Weekly Macro Views (WMV)

OCBC Group Research

17 Aug 2026

Weekly Macro Update

Key global data for this week:

17 Aug	18 Aug	19 Aug	20 Aug	21 Aug
• **CH:** Industrial Production YoY • **JN:** GDP Annualized SA QoQ, GDP SA QoQ, GDP Deflator YoY, Industrial Production MoM • **MA:** CPI YoY • **SI:** Non-oil Domestic Exports YoY **TH:** GDP YoY	• **AU:** Westpac Consumer Conf SA MoM • **EC:** ZEW Survey Expectations • **UK:** ILO Unemployment Rate 3Mths, Jobless Claims Change • **US:** Industrial Production MoM, Import Price Index MoM	• **EC:** CPI YoY, CPI MoM, CPI Core YoY • **ID:** BI-Rate • **SI:** Automobile COE Open Bid Cat A • **UK**: CPI YoY, CPI MoM, CPI Core YoY • **US:** MBA Mortgage Applications	• **AU:** Employment Change, Unemployment Rate • **CH:** 1-Year Loan Prime Rate, 5-Year Loan Prime Rate • **HK:** Unemployment Rate 3Mths, CPI Composite YoY • **MO:** CPI YoY • **US:** FOMC Meeting Minutes, Initial Jobless Claims	• **EC:** S&P Global Eurozone Manufacturing PMI • **JN:** Natl CPI YoY, S&P Global Japan PMI Mfg • **NZ:** Trade Balance NZD • **UK:** S&P Global UK Manufacturing PMI • **US**: S&P Global US Manufacturing PMI

Summary of Macro Views:

Global	• **US-Iran:** Talks remain in limbo • **US**: Inflation eases, with disinflation likely to continue • **UK:** Growth slows, but services keep expansion intact • **AU:** Policy rate on hold at 4.35%
Asia	• **SG:** NODX rises 24.2% YoY, electronics exports surge • **CH:** Structural shift in financing • **CH:** Economic momentum remained unsettled • **CH:** Transition between old and new economy • **HK:** Government revised growth forecast to 3.5% to 4.5%

Asia	• **ID:** RAPBN 2027 sets 6% growth target • **TH:** 2Q26 growth slows sharply
Asset Class	• **ESG:** Advancing Singapore’s low-carbon electricity imports • **FX & Rates:** Carry Still Favoured

Global: Central Bank

Forecast – Key Rates

Bank Indonesia (BI)	People's Bank of China (PBoC)
Wednesday, 19th Aug	Thursday, 20th Aug
House Views	**House Views**
7D Reverse Repo **Likely hold at 5.75%**	*1-year Loan Prime Rate* **Likely hold at 3.00%** *5-year Loan Prime Rate* **Likely hold at 3.50%**

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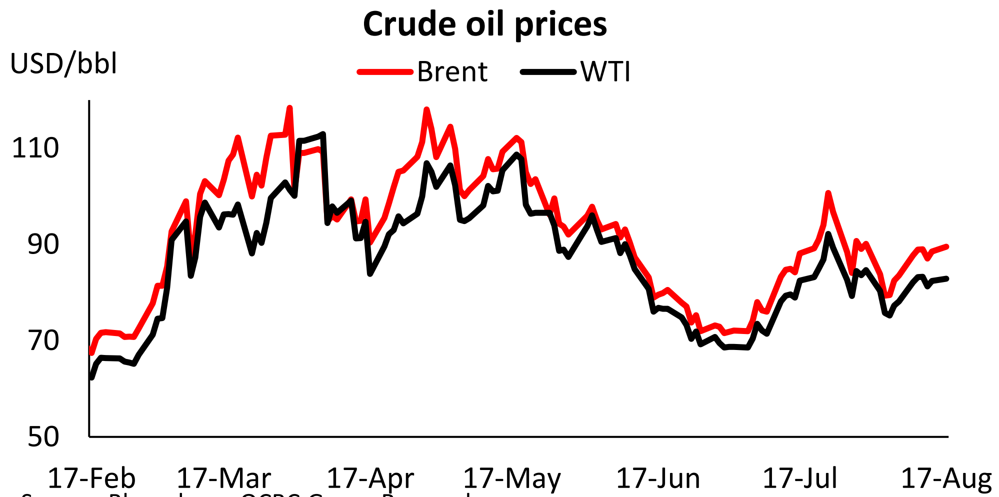
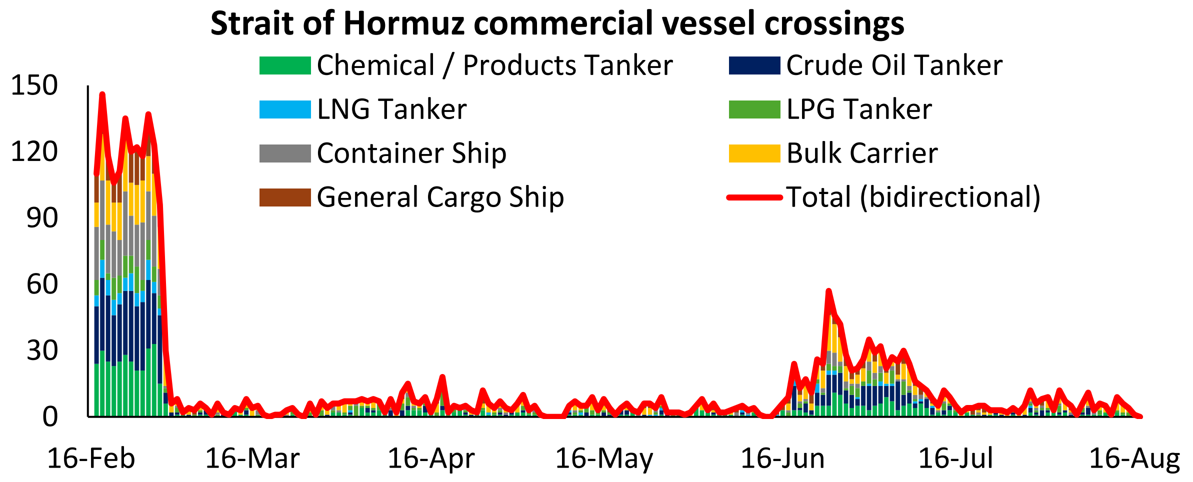
US-Iran: Talks remain in limbo

- With the original memorandum of understanding between the US and Iran set to expire, both sides remain in a deadlock. Iranian Foreign Minister Araghchi stated that Iran has yet to decide whether to resume talks with the US, adding that while mediators Qatar and Pakistan have exchanged messages between the two sides, these contacts do not constitute formal negotiations.
- Meanwhile, US President Trump said he intends to declare the Strait of Hormuz a US territory following the defeat of Iran, despite the ongoing military conflict being unresolved. He also announced plans to scale back military training exercises with South Korea, citing its lack of support regrading the Strait of Hormuz situation.
- Houthi aggression in the Middle East has intensified, with the group launching missiles and drones at the Yemeni cities of Mocha and Marib. Operations at the Port of Mocha have been suspended following infrastructure damage and civilian deaths. Houthi spokespersons said the strikes targeted Saudi military assets and personnel.



Source: Bloomberg, OCBC Group Research.

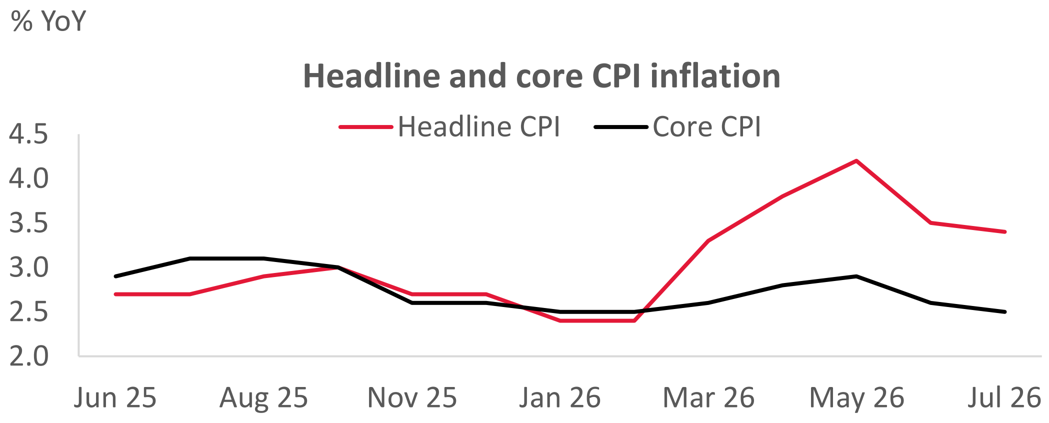


Source: Bloomberg, OCBC Group Research.

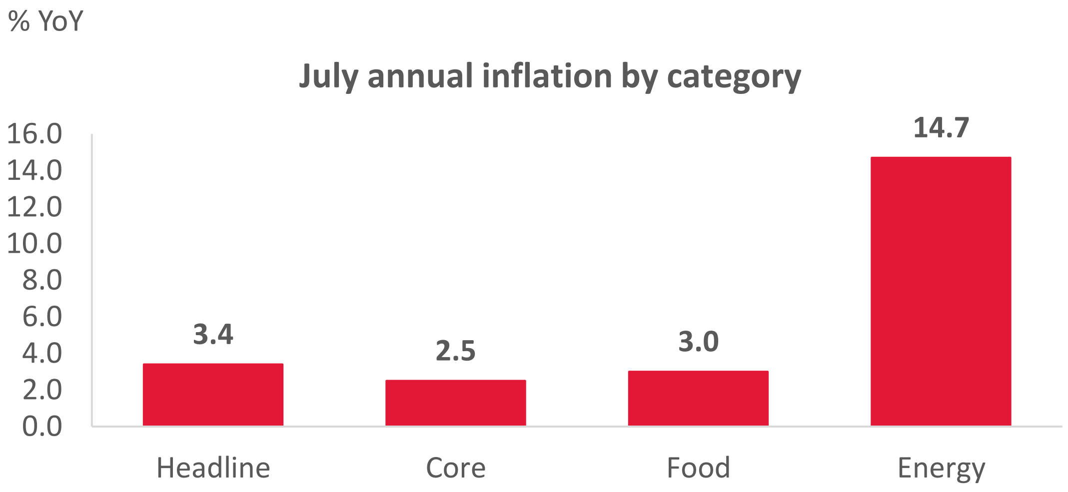
Source: Bloomberg, OCBC Research.

United States: Inflation eases, with disinflation likely to continue

- Headline CPI rose 0.1% MoM in July and slowed to 3.4% YoY from 3.5% in June. The annual rate eased for a second month, and base effects in August should help sustain the recent disinflation trend.
- Core inflation also cooled, to 2.5% YoY from 2.6%, while its MoM rate returned to 0.2% after no change in June. Underlying pressure is moderating but not disappearing.
- Energy prices were 14.7% higher YoY, versus 3.0% for food. Broad inflation is improving, but the headline remains exposed to energy shocks. Meanwhile, shelter repeated the June's reading by rising 0.1% MoM.



Source: U.S. Bureau of Labor Statistics, OCBC Group Research.



Source: U.S. Bureau of Labor Statistics, OCBC Group Research.

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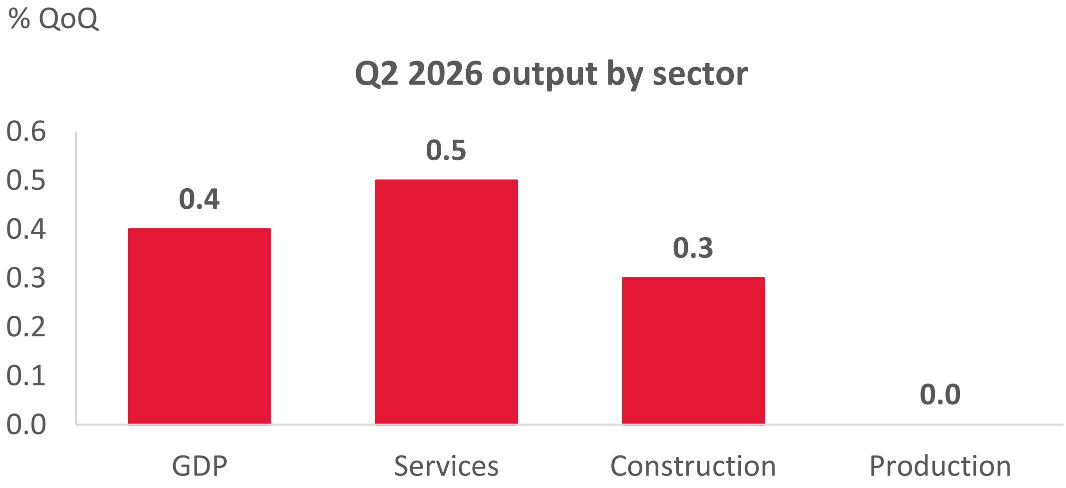
Source: U.S. Bureau of Labor Statistics, OCBC Group Research.

United Kingdom: Growth slows, but services keep expansion intact

- Real GDP grew 0.4% QoQ in Q2, down from 0.6% in Q1. The economy slowed, but still met market expectations of 0.4% QoQ.
- Services rose 0.5% QoQ and construction gained 0.3% QoQ, while production was flat. This points to firm domestic activity but uneven sector momentum.
- At 0.4% QoQ, growth remained well about the 0.1% seen in Q3 and Q4 2025, showing that the economy retained momentum in 2026.

Source: UK Office for National Statistics, OCBC Group Research.



Source: UK Office for National Statistics, OCBC Group Research.

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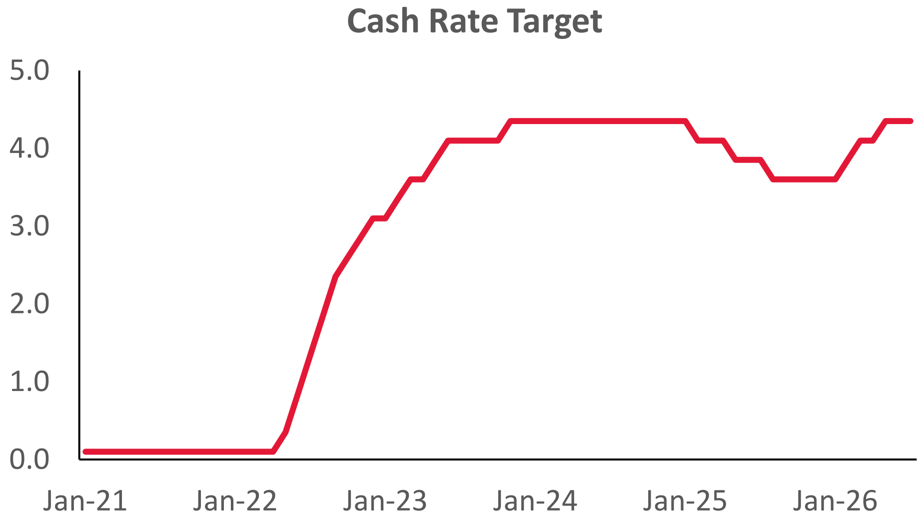
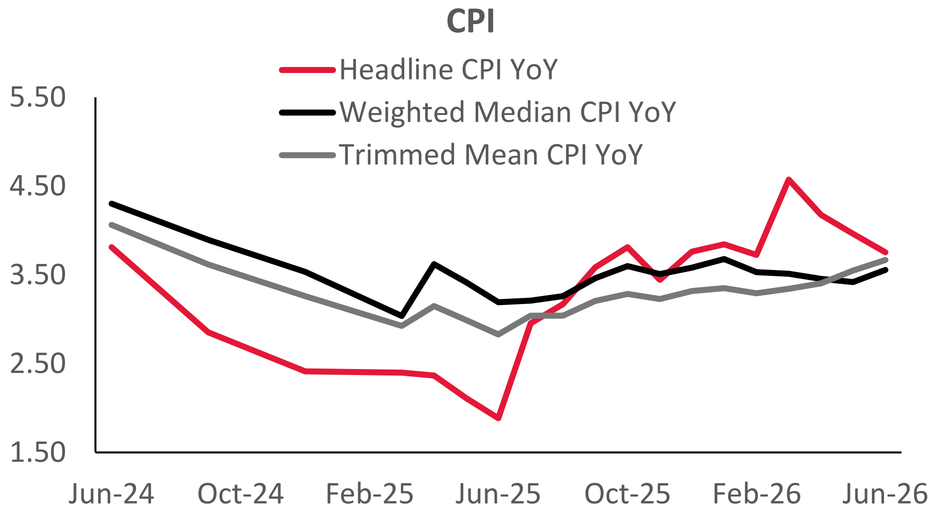
Australia: Policy rate on hold at 4.35%

- The RBA unanimously voted to keep its cash rate target unchanged at 4.35%, marking a second consecutive hold following three rate hikes earlier this year. The Board judged that current policy settings remain sufficiently restrictive to return inflation to target over time and opted to leave rates unchanged to allow more time to assess whether the economy is evolving as expected.
- The RBA acknowledged that inflation remains too high and highlighted ongoing upside risks, including persistent capacity constraints, a tight labour market, and heightened geopolitical uncertainty. Inflation is expected to return to around the midpoint of the target range by end-2027.
- Governor Bullock maintained a hawkish tone, reiterating that the RBA remains prepared to raise rates further if warranted by incoming data. Our house view is that the cash rate will remain unchanged for the remainder of 2026.



Source: RBA, OCBC Group Research.



Source: CEIC, OCBC Group Research.

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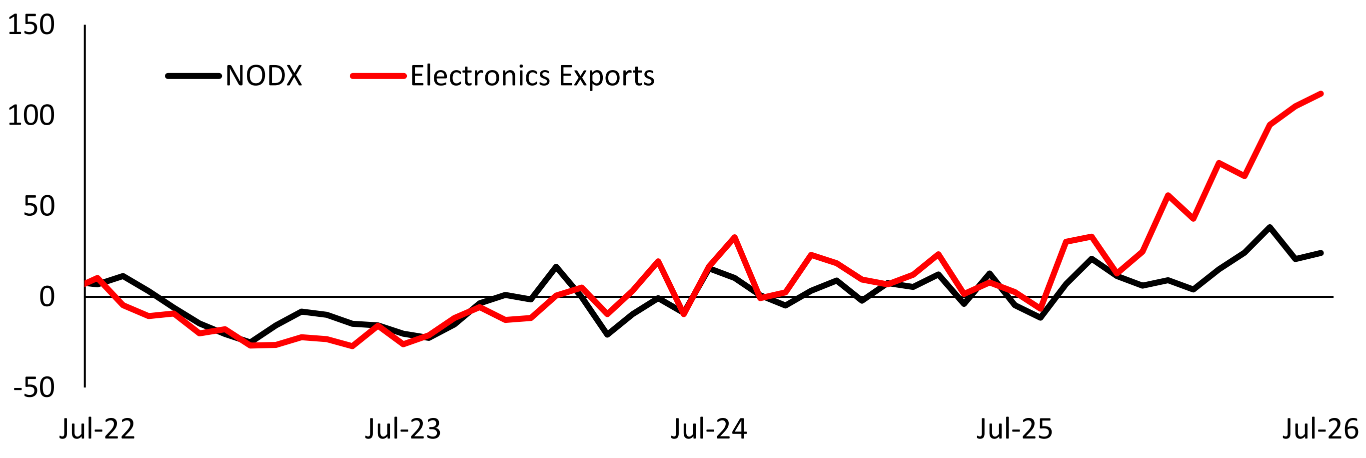
Source: CEIC, ABS, OCBC Research.

Singapore: NODX rises 24.2% YoY, electronics exports surge

- Singapore's Jul-26 NODX expanded 24.2% YoY, extending the 20.8% YoY increase in June and bringing growth for the first seven months of 2026 to 19.4% YoY, underscoring the resilience of the AI-driven export upcycle despite softer non-electronics shipments.
- Electronics NODX surged 112.0% YoY (vs 105.1% prior), supported by strong AI-related demand for disk media products (+339.1%), ICs (+84.5%) and PCs (+120.8%). Meanwhile, non-electronics NODX fell 2.3% YoY (vs -2.8% prior), dragged down by pharmaceuticals (-56.7%), petrochemicals (-22.5%) and food preparations (-17.9%), highlighting the increasingly concentrated nature of Singapore's export growth. The strength in electronics was also reflected geographically, with NODX to the US (+62.8%), China (+37.6%), Taiwan (+32.4%) and South Korea (+53.3%) posting strong gains, underscoring Singapore's exposure to the AI and semiconductor supply chain.
- We maintain our 2026 NODX growth forecast to 15.2% YoY, from above 6% previously, reflecting the strength of the ongoing AI-driven electronics export cycle despite expectations for a moderation in 2H26.



Source: Enterprise Singapore, CEIC, OCBC Group Research.

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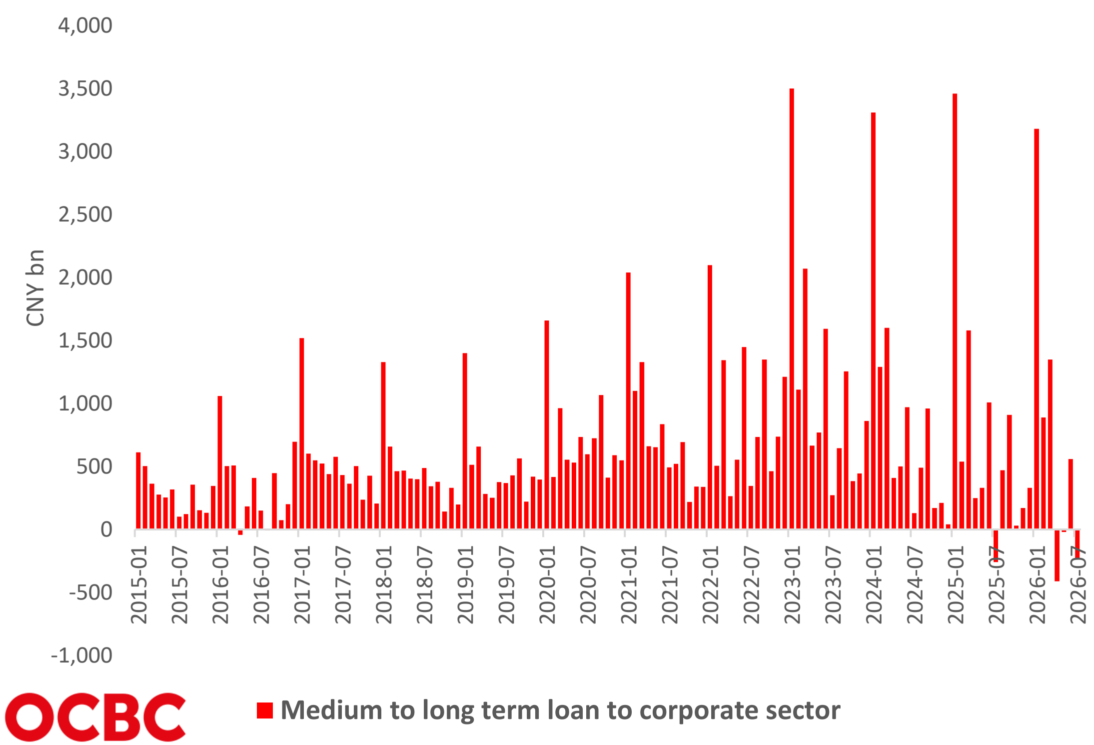
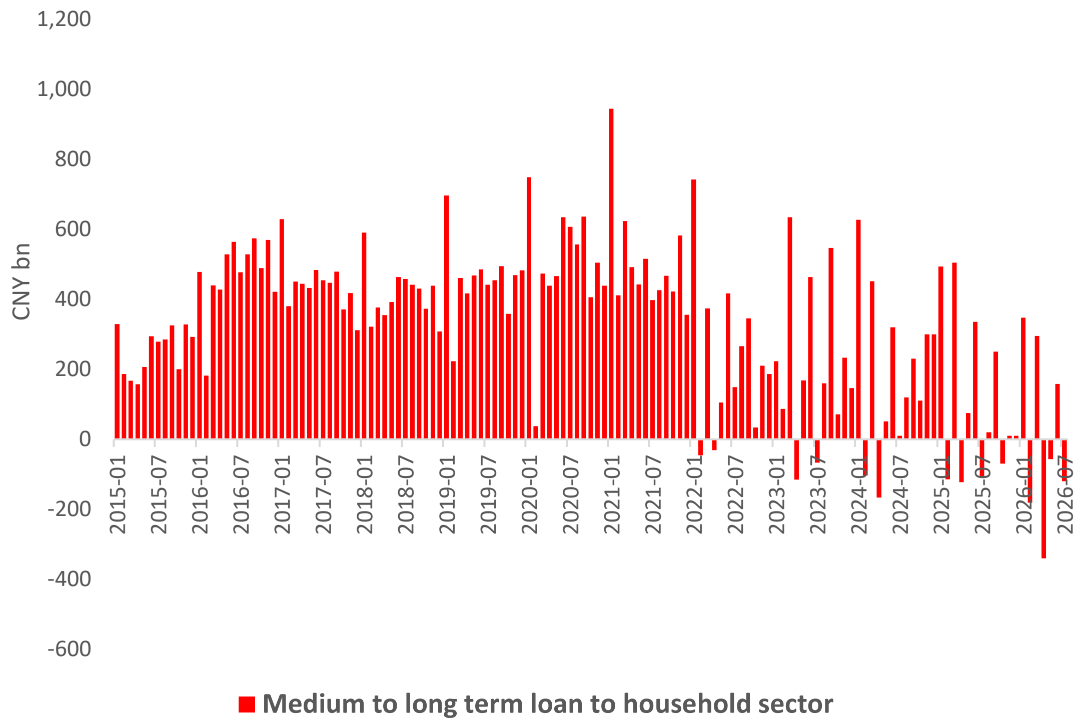
Source: Enterprise Singapore, OCBC Group Research.

China: Structural shift in financing

- The divergence between aggregate social financing (ASF) and new RMB loans widened further in July. New RMB loans contracted by RMB340bn, turning negative again, RMB290bn lower than a year earlier and weaker than both market expectations and seasonal norms. By contrast, ASF held up better than seasonality, supported by government and corporate bond issuance. The data reinforce an ongoing structural shift in China's financing mix: weaker bank lending is increasingly being offset by stronger direct financing through bonds and equity.
- The weakness in bank lending was broad-based, indicating a lackluster underlying demand momentum.

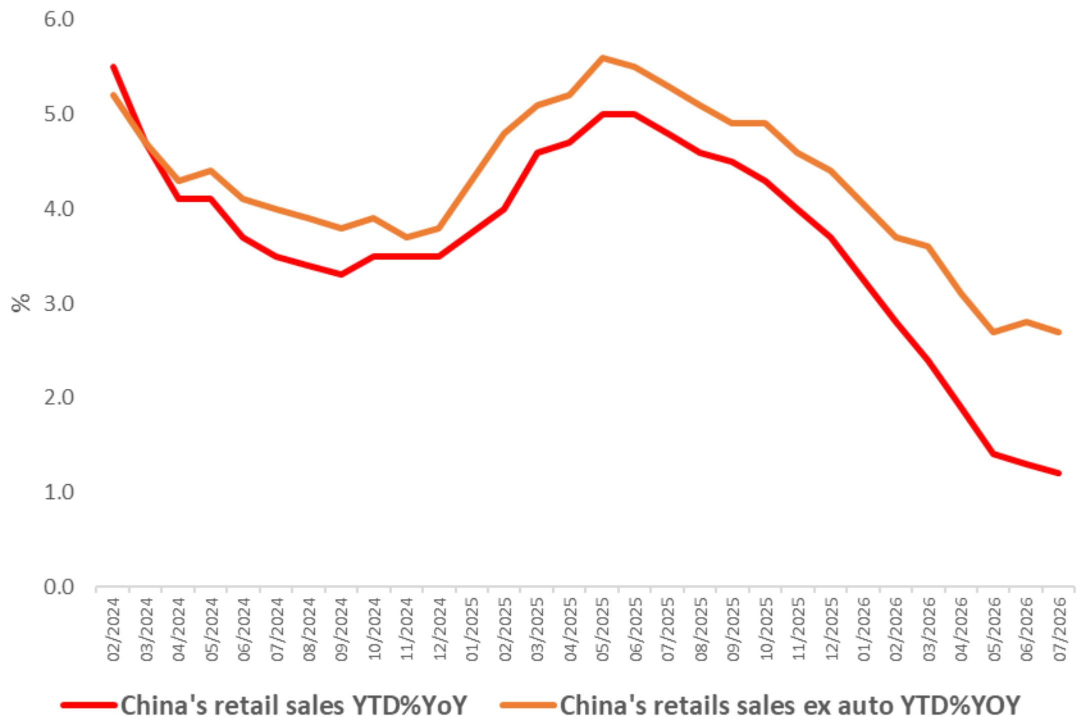


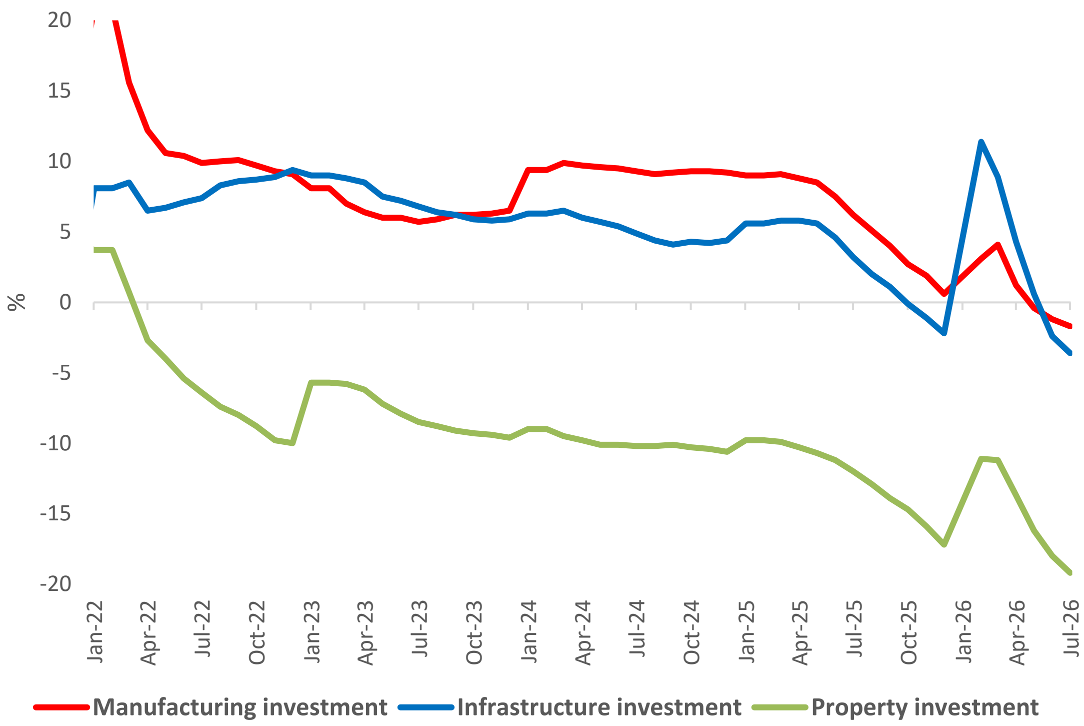


Source: Bloomberg, Reuters, OCBC Group Research.

China: Economic momentum remained unsettled

- July data continue to highlight two fundamental challenges facing the Chinese economy. First, domestic demand, particularly consumption, remains the key drag, with a clear "policy fade" effect emerging. The broader message is that the earlier policy-driven consumption impulse is fading, while household income expectations and employment conditions have yet to take over as sustainable growth drivers.
- Second, the weakness in investment is becoming increasingly structural, with property remaining the largest drag.

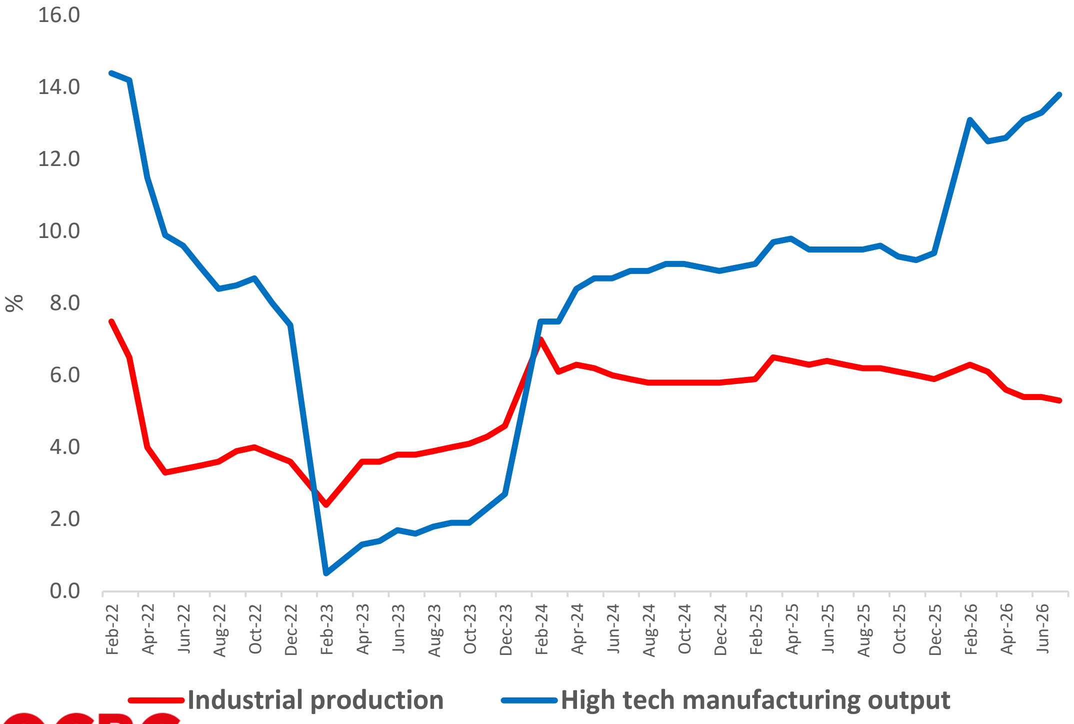


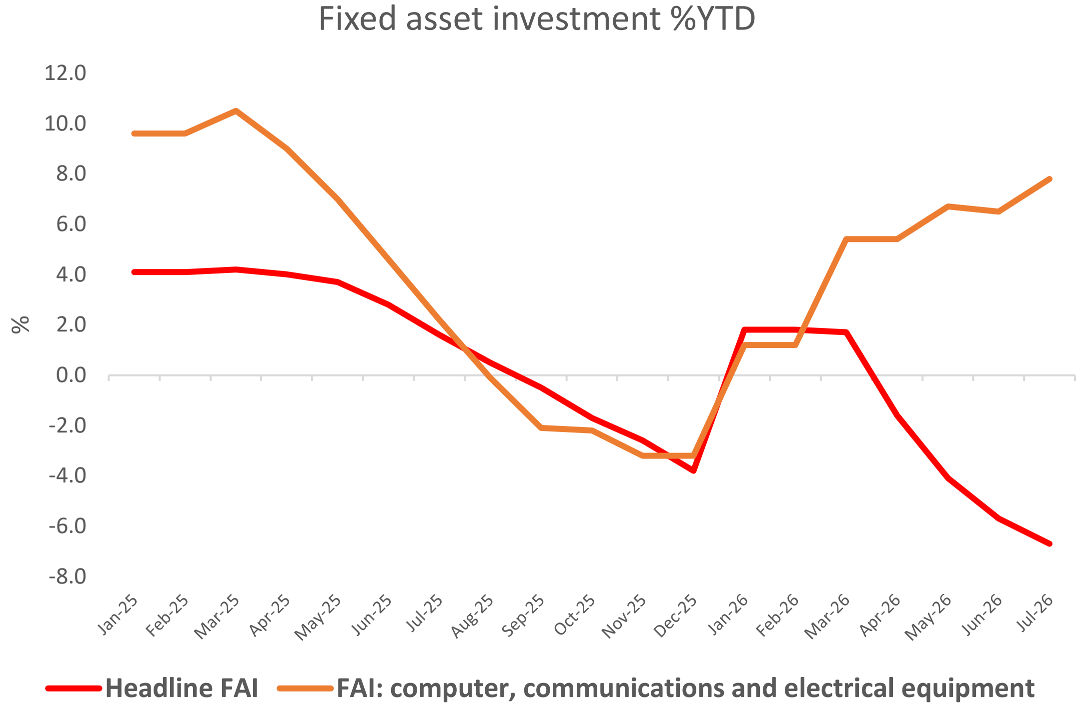


Source: Bloomberg, Reuters, OCBC Group Research.

China: Transition between old and new economy

- That said, the economy is not weakening across the board; rather, the K-shaped divergence is becoming more pronounced. The AI economy and advanced manufacturing remain important sources of resilience.
- China remains in the middle of a difficult transition between old and new growth engines. The issue is not the absence of new growth drivers, but rather their current scale. AI and advanced manufacturing are expanding rapidly, but they are not yet large enough to fully offset the structural slowdown in property, traditional investment and household demand.





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Source: Bloomberg, Reuters, OCBC Group Research.

Hong Kong: Government revised growth forecast to 3.5% to 4.5%

- According to the revised reading, Hong Kong's GDP growth in the 2Q26 remained unchanged at 4.3% YoY (-0.6% QoQ). Taking into account the stronger-than-expected actual outturn in the first half of the year, the government revised up the real GDP growth forecast for 2026 to 3.5% – 4.5%, from 2.5% – 3.5%. Meanwhile, the forecasts for the underlying and headline CPI were maintained at 2.5% and 2.6% respectively.
- While headline growth was unchanged for the quarter, there were some minor revisions in real growth estimates across components. Growth in private consumption expenditure, government consumption expenditure, and gross fixed capital formation were revised down by 0.1, 0.5 and 0.2 percentage point respectively.
- The government expects to see solid growth in the second half of 2026, citing the vibrant global demand for AI-related electronic products, sustained growth in visitor arrivals, alongside steady demand for financial and business services in Hong Kong, while acknowledging the external headwinds. Following the stronger-than-expected performance in the 1H (5.1% YoY), we revised up our full-year GDP growth forecast to 3.8%, still in line with government estimates.

Year-on-year change	**1Q26**	**2Q26**
GDP	**5.9%**	**4.3%**
Private consumption expenditure	4.9%	2.8%
Government consumption expenditure	2.8%	0.0%
Gross domestic fixed capital formation	18.3%	4.4%
Exports of goods	23.8%	28.9%
Exports of services	3.3%	3.4%

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Source: C&SD, OCBC Group Research.

Indonesia: RAPBN 2027 sets 6% growth target

- President Prabowo Subianto proposed draft budget 2027 (RAPBN 2027) with a fiscal deficit target of 2.40% of GDP, narrower than 2.68% in APBN 2026. State revenue is proposed at IDR3,426.0trn, up 8.6% from APBN 2026, supported by an 8.0% increase in revenue to IDR2,908.0trn and a 12.7% rise in non-tax revenue to IDR517.4trn. State expenditure is budgeted at IDR4,097.2trn, up 6.6%, with central government spending and transfers to regions set at IDR3,362.2trn (+6.7%) and IDR735.0trn (+6.1%), respectively. The 2027 macro assumptions include real GDP growth of 6.0%, inflation of 2.5%, USD/IDR at 17,500, the 10Y SBN yield at 6.9%, and ICP at USD75/bbl.

- Beyond the budget figures, President Prabowo also outlined several broader policy initiatives. The government plans to consolidate procurement across ministries, agencies and regional governments, standardise specifications and expand digital procurement. It also targets the mineral and strategic commodities exchange to begin operating on 1 January 2027 and plans to develop Indonesian reference prices for key export commodities. Other initiatives include optimising underutilised SOE assets through greater private-sector participation while retaining strategic state ownership, establishing the Indonesia Financial Center (PFII), initially in Jakarta with plans to expand to Bali, and developing the Danantara Development Management Fund (DDMF) to prepare, develop and finance strategic long-term projects that are not yet suitable for short-term commercial investment.

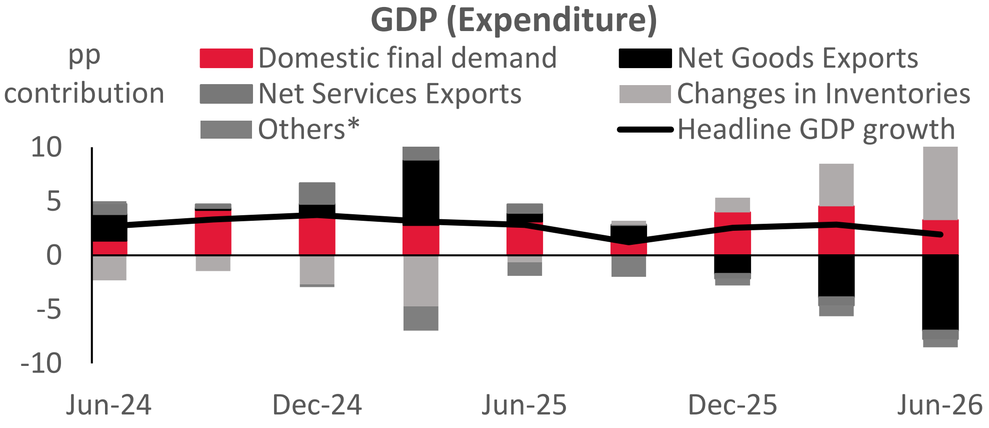
Macro Assumption		
IDR trn	2026	2027
Economic Growth	5.4	6.0
Inflation	2.5	2.5
Exchange Rate	16500	17500
10-years SBN	6.9	6.9
Indonesian Crude Oil Price	70	75
Oil Lifting	610	610
Gas Lifting	984	954

IDR trn	2025	*2026*		2027 *(Draft budget)*
		Budget	*Realised 1H26*	
Government Revenue and Grant	**2765.1**	**3153.6**	**1459.4**	**3426.0**
Domestic Revenue	2759.7	3152.9	1458.7	3425.4
Grant	5.4	0.7	0.7	0.7
Government Expenditure	**3435.5**	**3842.7**	**1656.0**	**4097.2**
Central Government	2586.4	3149.7	1298.6	3362.2
Regional Transfer	787.4	693.0	357.4	735.0
Government Deficit or Surplus	**-670.3**	**-689.1**	**-196.5**	**-671.2**
% GDP	-2.8	-2.68	-0.8	-2.40

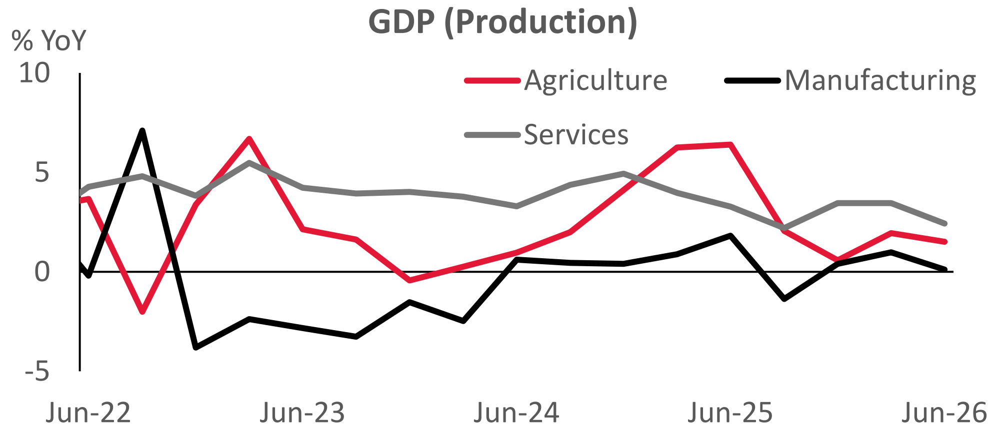
Source: President Prabowo Speech (14 Aug 2026), Kompas, Bloomberg, CEIC, OCBC Group Research.

Thailand: 2Q26 growth slows sharply

- GDP growth slowed significantly to 1.9% YoY in 2Q26, down from 2.8% in 1Q26. The details show that demand-side drivers were weak, with the contribution of domestic final demand narrowing to 3.2 percentage points (pp) from 4.5pp in 1Q26. Private consumption and government expenditures slowed to 1.9% YoY and 0.2% YoY, respectively, down from 3.3% and 3.4% in 1Q26. In contrast, investment spending remained broadly stable at 9.1% YoY compared with 9.9% in 1Q26.
- Similarly, the negative contribution of net exports widened, shaving off 7.7pp from headline GDP growth compared with -4.6pp in 1Q26. Exports growth remained robust, edging slightly higher by 12.5% YoY (1Q26: 12.4%), but was more than offset by stronger imports growth (24.2% YoY versus 21.4% in 1Q26).
- Taken together, this brought 1H26 growth to 2.4% YoY, down from 3.0% in 1H25. Consequently, the risks to our 2026 GDP growth forecast of 1.5% are skewed to the upside. The economy continues to benefit from higher-than-expected goods export growth on account of electronics and electrical appliances exports. That said, growth improvements remain uneven with domestic demand still weak from structural constraints such as high household debt.



Source: Office of the National Economic and Social Development Council, CEIC, OCBC Group Research.



Source: Office of the National Economic and Social Development Council, CEIC, OCBC Group Research.

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ESG

ESG: Advancing Singapore's low-carbon electricity imports

- The Energy Market Authority (EMA) has granted conditional approvals to two companies to import 900MW of electricity from Malaysia, as part of efforts to secure clean energy imports from the region. The approvals were granted to Sembcorp Utilities for a proposed capacity of 300MW, and Southern Solar Alliance, a subsidiary of Malaysian developer Ditrolic Energy Holdings, for a proposed capacity of 600MW. Both companies target to begin commercial operations around 2029. The EMA has granted conditional approvals and conditional licences to 13 electricity import projects from Australia, Cambodia, Indonesia, Malaysia and Vietnam.
- Although the Indonesian projects have faced delays due to licensing rules that hinder financing, recent agreements between Danantara and Singapore companies are advancing cross-border electricity trade. The latest approvals reinforce Singapore's progress towards its goal of importing 6GW of low-carbon electricity by 2035, expected to meet around a third of the country's energy needs.

Conditional Approvals (6.25GW)

Country of export	Companies	Import capacity (GW)
Australia	Sun Cable	1.75
Vietnam	Sembcorp Utilities	1.2
Malaysia (Sarawak)	Sembcorp Utilities, Sarawak Energy	1
Cambodia	Keppel Energy	1
Malaysia	Southern Solar Alliance	0.6
Indonesia	Shell Eastern Trading, Vena Energy	0.4
Malaysia (Linggiu Reservoir, Johor)	Sembcorp Utilities	0.3

Conditional Licenses (3GW)

Companies (export from Indonesia)	Import capacity (GW)
Singa Renewables (TotalEnergies and Royal Golden Eagle)	1
Pacific Medco Solar Energy (PacificLight Renewables, Medco Power Global, Gallant Venture)	0.6
Adaro Solar International*	0.4
Equator Renewables Asia	0.4
Keppel Energy	0.3
Vanda RE (formed by Gurin Energy, Gentari International Renewables)	0.3

*Adaro has changed its name to Alamtri Resources

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Source: EMA, BT, OCBC Group Research.

FX & Rates

Carry Still Favoured

- Carry Still Favoured: Lower Fed hike expectations and a supportive risk backdrop continue to favour carry trades and keep FX volatility subdued. While the USD may stay rangebound, risks from higher oil prices and rising long-end Treasury yields warrant close monitoring.
- JPY Needs More: September BoJ hike expectations have risen, but the JPY remains unconvinced. A sustained JPY recovery likely requires a clearer commitment to faster policy normalisation, while intervention risks should keep USDJPY capped near 160.
- TWD catch-up move gathers intermittent pace as USDTWD fell sharply on Friday. Foreign equity inflows and a softer USD helped, while the outsized move keeps attention on whether exporter conversion and hedging flows are starting to pick up. We would not call a broader shift yet, but risks are skewed lower for USDTWD.
- IDR finds support from domestic reassurance from a narrower 2027 fiscal-deficit target and clarification over the new state export entity, but still-elevated Brent and renewed Middle East risks keep the external backdrop challenging.
- USDCNH trades near recent lows as policymakers continue to allow a measured pace of RMB appreciation, though the sizeable fixing premium signals resistance to an overly rapid move. Weak July credit data reinforces domestic-demand concerns, but fixing bias and a softer USD remain important offsets.
- Resilient 2Q26 growth and a steady BNM backdrop remain supportive for MYR, though the FX impulse from stronger GDP is likely to be gradual. Mixed portfolio flows, renewed geopolitical risks and some attention on domestic politics may temper gains in the interim.

Source: OCBC Group Research.

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