



Weekly Macro Views (WMV)

OCBC Group Research

18 May 2026

Weekly Macro Update

Key Global Data for this week:

18 May	19 May	20 May	21 May	22 May
<ul style="list-style-type: none"> • CH Industrial production, Retail sales • SI Non-oil Domestic Exports YoY, electronic exports • TH GDP • UK Rightmove house prices • US NAHB Housing Market Index 	<ul style="list-style-type: none"> • AU Westpac consumer conf • CA CPI • JN Industrial production, GDP • MA CPI • UK Jobless claims change, ILO unemployment rate 3mths • US Pending Home Sales 	<ul style="list-style-type: none"> • EC CPI • CH 1yr & 5yr loan prime rate • ID BI-rate • MA Exports, imports, trade balance • SI Automobile COE Open Bid Cat A, B, E • UK CPI, core CPI, Retail price index, house price index • US MBA mortgage applications 	<ul style="list-style-type: none"> • AU Unemployment rate, Full time employment change, S&P Global PMI Composite, Mfg and Services • JN Core machine orders, S&P Global Japan PMI Composite, Mfg and Services • US initial jobless claims, Philadelphia business outlook, S&P Global US PMI Mfg and Services, Building permits, housing starts, FOMC Meeting minutes 	<ul style="list-style-type: none"> • CA Retail sales, industrial production • JP Natl CPI & core • SK Consumer confidence • UK Gfk Consumer confidence, Retail sales inc Auto fuel • US U. of Mich. Sentiment, current conditions, expectations, and 1yr & 5yr inflation

Summary of Macro Views:

Global	<ul style="list-style-type: none"> • Global: Trump-XI meeting – Five key takeaways • US: Inflation picks up further amid energy price spike 	Asia	<ul style="list-style-type: none"> • ID: BI preview • MY: Resilient 1Q26 growth • MY: External balances remain supportive • TH: Good start to growth
Asia	<ul style="list-style-type: none"> • SG: 1Q26 GDP preview • SG: April NODX surged higher amid the AI boom • CH: Weaker than expected industrial activities • CH: Property driven slowdown in investment • CH: Weak auto demand weighed on retail sales • HK: Government growth forecast unchanged at 2.5-3.5% 	Asset Class	<ul style="list-style-type: none"> • FX & Rates: Rates Reprice, Risk Retreats

Global: Central Banks

Forecast – Key Rates

People's Bank of China (PBoC)



Wednesday, 20th May

Bank Indonesia (BI)



Wednesday, 20th May

House Views

1-year Loan Prime Rate

hold at 3.00%

5-year Loan Prime Rate

hold at 3.50%

7D Reverse Repo

Likely hike to 5.00%

Global: Trump-Xi meeting – Five takeaways

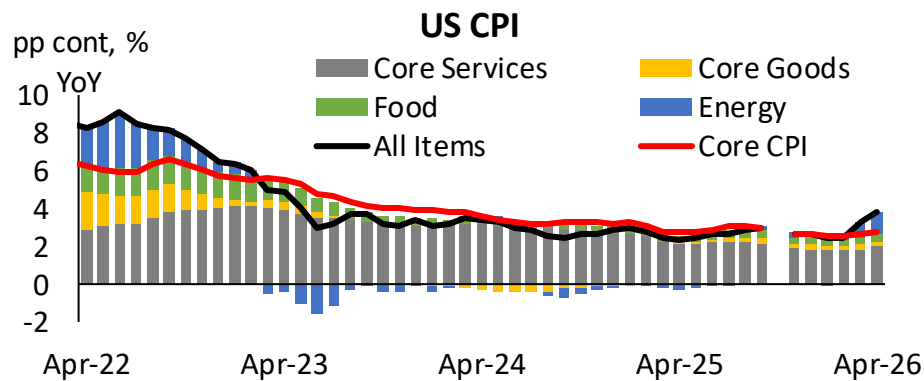
- The prevailing market narrative surrounding the Trump–Xi meeting is that it lacked substantive breakthroughs beyond reinforcing the personal rapport between the two leaders. Trump’s framing was notably centred more on the relationship between two individuals rather than between two countries.
- President Xi introduced “constructive strategic stability” as China’s guiding framework, while the US maintained a largely transactional and strategically ambiguous approach. Notably, Washington appears to be stepping back from earlier demands for deep structural reforms in China, signaling implicit acceptance of China’s state-capitalist model and a move toward a balance-of-power dynamic rather than ideological convergence.
- Changes in the business delegation further reflect evolving priorities, with reduced emphasis on energy trade and growing importance of technology (“compute”) and finance. Tensions persist, particularly in technology policy, where the US balances containment with commercial interests. Meanwhile, increased Wall Street representation suggests financial interdependence remains a key stabiliser.
- We are more constructive about the US-China relations. We expect US-China bilateral relations to stabilise at a lower but more predictable equilibrium because both sides now increasingly share the same interpretive framework: bounded competition, no convergence assumed, and managed differences as the steady state.

Four core pillars of “constructive strategic stability”	
1	Cooperation remains important in areas where bilateral interests continue to overlap.
2	Competition is increasingly accepted as a permanent feature of the relationship, but one that should remain bounded and manageable.
3	Disagreements are now viewed as structural rather than temporary, and therefore increasingly normalised within the relationship framework.
4	Preventing direct military conflict has become the top strategic objective for both sides.

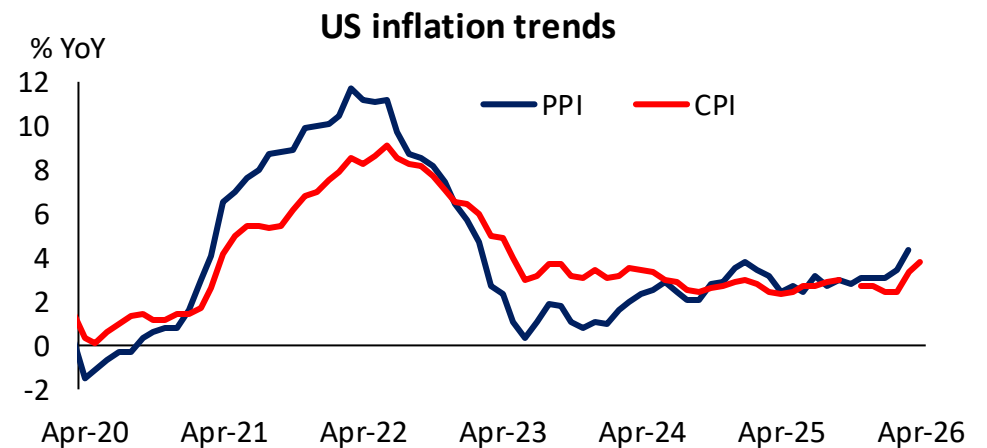


US: Inflation picks up further amid energy price spike

- The headline CPI rose 3.8% YoY in April from 3.3% in March. The rebound was driven primarily by energy prices, which surged to 17.9% YoY from 12.5% in March, led by a sharp increase in gasoline prices (28.4% YoY in April, from 19.2% in March and -5.5% in February), with the energy components contributed 1.1 percentage points (pp) to the headline print in April, up from 0.8pp in March. Meanwhile, food prices rose at a more moderate pace of 3.2% YoY from 2.7%. Core inflation increased to 2.8% YoY from 2.6%, reflecting persistent underlying price pressures, with shelter CPI re-accelerating to 3.3% YoY in April from 3.0% in March.
- Similarly, the higher Producer Price Index (PPI), released a day after the CPI print, reinforced concerns about persistent inflationary pressures. Specifically, PPI rose to 6.0% YoY in April from 4.3% in March, marking the strongest annual reading since December 2022. As with CPI, energy prices saw a sharp increase, with final demand energy rising 22.7% YoY in April from 13.0% in March and -0.3% in the previous month.
- Fed officials signaled caution following the higher-than-expected headline prints. Chicago Fed President Austan Goolsbee noted that inflation is “going the wrong way, and it's going the wrong way not just in oil-related things and not just in tariff-related things,” while Minneapolis Fed President Neel Kashkari added that the central bank is “dead serious about getting inflation back down to our 2% target.”



Source: BLS, Bloomberg, OCBC Group Research.



Source: BLS, Bloomberg, OCBC Group Research.



Singapore: 1Q26 GDP preview

- The Ministry of Trade and Industry will release its 1Q26 GDP data on 25 May, with the 1Q26 GDP growth estimate anticipated to be revised upward to 5.2% YoY from the advance estimates of 4.6%. This upward revision is attributed to the strong manufacturing performance in 1Q26, which came in better-than-expected at 7.9% YoY, compared to the advance estimate of 5.0%, ceteris paribus. Separately, the official 2026 GDP growth forecast of 2-4% will also be reviewed.
- Looking ahead, the economy is likely to moderate over the course of 2026. This outlook reflects heightened geopolitical tensions this year, including the ongoing Middle East conflict and the effective closure of the Strait of Hormuz. Downside risks to growth persist due to potential spillover effects from the Middle East conflict, including higher energy prices and supply constraints that could potentially weigh on exports.
- Forward-looking indicators were mixed: the general business outlook for the manufacturing sector remains relatively resilient, supported by the AI boom. Indeed, electronic NODX remained robust, expanding at double-digit growth for the eighth consecutive month in April. In contrast, sentiment in the services sector has turned weaker.

% YoY	1Q25	2Q25	3Q25	4Q25	2025	1Q26 (Advance)	1Q26F (OCBC)
Headline GDP growth	4.5	5.4	4.5	5.7	5.0	4.6	5.2
Supply-side							
Manufacturing	8.6	10.5	4.6	11.4	8.7	5.0	7.9
Construction	4.2	6.6	5.6	4.6	5.2	9.0	9.0
Services	3.5	4.5	4.3	4.8	4.3	4.7	4.7

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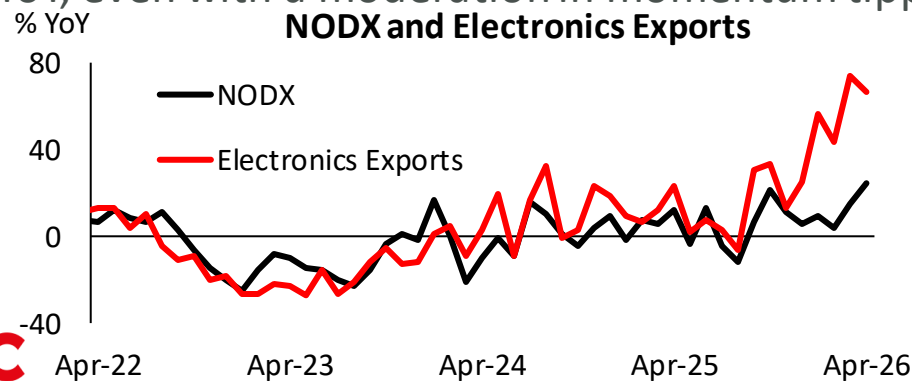
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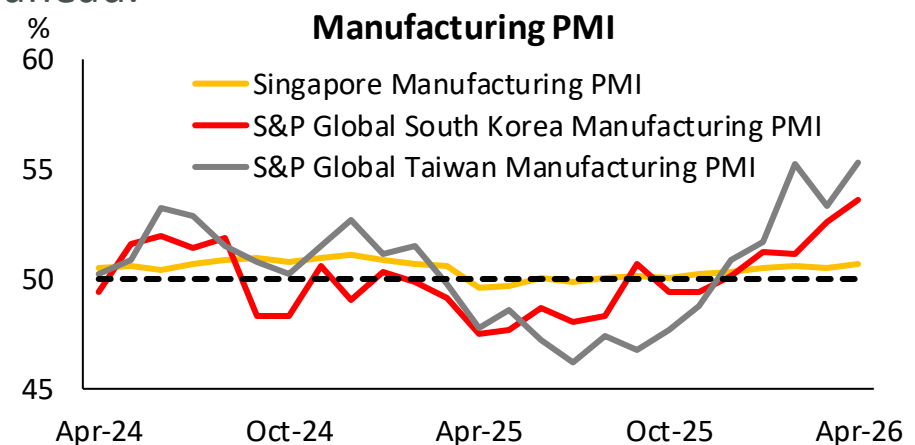
Note: Numbers in red are based on OCBC estimates.
Source: MTI, CEIC, OCBC Group Research.

Singapore: April NODX surged higher amid the AI boom

- April NODX surged 24.5% YoY in its strongest performance since February 2012, aided by the AI boom. Electronics NODX grew 66.7% YoY versus 73.9% in the previous month. Notably, electronic NODX has expanded by a breakneck pace of double-digit growth for eight consecutive months. Non-electronics NODX also grew 10.9% YoY, recovering from the 0.6% contraction in March, led by pharmaceuticals, specialised machinery and measuring instruments.
- Year-to-date, this brought NODX growth to a healthy 13.5% YoY, which is more than double the momentum seen for the same period last year. By destination, NODX expanded by double-digit growth in April for 9 of the top 10 markets. The key exception was Indonesia which shrank for the 6th straight month by 60.8% YoY, which likely reflects the softening import demand onshore.
- Singapore is highly correlated to the North Asian semiconductor export cycle and benefits from our semiconductor equipment, logistics, testing and advanced manufacturing activities. Both South Korea and Taiwan's April exports, especially for semiconductors and ICT products, have been stellar due to AI and cloud computing demand. As such, NODX is likely to remain a dominant growth engine for the near-future, and semiconductor and precision engineering related manufacturing should still outperform in Singapore. This poses upside risk to our 2026 NODX growth forecast of 2-4% YoY, even with a moderation in momentum tipped ahead.



Source: Enterprise Singapore, CEIC, OCBC Group Research.

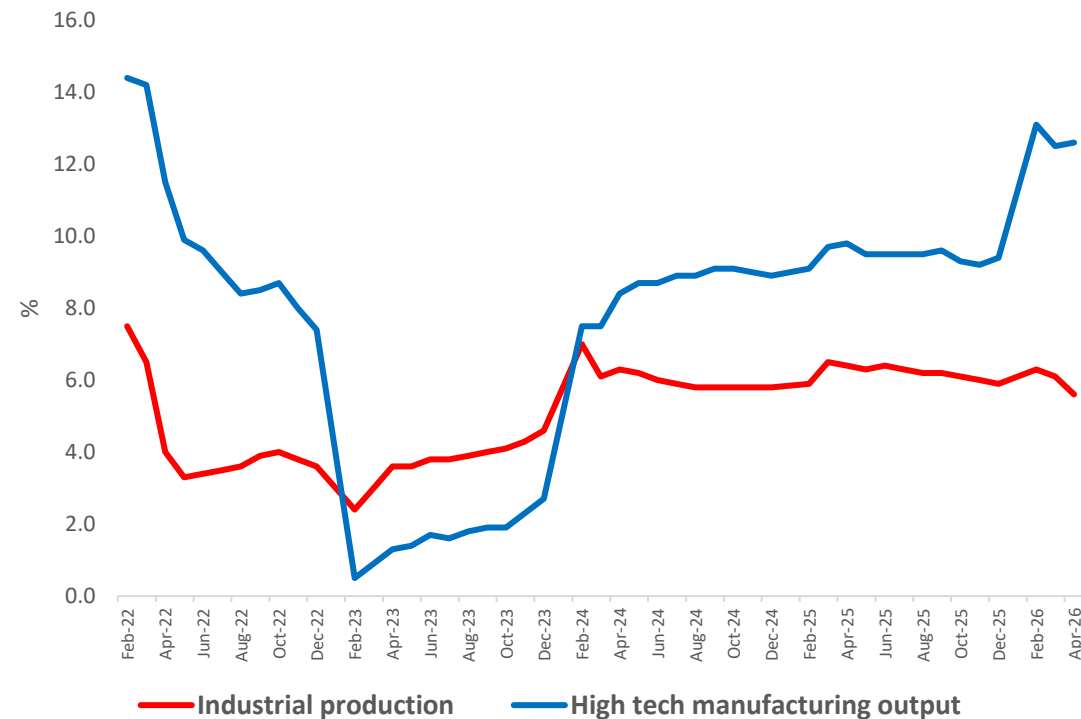


Source: SIPMM, S&P Global, Bloomberg, OCBC Group Research.



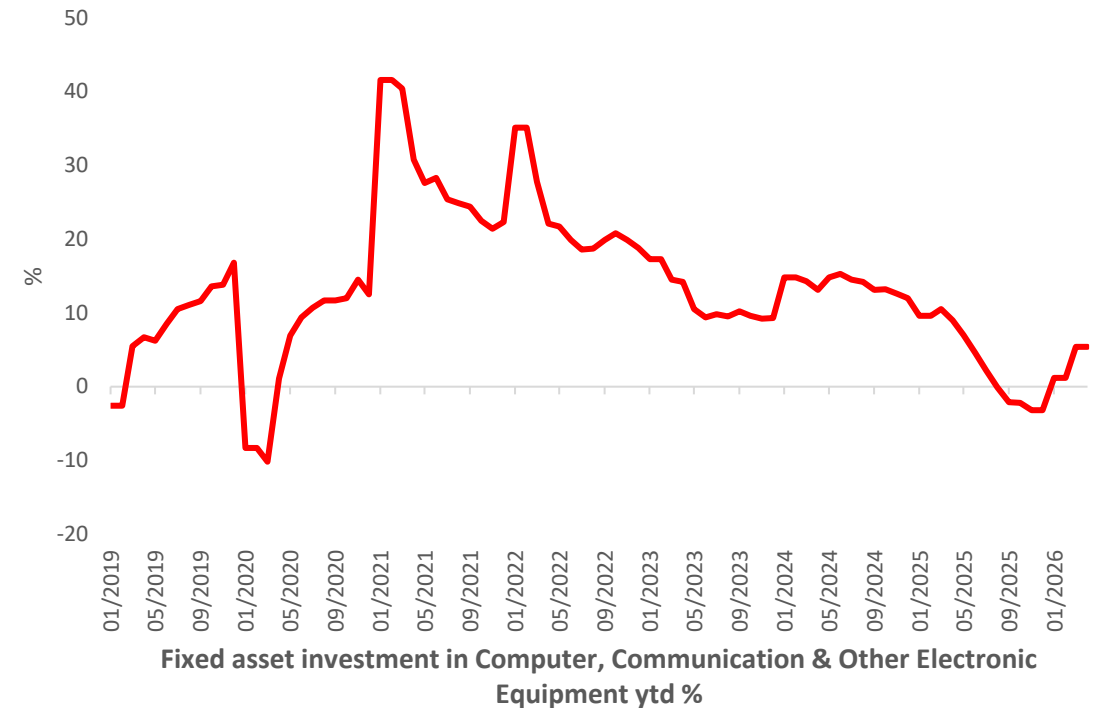
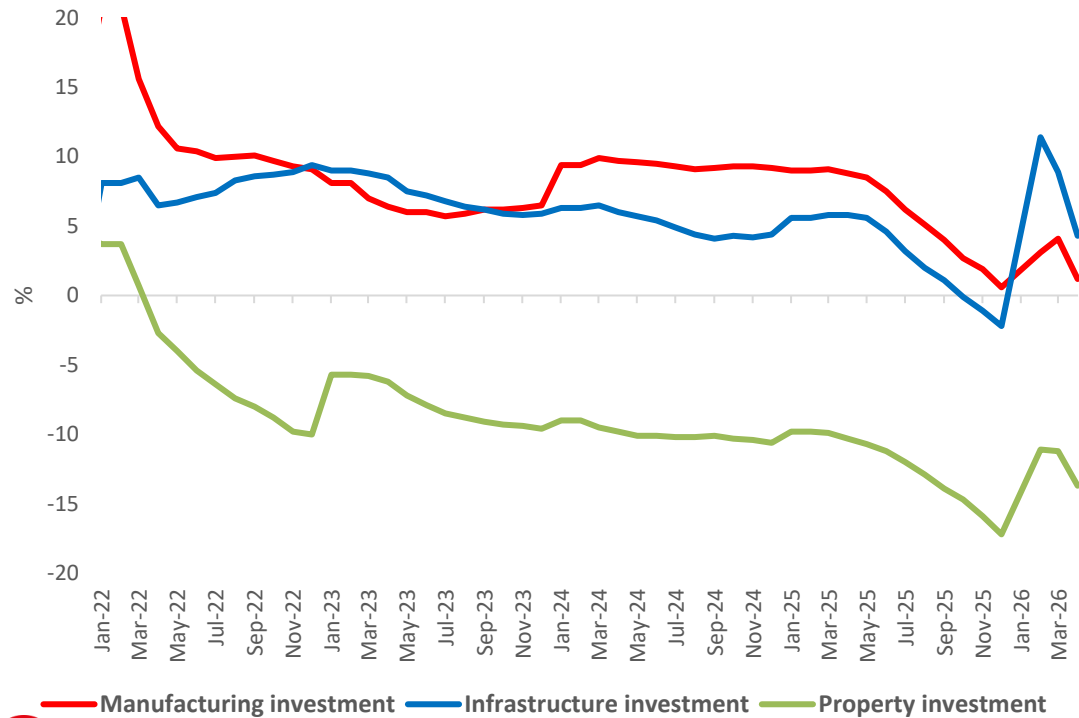
China: Weaker than expected industrial activities

- China's value-added industrial output above designated size rose 4.1% YoY in April 2026, sharply missing market expectations of 5.9% and marking the weakest pace of growth since July 2023. The data suggests that external demand and high-tech manufacturing continue to outperform traditional domestic-demand-driven sectors.
- Cement output declined 10.8% YoY, underscoring the continued weakness in the property sector and sluggish construction activity. The real estate downturn remains a major constraint on traditional industrial demand, particularly for upstream materials and heavy industry.



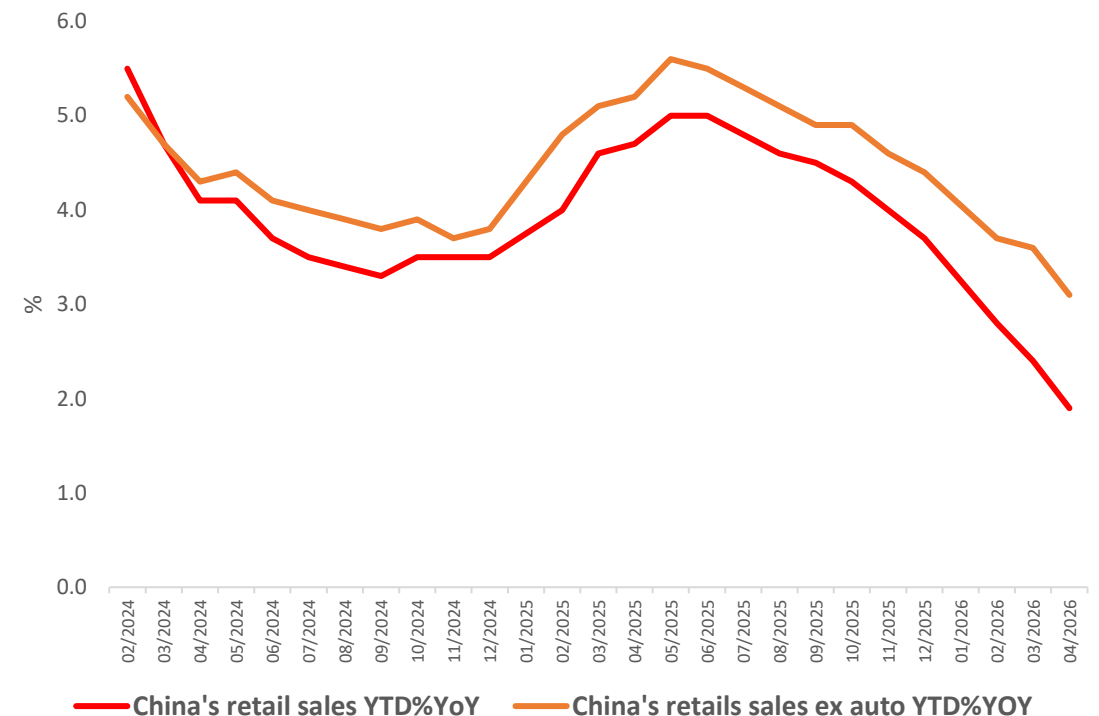
China: Property driven slowdown in investment

- From January to April 2026, China's fixed asset investment fell by 1.6% YoY. In April alone, fixed asset investment declined by 2.36% MoM, pointing to a clear loss of momentum at the start of 2Q. Real estate remained the key drag. Real estate development investment fell by 13.7% YoY, with the decline widening from 11.2% in 1Q.
- Slower fiscal support in 2Q may have further weighed on fixed asset investment.



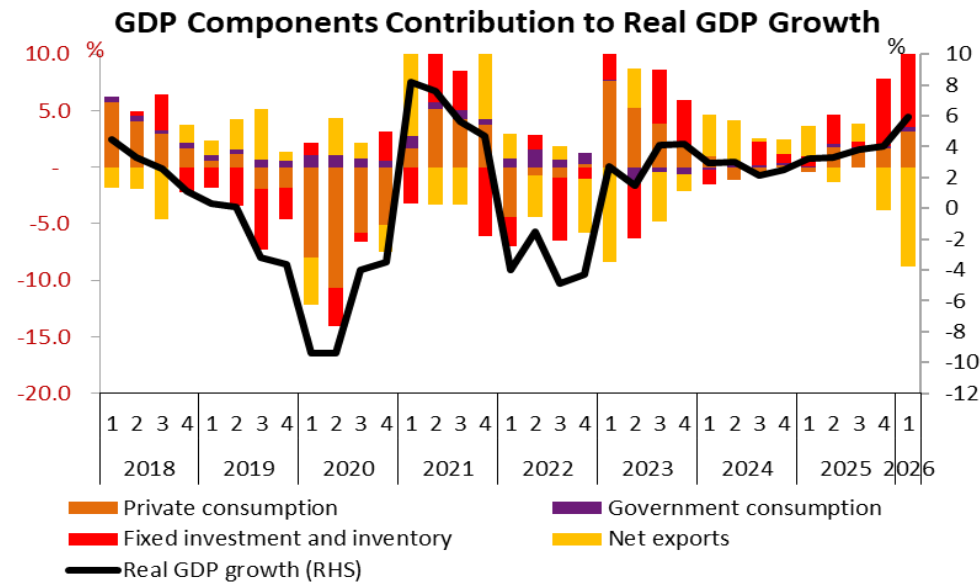
China: Weak auto demand weighed on retail sales

- China's retail sales slowed sharply in April, reinforcing the message that the recovery in household demand remains fragile. Total retail sales reached RMB3.72tn, rising only 0.2% YoY and falling 0.48% MoM. Excluding autos, retail sales expanded 1.8% YoY, suggesting that the weakness was highly concentrated in automobile consumption.
- By category, catering revenue rose 2.2% YoY, outperforming goods retail sales, which declined 0.1% YoY. This suggests that service-related consumption, particularly dining, remained relatively resilient, even as big-ticket goods consumption weakened sharply.



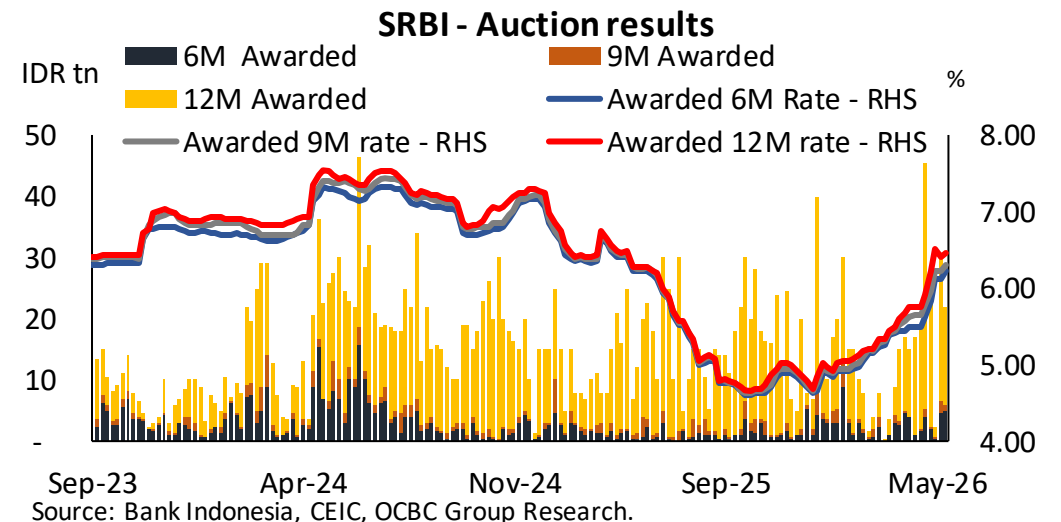
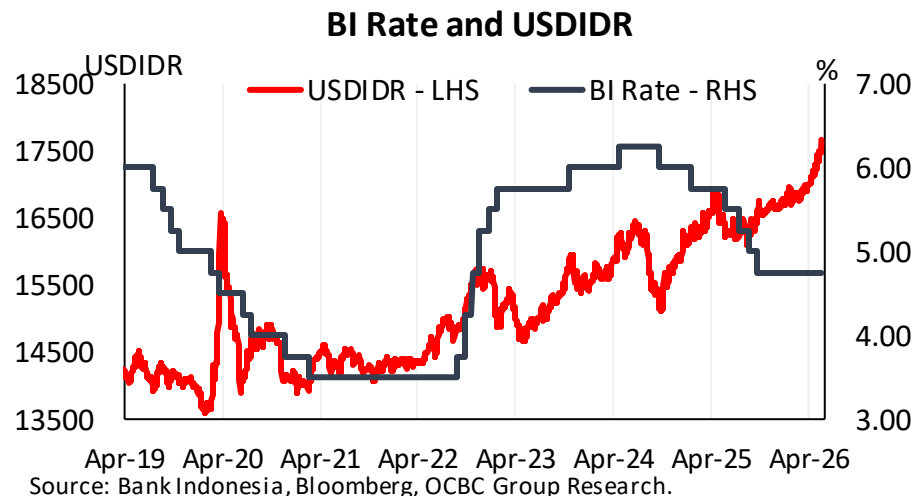
HK: Government growth forecast unchanged at 2.5-3.5%

- Revised GDP growth for Hong Kong in the first quarter was unchanged at 5.9% YoY. Despite calling Hong Kong’s economic outlook resilient, the government maintained the full-year growth forecast at 2.5%-3.5% (vs. our in-house forecast at 3.4%), citing uncertainties surrounding the scale and duration of the Middle East conflict, and the subsequent downside risks to growth.
- We expect to see some moderation in growth in coming quarters. Recent upward pressure on Hong Kong interest rates, together with ongoing signs of softness in the labor market, may weigh on consumption in coming months. As for exports, demand for electronic products remained very strong under the AI boom, and we expect double-digit export/import growth for the full year. However, from a GDP accounting perspective, net exports are expected to remain a drag on overall economic growth.



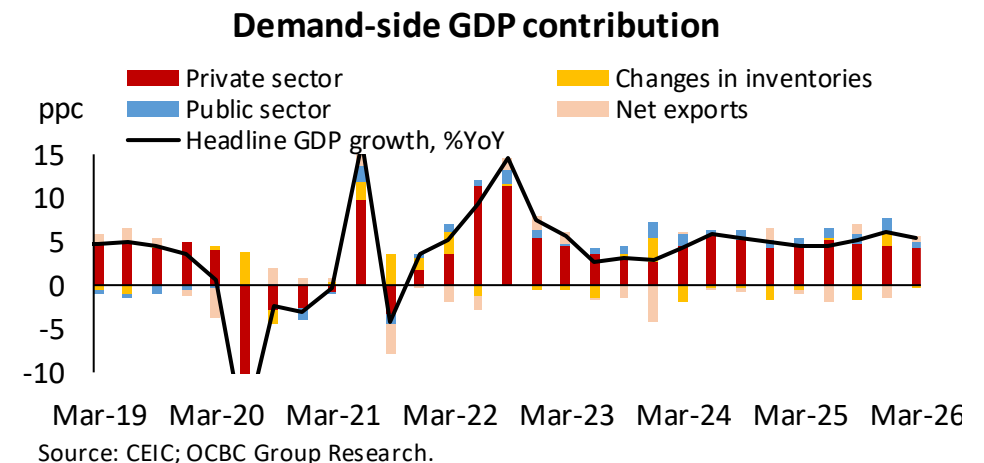
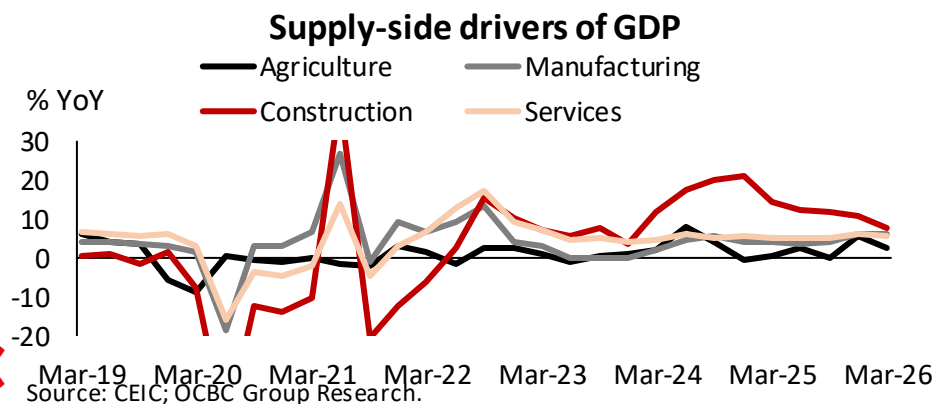
Indonesia: BI preview

- Bank Indonesia will announce its monetary policy decision on Wednesday (20 May), where we expect it to hike policy rates by 25bp to 5.00%. The key driver is recent currency developments. Specifically, the rupiah weakened by over 1% against the US dollar on Monday (18 May), reaching 17,656 following a two-day holiday, and has depreciated by ~2.9% since BI's 22 April meeting. Year-to-date, the rupiah has been among the worst-performing currencies in the region, despite BI's active interventions in the spot market, as well as offshore and domestic NDF markets, alongside other measures such as higher SRBI rates to attract foreign inflows.
- At its April meeting, BI highlighted heightened global uncertainty and reiterated its priority of maintaining rupiah stability while supporting domestic growth. To some extent, this balancing act is now supported by resilient domestic conditions, including strong 1Q26 GDP growth of 5.6% YoY and muted inflation in April (headline: 2.4% YoY), providing room for a policy rate adjustment. As such, BI is expected to continue using macroprudential measures to support domestic growth, while raising policy rates to stabilise the currency and anchor expectations amid external pressures.



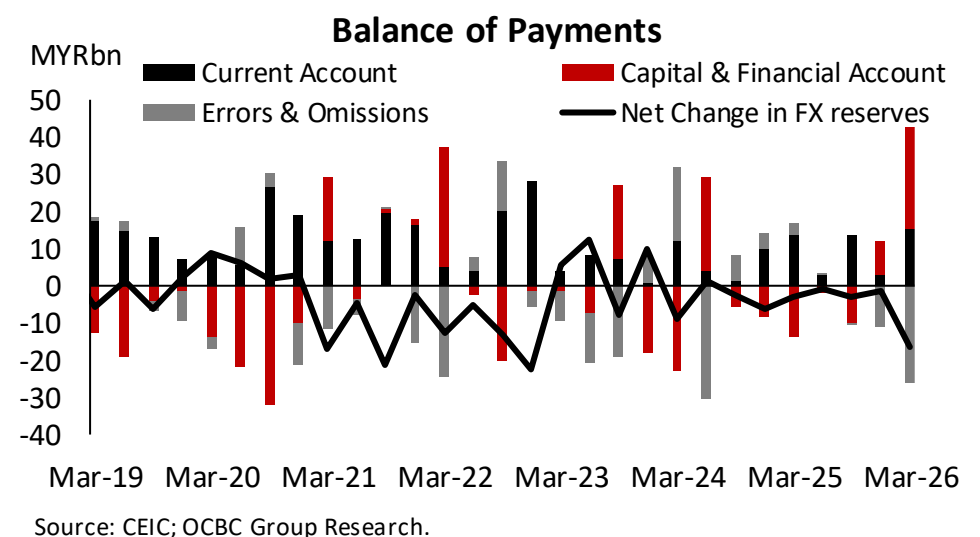
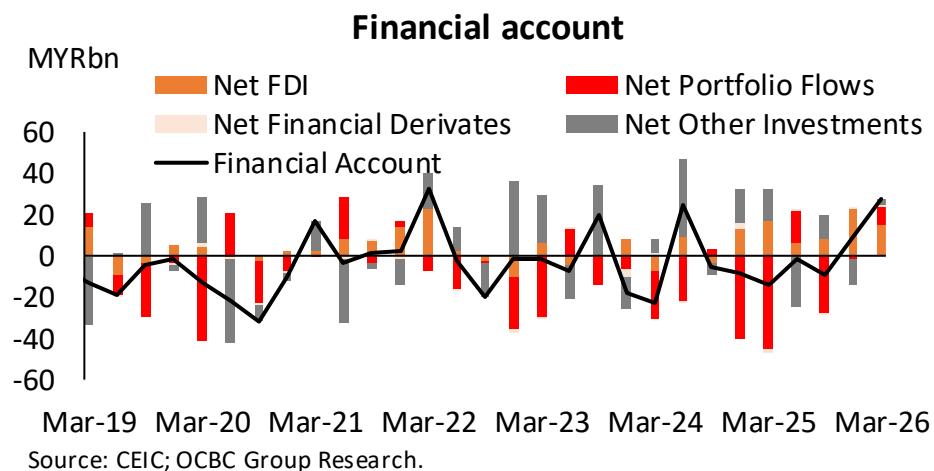
Malaysia: Resilient 1Q26 growth

- 1Q26 GDP growth at 5.4% was slightly above the advance estimate and our expectations of 5.3%. Similar to the advance estimates, the slowdown was broad-based with minor revisions to the growth rate across the various sectors. Growth in the services and manufacturing sectors were revised higher to 5.9% and 5.6%, from 5.8% and 5.4%, respectively while growth across mining, agriculture and construction were revised down slightly.
- On the demand-side, the contribution of the public sector was sharply reduced to 0.7 percentage points (pp) in 1Q26 from 1.7pp in 4Q25, on account of slower public sector investment (5.3% YoY versus 9.5% in 4Q25) and consumption (4.1% versus 6.6%) expenditures. Encouragingly, the private sector contribution to growth remained strong at 4.3pp versus 4.5pp in 4Q25. Net exports added 0.6pp to headline GDP growth, with net goods exports narrowing to -1.2pp from -3.2pp in 4Q25 while net services exports contribution was unchanged at 1.8pp.
- We expect GDP growth to slow in the coming quarters, averaging 4.4% for 2026. The risks to our growth forecast are, however, tilted to the downside considering heightened geopolitical tensions in the Middle East. Our calculations suggest that numerous sectors are energy dependent sectors, accounting for ~27% of total output and 30.5% of intermediate consumption. This suggests that the risk of higher global oil prices and/or potentially volume constraints could have a material impact on economic output.



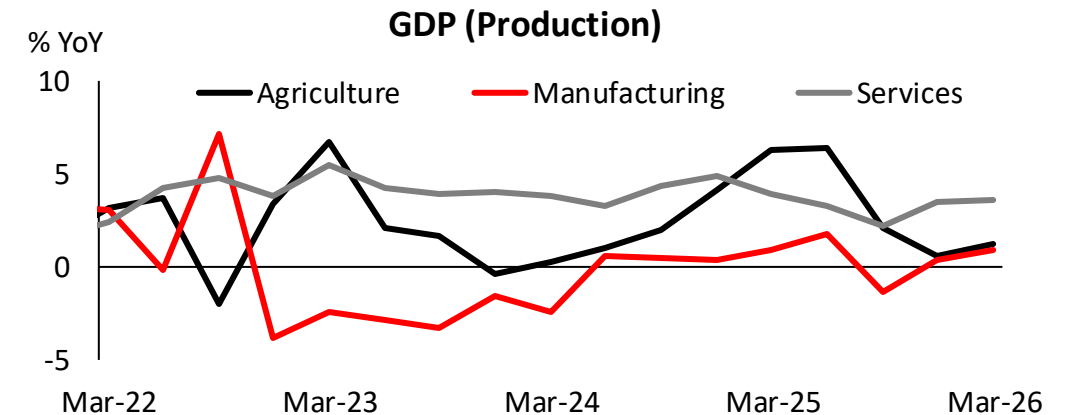
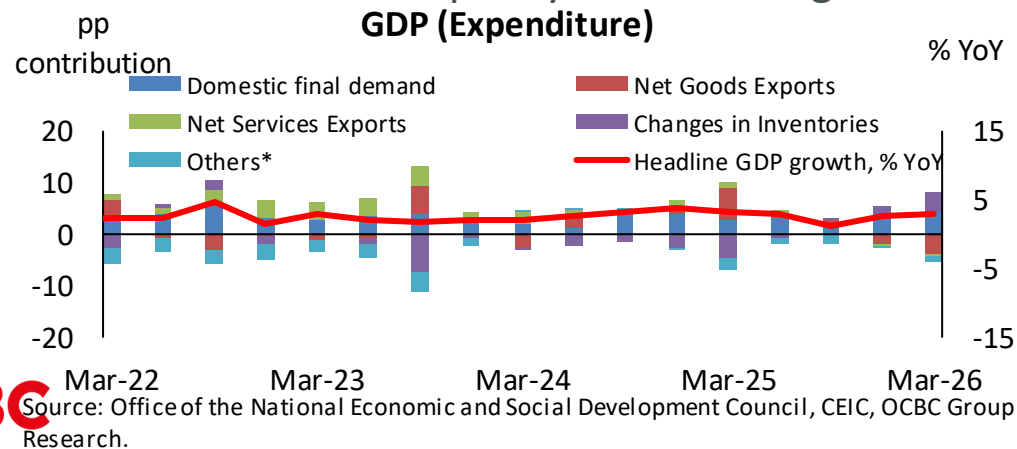
Malaysia: External balances remain supportive

- The current account surplus widened to MYR15.2bn in 1Q26 from MYR2.7bn in 4Q25. This was mainly driven by the net goods surplus of MYR33.6bn from MYR24.3bn in 4Q25 while the services surplus also widened to MYR6.4bn from MYR5.3bn supported by information, communication and technology as well as tourism. The primary income deficit narrowed to MYR20.9bn from MYR23.1bn in 4Q25 while the secondary income deficit was slightly wider at MYR4.0bn from MYR3.7bn in 4Q25.
- The capital and financial account picked up sharply to MYR27.4bn in 1Q26 from MYR9.4bn in 4Q25. While net FDI inflows narrowed to MYR14.7bn from MYR22.5bn, inflows (as reflected as liabilities) were still strong at MYR32.5bn from MYR33.5bn in 4Q25. The portfolio account shifted from a deficit of MYR1.9bn to a surplus of MYR9.1bn “driven mainly by acquisition of domestic debt and equity securities by non-residents and liquidation of equity securities abroad by residents”, according to BNM. Notwithstanding, the errors and omissions was more negative at MYR26.2bn from MYR11bn in 4Q25 with the net drawdown in FX reserves at USD16.4bn following a drawdown on MYR1.2bn in 4Q25



Thailand: Good start to growth

- Economic growth surprised to the upside (consensus: 2.4%; OCBC: 2.6%), with GDP improving to 2.8% YoY in 1Q26 versus 2.5% in 4Q25. The details show that domestic demand was the main driver: the contribution of domestic final demand was higher at 4.5 percentage points (pp) in 1Q26 from 4.0pp in 4Q25. Government and investment spendings were the main drivers, growing by 3.4% YoY and 9.9% YoY, respectively, compared to 1.3% and 8.1% in 4Q25. In contrast, private consumption growth remained broadly stable at 3.2% YoY, slightly down from 3.3% in 4Q25.
- By contrast, the negative contribution from net exports widened, shaving off 4.4pp from headline GDP growth. Consistent with stronger domestic demand, import growth accelerated sharply to 21.1% YoY versus 9.5% in 4Q25, even as export growth regained momentum, rising to 12.6% YoY versus 5.9% in 4Q25.
- We see the economy vulnerable to further slowdown in the coming quarters with inflation higher. Before the next MPC meeting on 24 June, the May CPI print on 5 June and the monthly activity data for April (on 29 May) will likely show signs of stagflationary risk. We see the Bank of Thailand (BoT) prioritising price pressures in 2H26 and do not rule out the possibility of rate hikes. However, for the upcoming monetary policy committee meeting on 24 June, we expect the BoT to maintain its policy rate unchanged at 1.00%.



FX & Rates



FX & Rates: Rates Reprice, Risk Retreats

- **Global markets ended the week on a defensive note**, with the sell-off led by higher bond yields and spilling into equities, precious metals, crypto and high-beta FX. The pressure was not confined to USTs, with Japan's long-end yields also rising sharply.
- **Fed leadership transition may have added some uncertainty**, but not the main driver. Kevin Warsh's confirmation adds a regime-uncertainty overlay, though the more immediate pressure remains oil-led inflation risk, higher yields and USD strength.
- **USD remains better bid near term**, supported by higher UST yields. This week's FOMC minutes and US flash PMIs will be key tests of whether the hawkish repricing can extend.
- **GBP remains vulnerable**, with UK political risk adding to the drag from firmer USD and elevated gilt yields. GBP may struggle unless political noise eases or USD momentum fade.
- **Precious metals corrected sharply**, with silver underperforming after an earlier high-beta rally linked to industrial metals, Trump–Xi pre-positioning and broader AI-led risk appetite.
- **USDCNH rebound looks like a pullback**. Markets likely got ahead of the PBoC's measured RMB appreciation path, especially with spot trading wide versus fix and CFETS near recent highs.
- **MYR weakness remains externally driven**, reflecting USD rebound, RMB softness and higher US yields, while domestic political headlines may have added a modest local risk premium.



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