Weekly Macro Views (WMV)

Global Markets Research & Strategy

22nd January 2024

Weekly Macro Update

Key Global Data for this week:

22nd January	23rd January	24th January	25th January	26th January
- **MA** CPI YoY - **MA** Foreign Reserves - **CH** 5Y Loan Prime Rate - **TA** Export Orders YoY - **HK** CPI Composite YoY	– **JN** BOJ 10-Yr Yield Target – **JN** BOJ Policy Balance Rate – **TH** Customs Exports YoY – **SG** CPI YoY	- **My** BNM Overnight Policy Rate - **US** MBA Mortgage Applications - **US** S&P Global US Manufacturing PMI - **JN** Jibun Bank Japan PMI Mfg	- **SK** GDP YoY - **VN** CPI YoY - **EC** ECB Main Refinancing Rate - **US** GDP Annualized QoQ	- **JN** Tokyo CPI Ex-Fresh Food YoY - **US** Personal Spending - **SG** Industrial Production YoY - **PH** Exports YoY

Summary of Macro Views:

Global	• **Global:** Central Banks • **Global:** Central Bank Watch • **Global:** The View from Davos • **Global:** Second Trump Presidency on the Cards • **Global:** US Hard Data Surprises Likely a Blip • **Global:** US Q4 Earnings Updates • **Global:** Japan CPI Print Supportive of BOJ Hold • **Global:** UK Retail Sales Slump, CPI Treads Higher
Asia	• **SG:** December NODX Unexpectedly Contracts • **CN:** Growth on Track but Deflation Risk Remains • **CN:** Return of Foreign Inflows Into Onshore Bond Market • **HK:** Job Market Remained Tight

Asia	• **ID:** Bank Indonesia Holding The Line • **MY:** Ending 2023 On A Weaker Note • **MY:** Inflation Still Benign • **PH:** Monetary Board Appointed
Asset Class	• **Oil:** Prices Edged Marginally Higher • **ESG:** Early adopters of nature-related financial disclosures • **FX & Rates:** Consolidation

OCBC

Source: Bloomberg, OCBC

Global: Central Banks

Forecast – Key Rates

People's Bank of China (PBoC)	Bank of Japan (BoJ)	Bank Negara Malaysia (BNM)	European Central Bank (ECB)
Monday, 22nd January	**Wednesday, 23rd January**	**Wednesday, 24th January**	**Thursday, 25th January**

House Views

People's Bank of China (PBoC)	Bank of Japan (BoJ)	Bank Negara Malaysia (BNM)	European Central Bank (ECB)
1-year Loan Prime Rate **Hold at 3.45%** *5-year Loan Prime Rate* **Hold at 4.20%**	*Policy Balance Rate* **Likely hold at -0.10%**	*Overnight Policy Rate* **Likely hold at 3.00%**	*Deposit Facility Rate* **Likely hold at 4.00%** *Main Refinancing Rate* **Likely hold at 4.50%**

Source: Bloomberg , OCBC

Global: Central Bank Watch

- Minutes from the European Central Bank's (ECB) December meeting revealed that the Governing Council remains broadly in favour of putting off rate cuts till at least mid-2024. The account showed the Council expressing concerns that financial conditions risk being loosened excessively given sharp market repricing and that "market expectations reflected significant optimism and were inconsistent with the outlook in staff projections". Separately, President Lagarde stressed at an interview in Davos that market bets on aggressive cuts are "not helping our fight against inflation" and that "until we are confident it (inflation) is sustainably at 2% medium term…I'm not going to shout victory". Markets took heed of the ECB's guidance and scaled back rate cut expectations to -132bps for 2024 on 19 January (vs. start of the year market expectations of -164bps cut). We expect similar messaging to be reiterated in this week's Governing Council meeting.
- Fedspeak has entered a communications blackout period in the run up to the FOMC meeting on 30 January, but prior statements from key officials were taken by markets hawkish. Atlanta Fed President Bostic stated that his current outlook is for the "first cut to be sometime in the third quarter", though that he opined that he "would be open to moving sooner" if inflation falls faster than anticipated. Fed Governor Waller stressed that he "saw no reason to move as quickly or cut as rapidly as in the past". Meanwhile, San Francisco Fed President Daly struck a mildly dovish tone at a roundtable in San Diego on 20 January, stating that she wants to "deliver on low inflation, but without taking jobs by making the unemployment rate rise". Chicago Fed President Goolsbee revealed a dovish tilt, stating on 20 January that officials should consider cutting rates as inflation falls to avoid keeping policy too tight. Bostic, Waller and Daly are voting members of the FOMC this year, whilst Goolsbee is not. We maintain our view of a hold for the January FOMC and for the Fed cutting cycle to begin in 2Q24.

Source: Bloomberg

Global: The View from Davos

- The World Economic Forum (WEF) convened on 15 – 19 January in Davos, Switzerland, with an atmosphere relatively mixed on the economy and tinged with anxiety over rising geopolitical uncertainties. Leading financiers shared hope for a rebound in 2024 following last year's shortfall in IPOs, M&A activity and debt sales. However, several key attendees also warned that there is a sense that markets are priced to perfection and rebuked the notion of aggressive rate cuts by the Fed this year, according to Bloomberg.
- On growth, the WEF's Chief Economist Outlook report, released 15 January, revealed that 56% of chief economists surveyed expect global growth to weaken in 2024. 77% expect a contraction in Europe, 43% for the US, 31% for China, and 15% for Asia-Pacific ex China.
- The mood was even more somber on geopolitics as issues including conflicts in Ukraine and Gaza, escalations in the Red Sea and the possibility of another Trump presidency were chief concerns amongst business leaders and policymakers, reported Bloomberg.

Q: What is your expectation for weak economic growth and high inflation in the following geographies?

Share of respondents	Weak Economic Growth	High Inflation
US	43%	13%
Europe	77%	13%
China	31%	0%
East Asia and Pacific	15%	4%
South Asia	7%	19%
Middle East and North Africa	39%	25%
Central Asia	16%	17%
Sub-Saharan Africa	35%	36%
Latin America	30%	26%

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Source: Bloomberg, World Economic Forum

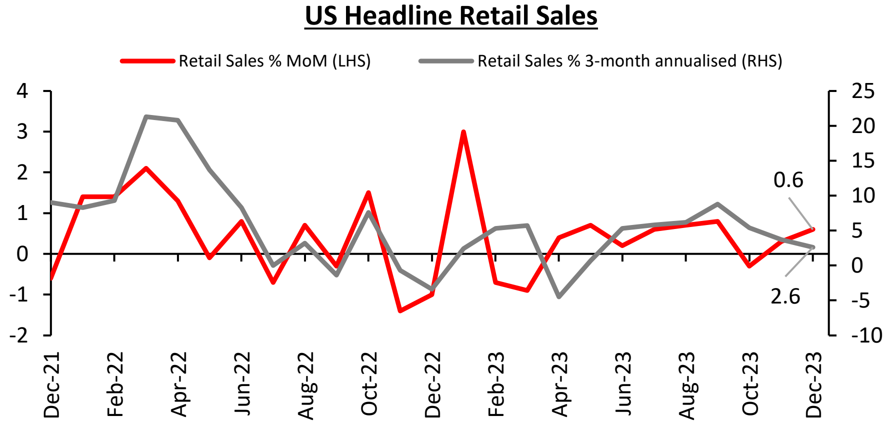
Global: Second Trump Presidency on the Cards

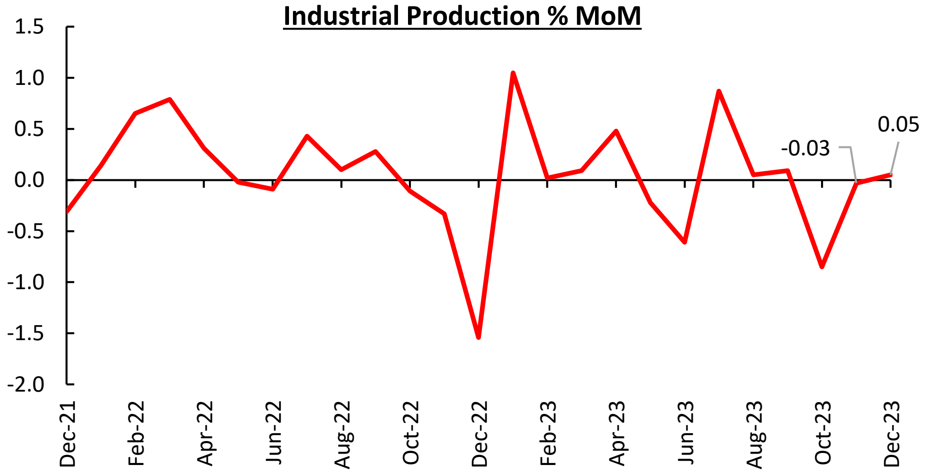
- The withdrawal of Ron DeSantis from the 2024 US presidential race and his endorsement of frontrunner Trump has effectively meant Trump can consolidate and expand his Republican base earlier. Nikki Haley is trailing at 11% versus Trump's 67% for the next Republican nominee. That said, Trump still faces several legal challenges though we posit that any conviction or jailtime will not likely be before the election nor will it bar him from running. Latest polls suggest Trump is neck to neck with Biden or slightly ahead (+1 to +4%) for the period ending 16-17 January.
- Trump's agenda if re-elected: the main concern for business and the economy is his proposal for a 10% tariff for all goods imports. This would drive up costs and inflation, and in this case, would apply to not just China but broadly all US trade partners as well. This is likely to yield a net lose-lose scenario for global trade and GDP growth prospects. For the US economy, labour market conditions are softening but remain relatively tight, so any overheating may prompt the Fed to hold off any rate cuts. Trump is also hawkish on immigration, could exacerbate labour market tightness.
- The other mainstay of Trumponomics is tax cuts and higher fiscal deficits, which could be a headwind for the US Treasury market (i.e. higher bond yields due to higher issuance), and in turn means higher funding costs for businesses. The 2024 forecast for the annual deficit and debt, which stand at 5.8% and 100% of GDP respectively, could surge if Trump goes for tax cuts again. The Fed may not be immune either. Trump can nominate the next Fed chair in May 2026.
- On geopolitics, Trump may be more transactional and motivated to make a deal to end the war, whether in Russia-Ukraine or Israel-Hamas. However, his position on Taiwan is unclear. His unpredictability also means that if it suits him, it could swing either way.
- Overall, a Trump redux may not necessarily or immediately worsen US-China relations or China's growth per se – this is because Trump advocates an "America First" policy rather than an anti-China policy. However, the interim period of financial markets trying to second-guess what his economic and political agenda may be if he takes office will likely lead to some risk premiums being priced in.

Source: Bloomberg, OCBC.

Global: US Hard Data Surprises Likely a Blip

- Headline retail sales picked up to 0.6% MoM in December from 0.3% prior, beating consensus estimates of a 0.4% gain. Core retail sales, which excludes autos, gasoline, and building materials, accelerated to 0.8% MoM from 0.5% prior and significantly exceeded consensus expectations of 0.2%. Strong consumer spending prints in December were likely bolstered by larger holiday season discounts from retailers running down their stockpiles, evidenced by the decline in business inventories by -0.1% MoM sa in November, of which ex-auto retail inventories fell 0.9% MoM.
- Industrial production rose 0.1% MoM in December, modestly beating consensus expectations of a -0.1% decline. Overall manufacturing output increased 0.1% MoM as well, aided by continued expansion in motor vehicle and parts production (Dec: 1.6% MoM) following the end of the United Auto Workers' strike in October.
- Our take is that December data were likely driven by seasonal tailwinds, which could fade in 1Q24. Indeed, underlying momentum for some data are already slowing: retail sales growth slowed to 2.6% on a 3-month annualized basis (versus 3.7% in November and a peak of 8.8% in September), manufacturing output ex-autos declined by 0.1% MoM for a third consecutive month.

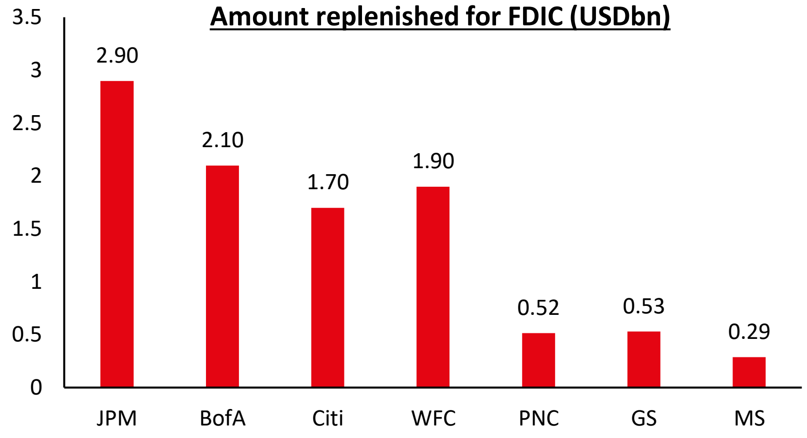




Source: CEIC, OCBC

Global: US Q4 Earnings Updates

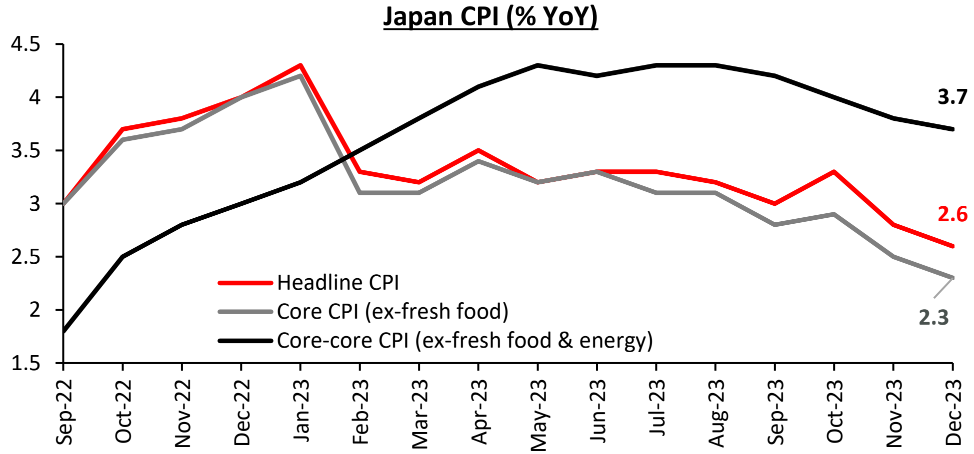
- The largest banks in the US have reported earnings last week, and at first glance have mostly been disappointing. However, the earnings disappointment can largely be attributed to various one-time expenses.
  1. FDIC Insurance
     - The banks had to replenish the FDIC's insurance fund which was depleted by last year's banking crisis. Amount replenished: JPMorgan USD2.9bn, Bank of America USD2.1bn, Citibank USD1.7bn, Wells Fargo USD1.9bn, PNC was USD515mn, Goldman Sachs USD 529mn, Morgan Stanley was USD286mn.
  2. Severance Expenses
     - There was a total of 62,000 layoffs in the 20 largest US banks in 2023. Wells Fargo: 12,000 layoffs, USD969mn for severance pay. Citibank: 5,000 layoffs and further plans to eliminate 20,000 more by 2026, USD780mn severance charge.
  3. Credit Loss Provisions
     - Wells Fargo had its provisions for credit losses rise to USD1.28bn, up 34% from one year ago. The losses resulted from soured credit card and real estate loans.
- Excluding the one-time expenses, JPMorgan and Bank of America would have beaten analyst expectations, and Citigroup would have met them. Wells Fargo, Goldman Sachs, Morgan Stanley, and PNC beat expectations without adjustments.
- Going forward, the banks expect continued strong consumer demand for loans, while weakening demand for corporate loans. Non-interest income is expected to grow in the backdrop of lower interest rate environment spurring greater M&A activity, equity and debt issuances.

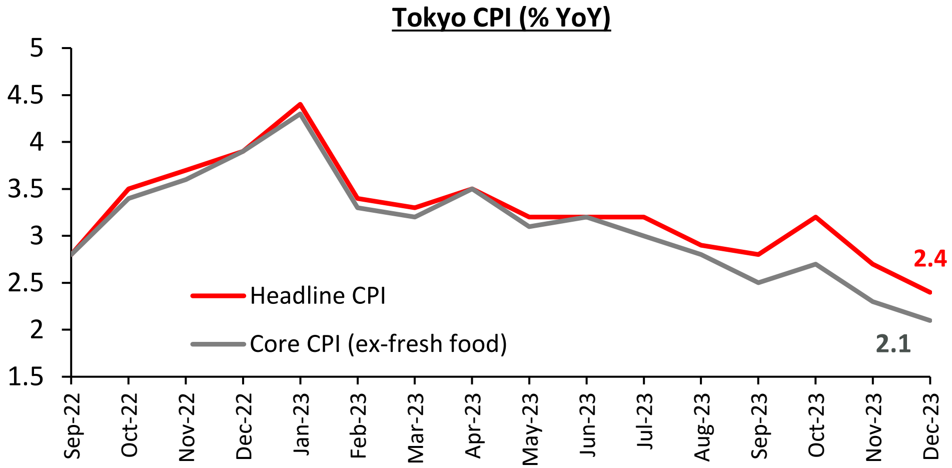


Source: Insider Intelligence.

Global: Japan CPI Print Supportive of BOJ Hold

- Inflation prints stayed above the BOJ's target but declined for the second-month running, holding up expectations that the BOJ will be in no rush to adjust its monetary policy settings. Headline CPI eased to 2.6% YoY in December from 2.8% in November, slightly above consensus forecast of 2.5%. Core inflation, which excludes fresh food, slid to 2.3% YoY from 2.5% YoY in November, matching consensus. The "core-core" inflation measure, which excludes fresh food and energy, slowed to 3.7% YoY from 3.8%, matching consensus as well.
- Tokyo CPI, a leading indicator for national prices, depicted a slowdown in December, with Tokyo core CPI (ex fresh food) falling to 2.1% YoY from 2.3% prior. The core-core measure also declined to 3.5% YoY from 3.6%.
- We continue to expect the BoJ to exit NIRP before mid-2024 (likely sooner rather than later) by hiking the policy-rate balance rate from -0.1% to zero which should be better seen as moving from a three-rate tiering system to a two-rate tiering system.





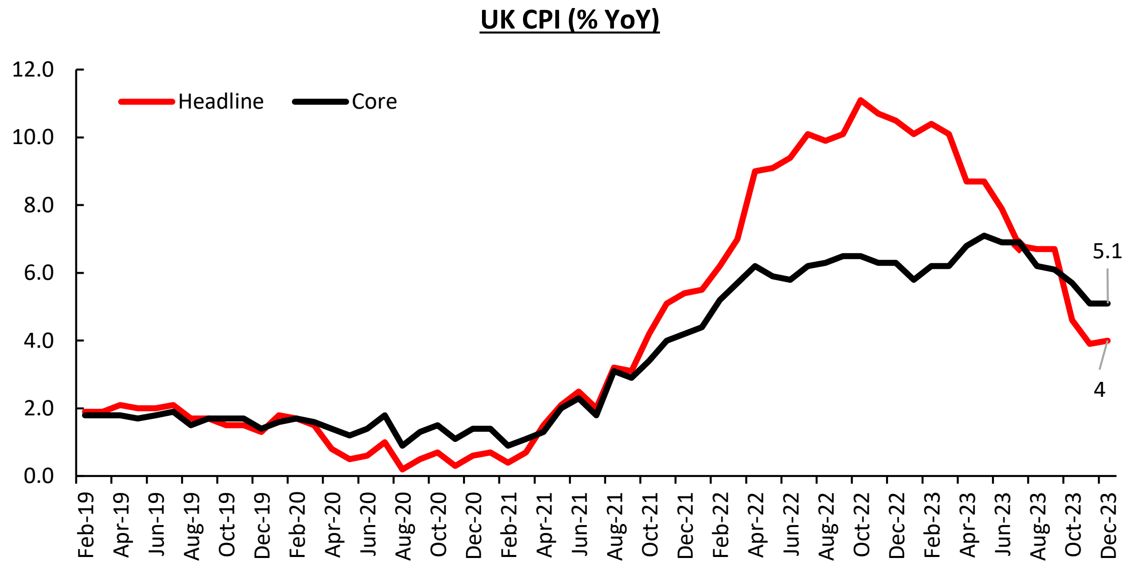
OCBC

Source: Bloomberg, OCBC

Global: UK Retail Sales Slump, CPI Treads Higher

- Retail sales by volume including auto fuel contracted sharply by 3.2% MoM in December from +1.4% in November. This was worse-than-expected (Consensus: -0.5% MoM), and was the steepest fall observed since January 2021, when pandemic restrictions hit consumer spending. In a month where sales would usually be buttressed by holiday spending, retail sales of food stores and non-food stores both reversed prior growth by contracting -3.1% MoM (Nov: 1.1%) and -3.9% MoM (Nov: 2.7%).
- Meanwhile, headline CPI edged slightly higher to 4% YoY in December from 3.9% in November, above expectations of 3.8%. The December headline figure marked the first acceleration in 10 months, attributed to a widely anticipated rise in tobacco prices, due to a scheduled increased in tobacco duties, and a rise in seasonal air fares. Indeed, core inflation which excludes energy, food and alcohol & tobacco held steady at 5.1% YoY.

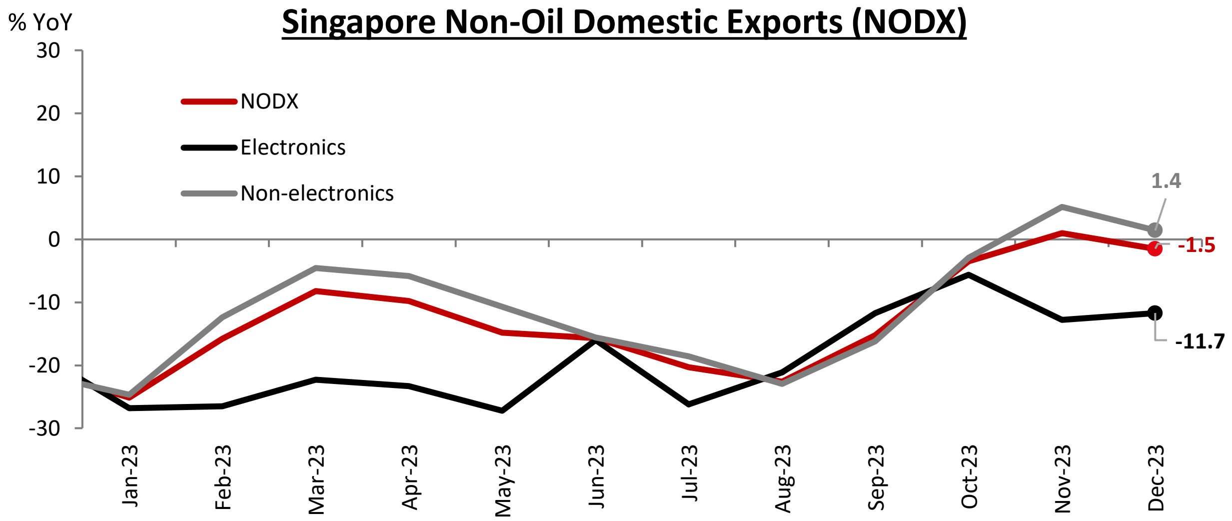
	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Dec 2022
	% MoM				
Volume of Retail Sales					
All Retailing inc Auto Fuel	-3.2%	1.4%	-0.1%	-1.2%	-0.6%
All Retailing ex Auto Fuel	-3.3%	1.5%	0.1%	-1.4%	-0.8%
Predominantly Food Stores	-3.1%	1.1%	-0.1%	0.0%	-0.9%
Predominantly Non-Food Stores					
Total non-food stores	-3.9%	2.7%	0.3%	-2.2%	-1.4%
Non-specialised Stores	-7.1%	2.8%	-0.1%	-1.7%	0.2%
Textile, Clothing & Footwear	-1.5%	1.1%	0.6%	-1.9%	2.0%
Household Goods Stores	-3.0%	4.0%	-2.9%	-3.2%	-2.5%
Other Stores	-4.5%	3.3%	2.0%	-2.1%	-4.6%
Non-store Retailing	-2.1%	-1.1%	0.0%	-2.9%	1.7%
Predominantly Auto Fuel	-1.9%	0.8%	-1.8%	0.5%	1.1%



Source: Bloomberg, Office of National Statistics

Singapore: December NODX Unexpectedly Contracts

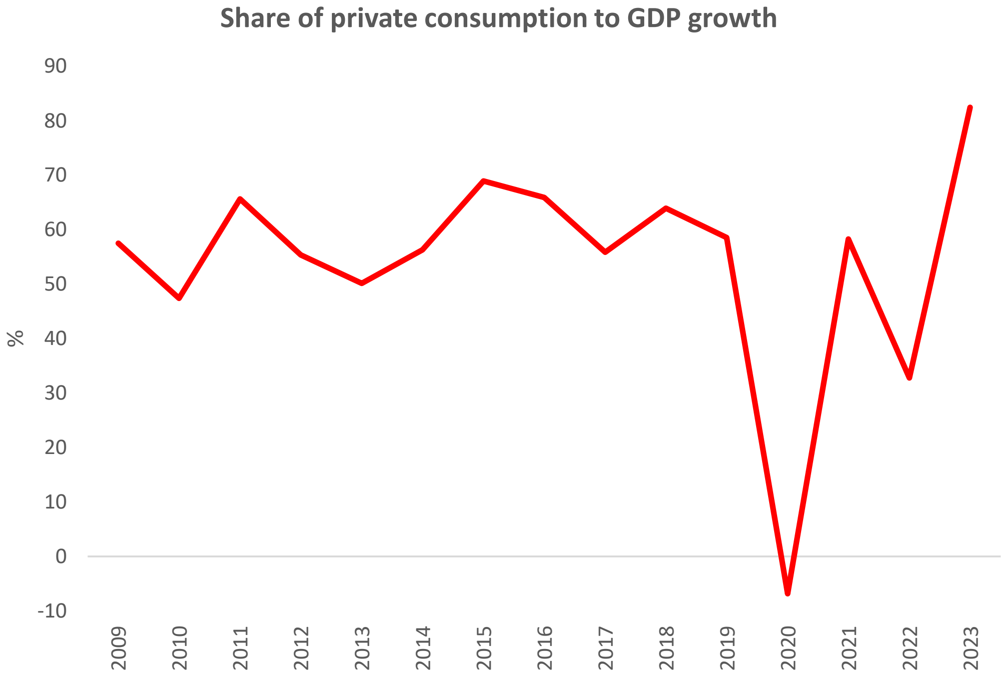
- December NODX unexpectedly contracted 1.5% YoY (-2.8% MoM sa), reversing November's 1.0% YoY (0.3% MoM sa) growth which had previously marked the first year-on-year growth in 14 months. This was also notwithstanding a low base in December 2022 and undershot both our and the Bloomberg consensus forecasts. This disappointment suggests that the trade recovery trajectory remains somewhat bumpy in the near-term. This brought 2023 NODX growth to -13.1% YoY, the worst annual performance since 2001 (-14.5% YoY).
- Looking ahead, the near-term NODX outlook still looks slightly challenging from the global supply chain angle. Ongoing tensions in the Red Sea could impact shipping costs and cause some supply chain diversions in the near-term. Meanwhile, the US economy is set to cool in 2024 but Fed rate cuts may not be so imminent as recent Fedspeak from Waller suggests. On the flipside, hopes for China's stabilization and recovery remains predicated on forthcoming policy stimulus. Our 2024 NODX forecast remains at 4-6% YoY notwithstanding this disappointing December 2023 NODX print.

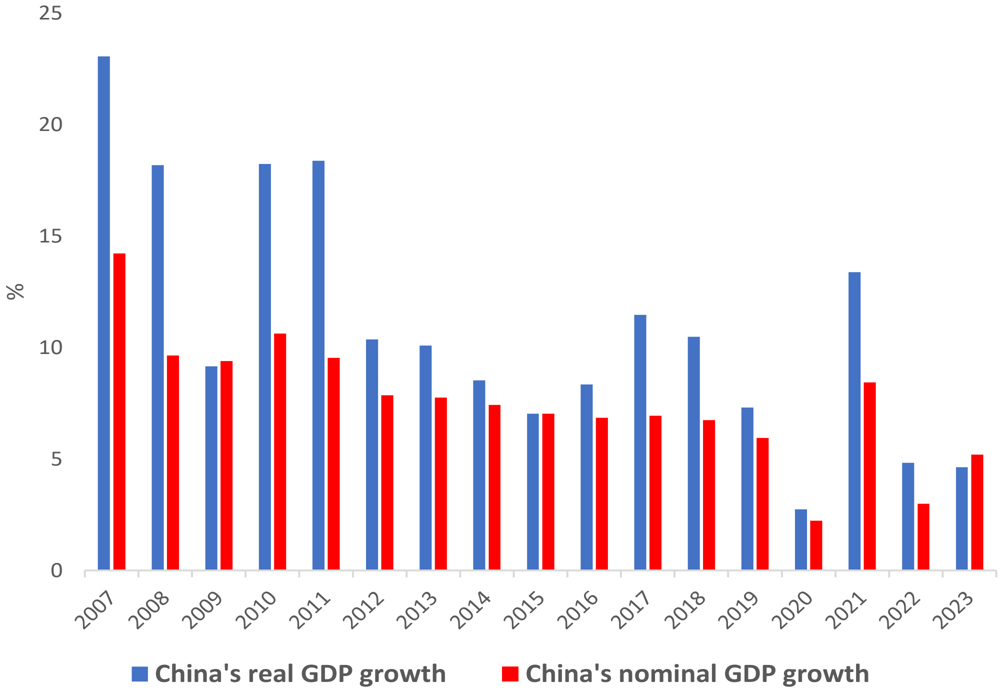


Source: Enterprise Singapore, Bloomberg, OCBC

China: Growth on Track but Deflation Risk Remains

- GDP growth was 5.2% YoY in 2023, surpassing the government's target of approximately 5%. The acceleration in real GDP growth was, in part, attributed to a softening price environment. The GDP deflator recorded a decline of 0.5% YoY, resulting in nominal GDP growth of approximately 4.6%, which falls short of the 5.2% real growth. Moreover, the unexpected deceleration in nominal growth in 2023, compared to 2022's 4.8%, has implications for corporate revenue and personal income growth, contributing to dampened income expectations.

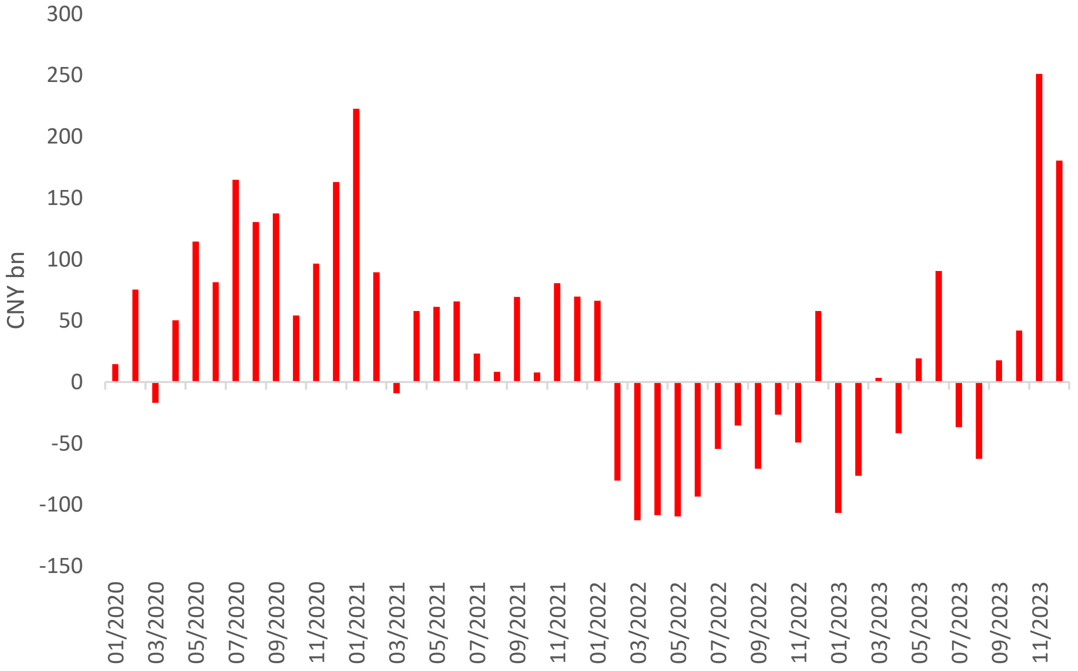




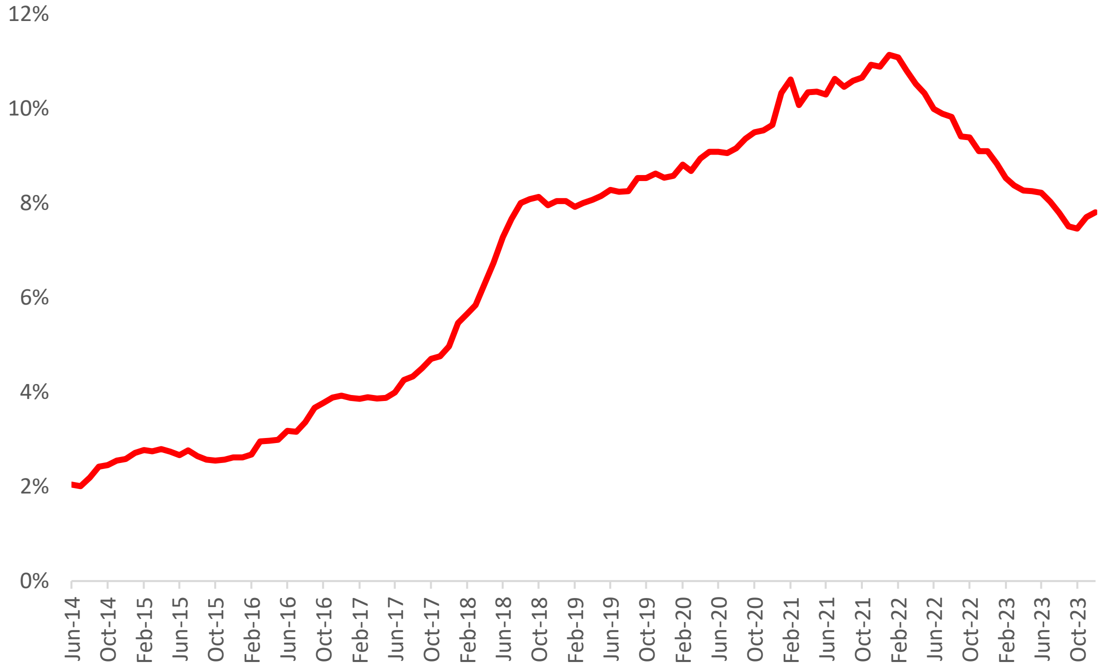
Source: Wind, CEIC, OCBC

China: Return of Foreign Inflows Into Onshore Bond Market

- The latest data from the People's Bank of China (PBOC) indicates a noteworthy rebound in foreign holdings of onshore bonds. By the end of December 2023, foreign investors increased their holdings to CNY3.67tn, showing a significant rise from the low point observed in August.
- The return of foreign capital suggests that as long as the Chinese market continues to offer returns, foreign investors may be willing to re-enter the market.



Monthly net flows to Chinese bonds from foreign investors

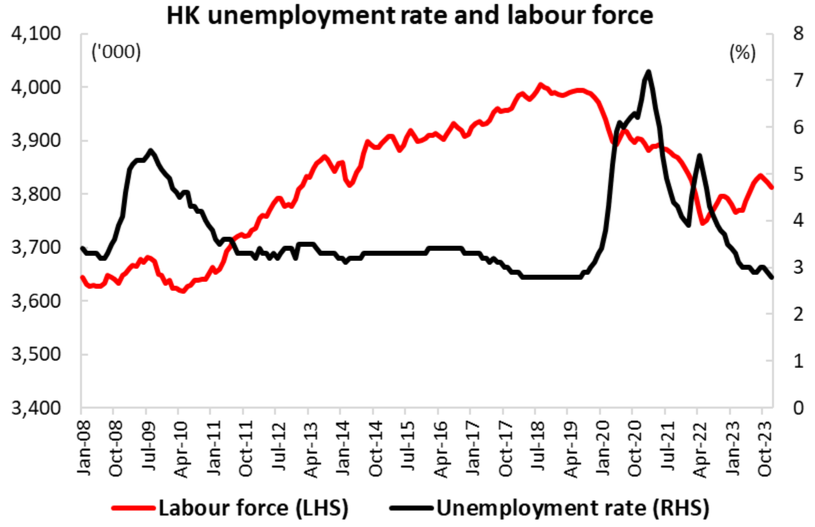


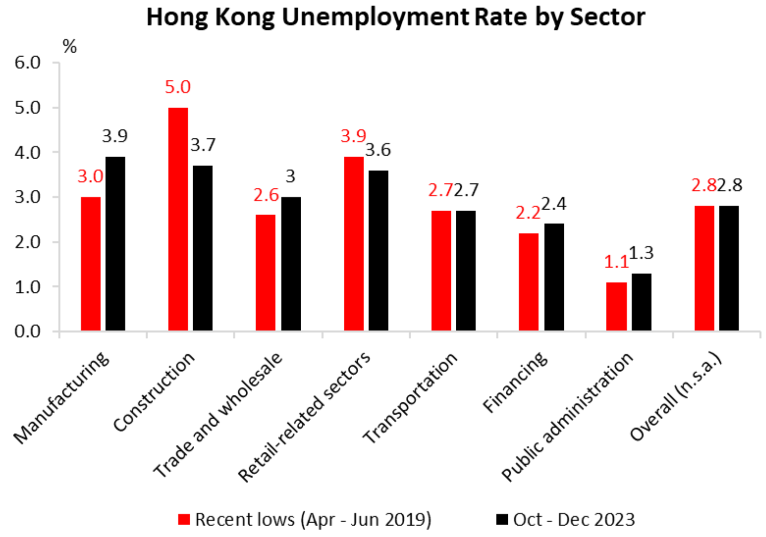
Percentage of Chinese government bond owned by foreign investors

Source: Wind, CEIC, OCBC

HK: Labour Market Remained Tight

- The job market remained tight, with both the seasonally adjusted unemployment rate and underemployment rate unchanged, at 2.9% and 1.0% respectively in Oct-Dec 2023. Meanwhile, total labour force fell for the third consecutive month, alongside the marginal decline of labour participation rate. Total labour force decreased to 3,812.5k in Oct-Dec 2023, down by a sum of 21.8k comparing to Jul-Sep 2023. During the period, the unemployment rates of most sectors either declined or remained unchanged.
- Despite the talent admission and labour importation schemes, Hong Kong's total labour force continued to contract, for the third month in a row. Meanwhile, the labour participation rate fell to the record low of 57.3%. Breaking down by age group, total labour force in the 15-24 age group fell the most (-8.4k comparing to Jul-Sep 2023), followed by that of 45-49 age group (-5.6k) and 25-29 age group (-4.0k).
- Under the combination of modest economic growth and limited labour supply, job market is likely to remain tight in the near future. For 2024 as a whole, we tip the overall unemployment rate at 2.9%, premised on the 2.5% growth forecast.





Source: HK Census and Statistics Department, OCBC

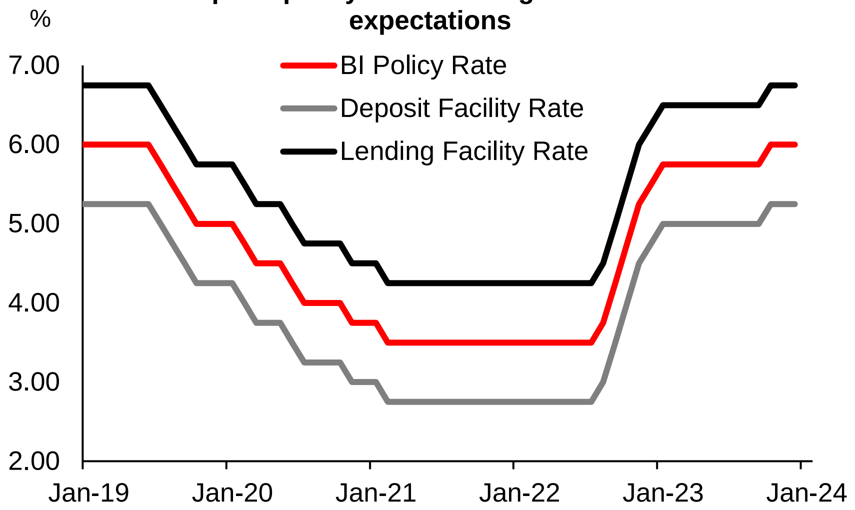
Indonesia: Bank Indonesia Holding The Line

- Bank Indonesia kept the BI rate unchanged at 6.00% in Jan24 MPC, in line with expectations. BI continued to prioritise external and IDR stability. Since BI's previous meeting on 21 December, IDR has depreciated 0.7% versus USD, broadly in line with regional peers. Indeed, Governor Perry Warjiyo viewed the IDR as being "relatively stable".

- Looking ahead, Governor Warjiyo noted that BI will "be patient" in assessing the prospects for easing monetary policy settings. He indicated that BI would have room to ease monetary policy if the currency strengthens and if inflationary pressures stabilize. Another key factor for BI will be the timing and magnitude of rate cuts from the US Federal Reserve. It now expects a cumulative 75bp in rate cuts from the US Fed this year versus 50bp cut in December. The "timing" and "magnitude" of these rate cuts, pencilled in for 2H23, remain uncertain.

- We forecast that BI will have room to begin easing in 2Q24, mirroring our house view for the timing of rate cuts from the US Federal Reserve rate. Slowing growth and within target headline inflation will allow BI, by our forecasts, to deliver a cumulative 125bp in rate cuts in 2Q-4Q24.

BI kept its policy rate unchanged in line with expectations



Source: Bank Indonesia, CEIC, OCBC

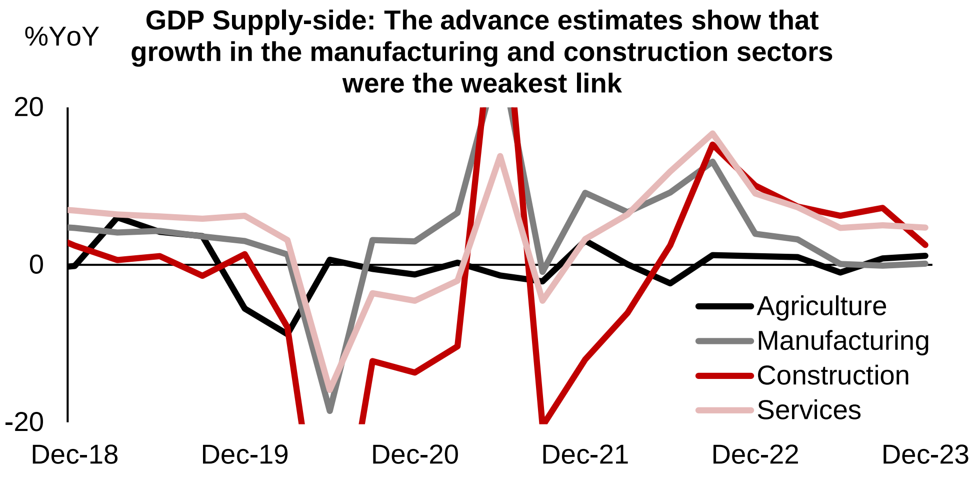
Source: Bank Indonesia, CEIC, OCBC.

Malaysia: Ending 2023 On A Weaker Note

- The advance estimates showed that 4Q23 GDP growth barely improved to 3.4% YoY from 3.3% in 3Q23, well below expectations.

- Manufacturing sector growth remained weak, albeit improving slightly (+0.1% YoY versus -0.1% in 3Q23), consistent with still anaemic export growth.

- The biggest surprise relative to our forecasts was the sharp slowdown in construction GDP growth to 2.5% YoY from 7.2% in 3Q23. According to the Department of Statistics, "the moderation…was influenced by civil engineering and residential buildings". Meanwhile, services sector GDP growth slowed to 4.7% YoY versus 5% in 3Q24, broadly in line with expectations, and the mainstay for growth.



Source: CEIC; OCBC Bank

%YoY	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23A
Headline GDP growth	**4.8**	**8.8**	**14.1**	**7.1**	**5.6**	**2.9**	**3.3**	**3.4**
Agriculture, Forestry & Fishing	0.1	-2.3	1.2	1.1	1.0	-1.0	0.8	1.2
Mining & Quarrying	-2.2	-1.7	9.1	6.3	2.4	-2.3	-0.1	3.7
Manufacturing	6.7	9.2	13.1	3.9	3.2	0.1	-0.1	0.1
Construction	-6.1	2.5	15.3	10.1	7.4	6.2	7.2	2.5
Services	6.4	11.9	16.7	9.1	7.3	4.7	5.0	4.7

Source: CEIC; OCBC

Source: DOSM, CEIC, OCBC.

Malaysia: Inflation Still Benign

- Headline inflation remained stable at 1.5% YoY in December, similar to November, taking the 2023 average to 2.5% (2022: 3.4%). Core inflation eased modestly to 1.9% YoY from 2.0%, taking the 2023 average to 3.0% (2022: 3.0%).
- Specifically, food inflation eased further to 2.3% YoY from 2.5% along with 'restaurants & hotels' inflation (3.7% from 4.3%). This offset increases in recreation and transportation inflation.
- Looking ahead, we expect the inflation picture to remain well contained. Our forecast is for inflation to average 2.5% YoY in 2024 (versus a similar increase in 2023). The authorities forecast a wider inflation range of 2.1-3.6% this year given the impending introduction of targeted fuel subsidies.

%YoY	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Headline CPI	3.7	3.7	3.4	3.3	2.8	2.4	2.0	2.0	1.9	1.8	1.5	1.5
Food and Nonalcoholic Beverages	6.8	7.1	6.9	6.3	5.9	4.7	4.3	4.2	4.0	3.6	2.5	2.3
Alcoholic beverages and tobacco	0.8	0.8	0.6	0.6	0.7	0.6	0.5	0.5	0.7	0.6	0.6	0.6
Clothing and Footwear	0.5	0.4	0.5	0.5	0.4	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Housing, Water, Electricity, Gas and Other Fuels	1.5	1.7	1.6	1.6	1.8	1.8	1.7	1.6	1.6	1.6	1.7	1.6
Furniture and household equipment	3.5	3.4	3.1	3.0	2.7	2.3	1.9	1.7	1.5	1.4	1.4	1.4
Medical care	1.6	1.8	2.2	2.1	1.9	2.0	2.0	2.4	2.2	2.4	2.3	2.5
Transport	4.0	3.7	2.4	2.3	1.0	0.0	-0.4	0.0	-0.1	0.0	0.1	0.3
Communications	-1.4	-1.4	-1.4	-1.4	-3.7	-3.6	-3.7	-3.7	-3.7	-3.7	-3.7	-3.7
Recreation, Entertainment And Cultural Services	2.7	1.7	1.9	1.8	1.8	1.6	1.1	1.0	0.6	0.7	0.6	1.9
Education	1.3	1.6	1.7	1.6	1.9	1.9	2.0	2.1	2.0	2.1	2.0	2.0
Restaurants and Hotels	6.8	7.4	7.2	6.6	6.7	5.4	5.0	4.7	4.4	4.6	4.3	3.7
Miscellaneous	2.3	2.5	2.1	2.5	2.9	2.6	2.6	2.4	2.5	2.3	2.3	2.7

Source: CEIC; OCBC

OCBC

Source: DOSM, CEIC, OCBC.

Philippines: Monetary Board Appointed

- The Monetary Board (MB) of the Bangko Sentral ng Pilipinas (BSP) has been fully filled after the appointment of Finance Secretary Ralph G. Recto.
- President Ferdinand Marcos Jr. revamped his economic team on 12 January by appointing veteran lawmaker Ralph G. Recto as the country's new Finance Secretary. In this cabinet reshuffle, Finance Secretary Ralph G. Recto has replaced ex-Finance Secretary Benjamin Diokno who has returned to the BSP as a member of the MB.
- BSP has clearly indicated that it is unlikely to cut its policy rate in 1H24. At a media information session on 20 January, BSP Governor Eli Remolona Jr. said that "it's possible but maybe not likely" for the BSP to cut its policy rate in 1H24. He added that the BSP will closely monitor the actions of the US Fed. BSP Governor Remolona Jr. also cautioned against supply shocks, including rice prices, that may disrupt the BSP's efforts to rein inflation back to its 2-4% target in 2024. Nonetheless, he noted that the recent inflation trend is a positive sight to the BSP.
- We expect BSP to maintain tight settings in 1Q24. Lower domestic inflation and the potential for rate cuts from the US Fed (starting in 2Q24 in our house view) will afford BSP room to start cutting rates from 2Q24. We expect the BSP to cut by a cumulative 100bp, taking the policy rate to 5.50% by end-2024.

Names	Role in Monetary Board	Key Highlights
Eli M. Remolona, Jr.	Chairman of the Monetary Board	BSP Governor
Ralph G. Recto	Monetary Board Member	Secretary of Finance of the Philippines
V. Bruce J. Tolentino	Monetary Board Member	Previously the Deputy Director-General, and Secretary to the Board of Trustees, International Rice Research Institute (IRRI).
Anita Linda R. Aquino	Monetary Board Member	Previously served on the board of the Philippine Deposit Insurance Corporation. She was also a Board Adviser to the United Coconut Planters Bank (UCPB), a Government Financial Institution. Her service in the Public Sector includes a stint as the Chief of Staff to the Secretary of Finance of the Republic of the Philippines.
Romeo L. Bernardo	Monetary Board Member	Previously undersecretary of the Department of Finance (DOF) from 1990 to 1996 and worked at multilateral institutions, including the World Bank, International Monetary Fund, and Asian Development Bank. He has an extensive private sector experience, having served on the board of directors of the Bank of the Philippine Islands, Globe Telecom, amongst others.
Rosalia V. De Leon	Monetary Board Member	Previously Treasurer of the Philippines from November 2012 to January 2015 and from February 2017 to September 2023, during which she directed the country's borrowing, investment, and capital market development policies.
Benjamin E. Diokno	Monetary Board Member	Previously served as Secretary of the Department of Finance from July 2022 to January 2024. Prior to his appointment as Secretary of Finance, he served as Governor of the BSP from 2019 to 2022.

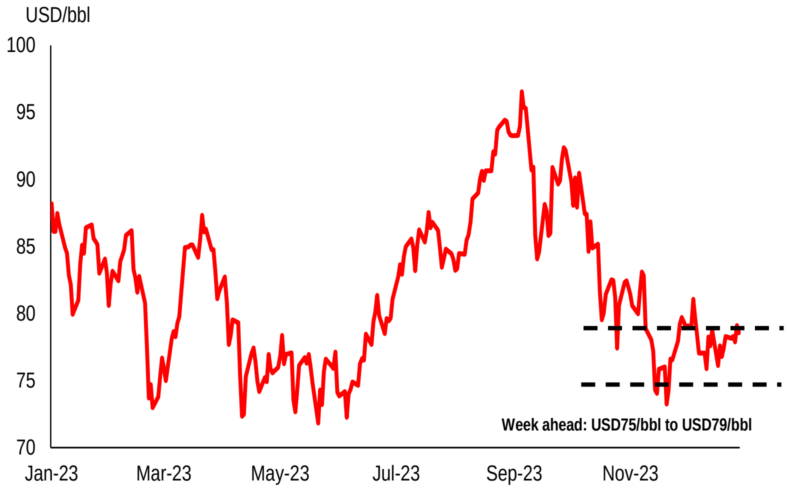
Source: Bangko Sentral ng Pilipinas, OCBC

OCBC

Commodities

Crude Oil: Prices Edged Marginally Higher

- WTI and Brent rose by 1.0% and 0.3% to close higher for the week at USD73.4/bbl and USD78.6/bbl respectively. The intraday trades for both oil benchmarks were choppy last week. Despite the volatility, Brent oil prices continue to trade comfortably within the range of USD75-81/bbl, where they have been since the start of the 2024.
- The potential supply risks from ongoing flashpoints in the Red Sea and other parts of the Middle East (i.e., Houthi forces in Yemen had struck a dry bulk ship that is owned and operated by the US; The US military conducted new strikes against Houthi targets in Yemen in response to the group's persistent attacks on Red Sea shipping; Pakistan conducted retaliatory strikes on Iran) have continued to support higher oil prices. The price upside was further supported by reports of a reduced US crude production in North Dakota. The decline was due to extreme cold weather and operational challenges, according to the North Dakota Pipeline Authority. Meanwhile, a drawdown in US crude inventories also supported higher prices.
- On the flipside, there were some offsets from concerns over weak demand. China's 4Q23 GDP and December activities data came in largely in line with expectations. Still deflationary spiral remains a concern for China, given weak domestic demand, and a housing slump. On balance, a tepid Chinese economic recovery has raised concerns of global oil demand growth in 2024.
- For the week ahead, we expect Brent prices to trade within the range of USD75-79/bbl. Libya's National Oil Corp announced that oil production and exports are restarting at its largest oil field. This will likely renew downward pressure on oil prices. Key economic data prints from US (i.e., 4Q GDP and US core PCE), Eurozone (i.e., ECB rate decision) as well as global prelim PMIs will have an impact on oil markets this week.



Source: Bloomberg, OCBC

Source: Bloomberg, Reuters, OCBC

ESG

ESG: Early adopters of nature-related financial disclosures

- The Task Force on Nature-related Financial Disclosures (TNFD) aims to help businesses understand and disclose the impact of their activities on nature. The TNFD framework, consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) framework and International Sustainability Standards Board (ISSB), consists of four pillars: governance, strategy, risk management, and metrics and targets.
- >300 organizations committed to start making nature-related disclosures as part of their annual corporate reporting, based on the TNFD recommendations published in Sep 2023 e.g. UOB, CDL, Olam, Standard Chartered Bank. The first cohort of adopters represent US$4 trillion in market capitalization including >100 financial institutions. Regional breakdown as follows:
    - Europe: 137 (43%)
    - Asia and the Pacific: 134 (42%)
    - North America: 21 (6%)
    - Latin America and the Caribbean: 18 (6%)
    - Africa and the Middle East: 10 (3%)
- Applying the TNFD framework can allow companies to better understand how their operations interact with nature, to better mitigate nature-related risks. Companies related to construction, agriculture, and food and beverage products are particularly vulnerable.

Figure 20: TNFD's recommended disclosures

Governance	Strategy	Risk & impact management	Metrics & targets
Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.	Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.	Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.
Recommended disclosures	**Recommended disclosures**	**Recommended disclosures**	**Recommended disclosures**
A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities. **B**. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities. **C**. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	**A**. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term. **B**. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place. **C**. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios. **D**. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	**A**(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. **A**(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s). **B**. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities. **C**. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	**A**. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process. **B**. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature. **C**. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

OCBC

Source: WEF, TNFD, The Business Times

FX & Rates

FX & Rates: Consolidation

- USD continued to trade a touch softer this morning, taking cues from equity plays. Most equity indices in the region (except China/HK) were trading in positive territories this morning after S&P 500, NASDAQ 100 rose to record last Fri. Looking on, this week or 2 will be a busy one for markets, with global prelim PMIs (Wed), US 4Q GDP/ durable goods order (Thu), US core PCE (Fri), FoMC (1 Feb), and a slew of central bank meetings (BoJ, ECB, BNM) this week. Potentially, USD may trade mixed in the interim given multiple idiosyncratic drivers are at play in the short term.
- BoJ MPC in focus on Tue. Consensus is not looking for a move at the upcoming meeting. Similarly, we see lesser likelihood of a move, given softer national, Tokyo CPI and labor cash earnings as well as the recent earthquake but this still does not alter our view for a removal of NIRP, YCC regime before mid-2024. Inflationary pressures are broadening and upward pressure on wage negotiation should continue. Japan business federation is calling on employers to offer wage hikes of at least 4% ahead of the upcoming spring wage negotiation, other industry unions (RENGO, UA Zensen) are calling for 5-6% wage hike. Most recently, a major Japanese broker house announced salary hike of 16% for younger staffers. Back-to-back annual wage increases is probably something Japanese officials are keeping an eye on with regards to a BoJ move.

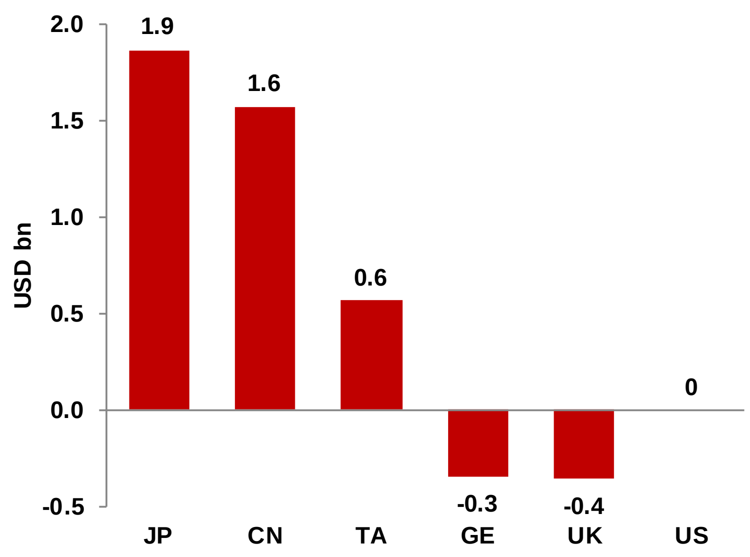
Source: Bloomberg, OCBC

Asset Flows

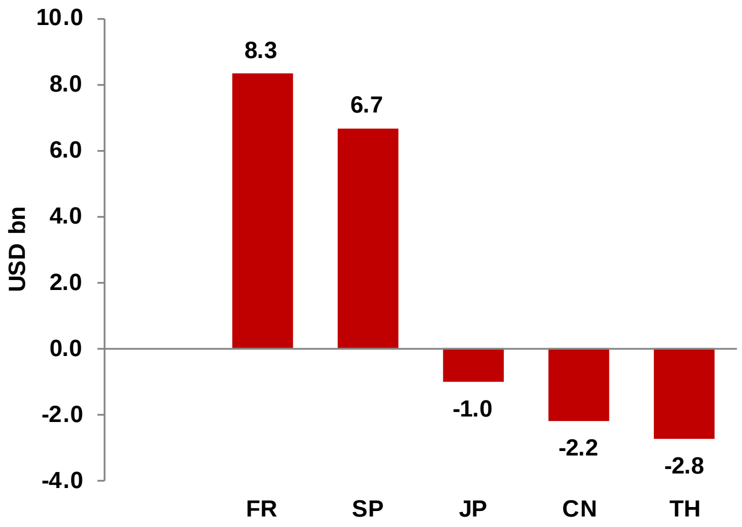
Global Equity & Bond Flows

- Global equity markets saw net outflows of $947.19mn for the week ending 17 January.
- Global bond markets reported net inflows of $14.1bn for the week ending 17 January.

Equity top gainers & losers



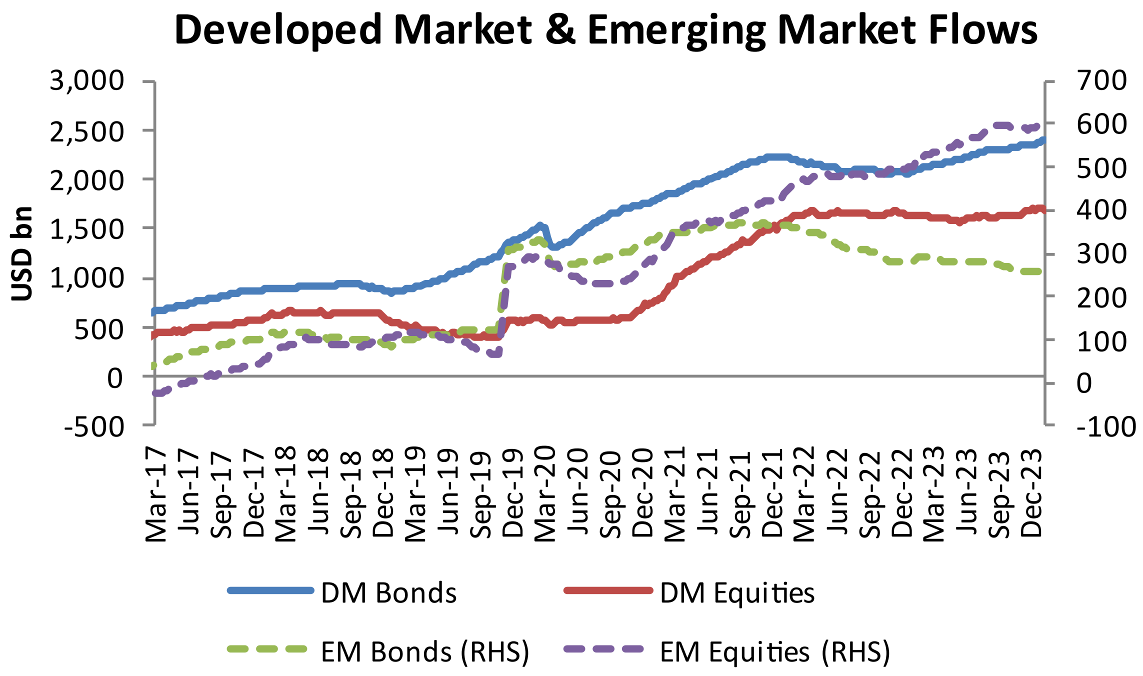
Bonds top gainers & losers



Source: OCBC, EPFR

DM & EM Flows

- Developed Market Equities ($3.6bn) saw outflows while Emerging Market Equities ($2.6bn) saw inflows.
- Developed Market Bond ($14.3bn) saw inflows while Emerging Market Bond ($381.26mn) saw outflows.



Source: OCBC, EPFR

Thank you

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