Weekly Macro Views (WMV)

Global Markets Research & Strategy

1 December 2025

Weekly Macro Update

Key Global Data for this week:

1 Dec	2 Dec	3 Dec	4 Dec	5 Dec
• **EC** HCOB Eurozone Manufacturing PMI • **HK** Retail Sales Value YoY • **ID** CPI YoY • **ID** Trade Balance • **SK** Exports YoY • **US** ISM Manufacturing	• **AU** BoP Current Account Balance • **EC** CPI Estimate YoY • **EC** Unemployment Rate • **SI** Purchasing Managers Index • **SI** Electronics Sector Index • **SK** CPI YoY	• **AU** GDP YoY • **EC** PPI YoY • **TH** CPI YoY • **SK** GDP YoY • **US** Industrial Production MoM • **US** ISM Services Index	• **AU** Trade Balance • **EC** Retail Sales YoY • **PH** Bank Lending YoY • **TH** Gross International Reserves • **US** Initial Jobless Claims • **US** Continuing Claims	• **EC** GDP SA YoY • **IN** RBI Repurchase Rate • **PH** CPI YoY 2018=100 • **SI** Retail Sales YoY • **US** U. of Mich. Sentiment • **US** Core PCE Price Index YoY

Summary of Macro Views:

Global	• **US:** Retail sales slows while sentiment continues to slump
Asia	• **SG:** Manufacturing growth better than expected • **CH:** Weak recovery of PMI • **HK:** Housing price continued recent uptrend • **HK:** Exports performance held up • **IN:** Robust growth, INR depreciation

Asia	• **MY:** Sabah elections suggests a headline status quo • **ID:** Headline CPI eased in November • **ID:** October trade data disappoints
Asset Class	• **ESG:** Continued push for sustainable aviation fuel (SAF) despite high costs • **FX & Rates:** SGD rates movements; China soft PMIs

OCBC

Global: Central Bank

Reserve Bank of India (RBI)

Friday, 5th December

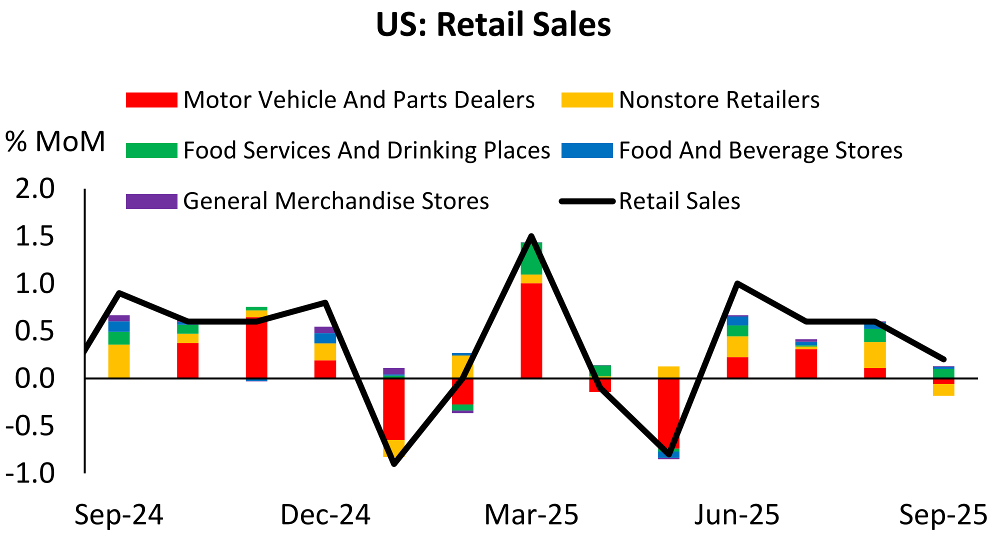
House Views

Repurchase Rate

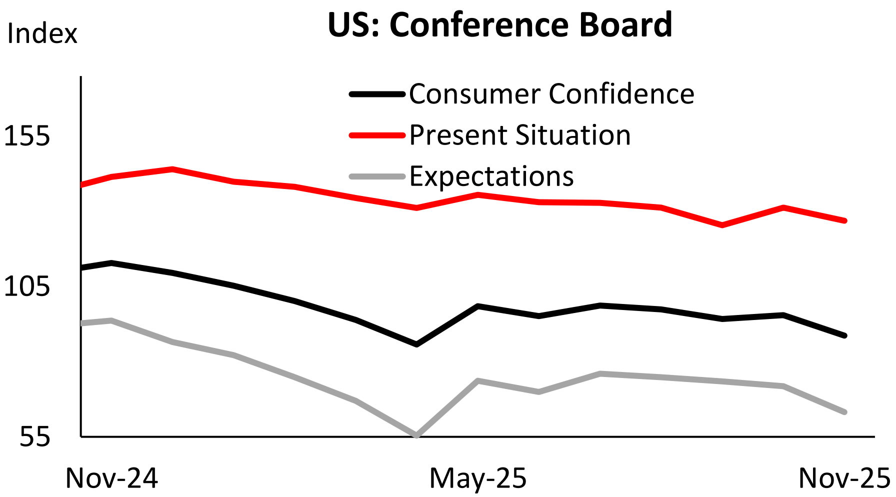
Likely hold at 5.50%

US: Retail sales slows while sentiment continues to slump

- Advanced estimates for retail sales growth in the US slowed to 0.2% MoM (4.3%) YoY in September, following a 0.6% rise in August, and below expectations of a 0.4%. This was the smallest increase in four months, suggesting a pullback on retail spending. Sales rose the most amongst miscellaneous store retailers (2.9%), gasoline stations (2%) and health & personal care stores (1.1%). On the other hand, sales fell the most for sporting goods, hobby, musical instrument, & bookstores (-2.5%), clothing (-0.7%) and non-store retailers (-0.7%).
- The Consumer Confidence Index declined to 88.7 from 95.5, the lowest in 7 months. Meanwhile, the index to gauge present situation and expectations dropped to 126.9 and 63.2, from 131.2 and 71.8 in October respectively. According to the conference board, inflation expectations remain elevated, as plans for big-ticket purchases such as automobiles, household appliances and homes declined, in line with the pull-back in retail spending.



Source: US Census Bureau, Bloomberg, OCBC



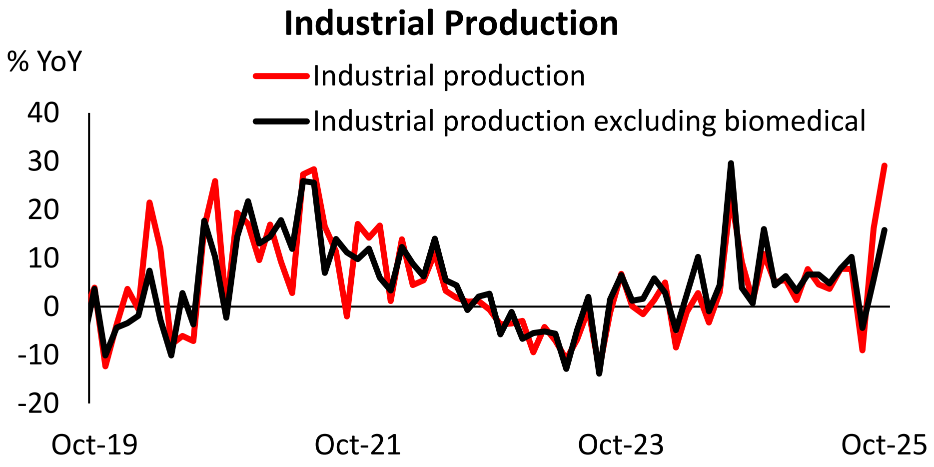
Source: The Conference Board, Bloomberg, OCBC

Source: US Census Bureau, The Conference Board, OCBC.

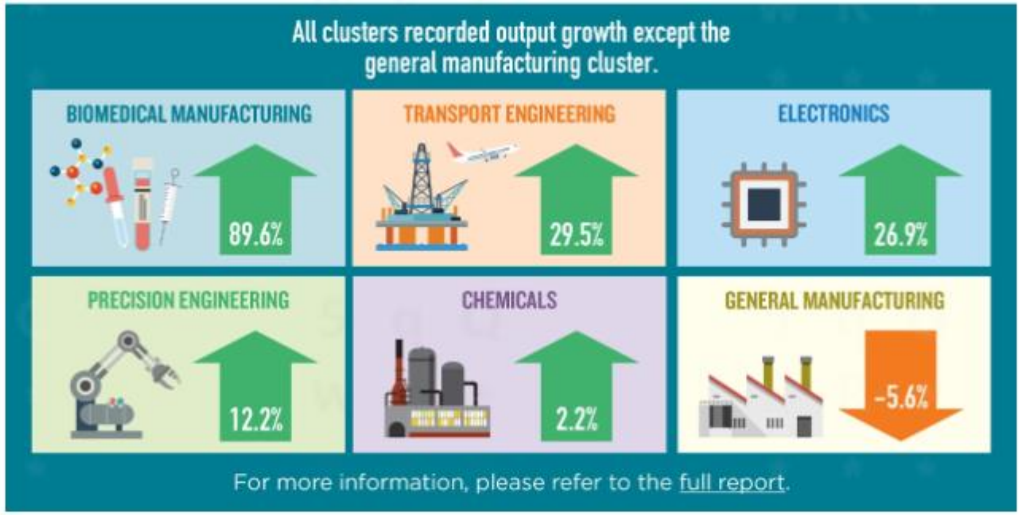
Singapore: Manufacturing growth better than expected

- Manufacturing momentum remained strong with a better than expected 29.1% YoY (11.5% MoM sa), coming in nearly double of the revised September print of 16.2% YoY (26.4% MoM sa). This print also beat market consensus forecast of 6.7% YoY (-8.3% MoM sa) and our forecast of 12.2% YoY (-2.8% MoM sa). Excluding biomedical manufacturing, output jumped 15.8% YoY (11.7% MoM sa). The main driver was biomedical manufacturing which surged 89.6% YoY, the highest expansion since December 2021, and was led by pharmaceuticals which increased by 122.9% YoY amid higher production of active pharmaceutical ingredients and biological products.

- More broad-based growth in the manufacturing sector implies Singapore's growth will have legs to end on a strong note in 4Q25. Looking ahead, even if manufacturing output growth moderates in November-December 2025, we are upgrading our full-year 2025 manufacturing growth to 6.1% YoY. For 2026, we tip manufacturing growth to ease to 2.3% YoY given the higher-than-expected base for 2025. 2025 GDP growth may also come in slightly above the 4% handle if upside manufacturing surprises sustain into November-December 2025.



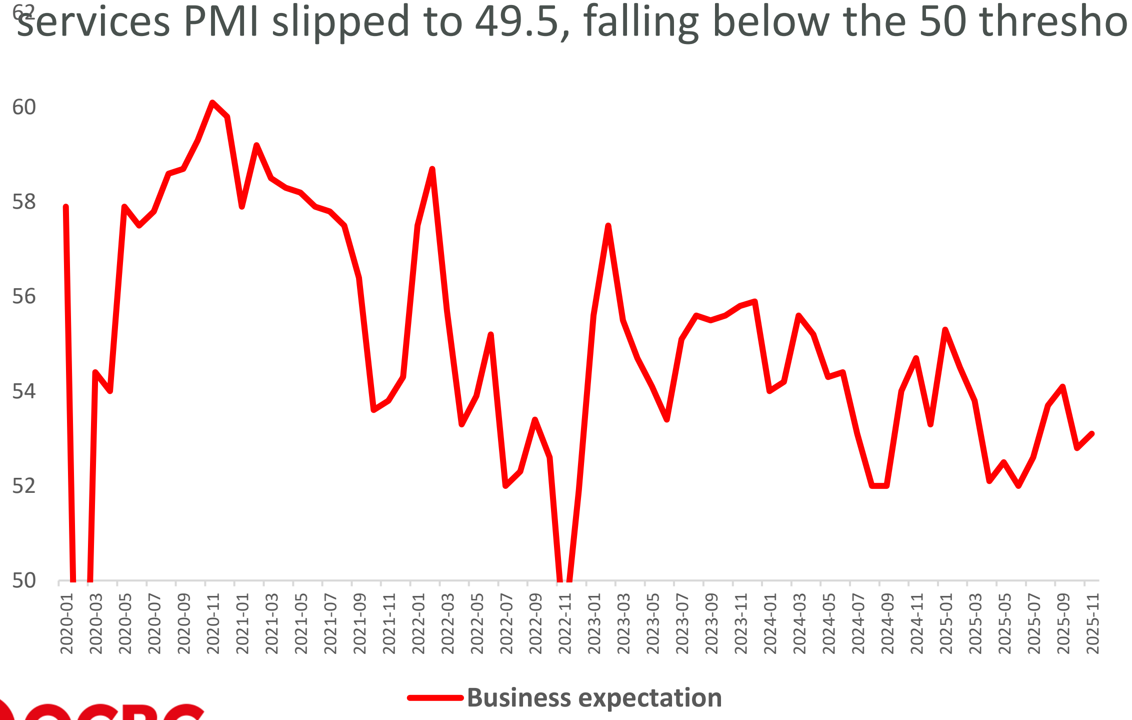
Source: EDB, CEIC, OCBC.

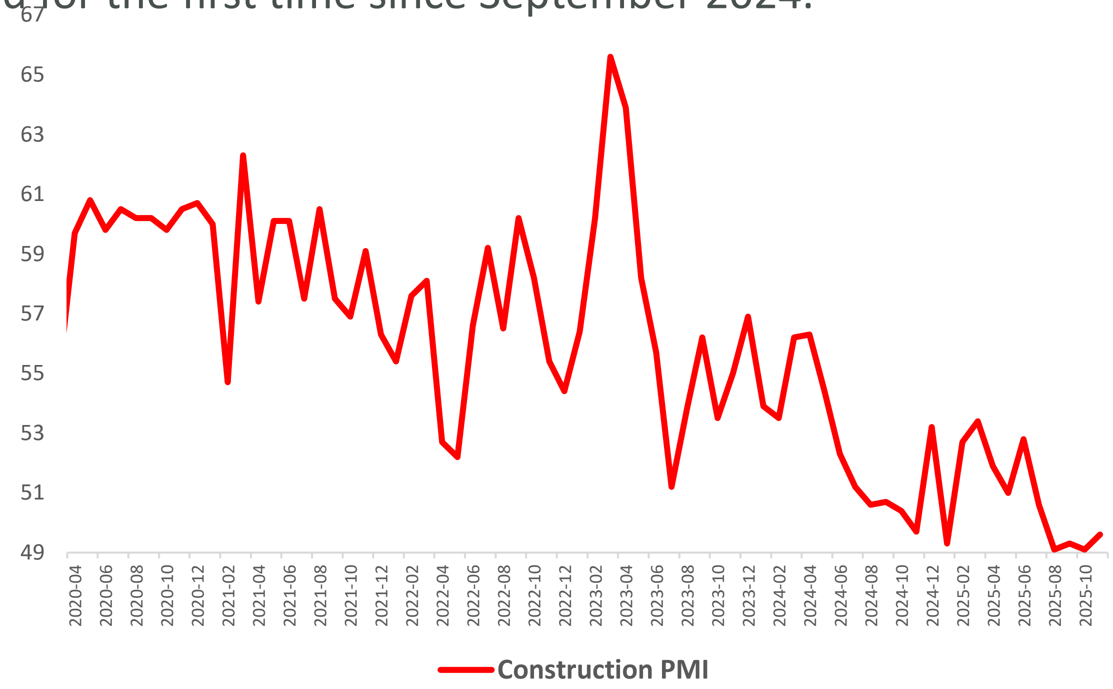


Source: EDB, OCBC

China: Weak recovery of PMI

- China's manufacturing PMI edged up to 49.2 in November from 49.0, showing early signs of stabilization. The standout improvement came from new export orders, which jumped 1.7pts to 47.6, likely reflecting the near-term lift from the US–China trade truce. Production also firmed to 50.0 (from 49.7), while business expectations improved modestly to 53.1 from 52.8.
- By contrast, the non-manufacturing PMI softened to 49.5 from 50.1. Within this, construction activity saw a mild rebound, with the construction PMI rising to 49.6 from 49.1. However, services weakened more noticeably: the services PMI slipped to 49.5, falling below the 50 threshold for the first time since September 2024.

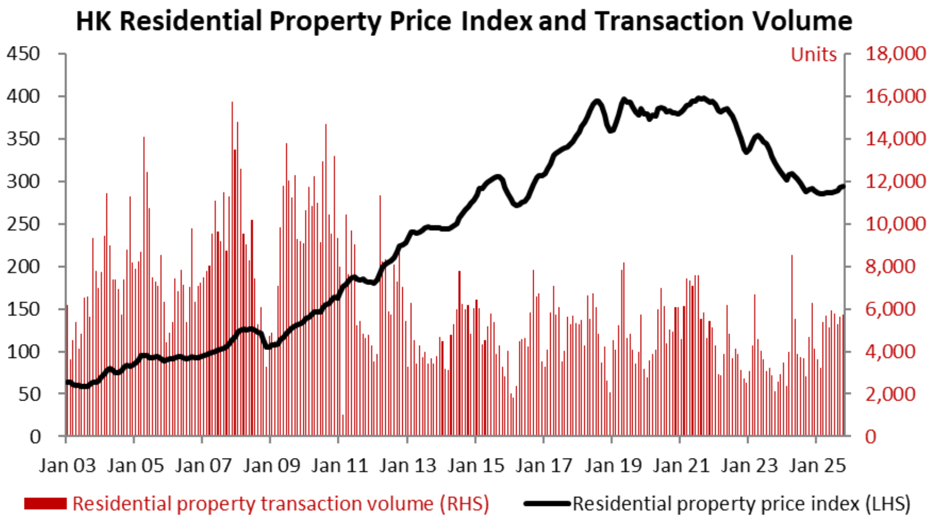


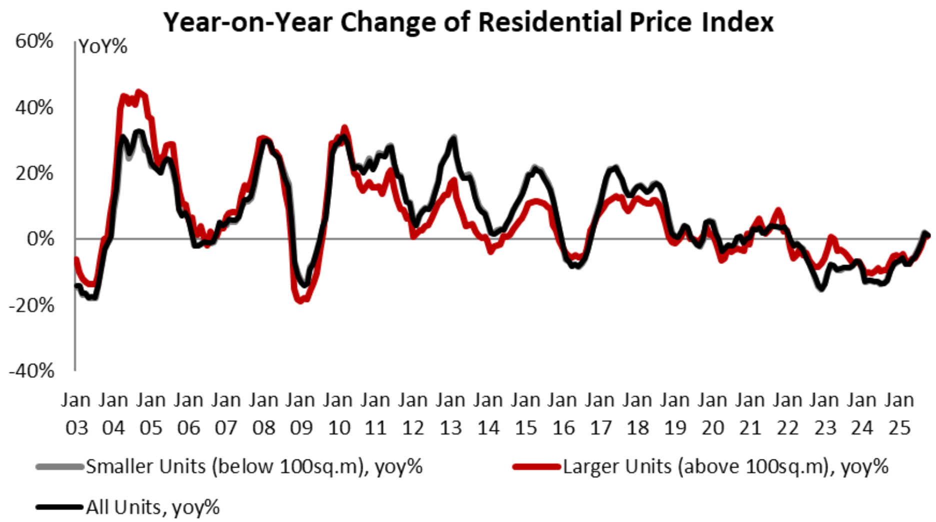


Source: Wind, OCBC

HK: Housing price continued recent uptrend

- Hong Kong's housing prices continued its recent uptrend, with the residential property price index rising by 0.5% MoM in October, widening the year-to-date gain to 1.8%. Meanwhile, rental index hovered at record high level, after rising cumulatively by 4.0% in the first ten months this year.
- Developers' pricing strategy remained rather conservative to boost sales, despite the decline in unsold inventory. Notwithstanding the broader recovery in housing prices, we did not see pick-up in trading activities. Total transaction stayed within recent range at 5714 cases (+1.3% MoM) in October.
- The increase in non-local/end-user demand and a more favourable policy mix continued to point to a brighter outlook. However, the road to further rebound will have to be supported with volume and increased rent-to-own conversions. We expect the residential property prices to rise by 3% this year, and have an estimated 1-4% upside in 2026.



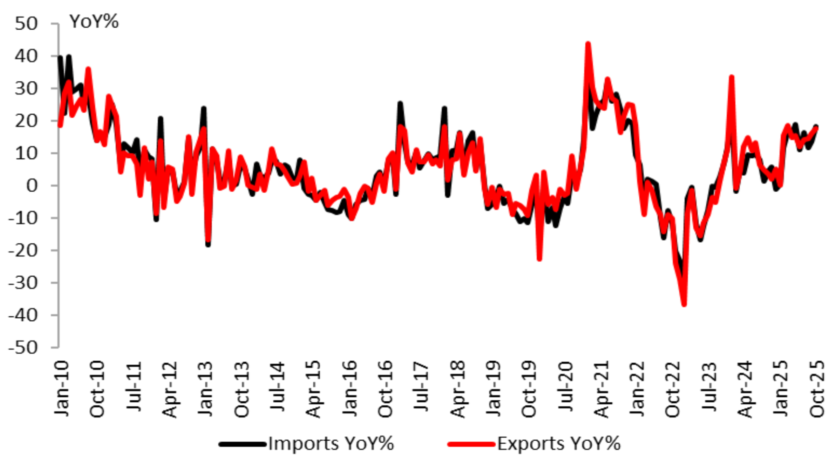


Source: HK Rating and Valuation Dept, OCBC

HK: Exports performance held up

- Exports performance held up in October, with growth of merchandise exports and imports accelerating to 17.5% YoY and 18.3% YoY respectively (September: 16.1% YoY and 13.6% YoY), though partly due to a lower base a year ago. In sequential terms, exports fell by 0.1% MoM to HKD461.8 billion in October, as decline in exports to mainland China offset the increases to US and other major trading partners. During the period, trade balance deficit narrowed to HKD39.9 billion in October, from that of HKD50.2 billion in September.
- Exports to major trading partners showed mixed performance in October. During the month, total merchandise exports to mainland China fell by 7.7% MoM (Sep: +13.1% MoM), while exports to US rose sharply by 56.0% MoM (Sep: +56.0% MoM).
- For the first ten months of 2025 as a whole, the value of total exports and imports grew by 13.8% YoY and 13.6% YoY respectively, beating market estimates. We expect Hong Kong's trade performance to weaken in the coming months, albeit only mildly, due to the ongoing US-China trade truce and still solid demand in Asian countries.

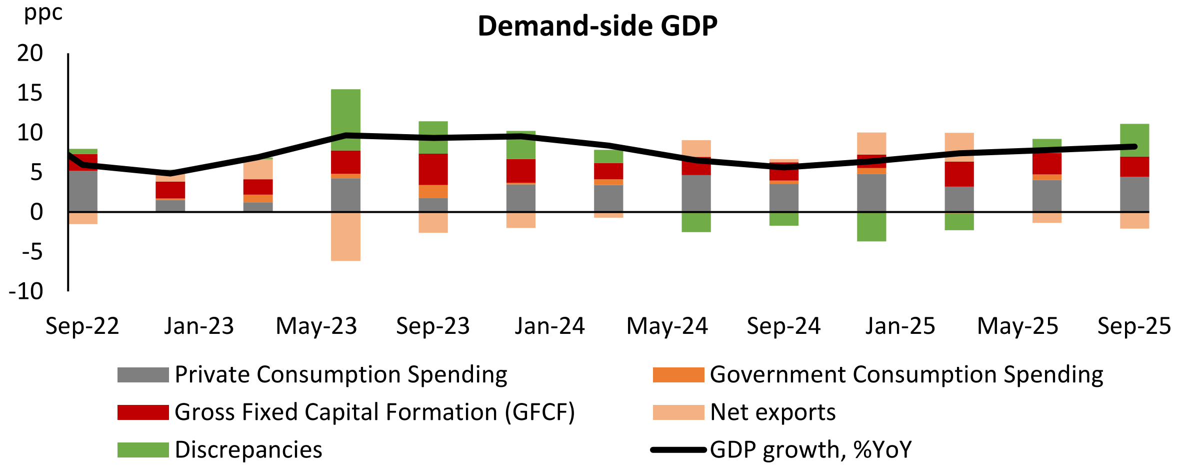
Year-on-Year Change of Exports and Imports



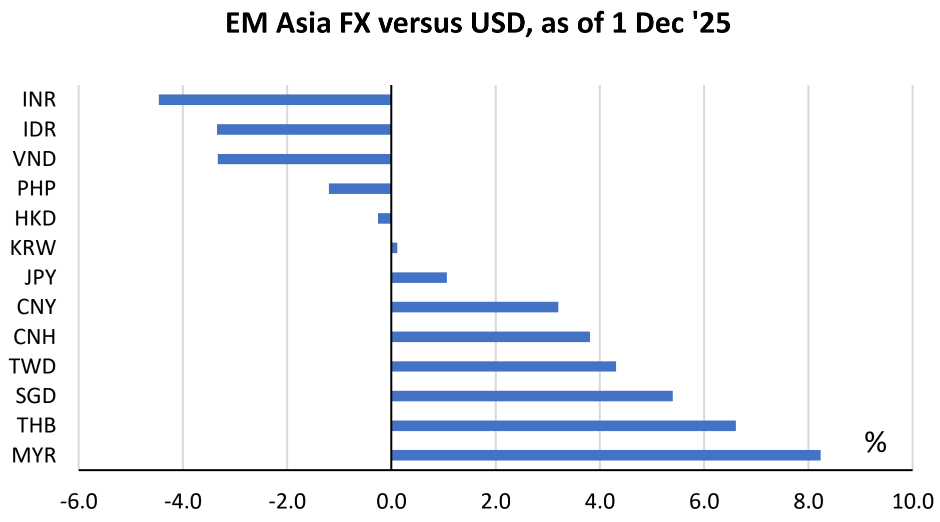
Source: HK Census and Statistics Department, OCBC

India: Robust growth, INR depreciation

- Real GDP growth trumped expectations. The economy grew 8.2% YoY in 3Q25 from 7.8% in 2Q25 driven mainly by private consumption, investment spending and exports. Domestic final demand contributed 6.8 percentage points (pp) compared to 7.4pp in 2Q25. The drag from net exports deepened to -2.1pp from -1.4 in 2Q25. Notably, discrepancies contributed 4.1pp to headline GDP growth from 1.8pp in 2Q25.
- Gross Value-Added rose by 8.1% YoY in 3Q25 from 7.6% in 2Q25 supported by strong manufacturing (9.1% from 7.7%), services (9.2% from 9.3%) and construction (7.2% from 7.6%) sectors. This suggests that 3Q25 GDP growth was relatively broad-based.
- The Reserve Bank of India meets on 5 December. While consensus is looking for a 25bp rate cut, it is a close call. The currency, INR, has been under pressure versus USD



Source: CEIC; OCBC

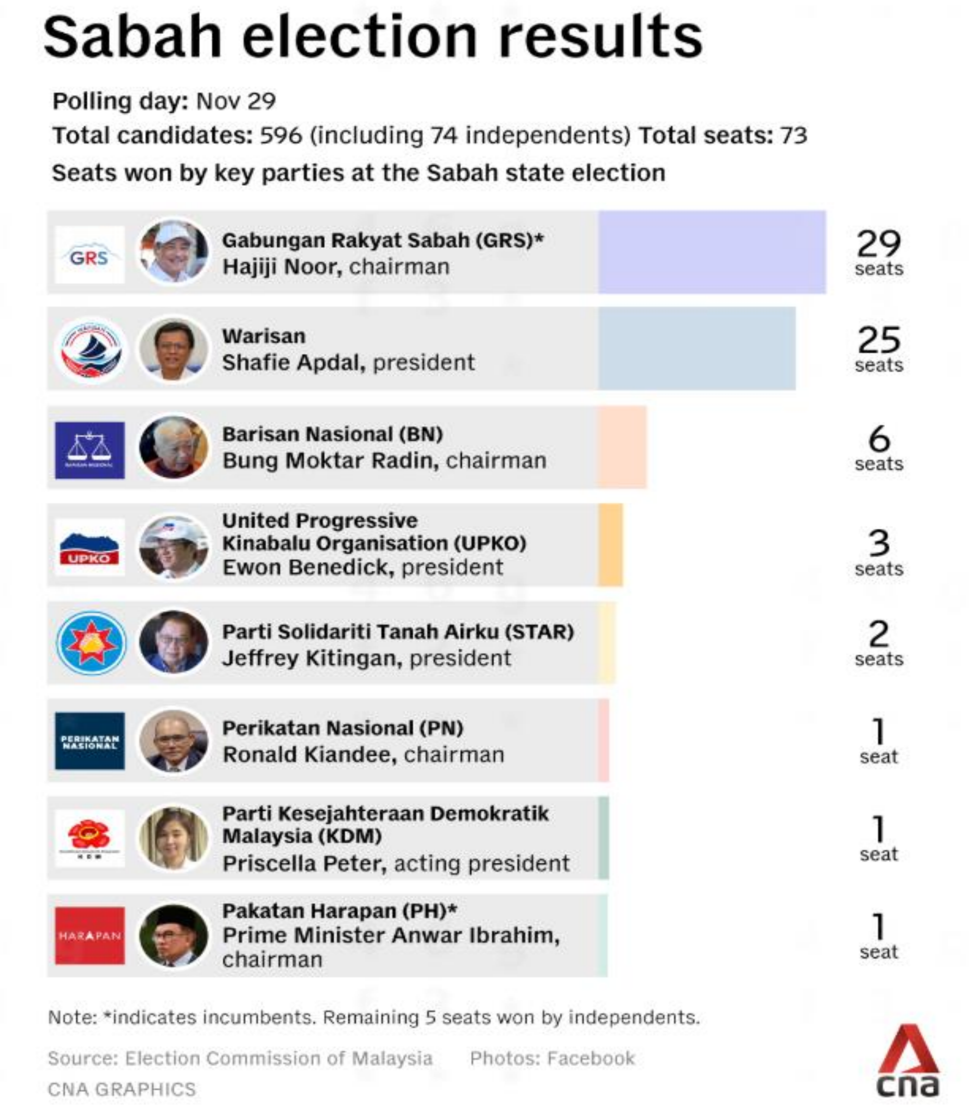


Source: Bloomberg; OCBC.

Source: Bloomberg, CEIC, OCBC

Malaysia: Sabah elections suggests a headline status quo

- Gabungan Rakyat Sabah - a coalition of state-based parties aligned with PM Anwar's ruling bloc - retained control of Sabah.
- PM Anwar’s Pakatan Harapan coalition won just one of the 20 seats it contested in Sabah, down from the seven it held previously in the eastern state on Borneo island. The states of Malacca and Sarawak will also likely be election bound in late 2026/early 2027, with the next national elections due only by early 2028.
- A Sabah court ruled in October that the federal government had unlawfully failed to honour an agreement it reached with the state more than 50 years ago. Under the agreement, Sabah was entitled to 40% of federal revenue derived from the state. PM Anwar noted on Sunday his administration has worked to resolve Sabah's claims and would continue to assist the state.



Source: Channel News Asia, OCBC.

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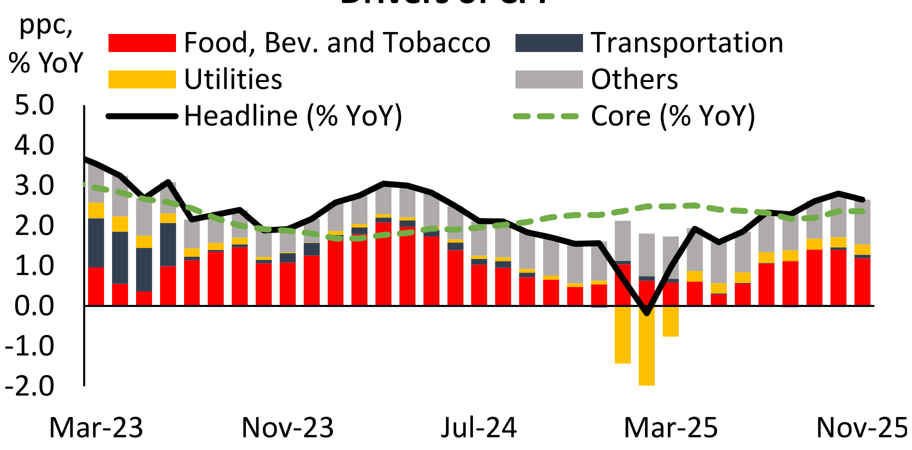
Source: CNA, OCBC

Indonesia: Headline CPI eased in November

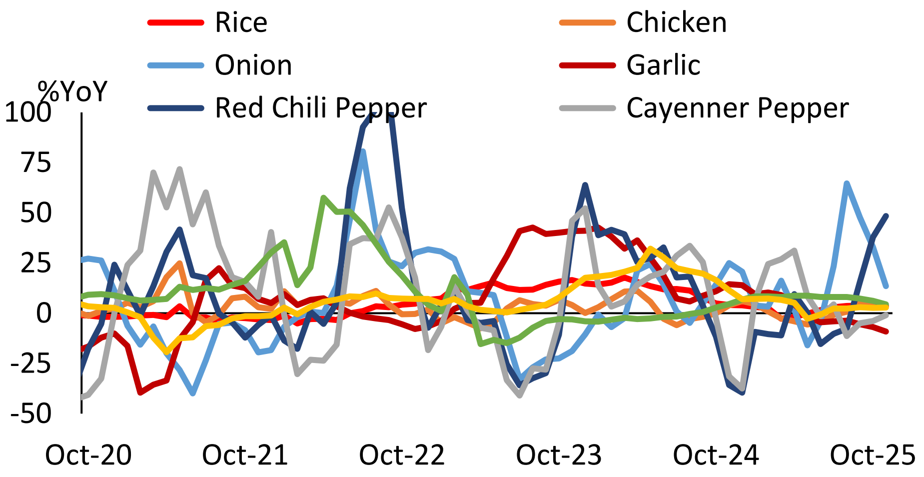
- Headline inflation eased to 2.7% YoY in November from 2.9% in October, broadly in line with expectations (Consensus: 2.8%; OCBC: 2.7%). The lower print was primarily driven by lower inflation in food, beverage & tobacco (4.2% in November from 5.0% in October) and food & beverage provision/restaurants (1.5% from 1.6%), while information, communication, and financial services CPI remained negative (-0.3%, similar to October). The November print brings the Oct-Nov CPI average to 2.8%, up from 2.4% in 3Q25.
- Notwithstanding, we still see price pressures particularly for food as sticky. Statistics Indonesia noted that shallot production in November was the lowest for the year while more fundamentally, the free nutritious meal scheme has added to price pressures on products such as eggs and chicken. Ahead of the Eid and Ramadan season in February and March 2026, food prices could come under further seasonal pressures.

Drivers of CPI



Source: BPS, CEIC, OCBC.

Monthly Food prices



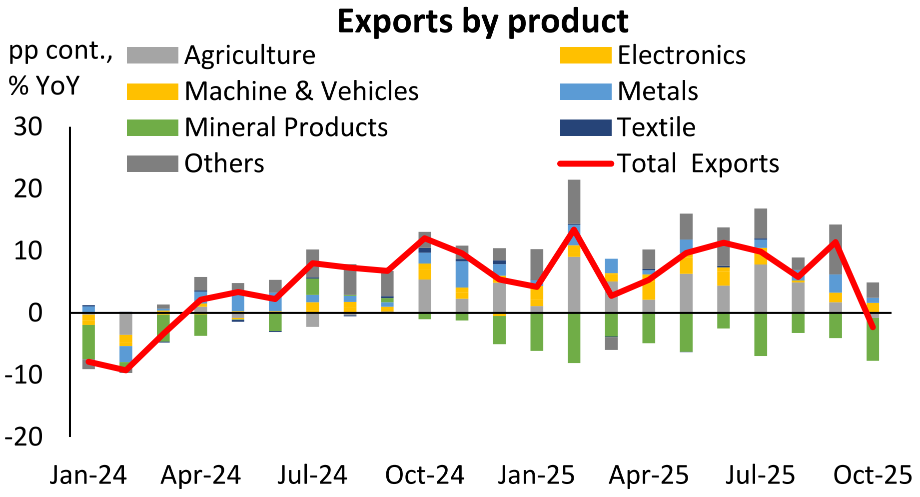
Note: Prices based on averaged daily food prices. Source: BI, CEIC, OCBC.

Source: BI, Bloomberg, CEIC, OCBC.

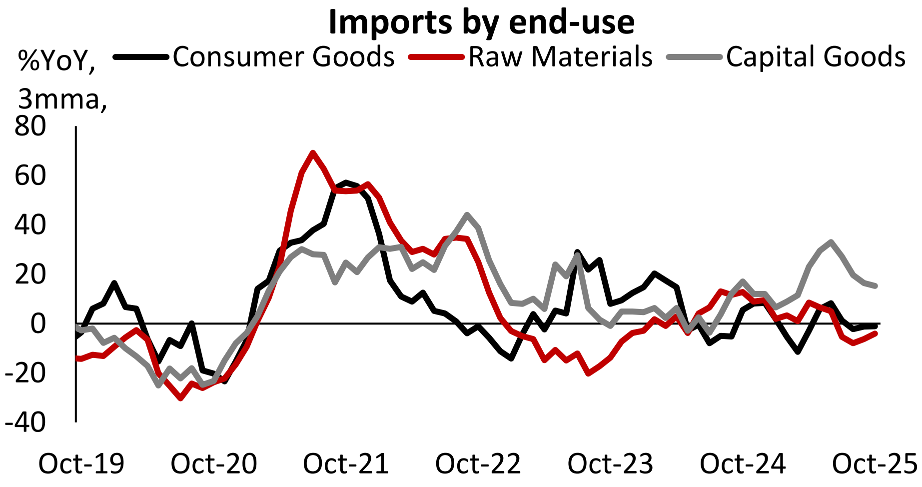
Indonesia: October trade data disappoints

- Exports contracted by 2.3% YoY after rising by 11.4% in September (Consensus: 3.4%; OCBC: 6.1%) while import growth contracted by 1.2% YoY from 7.2% in September (Consensus: -1.6%: OCBC: 3.7%). The trade surplus narrowed to USD2.4bn from USD4.3bn in September. The weakness in exports was broad-based across non-oil and gas (-0.5% YoY from 12.8% in September) and oil and gas (-33.6% from -13.6%). Specifically, within non-oil and gas exports, exports of agriculture (-5.1% from 11.3%), manufacturing (6.1% from 20.3%) and mining (-30.9% from -18.8%) products were weaker in October versus September. We also suspect that some part of the frontloading activities to the US likely faded in October, resulting in the sharper than expected drop in exports.
- Similar to exports, the weakness in imports was broad-based. Non-oil and gas import growth slowed to 3.3% YoY in October from 7.6% in September while oil and gas exports dropped to -23.3% YoY from 4.3% in September. By end-use, imports of consumer goods (-1.0% from -1.2%) and raw material (-4.0% from -6.3%) was lacklustre while capital goods imports slowed to 15.2% YoY from 16.4% in September. The import drivers for October continue to paint a relatively mixed picture of domestic demand

Source: BPS, CEIC, OCBC.



Source: BPS, CEIC, OCBC calculation.



Source: BPS, CEIC, OCBC.

ESG

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ESG: Continued push for sustainable aviation fuel (SAF) despite high costs

- ASEAN's push for SAF production:

1. The Civil Aviation Authority of Singapore (CAAS) announced that passengers flying out of Singapore from October 2026 will pay a levy of between $1 and $41.60 that will go towards the purchase of sustainable aviation fuel. A new facility by Aster and Aether Fuels on Pulau Bukom will produce sustainable aviation fuel from 2028.
2. Indonesia's state-owned energy company Pertamina is ramping up efforts to produce SAF as part of the country's drive to cut carbon emissions from air travel. The company plans to expand SAF production capacity at its existing refineries and is exploring the possibility of building new green refineries.
3. Malaysia's first SAF facility, EcoCeres Renewable Fuels Sdn Bhd, has been producing commercial-grade fuel at its Tanjung Langsat plant since October. The facility can produce up to 350,000 tonnes of SAF annually.

- Current decarbonisation efforts primarily focus on scaling up the supply of SAF, enhancing aircraft efficiency and utilising carbon offsets. Some markets are also witnessing the development of regulations and policies that support SAF adoption. While ambitions surrounding SAF usage are high, SAF availability is currently limited, with the most affordable SAF still about three times more expensive than conventional jet fuel.

Levy for passengers

Geographical band	Levy per passenger	
	Economy cabin (economy + premium economy)	Premium cabin (business + first class)
Band 1 South-east Asia	$1	$4
Band 2 North-east Asia, South Asia, Australia, Papua New Guinea	$2.80	$11.20
Band 3 Africa, Central and West Asia, Europe, Middle East, Pacific Islands, New Zealand	$6.40	$25.60
Band 4 Americas	$10.40	$41.60

SOURCE: CIVIL AVIATION AUTHORITY OF SINGAPORE
STRAITS TIMES GRAPHICS

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Source: CAAS, S&P, OCBC

FX & Rates

FX and Rates: SGD rates movements; China soft PMIs

- **SGD rates**. SGD OIS were offered down by around 4bps across the curve on Friday. 1M implied SGD rate last traded at 10bps lower than Thursday's level, but SGD OIS traded on the firm side on Monday. We wrote on Friday that while we have been expecting some upward normalization in SGD interest rates over time, SGD rates had risen more rapidly than expected, and "the liquidity situation and short-end SORA rates fluctuates a lot. Some interim retracements in short-end SGD rates cannot be ruled out". Our expectation remains for short-end rates to normalise towards the 1.45-1.55% area over time after dips, but we are also mindful of potential liquidity injections keeping the liquidity situation flush. If short-end SGD OIS stay at current level sustainably without interim retracement, then pressure is probably for 2Y SGS yield to rise further, with the 2Y bond/swap spread (OIS – yield) still at a positive level albeit having corrected up over the past days.
- **CNY rates**. November manufacturing PMI edged higher to a lower-than-expected 49.2, while service PMI weakened more than expected to 49.5. We remain of the view that short-end repo-IRS are likely to be floored at 1.5% before the next interest rate cut. PBoC net withdrew CNY231.1bn of liquidity via daily OMOs on Monday; daily OMOs are in reaction to the liquidity situation on that day which does not represent a certain monetary stance. The 1W implied CNY rate has fallen over recent days. We expect PBoC to stay supportive of medium-term liquidity, mostly from 3M to 1Y through outright reverse repos and MLF. CGBs may garner some support given an expectedly constructive liquidity backdrop while inflation stays low.
- **DXY. *Downward bias.*** Despite Fed communication blackout this week till 11 Dec FOMC (3am SGT), Powell and Bowman have been scheduled to speak on 2 & 5 Dec. This week also brings the release of ISM data as scheduled, while IP, ADP employment and core PCE data will also be released. Hotter print here may partially restrain the USD slippage. More importantly, we would be watching out for any risk of a hawkish cut. The dot plot will be key - if Fed continues to guide for 1 cut in 2026 as compared to market expectations for nearly 3 cuts in 2026. The risk of USD rebound is plausible if dot plot or post-FOMC speech disappoints. Elsewhere, we also keep a look out on potential early announcement of new Fed chair contender.

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