Weekly Macro Views (WMV)

Global Markets Research & Strategy

9 June 2025

Weekly Macro Update

Key Global Data for this week:

09 June	10 June	11 June	12 June	13 June
• **CH** Trade Balance • **CH** PPI YoY • **CH** CPI YoY • **JN** GDP SA QoQ • **US** Wholesale Inventories MoM • **US** NY Fed 1-Yr Inflation Expectations	• **AU** Westpac Consumer Conf SA MoM • **ID** Foreign Reserves • **UK** Average Weekly Earnings 3M/YoY • **UK** ILO Unemployment Rate 3Mths	• **CA** Building Permits MoM • **JN** PPI YoY • **MA** Industrial Production YoY • **SK** Unemployment rate SA • **US** CPI YoY	• **HK** Industrial Production YoY • **HK** PPI YoY • **UK** Manufacturing Production YoY • **UK** Industrial Production YoY • **UK** Construction Output YoY • **US** PPI Final Demand YoY	• **GE** CPI YoY • **FR** CPI YoY • **IN** Trade Balance • **JN** Industrial Production YoY • **US** U. of Mich. Sentiment

Summary of Macro Views:

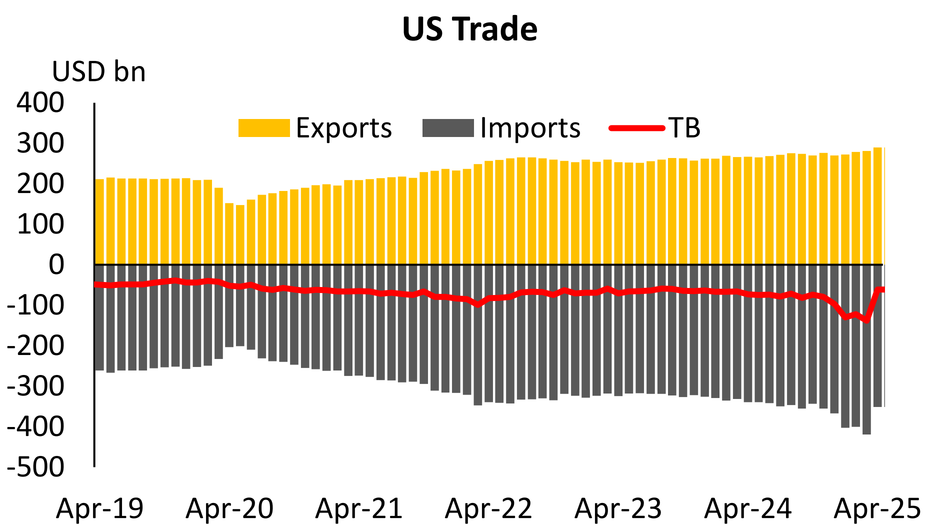
Global	• **US**: Trade talk optimism; front loading eased • **US:** Lower job growth; unemployment rate unchanged • **US:** Weakening economic activities • **EC**: ECB cut policy rates; upward revision to 1Q25 growth
Asia	• **SG**: Stagnant retail sales in April • **ASEAN:** Tariff negotiation updates

Asia	• **PH:** Lower inflation • **TH:** Still negative headline inflation
Asset Class	• **Commodities:** Higher oil prices • **ESG**: Supply of eligible international carbon credits in SG remains constrained • **FX & Rates:** US-China trade talk in focus

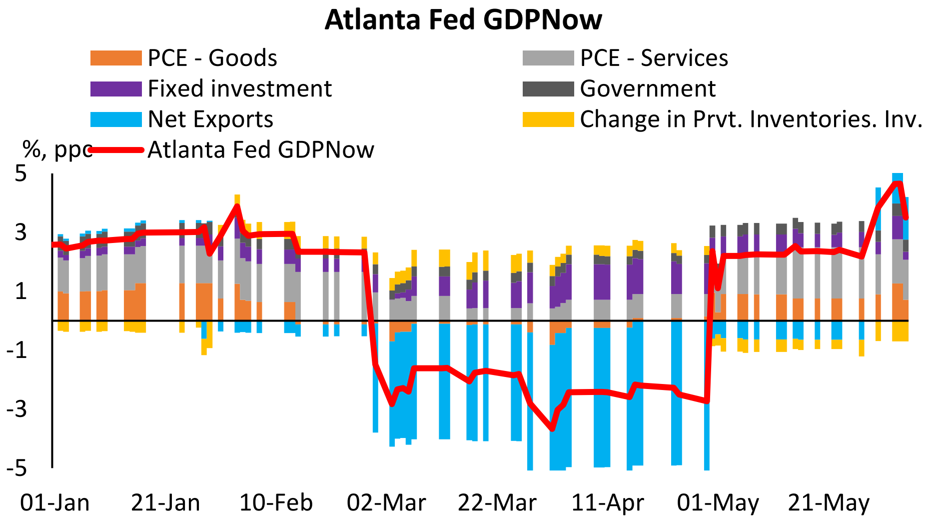
OCBC

United States: Trade talk optimism; front loading eased

- Optimism grew as US–China trade talks were scheduled for London starting Monday (9 June). China has approved temporary export licenses to rare-earth suppliers of top US automakers, while Boeing Co. has begun shipping commercial jets to China for the first time since early April, as trade ties improve.
- Meanwhile, the US trade deficit narrowed to USD61.6bn in April from a downwardly revised USD138.3bn in March, as imports of goods and services fell to a record 16.3% MoM sa, while exports rose by 3%. This may suggest that the front-loading of imports ahead of tariffs has ended. Consequently, this should lift 2Q25 GDP growth, with the Atlanta Fed revising its GDPNow estimate up to 3.5% annualized (vs -0.3% in 1Q25).



Source: US Census Bureau, OCBC.

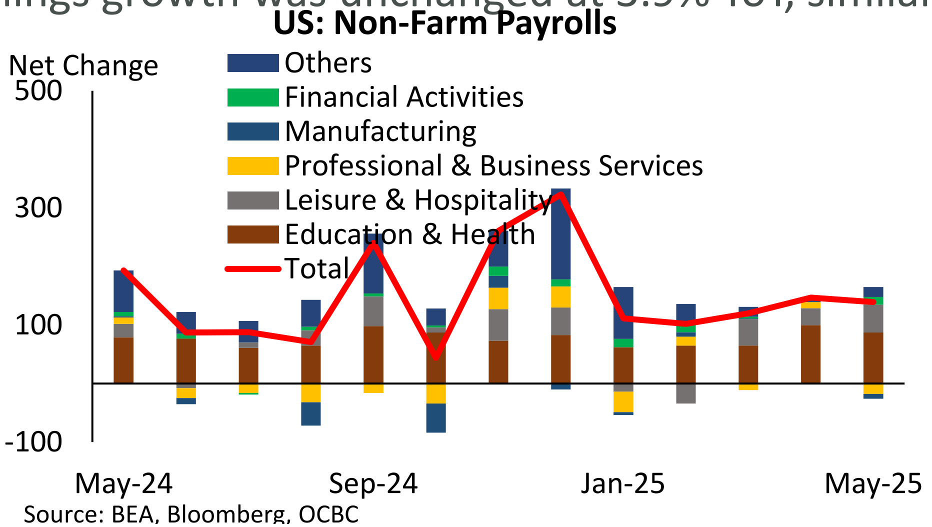


Source: Atlanta Fed, OCBC.

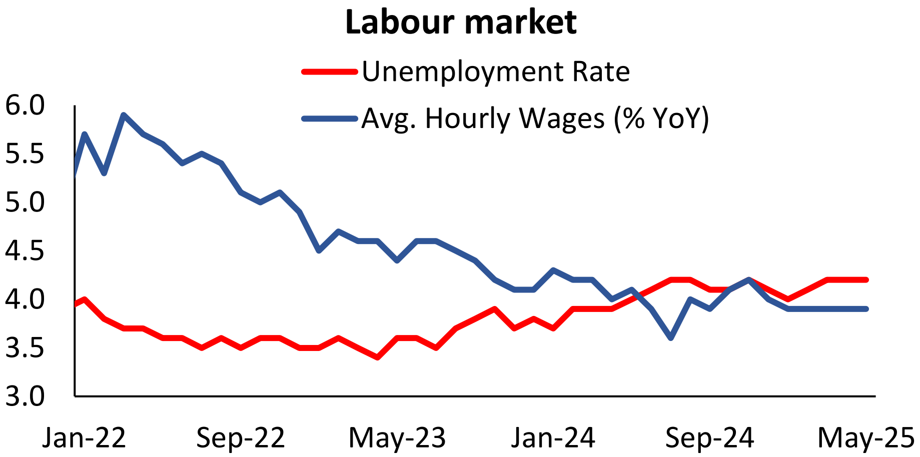
Source: US Census Bureau, Atlanta Fed, OCBC

United States: Lower job growth; unemployment rate unchanged

- Non-farm payrolls rose by a more-than-expected 139k in April (consensus: 126k) but was lower than 147k in March. The figure for March and April were also revised lower by 65k and 30k, respectively. Details show that the increase in nonfarm payrolls was largely sustained by the education and health services sectors (87k), followed by leisure and hospitality sector (48k), and financial activities (32k). In comparison, the professional and business services industry experienced a 18k job loss, making it the most significant contributor to the easing non-farm payrolls growth. Other industries such as manufacturing (-8k) and mining and logging (-1k) also saw lower payrolls in April.
- The better-than-expected NFP was in contrast to the notably lower-than-expected ADP report, which indicated that private payrolls only increased by 37k in May (versus a consensus of 114k), compared to 60k in April, the lowest reading since March 2023.
- The unemployment rate in May remained steady at 4.2%, aligning with market expectations. Similarly, the average hourly earnings growth was unchanged at 3.9% YoY, similar to April, but was higher than the consensus of 3.7%.



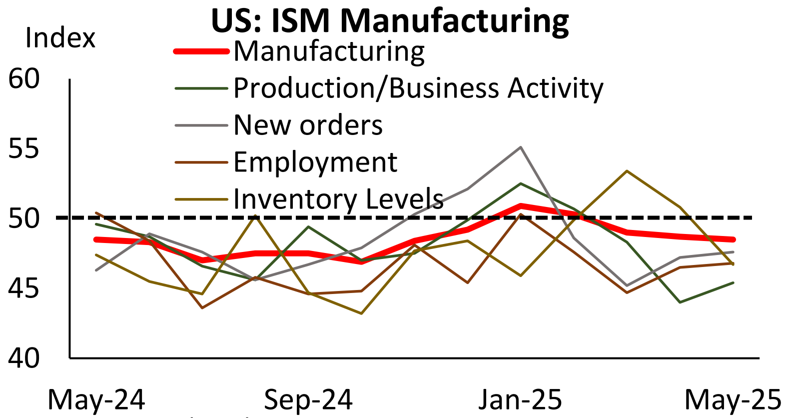
Source: BEA, Bloomberg, OCBC



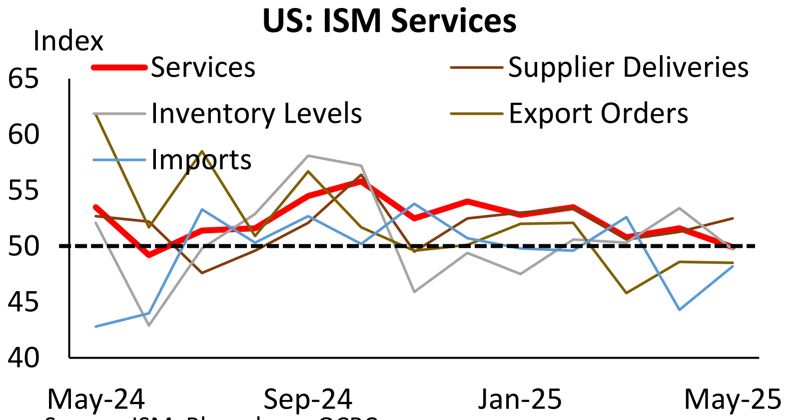
Source: Bureau of labour statistics, Bloomberg, OCBC.

United States: Weakening economic activities

- The manufacturing sector showed signs of weakening, with the ISM manufacturing reading edging lower to 48.5 in May from 48.7 in April, marking the third consecutive month of readings below 50. The decline mainly reflected a notable drop in overall inventory levels, which more than offset the marginal improvement in new orders, employment, and production activities. Meanwhile, the prices paid index remained elevated at 69.4 (vs. 69.8 in April), the highest since 2022. The survey noted that "demand has reduced the need to maintain import levels from the previous month, as well as due to the impact of tariff pricing."
- The service sector was also sluggish in May, with the ISM services dropping to 49.9, compared to 51.6 in the previous month. This marked its first contraction since June 2024, while prices paid remained at elevated levels, rising to 68.7 from 65.1. Like the manufacturing sector, the service sector also experienced lower inventory levels.
- The latest ISM report highlights that tariffs continue to be a major concern for businesses, especially regarding their impact on business costs.



Source: ISM, Bloomberg, OCBC



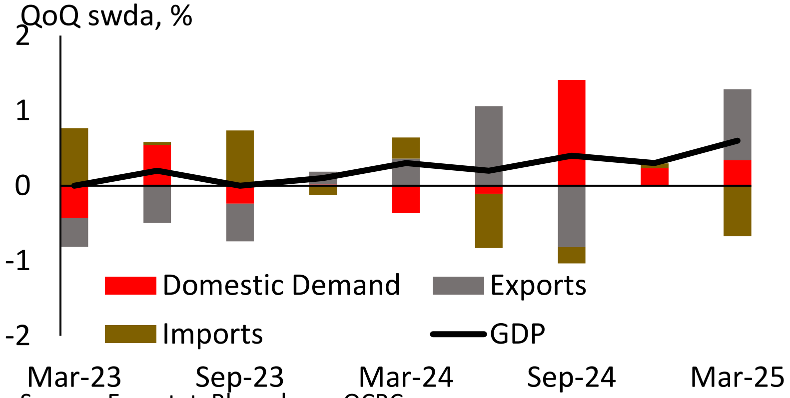
Source: ISM, Bloomberg, OCBC

Source: ISM, Bloomberg, OCBC

Eurozone: ECB cut policy rates; upward revision to 1Q25 growth

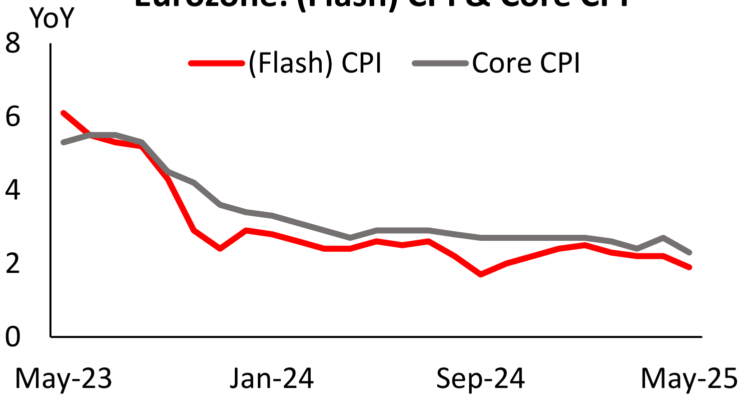
- ECB cuts its policy rate by 25bp at its 5 June meeting, in line with expectations. Specifically, ECB President Lagarde opined that the bank is now “in a good position” as inflation is currently around its target, which could suggest that ECB is nearing the end of its rate-cutting cycle. We have another 25bp rate cut from ECB pencilled in for the rest of 2025
- 1Q25 GDP growth was revised up from advance estimates of 0.3% QoQ seasonally adjusted (1.2% YoY sa) to 0.6% (1.5% YoY), according to the third reading of the data, exceeding market expectations (0.4%, 1.2% YoY, seasonally adjusted). It also marked the highest quarterly growth rate since 3Q22. The better-than-expected GDP growth was driven by a notable increase in investments (1.8% in 1Q25, up from 0.7% in 4Q24). In addition, both exports and imports also grew substantially by 1.9% QoQ sa and 1.4% in 1Q25, compared to 0.0% and -0.1% in 4Q24, respectively.
- On the inflation front, the flash estimate suggests that headline inflation eased to 1.9% YoY in May from 2.2% in April, as energy prices remained muted (-3.6% YoY from -1.0% in April). Excluding the volatile energy and food prices, the core CPI eased to 2.3% from 2.7%.

Eurozone: GDP growth, QoQ% swda



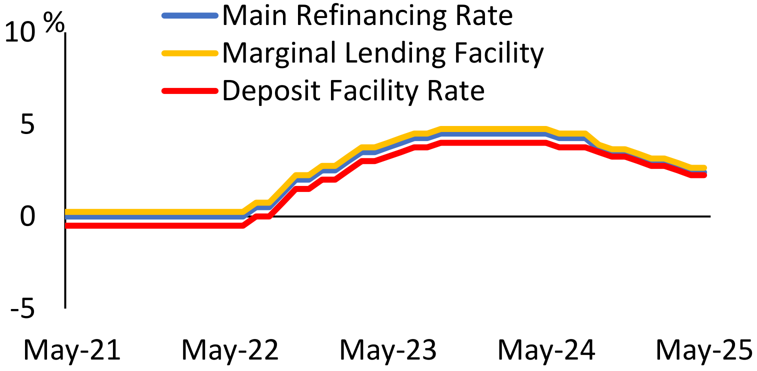
Source: Eurostat, Bloomberg, OCBC

Eurozone: (Flash) CPI & Core CPI



Source: Eurostat, Bloomberg, OCBC

ECB policy rates



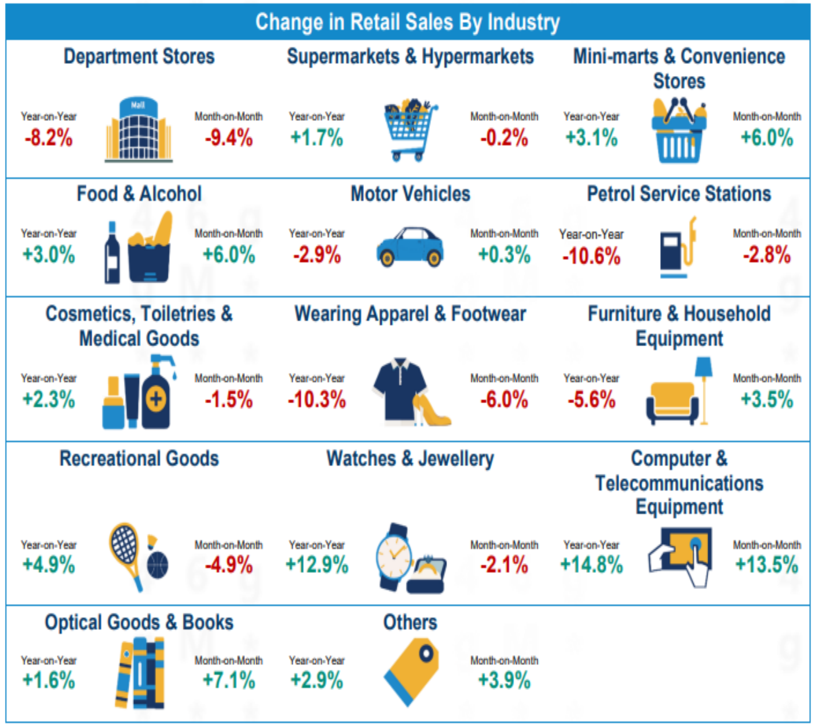
Source: ECB, Bloomberg, OCBC.

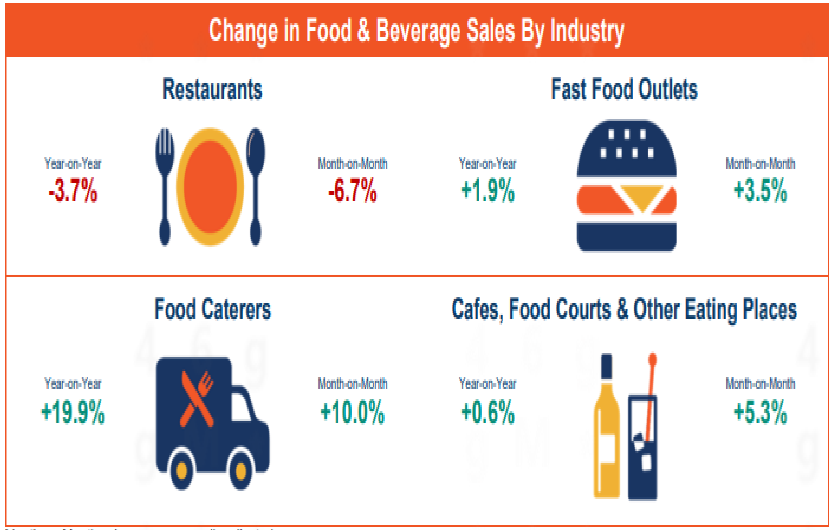
Source: Eurostat, Bloomberg, OCBC

Singapore: Stagnant retail sales in April

- Retail sales moderated to near stagnant speed at 0.3% YoY (0.3% MoM sa) in April, down from a revised 1.3% YoY (-2.7% MoM sa) last month. It was below both Bloomberg (1.7% YoY) and OCBC (1.0% YoY) forecast. Looking at sectors, computer and telecommunication equipment registered the highest growth rate (14.8% YoY), followed by watches & jewellery (12.9% YoY) and recreational goods (4.9% YoY). In comparison, domestic discretionary spending may be faltering for areas like wearing apparel & footwear (-10.3% YoY), petrol service stations (-10.6% YoY), and department stores (-8.2% YoY). Within the F&B industry, there was a contrast between F&B sales for restaurants (-3.7% YoY) versus fast food outlets (1.9% YoY) and cafes, food courts & other eating places (0.6% YoY), with food catering grew exceptionally by 19.9% YoY.

- For the first four months of 2025, retail sales averaged 0.9% YoY, compared to 2.8% YoY for the same period last year. Looking forward, the outcome of tariff negotiations between the US and other countries, especially China, has an impact on our growth outlook. Our retail sales forecast for 2025 is 1.0-1.5% YoY, yet it would require some clarity on the global trade and growth prospects, as well as the sustenance of the domestic labour market which is important for private consumption health, and visitor arrivals and spending.





Month-on-Month values are seasonally adjusted.

OCBC Source: Singstat, OCBC.

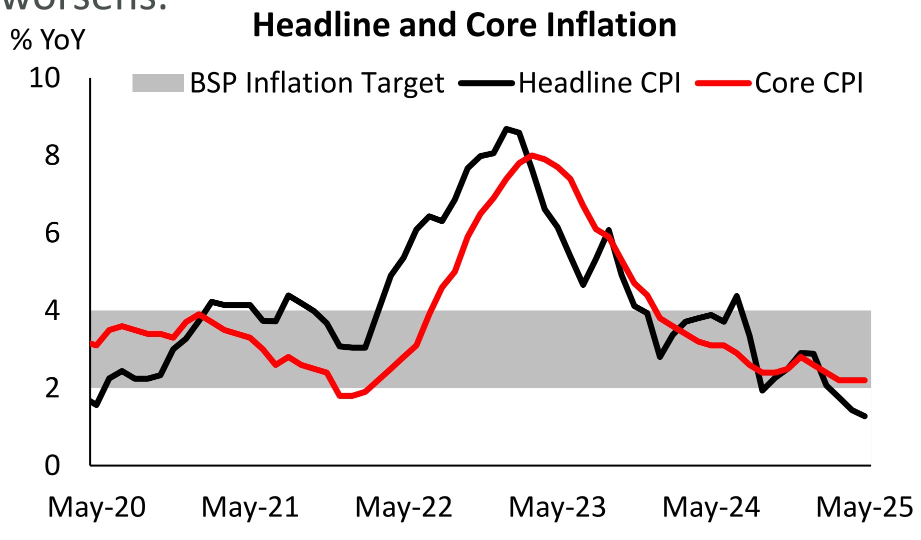
ASEAN: Tariff negotiation updates

- **Indonesia:** Coordinating Minister Airlangga Hartarto said a delegate will head to Washington this week (9-15 June, without disclosing specific date) for a second round of trade talks with the US, aiming to prevent reciprocal tariffs scheduled to start in July, according to Bloomberg. He stressed that national interests remain the top priority, and that the government is ready to accelerate the negotiation process. Ahead of the talks, the government has previously revealed plans to present a list of proposed preferential tariffs on selected US goods.
- **Vietnam:** A delegation, led by Minister of Agriculture and Environment Do Duc Duy, visited the US from 2 to 6 June aimed at promoting trade and increase imports of American agricultural products. Comprising 50 government agencies and businesses, the delegation held meetings in Iowa, Ohio, and Washington, D.C., and saw Vietnamese businesses sign 20 deals to import agricultural products from the US with a total estimated value of up to USD 3 billion. A statement from the ministry also emphasized that the new Decree 73/2025/ND-CP, issued on 31 March, 2025, reduces tariffs to 0% for agricultural, forestry, and fishery exports that may be significant from the United States. Meanwhile, the US has presented Vietnam with a list of requests aimed at reducing the use of Chinese materials in its factories as part of tariff negotiations, as reported by Reuters. The list is part of an “annex” to a framework text prepared by the US negotiator and demands stricter control over production and supply chains."

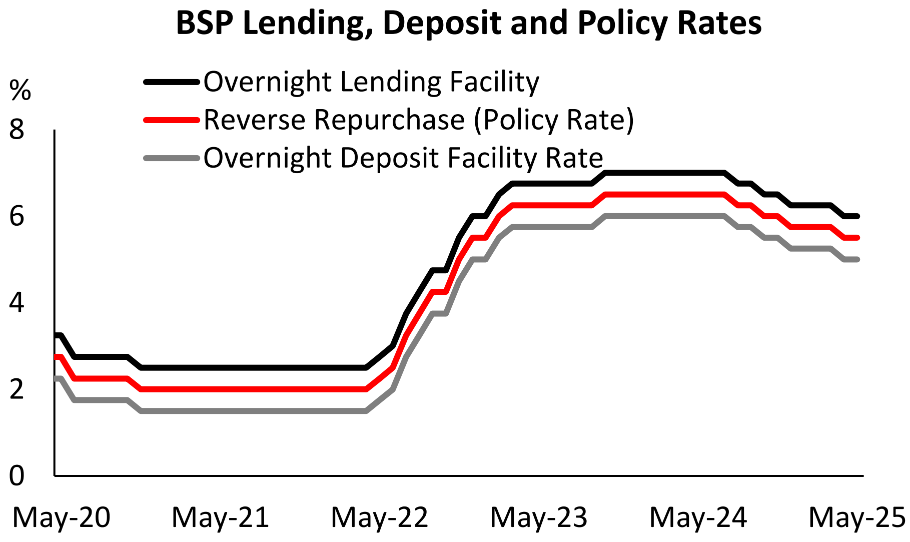
Source: Various news sources, OCBC.

Philippines: Lower inflation

- Headline CPI eased further to 1.3% YoY in May versus 1.4% in April, and in line with expectations (Consensus: 1.3%; OCBC: 1.2%). Meanwhile, core inflation held steady at 2.2% YoY, for the third consecutive month.
- Lower inflation in key categories such as utilities (2.3% YoY versus 2.9% in April), furnishing (2.0% versus 2.1%), transport (-2.4% versus -2.1%), and restaurants (2.0% versus 2.3%) more than offset higher inflation in 'alcoholic beverages & tobacco', 'information & communication', 'recreation, sport & culture', and 'education services' categories.
- Headline inflation averaged 1.9% YoY in January-May 2025 versus 3.2% in 2024. Lower inflationary pressures are supportive of Bangko Sentral ng Pilipinas (BSP) continuing with its monetary policy easing cycle. Our baseline remains for another 25bp in rate cut, taking the policy rate to 5.25% by end-2025. We do not rule out further rate cuts if the external backdrop worsens.



Source: Philippine Statistics Authority, Bangko Sentral ng Pilipinas, CEIC, OCBC.



Source: Bangko Sentral ng Pilipinas, CEIC, OCBC.

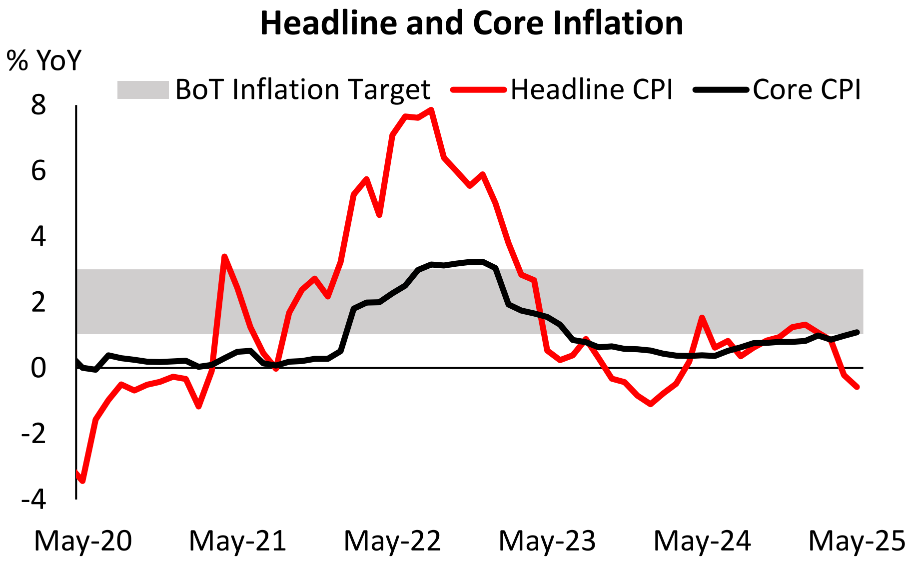
Source: Philippine Statistics Authority, Bangko Sentral ng Pilipinas, CEIC, OCBC.

Thailand: Still negative headline inflation

- Headline inflation declined by 0.6% YoY in May, down from -0.2% YoY in April. By contrast, core inflation edged higher to 1.1% YoY versus 1.0% in April.
- The main drivers were lower inflation in the 'food & non-alcoholic beverages', 'apparel & footwears', 'medical & personal care', 'transport & communication', and 'recreation, reading, education and religion' categories. Headline CPI averaged 0.5% YoY in January-May 2025 versus 0.4% in 2024. For 2025, we forecast headline inflation to average at 0.9% YoY in 2025 reflecting the government's energy policies, lower global oil prices and weak domestic demand conditions.
- The case for further cuts is limited as the Bank of Thailand (BoT) highlighted the need to preserve policy space. Our baseline is for one more 25bp cut from the BoT this year, bringing the policy rate to 1.50% by end-2025. But the change in leadership at the BoT following the end of the current governor's term on 30 September is a crucial unknown.

Drivers of inflation, % YoY	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Headline CPI	1.3	1.1	0.8	-0.2	-0.6
Food & Non Alcoholic Beverages	1.8	2.0	2.4	1.6	0.9
Apparel & Footwears	-0.2	-0.3	-0.4	-0.6	-0.9
Housing & Furnishing	0.4	0.5	0.0	-0.7	-0.3
Medical & Personal Care	-0.5	-0.5	-0.6	-0.7	-1.1
Transport & Communication	2.1	0.5	-0.4	-3.0	-3.4
Recreation, Reading, Education and Religion	0.4	0.4	0.4	0.7	0.4
Tobacco & Alcoholic Beverages	0.8	0.3	0.1	0.1	0.1
Core Consumer Price Index	0.8	1.0	0.9	1.0	1.1

Source: Ministry of Commerce, CEIC, OCBC



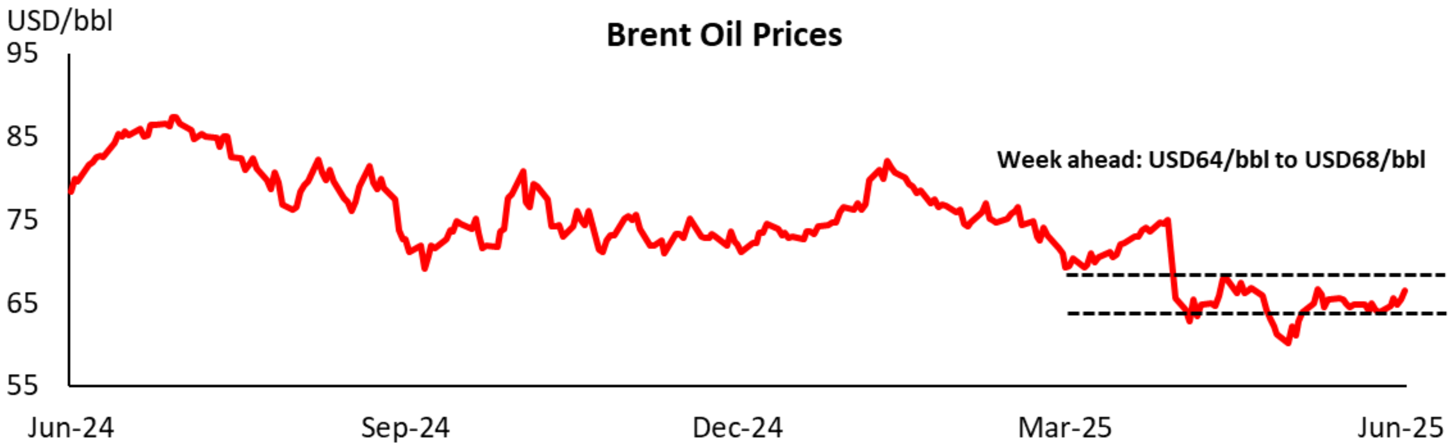
Source: Bureau of Trade and Economic Indices, CEIC, OCBC.

Source: Ministry of Commerce, CEIC, OCBC.

Commodities

Commodities: Higher oil prices

- Crude oil benchmarks advanced for the first time in three weeks, with WTI and Brent increasing by 6.2% and 4.0% week-on-week, respectively, to close at USD64.6/bbl and USD66.5/bbl.
- The rally was driven by optimism over renewed US-China trade talks following a positive conversation between US President Donald Trump and Chinese President Xi Jinping. Meanwhile, this risk-on sentiment was bolstered by stronger-than-expected US jobs data, which eased concerns about a potential slowdown in the US economy.
- US-China trade talks will be the focus for this week. We expect Brent crude to trade within the range of USD64-68/bbl. On data release, we look out for following economic data prints from the US (i.e., May CPI, and PPI data). We also have monthly releases from EIA.



Source: Bloomberg, OCBC.

Source: Bloomberg, Reuters, OCBC.

ESG

ESG: Supply of eligible international carbon credits in SG remains constrained

- Carbon tax-liable companies in Singapore are allowed to carry over unused offsets to 2025, driven by the limited supply of eligible Article 6-aligned credits that companies can use to offset their taxable emissions. The Government has also been providing transitory allowances to help some companies cope with the carbon tax increase and remain competitive in the region. As carbon tax-liable companies are allowed to use eligible international carbon credits to offset up to 5% of their taxable emissions, they can offset up to 10% of their emissions in 2025 if they did not utilise any carbon offsets in 2024.
- Singapore is making progress with other countries on carbon credit collaborations and have signed Implementation Agreements (IAs) with seven countries since 2023, namely (i) Paraguay, (ii) Papua New Guinea, (iii) Ghana, (iv) Bhutan, (v) Peru, (vi) Chile and (vii) Rwanda. Singapore has also signed MoUs with more than 15 countries to collaborate on Article 6, with a view to signing IAs eventually. While there are no eligible carbon credits yet, progress has been made with Ghana as Singapore and Ghana have called for project developers to submit applications for their carbon credit projects in Ghana to be authorised.
- Companies would have to focus on domestic emissions reductions until these carbon credits become available. It is uncertain if repeated rollovers would be allowed if the supply of eligible carbon credits remains low in the near term, as there may be concerns that some companies start to view carbon credits as a strategy to evade carbon taxes.
- Market participants are also calling for a harmonised carbon trading framework across all Southeast Asian markets to help boost private sector investments and support the operationalisation of carbon credit collaborations in the region. The Asean Common Carbon Framework (ACCF), comprising industry associations from Malaysia, Indonesia, Thailand and Singapore, is calling for more countries to join.

OCBC

Source: The Straits Times, OCBC

FX & Rates

FX and Rates: US-China trade talk in focus

- **USD Rates.** UST yields rose across the curve and ended Friday higher as US labour market stayed resilient. May non-farm payroll came in at 139K; the jobless rate stayed unchanged at 4.2% and underemployment rate was unchanged at 7.8%, while average hourly earnings accelerated to 0.4% MoM or 3.9% YoY. The next key release is May CPI where consensus is for a mild pick-up. This week brings auctions of USD58bn of 3Y, USD39bn of 10Y and USD22bn of 30Y coupon bonds; net bills paydown is at USD61bn. Range for 10Y yield is still seen at 4.34-4.52%.

- **DXY.** Better than expected US payrolls report last Fri and optimism over US-China talks (later today) supported equity risk sentiments in Asia Monday morning. Typical risk-on FX including AUD and NZD were better bid while AxJs traded mixed. The ~10% USD sell-off since the start of this year also showed some signs of tentative breather. XAUXAG cross fell sharply as US-China trade talks helped to partially reduce tariff uncertainty. The more upbeat US payrolls report may potentially be a trigger for some USD short covering ahead of CPI, PPI reports (Wed, Thu, respectively) and FOMC event risk next week. US Treasury Secretary Bessent, Commerce Secretary Lutnick and US Trade rep Greer will meet the Chinese delegation, led by Vice Premier He Lifeng for a second round of talks. Over the weekend, China approved some applications for rare-earth exports after Trump said that President Xi has agreed to restart the flow of minerals and magnets using the materials. It was also reported that Trump told Xi that Chinese students are welcome to study in the US. We continue to watch how developments pan out and if this round leads closer to a formalised agreement before the truce expires on 12 Aug.

- **CNY Rates.** Repo-IRS traded on the soft side Monday morning as May PPI deflation deepened to 3.3% YoY in May, while CPI deflation stayed at 0.1% YoY. PBoC net injected CNY173.8bn of liquidity via daily OMOs this morning; there are CNY930.8bn of reverse repos maturing for the rest of the week; NCD maturity for the rest of the month amounted to CNY3.5trn. Front-end implied CNY rates edged lower and hovered around 1.6% level. We expect continued liquidity support where appropriate, which is likely to keep front end rates anchored.

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