Weekly Macro Views (WMV)

Global Markets Research & Strategy

14 April 2025

Weekly Macro Update

Key Global Data for this week:

14 April	15 April	16 April	17 April	18 April
• **SG** GDP YoY • **SG** Singapore MAS April 2025 MAS Monetary Policy Statement • **JN** Industrial Production YoY • **US** NY Fed 1-Yr Inflation Expectations	• **ID** Consumer Confidence Index • **UK** Average Weekly Earnings 3M • **UK** ILO Unemployment Rate 3Mths	• **CH** New Home Prices • **CH** Industrial Production • **CH** GDP • **UK** CPI • **EC** CPI • **US** Retail Sales Advance • **US** Industrial Production	• **US** Housing Starts • **US** Initial Jobless Claims • **SK** BOK Base Rate • **EC** ECB Marginal Lending Facility **EC** ECB Main Refinancing Rate	• **JN** Natl CPI • **MA** GDP

Summary of Macro Views:

Global	• **Global:** Central Banks • **Global:** Tariff update • **US:** CPI – March CPI printed softer; inflation slowed • **US**: Falling consumer sentiment • **ECB**: Focus on Lagarde's commentaries
Asia	• **SG:** Slowdown imminent despite resilient 1Q25 growth (I) • **China:** China's dominant in the global supply chain • **China ASEAN:** a new "core-periphery" manufacturing model • **China:** a more assertive response • **HK**: HKD liquidity on the tight side • **ASEAN-5**: Forecast update

Asia	• **Indonesia**: Tariff response; inflation pick up in March • **Malaysia**: Tariff response • **Malaysia**: IPI growth slowed in February • **Philippines**: BSP cuts by 25bp, as expected • **Vietnam**: Forming the Government Negotiation Delegation Team
Asset Class	• **Commodities**: Lower oil prices • **ESG**: Progress in Article 6.2 agreements but challenges persist • **FX & Rates:** MAS Eased Policy Slope; USD Weaker • **Gold**: Constructive Bias Despite Strongest YTD Rally in 25 Years • **Global Asset Flows**

OCBC

Global: Central Banks

Forecast – Key Rates

Monetary Authority of Singapore (MAS)	Bank of Canada (BoC)	European Central Bank (ECB)	Bank of Korea (BoK)
Monday, 14 April	**Wednesday, 16 April**	**Thursday, 17 April**	**Thursday, 17 April**

House Views

S$NEER policy stance	*Policy Interest Rate*	*Deposit Facility Rate*	*Base Rate*
MAS **eased policy slope slightly**	**Likely hold at 2.75%**	**Likely cut from 2.50% to 2.25%**	**Likely hold at 2.75%**

Source: OCBC, Bloomberg.

OCBC

Global: Tariff Update

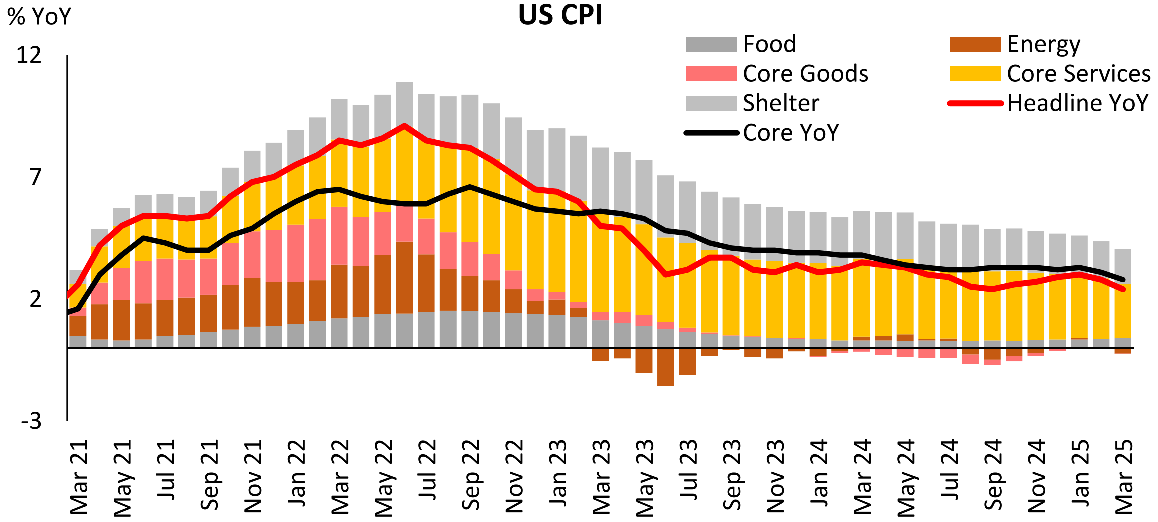
- Just 24 hours after the new reciprocal tariffs were implemented on April 9, President Trump made a notable, albeit partial, reversal by announcing a 90-day suspension of the reciprocal tariff for all countries except China. Nevertheless, a blanket 10% tariff will still be in effect for all nations during this freeze period. Canada and Mexico are also excluded from this suspension and continue to face a 25% tariff related to fentanyl.
- The White House confirmed that the total tariff rate on imports of Chinese goods has reached 145%, which includes the new 125% duty on goods and the 20% duty imposed in connection with the fentanyl issue. In retaliation, Beijing raised its tariffs on US imports to 125% last Friday (11 April). On Sunday (13 April), US Commerce Secretary Howard Lutnick indicated that the tariff exemptions for electronic devices are temporary, and that “semiconductor tariffs” will be introduced “in a month or two.”
- The EU announced a pause on its initial round of retaliatory tariffs against the US, aligning with the 90-day suspension declared by the Trump administration. EU Commission President Ursula von der Leyen stated that the bloc remains dedicated to negotiations with the US, aiming for “frictionless and mutually beneficial trade.”

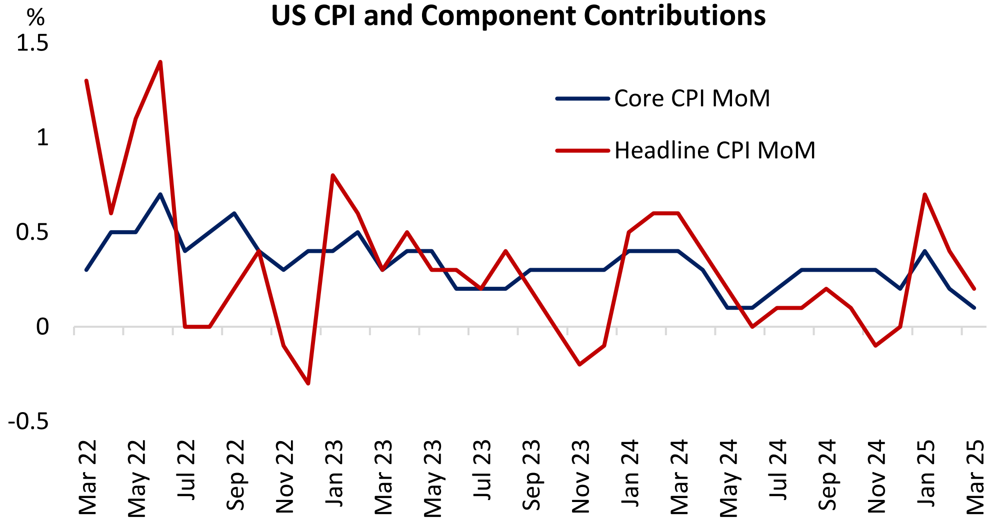
2 April	4 April	5 April	9 April	11 April
Trump announces a package of so-called "reciprocal" tariffs on dozens of nations, including China which was set to see tariffs increase to 34%. Trump also announces a 10% tariff for all imports to the US, with exceptions for Mexico and Canada. For countries due to see "reciprocal" tariffs imposed, the 10% universal rate will go into effect on April 5 and will be deducted from the reciprocal tariff rate set to go into effect April 9.	China announces a 34% tariff on US goods effective April 10.	10% universal tariffs go into effect putting China's tariff rate at 30%.	Trump hits China with an additional 84% levy across all imports, raising the total to 104%. China announces retaliatory tariffs of 84% on imports of US goods, further escalating the trade war between the world's two largest economies. Trump raises tariff to at least 145% on Chinese imports effective immediately. Trump announces 90-day pause on "reciprocal" tariffs for nations except for China. The 10% universal tariff, however, remains in effect.	China increases its retaliatory tariffs on US imports to 125%.

Source: Blomberg, Reuters, Politico, CNN, OCBC Research

United States: CPI – March CPI printed softer; inflation slowed

- Headline inflation decelerated to 2.4% YoY in March versus 2.8% YoY in February. Core inflation also eased to 2.8% YoY compared to 3.1% YoY in February, the lowest level since March 2021, indicating the disinflation trend was intact before the tariff impact.
- On a sequential basis, headline inflation fell by 0.1% MoM after rising 0.2% in February while core CPI slowed to 0.1% MoM from 0.2% in February. Specifically, gasoline prices fell by 6.3% MoM, while transportation services component fell by 1.4%MoM, while shelter inflation slowed.
- Food prices climbed by 0.4% MoM in March after rising 0.2% MoM in February, driven primarily by egg prices which rose by 5.9% MoM and are up by 60.4% compared to a year ago.



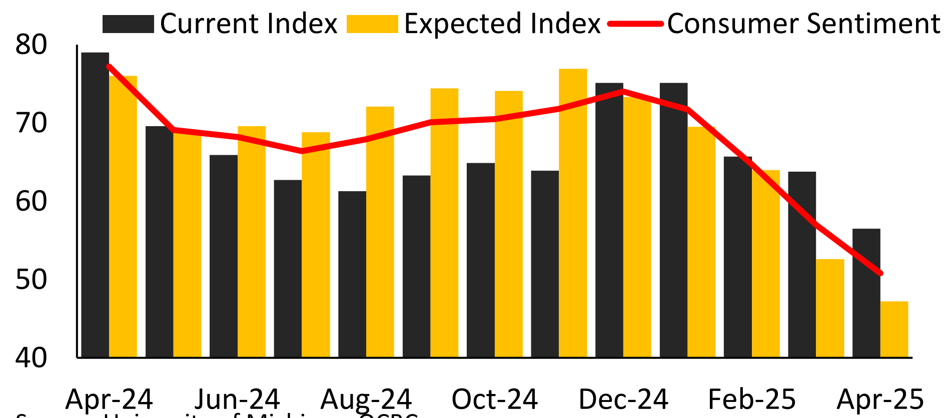


Source: Blomberg, OCBC Research

United States: Falling consumer sentiment

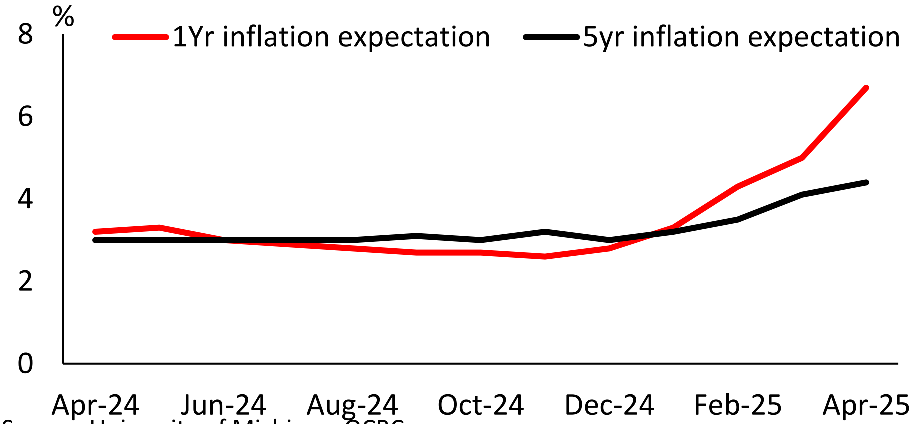
- The University of Michigan's preliminary consumer sentiment index dropped for the fourth straight month in April, falling to 50.8 from 57.0 in March, which was below the anticipated decrease to 53.8. The survey also indicated that consumer sentiment has now fallen by over 30% since December 2024, driven by increasing concerns about trade war developments that have fluctuated throughout the year.
- Consumers are signaling several warning signs that heighten the risk of a recession, as expectations regarding business conditions, personal finances, incomes, inflation, and labor markets all worsened. The proportion of consumers expecting a rise in unemployment over the next year has increased for the fifth consecutive month. Note that interviews were conducted between 25 March and 8 April, just before the partial reversal of tariffs on 9 April.
- Year-ahead inflation expectations surged to 6.7% in April, up from 5.0% previously, marking the highest level since 1981 and representing four consecutive months of significant increases of 0.5 percentage points or more. Similarly, long-term inflation expectations rose from 4.1% in March to 4.4% in April.

Univ. of Michigan Consumer Sentiment Survey



Source: University of Michigan, OCBC.

Univ. of Michigan Consumer Sentiment Survey

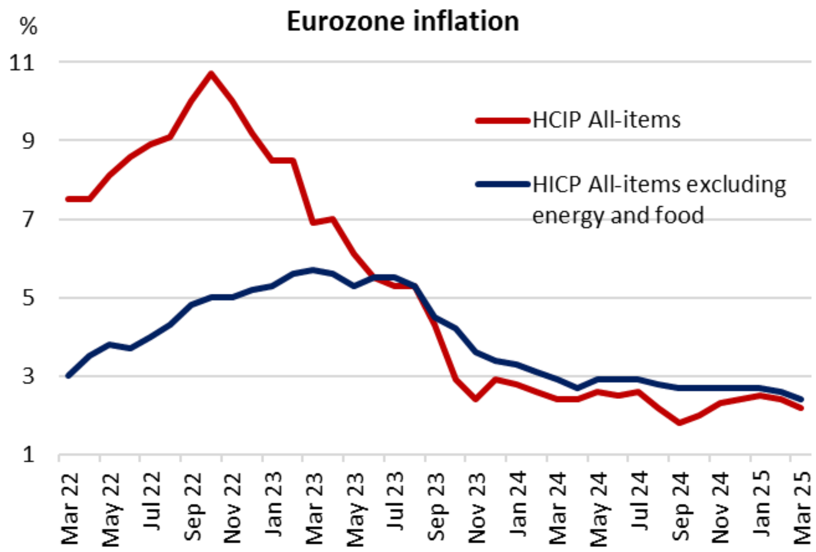


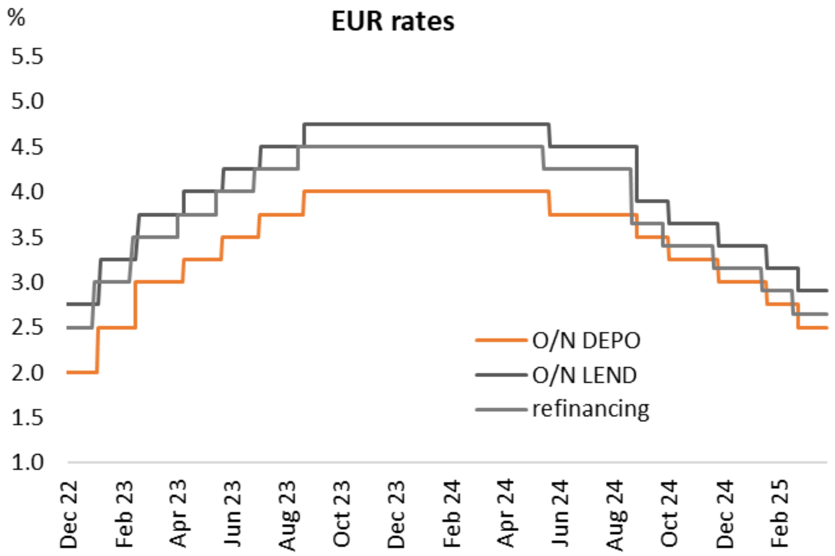
Source: University of Michigan, OCBC.

Source: University of Michigan, CEIC, OCBC Research

ECB: Focus on Lagarde's commentaries

- Eurozone Preliminary HICP All-item inflation eased to 2.2% YoY in March versus 2.4% YoY in February. Surprise came in the core inflation reading, which eased to 2.4% YoY in March compared to 2.6% YoY in February. Inflation appears to be on track to reach 2%, with underlying inflation seemingly declining faster than expected and interest rates approaching neutral territory.
- While a 25bp cut at this week's ECB meeting is in the price, the focus is on Lagarde's commentaries. Market participants will look for hints as to whether the central bank is open to cutting rates to below perceived neutral levels. Our view has been that ECB is nearing the end of the cycle, but a terminal rate that is below 2% reflective of a weak growth/recession driven rate-cutting cycle may be justified should the economy weaken by more than expected.





Source: Blomberg, OCBC Research

Singapore: Slowdown imminent despite resilient 1Q25 growth (I)

- Based on MTI's advance estimates, the Singapore economy eased more than expected to 3.8% YoY in 1Q25 (consensus: 4.5%, OCBC: 3.5%) versus 5.0% in 4Q24. On a sequential estimate, the economy contracted 0.8% QoQ sa, with the latter marking the first QoQ decline since 1Q23. The three sectors all expanded in 1Q25, with manufacturing sector leading the pack at 5.0% YoY, likely attributable to some frontloading ahead of the US tariffs announcements. This was followed by construction at 4.6% YoY and services at 3.4% YoY.
- The manufacturing sector saw output expand YoY across all the clusters except for chemicals and general manufacturing activities but still contracted 4.9% QoQ sa in 1Q25 (marking the first sequential decline since 2Q24), following flat growth in in 4Q24. The construction sector was supported by both public and private sector construction activities, but also eased 2.3% QoQ sa in 1Q25, marking the first sequential decline since 1Q24.
- The services sector was led by the wholesale & retail trade and transportation & storage (4.2% YoY), infocomms, finance & insurance and professional services (3.0%), as well as the accommodation & food services, real estate, administrative & support services and other services (2.5% YoY).

Gross Domestic Product in Chained (2015) Dollars

	1Q24	2Q24	3Q24	4Q24	2024	1Q25*
Percentage change over corresponding period of previous year						
Overall GDP	3.2	3.4	5.7	5.0	4.4	3.8
Goods Producing Industries	-0.4	0.7	9.8	6.5	4.2	4.7
Manufacturing	-1.1	-0.6	11.2	7.4	4.3	5.0
Construction	2.1	5.8	5.6	4.4	4.5	4.6
Services Producing Industries	4.5	4.1	4.4	4.6	4.4	3.4
Wholesale & Retail Trade and Transportation & Storage	4.0	4.4	6.0	5.6	5.0	4.2
Information & Communications, Finance & Insurance and Professional Services	6.2	5.9	4.2	4.4	5.2	3.0
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	2.9	1.4	1.8	2.5	2.1	2.5

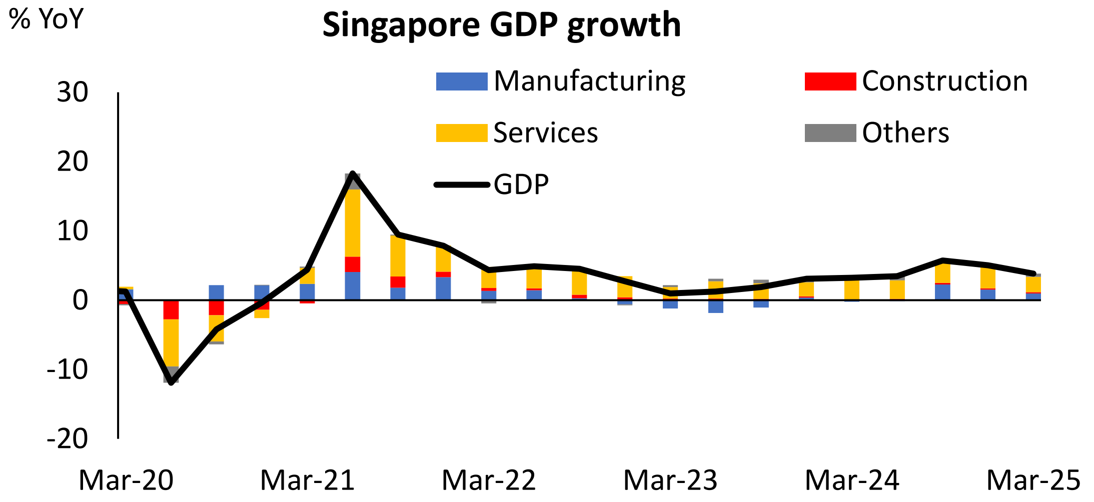
	1Q24	2Q24	3Q24	4Q24	2024	1Q25*
Quarter-on-quarter growth rate, seasonally-adjusted						
Overall GDP	0.3	1.1	3.0	0.5	4.4	-0.8
Goods Producing Industries	-2.8	0.2	9.0	0.0	4.2	-4.0
Manufacturing	-3.2	-0.9	11.7	0.0	4.3	-4.9
Construction	-2.8	5.1	1.9	0.3	4.5	-2.3
Services Producing Industries	1.5	1.0	1.2	0.9	4.4	0.3
Wholesale & Retail Trade and Transportation & Storage	1.9	2.8	1.1	-0.1	5.0	0.5
Information & Communications, Finance & Insurance and Professional Services	-3.8	1.2	1.2	5.9	5.2	-5.0
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	1.4	-0.5	1.2	0.3	2.1	1.4

*Advance estimates

Source: MTI, MAS, Singstat, CEIC, OCBC.

Singapore: Slowdown imminent despite resilient 1Q25 growth (I)

- The official 2025 GDP growth forecast was trimmed to 0-2% YoY as expected (previous: 1-3%). This is a sharp slowdown from the 4.4% seen in 2024. The risk is for a significantly weaker external demand outlook following an escalation to tit-for-tat between US-China, and the looming threat of sectoral tariffs, especially on semiconductors and pharmaceuticals. Meanwhile, global trade and growth prospects have seen a downshift in recent weeks with no clear sign of bottoming yet. A technical recession is possible as the brunt of the initial US tariff announcements has wrecked significant havoc on financial markets in April and real economic fallout is anticipated in the coming months.
- For 2H25, GDP growth is likely to sink further due to the high base last year, possibly to near stalling speed in YoY terms. This would bring our full-year 2025 growth forecast closer to 1.6% YoY assuming that the 10% tariff on Singapore remains intact, down from our previous 2.1% forecast prior to the rapid escalation of the US-China tariffs.

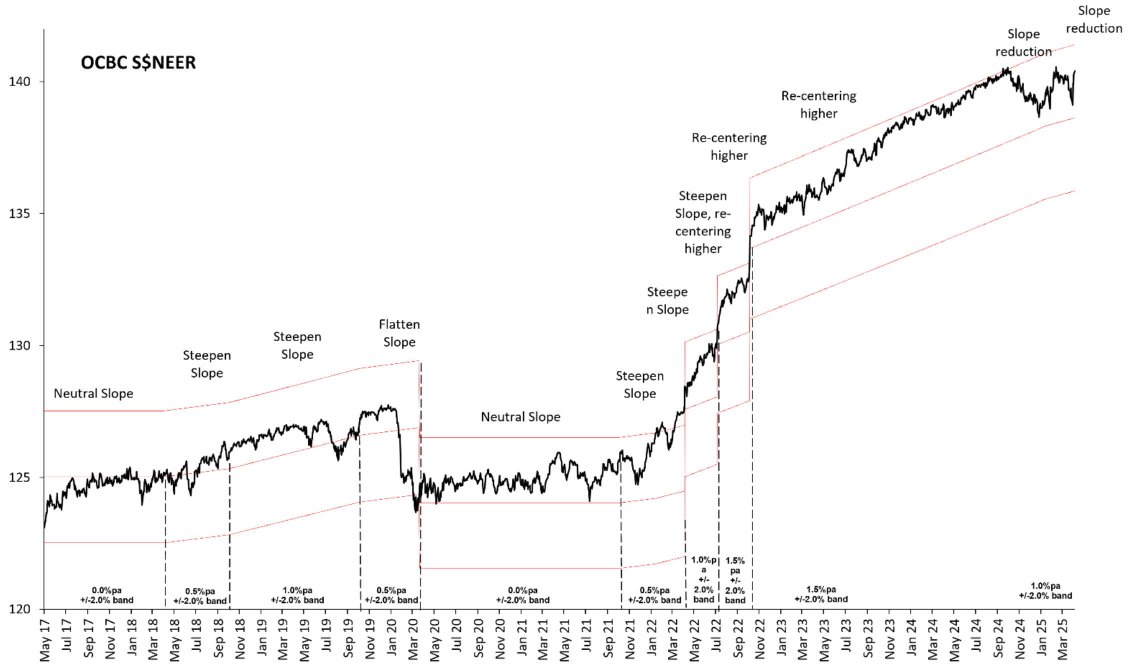


Source: Singstat, CEIC, OCBC.

Source: MTI, MAS, Singstat, CEIC, OCBC.

Singapore: Slowdown imminent despite resilient 1Q25 growth (II)

- MAS also eased monetary policy settings for the second straight meeting by reducing slightly the rate of appreciation, with no change to the band width or the level at which it is centered, in line with our house view for a 50bps flattening of the S$NEER slope.
- MAS also cut the 2025 headline and core inflation forecasts to 0.5-1.5% YoY, from 1.5-2.5% and 1-2% previously. MAS cited the significant easing in Jan-Feb inflation outturns, the modest imported inflation outlook amid slowing global demand and lower energy commodity prices, as well as cooling domestic labour market.
- In our view, there is room for a further monetary policy easing if economic conditions deteriorate further. The rhetoric is clearly dovish with reference to the output gap turning negative and the downside inflation risks. The reciprocal tariffs are likely deflationary for the Singapore economy as China diverts exports to the rest of the world. To that end, we shade down our 2025 headline and core inflation forecasts to 1.2% YoY (previous: 1.5% YoY). That said, monetary policy will only complement the fiscal policy accommodation that is likely to follow.



Source: OCBC estimates

Source: MTI, MAS, Singstat, CEIC, OCBC.

What's next?

April 2

Trump surprised the market with a larger than expected reciprocal tariff

April 4

In contrast to our prior expectation that China's response may be measured, China has taken a more confrontational stance.

April 8-9

Escalation of bilateral tariff between China and US.

April 9

Trump announced a tariff pause for 90 days except for China

US vs. Rest of the World

US vs. China

China vs. Rest of the World?

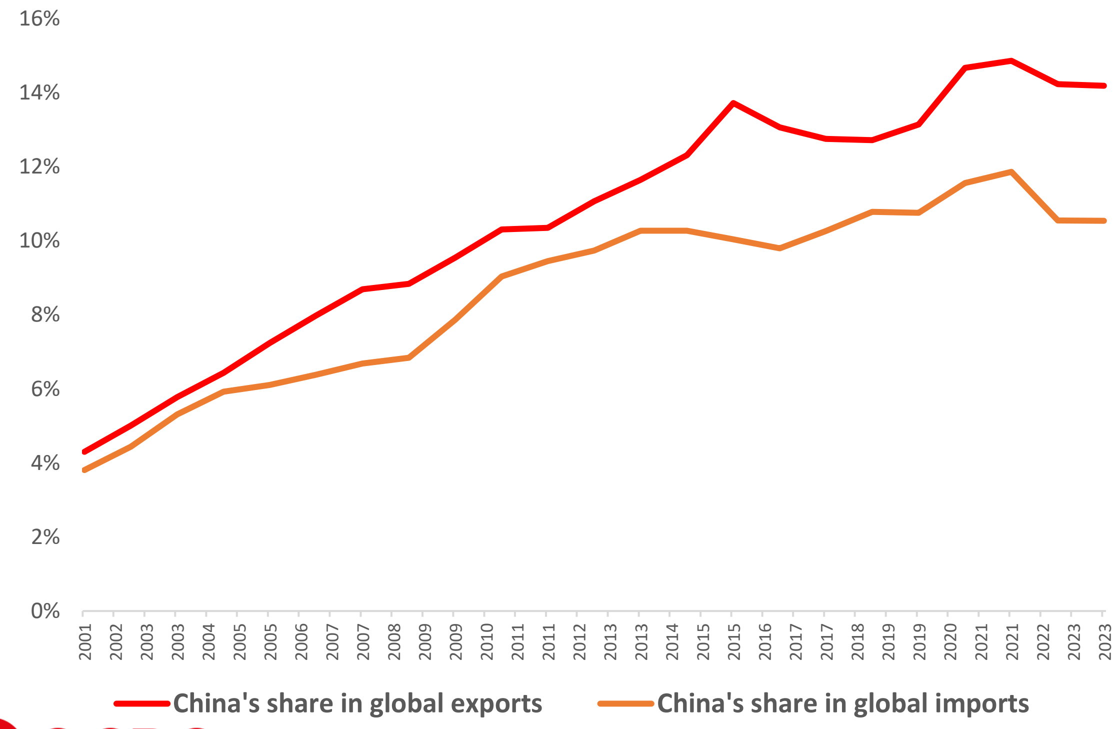
Will US be able to influence ASEAN to reduce their reliance on China's supply chain and impose restrictions on Chinese rerouting?

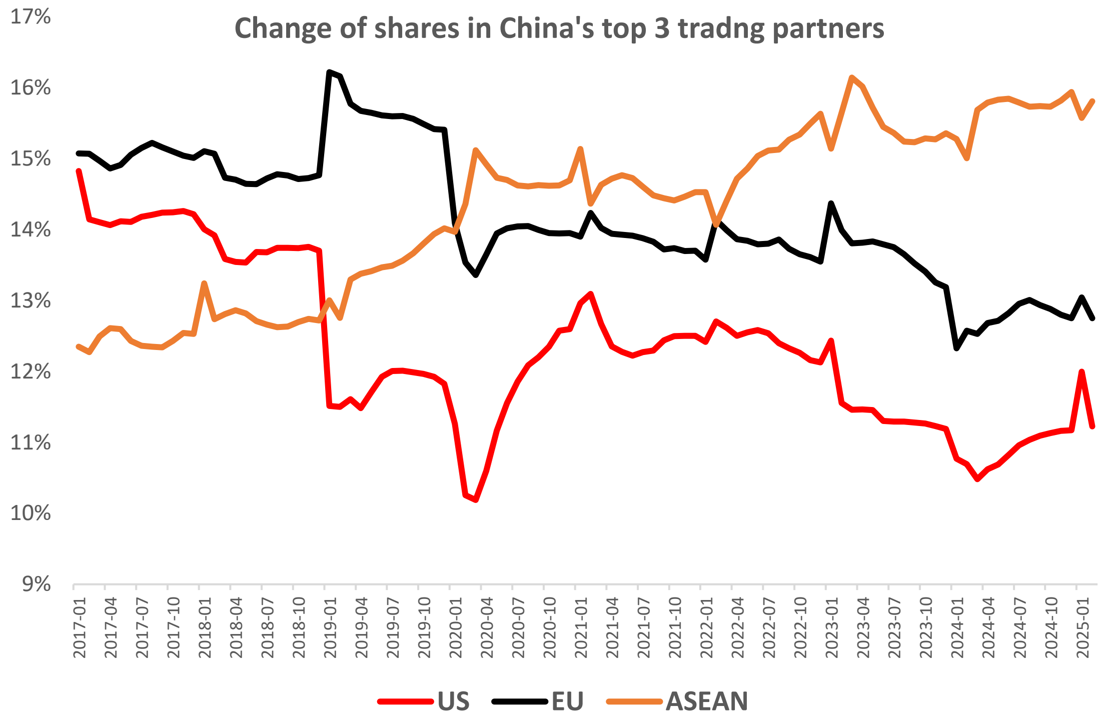
OCBC

Source: Bloomberg, Reuters, OCBC

China: China's dominant in the global supply chain

- China's share in global exports has risen despite the trade war 1.0 in 2018. This was due to China's diversification of export markets, rerouting through other countries and the development of supply chain ecosystem.
- China's rising competitiveness in the global supply chain is driven by technological innovation and its evolving manufacturing capabilities.

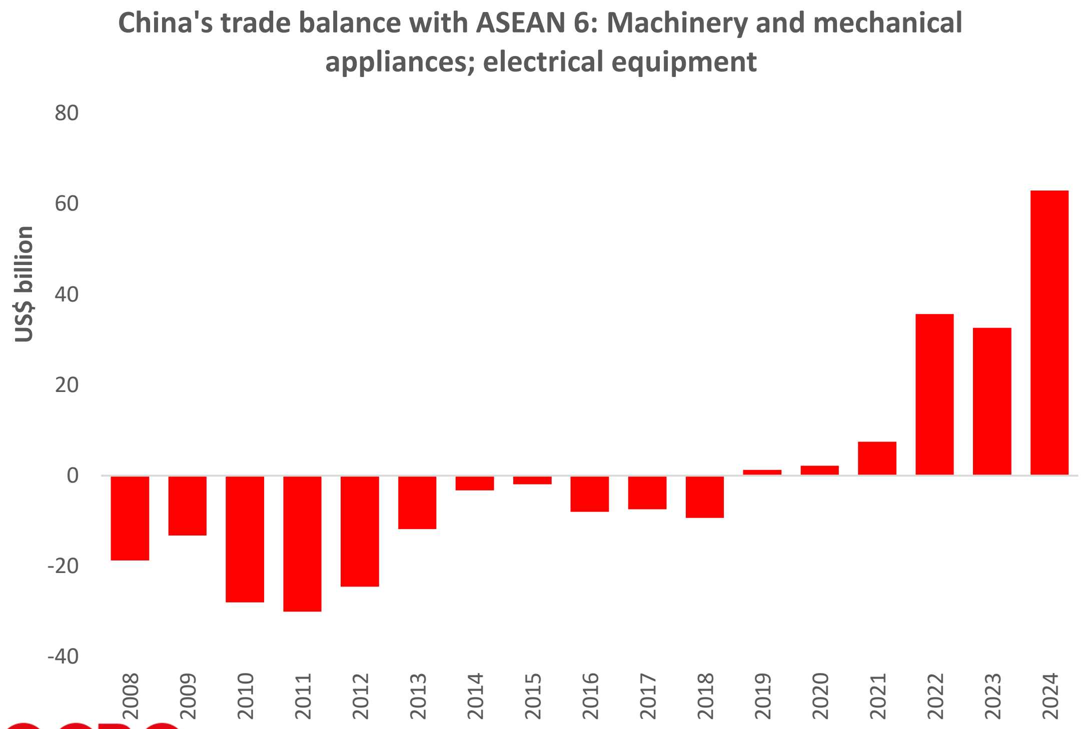


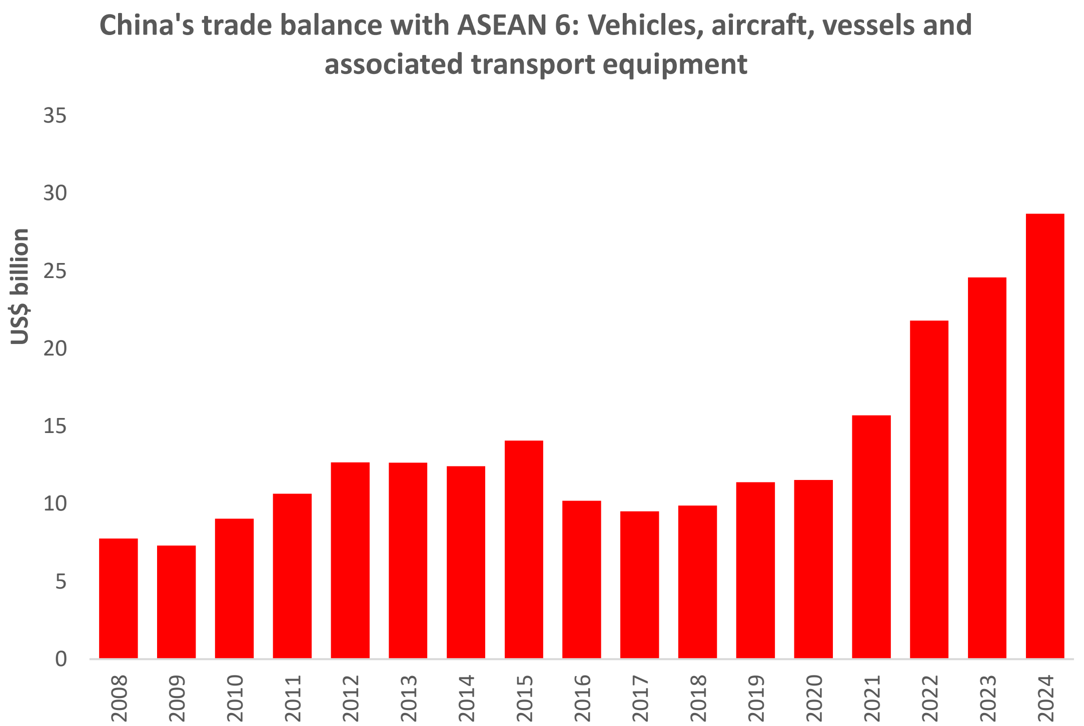


Source: Bloomberg, OCBC

China ASEAN: a new "core-periphery" manufacturing model

- ASEAN operations serve as satellites to China's dominant manufacturing base. Instead of competing head-on, ASEAN's role often complements China's core functions. Investment in ASEAN can be seen as an extension of the supply chain rather than a replacement.
- Analyses of electronics and automotive supply chains indicate that more than 30–40% of intermediate inputs in some ASEAN production networks can trace back to Chinese suppliers.





Source: Bloomberg, OCBC

China: a more assertive response

- Despite adopting a measured and restrained approach in February and March in response to earlier U.S. tariffs, China's moderation was met with little acknowledgment from the Trump administration. China's reversion to a tit-for-tat strategy signals a more assertive posture aimed at forcing meaningful negotiations. The recent exemption decision by the U.S. may indicate that this strategy is beginning to yield results.
- The upward spiral of tariff hikes appears to have reached its peak. Following China's final retaliatory move—raising tariffs on U.S. imports to a maximum of 125%—Beijing has indicated it will not respond to any further U.S. tariff increases, as doing so would no longer make economic sense.

China's top 10 imports from the US by section under Harmonized System in 2024

	Total value in 2024	Share in total US imports	China's dependence on the US
HS Section16: Machinery and mechanical appliances; electrical equipment	US$37.9 billion	23%	5%
HS Section 5: Mineral products	US$25.9 billion	16%	43%
HS Section 6: Products of the chemical or allied industries	US$20.6 billion	13%	12%
HS Section 2: Vegetable products	US$16.6 billion	10%	16%
HS Section 17: Vehicles, aircraft, vessels and associated transport equipment	US$15.3 billion	9%	20%
HS Section 18: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus	US$12.8 billion	8%	16%
HS Section 7: Plastics and articles thereof; rubber and articles thereof	US$8.7 billion	5%	11%
HS Section 15: Base metals and articles of base metals	US$7.1 billion	4%	5%
HS Section 1: Live animals; animal products	US$4.4 billion	3%	9%
HS Section 4: Prepared foodstuffs; beverages, spirits and vinegar	US$3.7 billion	2%	10%

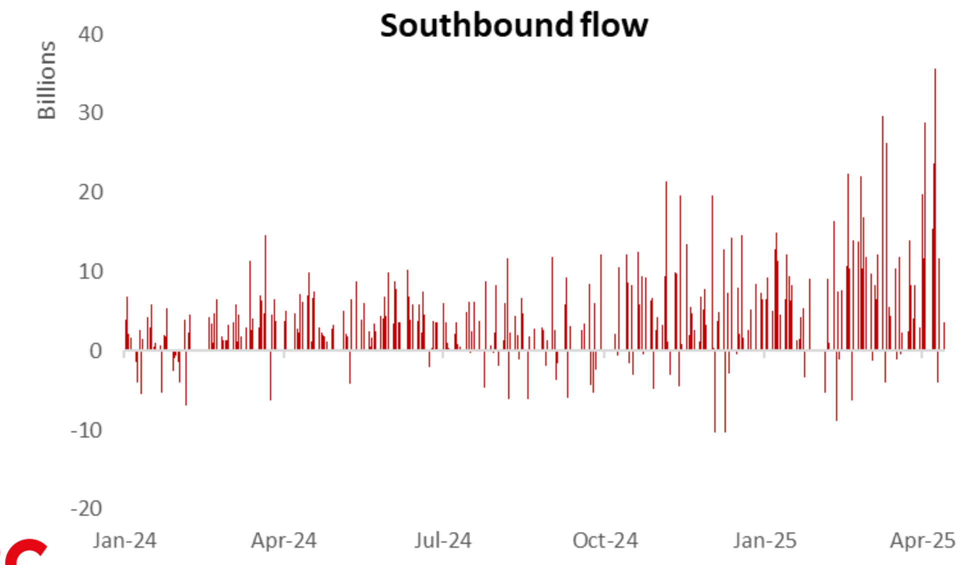
Source: Wind, OCBC

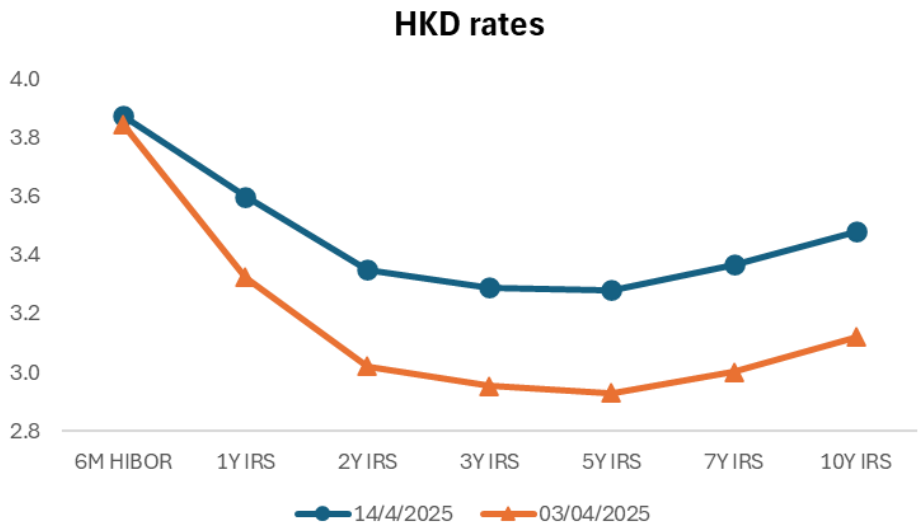
OCBC

Source: Bloomberg, OCBC

HK: HKD liquidity on the tight side

- Tariffs announcements since the April 2 “Liberation Day” contributed to huge market swings. Hang Seng Index fell by more than 13% last Monday, one of the steepest declines on record. In an attempt to sooth the market, PBoC said to provide sufficient lending support to Central Huijin Investment to maintain smooth operation of capital market, and implement moderately loose monetary policy.
- Since then, market had pared back part of the losses, amid market speculation of more policy support from the Chinese government. Meanwhile, southbound flow also reached a record high at HK$35.59 billion last week. Market participants were seen preparing for liquidity in the high volatility environment.
- In the near-term, we expect HKD liquidity to err on the tight side on liquidity preparation and inflows. On the hand, USDHKD may stay close to the strong-side convertibility undertaking level at 7.75.





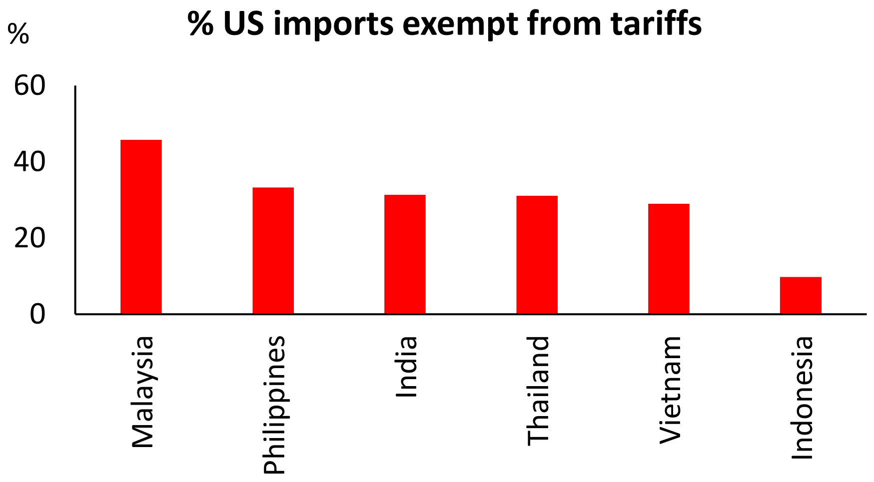
Source: Bloomberg, OCBC

ASEAN-5: Forecast Update

- The authorities in the ASEAN-5 economies have been proactive in responding to the US tariff announcement. The tone of response has been realistic, acknowledging the challenges mid to long-term growth prospects. The ASEAN-5 economies have adopted a reconciliatory approach, suggesting that they are open to negotiations. Most of the economies plan to send a delegation for negotiations to the US this month.
- While the authorities of the ASEAN-5 economies have not reduced growth forecasts officially, some have put the 2025 growth forecast under review including Malaysia. The authorities across the region will likely have to step up on fiscal support should growth conditions deteriorate further.

Country	2025 official GDP growth estimates (% YoY)	OCBC GDP growth estimates (%)	OCBC policy rate Forecast (eop 2025, %)
Indonesia	4.7-5.5%	4.7	5.25
Malaysia	4.5-5.5%	4.3	3.00
Philippines	6-8%	5.9	5.25
Thailand	2.9%	2.0	1.50
Vietnam	8%	5.0	2.50

Source: BI, BNM, BoT, BSP, OCBC.



Exemptions as of 11 April. Source: USITC, OCBC estimates.

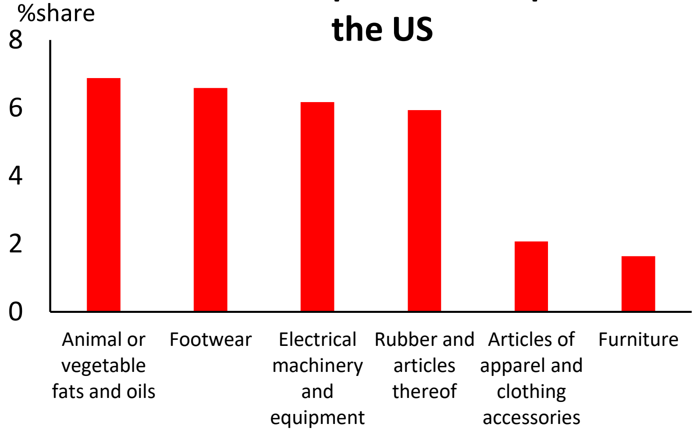
Indonesia: Tariff response; inflation pick up in March

- In response to the 32% 'reciprocal' tariff placed on Indonesian goods, several high-level officials, including Coordinating Economic Minister Airlangga Hartarto and Finance Minister Sri Mulyani, are set to visit Washington this week as part of efforts to negotiate trade. The government has also signed a plan to relax its domestic component level policy for ICT goods, while also planning to increase imports of US agricultural products. Separately, President Prabowo Subianto received a call from Chinese President Xi Jinping on Sunday (13 April), during which President Xi pledged to deepen the strategic partnership between the two countries. The call coincided with the 75th anniversary of diplomatic ties, with President Xi highlighting the global significance of their bilateral relationship, according to Xinhua.
- The headline CPI rose to 1.0% YoY in March from -0.1% in February, in line with the expiration of utility price support that occurred only in January and February 2025. Indeed, the 'housing, water, electricity, and other fuel' CPI negative print lessened to -4.7% in March, compared to -12.1% in February. Meanwhile, the food and transportation CPI eased to 2.1% and 0.8% YoY, down from 2.3% and 0.9%, respectively. The core print remained steady at 2.5%. The March print brings the 1Q25 CPI to averaged 0.6%, down from 1.6% in 4Q24. We continue to project that the headline print will average 2.0% in 2025.

Some measures to address trade imbalances with the US
Increase oil & gas, agricultural products and technology tools imports from the US
Send a team including FM Sri Mulyani Indrawati and Coordinating Minister Airlangga Hartarto to US for trade talks
Reduce non-tariff measures, including requirements that some products sold in Indonesia be made with locally produced components
Improve fiscal measures and administrative aspects for trade, including reducing import levies, adjusting crude palm oil export taxes and accelerating tax audits and refunds

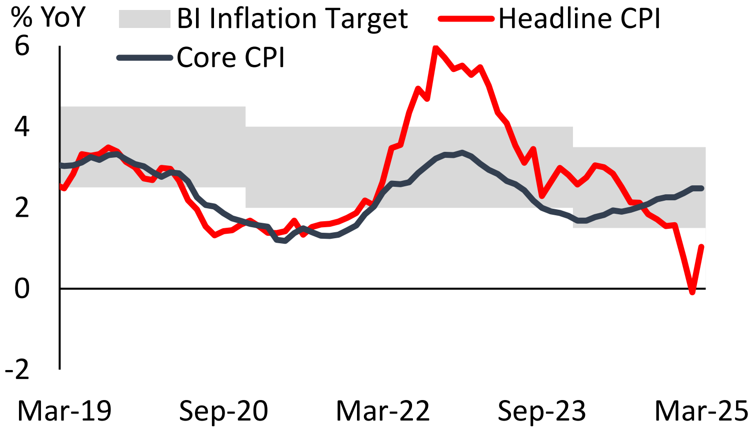
Source: BPS, CEIC, OCBC.

Indonesia: Top items of export to the US



Source: ASEANstats, OCBC.

Indonesia: Headline and core CPI



Source: Statistics Indonesia (BPS), Bloomberg,

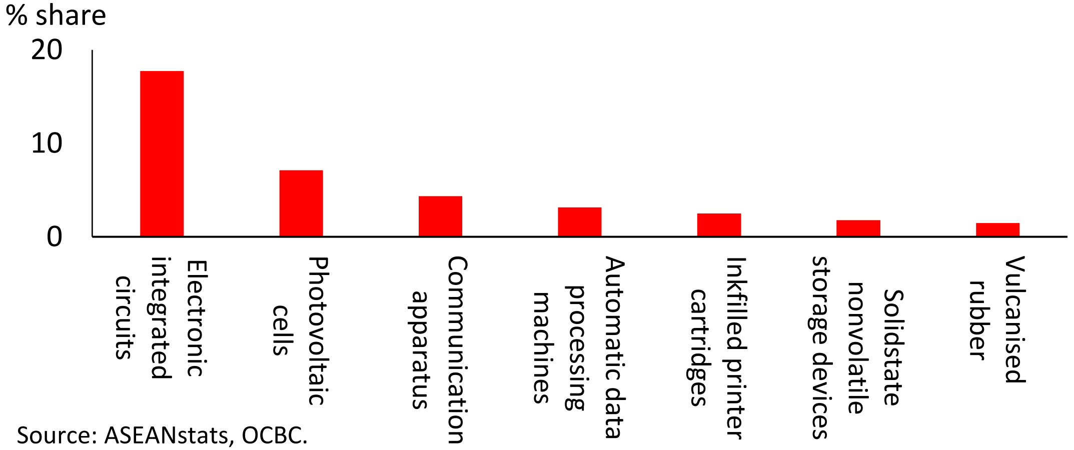
Malaysia: Tariff response

- Minister of Investment, Trade and Industry, Zafrul Aziz, expressed that Malaysia welcomes President Trump's decision to pause higher tariffs, despite the volatility it creates for ASEAN economies. Malaysia is evaluating the implications of these tariff changes and is committed to working with ASEAN partners to mitigate disruptions, enhance economic resilience, and promote balanced trade relations. To counteract current uncertainties, Malaysia plans to diversify its trade and explore new markets. Minister Zafrul is set to lead Malaysia’s delegation to Washington at the end of this month to discuss tariffs matters.
- Separately, through the Joint Statement of the ASEAN Economic Ministers on the Introduction of Unilateral Tariffs of the United States issued on April 10, 2025, the 10 ASEAN member states and Timor-Leste collectively decided not to retaliate against Trump's tariffs. They expressed concerns that such tariffs could undermine the principles of fair competition and mutual benefit that are foundational to multilateralism. The group acknowledged that the 90-day pause presents an opportunity to seek a pragmatic and mutually beneficial solution for ASEAN in a strategic manner.

Some measures to address trade imbalances with the US
Reviewing 2025 GDP growth forecast
Zafrul to lead Malaysian delegation to US
Malaysia is pushing for a coordinated ASEAN response
Bolstering intra-regional trade and diversify trade partnerships

Source: DOSM, CEIC, OCBC.

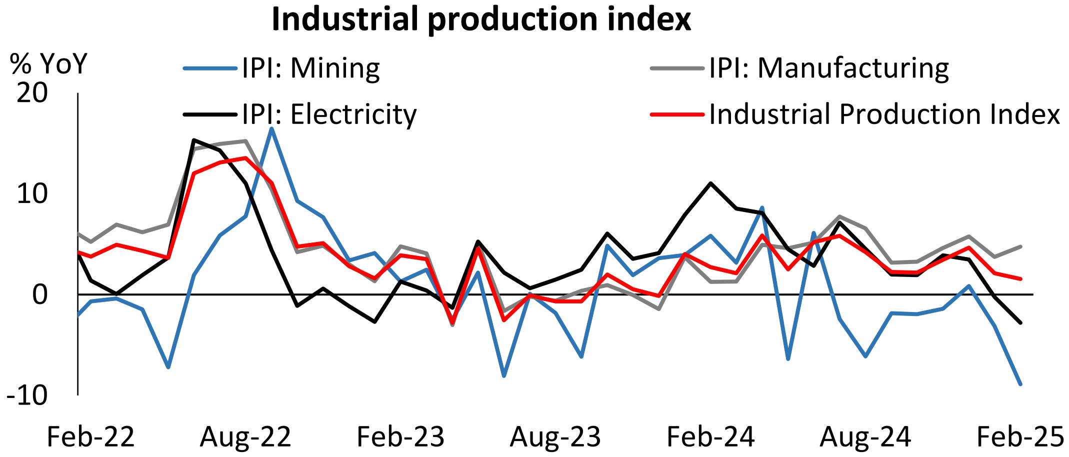
Malaysia: Top items of export to the US



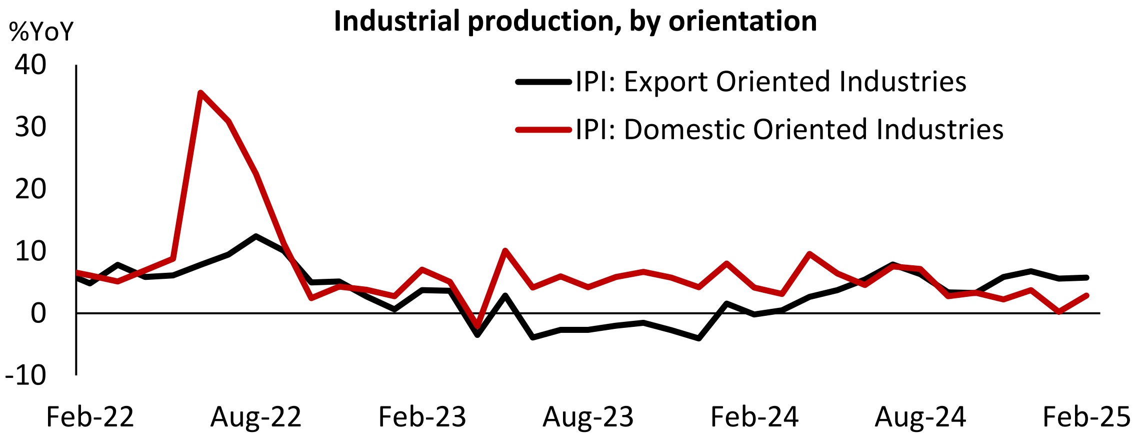
Source: ASEANstats, OCBC.

Malaysia: IPI growth slowed in February

- Industrial Production Index (IPI) growth slowed to 1.5% YoY in February from 2.1% in January. By sector, deeper contractions in mining (-8.9% YoY in February from -3.1% in January) and electricity (-2.8% from -0.2%) more than offset the improvement in manufacturing (4.8% from 3.7%) sector growth. By orientation, both the domestic- and export-oriented IPI growth improved to 2.9% YoY and 5.7% YoY in February from 0.2% and 5.6%, respectively. IPI growth averaged 1.8% in the January–February 2025 period, easing from 3.4% in 4Q24.
- Chief Statistician Mohd Uzir Mahadin noted that IPI for several other countries are showing a downward trend, including in China (5.9%), the US (1.4%), Japan (0.3%), and Singapore (-1.3%). The relief for Malaysia's exports is that ~46% of US imports from Malaysia are currently exempt from tariffs.
- This, along with the 90 pause in tariffs, suggests that some front-loading of E&E manufacturing and exports remains on the cards through to July 2025.



Source: CEIC. OCBC

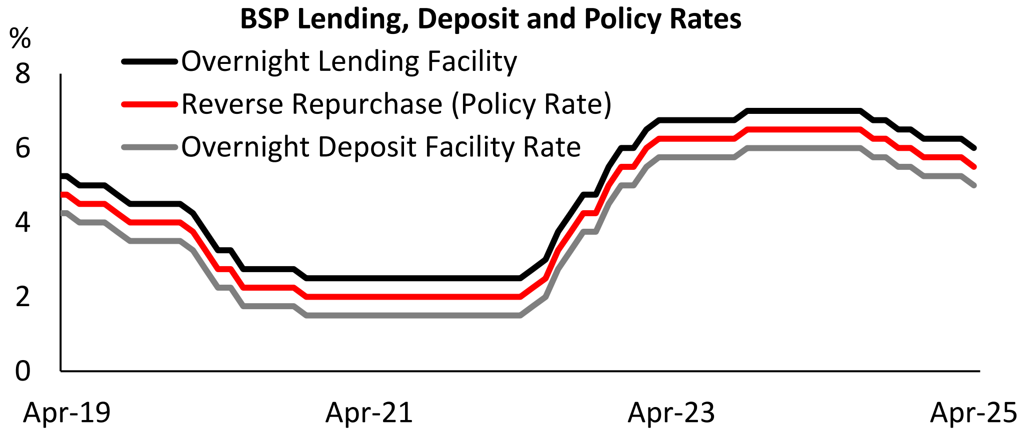


Source: CEIC; OCBC.

Source: DOSM, CEIC, OCBC.

Philippines: BSP cuts by 25bp, as expected

- Bangko Sentral ng Pilipinas (BSP) cut its policy rate by 25bp to 5.50% at its 10 April meeting, as widely expected. The BSP revised lower its risk-adjusted inflation forecasts for 2025 and 2026 to 2.3% and 3.3%, respectively, from previous estimates of 3.5% and 3.7%. Encouragingly, lower inflation has provided the BSP with "more degrees of freedom" to pursue its monetary policy stance. The BSP sees inflation as "broadly balanced."
- On growth, the BSP cited "risks to growth" with the Governor Eli Remolona stating that the impact of the 18% reciprocal tariff is less disruptive to domestic economy. BSP noted that while there remains uncertainty, it is less than before since the tariff numbers were made public. There has been no official revision to the 6-8% GDP growth target.
- The door for further rate cuts remains open. Specifically, BSP noted that it "will continue to take a measured approach" to adjust its policy settings. We expect BSP to deliver another 25bp in rate cuts this year, taking the policy rate to 5.25% by end-2025. The risk is that BSP could deliver deeper cuts of 50-75bps.



Source: Bangko Sentral ng Pilipinas, CEIC, OCBC.

Date of MPC Decision	Risk-adjusted: Headline Inflation (%YoY)		
	2025F	2026F	2027F
Jun-24	3.1		
Aug-24	2.9	3.3	
Oct-24	3.3	3.7	
Dec-24	3.4	3.7	
Feb-25	3.5	3.7	
Apr-25	2.3	3.3	3.2

Note: BSP started providing risk-adjusted inflation forecast at its October off-cycle meeting.
Source: Bangko Sentral Ng Pilipinas, OCBC

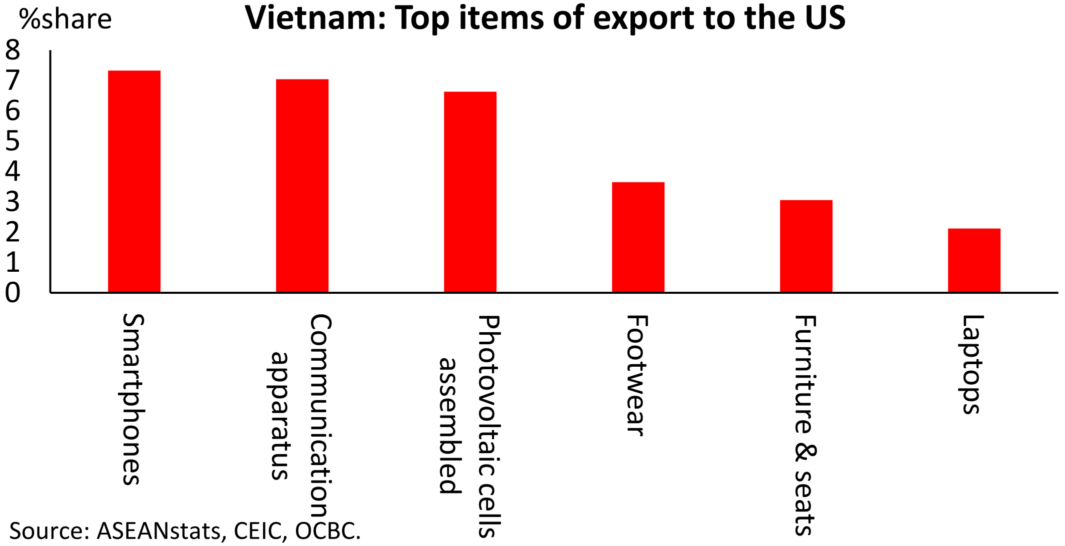
Source: Bangko Sentral ng Pilipinas, Philippine Statistics Authority, CEIC, OCBC.

Vietnam: Forming the Government Negotiation Delegation Team

- Deputy Prime Minister Ho Duc Phoc held talks in Washington with Treasury Secretary Scott Bessent and Commerce Secretary Howard Lutnick to advance a trade deal during a 90-day pause in Donald Trump's tariffs. They agreed to start negotiations on tariff details. The US Treasury emphasized the need for "quick, demonstrable progress" on outstanding issues. In response to concerns about Chinese goods being routed through Vietnam to evade tariffs, Vietnam announced stricter measures against fraudulent labeling.
- In addition, Vietnam has formed a Government Negotiation Delegation on trade issues with the US, led by Minister of Industry and Trade Nguyen Hong Dien, to handle trade talks with the United States following the Trump administration’s imposition of steep reciprocal tariffs. The team will draft negotiation plans, lead bilateral discussions, and report progress to the Prime Minister. The Ministry of Industry and Trade will serve as the team’s coordinating agency, supported by a working group from key ministries.

Some measures to address trade imbalances with the US
Reduce US import tariffs to zero; deal with US’s concerns about non-tariff issues
Push for more purchases of US goods such as items related to national security and defence
On the origin of goods, the trade ministry will conduct a review and maintain strict oversight to ensure full compliance and prevent violations
Try and negotiate a bilateral deal with the US

Source: CEIC, OCBC.

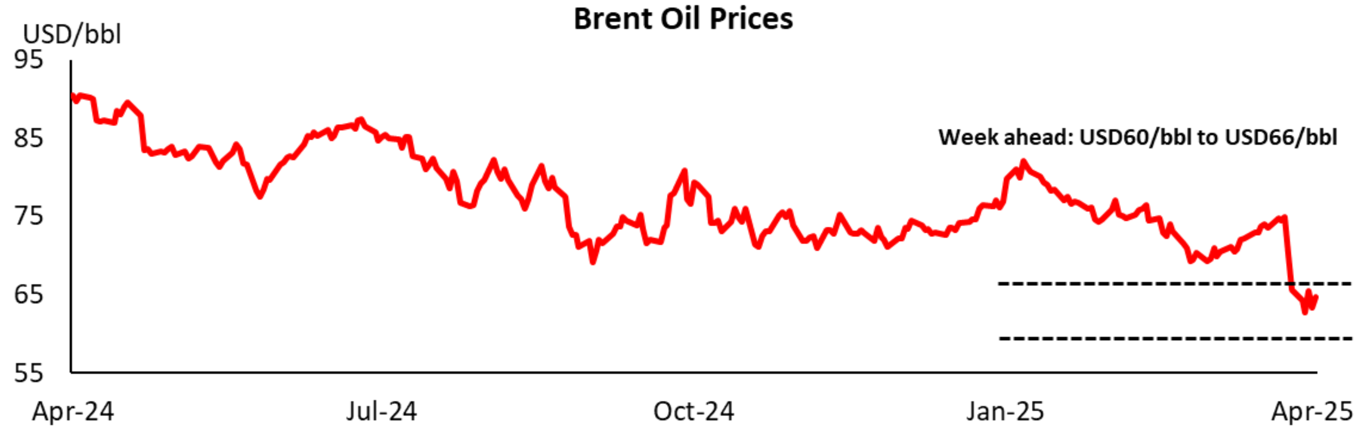


Source: ASEANstats, CEIC, OCBC.

Commodities

Commodities: Lower oil prices

- Crude oil benchmarks closed lower for the second consecutive week, with WTI and Brent declining by 0.8% and 1.3% week-on-week, respectively, to close the session at USD61.5/bbl and USD64.8/bbl.
- Earlier in the week, oil prices continued their downward trend due to concerns regarding an escalation in US-China trade tensions. A prolonged dispute between the two economies has raised concerns over its potential impact on global economic growth, as well as the demand for commodities. Nevertheless, there was some support for oil prices following the Trump administration's decision to implement a 90-day tariff pause on most of the country's trading partner. Elsewhere, the US and Iran agreed to extend discussions following a constructive meeting in Oman. Easing geopolitical tensions with Iran could exert further downward pressure on oil prices. The next meeting will be on 19 April, with Oman continuing the facilitate the discussions.
- Looking ahead, we expect the volatility of oil prices to remain elevated, with Brent crude to trade within the range of USD60-66/bbl. For the week, the key focuses are economic data prints from China (i.e., March activity data, 1Q25 GDP). Additionally, we look out for monthly reports from OPEC and IEA.



Source: Bloomberg, OCBC.

Source: OPEC, Bloomberg, Reuters, OCBC.

ESG

ESG: Progress in Article 6.2 agreements but challenges persist

- Singapore and Peru have signed an Implementation Agreement on carbon credit collaboration under Article 6 of the Paris Agreement. This marks Singapore's first Implementation Agreement with a Latin American country and fourth Implementation Agreement on carbon credit collaboration, following similar agreements with Papua New Guinea, Ghana and Bhutan. High quality nature-based projects are likely to emerge from the Singapore-Peru agreement, such as projects related to rainforest restoration and watershed conservation, according to the NUS Energy Studies Institute.
- Under the Paris Agreement, countries can buy carbon credits generated in other jurisdictions to meet domestic climate targets. Singapore is looking to use carbon credits to meet its 2030 climate change target, and could buy its first tranche of carbon credits this year. The government had in Sep 2024 called on carbon project developers and credit suppliers to propose nature-based projects that can deliver at least 500,000 credits each.
- Of the three other implementation agreements that Singapore has, most progress has been made with Ghana. In Sep 2024, Singapore and Ghana called for project developers to submit applications for their carbon credit projects in Ghana to be authorised. These applications are now being assessed. Possible project types that may be authorised in Ghana are related to clean water supply and clean cooking.
- Singapore had earlier estimated that it would use carbon credits to offset about 2.51 mn tonnes of emissions annually over this decade, to help achieve its 2030 emissions target. However, this may prove challenging because no Article 6.2 carbon credits have been issued as 2030 approaches. Article 6.4 may also take several years to further operationalise.

Source: MTI, The Straits Times, OCBC

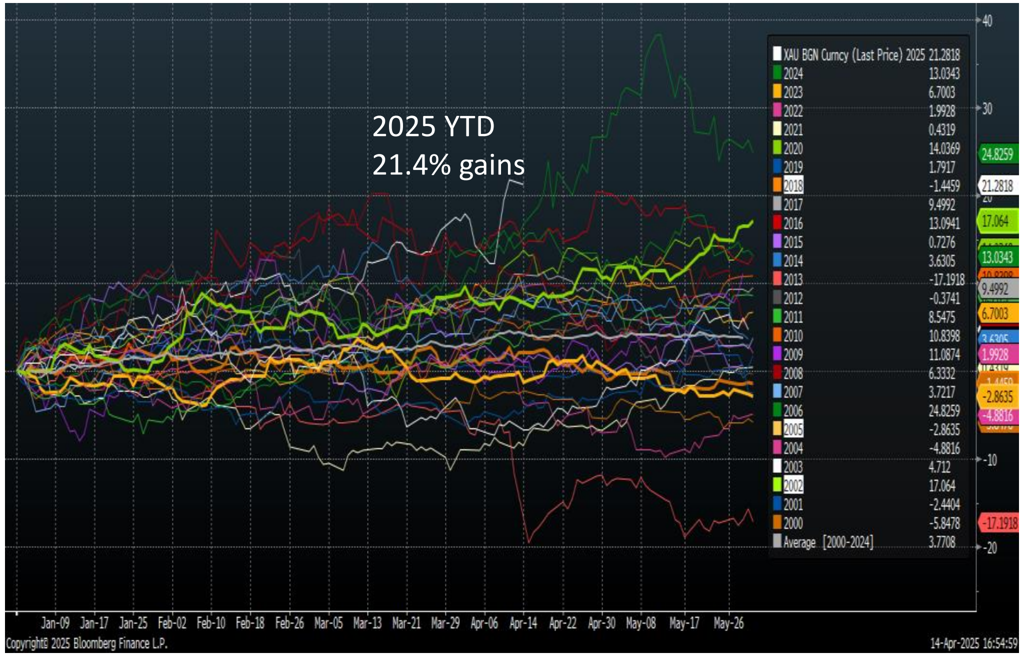
FX & Rates

FX & Rates: MAS Eased Policy Slope; USD Weaker

- **USDSGD.** MAS reduced the policy slope slightly and will continue with policy of a modest and gradual appreciation of the S$NEER policy band. This implies that the rate of SGD appreciation vs basket of trade peers will be reduced. The policy move was well within our expectations. downgrades to growth and inflation projections for 2025, alongside a highly uncertain external environment, suggests that the door remains open for further easing should macro conditions deteriorate further. By our estimates, S$NEEER strengthened from about +1.1% above model implied mid (pre-announcement) to about +1.35%, at the point of writing. USDSGD spot also traded modestly lower post-announcement. It appears that the broad USD softness trend overwhelms despite MAS easing.
- **SGD Rates.** SGD OIS were paid up by 3-4bps today as of writing, outperforming USD OIS despite MAS easing. Given the more volatile USD rates and the soft Dollar itself, immediate performances in SGD rates are not driven much by the MAS policy outcome. That said, 6M SGD forward point appeared to see some bidding interest. And looking further ahead, the dynamic of a more dovish MAS – MAS revised downward GDP, headline inflation and core inflation forecasts – exerting some upward pressure on short-end SGD rates may still kick in especially with front-end SGD-USD rates differentials very negative to start with.
- **USD Rates.** USTs were sold off on Friday, but yields retraced from session highs. Fed's Collins said the Fed would absolutely be prepared to help stabilise the financial markets if conditions become disorderly. Expediating plans – such as exempting UST holdings from SLR and stopping QT with reinvestment from MBS into bills and/or USTs – are some of tools, in our view. Whether the earlier UST sell-off was a continuation of the liquidation theme, or whether it is something that will develop into the broader scheme of re-allocation away from USD assets remains to be seen. Barring massive structural shifts in demand for USD assets, 10Y real yield at 2.25% appears elevated compared to the growth outlook – we believe the term premium played a significant part in the recent upward move in real yield. Last week's 10Y and 30Y coupon bond auctions went well, and there are 5Y and 20Y bond sales to be digested this week. Next support for 10Y UST sits at 4.52% (in terms of yield) while resistance is at 4.34%.

Gold: Constructive Bias Despite Strongest YTD Rally in 25 Years

- US protectionism measures may catalyse structural changes in geoeconomic landscape amid shifting global supply chains while national security concerns are shaping economic policies and re-defining rules. This big shifts or transition to a new world order will bring heightened uncertainties. Gold may still offer a safe harbour, in times of uncertainty.
- US protectionism measures, fading US exceptionalism and ballooning US debt are some catalysts that may question USD's status as a reserve currency. Reserve diversification may also add to gold strength over time.



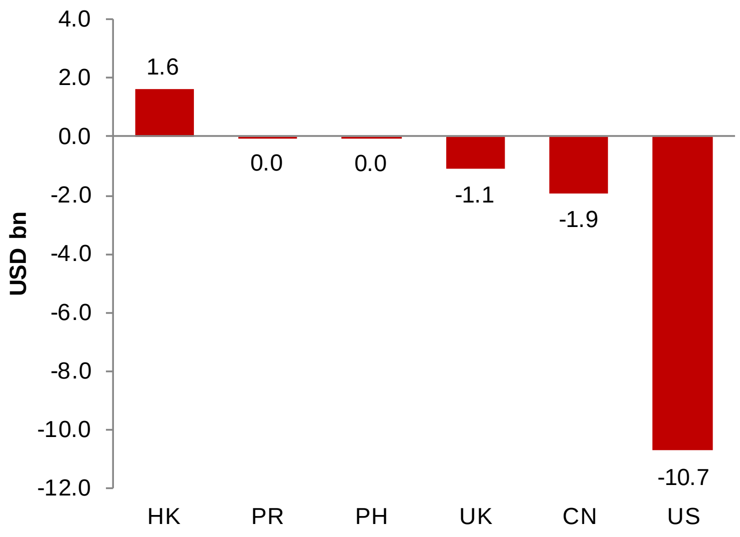
Source: Bloomberg, OCBC Research

Asset Flows

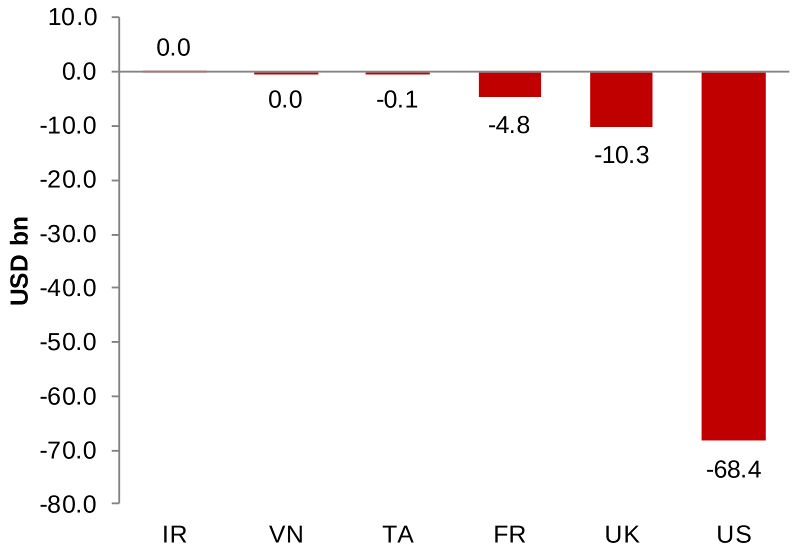
Global Equity & Bond Flows

- Global equity markets saw net inflow of $49bn, an increase from the inflow of $2.1bn last week.
- Global bond markets reported net outflow of $20.5bn, a decrease from last week's inflow of $9.3bn.

Equity top gainers & losers



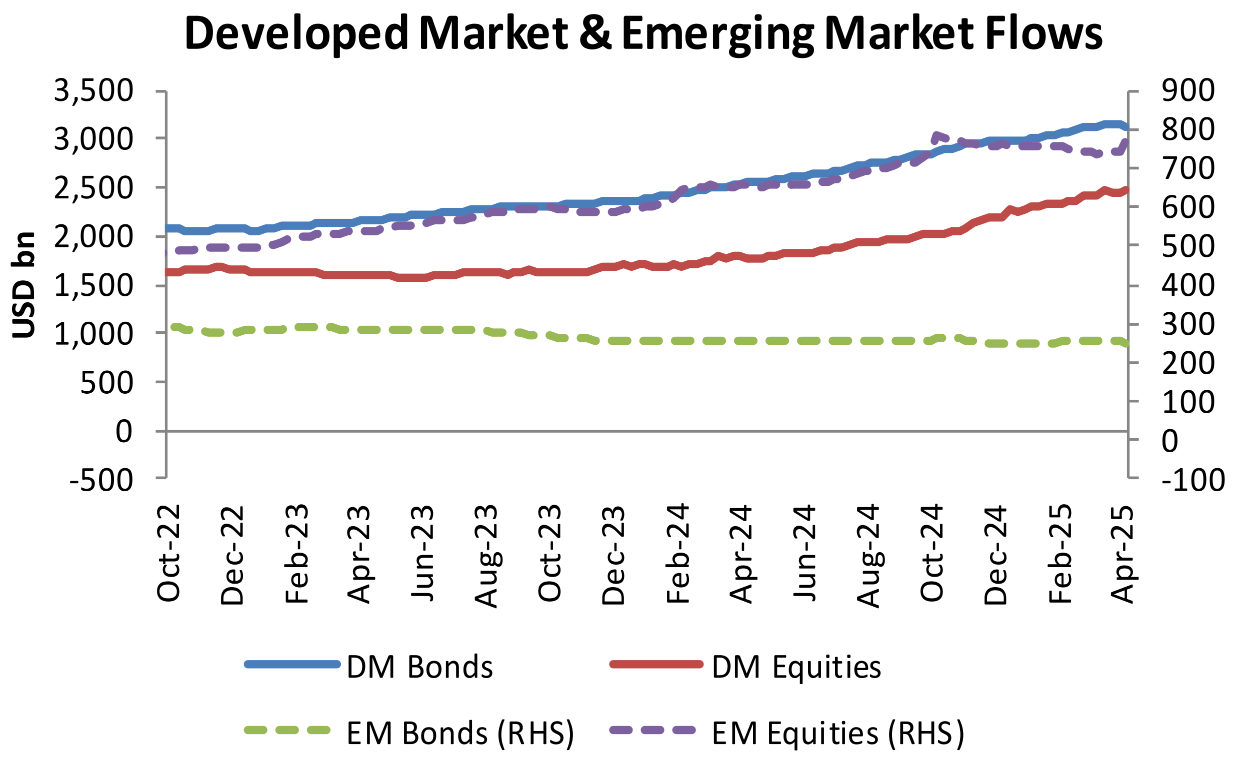
Bonds top gainers & losers



Source: OCBC, EPFR

DM & EM Flows

- Developed Market Equities ($22.9bn) saw inflows and Emerging Market Equities ($26.2bn) saw inflows.
- Developed Market Bond ($16.5bn) saw outflows and Emerging Market Bond ($3.7bn) saw outflows.



Source: OCBC, EPFR

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