



Weekly Macro Views (WMV)

Global Markets Research & Strategy

21 April 2025

Weekly Macro Update

Key Global Data for this week:

21 April	22 April	23 April	24 April	25 April
<ul style="list-style-type: none"> • CH 1-year, 5-year Loan Prime Rate • SK PPI YoY • US Conference Board Leading Economic Index 	<ul style="list-style-type: none"> • EC Consumer Confidence Index • EC Debt/GDP Ratio • US Richmond Fed. Manufacturing Index 	<ul style="list-style-type: none"> • EC CPI • US New Home Sales • US S&P Global Composite PMI • ID BI- Rate • MA CPI YoY • SG CPI YoY 	<ul style="list-style-type: none"> • JP Buying Foreign Bonds • US Chicago Fed National Activity Index • UK GfK Consumer Confidence • SK GDP YoY 	<ul style="list-style-type: none"> • SG Industrial Production YoY

Summary of Macro Views:

Global	<ul style="list-style-type: none"> • Global: Central Banks • Global: Tariff update • US: Manufacturing sector looking weaker • UK: Inflation slowed in March. 	Asia	<ul style="list-style-type: none"> • Indonesia: Consumer under pressure • Indonesia: Limited External Support • Malaysia: Storm Clouds Gather • Malaysia: Silver Linings • Thailand: Starting the Selection Process
Asia	<ul style="list-style-type: none"> • SG: Revising lower our NODX forecast • SG: General Elections 2025 • CH: Stronger than expected Q1 GDP data • CH: Fiscal policy is gaining traction • ASEAN: Addressing tariffs • ASEAN: President Xi Jinping three-nation visit 	Asset Class	<ul style="list-style-type: none"> • Commodities: Higher oil prices • ESG: Simplification of EU Deforestation Regulation (EUDR) rules • FX & Rates: Broad USD Softness Persists • Credit Research • Global Fund Flows • Global Asset Flows

Global: Central Banks

Forecast – Key Rates

People's Bank of China
(PBoC)



Bank Indonesia (BI)



Monday, 21 April

Wednesday, 23 April

House Views

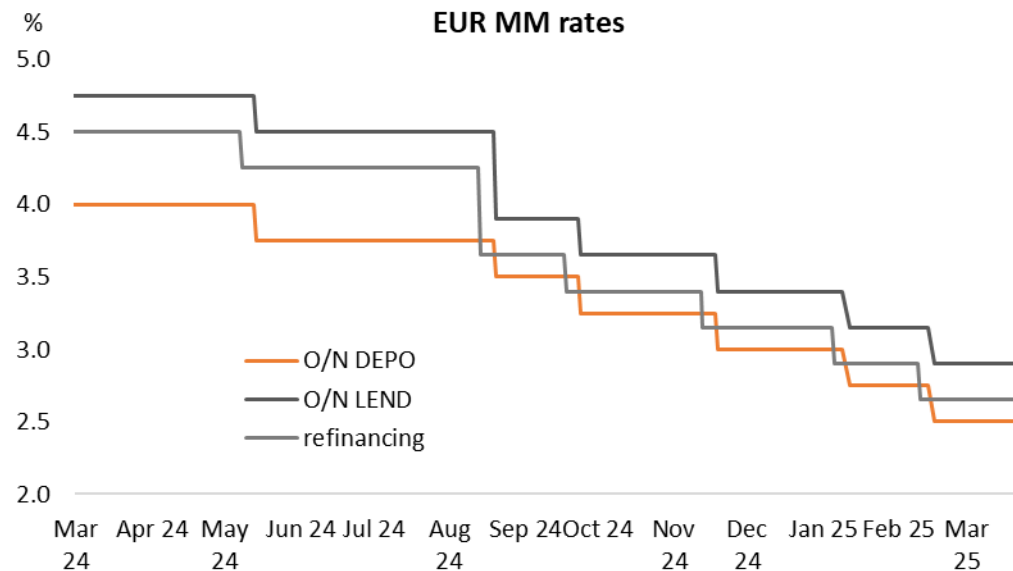
1-year Loan Prime Rate
Likely hold at 3.1%

5-year Loan Prime Rate
Likely hold at 3.6%

Policy Rate
Likely hold at 5.75%

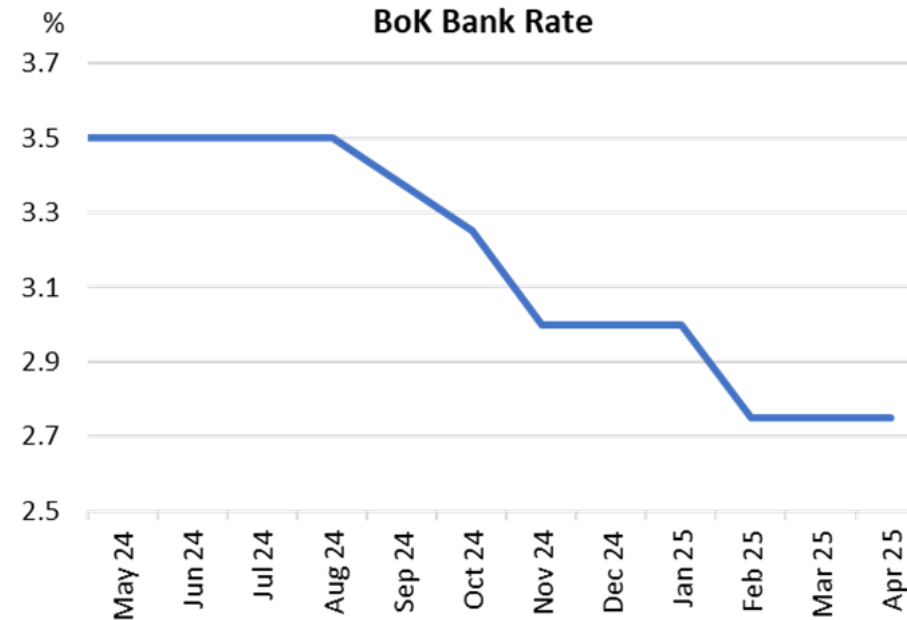
Central Bank: ECB cuts 25bp; dovish statement and Q&A

- The European Central Bank lowered its three key rates by 25bps at the April meeting as expected, bringing the deposit rate to 2.25% and the total easing to 175bps since June 2024.
- ECB assessed that “downside risks to economic growth have increased” upon major escalation in global trade tensions and associated uncertainties. Meanwhile, the inflation outlook is sanguine, as “the disinflation process is well on track”. In addition, the statement cited a few factors for downward pressure on inflation, namely falling global energy prices, appreciation of the euro, and a re-routing of exports into the euro area from countries with overcapacity. Lagarde emphasised “readiness” and “agility” when it comes to monetary policy stance/decision. At this juncture, these attributes are interpreted to be on the dovish side.



Central Bank: BoK on hold

- Bank of Korea kept its Base Rate unchanged at 2.75%, in line with consensus and our expectation, but it had been a close call. The door appears open for a rate cut at the May meeting.
- The MPC statement opined “while inflation remains stable, downside risks to economic growth have intensified”. The reasons that the Board kept rate unchanged included that they need time to further assess any changes in domestic and external conditions, and it was necessary to monitor the high volatility of exchange rates and the trend of household loans. The Bank “will maintain its rate cut stance to mitigate downside risks to economic growth”. There was one dissident to the status quo decision (preferring a 25bp cut instead) while all six members are open to cutting rates over the next three months.



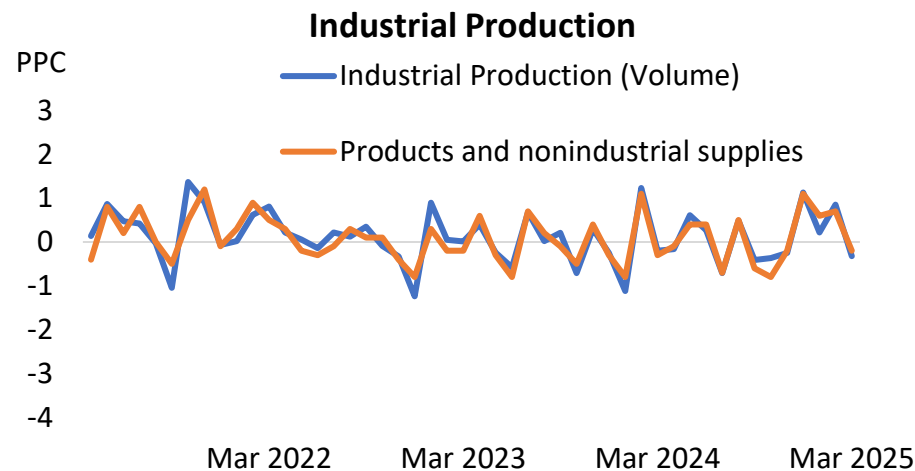
Global: Tariff Update

- Despite the Trump Administration imposing a 145% tariffs on China, the administration decided to exempt electronic devices, including computers and smartphones. The US Customs and Border Protection Agency published a list of tariff codes to state which products to be excluded from the tariff list. Trump's 20% duties on Chinese imports, related to the Fentanyl Crisis in the USA, remain unchanged.
- However, on 13 April, the Trump administration also announced that the exemption would be short-lived, and tariffs on semiconductors over the next week.
- On 14 April, the EU announced that they would suspend tariffs on US Goods until 14 July, while stating that they hope to reach an agreement with the USA within ninety days after the suspension.
- On 15 April, Chinese airlines suspended the deliveries of Boeing Jets, causing Trump to claim that China had 'reneged' on the deal with Boeing. The incident was seen to intensify the trade war.

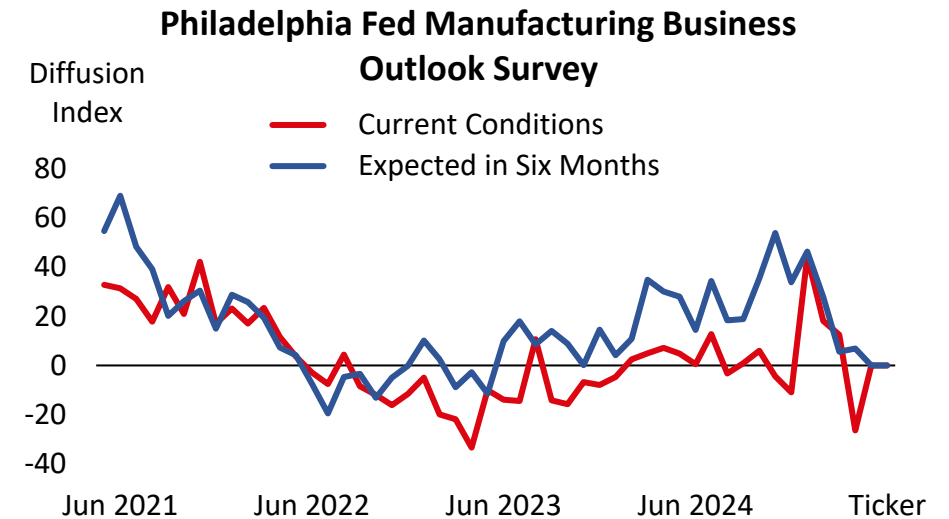
12 April	13 April	14 April	15 April
<p>Trump announced that smartphones, computers, and other electronic devices would not be included in the 125% tariffs on China.</p> <p>The 20% duties on Chinese imports, which the Trump Administration claimed was related to the Fentanyl Crisis in USA, remain unchanged.</p>	<p>The Trump Administration announced that "critical technology products", including smartphones, alongside semiconductors, will face 'a special focus-type of tariffs'.</p>	<p>The EU announced that they would suspend tariffs on US Goods until July 14, while negotiating with the US to reach an agreement.</p>	<p>Chinese Airlines announced that they would suspend the deliveries of Boeing Jets, to which Trump said China 'reneged' on the deal.</p>

United States: Manufacturing sector looking weaker

- Industrial production declined by 0.3% MoM sa in March after rising 0.8% in February. According to the Federal Reserve, “the March decline was led by a 5.8 percent drop in the index for utilities, as temperatures were warmer than is typical for the month. In contrast, the indexes for manufacturing and mining grew 0.3 percent and 0.6 percent, respectively.” Capacity utilization declined to 77.8%, 1.8pp below its long-run (1972–2024) average.
- Forward looking data also suggests that the manufacturing backdrop remains subdued. According to the Philadelphia Fed Manufacturing Business Outlook Survey, the diffusion index for the current general activity dropped to -26.4 in April. The index also reflected that there was a sizeable number of businesses reported a decrease in the general activity, while only 13% reported an increase.



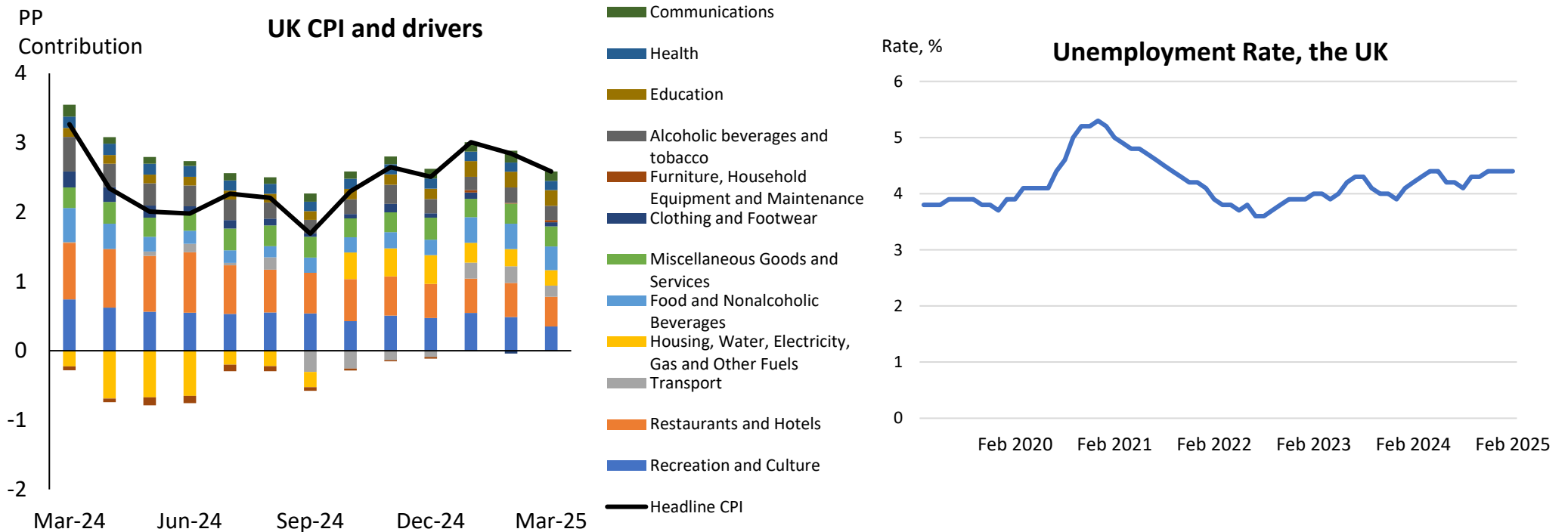
Source: Bloomberg, Federal Reserve, OCBC Research



Source: Bloomberg, Federal Reserve, OCBC Research

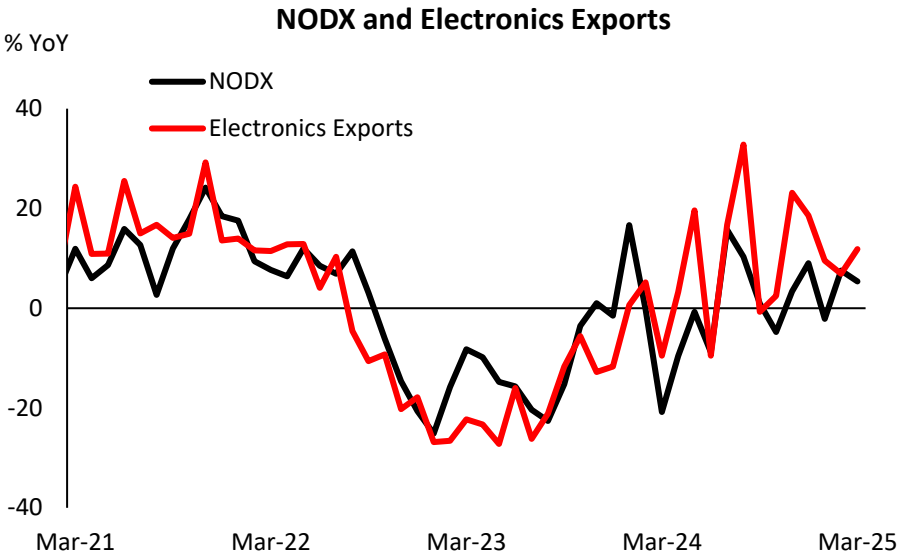
United Kingdom: Inflation slowed in March

- UK headline CPI eased to 2.6% YoY compared to 2.8% YoY in February, below expectations (Consensus: 2.7%). On a month-on-month seasonally adjusted basis, headline CPI rose by a slower rate of 0.3% from 0.4% in February.
- In sequential terms, the drivers were the following components: food and non-alcohol, housing, household items, restaurants & hotels and alcohol & tobacco.
- Meanwhile, the unemployment for people over 16 remained unchanged at 4.4%, from December to 2024 to February 2025. From a monetary policy perspective, we expect another cumulative 75bps in rate cuts from the Bank of England in 2025.



Singapore: Revising lower our NODX forecast

- Non-oil Domestic Exports (NODX) rose by less-than-expected to 5.4% YoY (consensus: 13.6%) in March, down from 7.6% last month. This was despite a very low base last year (March 2024: -20.8%). By sector, electronics exports accelerated to 11.9% YoY in March (February: 6.9%), partly due to a low base. Nevertheless, the overall NODX was weighed down by non-electronics exports which slowed to 3.8% YoY (February: 7.7%).
- In terms of top 10 markets, NODX expanded for 9 of the top 10 NODX markets with the sole exception of China which continued to slump by 29.4% YoY in March. NODX growth was led by Indonesia, Taiwan and South Korea. The other NODX markets also saw double-digit YoY growth. However, NODX to US moderated to 5.7% in March (February: 21.5%), dragged down by non-electronics which eased to 5.4% (February: 23.0%) even though electronics NODX remain steady at 7.6% YoY.
- There are clearly downside risks to Singapore’s NODX growth from here given the Liberation Day tariff announcements (notwithstanding the 90-day pause) and the escalating tit-for-tat between US and China on the trade front. Meanwhile, there are potential sectoral tariffs on semiconductors and pharmaceuticals that could be announced ahead. To that end, we revised lower our full-year 2025 NODX forecast to -1% to 1% YoY (previous: 2-4%).



Non-oil Domestic Exports to Top Markets (% y-o-y growth)

Top Markets^	NODX		Electronic NODX		Non-Electronic NODX	
	Feb 2025	Mar 2025	Feb 2025	Mar 2025	Feb 2025	Mar 2025
Taiwan	77.9	45.7	3.1	9.7	194.8	69.3
Indonesia	-5.4	63.0	49.7	249.4	-8.4	49.4
South Korea	31.4	21.6	65.2	30.9	19.7	18.9
Malaysia	17.3	12.4	17.9	25.9	16.8	3.7
EU 27	16.7	11.0	-12.6	-7.4	21.9	13.7
US	21.5	5.7	8.7	7.6	23.0	5.4
Hong Kong	-21.2	14.2	-9.9	-13.2	-40.2	56.2
Thailand	28.1	12.1	12.3	-13.0	35.6	25.7
Japan	4.8	12.0	3.1	1.1	5.3	16.0
China	-27.4	-29.4	-4.7	6.5	-30.6	-33.3

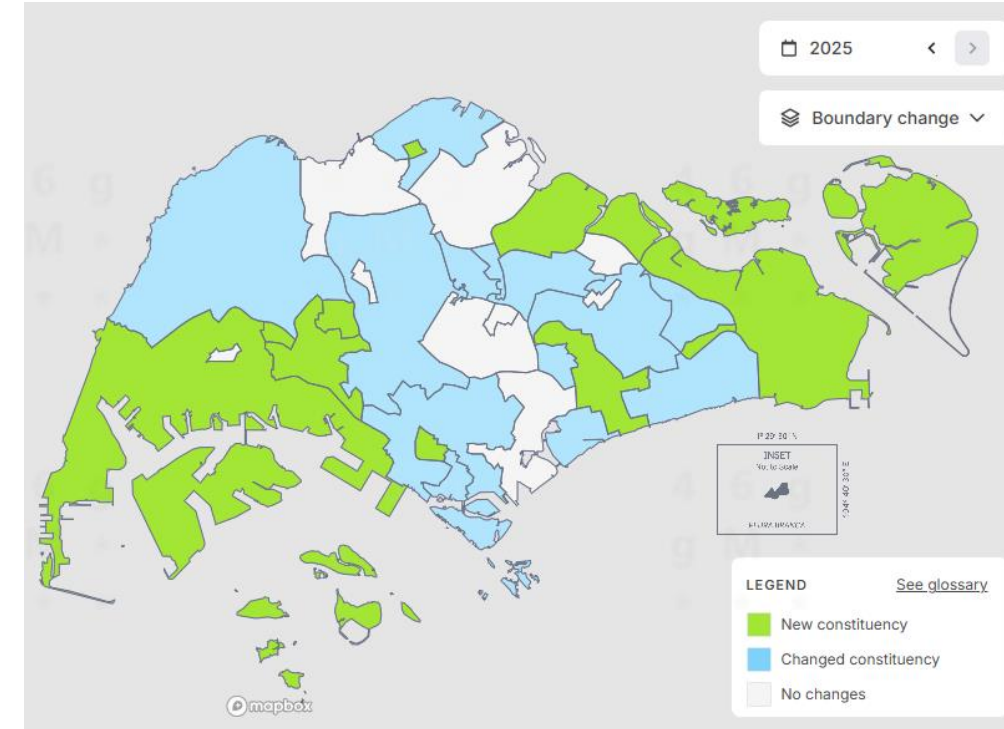
^: Ranked by contribution to the y-o-y change in NODX levels over the year.



Source: Enterprise Singapore, CEIC, OCBC.

Singapore: General Elections 2025

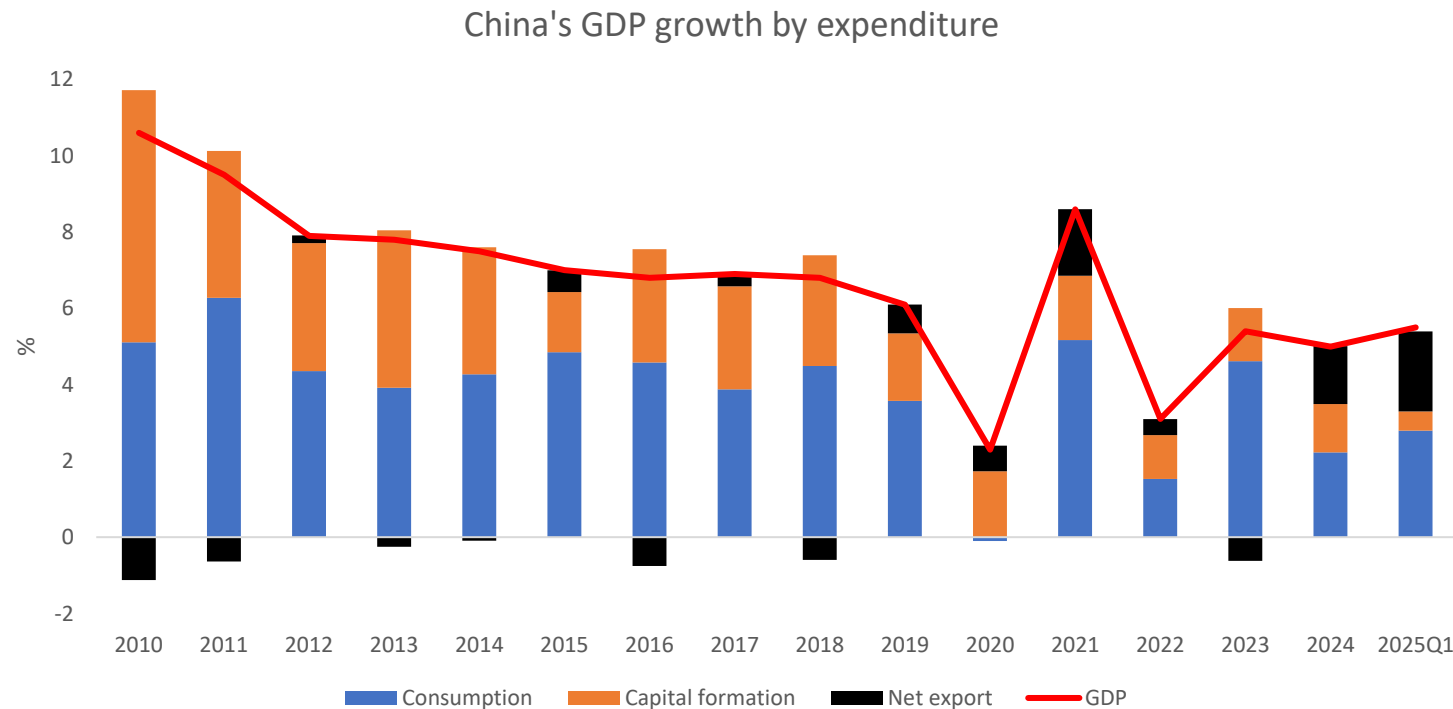
- Prime Minister (PM) Lawrence Wong announced that the 14th General Election will take place on 3 May 2025. This announcement followed after President Tharman Shanmugaratnam, acting on the advice of the PM, dissolved the country's 14th Parliament and subsequently issued a Writ of Election.
- Nomination Day will occur on 23 April 2025. According to the Elections Department Singapore, “the campaign period will commence after nomination proceedings end on Nomination Day and ends with the start of the eve of the Polling Day (i.e., Cooling-off Day). The Cooling-off Day will take place on 2 May 2025. The Polling Day is schedule for 3 May 2025, with Polling stations opening from 8am to 8pm.
- According to the 2025 White Paper on the Report of the Electoral Boundaries Review Committee, “the Committee recommended the adoption of 33 electoral divisions, comprising 15 Single Member Constituencies and 18 Group Representation Constituencies, with a total of 97 Members of Parliament to be returned.” The Government has accepted the recommendation and will implement them at the upcoming 14th General Election. Compared to the 13th General Election, which was held during the COVID-19 pandemic, the number of elected Member of Parliaments will be increased to 97, up from 93.



Source: Data.gov.sg, mapbox.

China: Stronger than expected Q1 GDP data

- The key economic indicators for March and the first quarter of 2025 exceeded market expectations, signaling a stronger-than-anticipated start to the year. The economy expanded by 5.4% YoY in Q1, holding steady from Q4 2024.
- The stronger-than-expected performance in Q1 can be attributed to four main drivers. The first two—external trade and high-tech manufacturing—were largely anticipated, while the latter two emerged as positive surprises as domestic consumption support policies began to bear fruit and infrastructure investment played a stronger-than-expected stabilizing role amid rising global trade headwinds.



China: Fiscal policy is gaining traction

- There is growing evidence that China's fiscal policy is gaining traction. In the first quarter of 2024, general government expenditure rose 4.2% YoY while revenue contracted by 1.1% YoY, resulting in a fiscal deficit of CNY 1.26 trillion—the highest level for the same period in recent years. This reflects a deliberate front-loading of fiscal execution in line with the policy guidance of “acting early where possible, rather than too late.” Notably, the disbursement of CNY 230 billion in “Two Priorities” funding—targeted at key sectors and emerging growth drivers—likely played a significant role in supporting project construction during the quarter.
- Additionally, local governments issued nearly CNY 1 trillion in new special-purpose bonds in Q1, accelerating project financing efforts. As a result, actual funds in place for fixed asset investment rose 3.7% YoY, reversing from a full-year decline of 2.3% in 2024. Infrastructure investment grew 5.8% YoY, up 1.4 percentage points from the previous year, indicating improved fiscal execution and local-level project delivery.
- On April 16, the Ministry of Finance announced a CNY 1.3 trillion ultra-long-term special government bond issuance plan—both larger in scale and earlier in timeline than last year—with issuance set to begin in April. This signals that fiscal efforts will continue to be front-loaded, with expectations of stronger issuance momentum, heightened spending intensity, and faster disbursement in the months ahead.
- Against this backdrop, market participants are also watching for the possibility of a reserve requirement ratio (RRR) cut—potentially as early as April as we expect—which could also open the door for policy rate reductions in Q2.



ASEAN: Addressing tariffs




Country	Trade statistics with the US	Efforts to address tariff
Indonesia	Trade surplus: USD18.6bn Share of Exports: 10% Share of imports: 8%	Following a meeting with the US Trade Representative and Secretary of Commerce in Washington on 17 April, Coordinating Minister Airlangga Hartarto noted that Indonesia would shift some purchases away from other suppliers and facilitate US firms operating domestically through permits and incentives. Plans to boost imports of US food, energy, and capital goods by up to USD19bn, including USD10bn in energy, as part of efforts to offset its trade surplus with the US and avert the 32% tariff on its exports. The plan includes imports of wheat, soybeans, and soybean meal, as well as support for US critical mineral cooperation. Both sides aim to conclude negotiations within 60 days.
Malaysia	Trade surplus: USD25.8bn Share of Exports: 13% Share of imports: 9%	Minister of Investment, Trade and Industry Tengku Datuk Seri Zafrul Aziz will meet with United States Trade Representative Jamieson Greer in Washington on April 24 to address the reciprocal tariffs imposed on Malaysia. The three-day mission, commencing on April 22, aims to gather insights into the US government's stance, facilitating strategic planning to mitigate the anticipated 24% tariffs set to take effect in July. As ASEAN chair for 2025, Malaysia is also coordinating with other ASEAN members to strengthen trade relations with key partners, including Japan, India, and Australia, while emphasizing the importance of a cooperative approach to avoid a prolonged tariff conflict.
Philippines	Trade surplus: USD5.2bn Share of Exports: 17% Share of imports: 6%	A Philippine delegation, led by Special Assistant to the President Frederick Go, will travel to the United States in May 2025 to address potential tariffs on Filipino exports, emphasizing diplomatic engagement over retaliation. Economic Planning Secretary Arsenio Balisacan noted that the Philippines' relatively small trade sector offers some insulation from global economic shocks compared to its Asian counterparts, although he cautioned against complacency.
Thailand	Trade surplus: USD46.4bn Share of Exports: 19% Share of imports: 7%	Government spokesman Jirayu Houngsub announced that Thailand will be sending an advance team to Washington to discuss the reciprocal tariff plan with the Trump administration. The team will be led by Deputy Prime Minister and Finance Minister Pichai Chunhavajira, along with Commerce Minister Pichai Nariphthaphan, and will meet with US government representatives on 21 April. Prior to this, the Finance Minister Chunhavajira will travel to Seattle for meetings with private sector groups from 17 April.
Vietnam	Trade surplus: USD129bn Share of Exports: 30% Share of imports: 4%	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 move comes as the US enforces tariffs of up to 56% on Vietnamese goods. The Ministry of Industry and Trade will serve as the team's coordinating agency, supported by a working group from key ministries.



Note: Trade surplus figures are based on 12 month rolling sum as per February 2025 from US Census Bureau. Share of exports & imports are calculated from respective countries trade statistics. Source: US Census Bureau, CEIC, OCBC.

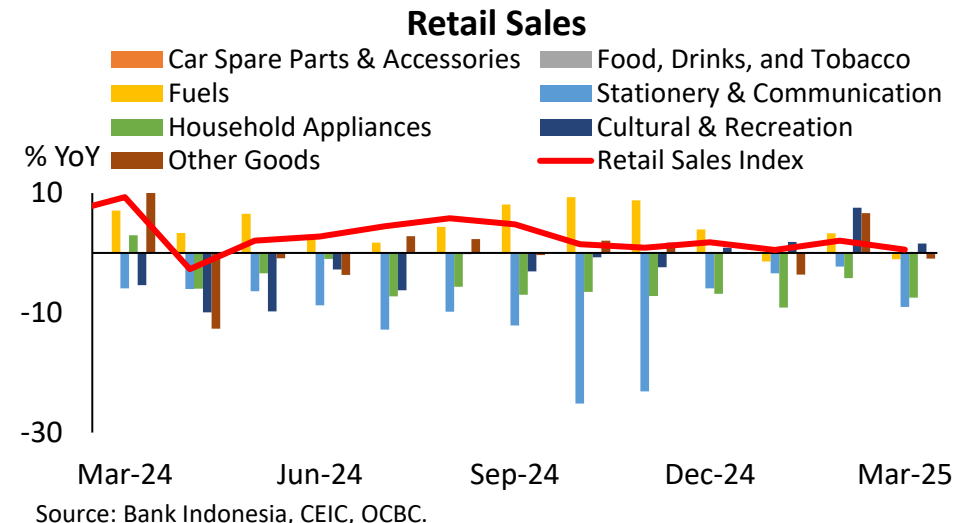
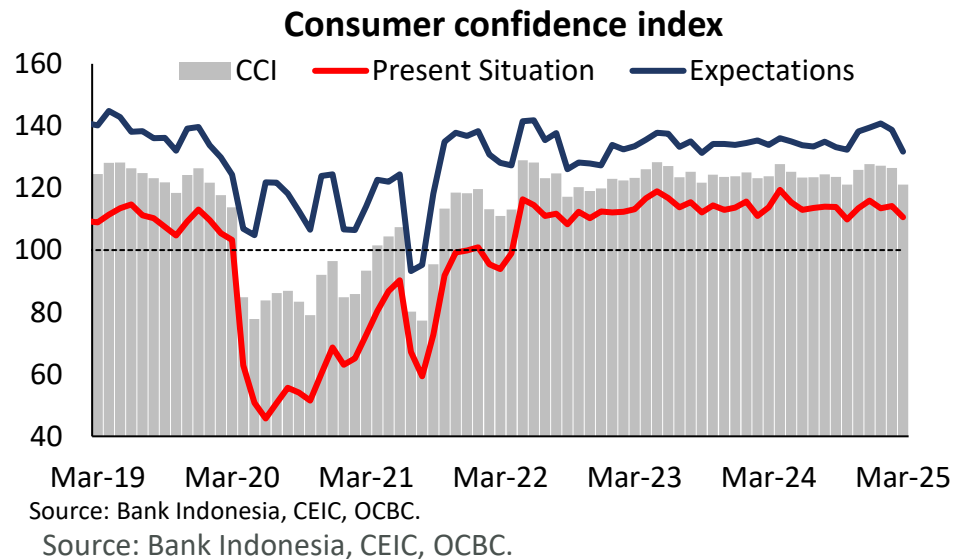
ASEAN: President Xi Jinping three-nation visit

- Chinese President Xi Jinping concluded his three-nation Southeast Asia tour, which was also his first overseas trip this year. The trip highlighted China's efforts to deepen its regional ties, promoting Beijing's "reliability" amid the US tariff threat. Numerous Memorandums of Understanding (MoUs) and agreements were signed during the trip in common sectors such as infrastructure, supply chain, digital economy and AI, and defense.

	 Vietnam 14 – 15 April	 Malaysia 15 – 17 April	 Cambodia 17-18 April
Officials	To Lam <i>General Secretary of the CPV Central Committee</i> Pham Minh Chinh <i>Prime Minister</i> Luong Cuong <i>President</i>	Anwar Ibrahim <i>Prime Minister</i> Sultan Ibrahim <i>King of Malaysia</i> Various ministers	Samdech Techo Hun Sen <i>People's Party President and Senate President</i> Hun Manet <i>Prime Minister</i> Norodom Sihamoni <i>King of Cambodia</i>
Notable outcome	<p>45 bilateral cooperation agreements were signed between the two countries, covering various areas such as infrastructure, agriculture, supply chains, and the digital economy, aimed at strengthening economic and strategic ties. Greater priority was given to the development of railway projects connecting the two countries.</p> <p>During talks with General Secretary To Lam, President Xi emphasized the need to defend multilateral trade and avoid protectionism, warning that trade wars have 'no winners.'</p>	<p>31 MoUs were signed between China and Malaysia during President Xi visit. Malaysia to set up a consultative council to ensure the smooth implementation of the signed MoUs. The two countries will cooperate in various sectors including AI, digital economy, tourism, and trade in services.</p> <p>Both sides will promote inclusive global economic cooperation, uphold WTO rules, and collaborate for meaningful outcomes at MC14 in 2026.</p>	<p>Both countries committed to enhancing supply chain stability and transportation infrastructure cooperation. Additionally, both nations agreed to strengthen law enforcement collaboration against illegal online activities and establish ministerial dialogues between their foreign and defence ministers for better strategic coordination.</p> <p>They signed an agreement for a major canal project valued at USD1.2bn, which will be financed through a public-private partnership, with Chinese investors set to hold a 49% stake.</p>

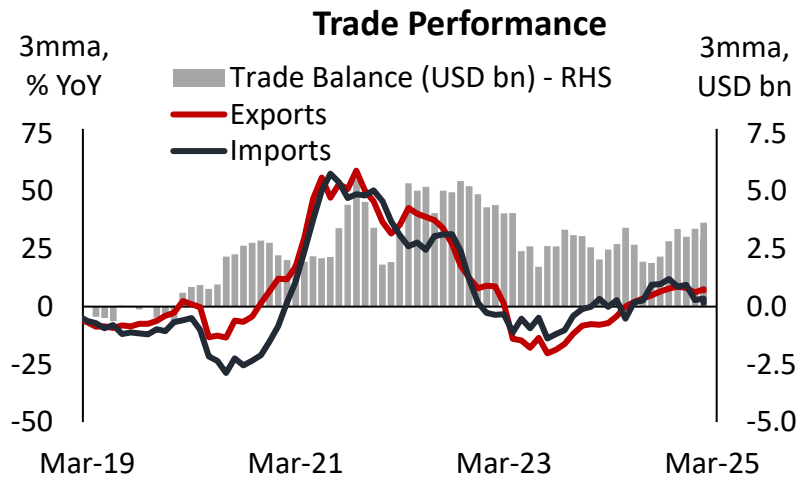
Indonesia: Consumers under pressure

- The consumer confidence index (CCI) eased to 121.1 in March from 126.4 in February. Notably, both the present situation sub-index (110.6 from 114.2) and the expectations sub-index (131.7 from 138.7) fell from the previous month. In addition, respondents believe that future employment and income prospects have worsened, similar to business conditions. However, all sub-indexes still stand above the optimistic territory, with the index reading above 100.
- Mirroring the easing in the CCI index, retail sales growth is expected to have eased to 0.5% YoY in March from 2.0% in February, as sales weakness was broad-based. Specifically, sales of fuels (-1.1% in March from 3.3% in February) and apparel (-2.6% from 4.9%) recorded negative annual growth, while the contraction in stationary & communications (-9.0% from -2.3%) and household appliances (-7.5% from -4.2%) deepened. Meanwhile, sales of car spare parts & accessories (6.4% from 16.1%), food, drinks & tobacco (1.4% from 1.8%), and culture & recreation (1.6% from 7.5%) also showed declines. Retail sales growth eased to 1.0% YoY in 1Q25, compared to 1.4% in the previous quarter.

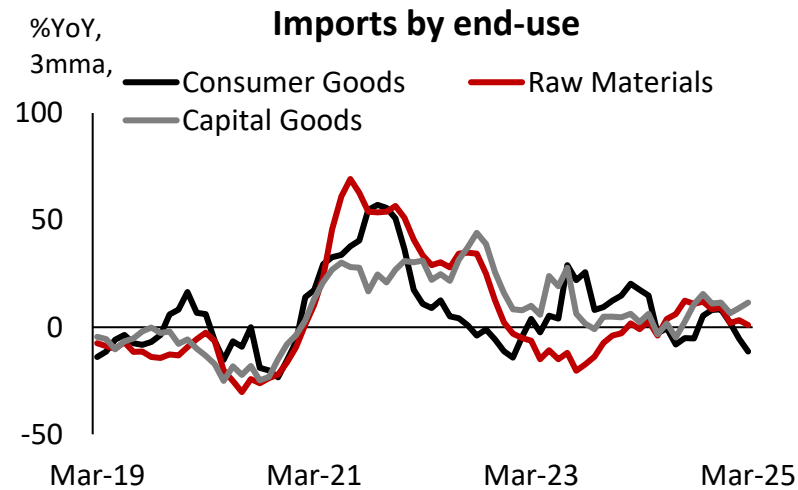


Indonesia: Limited external support

- Support from external demand also slowed in March, albeit in line with seasonal patterns. Export growth eased to 3.2% YoY in March, down from 13.9% in February (OCBC: 2.3%; Consensus: -2.4%), while imports improved to 5.3% YoY from 2.2% (OCBC: 6.8%; Consensus: 6%). Focusing on imports by end-use, the improvement in capital goods imports (27.4% from 5.3%) more than offset the relative weakness in consumer goods (-5.8% from -21.2%) and raw materials (2.1% from 4.7%) imports. Meanwhile, looking at non-oil and gas exports by destination, exports to the US picked up by 12.1% MoM in March. The trade surplus widened to USD4.3bn from USD3.1bn in February (OCBC: USD3.8bn; Consensus: USD2.9bn).
- The March print brings the 1Q25 export and import growth to 6.9% YoY and 1.5%, respectively, down from 8.0% and 9.5% in 4Q25.



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



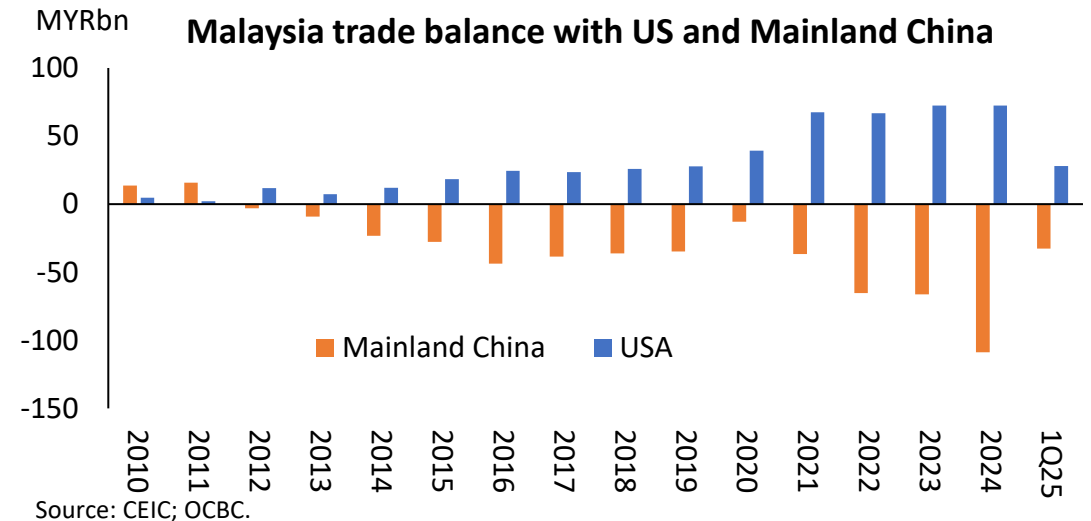
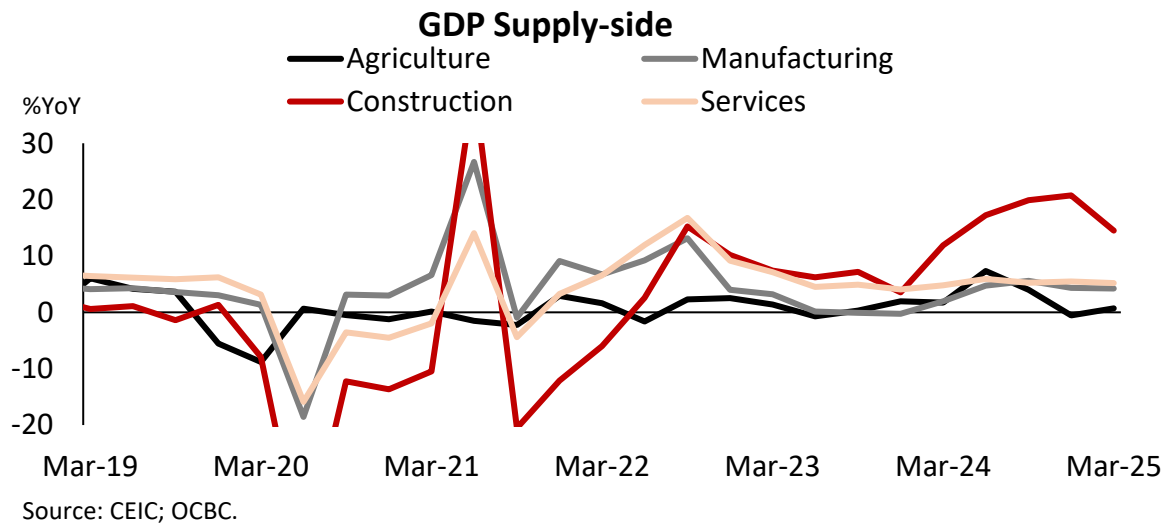
Source: Statistics Indonesia (BPS), CEIC, OCBC.

Non-oil exports by destination							
	Jan-25	Feb-25	Mar-25		Jan-25	Feb-25	Mar-25
USD bn	USD bn				% MoM		
ASEAN	4,096	4,523	4,158		-0.3	10.4	-8.1
EU	1,308	1,491	1,732		-3.3	14.0	16.1
China	4,567	4,277	5,197		-21.1	-6.3	21.5
Japan	1,182	1,209	1,131		-18.2	2.3	-6.5
US	2,330	2,346	2,629		-5.3	0.7	12.1
Australia	267	392	301		-28.6	46.9	-23.2
South Korea	849	660	766		8.2	-22.2	16.1
Taiwan	471	431	428		3.1	-8.5	-0.9

Source: Statistics Indonesia, CEIC, OCBC.

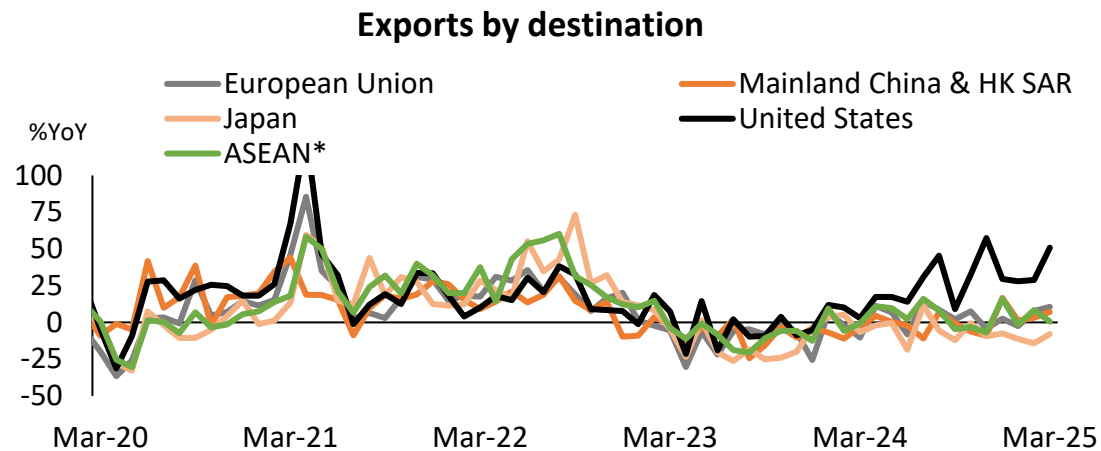
Malaysia: Storm clouds gather

- GDP growth slowed to 4.4% YoY in 1Q25 compared with 5.0% in 4Q24, according to the advance estimates (Consensus: 4.8%; OCBC: 4.7%). The details suggest that growth slowed across key sectors, except for agriculture.
- However, there were signs of resilience in crucial sectors such as construction, still growing at double digit rates of 14.5% YoY versus 20.7% in 4Q24, and services growing at 5.2% YoY versus 5.5% in 4Q24. Slower growth of 4.2% YoY in the manufacturing sector (4Q24: 4.4%) is likely a sign of times of come, assuming the US tariffs are imposed at some point.
- Our 2025 GDP growth forecast of 4.3% takes into account slower external growth, some potential hits from tariffs but importantly excludes the impact of tariffs on semiconductor exports to the US. Depending on the rate and timing of semiconductor tariff implementation, GDP growth could be shaved off by 0.3-0.8pp from our baseline.

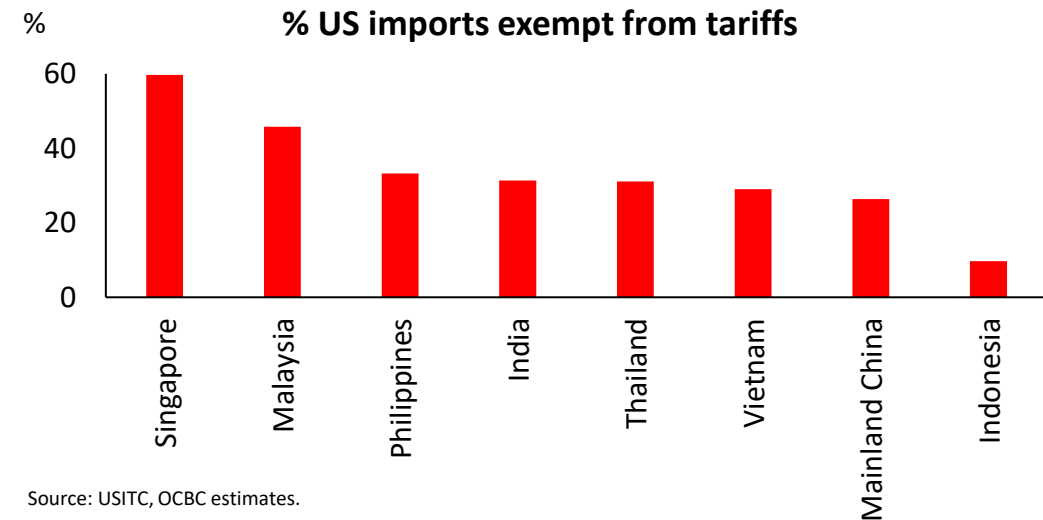


Malaysia: Silver linings

- The March data suggests that exports to the US are being frontloaded ahead of tariffs. March export growth to the US jumped 50.8% YoY versus 28.9% in February. We estimate that ~MYR4.8bn worth of exports to the US has been frontloaded each month from Nov '24 through to March 2025.
- This trend will continue, possibly intensify, ahead of US tariff implementation in the coming months. We estimate that ~46% of US imports from Malaysia are exempt from additional tariffs.
- Meanwhile, imports dropped by 2.8% YoY in March after rising 5.5% in February. We expect import growth to remain volatile going forward, particularly if export growth drops sharply once US tariffs are imposed, to keep the trade surplus in check. The trade surplus widened to MYR24.7bn in March from MYR12.6bn in February.



*ASEAN includes Brunei, Indonesia, Philippines, Myanmar, Singapore, Thailand & Vietnam. Source CEIC; OCBC.



Source: USITC, OCBC estimates.

Thailand: Starting the Selection Process

- The Ministry of Finance has formed a seven-member selection committee to appoint a successor for Bank of Thailand (BoT) Governor Sethaput Suthiwartnarueput. The selection committee will be chaired by former finance permanent secretary Sathit Limpongpan.
- BoT governor Sethaput Suthiwartnarueput's five-year term will end on 30 September 2025, and he is ineligible for a second term due to reaching the retirement age of 60 this year. According to the law, the selection committee is required to present two candidates for the finance minister's decision at least 90 days before the end of the incumbent governor's term.
- According to various local media reports, potential candidates as the next governor of the BoT include Roong Mallikamas, Sutapa Amornvivat, Santitarn Sathirathai, and Ekniti Nitihanprapas.

Names	Background / Role
Bank of Thailand (BoT) Monetary Policy Committee	
Sethaput Suthiwartnarueput*	Chairman (Internal)
Piti Disyatat	Vice Chairman (Internal)
Alisara Mahasandana	Member (Internal)
Paiboon Kittisrikangwan	Member (External)
Rapee Sucharitakul	Member (External)
Roongrote Rangsiyopash	Member (External)
Santitarn Sathirathai	Member (External)
Others	
Roong Mallikamas	BoT Deputy Governor
Sutapa Amornvivat	CEO Abacus Digital, Former IMF Economist
Ekniti Nitithanprapas	Director General, The Treasury Department, Ministry of Finance

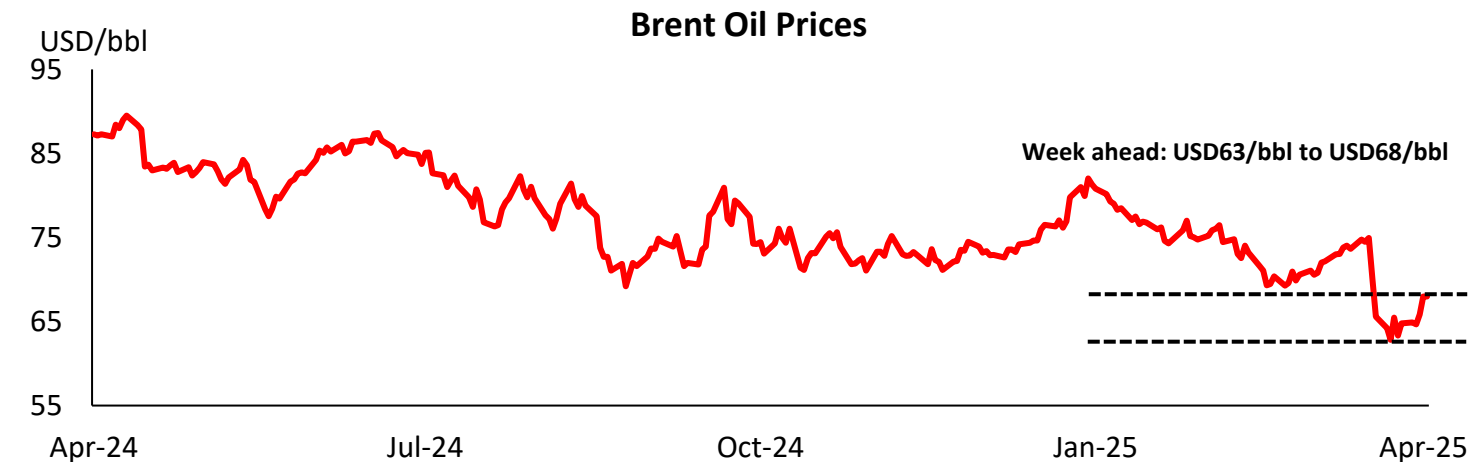
Note: The Monetary Policy Committee comprises three internal members and four external members. *BoT Governor Sethaput Suthiwartnarueput's five-year term will end on 30 September 2025.

Source: Bank of Thailand, various news agencies, OCBC.

Commodities

Commodities: Higher oil prices

- Crude oil benchmarks rebounded to close higher last week, with WTI and Brent rising by 5.2% and 4.9% week-on-week, respectively, closing at USD64.7/bbl and USD68.0/bbl.
- The primary driver of higher oil prices was concerns that the latest US sanctions on Iranian oil could tighten supplies. The US Department of Treasury announced that the latest package imposes sanctions on Shandong Shengxing Chemical Co., Ltd, a teapot refinery in Shandong Province. Additionally, several companies and multiple fleets involved in the shipment of Iranian oil were also targeted. This move is part of the US administration's policy of maximum pressure campaign on Iran. Furthermore, optimism that a US-EU trade deal could be achieved before the end of the 90-day tariff pause bolstered the positive sentiment in the oil market.
- Looking ahead, we expect Brent crude to trade within the range of USD63-68/bbl. For the week, the key focuses are the April Preliminary PMI data prints from the US, UK, and EU.



Source: Bloomberg, OCBC.



Source: US Department of the Treasury, Bloomberg, Reuters, OCBC.

ESG



ESG: Simplification of EU Deforestation Regulation (EUDR) rules

- Following the postponement of the EUDR by one year, the EU Commission is providing simplifications to the EUDR with the aim of reducing the administrative burden to facilitate its implementation. The simplification measures include allowing large companies to reuse existing due diligence statements when goods, previously on the EU market, are reimported. An authorised representative can also submit a due diligence statement on behalf of members of company groups.
- Responding to industry pressure, these simplification measures are expected to reduce the number of due diligence statements that large companies need to file. By the end of June 2025, the EU will categorise countries as high, standard or low risk, with imports from low-risk ones facing lighter compliance requirements.
- There may still be concerns surrounding the expectations from small-scale farmers that are likely to be disproportionately impacted by the demands of the EUDR. This is because they often lack the resources or capabilities to comply with regulations due to the lack of technical knowledge, high operational costs and complex requirements. For example, Indonesia is urging the EU to acknowledge locally-recognised palm oil sustainability standards (e.g. Indonesian Sustainable Palm Oil (ISPO) certificates and Roundtable on Sustainable Palm (RSPO)) to support smallholders in exporting to the EU. The EU Commission plans to continue responding to stakeholder feedback to assist them with the implementation on the ground.

FX & Rates



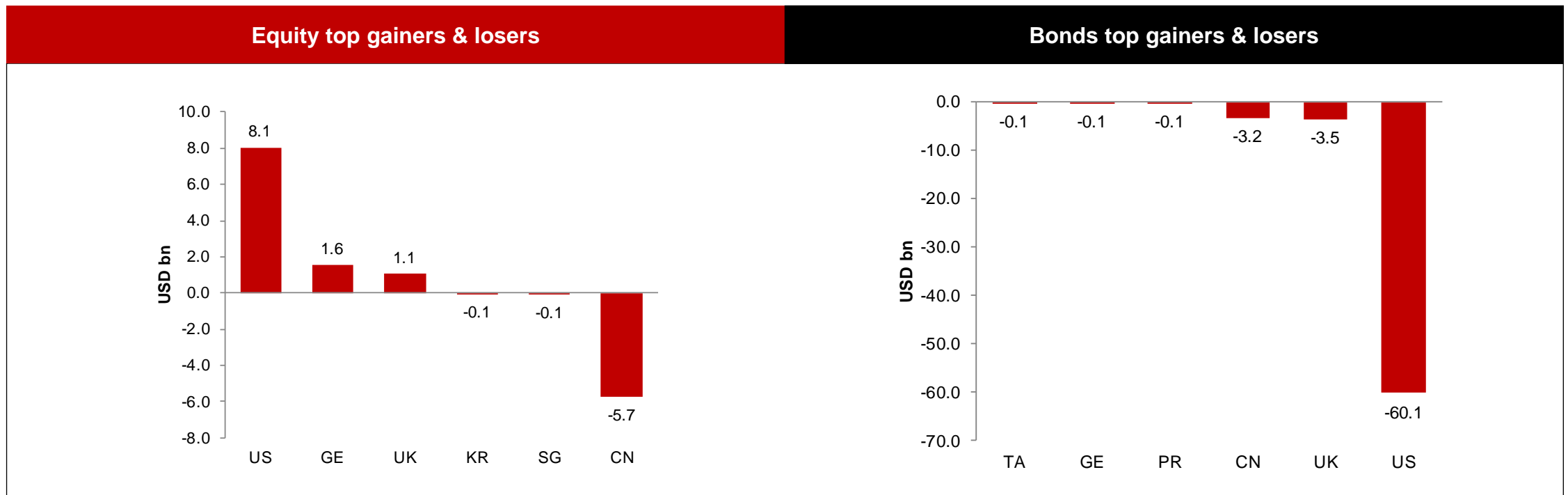
FX & Rates: Broad USD Softness Persists

- **DXY.** USD suffered another hit as the story of the potential removal of Fed Chair Powell gathered traction amid thin market liquidity. Last Fri, National Economic Council Director Kevin Hassett said that Trump is still exploring ways to remove Powell. Firing Powell stretches belief. It not only undermines the principle of central bank independence, but risks politicising the US monetary policy in a way that markets will find unsettling. If the credibility of the Fed is called into question, it could severely erode confidence in the USD. To add, USD is already under pressure from tariff implication, softer inflation prints and repricing of Fed cuts. Markets may continue to demand a political risk premium on USD assets, especially if this narrative were to further gain traction in the days/weeks ahead. While tariff concerns remain, it does appear to suggest that Trump and his team maybe ready to cut a deal with some nations. Less tariff angst and some conciliatory tone towards a trade truce/deal or policy credibility being restored are some of factors that may strengthen USD. That said, tariff and Trump policy uncertainty, alongside ongoing protectionist measures, fading US exceptionalism and ballooning US debt are some catalysts that should keep the “sell USD on rally” trade intact as USD’s status as a reserve currency and safe haven continues to come under scrutiny.
- **USD Rates.** USTs traded in ranges on Thursday, amid a lack of tariff headlines or first-tier data, after the rallies during the early part of the week. Short-end UST yields opened lower in Asia morning, as markets held onto rate cut expectations with Fed funds futures last pricing 93bps of cuts for this year. This week there is a line-up of Fed speakers and 5Y and 7Y coupon bond auctions this week; bills paydown continues, at USD61bn this week as issuances are constrained by the debt ceiling; coupon bond settlement is at USD75bn following last week’s auctions which went well; TGA balance was at 600bn as of 17 April after tax payments. Overall, the liquidity situation appears supportive. On the data front, markets will observe as to whether the divergence between hard data and surveys will continue. 10Y real yield at 2% is still somewhat elevated but the term premium is at play which was last at 0.64%; near-term range for 10Y UST yield is seen at 4.32%-4.44% and a wider range is at 4.22%-4.52%.
- **USDJPY.** USDJPY continues to trade lower amid USD softness. Trade negotiation between US and Japan started last week. Even as top trade negotiator Akazawa said there was no discussion on FX, currency discussion between US Treasury secretary Bessent and Finance Minister Kato may still be possible this week. Hence, some downward pressure on USDJPY is more likely than not. Bear in mind that Kato had previously said that a weak JPY will not be tolerated when the nation needs to hold trade talks with the US. Bias remains to stay short for USDJPY into the Kato-Bessent meeting later this week. If talks lead to nothing conclusive about weakening the USD or strengthening the JPY, then we may see some short covering post-meeting.
- **SGD rates.** SGS mildly underperformed SORA OIS on Thursday, and long end SGS underperformed on the curve. Compared to Thursday close, long-end SGS yields were little changed. Lower bond/swap spreads (OIS minus SGS yields) have helped improve asset swap pick-up, which was last at around SOFR+65bps (before bid/offer spread) at 10Y SGS and at around SOFR+75bps at 20Y SGS (10Y hedge). Short-end SORA OIS edged further lower in recent days; the 2Y and 3Y rates have remained as the lowest points on the curve, reflecting expectations for an extended period of flush liquidity condition and for the floating rate SORA to move lower from here sustainably. This outlook is highly uncertain. We hold the view that chasing these rates lower is not preferred. The size of the reopening of 30Y Green SGS (Infra) is to be announced on Tuesday.

Asset Flows

Global Equity & Bond Flows

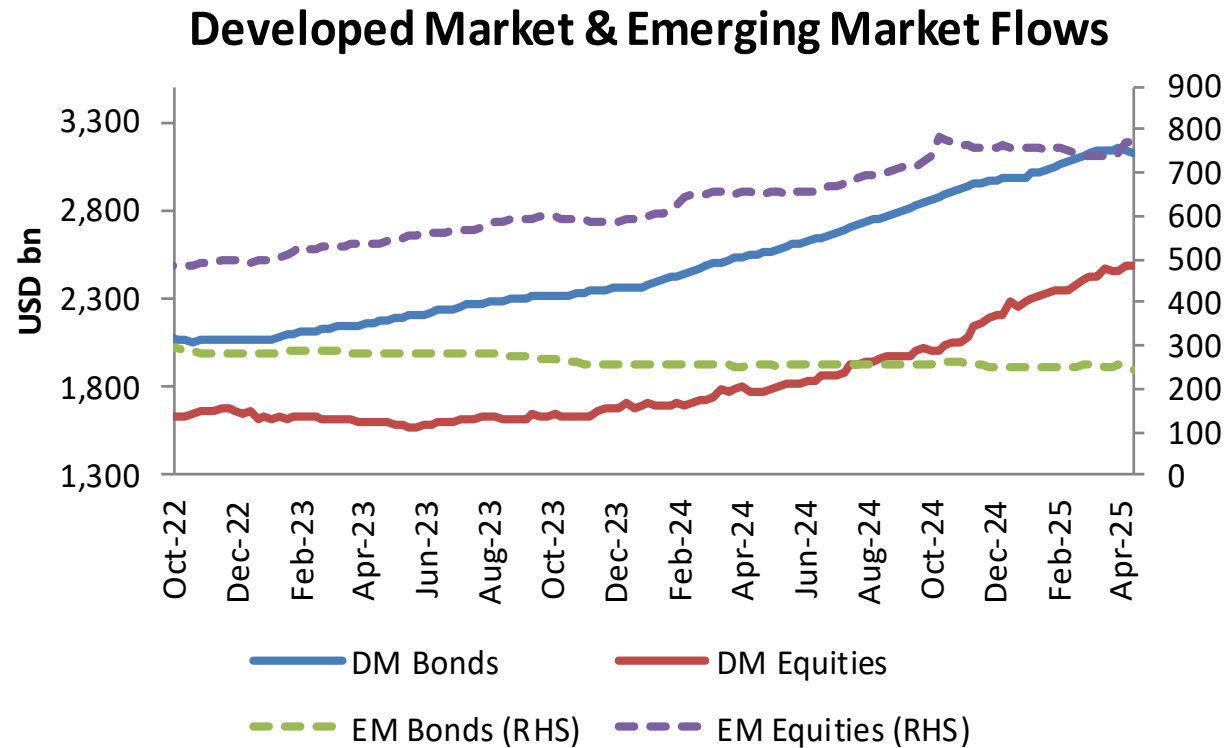
- Global equity markets saw net inflow of \$7.2bn for the week ending 16 April 2025, a decrease from the inflow of \$49.0bn last week.
- Global bond markets reported net outflow of \$19.8bn, a decrease from last week's outflow of \$20.5bn.



Source: OCBC, EPFR

DM & EM Flows

- Developed Market Equities (\$10.0bn) saw inflows and Emerging Market Equities (\$2.4bn) saw outflows.
- Developed Market Bond (\$16.6bn) saw outflows and Emerging Market Bond (\$3.1bn) saw outflows.



Source: OCBC, EPFR

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