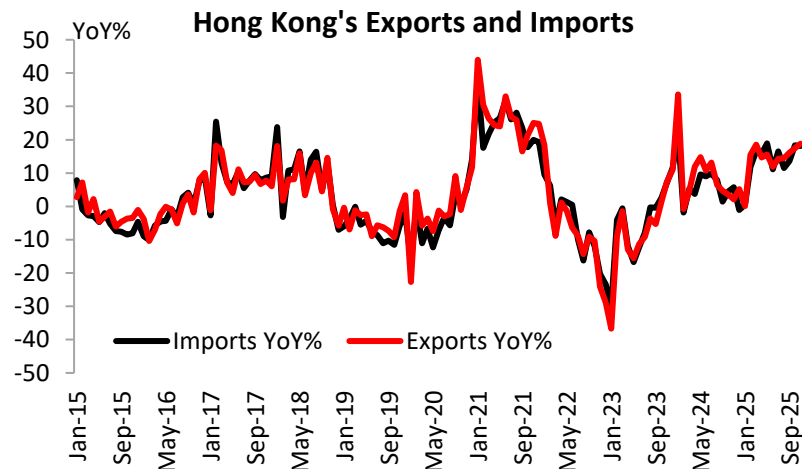


— Large corp — Medium corp — Small corp

— Business expectation

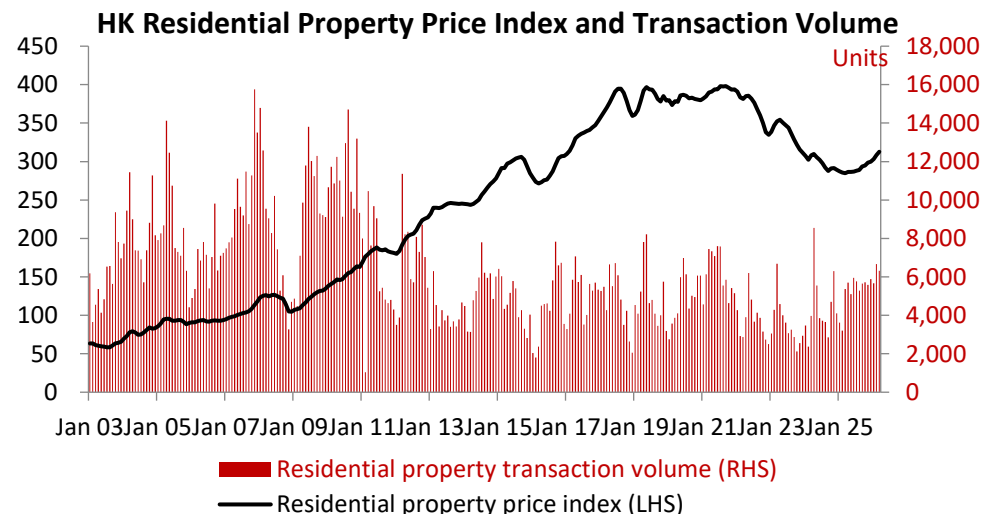
HK: Revising up growth forecast of exports/imports

- Merchandise exports and imports continued to record solid growth in March, at 35.8% YoY and 41.2% YoY respectively (Jan-Feb: 29.6% YoY and 34.1% YoY). During the period, trade balance deficit widened to HKD89.1 billion in March, up from HKD64.2 billion in February. From a GDP accounting perspective, net exports are therefore expected to remain a drag on overall economic growth in the first quarter.
- Exports to most markets and of most major commodities increased visibly in March. Most notable increases were recorded in exports of "electrical machinery, apparatus and appliances, and electrical parts thereof", "telecommunications and sound recording and reproducing apparatus and equipment" and "non-ferrous metals".
- On a separate note, imports of petroleum and petroleum products surged by 95.7% month-on-month in March, nearly doubling from the prior month. This sharp increase was driven by higher energy prices and precautionary stockpiling amid expectations of prolonged disruptions to energy supplies from the Middle East.
- In light of strong global demand for AI-related electronic products, we revised up the growth forecast of merchandise exports and imports to 20% and 22% respectively for this year.



HK: Housing prices rose by 4.4% in 1Q26

- The official property price and rental index rose cumulatively by 4.4% and 0.8% respectively in the first quarter of 2026, accompanied by a notable pickup in transaction activity. Reflecting this strengthening momentum, we have revised up our full-year price growth forecast to 8.5%. In addition, with prices outpacing rents, the market yield is expected to revert to a downtrend.
- Increase in housing prices outpaced that of rents in the first quarter of 2026, suggesting demand leakage from the leasing market, enabled by compression in the rent-own spread and improved affordability. Rental growth in the Class A and B segments (units with area less than 69 m²), which are typically dominated by first-time buyers and upgrader households transitioning from rental accommodation, remained subdued at 0%–1.1% in the quarter. By contrast, rental indices for larger units in Class D and E segments (units with area 100 m² or above) increased more sharply, by 2.7% in 1Q26.
- Due to the notable rebound in property prices, the estimated number of residential mortgage loans in negative equity plunged to 11,424 cases at end-March 2026, down by 46.4% from 21,304 cases at end-2025.

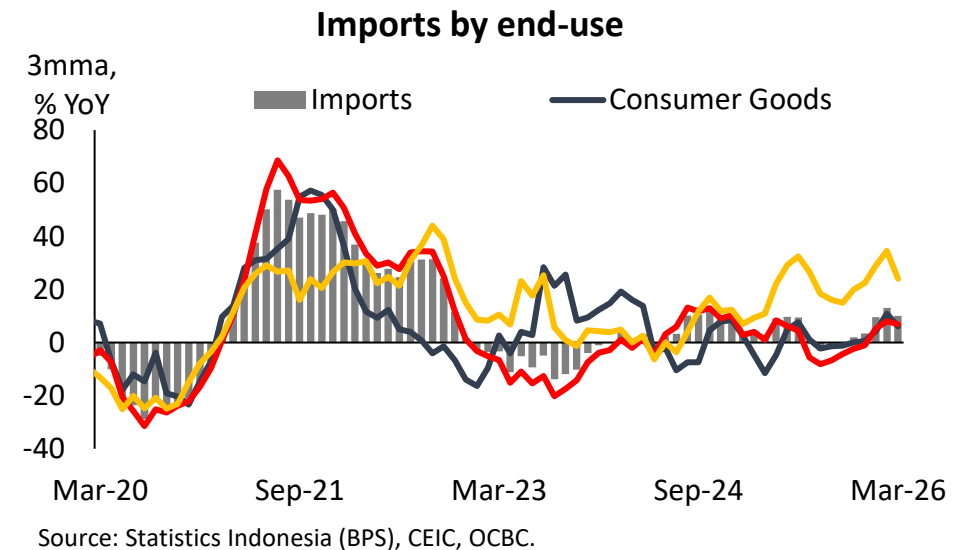
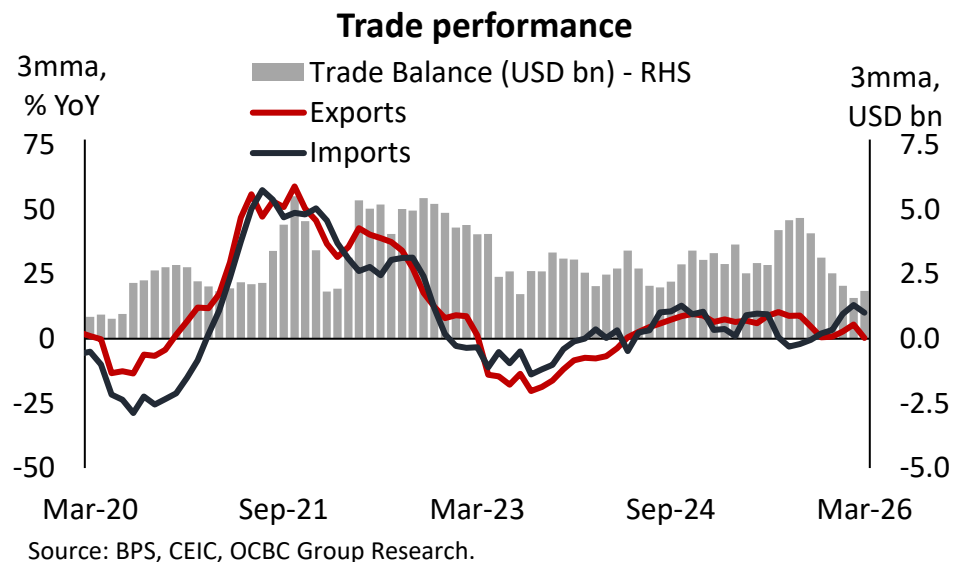


MO: GDP grew by 7.1% YoY in 1Q26

- Macau's first quarter real GDP grew by 7.1% YoY, supported by a low base effect from last year, bringing the total economic output back to 90.3% of its 2019 level, according to preliminary data. Growth was driven primarily by the exports of services, while weakness in public spending and investment posed drag.
- During the quarter, growth of total exports of services and private consumption expenditure accelerated to 13.9% YoY and 2.8% YoY respectively. Yet, government consumption expenditure and gross fixed capital formation contracted by 4.8% YoY and 21.9% YoY respectively, highlighting the uneven growth picture.
- Exports of service are expected to remain the key growth driver in 2026, with growth in gross gaming revenue (GGR) likely to slow but stay solid. We tip the year-on-year growth of GGR at 5% for 2026, taking into account the higher base. Riding on the steady expansion of exports of services, Macau's 2026 real GDP growth is tipped at 2.8%. Meanwhile, unemployment rate and inflation rate are pitched at 1.8% and 1.0% respectively.

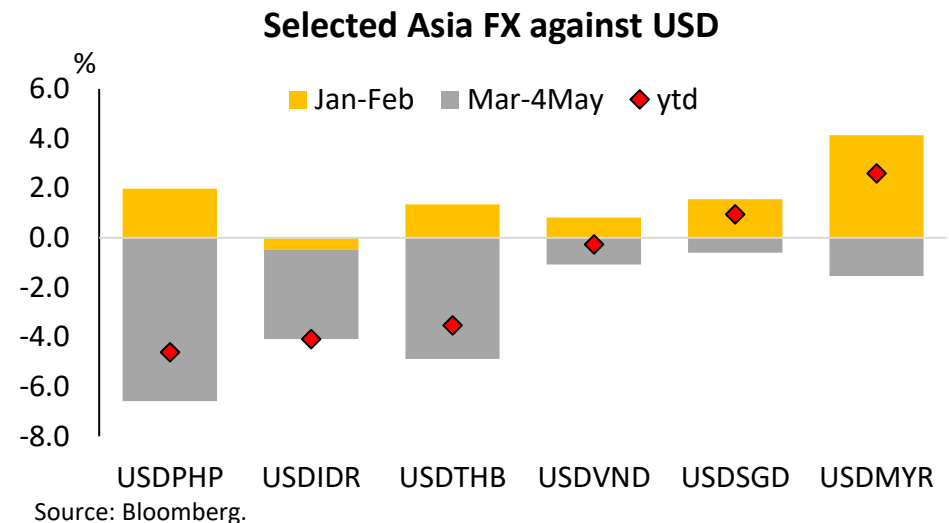
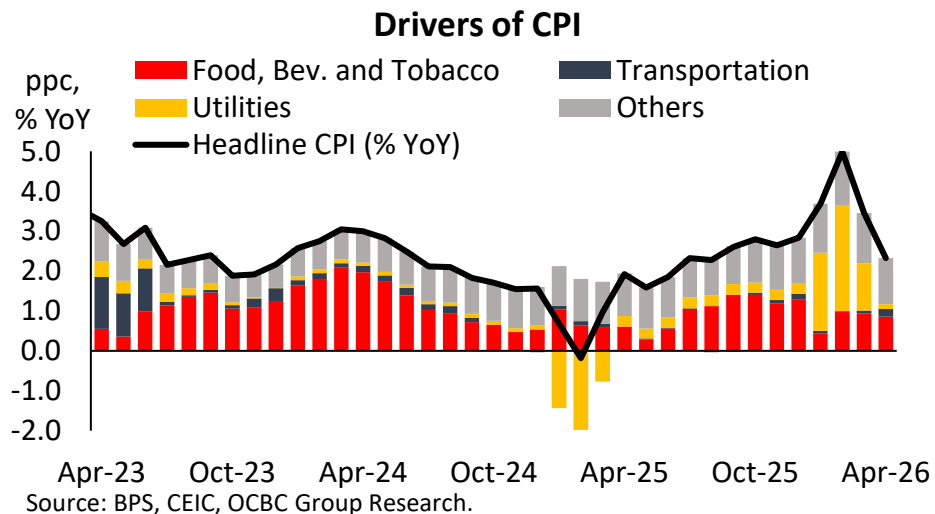
Indonesia: Trade data disappoint in March

- Trade data weakened notably in March, with both exports and imports undershooting expectations. Import growth slowed sharply to 1.5% YoY in March, from 10.8% in February, while exports contracted by 3.1% YoY, reversing from 1.0% growth in the previous month. The decline in exports was broad-based, spanning both oil & gas (-11.8% YoY in March from -4.2% in February) and non-O&G sectors (-2.5% from 1.3%). On the import side, non-O&G imports decelerated markedly (1.5% from 18.2%), even as O&G imports improved (1.3% from -30.4%). By end-use, consumer goods imports contracted by 10.8% YoY, from 19.8% growth previously, while the slowdown in raw materials imports (2.1% from 4.2%) and capital goods imports (5.0% from 33.7%) was more measured. Despite weaker trade flows, the trade surplus widened to USD3.3bn, from USD1.3bn in February.
- For 1Q26, exports rose by a modest 0.3% YoY, easing from 0.8% in 4Q25, while import growth strengthened to 10.0% YoY, from 3.4%. Statistics Indonesia is set to release 1Q26 GDP data on Tuesday (5 May); we expect growth to slow to 5.0% YoY, from 5.4% in 4Q25.



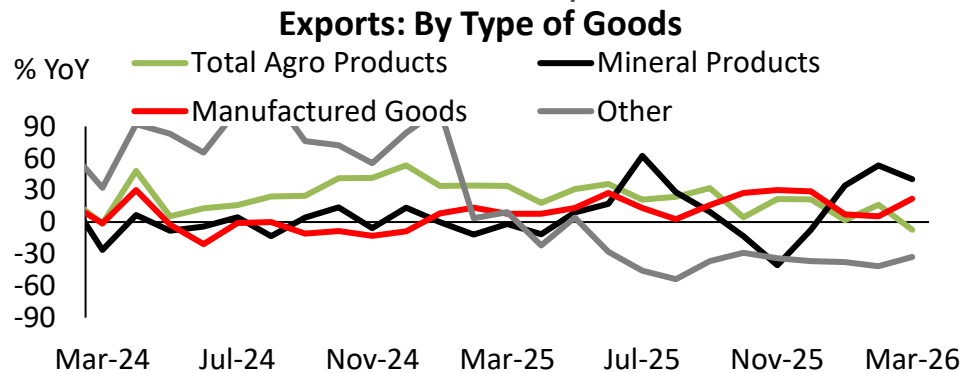
Indonesia: Inflation cools further in April

- Headline inflation eased to 2.4% YoY in April, down from 3.5% in March, undershooting expectations for a more moderate easing (OCBC: 2.8%; Consensus: 2.7%). The softer reading partly reflected the normalisation of the base effect from electricity tariffs earlier in the year, with housing, water, electricity & other fuels inflation easing sharply to 0.7% YoY in April from 7.2% in March. This was accompanied by moderation in food, beverage & tobacco inflation (3.1% from 3.3%) and personal care & other services inflation (11.4% from 15.3%). These declines more than offset a pickup in transportation inflation (1.6% from 0.6%). Meanwhile, core CPI eased marginally to 2.4% YoY in April, from 2.5% in March.
- The government has reiterated that subsidised retail fuel prices will be maintained through year-end. We retain our inflation forecast of 3.0% for 2026, compared with 1.9% in 2025. On the monetary policy front, Bank Indonesia kept its policy rate unchanged at 4.75% at its 22 April meeting, but raised rates on key monetary operations, including its SRBI instrument, to attract portfolio inflows. Further out, rate hikes cannot be ruled out should external pressures intensify.



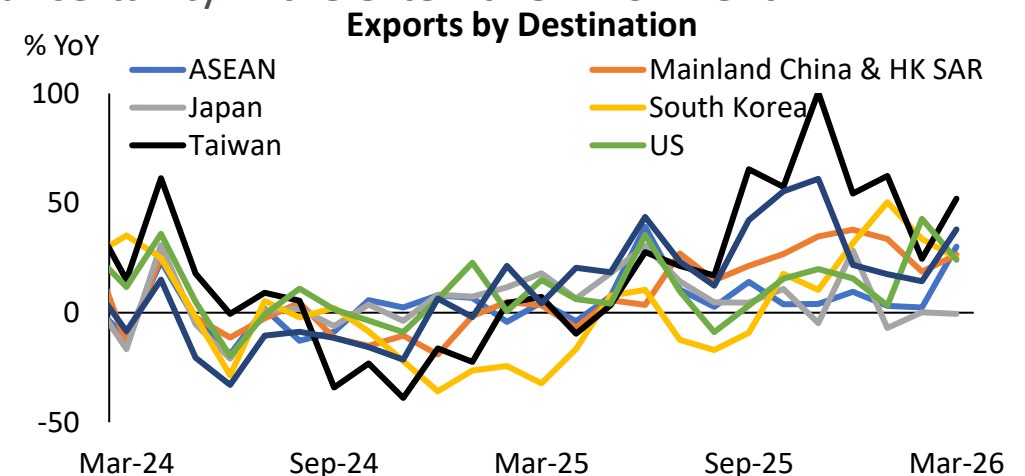
Philippines: Export growth accelerates

- March trade data surprised to the upside, with export growth expanding by double-digit figures to 20.4% YoY (consensus: 9.3%) compared to an upwardly revised 8.9% in February. Meanwhile, imports expanded 12.3% YoY (consensus: 7.6%) from an upwardly revised 16.6% the previous month. As a result, the trade deficit widened to USD4.5bn from USD4.0bn in February.
- The surge was driven by strong exports in ‘manufactures’ (21.9% versus 5.3%), which account for the largest share of total exports, expanding for the 15th straight months. The surge in export was also supported by robust shipments in ‘mineral products’ (40.2% YoY versus 53.4% YoY in February). This more than offset lower exports in ‘total agro products’, which declined by 7.2% YoY compared to +16.2% the previous month. By destination, export growth to the US remain robust at 24.2% YoY compared to 42.9% in February.
- The March figures bring 1Q26 trade growth to 12.7% YoY, compared to 21.9% in 4Q25. In contrast, imports growth rose 8.9% YoY in 1Q26, up from 3.4% growth in 4Q25. Looking ahead, we continue to expect the strong momentum in the export sector to lose steam in the quarters ahead due to uncertainty in the external environment.



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

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

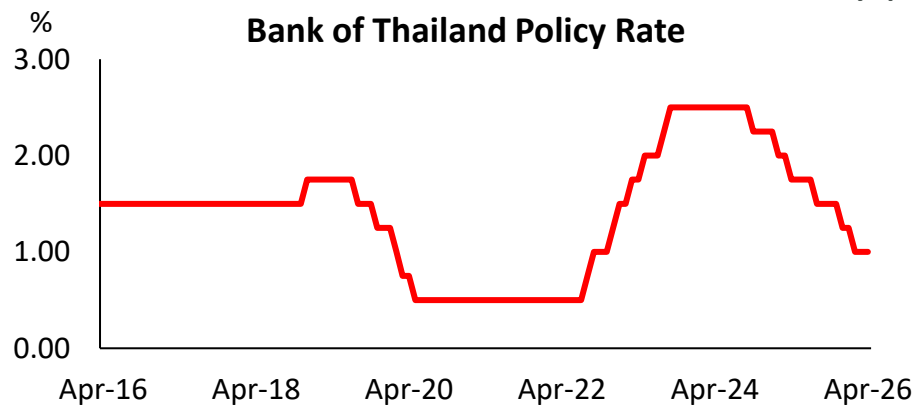


Source: Philippine Statistics Authority, CEIC, OCBC Group Research.



Thailand: BoT remains on hold but sounds cautious

- Bank of Thailand (BoT) kept its policy rate unchanged at 1.00%, in line with consensus and our expectations. The MPC voted 6-0 in favour of the decision. Geopolitical developments continued to dominate BoT's risk concerns as the Strait of Hormuz remains closed.
- BoT made some significant adjustments to its inflation forecasts – revising 2026 and 2027 headline CPI forecasts upward to 2.9% and 1.5% from 0.3% and 1.0%, previously. BoT noted that headline CPI will be above 3% in 2Q26. The pass through of higher global oil prices onto retail fuel prices has become more evident in recent weeks, given that cross-subsidy oil fund mechanism remains in a deficit. On growth, BoT maintained its official GDP growth forecast at 1.5% YoY. Meanwhile, GDP growth for 2027 was downgraded to 2.0% from 2.3% previously.
- Our read of the official policy statement points to underlying caution, with BoT keeping a close eye on inflation dynamics. Given the fluidity of the situation, we will continue to assess our baseline of BoT keeping the policy rate unchanged through 2026 against outcomes for inflation and inflation expectations. 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.

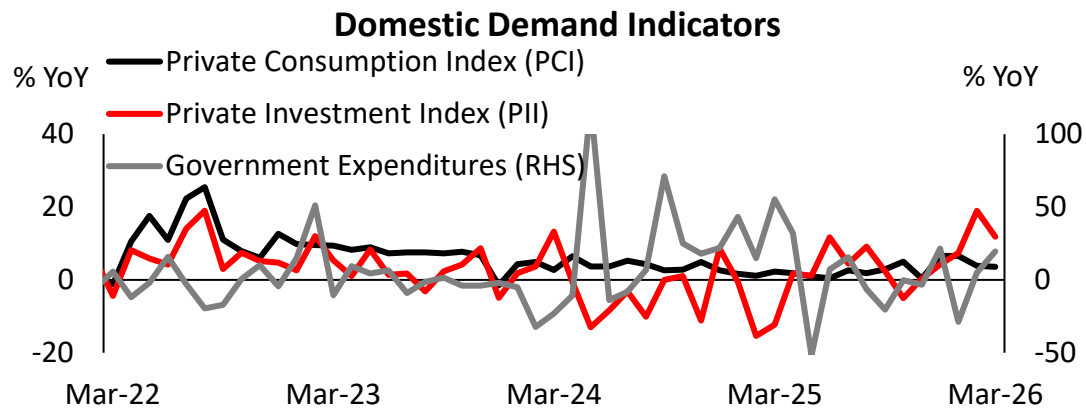
	GDP		CPI	
	2026F	2027F	2026F	2027F
Bank of Thailand	1.5	2.0	2.9	1.5
Ministry of Finance	1.6	-	3.0	-
NESDC*	1.4	2.2	2.9	1.0
OCBC	1.5	2.0	3.4	2.0

Note: *denotes NESDC most optimistic scenario to developments in the Middle East conflict and their potential impact on the Thai economy.

Source: Bangkok Post, The Nation Thailand, OCBC Group Research.

Thailand: Improved economic activity in 1Q26

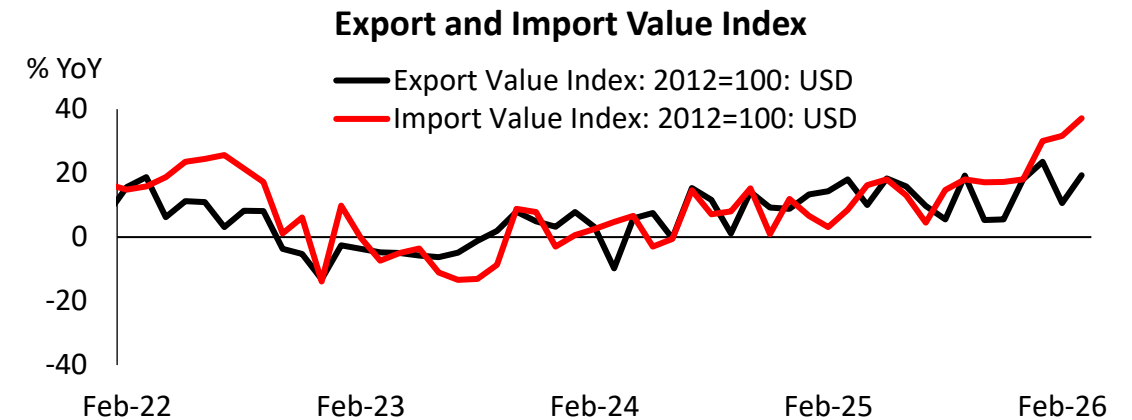
- March economic activity data was mixed. Although export growth accelerated, domestic demand indicators showed mixed signals. Export growth rose to 19.3% YoY in March, up from 10.7% in February while import growth remained robust at 37.2% YoY, compared to 31.7% in February. Consequently, the trade balance shifted into a deficit of USD0.1bn, compared to a surplus of USD0.6bn in February.
- On the domestic demand front, the private consumption index eased to 3.6% YoY, down from 3.9% in February, while government spending increased sharply by 19.4% YoY, up from 5.0% in the previous month. Growth in the private investment index remained robust at double digit figures, reaching 11.8% YoY compared to 19.0% in February, marking five consecutive months of expansion.
- Consequently, the private consumption index for 1Q26 expanded by 4.7% compared to 4.0% in the previous quarter. Exports of goods, a key growth driver, also rebounded to double-digit growth in 1Q26. Consequently, our tracking estimates indicate that the GDP growth for 1Q26 is estimated at 3.0% YoY versus 2.5% in 4Q25.



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



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

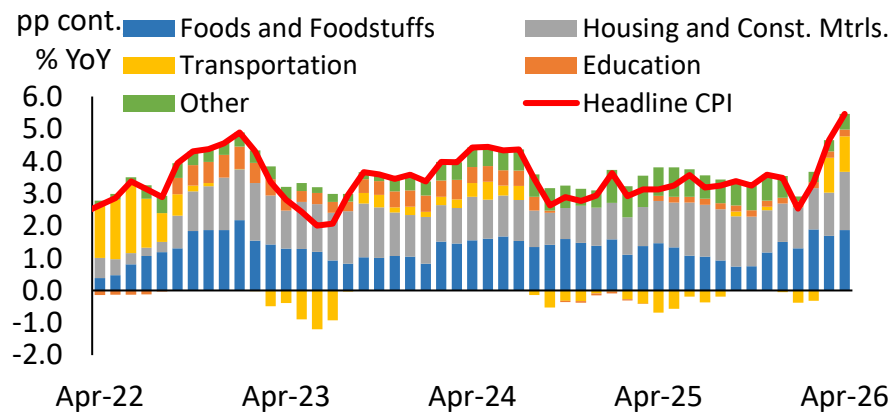


Source: Bank of Thailand, CEIC, OCBC Group Research.

Vietnam: Inflationary pressures intensify

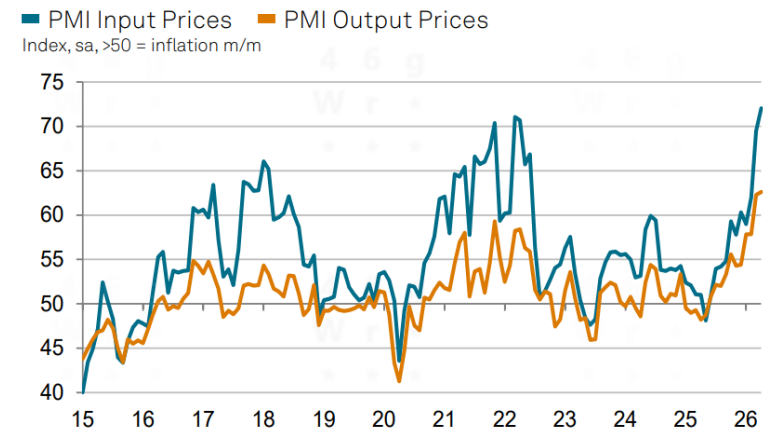
- Headline inflation rose to 5.5% YoY in April from 4.7% in March, exceeding expectations for a more moderate increase (OCBC: 5.0%; Consensus: 4.8%) and marking the highest reading since January 2020. The increase was broad-based, led by higher transportation inflation (11.1% in April from 10.8% in March), reflecting higher domestic fuel prices in line with global trends. This was accompanied by increases in housing & construction materials inflation (7.9% from 5.9%) and food & foodstuffs inflation (5.2% from 4.7%). Meanwhile, core inflation held steady at 4.0% YoY, unchanged from March. Rising inflationary pressures were also highlighted in the S&P Global Vietnam Manufacturing PMI for April, which noted that “input costs increased rapidly, with the rate of inflation accelerating to the fastest pace in 15 years,” while “output charges were also increased sharply.” The headline manufacturing index nevertheless eased to 50.5 in April, from 51.2 in March.
- Authorities have previously signalled that inflation could reach as high as 5.5% this year, above both the government’s target and our 4.5% forecast. Persistent inflationary pressures, alongside continued currency pressures, could eventually prompt policy tightening, although we currently expect the policy rate to remain on hold at 4.50% in the near term.

Drivers of CPI



Source: GSO, CEIC, OCBC Group Research.

S&P Global Vietnam Manufacturing PMI - prices



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



ESG



ESG: Countries discussed practical steps to phase out fossil fuels

- Around 60 governments, including Germany, Canada and Brazil, discussed phasing out fossil fuels at a conference, amid concerns over the Middle East conflict's impact on oil and gas markets. Notably, China, the US and Middle Eastern oil and gas producers were not involved in the discussions at Santa Marta, Colombia. The conference focused was on practical steps to shift economies away from fossil fuels to reduce heavy dependency on oil and gas imports, including financial instruments and regulatory incentives to kickstart a phase-out.
- The two-day conference took place outside the United Nations climate talks and reflects a growing impatience with its delay in tackling fossil fuels. Frustration following COP30 led to the creation of the Santa Marta conference, which took place outside the UN process and was co-hosted by Colombia and the Netherlands.
- At the conference, France announced a roadmap to phase out coal by 2030, oil by 2045 and gas by 2050, which also committed to help finance the transition in other countries. It formalises France's existing emissions targets, namely to reduce emissions by 5% a year over the 2024-2028 period with the goal of achieving carbon neutrality by 2050. Currently, France has a low-carbon electricity mix due to its large nuclear fleet, the second largest after the US. Nuclear power accounted for nearly 65% of total electricity production in 2024, according to France's Energy Regulatory Commission.
- This sends a strong signal to other economies to develop clear plans to diversify their energy mix with low-carbon energy sources. However, it also raises questions about transition finance for countries with different energy infrastructures and political contexts, especially countries that are heavily reliant on fossil fuels without many alternative energy sources, highlighting the need for tailored strategies that consider local realities.

FX & Rates



FX & Rates: Hormuz Bottleneck Bites

- **Hormuz Bottleneck Bites:** Oil prices are being held back only by inventory drawdowns. That support is fading. Without a Hormuz reopening, higher oil prices will be needed to crush demand, forcing volatility to spread beyond rates.
- **Three Big Developments:** A hawkish shift in Fed messaging, JPY intervention around 160, and the UAE's OPEC exit stood out last week. Near-term price action was muted, but longer-term policy and supply implications deserve attention.
- **USDSGD** eased amid sharp pullback in oil prices and USDJPY. That said, move lower may look more like relief than reversal unless geopolitical pressures de-escalate further.
- **Tight Calls, Tighter Politics:** A tight RBA call keeps AUD supported, backed by the commodity upswing, while UK politics re-enter focus, capping GBP as elections threaten to reignite fiscal concerns.
- **Slower Oil Unwind:** Damage to infrastructure and precautionary stockpiling should keep prices elevated even if the Strait of Hormuz reopens. We now expect Brent to end the year near USD80/bbl, up from USD70/bbl previously.
- **Asia ex-Japan calendar** is busy this week, with focus on energy pass-through in CPI prints, tech/export momentum in Taiwan, ASEAN growth data and BNM's policy decision.



Disclaimers

This report is solely for information purposes and general circulation 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 report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. 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 report 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 report 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 report 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, it 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. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited (“OCBC Bank”), Bank of Singapore Limited (“BOS”), OCBC Securities Private Limited (“OSPL”) and their respective 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 or securities related services to such issuers as well as other parties generally. 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, BOS, OSPL 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).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Additional disclosures and disclaimers applicable only to clients of Bank of Singapore Limited

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) (“BOS”) and Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) (Co Reg. No.: 193200032W). BOS and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by BOS’ or OCBC Bank’s wilful default or gross negligence.

The DIFC Branch of BOS has not conducted or produced any research contained in this material and is acting solely as a conduit in forwarding it to you.

For BOS clients in the United Kingdom:

This research has been prepared by OCBC Bank and made available to BOS. It is intended solely for informational purposes and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any financial instruments. Any payments or non-monetary benefits received or paid will be fully disclosed in accordance with applicable regulations, promptly and transparently, and will not influence the advice or services offered to you. If you would like more information about any inducements received, please contact your Relationship Manager.

Cross Border Disclaimer and Disclosures

Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.

