Weekly Macro Views (WMV)

OCBC Group Research

13 July 2026

Weekly Macro Update

Key Global Data for this week:

13 July	14 July	15 July	16 July	17 July
• **EC:** Bloomberg July Eurozone Economic Survey • **SK:** Exports 10 Days YoY, Imports 10 Days YoY • **UK:** Bloomberg July United Kingdom Economic Survey • **IN:** CPI YoY, Trade Balance, Exports YoY, Imports YoY	• **CH:** Exports YoY, Imports YoY, Trade Balance • **SI:** GDP YoY, GDP SA QoQ • **US:** CPI MoM, CPI MoM, Core CPI MoM, Core CPI YoY, Federal Budget Balance, Core CPI Index SA, CPI Index NSA	• **CH:** GDP YoY, GDP YTD YoY, GDP SA QoQ, Retail Sales YoY, Industrial Production YTD YoY • **EC:** Industrial Production SA MoM • **IN:** Unemployment Rate • **SK:** Unemployment rate SA • **US:** PPI Final Demand MoM, MBA Mortgage Applications	• **SK:** BOK Base Rate • **UK:** Manufacturing Production MoM, Industrial Production YoY, Trade Balance GBP/Mn • **US:** Initial Jobless Claims, Retail Sales Advance MoM, Philadelphia Fed Business Outlook	• **EC:** CPI YoY, CPI MoM, CPI Core YoY • **HK:** Unemployment Rate 3Mths • **SI:** Non-oil Domestic Exports YoY, Electronic Exports YoY • **US:** U. of Mich. Sentiment, Industrial Production MoM

Summary of Macro Views:

Global	• **Global:** IMF outlook amid 'Crosscurrents of War and Technology' • **US-Iran:** End of ceasefire, renewed hostilities • **US:** FOMC minutes reinforce its June hawkish message • **US:** Services activity remains supported • **Europe:** Retail sales steady while PPI pressures ease
Asia	• **CH:** Reflation momentum softens • **JP:** Household spending remains soft • **HK:** PMI rises for the second consecutive month • **HK:** Total AUM jumps to a record high • **HK:** Policy moves

Asia	• **ID:** Consumption indicators soften • **ID:** S&P reaffirms sovereign rating and 'stable' outlook • **MY:** Barisan Nasional's landslide win in Johor • **MY:** 2Q26 GDP growth tracks 6% YoY
Asset Class	• **ESG:** Strengthening decarbonisation efforts between Singapore and Indonesia • **FX & Rates:** Oil Risk Lingers

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Global: Central Bank

Forecast – Key Rates

Bank of Korea (BoK)

Thursday, 16^{th} July

House Views

7D Repo Rates

Likely hike by 25bps from 2.50% to 2.75%

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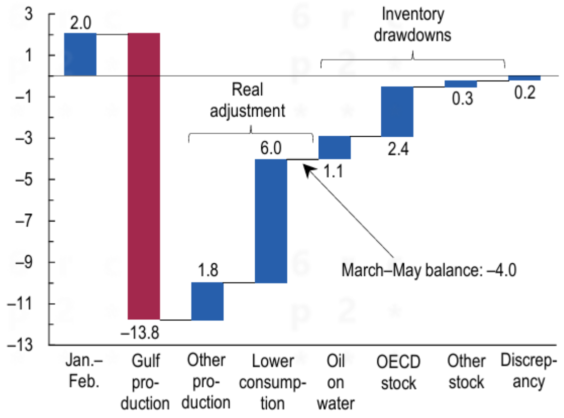
Source: OCBC, Bloomberg

Global: IMF outlook amid ‘Crosscurrents of War and Technology’

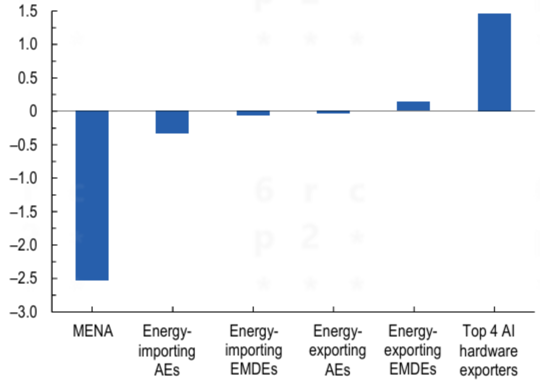
- The IMF projects global growth of 3.0% in 2026 and 3.4% in 2027, as the negative supply shock from the Middle East war collided with a positive technology shock from AI adoption. IMF projects uneven global growth, with advanced economies expanding 1.7% in 2026 and 1.8% in 2027, while emerging markets are projected to slow 3.8% before recovering to 4.5%.
- Economies integrated into the global technology value chain experienced significant upside growth surprises (Korea 2.6%, Malaysia 4.7%, Vietnam 7.5%), while energy importing low-tech countries saw downgrades (Middle East & Central Asia 0.7%, downward revision of 1.2%).
- Inflation and commodity prices remain elevated, stalling global disinflation. Headline inflation rose from 4.1% (2025) to 4.7% (2026) before easing to 3.9% (2027). War-driven supply disruptions kept commodities structurally higher. The IMF warned inventories are approaching “multiyear lows” raising the risk of nonlinear price spikes if disruptions persist. IMF staff projections assume that the reopening of the Strait of Hormuz will begin with conditions returning to its prewar state by March 2027.

Figure 1. Global Oil Balance Adjusts to War-Induced Shortfall
(Million barrels per day; March–May vs. January–February)



Source: IMF World Economic Outlook, OCBC Research.

Figure 4. Growth Revisions Vary by Exposures to the War and Technology Cycle
(Percentage points; revision to cumulative 2026–27 growth forecast, July 2026 WEO Update minus January 2026 WEO Update)

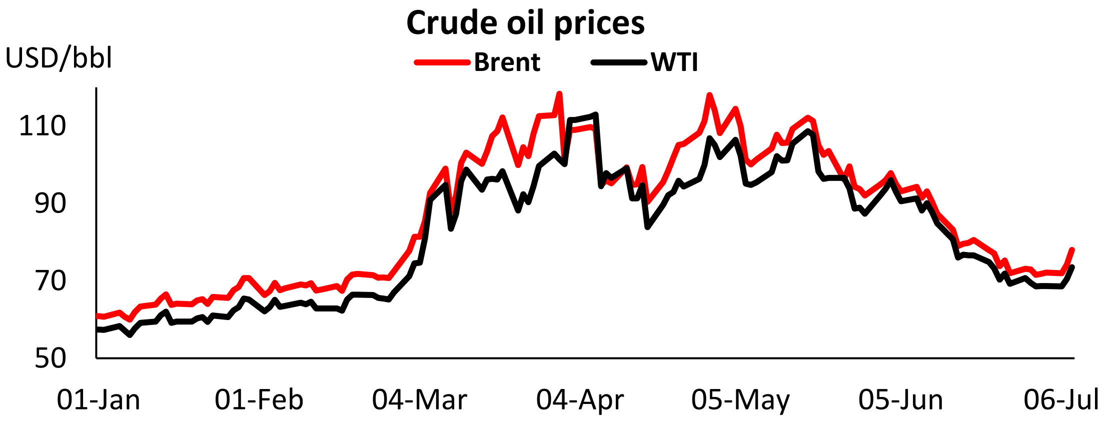


Source: IMF World Economic Outlook, OCBC Research.

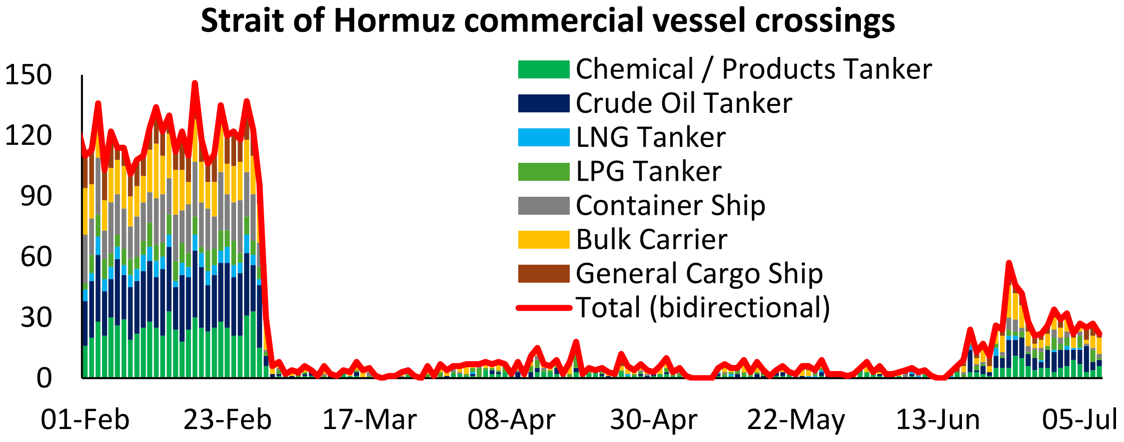
Source: IMF, OCBC Group Research.

US-Iran: End of ceasefire, renewed hostilities

- US-Iran tensions have re-escalated into open military conflict, with relations deteriorating sharply over the past week. On 8 July, Iranian Revolutionary Guard Corps (IRGC) struck three tankers crossing the Strait of Hormuz via the Omani corridor, prompting US retaliatory strikes and the suspension of Iran's oil export license for violating the ceasefire agreement. In response, Iran launched strikes on US military sites in Bahrain and Kuwait. Despite a brief lull in hostilities and the resumption of talks on 10 July, President Trump declared that the interim ceasefire officially "over".
- Tensions flared again on 11 July, when the IRGC attacked two more commercial vessels in Omani waters and declared the Strait of Hormuz closed until the "end of US interference in the region". The US responded with fresh strikes on 140 military targets, while Iran expanded its attacks against neighbouring Gulf states. Iran's Supreme Leader issued a statement vowing revenge for the death of his father, providing an early indication of a hardline stance towards the US.



Source: Bloomberg, OCBC Research.



Source: Bloomberg, OCBC Group Research.

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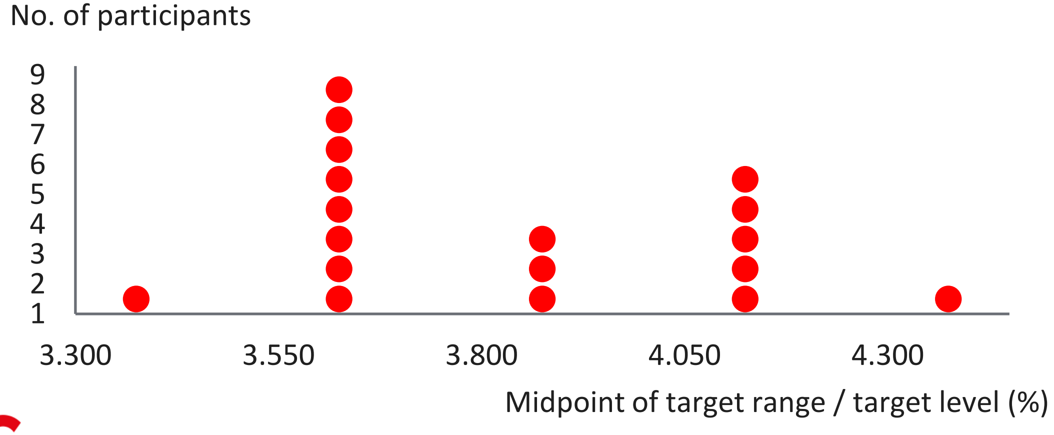
Source: Bloomberg, Reuters, CNBC, OCBC Group Research

US: FOMC minutes reinforce its June hawkish message

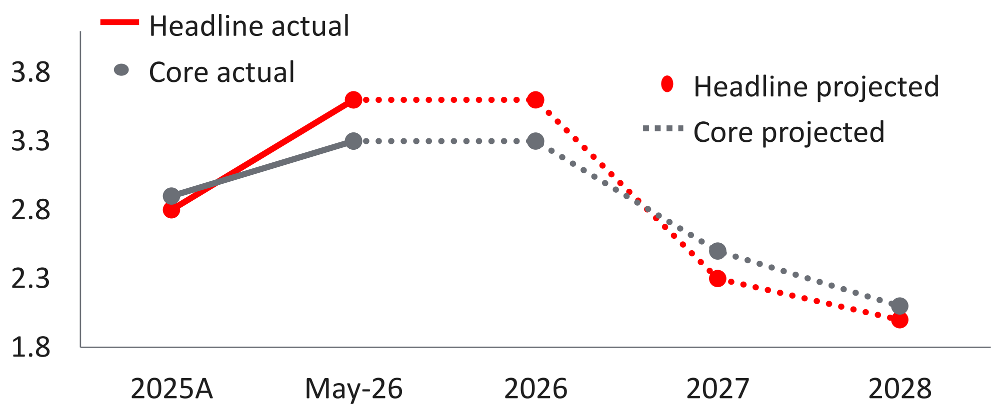
- FOMC minutes reinforced a hawkish reading of the June decision, as inflation was seen to have increased further and remained well above the 2% objective, with upside risks still prevalent. A few participants saw a case for raising rates, although all members ultimately supported keeping the target range at 3.50%–3.75%.
- Premature easing appeared to be ruled out in the near future. Most participants still outlined scenarios in which inflation would resume moving toward 2% and policy could be maintained or eventually lowered. However, the emphasis was on high inflation and there was agreement that if numbers stayed elevated amid stable labour conditions, some additional policy firming would likely be warranted.
- The view on AI on prices was two sided. In the short term, AI should contribute to current inflation pressures through strong business investment and increased demand for technology products and electricity. However, in the longer term, productivity gains associated with AI adoption should eventually reduce production costs and increase aggregate supply, which should put downward pressure on inflation.

End-2026 fed funds dot plot (policy projection)



Source: Federal Reserve, Summary of Economic Projections, June 2026, OCBC Research.

PCE inflation: actual vs FOMC median projections

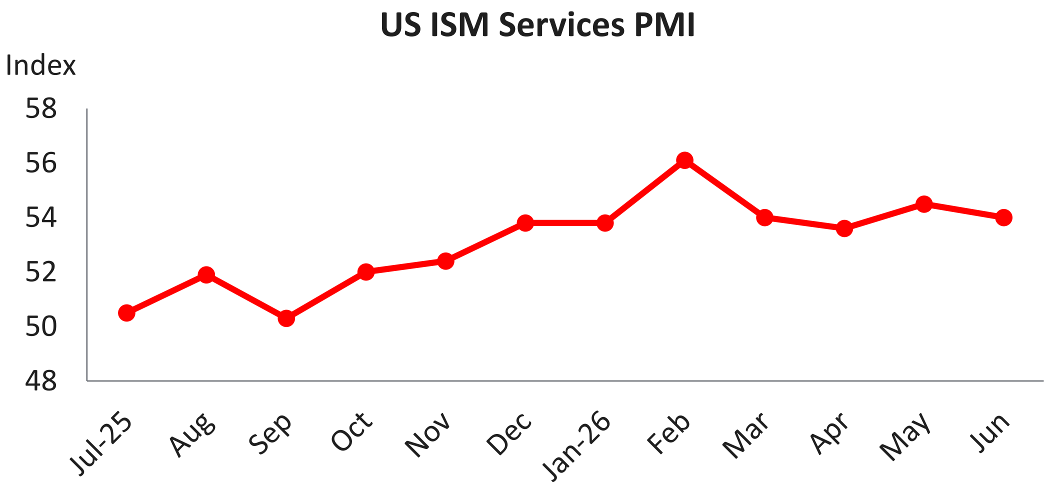


Source: U.S. BEA, Personal Income and Outlays, May 2026; Federal Reserve, Summary of Economic Projections, OCBC Research.

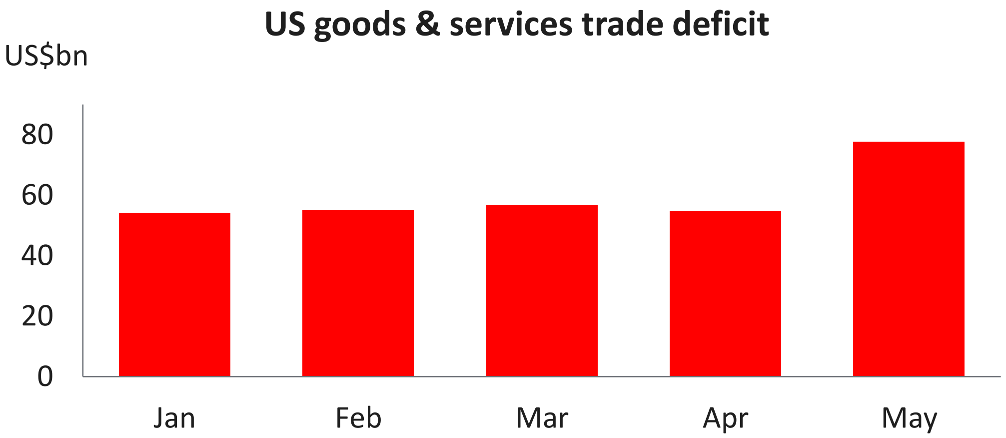
Source: The Federal Reserve, Bloomberg, OCBC Group Research

US: Services activity remains supported

- Services activity remained firm. ISM Services eased only slightly to 54.0 in June from 54.5 in May. Business activity (55.4; prev: 57.7) and new orders (55.1; prev: 57.3) stayed comfortably above the reading of 50, while the employment index returned to expansion (51.2; prev: 47.9) after three months of contraction.
- There was some easing off in the prices-paid index, which fell to 67.7 from 71.3 in May, a four-month low. The fall was driven by a drop in oil and gasoline prices following the ceasefire in the Straits of Hormuz. However, the sub index remains historically elevated and broad based, and we are unlikely to see numbers fall to sub-60 levels even with oil prices coming off from Q2 highs.
- External trade in May will likely be a drag on Q2 GDP. The goods and services deficit widened sharply by USD23.0bn to USD77.6bn as exports fell 3.2% and imports rose 3.3%.
- Initial claims held at 215k, with the four-week average at 218.8k, reinforcing the resilient labour-market narrative.



Source: Institute for Supply Management, June 2026 ISM Services PMI Report, OCBC Research.

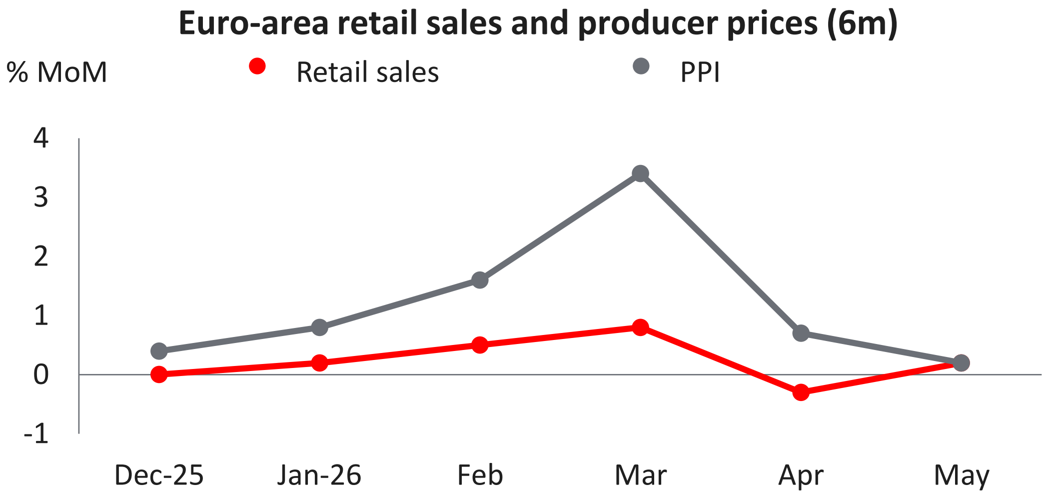


Source: U.S. BEA and U.S. Census Bureau, U.S. International Trade in Goods and Services, OCBC Research.

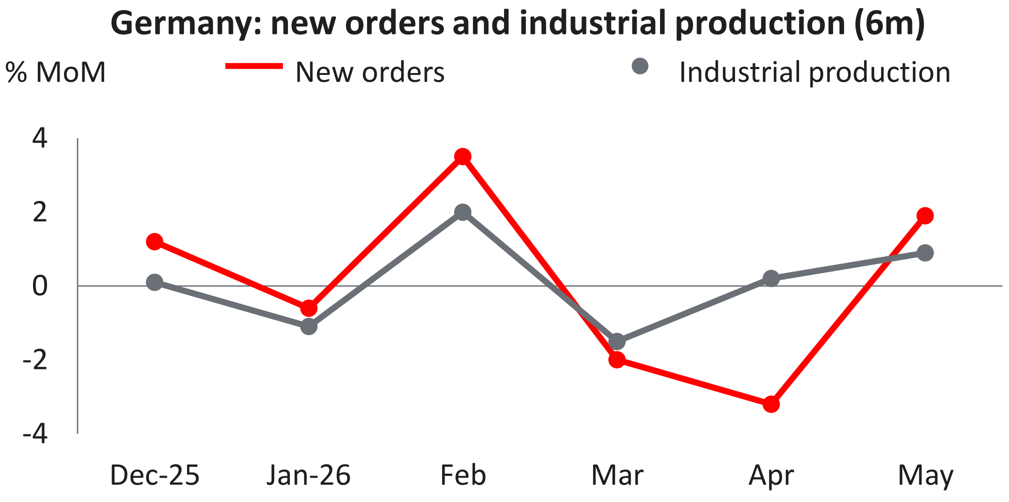
Source: BLS, ISM, BEA, Bloomberg, CEIC, OCBC Group Research.

Europe: Retail sales steady while PPI pressures ease

- Household demand stabilised as Euro-area retail sales rose 0.2% MoM in May after a 0.3% decline in April, which represented a 1.6% YoY rise. Food sales increased 0.6% MoM, while automotive fuel fell 0.5%.
- Pipeline inflation showed some signs of easing as Euro-area producer prices increased 0.2% MoM and 5.9% YoY. While price gains slowed compared to April, prices excluding energy still rose 0.7% MoM and 2.8% YoY, suggesting that price trends remained strong even after stripping out the energy component.
- German industrial data were better than expected as factory orders rose 1.9% MoM and industrial production increased 0.9% MoM. Orders excluding large-scale items were up 1.0%, while output was helped by a 3.6% rise in autos; large transport-equipment orders still accounted for much of the headline strength.



Source: Eurostat, Retail Trade and Industrial Producer Prices, May 2026.

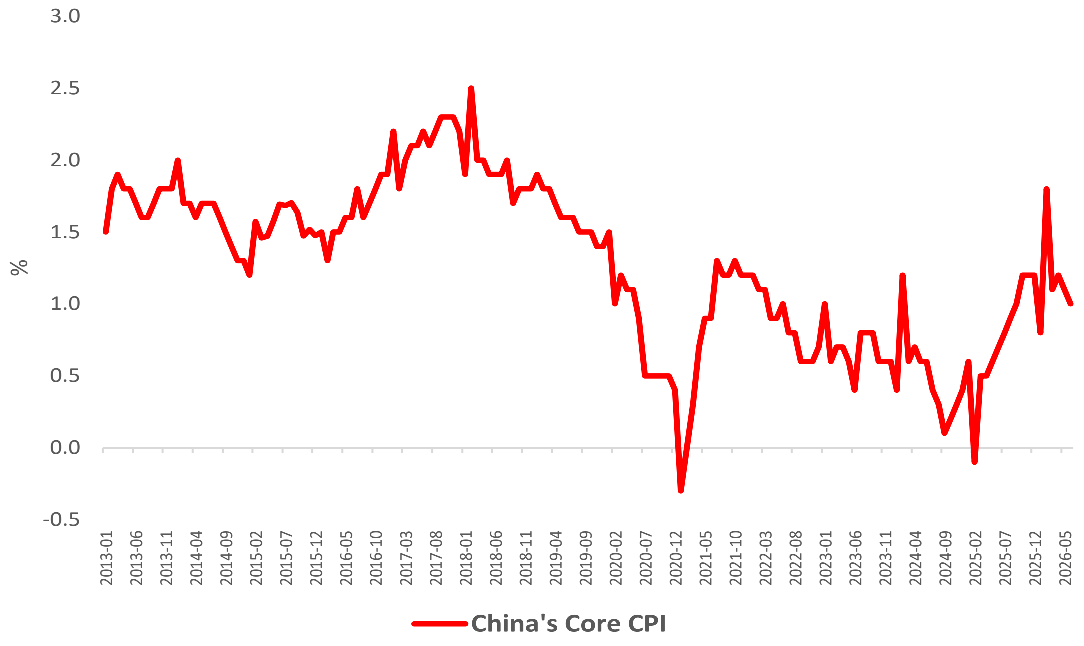


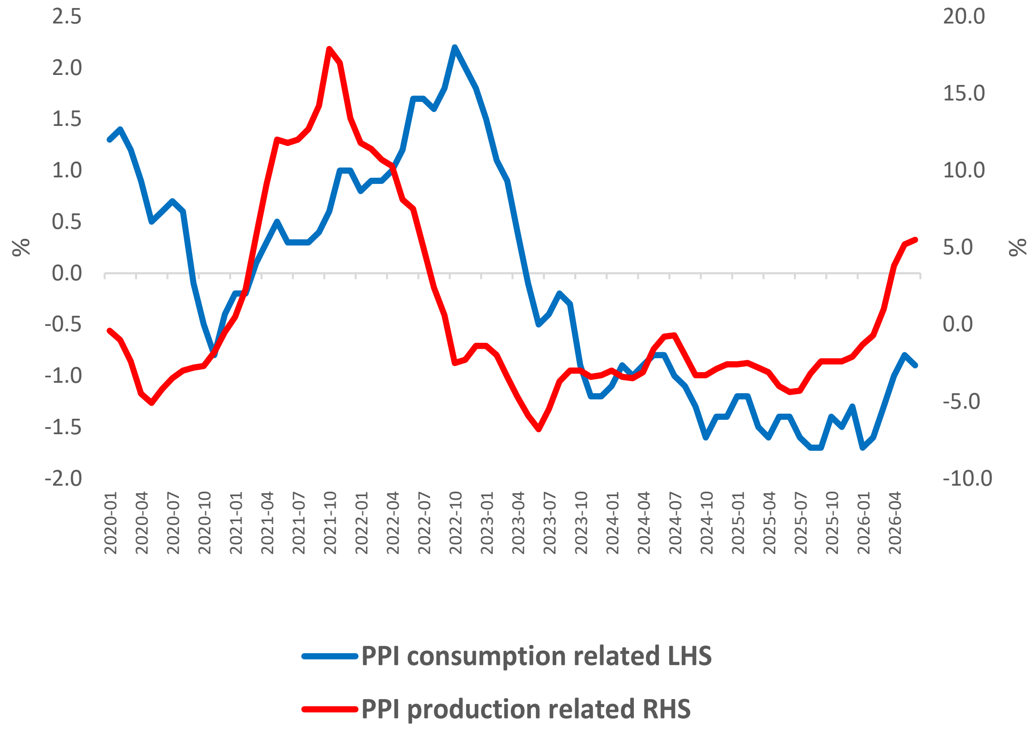
Source: Destatis, New Orders in Manufacturing and Production in Industry, May 2026.

Source: Eurostat and Destatis, OCBC Group Research.

China: Reflation momentum softens

- China's reflation momentum softened with both headline CPI and core CPI moderated to 1.0% YoY from 1.2% and 1.1% respectively in May. Food prices remained the main drag while contribution from energy price to China's reflation flipped as a result of sharp fall of oil prices.
- On the producer side, PPI inflation accelerated further to 4.1% YoY, the highest reading since August 2022. On a monthly basis, however, producer prices fell for the first time after eight consecutive months of increases, reflecting the correction in commodity prices, particularly oil, base metals and gold.



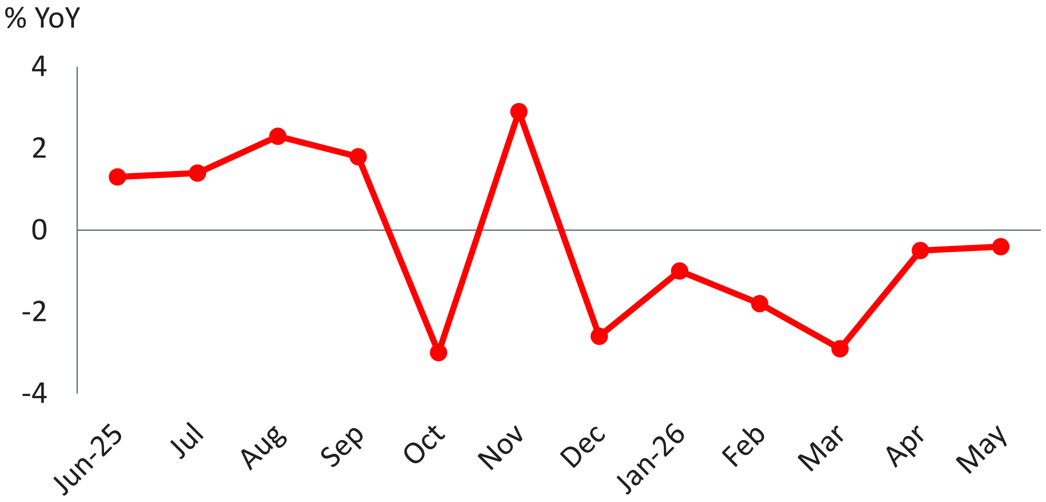


Source: Bloomberg, Reuters, OCBC

Japan: Household spending remains soft

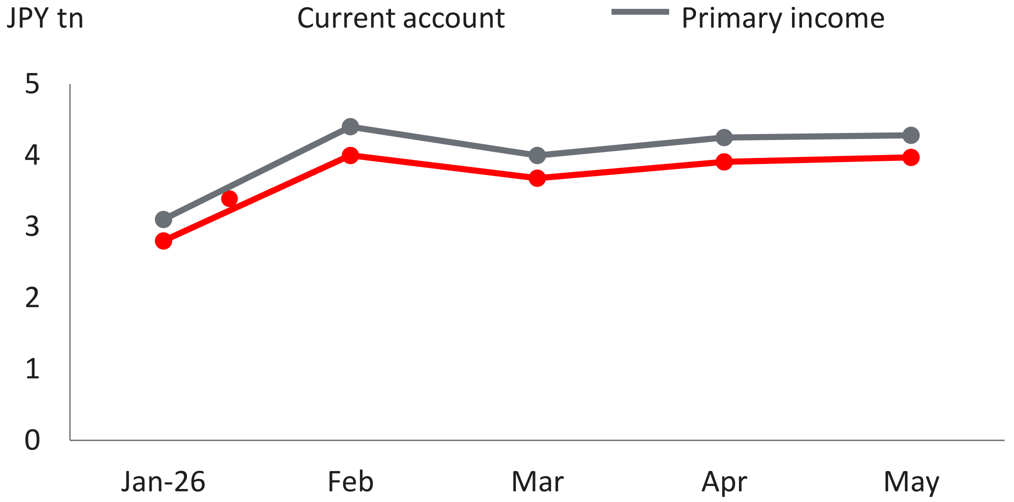
- Consumption remained soft even though household income rose 0.7% YoY. Real household spending declined 0.4% YoY in May, marking a sixth consecutive decline, but showed tentative signs of improvement as the decline was the smallest in six months.
- The external balance remains a bright spot. The current-account surplus reached JPY3.97tn in May, 19.5% above a year earlier, supported by a JPY4.28tn primary-income surplus.

Japan real household spending



Source: Statistics Bureau of Japan, Family Income and Expenditure Survey, OCBC Research.

Japan external balance: current account & primary income

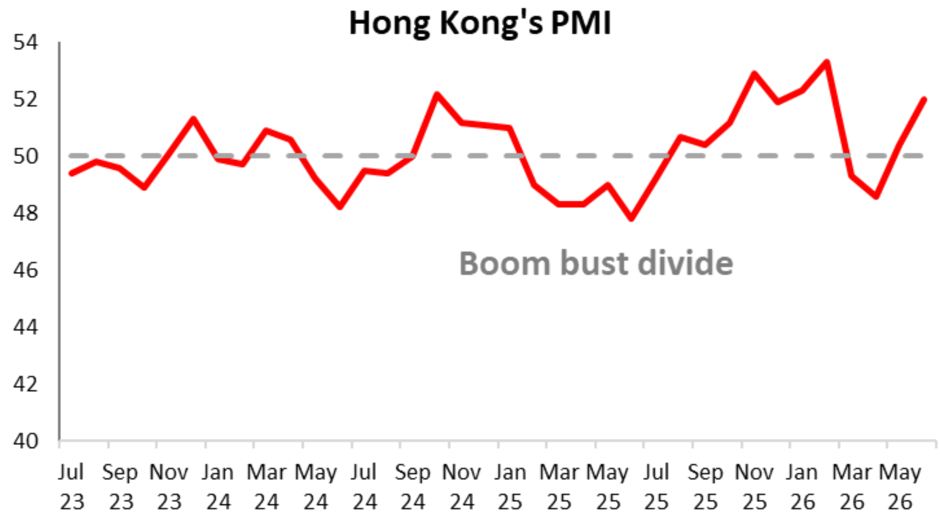


Source: Japan Ministry of Finance and Bank of Japan, Balance of Payments Statistics, OCBC Research.

Source: Statistics Bureau of Japan, Ministry of Finance/Bank of Japan Balance of Payments; OCBC Group Research.

HK: PMI rises for the second consecutive month

- Hong Kong's PMI (covering the manufacturing, construction, wholesale, retail and services sectors) rose for the second consecutive month to 52.0 in June (50.4 in May), with the largest increase coming from new orders sub-index (53.2 vs. 50.1 in May). Business activity and new orders both expanded at the fastest rates in four months.
- Surveyed firms reported that sales were supported by new product launches and World Cup-related demand. The boost to sales appeared broad-based, with demand from both mainland China and overseas markets increasing in June. The new orders and output sub-indexes rose to 53.2 (50.1 in May) and 52.7 (51.6 in May) respectively in June.
- On the other hand, margin pressure in downstream sectors persisted in June, while staffing levels were down for the third month. The input price sub-index fell to 55.3 (57.6 in May), but remained elevated, whereas the output price sub-index fell to 52.1 (52.8 in May).



Source: S&P, OCBC Group Research

Source: S&P, OCBC Group Research

HK: Total AUM jumps to a record high

- Hong Kong's total assets under management (AUM) jumped 20% YoY to a record high of HKD42.2 trillion (US$5.4 trillion), driven by strong growth in net inflows (+193% YoY to HKD2,065 billion), according to the SFC.
- Among the major segments, the AUM of the asset management and fund advisory business (+19% YoY), and private banking and private wealth management business (+24% YoY) both recorded impressive growth.
- Hong Kong's asset and wealth management business continued to serve a globally diversified investment base, with assets of non-Hong Kong investors accounting for 63% of the AUM. Meanwhile, majority of AUM was managed in Hong Kong and invested outside mainland China and Hong Kong.
- Previously, Boston Consulting Group ranked Hong Kong as the world's largest cross-border wealth management centre, topping Switzerland. The cross-border AUM reached USD2.95 trillion, slightly surpassing Switzerland's USD2.94 trillion. The increase was driven by growing wealth inflows from Mainland China and a strong IPO market last year.

Source: OCBC Group Research

HK: Policy moves

- Authorities in China and Hong Kong have announced a series of measures aimed at deepening financial market integration between the Mainland and Hong Kong, while further developing Hong Kong's fixed income and currency (FIC) markets and offshore RMB business.

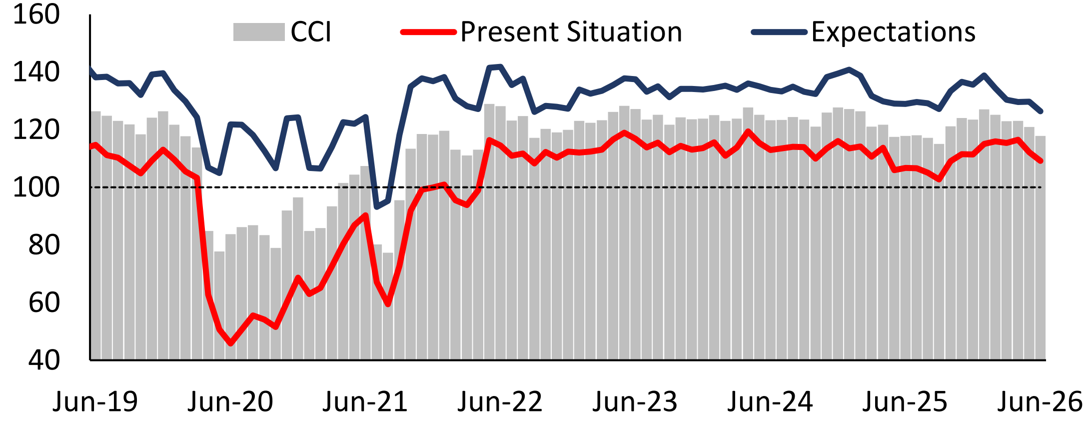
Objectives	Policy Measures
Six measures to support Hong Kong's Fixed Income and Currency (FIC) market development, and strengthen Hong Kong-Mainland financial market connectivity	1. Supporting the development of a Hong Kong FIC electronic trading platform; 2. Supporting the launch of Hong Kong Exchanges and Clearing Limited 5-Year China Government Bond Futures in Hong Kong; 3. Supporting the inclusion of Northbound Bond Connect bonds as eligible margin collateral at the HKFE Clearing Corporation and the SEHK Options Clearing House; 4. Further enhancing the Swap Connect; 5. Further enhancing and expanding the Southbound Bond Connect; and 6. Enhancing the Northbound Bond Connect operational arrangement
Five measures to support the offshore RMB business development	1. Expanding and enhancing the HKMA's RMB Business Facility (RBF); 2. Exploring to introduce a tendering mechanism of 7-day offshore RMB liquidity; 3. Exploring the issuance of offshore RMB short-term debt instruments; 4. Promoting the development of a bilateral currency transaction framework between Indonesian Rupiah (IDR) and offshore RMB (CNH); and 5. Issuing good practices to banks to promote RMB adoption

Source: OCBC Group Research.

Indonesia: Consumption indicators soften

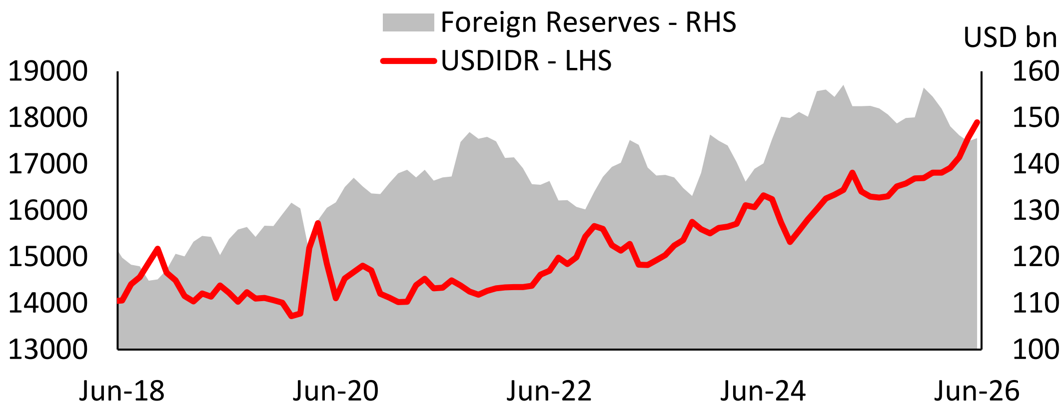
- The latest high-frequency indicators pointed to moderation in household sentiment. BI's consumer confidence index fell to 117.8 in June from 120.9 in May, its lowest since September 2025. The current economic conditions index declined to 109.2 from 112.2, while the expectations index fell to 126.4 from 129.7, reflecting weaker assessments of income, employment, durable goods purchases and business activity.
- Retail sales contracted 4.4% YoY (0.8% MoM) in June, deeper than the 3.9% decline in May. Weakness was broad-based across food & beverages, stationery & communications, cultural & recreational fuels, and apparel goods. Retailers also expect near-term price pressures to rise, with the Price Expectations Index increasing to 178.0 in August from 175.8 raw material costs, before easing slightly in November.
- External buffers remained adequate, with FX reserves rising to USD145.6bn in June from USD144.9bn in May, The reserves position was equivalent to 5.5 months of imports, above the international adequacy standard of ~3 months.

Supportive consumer confidence



Source: BI, CEIC, OCBC Group Research.

USDIDR & FX Reserves



Source: BI, Bloomberg, OCBC Group Research.

Source: BI, Bloomberg, CEIC, OCBC Group Research.

Indonesia: S&P reaffirms sovereign rating and ‘stable’ outlook

- S&P Global reaffirmed Indonesia’s sovereign credit ratings at BBB with a stable outlook. Fitch Ratings and Moody’s lowered the outlook to ‘negative’ from ‘stable’ earlier in the year, with an equivalent credit rating of BBB and Baa2. S&P noted in its statement that it sees the deterioration in the external and fiscal metrics as “temporary” and reversing given the impact of higher commodity prices and “more stable pace of policy changes”. The rating action reflects S&P’s view that the fiscal deficit will remain within the legal limit of 3% of GDP and that, while the current account deficit is likely to widen this year, higher export earnings and gradually normalising energy markets will help mitigate the impact.
- The key difference between S&P’s assessment and those of Moody’s and Fitch is its more favourable view of the government's recent policy initiatives. Specifically, S&P noted “despite its short operating track record, the newly established sovereign wealth fund, Danantara, has changed the state-owned sector in Indonesia by consolidating and trimming non-core business lines.”
- The relief in Indonesian asset markets was palpable following S&P’s decision. The Jakarta Stock Index was up +1.9%, while USD/IDR drifted modestly lower along with Indonesia government bond yields. S&P’s decision reflects greater confidence in the authorities’ policymaking approach, which puts the onus on delivering on the objectives from Danantara, managing fiscal policy changes and mitigating external risks squarely on the authorities.

Rating Agency	Current rating	Latest outlook
S&P	BBB	Stable
Fitch	BBB	Negative
Moody's	Baa2	Negative

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

Malaysia: Barisan Nasional's landslide win in Johor

- Barisan Nasional (BN) won a landslide victory in the 11 July elections, securing 48 of 56 seats, up from 40 seats in the 2022 elections. Pakatan Harapan (PH), PM Anwar's coalition, won 8 seats compared to 12 in 2022. The results represent a resounding victory for the incumbents and make the relationship between the federal and state governments even more pertinent.
- We have argued before, and maintain, that the economic outlook and the policies for Johor will not shift materially. With the elections out of the way, the focus can shift back to economic policies for Johor and pave the way for the Johor Singapore Special Economic Zone (JS-SEZ) blueprint to be released in 4Q26.
- The political calendar is likely just heating up. BN will head to the polls in Negeri Sembilan on 1 August with strong momentum on its side. National polls also cannot be ruled out within the next 12 months.

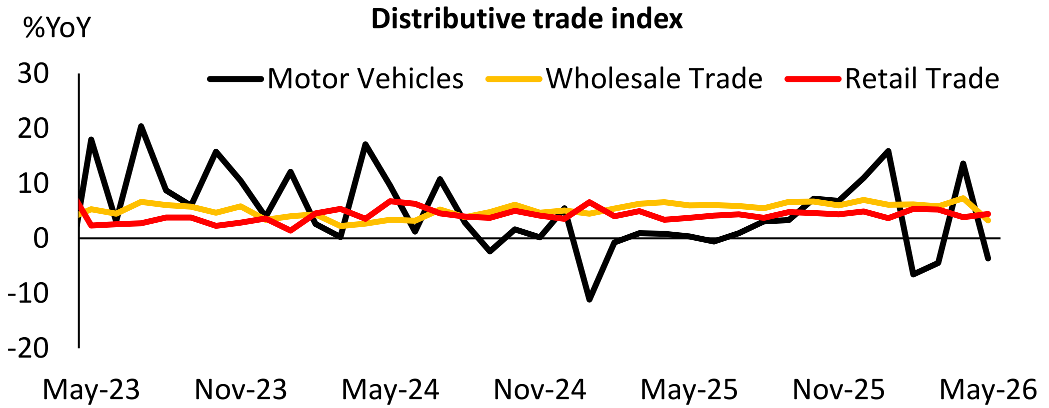
	2022		2026	
Party	**Seat won**	**Seats Contested**	**Seats Won**	**Seats Contested**
BN	40	56	48	56
PH	12	50	8	56
PN	3	56	0	33
MUDA	1	7	0	4
BEBAS	0	16	0	6
PSM	0	1	0	1
BERSAMA	n.a.	n.a.	0	15

Source: electiondata.my; OCBC Group Research.

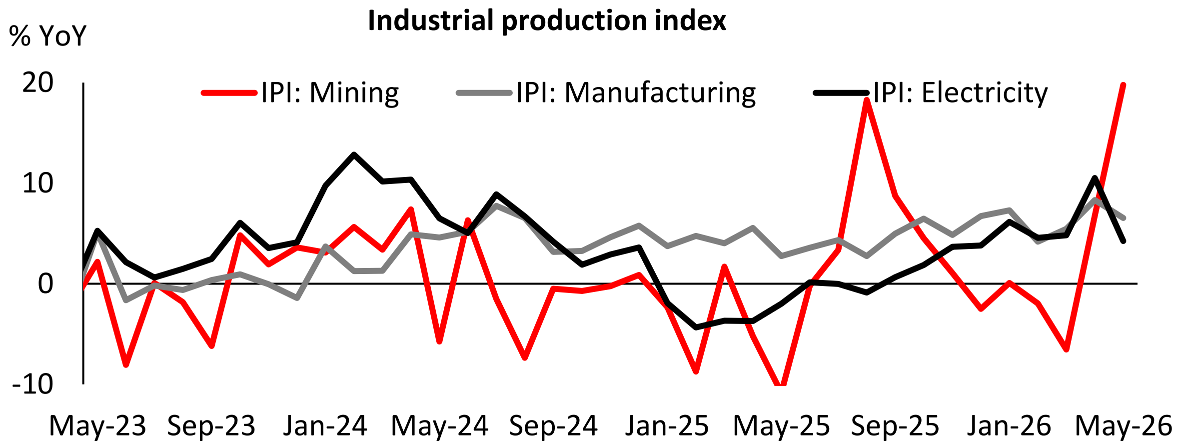
Source: electiondata.my, OCBC Group Research.

Malaysia: 2Q26 GDP growth tracks 6% YoY

- The activity data for May was resilient. Retail and wholesale trade data grew by 4.4% YoY and 3.2%, versus 3.9% and 7.3% in April, respectively. May industrial production growth came in at 8.4% YoY versus 8.2% in April, taking the average growth for April and May to 8.3% YoY versus 4.0% in 1Q26. Labour markets are also in a strong position. The unemployment rate edged up modestly to 3.0% in May 2026 from 2.9% in April, but in line with our long-held view. Our tracking estimate for 2Q26 GDP growth is 6.0% YoY compared to 5.4% in 1Q26.
- Should this materialise, the risks to our 2026 GDP growth forecast are skewed to the upside. Bank Negara Malaysia (BNM) recognised that "latest developments point towards resilient growth in the second quarter, driven by sustained domestic demand and stronger-than-expected export performance."
- BNM kept its policy rate unchanged at 2.75% at its 9 July meeting, matching expectations. Our reading of the official policy statement is that BNM's stance remains neutral, given the continued downside risks to global and domestic growth. We see limited signs just yet that BNM has turned more hawkish.



Source: CEIC; OCBC Group Research.



Source: Department of Statistics, CEIC, OCBC Group Research.

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Source: DOSM, CEIC, OCBC Group Research.

ESG

ESG: Strengthening decarbonisation efforts between Singapore and Indonesia

- The Singapore-Indonesia leaders' retreat to reaffirm bilateral ties resulted in a stronger commitment to climate-related collaboration between the two countries, focusing on the areas of circular economy and waste management, water and air quality management, transboundary pollution and a future-ready workforce to support the transition to a low-carbon economy. This comes at a time where the El Nino phenomenon could result in severe haze in the region. Both countries also plan to strengthen cooperation in nuclear safety, regulatory oversight and emergency preparedness as Singapore studies the role of nuclear energy to diversify its future energy mix.
- Both countries are also engaged in price negotiations for a cross-border electricity project, with Singapore keen to unlock Indonesia's renewable energy potential. Indonesia's sovereign wealth fund, Danantara, signed an agreement with Keppel Electric, Sembcorp Industries and the Singapore Energy Interconnections to provide a clear roadmap for negotiations and discussions to pave the way for the project. Both countries plan to develop the regulatory frameworks, policies and investment conditions needed for cross-border electricity trade. Singapore and Indonesia also signed a memorandum of understanding on carbon credits under Article 6 of the Paris Agreement, aiming to work towards an implementation agreement and to identify high-integrity carbon credit projects. These developments signal ongoing progress in advancing cross-border electricity trade and establishing transparent carbon markets.

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Source: CNA, OCBC Group Research.

FX & Rates

Oil Risk Lingers

- **Oil Risk Lingers:** A renewed focus on energy risks has lifted yields and pressured EM currencies. Our base case remains a contained geopolitical escalation. This week's US CPI report likely to determine whether the USD's grind higher resumes.
- **GPIF Hopes:** Talk of steering pension funds towards domestic assets has paused the Japan debasement trade, but any GPIF-driven reallocation is likely to be slow and insufficient on its own to resolve Japan's fiscal and BoJ credibility concerns.
- **USDCNH eased** after Friday's stronger fix, reinforcing the view that policymakers remain comfortable with gradual RMB appreciation. But the fix was still weaker than market expectations, suggesting the PBoC is managing the pace rather than pushing for a sharper move.
- **Implication for MYR should be largely limited** as Johor outcome preserves policy continuity. Data this week includes 2Q26 GDP and Jun CPI.

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Source: OCBC Group Research.

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