



Weekly Macro Views (WMV)

Global Markets Research & Strategy

15 September 2025

Weekly Macro Update

Key Global Data for this week:

15 Sept	16 Sept	17 Sept	18 Sept	19 Sept
<ul style="list-style-type: none"> • CH Retail Sales YoY • CH Industrial Production YoY • HK Industrial Production YoY • HK PPI YoY • PH Overseas Cash Remittances YoY 	<ul style="list-style-type: none"> • EC Industrial Production SA MoM • HK Unemployment Rate SA • US Import Price Index MoM • US Industrial Production MoM • US Retail Sales Advance MoM 	<ul style="list-style-type: none"> • ID BI-Rate • EC CPI YoY • SI Non-oil Domestic Exports YoY • SI Electronic Exports YoY • US MBA Mortgage Applications • US Housing Starts 	<ul style="list-style-type: none"> • JN Core Machine Orders MoM • TH Customs Trade Balance • UK Bank of England Bank Rate • US FOMC Rate Decision • US Initial Jobless Claims • US Leading Index 	<ul style="list-style-type: none"> • JN BOJ Target Rate • JN Natl CPI YoY • MA Trade Balance MYR • PH BoP Overall • TH Gross International Reserves

Summary of Macro Views:

Global	<ul style="list-style-type: none"> • Central Bank: September FOMC decision • US: Mixed inflation data • US: Sharp revisions to labour market data and weakening sentiment • FR: Political paralysis prompts Fitch downgrade to 'A+' 	Asia	<ul style="list-style-type: none"> • MY: Strong IP growth in July • MY: Improving wholesale & retail trade • TH: Consumer confidence remains soft
Asia	<ul style="list-style-type: none"> • SI: Looking at the week ahead • CH: August data reaffirmed a familiar theme • HK: The upcoming policy address • ID: FM Purbaya's early fiscal moves 	Asset Class	<ul style="list-style-type: none"> • Commodities: Higher oil prices • FX & Rates: Central Banks Preview – Fed, BoE, BoJ, BoC

Global: Central Banks

Forecast – Key Rates

Bank Indonesia (BI)



Wednesday,
17th September

7D Reverse Repo

Likely **hold** at **5.00%**

Bank of Canada (BoC)



Wednesday,
17th September

Policy Interest Rate

Likely **cut** by **25bps**
from **2.75%** to **2.50%**

Federal Open Market Committee
(FOMC)



Thursday,
18th September

Fed Funds Target Rate

Likely **cut** by **25bps**
from **4.25% - 4.50%** to
4.00% - 4.25%.

House Views

Global: Central Banks

Forecast – Key Rates

Bank of England (BoE)



Thursday,
18th September

Bank rate

Likely **hold** at **4.00%**

CBC



Thursday,
18th September

Benchmark Interest Rate

Likely **hold** at **2.00%**

Bank of Japan (BOJ)



Friday,
19th September

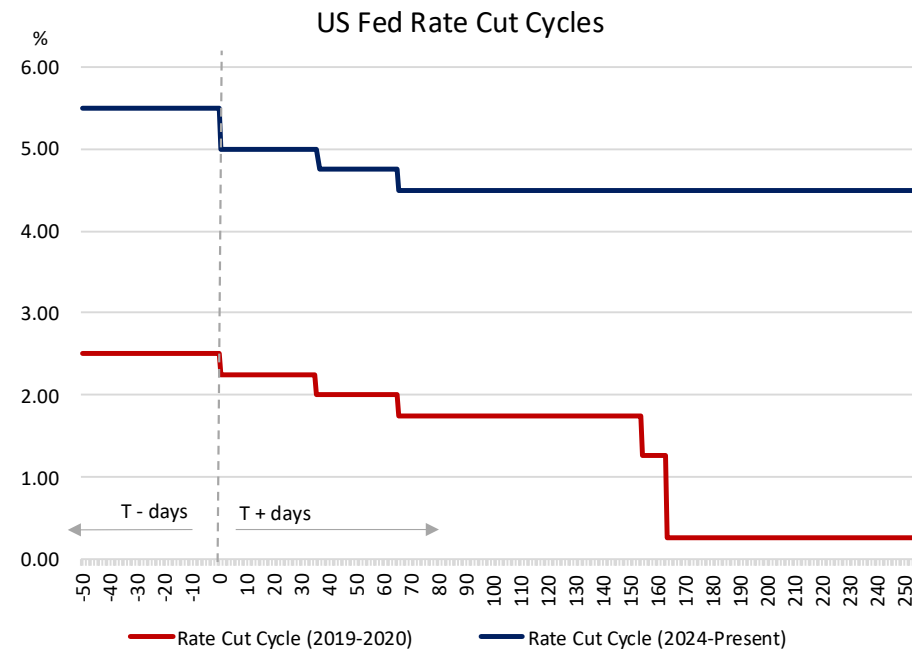
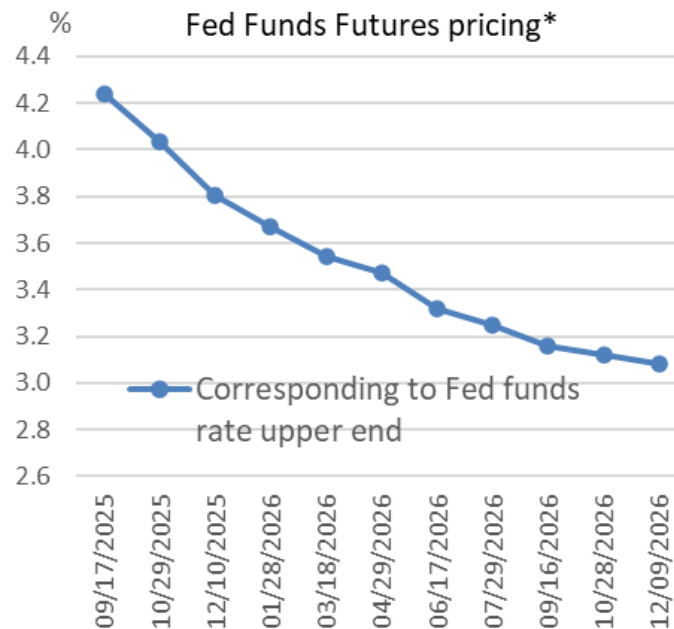
Target Rate

Likely **hold** at **0.50%**

House Views

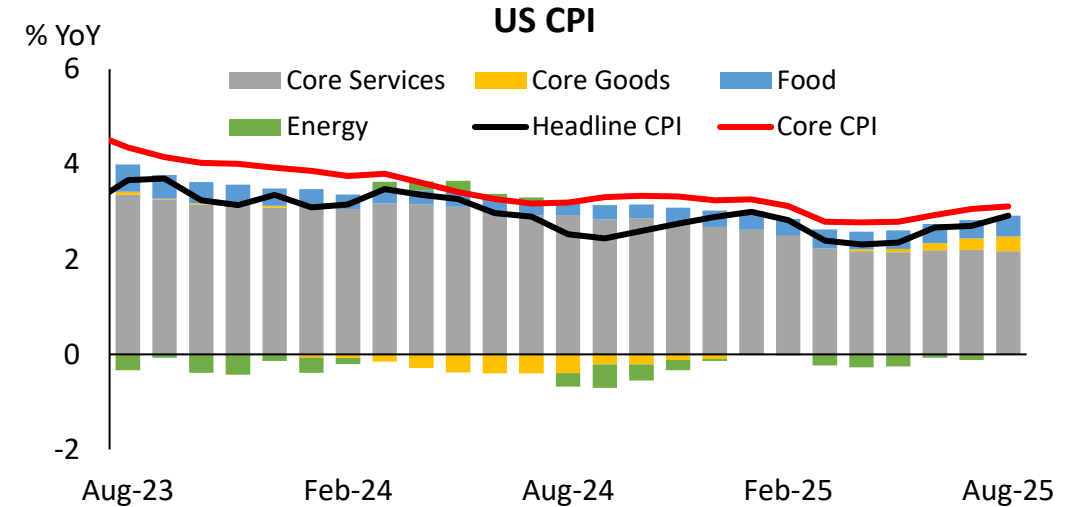
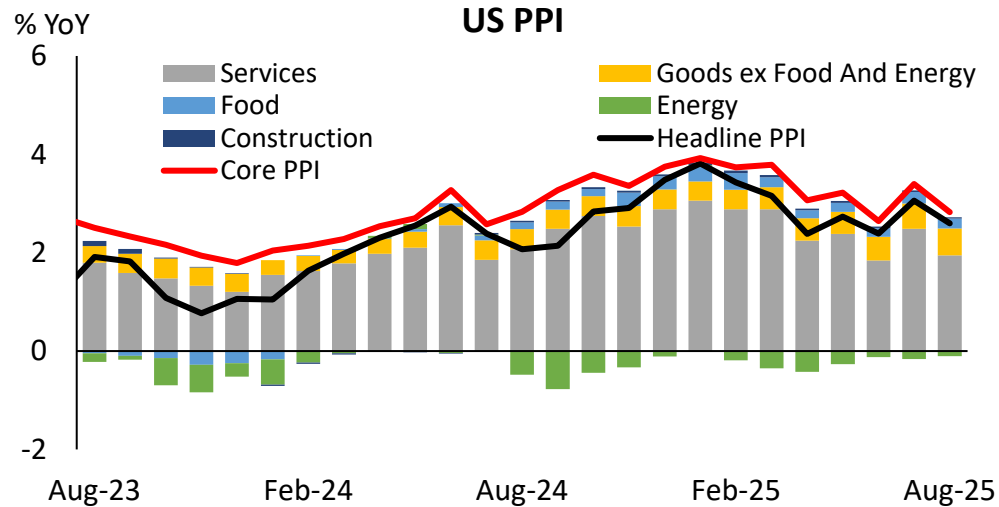
Central Bank: September FOMC decision

- FOMC is expected to cut the range for the Fed funds target rate by 25bps to 4.00-4.25% at the September meeting this week. Market has more than fully priced a 25bp cut.
- Focus will be on the updated SEP (Summary of Economic Projections, which include GDP, unemployment rate and PCE inflation forecasts, and the “dot-plot”), on the split of votes (if any), and on Powell’s comments at the press conference including where he sees the balance of risks is.



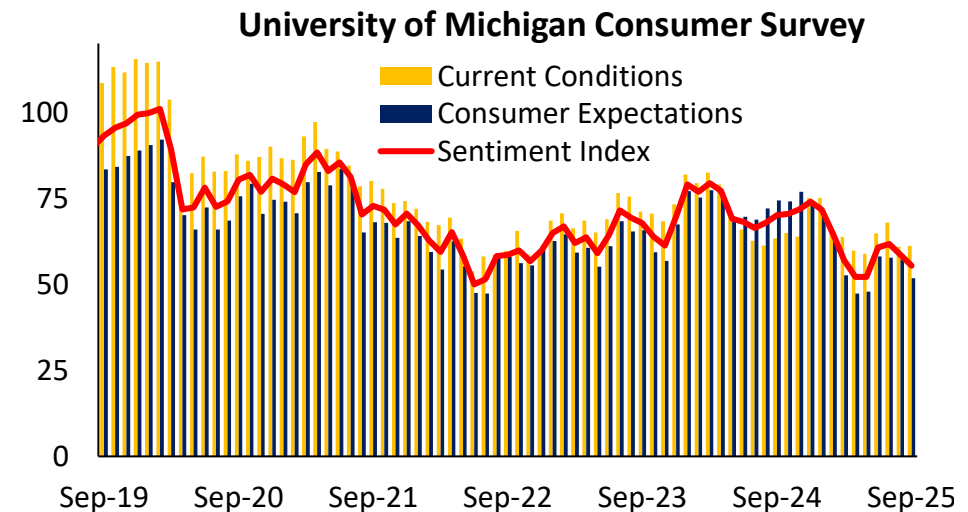
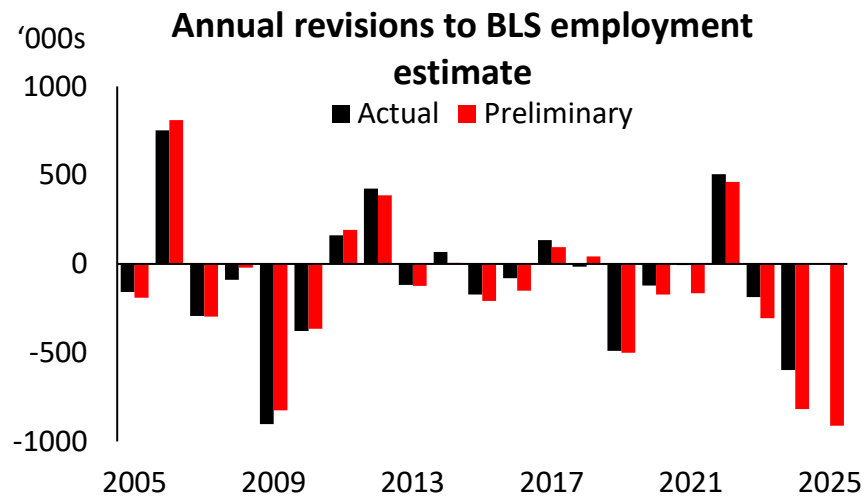
US: Mixed inflation data

- Producer Price Index (PPI) eased to 2.6% YoY (-0.1% MoM) in August from a downwardly revised 3.1% (0.7% MoM) in July, below expectations. The service sector saw the index for final demand services decline by 0.2% MoM in August from +0.7% in July, with 75% of the decline weighed by smaller margins “for machinery and vehicle wholesaling.” The goods sector, which is expected to be impacted by tariffs, inched up 0.1% MoM from 0.6% in July.
- Headline CPI rose broadly in line with expectations to 2.9% YoY (0.4% MoM) in August from 2.7% (0.2%) in July, partly reflecting higher shelter, food, and energy prices. Excluding food and energy, core CPI held steady at 3.1%, similar to July, in line with expectations. Shelter prices climbed by 0.4% while energy prices advanced 0.7% on the back of a 1.9% rise in gasoline prices.



US: Sharp revisions to labour market data and weakening sentiment

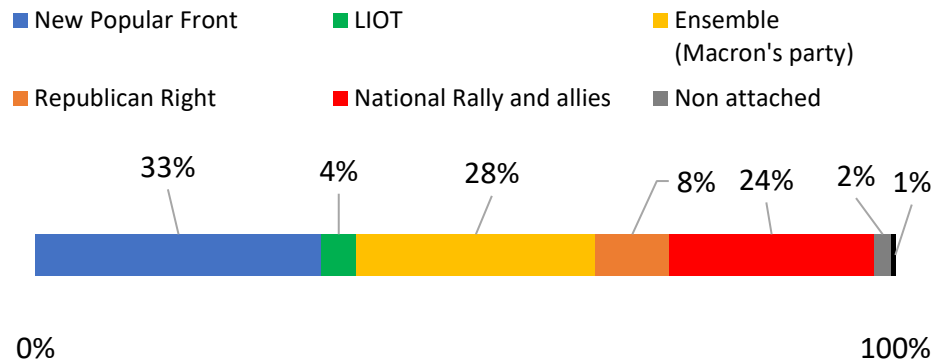
- The Bureau of Labour Statistics published its annual employment figures, which reflect revisions of the data for 12 months leading to March 2025. Non-farm payroll was revised lower by 911k for the period. The revisions were significant across all key sectors, with the largest revisions to the private sector leisure and hospitality (-176k), professional and business services (-158k), retail (-126.2k) and wholesale (-110.3k) trade sectors. The revisions in the services sectors of the economy suggests that some of the economic resilience in US growth for the year through to March 2025 could have been overstated. Meanwhile, the revisions to the manufacturing sector were also notable at -95k.
- The preliminary reading for the September University of Michigan consumer sentiment index showed a drop to 55.4 from 58.2 in August. The current economic conditions slightly dipped to 61.2 from 61.7 while expectations subcomponent was lowered to 51.8 from 55.9 in August. Most notably, 60% of respondents provided unprompted comments about tariffs, while a larger proportion of consumers expect greater unemployment in the coming year.



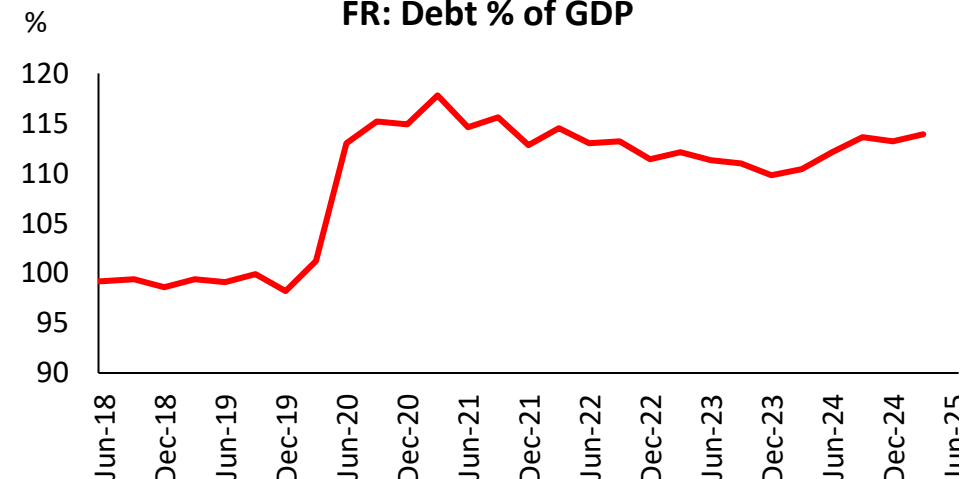
France: Political paralysis prompts Fitch downgrade to 'A+'

- Fitch Ratings downgraded France's credit assessment from AA- to A+; with the outlook stable. According to its action report, "recent political dynamics and potential outcomes, impact of political fragmentation and polarization on credit metrics," warranted the downgrade. This follows the confidence vote held by parliament, rejecting then Prime Minister, Francois Bayrou's budget proposal, prompting his dismissal. His proposal called to reign in on government spending, cutting EUR44.2bn from the budget. President Macron has since appointed new PM Sebastien Lecornu, who will be tasked to pass next year's budget through a fractured government.
- Additionally, Fitch noted that "the increased fragmentation and polarization of domestic politics" hindered fiscal consolidation. Currently, President Macron's party accounts for 28% of seats in parliament while parties on the left and right hold 33% and 24% of the seats respectively. With the three blocs unable to make concessions on budget cuts, it makes it unlikely that "headline fiscal deficit will be brought down to 3% of GDP by 2029", amidst a weak fiscal record of debt above 100% of GDP since 2018.

Macron's minority government

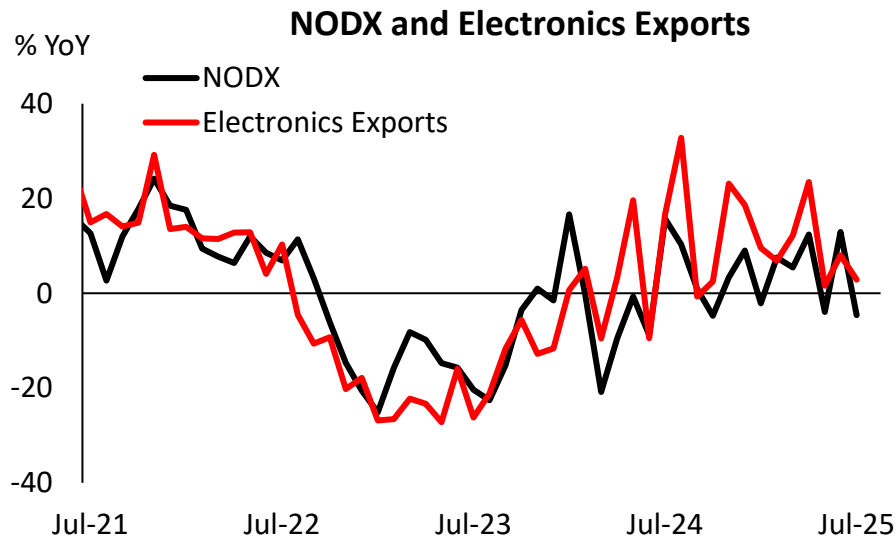


FR: Debt % of GDP

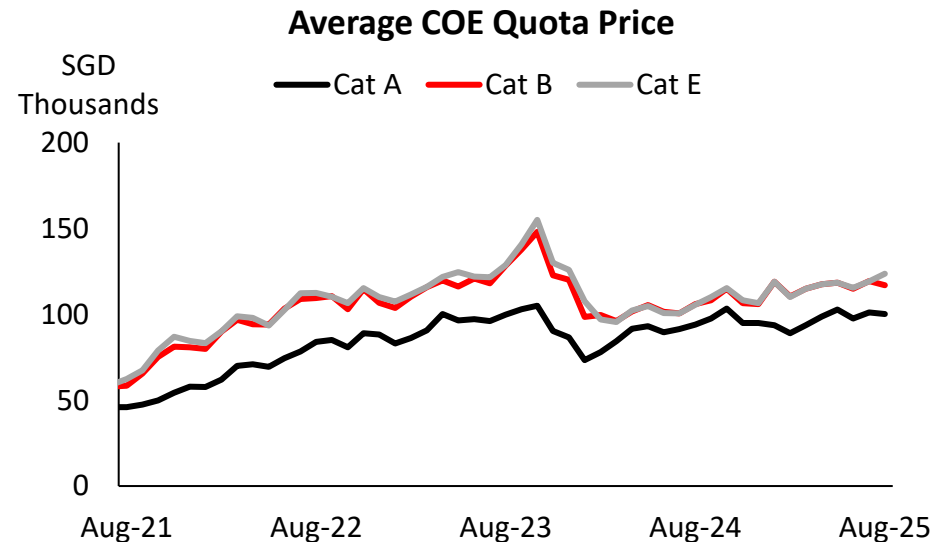


Singapore: Looking at the week ahead

- August NODX, which is due on Wednesday 830am, may surprise on the upside at 0.8% YoY (0.4% MoM SA), versus July's -4.6% YoY (-6.0% MoM SA). July's underperformance was partly due to the high base, particularly for pharmaceuticals. While the U.S. reciprocal tariffs have kicked in from 7 August, the effects on Singapore's NODX remains to be seen as semiconductors and pharmaceutical exports remain exempted from U.S. tariffs for now.
- COE premium results are also due this Wednesday. In this month's first bidding exercise, COE premiums reached 2-year highs, with Cat A premiums bid at SGD107,889 (Previous: SGD104,524), Cat B premiums at SGD127,501 (Previous: SGD124,400), while Cat E premiums climbed to SGD127,901 (Previous: SGD125,001). On an annual basis, average COE premiums for Cat A, B and E premiums increased by 6.4% YoY, 10.3% YoY and 17.1% YoY in August.



Source: Enterprise Singapore, CEIC, OCBC.



Source: LTA, OCBC.



China: August data reaffirmed a familiar theme

- August's data release last week so far reaffirmed a familiar theme: reflation is still proving to be a tough nut to crack. That said, the trade figures validated our earlier view that ASEAN supply chains are becoming increasingly intertwined with China's, forging linkages that even U.S. tariffs will find hard to sever. On the domestic side, there are early hints of shifting asset allocation behavior among households, a trend that could lend further support to the recent bout of optimism in China's equity market—call it a “cautious re-risking” moment.
- China's producer price index (PPI) finally broke its nine-month losing streak in August, holding flat MoM, partly reflecting the impact of the government's recent “anti-involution” push. Coal and steel prices continued to rebound, providing a meaningful lift to PPI, although the drag from softer oil prices offset part of those gains. That said, this rebound is facing new headwinds. Unlike in 2016, when upstream price gains flowed smoothly downstream, today's excess supply in mid- and downstream industries is constraining the transmission of higher upstream costs.
- On trade, China's exports in U.S. dollar terms rose 4.4% YoY in August, a touch softer than market expectations. The weakness was concentrated in shipments to the U.S. and Latin America, while demand from the EU and ASEAN showed resilience. Notably, despite the rollout of re-export tariffs in Vietnam and Indonesia, China's exports to ASEAN gained further traction, with ASEAN's share climbing 5.9ppt to 22.6%. To me, this underscores a structural shift: as ASEAN's industrialization gathers pace, its supply chains are becoming more deeply intertwined with China's—linkages that U.S. tariffs alone will struggle to sever.

HK: The upcoming policy address

- The Chief Executive John Lee is scheduled to deliver his fourth Policy Address on 17 September. The 2025 Policy Address is widely expected to include initiatives to solidify Hong Kong's economic prowess, build economic resilience, empower innovation driven growth, address key structural challenges, and to prepare the society for future disruptive technologies and trends.
- The government is said to speed up the development of Northern Metropolis, and review the labour import scheme. On economic policies, we expect the focus to be on “integration” (or “speeding up the integration into national development”) and “upgrade and transformation”.
- Housing policies are likely to be another focal point of policy address, with some hoping for measures to inject renewed vigour into the property market. The government is expected to relaunch the “Tenants Purchase Scheme”, a scheme which was suspended in 2005/06, in a bid to enhance the housing ladder. Yet, those expecting further cut in stamp duty or more details on easing capital rules for property purchase of mainland professionals may be disappointed.

Potential measures to be announced

Relaunching the “Tenants Purchase Scheme”

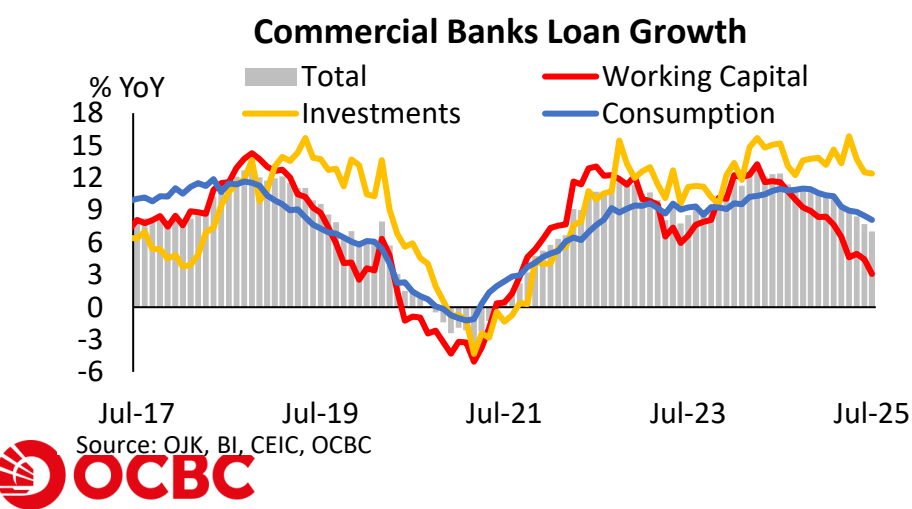
Speeding up the development of Northern Metropolis

Lifting the share of non-local undergraduate student cap from 40% to 50%

Review labour import scheme

Indonesia: FM Purbaya’s early fiscal moves

- Finance Minister Purbaya Yudhi Sadewa has authorized the placement of IDR200trn in state funds into five state-owned banks; BRI (IDR55trn), BNI (IDR55trn), Mandiri (IDR55trn), BTN (IDR25trn), and BSI (IDR10trn). The funds are placed as on-call deposits with a six-month tenor, extendable, below the policy rate, and are intended to stimulate credit growth and economic activity. Banks are expected to channel the funds into the real sector, not government securities, and must report monthly usage to the Ministry of Finance.
- Speaking in Parliament, FM Sadewa also highlighted plans to accelerate slow-moving budget items, including the free nutritious meal program. Additionally, he indicated plans to increase regional transfers in the 2026 budget. The proposed 2026 budget, currently under parliamentary review, forecasts IDR3,786.5trn in expenditure, with regional transfers reduced by 24.8% to IDR650trn from 2025. FM Purbaya emphasized that budget adjustments remain possible to support local economies, likely resulting in only a “small tweak” to the projected 2.48% GDP deficit, keeping it below the 3% threshold.

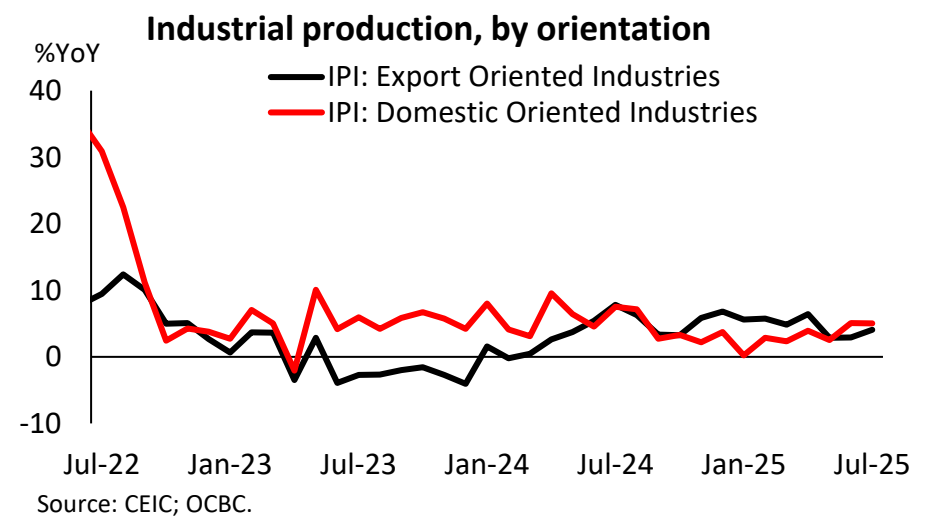
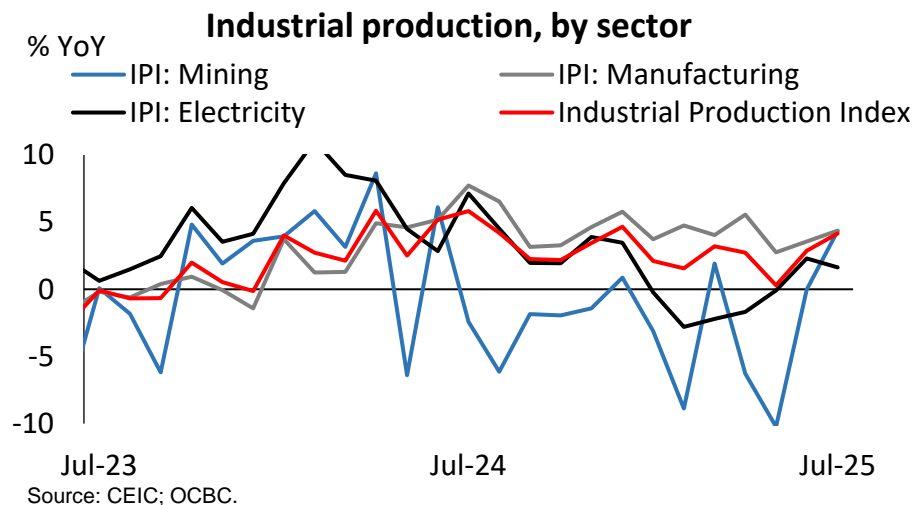


Accounts (IDR tn)	2024	2025		2026	% YoY	2025 outlook vs 2024 actual	2026 Budgeted vs 2025 outlook
	Actual	Budgeted	Outlook	Budgeted			
Government Revenue and Grant	2842.5	3005.1	2865.5	3147.7		0.8	9.8
Domestic Revenue	2767.5	3004.5	2864.5	3147.0		3.5	9.9
Tax	2232.7	2490.9	2387.3	2692.0		6.9	12.8
Non-Tax	579.5	513.6	477.2	455.0		-17.7	-4.7
Grant	30.3	0.6	1.0	0.7		-96.7	-30.0
Government Expenditure	3350.3	3621.3	3527.5	3786.5		5.3	7.3
Central Government	2486.7	2701.4	2663.4	3136.5		7.1	17.8
Transfer to regions	863.5	919.9	864.1	650.0		0.1	-24.8
Government Deficit or Surplus	-507.8	-616.2	-662.0	-638.8		30.4	-3.5
% GDP	-2.29	-2.53	-2.78	-2.48			

Source: MoF, OCBC.

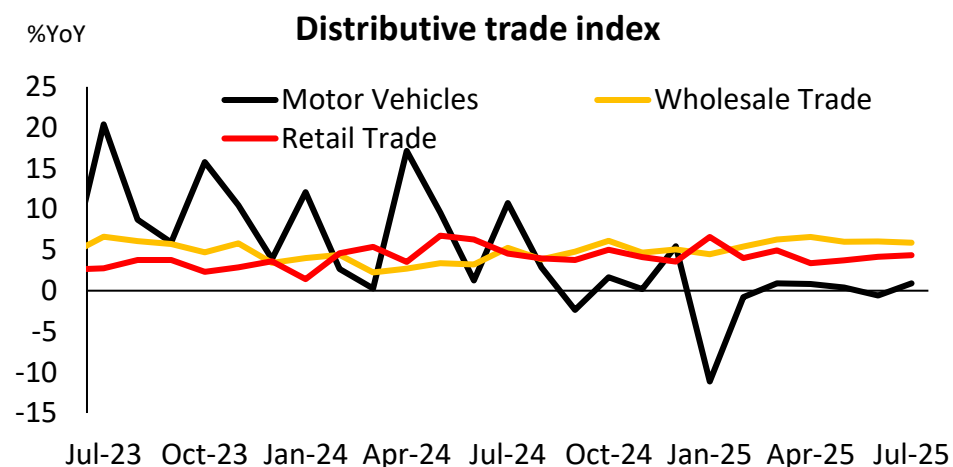
Malaysia: Strong IP growth in July

- Industrial production (IP) growth was higher than expected at 4.2% YoY (Consensus: 2.8%; OCBC: 3.0%) in July from 2.9% in June. The growth was supported mainly by the manufacturing and the mining sectors, while the electricity IP growth slowed. By orientation, export-oriented IP growth picked up to 4.1% YoY from 2.9% in June while domestic oriented IP was stable at 5.0% compared to 5.1% in June.
- The strength of July IP growth remains broadly consistent with the frontloading activities of firms to step up production ahead of the implementation of reciprocal tariffs on 7 August. We expect IP growth to moderate to an average of 0.5% YoY from August-December 2025 from 2.4% in January-July 2025.
- We will closely monitor the impact of the tariffs on economic activity for August data onwards to assess the balance of risks to our full year 2025 GDP growth forecast of 3.9% YoY. For 2026, our GDP growth forecast remains 3.8% YoY.



Malaysia: Improving wholesale & retail trade

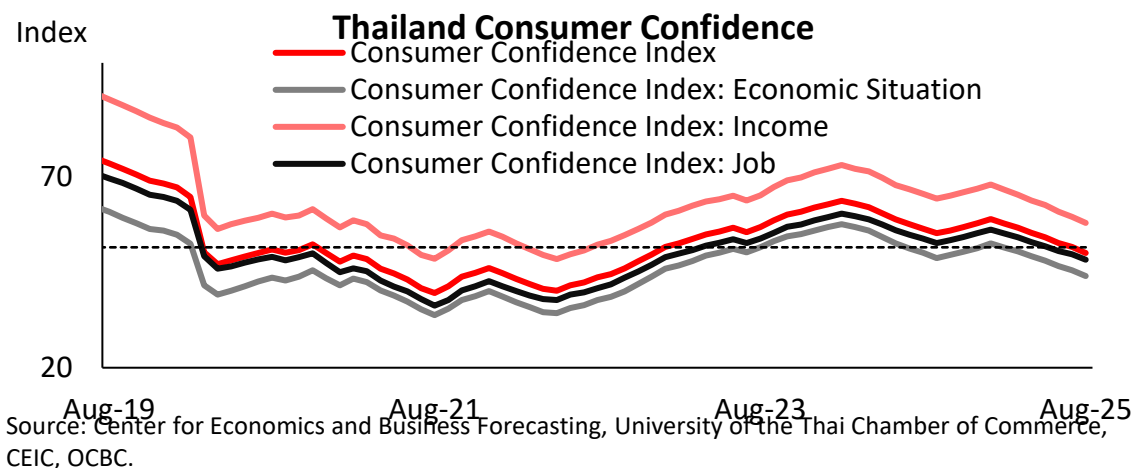
- In nominal terms, wholesale and retail trade rose 5% YoY in July 2025 to MYR156.4bn from 4.8% (MYR153.0bn) in June, with growth led by wholesale (MYR70.1bn, +5.4%) and retail (MYR67.0bn, +5.6%) sub-sectors. Motor vehicle sales were more modest, rising 1.6% to MYR19.3bn.
- In volume terms, wholesale & retail trade activity rose by 4.6% YoY from 4.4% in June. Within this, motor vehicle sales picked up to 0.9% YoY from -0.6% while retail trade was strong at 4.4% from 4.1% in June. These more than offset slower growth in wholesale trade (5.9% from 6.1% in June).
- Digital transactions were strong in July, with e-money transactions rising 69.8% YoY to MYR22.8bn, while retail payments platform (RPP) surged to MYR311.5bn. Online retail sales also advanced 5.8% YoY, reflecting consumer preference for digital platforms.



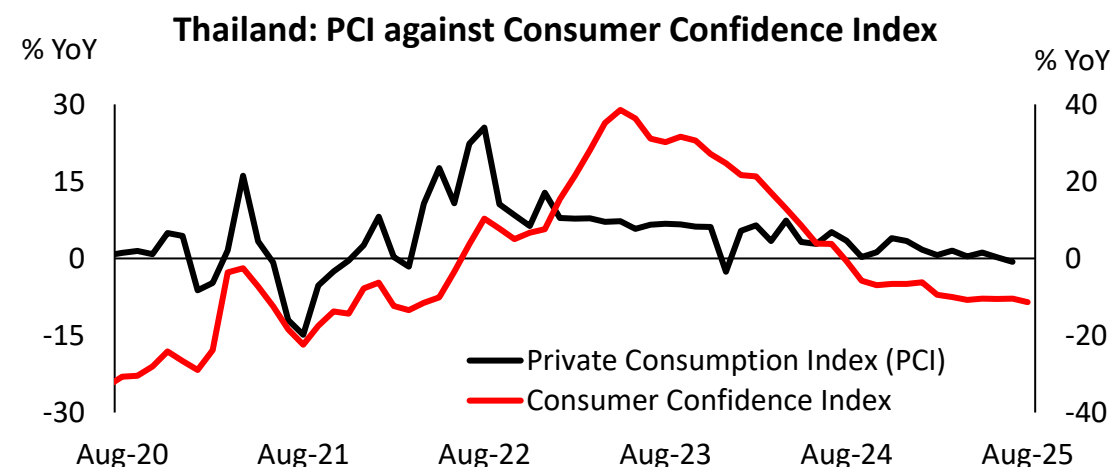
Source: CEIC; OCBC.

Thailand: Consumer confidence remains soft

- The Consumer Confidence Index (CCI) fell for the seventh consecutive month, easing to 50.1 in August, down from 51.7 in July. This marks its lowest level since December 2022. The decline in the CCI was broad-based across the sub-indices of 'economic situation' (44.1 versus 45.6 in July), 'income' (58 versus 59.6 in July), and 'job' (48.3 versus 49.8 in July). In a press conference, University of the Thai Chamber of Commerce President Thanavath Phonvichai stated that "consumer confidence indices have continued to decline across the board, suggesting potential further drops if political stability falters and the economy fails to recover swiftly under government stimulus measures."
- Following his royal endorsement, Prime Minister Charnvirakul convened a high-level policy meeting with several designated members of his potential cabinet to discuss policy priorities ahead of their address to parliament. Media reports indicate that some of the confirmed initiatives include the "Half-Half" co-payment scheme which aims to stimulate household consumption and support small and local businesses. Other proposals, such as "We Travel Together" tourism stimulus programme and a potential tax on gold trades to slow THB appreciation.



Source: Bank of Thailand, Ministry of Commerce, Bangkok Post, The Nation, CEIC, OCBC.

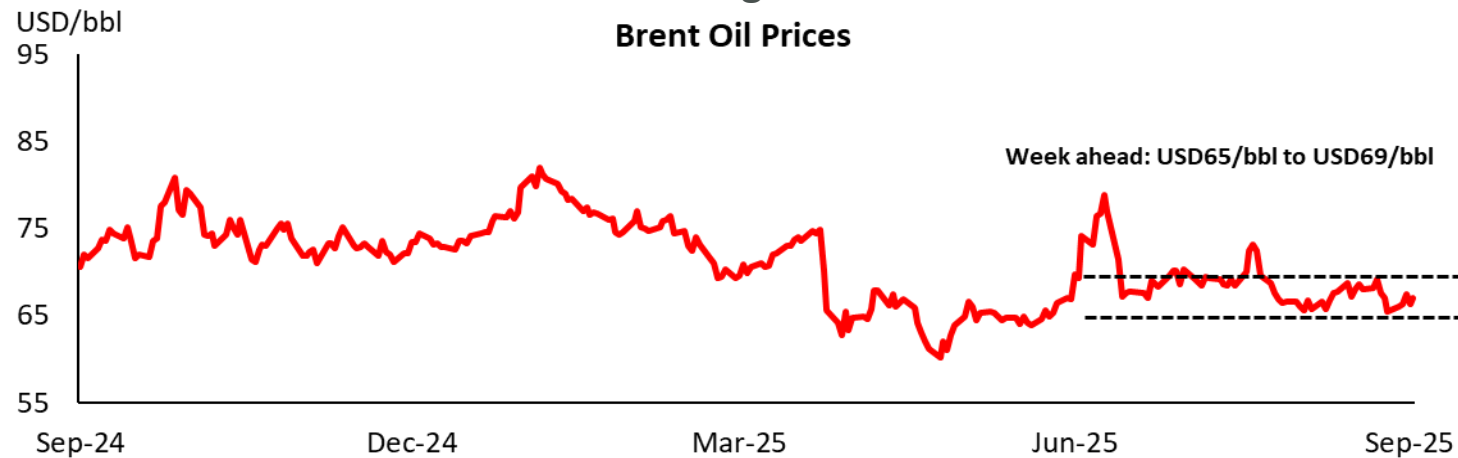


Source: Center for Economics and Business Forecasting, University of the Thai Chamber of Commerce, Bank of Thailand, CEIC, OCBC.

Commodities

Commodities: Higher oil prices

- Crude oil benchmarks rebounded, with WTI and Brent rising by 1.3% and 2.3% week-on-week, respectively, closing at USD62.7/bbl and USD67.0/bbl.
- The rebound was partly driven by renewed concerns over supply disruptions following further strikes by the Ukrainian military on the Russian energy sector. Recent military actions led to the temporary suspension of operations at Russia's northwestern port of Primorsk — a key loading port for Russian crude oil and oil derivatives. According to Bloomberg estimates, the Ukrainian military launched at least 13 strikes on Russian energy infrastructures in August. Meanwhile estimates from the International Energy Agency (IEA) highlighted that Ukrainian military strikes may have disrupted 250kbpd of Russian crude processing in August. Nonetheless, gains from renewed geopolitical risks in the Middle East and Eastern Europe were limited by prospects of relatively healthy global oil inventories for the remainder of the year and potentially into 2026.
- Looking ahead, we maintain our view that Brent crude will trade within the range of USD65-69/bbl. Key focuses for the week include data releases from this week's FOMC meeting.



Source: Bloomberg, OCBC.



Source: IEA, Bloomberg, Reuters, OCBC.

FX & Rates



FX and Rates: Central Banks Preview – Fed, BoE, BoJ, BoC

- **USD rates.** With a 25bp cut fully in the price, which is also our long-held call, there are a few things to focus on. **First, the dot-plot.** In the scenario where a 25bp rate cut materialises, a 2025 median dot pointing to one additional rate cut for the rest of this year will probably see yields correct higher, but it is unlikely to dent market expectation for some chance of a third cut this year; a 2025 median dot pointing to two additional cuts will reinforce current market expectations but may not lead to further, material rally in USTs given that the market is dovish pricing in a terminal rate of around 3%. 2026 and longer-run dots will also be watched. **Second, the split of vote, if any.** As a base-case, we are looking for split between a hold and a 25bp cut, but will there be a three-way split? A three-way split including a 50bp cut, or a revelation that a 50bp cut is discussed, will be interpreted as dovish. **Third, the balance of risks.** Inflation and GDP forecasts will also be updated; investors watch if the growth forecast will reflect the softer than expected labour market. The press conference is an opportunity for Powell to balance, or not to balance, any dovish bias with emphasis on the upside risk to inflation.
- **GBP rates.** Bank of England is widely expected to keep its Bank Rate unchanged at 4.00% this week, which is also our call, after the 25bp cut at the August meeting. Focus will be on the forward guidance, as to whether the statement will keep the “gradual and careful approach” wordings which are generally seen as meaning one 25bp cut per quarter, or whether there will be a shift in the guidance to suggest the next cut will only come some time in 2026. The decision on QT pace for the next 12-month period is also to be made at this meeting – we expect the pace to potentially slow to GBP60-80bn from GBP100bn.
- **JPY rates.** Bank of Japan is widely expected to keep BoJ Target Rate unchanged at 0.50%, which is also our base-case. The central bank is likely to maintain the stance that if their baseline economic scenario is realised, then it would be appropriate to raise the policy rate. We still have one 25bp hike this year in our profile and at this juncture, we see the October meeting as a live one – where JPY OIS price only a 34% chance of a 25bp hike by that meeting.
- **CAD.** The Bank of Canada is expected to cut its policy rate further by 25bps to 2.50%, in consideration of a weakening labour market, potential impact of tariffs, and contained inflation. A 25bp cut is 86% priced by CAD OIS. This week, key releases include July Manufacturing sales (Mon), Aug CPI (Tue), and July retail sales (Fri). Although consensus is looking for an uptick in headline CPI, core CPI, both median and trim, are expected to stay steady. PM Carney also plans to visit Mexico on 18 Sep to boost trade and strengthen relations amid US tariffs. We see potential for modest CAD positivity if these talks generate optimism around Canada’s trade relationships, though gains may be limited without concrete progress.

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