Weekly Macro Views (WMV)

Global Markets Research & Strategy

14 July 2025

Weekly Macro Update

Key Global Data for this week:

14 July	15 July	16 July	17 July	18 July
• **CH** Trade Balance • **JN** Industrial Production MoM • **JN** Core Machine Orders MoM • **IN** Wholesale Prices YoY • **SG** GDP Sa QoQ • **SG** YoY	• **CH** GDP YoY • **CH** Retail Sales YoY • **CH** Industrial Production YoY • **CH** Fixed Assets Ex Rural YTD YoY • **IN** Unemployment Rate • **PH** Overseas Cash Remittances YoY	• **ID** BI Policy Rate • **SK** Unemployment Rate SA • **US** CPI YoY • **UK** Retail Price Index • **US** MBA Mortgage Applications • **US** PPI Final Demand MoM • **US** Industrial Production MoM	• **EC** CPI YoY • **HK** Unemployment Rate SA • **JN** Trade Balance • **SI** Electronic Exports YoY • **SI** Electronic Exports YoY • **UK** Jobless Claims Change • **US** Initial Jobless Claims	• **JN** Natl CPI YoY • **JN** Natl CPI Ex Fresh Food YoY • **MA** GDP YoY • **TH** Gross International Reserves • **US** Housing Starts • **US** Building Permits

Summary of Macro Views:

Global	• **US:** Impatient Trump increases tariff rates
Asia	• **SI:** A story of two halves for growth • **SI:** Aid for SMEs and labour market amid tariff woes • **CH:** Rising policy hopes • **CH:** Anti-involution • **CH:** Resilient trade and credit data

Asia	• **ASEAN:** Trial by tariffs • **MY:** Sharp slowdown in May industrial production • **ID:** Bank Indonesia – another cut or hold? • **TH:** Consumer confidence plunges in June
Asset Class	• **Commodities:** Higher oil prices • **ESG:** Continued rollback on renewable energy initiatives in the US • **FX & Rates:** Trump Tariffs Weigh on Sentiments • **Credit Research**

Global: Central Banks

Bank Indonesia (BI)

Wednesday, 16th July

House Views

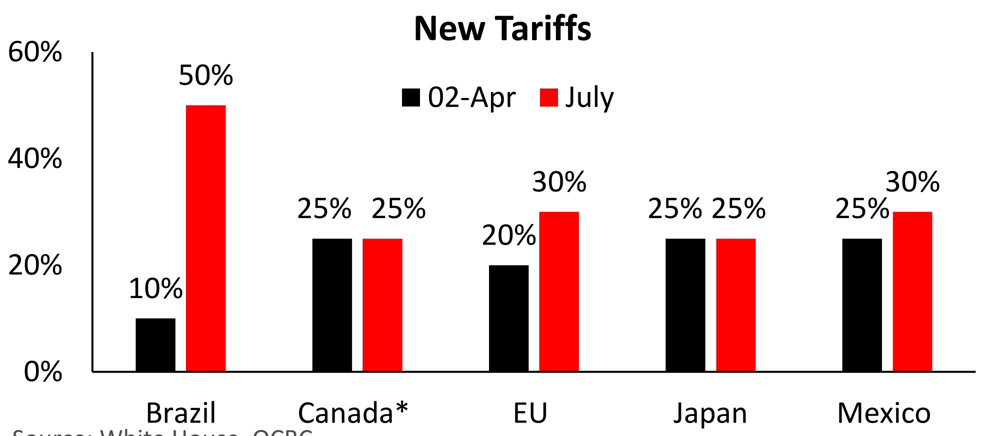
Policy Rate

Likely *cut by 25bps*
From 5.50% to *5.25%*

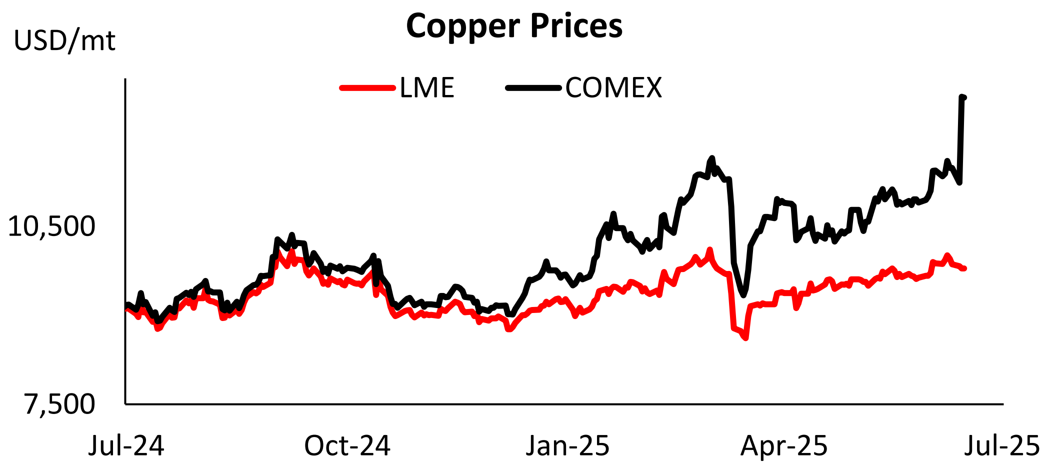
Source: OCBC

US: Impatient Trump increases tariff rates

- President Trump released a series of letters to trading partners, revealing revised tariff rates which will come into effect on 1 August. Mexico and the EU have received 30% tariff rates while the tariff rate for Brazil is increased to 50% (from 10%). President Trump has also pitched a 35% tariff rate for Canada from the current 25%.
- President Trump stated that Mexico's efforts to secure its shared border with the US have been inadequate, while the EU has been unable to agree on trade concessions relating to automobiles and aerospace parts. The revised levies is seen as a move by President Trump to push for a trade deal, favourable to the US.
- Additionally, a 50% levy on US copper imports will begin from 1 August. Following the announcement, COMEX futures spiked while prices quoted on LME declined. He also mentioned increasing tariffs on pharmaceuticals to 200%, albeit giving firms "about a year, year and a half to" bring pharmaceutical manufacturing into the US before the levy kicks in.



Source: White House, OCBC



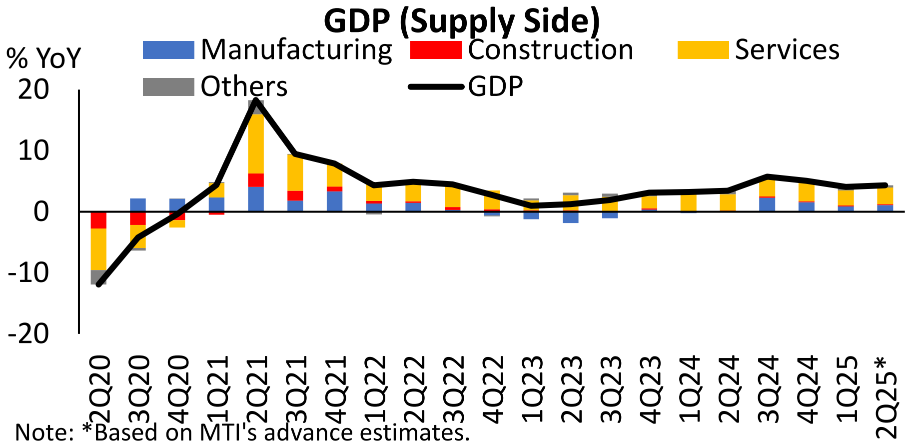
Source: Chicago Mercantile Exchange, London Metal Exchange, OCBC.

Source: Chicago Mercantile Exchange, London Metal Exchange, Whitehouse, Bloomberg, OCBC

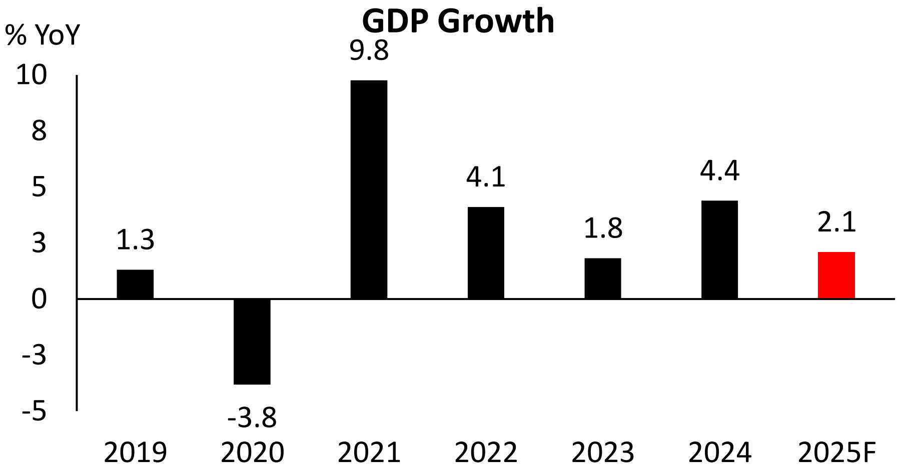
*Canada's 35% tariff rate threatened, not imposed.

Singapore: A story of two halves for growth

- According to advance estimates, GDP growth accelerated to 4.3% YoY in 2Q25, up from the upwardly revised 1Q25 print of 4.1% YoY. In QoQ sa terms, the economy recovered from the -0.5% contraction in 1Q25 to expand by 1.4% in 2Q25, putting to rest concerns of a technical recession in 1H25.
- By sectors, manufacturing momentum improved to 5.5% YoY in 2Q25, up from 4.3%, aided by broad-based expansions across most clusters except for chemicals and general manufacturing. Meanwhile, the services sector also improved from 3.7% YoY to 4.1% over the same period and also marked the sector's best YoY performance since 4Q24. The construction sector was also resilient and maintained its strong clip at 4.9% YoY, supported by a pickup in public sector construction.
- We revise our 2025 GDP growth forecast higher to 2.1% YoY, up from 1.6%. This accounts for the better-than-expected 2Q25 GDP print and the upward revision to 1Q25 data. Given the healthy 4.2% YoY performance in 1H25, even coupled with the tariff and geopolitical uncertainties with the looming August 1 deadline for reciprocal tariffs which could contribute to a sharp moderation in Singapore's growth momentum in 2H25, full-year growth should come in slightly above the 2% YoY handle.



Note: *Based on MTI's advance estimates.



Source: Singstat, CEIC, OCBC.

Source: Singstat, CEIC, OCBC.

Singapore: Aid for SMEs and labour market amid tariff woes

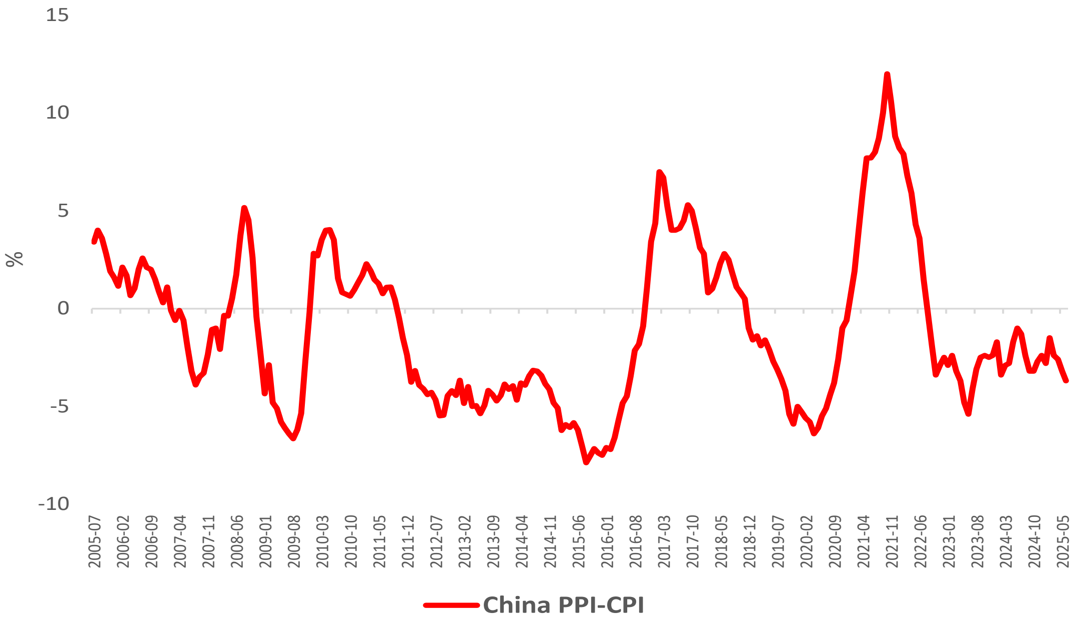
- The Singapore Economic Resilience Taskforce announced measures to support local businesses "to adapt to the new tariff environment for a time-bound of 2 years" according to the Ministry of Trade and Industry (MTI). Companies will be eligible for grants capped at SGD100k. The initiative is targeted at 2 groups of SMEs.
- First, businesses that are export oriented and operate in international markets that are impacted by new tariffs. The grant should help conduct free trade agreements and navigate trade compliance while augmenting its supply chains. The second group of companies targeted are those that manufacture overseas or require assistance to deal with higher supply chains costs.
- For the labour force, the government and NTUC plans to expand access for career guidance services for unemployed workers. Additionally, temporary enhanced funding will be introduced "for basic HR certification for HR professionals to help employers better manage and support their workforce amid the volatile environment", according to MTI.

8 April:	27 May	10 July
• Singapore Economic Resilience Taskforce (SERT) initiated, aimed at helping businesses and workers to navigate trade uncertainties	• New additions to SERT announced. Singapore Business Federation Chairman Teo Siong Seng, and Acting Minister of Transport Jeffrey Siow joins SERT.	• Business Adaptation Grant, Support launched to help navigate tariff environment. • Government and NTUC introduces slew of measures to help bolster the labour force

Source: MTI, OCBC

China: Rising policy hopes

- China's Shanghai Composite Index ended the week above the 3,500 mark for the first time since early 2022, defying persistent concerns over the ongoing disinflationary trend.
- June's Producer Price Index (PPI) declined by 3.6% year-on-year, missing market expectations of a 3.3% drop and remaining firmly in negative territory, signaling continued weakness in industrial prices. However, the slower-than-expected pace of recovery may be reinforcing expectations for stronger policy support. Indeed, much of the recent market rally has been driven by policy optimism, ranging from the emerging "anti-involution" narrative to renewed hopes for stabilization in the property sector.



Source: Wind, OCBC.

China: Anti-involution

- On June 29, 2025, the People's Daily published an article titled "Achieving High-Quality Development by Breaking 'Involution-Type' Competition", which emphasized that "multiple measures by government departments and coordinated efforts from relevant parties" will be key to advancing anti-involution governance. This marks a notable departure from the supply-side reforms in 2015-16, which were predominantly government-led. The current anti-involution campaign is positioned as a joint effort between the government and market participants.
- Industries currently targeted under this governance framework fall into two broad categories. First are traditional sectors such as cement, steel, aluminum, petroleum, chemicals, and coal-fired power. Second are fast-growing emerging industries, including photovoltaics, lithium batteries, new energy storage, new energy vehicles, and e-commerce platforms.
- Based on recent policies and regulatory meetings, the approach varies by industry structure. In sectors with a high concentration of state-owned enterprises—such as steel, coal, aluminum, and coal-fired power—administrative tools like production curbs and capacity reduction remain the primary instruments. In contrast, industries dominated by private enterprises, such as photovoltaics, new energy vehicles, energy storage, and cement, are more reliant on industry association-led self-regulation and market-based discipline.
- Overall, the rollout of anti-involution measures is expected to be more gradual compared to previous supply-side reforms. As such, the short-term impact may be more catalytic in shaping sentiment than in delivering immediate fundamental improvements.

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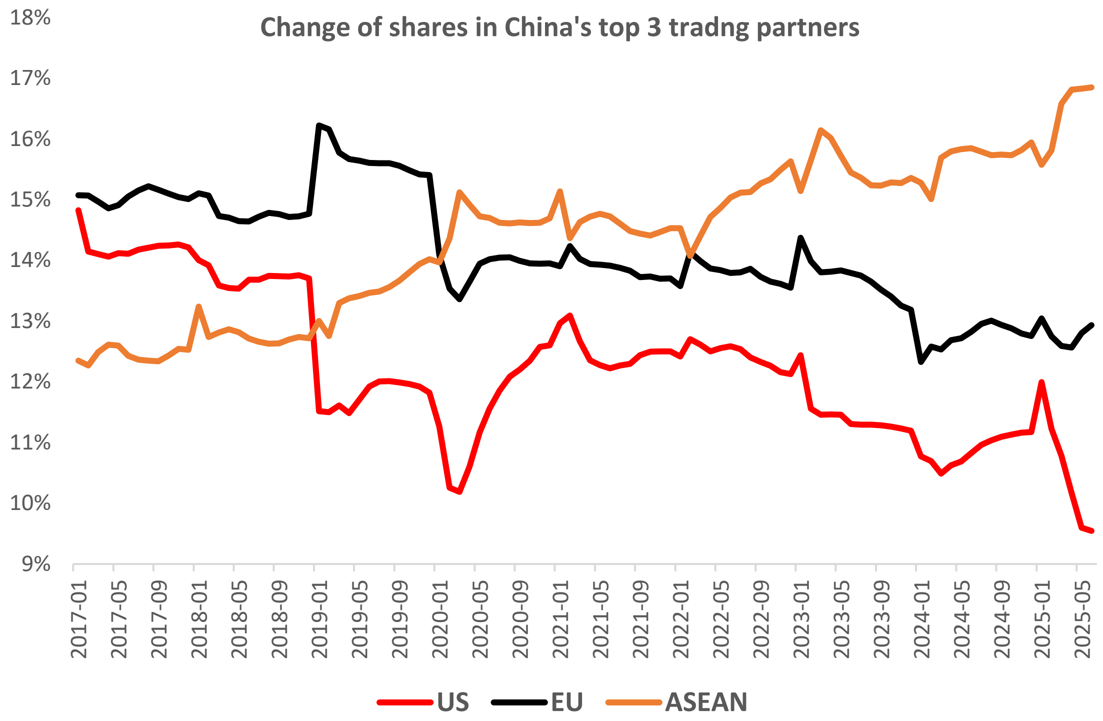
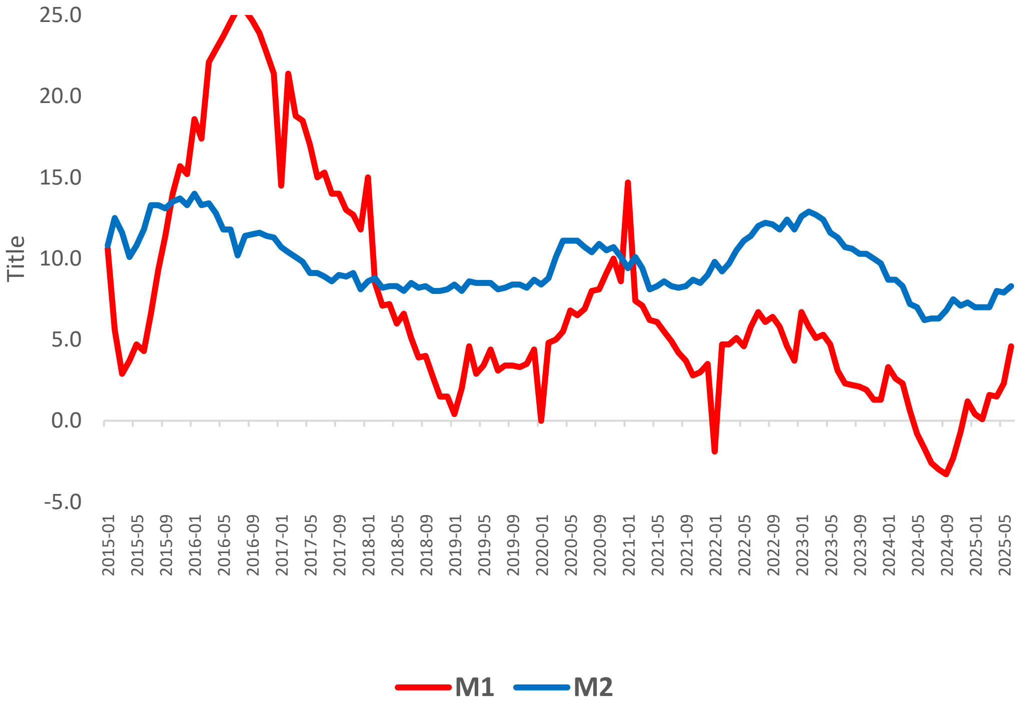
China: Resilient trade and credit data

- China’s export growth accelerated to 5.8% YoY in June despite the uncertainty from the trade tensions.
- China’s aggregate social financing stock accelerated to 8.9% while M1 growth jumped to 4.6%.

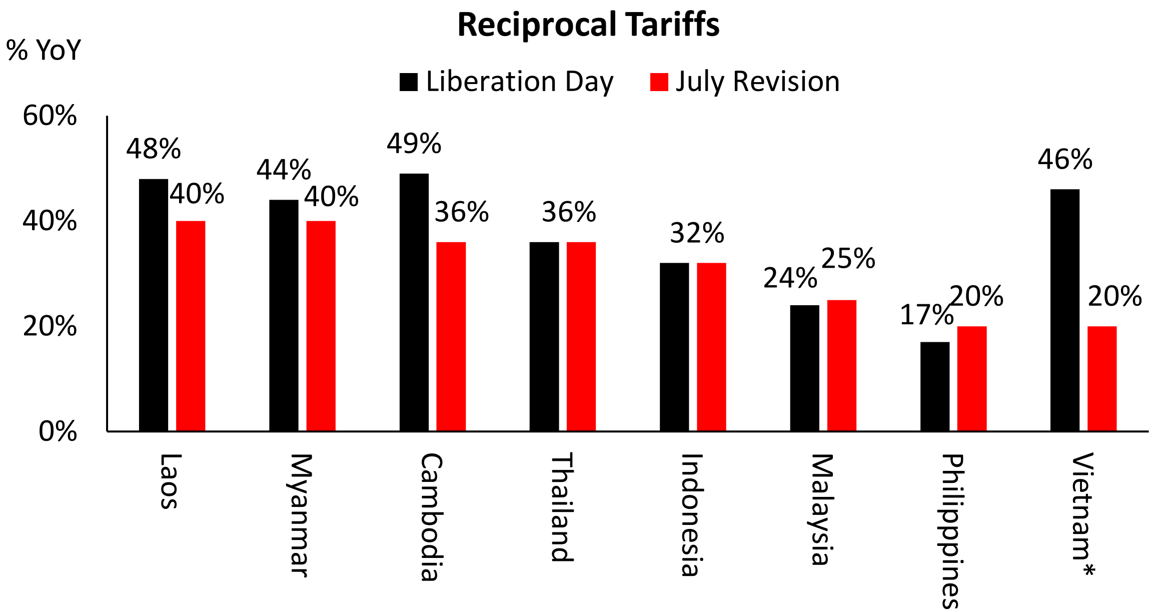




Source: Wind, OCBC.

ASEAN: Trial by tariffs

- It is a mixed bag of outcomes in terms of US tariffs for Indonesia, Malaysia, Thailand, the Philippines, and Vietnam. The reciprocal tariff rates for Indonesia and Thailand remain unchanged at 32% and 36%, respectively. The tariff rates for both Malaysia and the Philippines were raised slightly higher to 25% and 20%, respectively, up from 24% and 17% from 2 April 'Liberation Day' announcements. In contrast, Vietnam — the only country in the region to negotiate successfully — has a reduced tariff rate of 20% (previous: 46%). While the tariff rates remain negotiable until implemented on 1 August, we assess that growth risks as remaining material.
- We have lowered our 2025 GDP growth forecasts for Malaysia to 3.9% YoY from 4.3% and Thailand to 1.8% from 2.0%, while raising our forecast for Vietnam to 6.3% from 5.5% and keeping Indonesia's unchanged at 4.7%.
- Central banks are primed for further rate cuts. We have added to rate cut forecasts for Thailand while shifting out Vietnam's rate cuts to 2026.



Source: White House, OCBC.

Economies	GDP Growth (% YoY)				Policy Rate (% Year-End)		
	1H25F	2H25F	2025F	2026F	Current	End-2025F	End-2026F
Vietnam	7.5*	5.0	6.3	5.5	4.50	4.50	4.00
Thailand	2.8	0.9	1.8	1.8	1.75	1.25	1.25
Malaysia	4.3	3.6	3.9	3.8	2.75	2.50	2.50
Indonesia	4.8	4.7	4.7	4.7	5.50	5.25	5.25
Philippines	5.5	5.6	5.5	5.5	5.25	5.00	5.00

Note: * Refers to Actual.

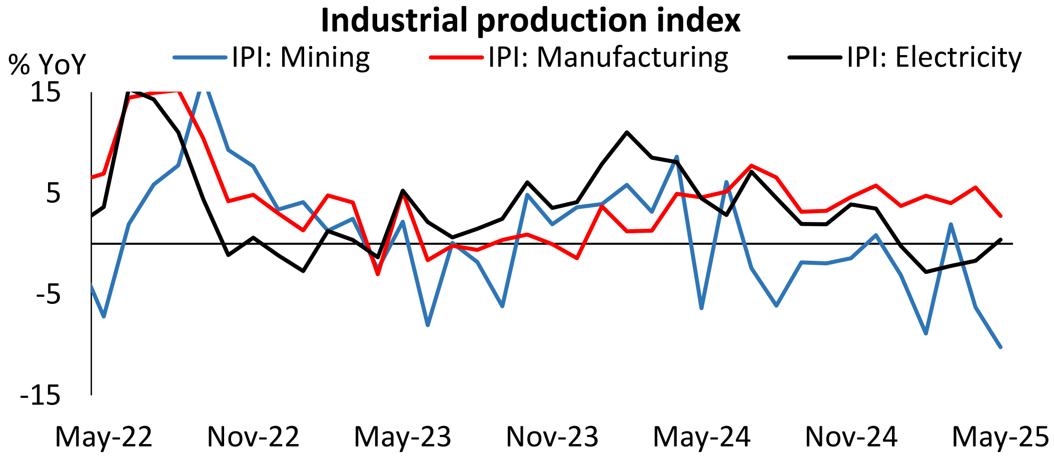
Source: Various central banks, Bloomberg, CEIC, OCBC.

OCBC

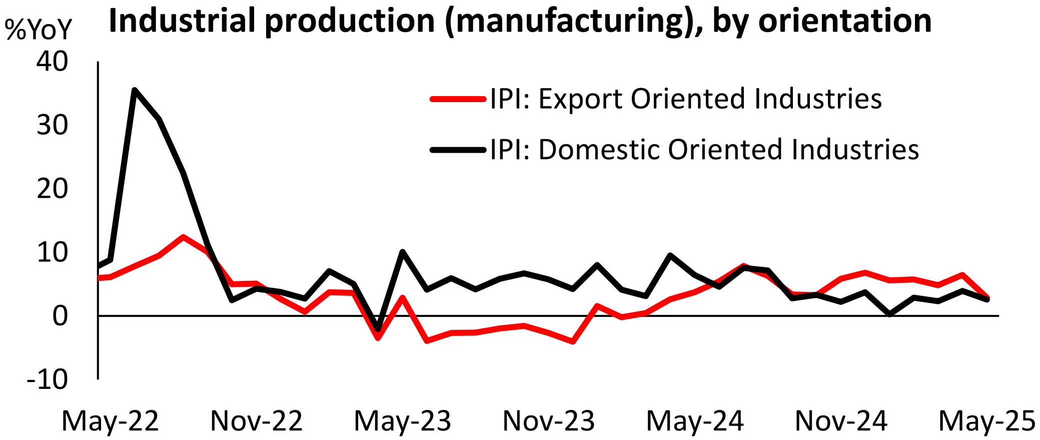
Source: White House, Various Central Banks, Bloomberg, CEIC, OCBC.

Malaysia: Sharp slowdown in May industrial production

- Industrial production growth slowed to 0.3% YoY in May from 2.7% in April, well below expectations. The drag was from the mining sector where production dropped further to -10.2% YoY from -6.3% in April. The Department of Statistics put this down to “a decrease further in Natural Gas and Crude Oil & Condensate production.”
- Manufacturing IP growth slowed to 2.8% YoY from 5.6% in April, pointing to some resilience in the sector, despite the modestly slower growth in May. Export and domestic oriented IP growth slowed to 2.9% YoY and 2.6% from 6.4% and 3.9%, respectively. Meanwhile, electricity IP grew by 0.4% from -1.7% in April.
- Although the weaker May IP print belies some resilience in the manufacturing sector, growth momentum is slowing. Our tracking estimate for 2Q25 GDP growth is 3.9% YoY, slower than 4.4% in 1Q25. For 2025, we expect GDP growth of 3.9%. The outcome of ongoing tariff negotiations and the payback from frontloading of exports to the US will have a significant impact on growth in 2H25.



Source: CEIC, OCBC.



Source: CEIC, OCBC.

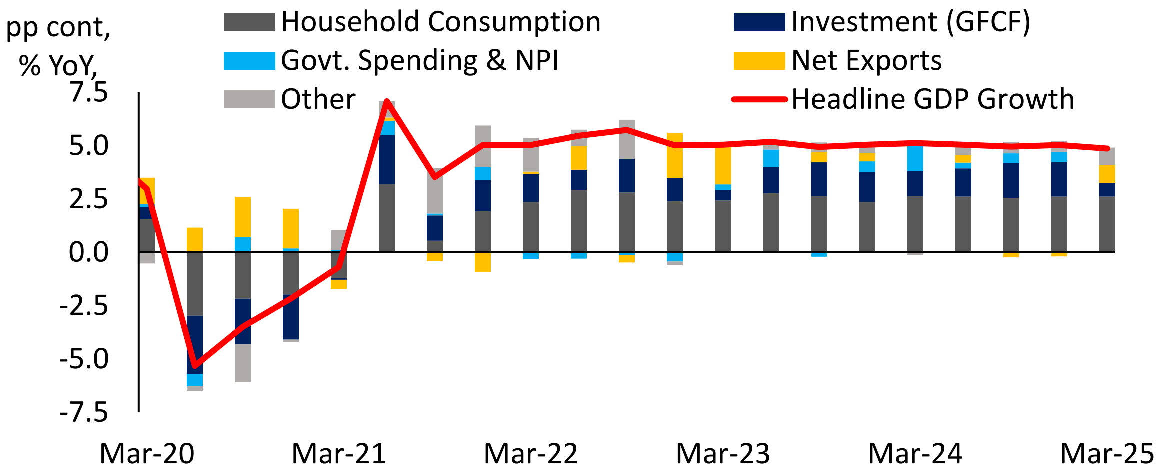
OCBC

Source: CEIC, OCBC.

Indonesia: Bank Indonesia – another cut or hold?

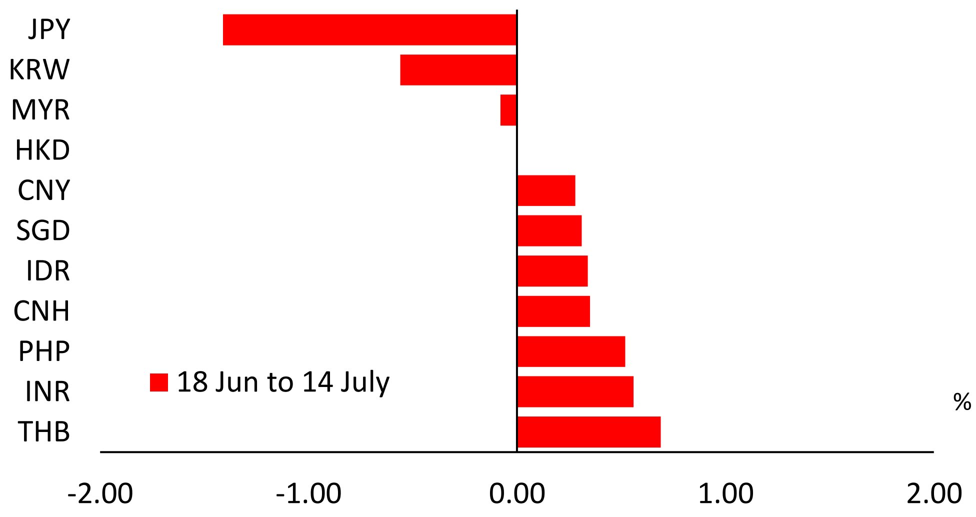
- We have penciled in a 25bps cut from BI at its 16 July meeting. Bloomberg consensus is looking for a hold, but it is a close call with 13 economists (including us) calling for a 25bp cut and 17 calling for a hold.
- BI's bias to ease is clear. This was reiterated by Governor Perry Warjiyo, at his 4 July parliament hearing, when he said BI is "all out pushing economic growth". At its previous meeting on 18 June noted that it is looking for scope to lower the policy rate.
- This main risk remains the currency (IDR). The depreciation of IDR versus USD on 14 July following a week of President Trump's tariff announcements, one of the worst performers in EM Asia, could keep BI on hold to bid its time for a better rate cut opportunity. Nonetheless, we think the growth risks are rising and each missed opportunity could compound growth risks.

GDP (Expenditure)



Note: Other refers to combined value of change in inventories and statistical discrepancies. Source: Statistics Indonesia (BPS), CEIC, OCBC.

Selected Asia FX Against USD

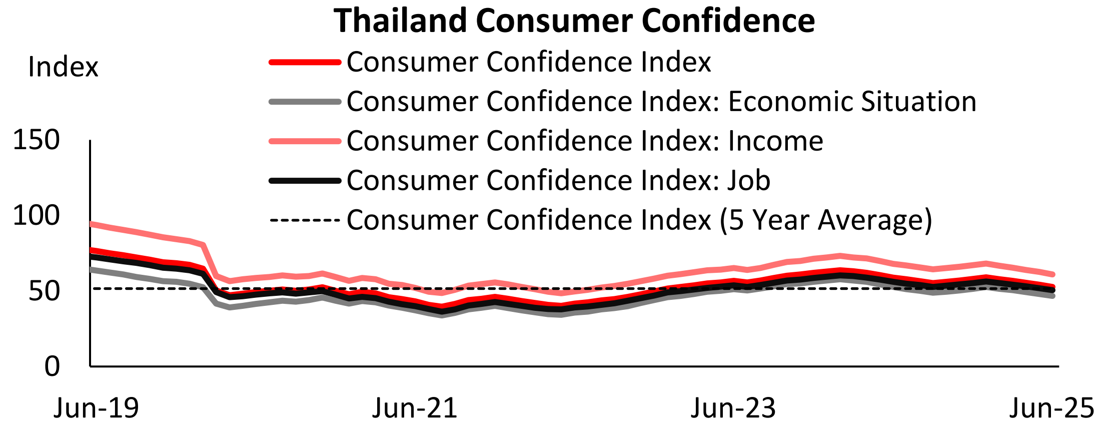


Last updated: 14 July 2025. Source: Bloomberg, OCBC.

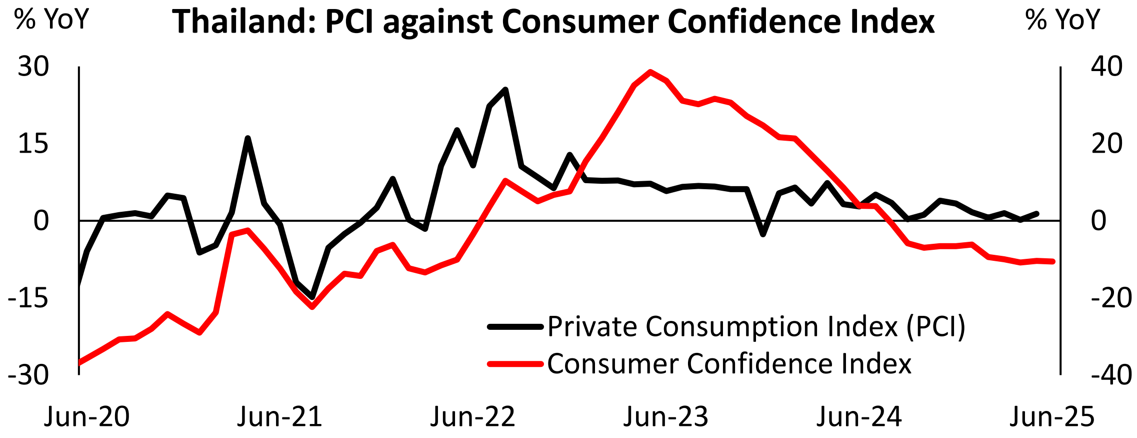
Source: Bloomberg, CEIC, Statistics Indonesia (BPS), OCBC.

Thailand: Consumer confidence plunges in June

- The consumer confidence index (CCI) declined further in June, falling to 52.7 in June from 54.2 in May. The decrease in the CCI was broad-based across the sub-indices of 'economic situation' (46.7 versus 48.1 in May), 'income' (60.9 versus 62.7 in May), and 'job' (50.6 versus 51.9 in May).
- The June reading suggests that domestic demand conditions will remain anemic, compounded by concerns over US reciprocal tariffs, elevated household debt, and geopolitical tensions. Growth in private consumption index improved to 1.4% YoY in May, up from 0.2% in April. However, it remains to be seen whether this improvement will be sustained due to lingering headwinds affecting consumer confidence.
- We lower our 2025 GDP growth to 1.8% from 2.0% as domestic policy uncertainties continue to cast a long shadow on growth this year, alongside with tariff pressures. We also revise our baseline forecast for the Bank of Thailand to lower its policy rate by another 50bps in 2H25 (previous: 25bps), taking the policy rate to 1.25%, by end-2025.



Source: Center for Economics and Business Forecasting, University of the Thai Chamber of



Source: Bank of Thailand, Center for Economics and Business Forecasting, University of the Thai Chamber of Commerce, CEIC, OCBC.

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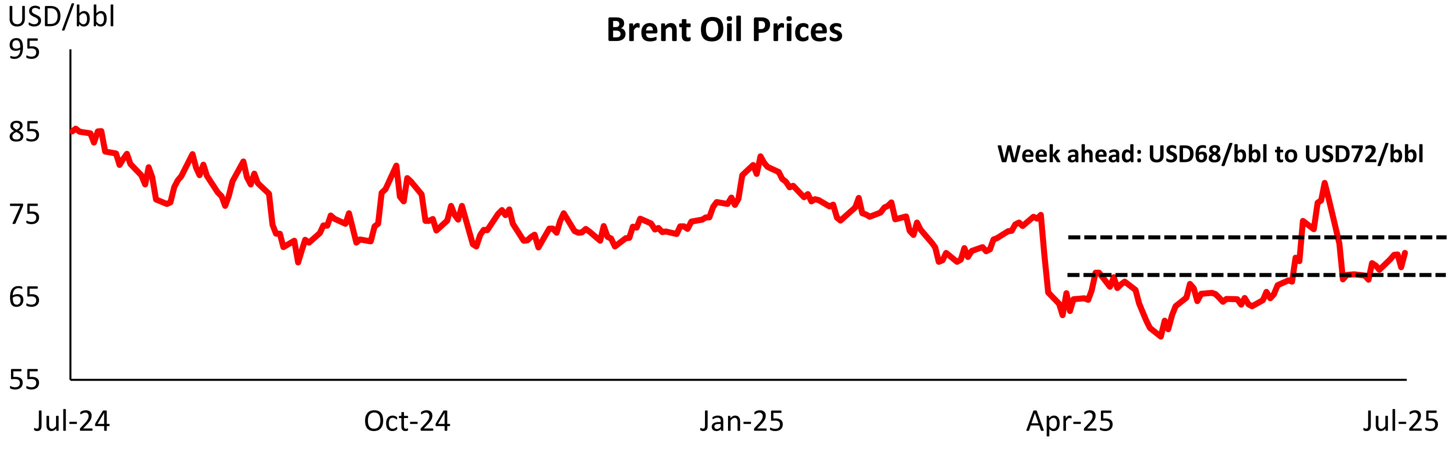
Commodities

Commodities: Higher oil prices

- Crude oil benchmarks rose for the second consecutive week, with WTI and Brent increasing by 2.3% and 3.0% week-on-week, respectively, to close at USD68.5/bbl and USD70.4/bbl.
- Concerns about supply disruptions were the main driver behind the higher oil prices. US President Donald Trump announced plans to make a major statement on Russia on 14 July, following his earlier expressions of frustration toward Russian President Vladimir Putin and the ongoing Russia-Ukraine War. Markets are preparing for potential sanctions against the Russian energy sector, which would disrupt supply amid the continued tightness in the global oil market. Adding further upward pressure, the US Department of the Treasury announced additional sanctions on Iranian oil exports by targeting elements of its "shadow banking" network. Nevertheless, gains were limited by a re-escalation of trade tensions after President Trump issued tariff letters to key trading partners.
- Looking ahead, we expect Brent crude to trade within the range of USD68-72/bbl. For the week, the key focuses include data releases from the US (i.e., June CPI, Industrial Production, Retail Sales etc.) and China (i.e., 2Q25 GDP, June Retail Sales, Industrial Production etc.).



Source: Bloomberg, OCBC.

Source: Bloomberg, Reuters, OCBC.

ESG

OCBC Bank

ESG: Continued rollback on renewable energy initiatives in the US

- An executive order under the Trump administration directs the Treasury department to enforce the phaseout of tax credits for wind and solar projects that were rolled back in the budget bill passed by Congress and signed into law last week. It also directs the Interior department to review and revise any policies that favour renewables over other energy sources, marking a significant rollback of clean energy incentives previously expanded under the Inflation Reduction Act. Both agencies are required to submit a report to the White House within 45 days detailing actions taken.
- The One Big Beautiful Bill Act effectively ends renewable energy tax credits after 2026 if projects have not started construction. Wind and solar projects whose construction starts after that must be placed in service by the end of 2027. This is likely to trigger a rush to start construction on wind and solar projects before the phaseout dates, as developers seek to lock in existing credits. It may also raise project costs, potentially leading to higher electricity prices and greater reliance on imported components, especially from China. Stricter rules and compressed timelines also introduce significant uncertainty for project developers and investors.
- The rollback is expected to undermine US manufacturing growth in renewables and slow its progress towards decarbonisation goals, as manufacturers are less likely to invest in new wind and solar facilities. This can accelerate China's clean energy export dominance and create new opportunities for ASEAN countries to attract investment and technology transfer as global supply chains adapt to shifting US climate policies.

Source: The White House, Reuters, OCBC

FX & Rates

FX and Rates: Trump Tariffs Weigh on Sentiments

- **USD rates.** Investors have stayed cautious ahead of Tuesday's US June CPI print, waiting to see if there is any tariff passthrough, when the base effect is already not favourable. Consensus looks for mild acceleration in CPI and core CPI inflation; given current market sentiment, in-line inflation prints may be enough to prevent market from getting more dovish, while any upside surprise may push yields to higher ranges. 10Y swap spread was last at -55bps and 30Y swap spreads was at -87bps. Upticks in 10Y yield was driven by both higher breakeven and higher real yield; 10Y yield has moved onto a higher range of 4.34-4.52%. Fed funds futures last priced around 51bps of cut with the chance for a 25bp cut by the September FOMC meeting seen at 70%.

- **DXY. *Plenty of US Data This Week.*** USD held on to mild gains, amid rise in UST yields and ahead of US CPI (Tue). We continue to caution for the risk of mild USD rebound in the near term but look for opportunities on rally to fade into. US data this week – CPI (Tue); PPI (Wed); retail sales (Thu); Uni of Michigan sentiment (Fri) in focus. Any slippage in data may serve as a good entry point to fade this USD bounce. Overall, we still expect USD to trade weaker as USD diversification/ re-allocation trend, Fed cut cycle take centre-stage. US policy unpredictability, and concerns of about the rising trajectory of debt and deficits in the medium term should continue to underpin the broad (and likely, bumpy) decline in the USD.

- **EURUSD.** PM Bayrou will provide more details on Tue about France announcing plans to increase (from EUR32bn to EUR64bn) and expedite defence spending – double the military budget by 2027 (3 years earlier than initially planned) in response to geopolitical situation. On tariffs, Ursula, president of the European commission said that EU remains 'ready to continue working towards an agreement' by the 1 Aug deadline. EU's countermeasures (worth about $24.5bn of imports from US) will be delayed until early Aug and leaders have also prepared a second list of countermeasures that is "by now agreed to". Overall, tariff concerns and comments from ECB officials (on pace of EUR gains) may slow EUR's appreciation but overall, the constructive outlook remains intact.

- **CNY rates.** Reverse repo maturity is light this week, at CNY425.7bn (including today's); PBoC net injected CNY119.7bn via daily OMOs this morning. MLF maturity is on the low side, at CNY100bn tomorrow followed by another CNY200bn later in the month; still, market watch as to whether there will be another net MLF injections later in the month. Liquidity tightness may arise from tax payments and NCD rollover needs. 12M AAA NCD rate appears to be floored at around 1.6% level. Repo-IRS and CGB yields have been trading in ranges, failing to break lower probably constrained by the 1.4% OMO reverse repo rates, while investors hold hope for some additional stimulus in the property sector. In offshore, front-end CNH rates have stayed anchored. Prospect remains for inflows to come to the HKD market through the various Connect programs, adding to CNH liquidity.

Global Markets Research & Strategy

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com

OCBC