

Weekly Macro Views (WMV)

OCBC Group Research

23 Nov 2026

Weekly Macro Update

Key global data for this week:

23 Nov	24 Nov	25 Nov	26 Nov	27 Nov
• **EC:** S&P Global Eurozone Manufacturing PMI, S&P Global Eurozone Composite PMI • **SI:** CPI YoY, CPI NSA MoM • **UK:** S&P Global UK Manufacturing PMI • **US:** S&P Global US Manufacturing PMI	• **JN:** S&P Global Japan PMI Composite, S&P Global Japan PMI Mfg • **SI:** GDP YoY • **TA:** Industrial Production YoY • **US:** FHFA House Price Index MoM, Richmond Fed Manufact. Index, Conf. Board Consumer Confidence	• **AU:** CPI YoY • **JN:** Machine Tool Orders YoY • **US:** Initial Jobless Claims, Durable Goods Orders, MBA Mortgage Applications	• **SI:** Industrial Production YoY, Industrial Production SA MoM • **SK:** BOK Base Rate • **HK:** Exports YoY • **EC:** M3 Money Supply YoY	• **EC:** Consumer Confidence • **JN:** Tokyo CPI YoY, Tokyo CPI Ex-Fresh Food YoY, Japan Buying Foreign Bonds • **PH:** Exports YoY, Trade Balance • **TA:** GDP YoY • **US:** Wholesale Inventories MoM

Summary of Macro Views:

Global	• **Markets**: AI induced equity market pains • **Base metals:** Sharp selloff • **US-Iran:** Economic pressures mount • **US-Russia & Ukraine:** Path to settlement remains unclear • **US:** FOMC minutes keep further hikes in view • **JN:** Weak consumption offsets investment gains for 3Q26 GDP • **UK:** Goods lift CPI while core inflation holds • **AU:** Unemployment rises to five year high
Asia	• **SI:** October inflation subsides • **SI:** Oct NODX beats expectations, but risks are emerging • **HK:** Unemployment rate fell alongside labour force • **HK:** Inflation environment remained benign • **MO:** Key highlights of Policy Address

Asia	• **ASEAN:** New US chips controls keep region in focus • **MY:** Solid GDP growth in 3Q26 • **MY:** Narrower current account surplus in 3Q26 • **ID:** A welcome 25bp hike
Asset Class	• **ESG:** SG steps up efforts to scale high-integrity carbon markets • **FX & Rates:** From Rates to Growth

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Global: Central Banks

Forecast – Key Rates

Bank of Korea (BoK)



Thursday, 26th November 2026

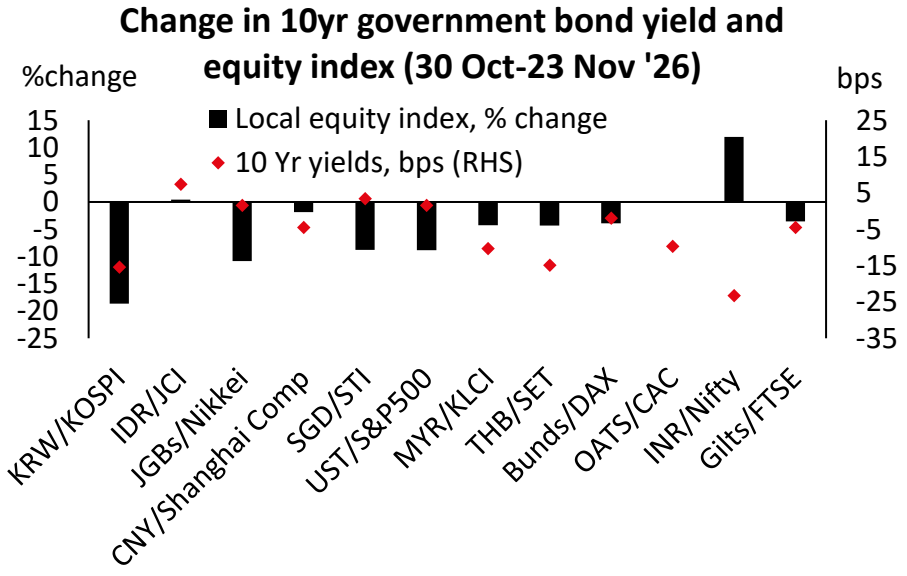
House Views

Base Rate

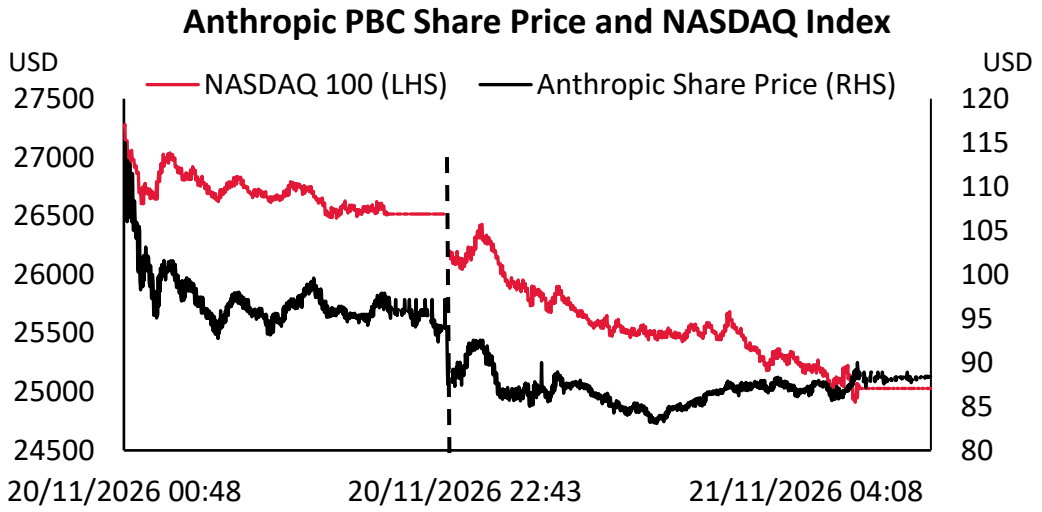
Likely hold at 3.00%

Markets: AI induced equity market pains

- AI-related concerns continued to drag global equity indices lower as investors de-risked AI exposure amid concerns over the sustainability of the AI buildout, tighter chip restrictions and ongoing uncertainty around Nvidia. Nvidia's leadership confirmed that Jensen Huang will not return and the US Department of Commerce enacted an interim final rule to close loopholes in AI chip export controls, effectively replacing the Biden-era AI Diffusion Rule. Anthropic's IPO failed to lift sentiment with the share price reversing after a stellar debut.
- The sell-off in equities was region agnostic with India being the main exception. US, European and Asian markets declined, with authorities in South Korea and Taiwan introducing market-stabilisation measures following sharp equity declines.
- By contrast, safe-haven demand supported government bonds globally, pushing US Treasury yields lower despite persistent hawkish Fed expectations.



Source: Bloomberg; OCBC Group Research.

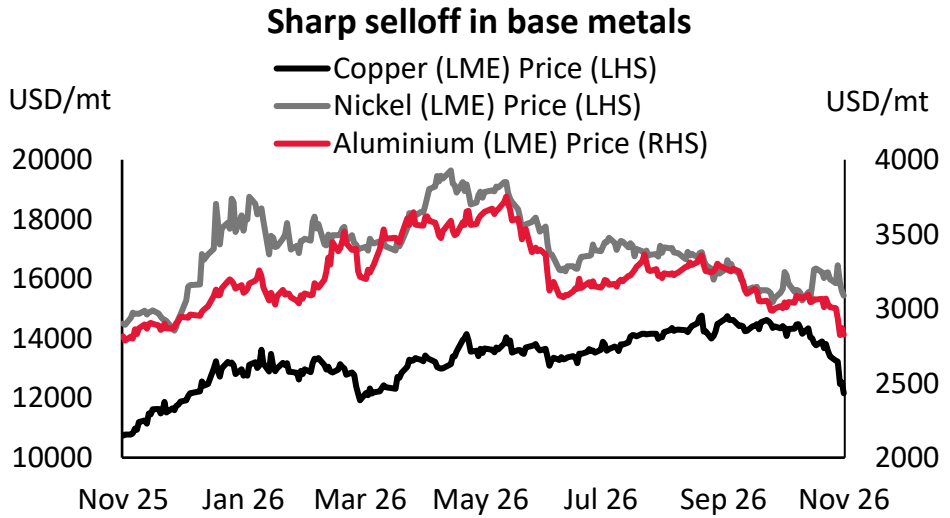


*Note: Timing is SGT
Source: Bloomberg, OCBC Group Research.

Source: WTO, OCBC Group Research.

Base metals: Sharp selloff

- Base metals sold off sharply last week amid a broader retreat from risk assets. Three-month LME copper led the decline, falling 9.2% over the week, one of its steepest weekly losses in more than a decade, leaving prices 17.7% below their September record high and erasing all its gains for the year. Aluminium followed suit, declining 6.2% and ending 24.7% below its June peak. Nickel also came under pressure, falling 3.4% over the week and extending its decline from its May peak to 21.4%.
- The selloff was driven by a broader reduction in risk exposure, although metal specific factors also contributed. Copper had been a major beneficiary of the AI investment boom because of its extensive use in data centres and supporting power infrastructure, but growing caution over the sustainability of AI spending prompted investors to cut exposure to AI-linked assets and rapidly unwind crowded bullish copper positions. Aluminium was weighed down by expectations of recovering Middle Eastern production and new Indonesian capacity, despite tight near-term supply. Meanwhile, nickel's decline largely reflected broader risk off sentiment, compounded by weak demand and fading expectations of Indonesian supply cuts.

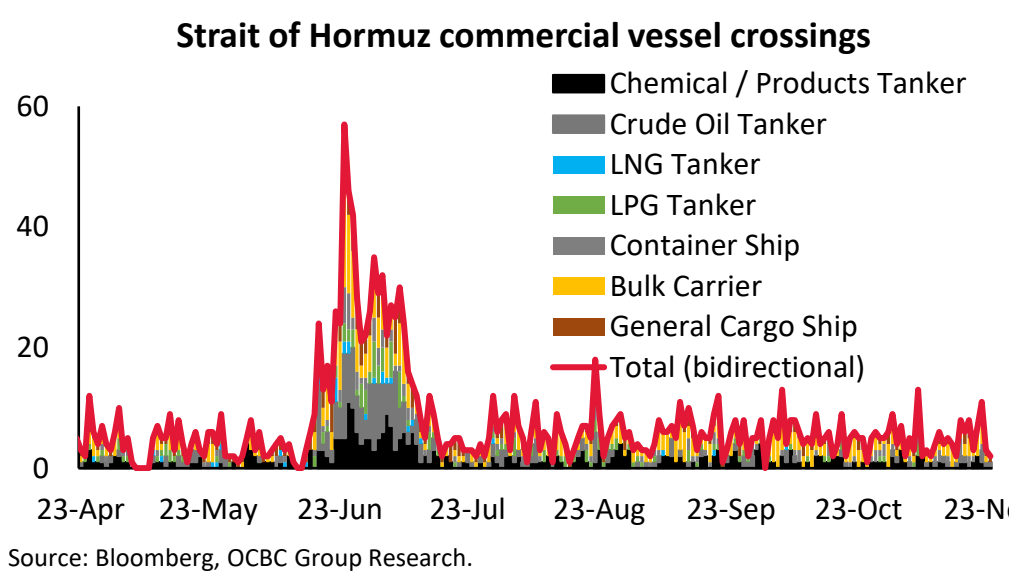


Source: Bloomberg, OCBC Group Research.

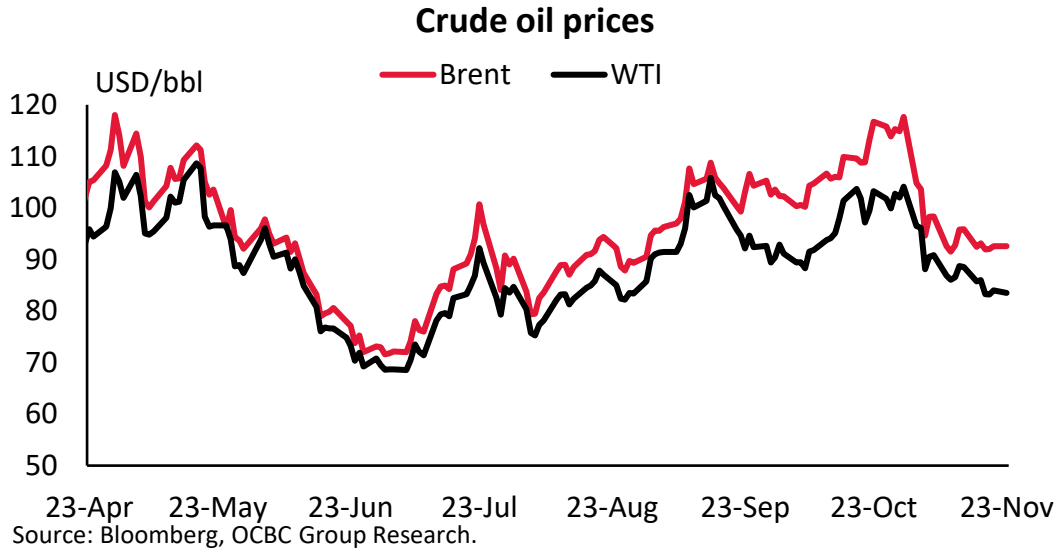
Source: SMM, Reuters, Bloomberg, OCBC Group Research.

US-Iran: Economic pressures mount

- President Donald Trump signalled his intention to secure a “permanent” agreement that would prevent Iran from acquiring nuclear weapons, although he stressed that he was in no rush to decide his next move and could wait until after the new year. Diplomatic channels remain open, with Tehran and Washington continuing to exchange messages through Qatari and Omani mediators. However, tensions have intensified amid further attacks on commercial tankers in the Strait of Hormuz and renewed exchanges of fire between Iranian and US forces.
- Washington expanded sanctions on four Iranian “oil trustees” accused of collecting illicit oil revenues to circumvent US restrictions and its naval blockade. The Iranian economy continues to deteriorate, with President Pezeshkian warning that the country is facing a “silent economic war.” According to Kpler, Iranian crude and condensate inventories held on tankers outside the US blockade have fallen to zero, down from a peak of 88.8mn barrels in mid-July. Export revenues from crude and condensate could dry up by mid-December if the blockade remains in place, while recent reports suggest that Iran is considering attempts to challenge the blockade.



Source: Bloomberg, OCBC Group Research.



Source: Bloomberg, OCBC Group Research.

Source: Reuters, CNBC, Bloomberg, OCBC Group Research.

US-Russia & Ukraine: Path to settlement remains unclear

- Trump met Putin and Xi in Shenzhen, issuing a symbolic peace declaration but announcing no Ukraine settlement. The summit sparked European concerns over exclusion from negotiations, prompting leaders to meet in Berlin, where German Chancellor Merz warned that a "Yalta format" would not bring peace, insisting that any settlement must involve Ukraine and Europe. US envoy Kushner said Trump was open to NATO Article 5-like security guarantees, but Zelensky questioned how these would work. Meanwhile, Russian President Vladimir Putin ruled out a moratorium on Black Sea and energy-infrastructure strikes, following three Ukrainian attacks on the Kerch Bridge in a single week.
- The European Commission proposed a new €45bn loan for Ukraine in 2027, including up to €25bn for military assistance and €20bn for budget support, pending approval. Separately, the IMF reported progress on a USD1.6bn disbursement subject to financing assurances, forecasting a 1% Ukrainian contraction in 2027. Ukrainian strikes have also reduced Russian refinery throughput by 45% since late October, prompting fuel-sales restrictions and threatening diesel deliveries under Washington's Russian fuel agreement.



Source: ACLED, OCBC Group Research.



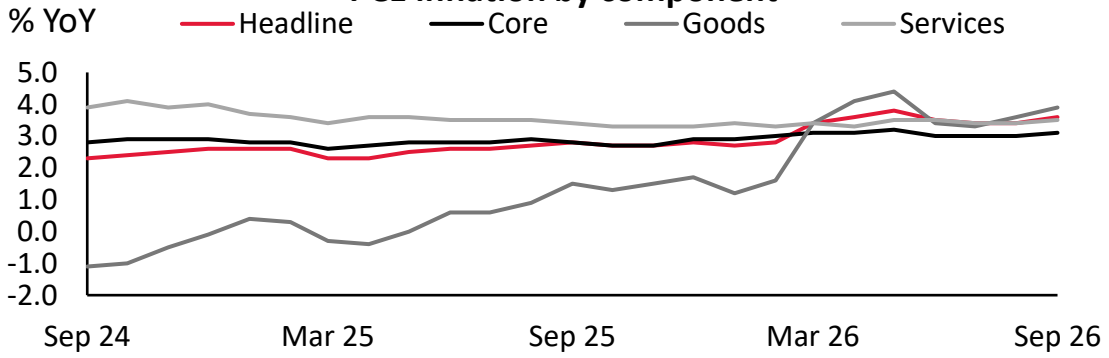
Source: ACLED, OCBC Group Research.

Source: WTO, OCBC Group Research.

United States: FOMC minutes keep further hikes in view

- The FOMC decision on 27-28 October to hold the Fed funds rate at 3.75-4.00% was more hawkish than the vote alone suggests, according to the minutes of the meeting. Two governors dissented in favour of a hike, while several non-voters shared that preference and others described the decision to hold as a close call. More importantly, nearly all officials still expect further tightening.
- The debate is also shifting towards the size of the next move. A couple of officials indicated they could support a larger-than-standard hike if inflation disappoints, a view reinforced by Waller and Cook's comments since the meeting, which reflects broad concern over upside inflation risks. The October PCE release on 25 October will be in focus.
- Many officials highlighted the AI investment boom as a potential source of inflationary pressure, while staff warned that inflation expectations could become unanchored. With demand remaining firm, the overall message remains tilted towards further tightening.

PCE inflation by component



Source: BEA, FRED, OCBC Group Research.

Ten voted to hold and two preferred a hike

FOMC policy vote, 28 Oct 26

Hold rates (10)	+25 bps (2)
Kevin Warsh	Lisa D. Cook
John C. Williams	Beth M. Hammack
Michael S. Barr	
Michelle W. Bowman	
Philip N. Jefferson	
Neel Kashkari	
Lorie K. Logan	
Anna Paulson	
Jerome H. Powell	
Christopher J. Waller	

Source: Federal Reserve, OCBC Group Research.

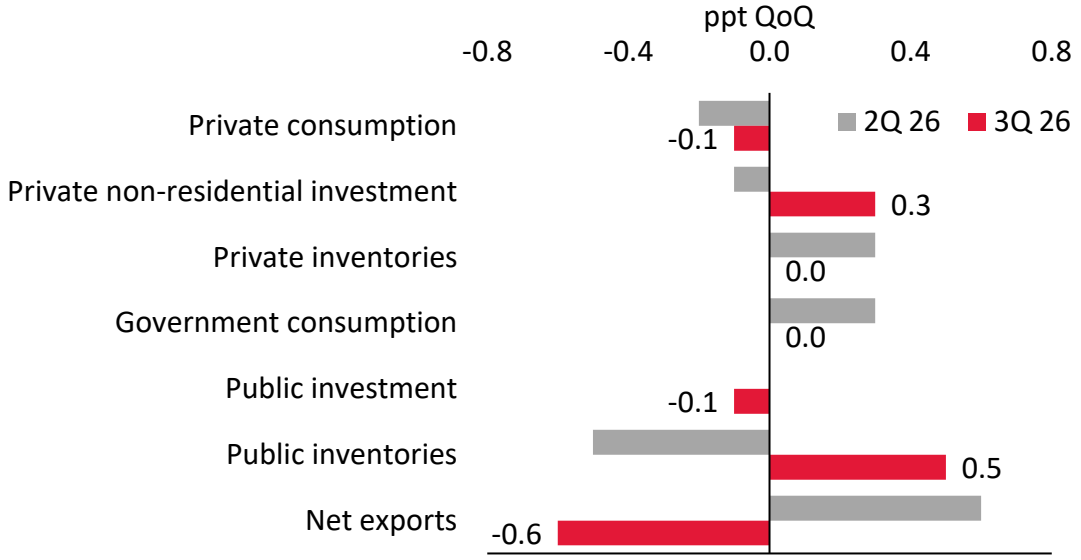
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Source: Federal Reserve, BLS, FRED, OCBC Group Research.

Japan: Weak consumption offsets investment gains for 3Q26 GDP

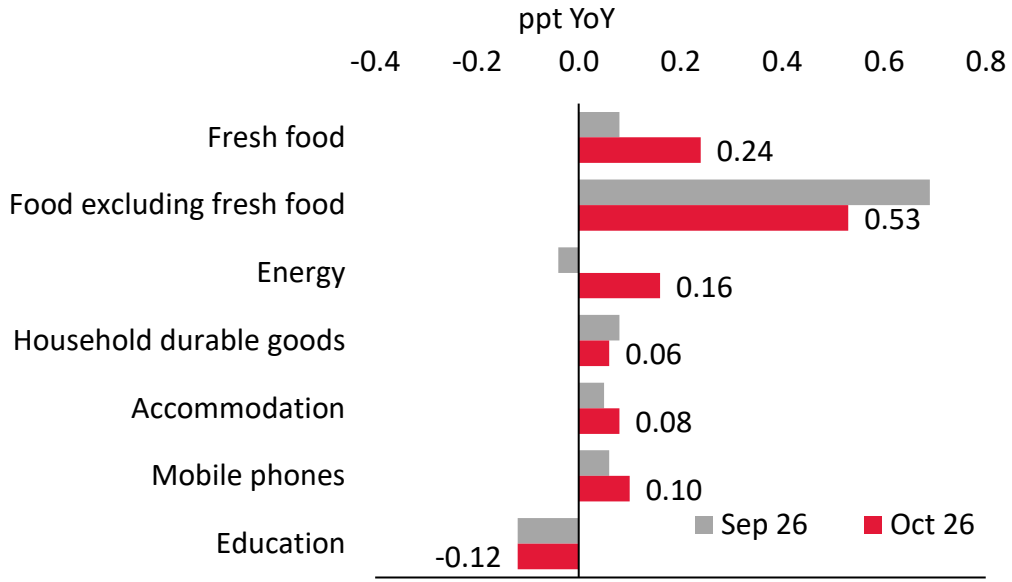
- The economy lost momentum in 3Q26 as real GDP was broadly flat (-0.0% QoQ) after 0.4% growth in 2Q26, with weaker consumption offset by stronger business investment.
- Domestic demand was softer beneath the headline. Net exports dragged 0.6ppt from growth, while a 0.5ppt boost from public inventories helped keep GDP around flat.
- Headline inflation picked up, but core pressures softened. CPI accelerated to 2.3% YoY in October from 2.1%, driven by energy and fresh food, while inflation excluding fresh food and energy eased to 2.2% from 2.4%.

Real GDP growth contributions



Source: Cabinet Office, OCBC Group Research.

CPI inflation: selected drivers



Source: Statistics Bureau of Japan, OCBC Group Research.

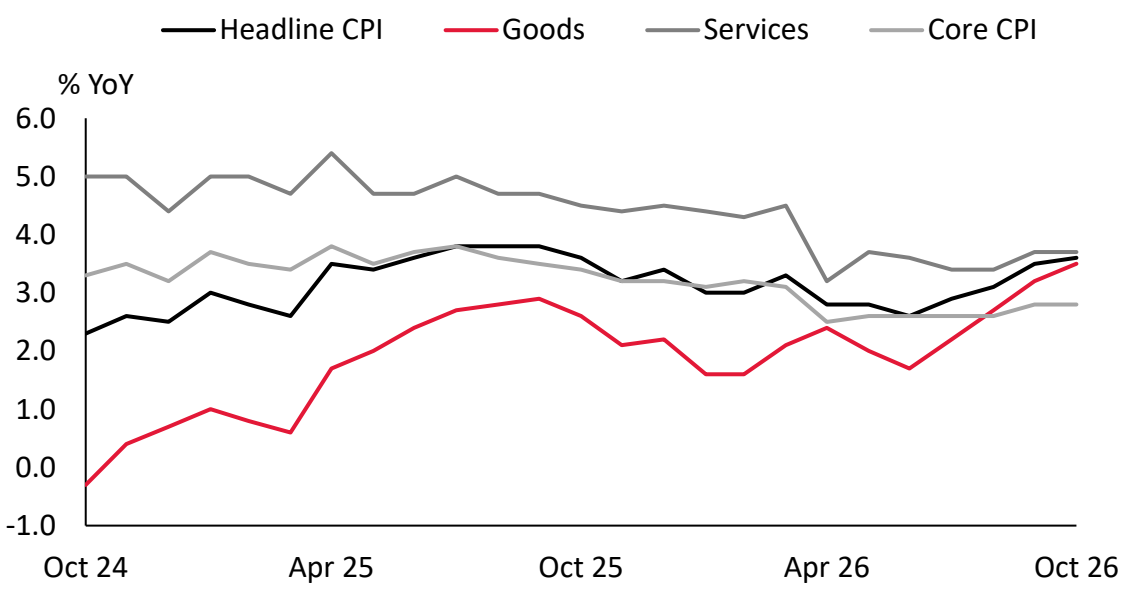
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Source: Cabinet Office, Statistics Bureau of Japan, OCBC Group Research.

United Kingdom: Goods lift CPI while core inflation holds

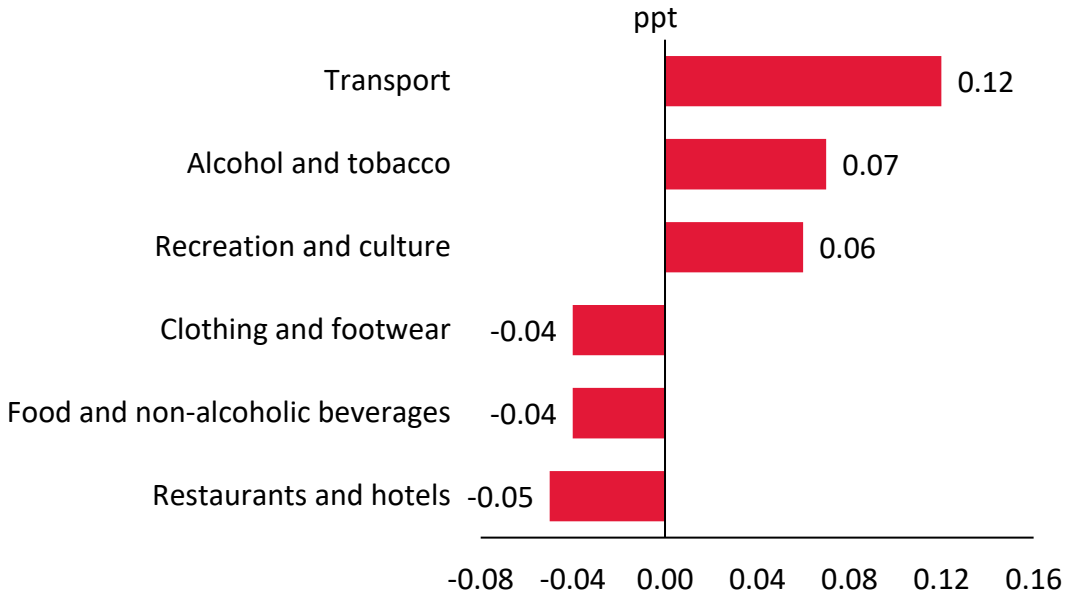
- October brought a modest renewed increase in UK inflation, with headline CPI rising to 3.6% YoY from 3.5% (+0.5% MoM).
- Goods inflation strengthened to 3.5% YoY, but services inflation remained at 3.7% and core CPI was steady at 2.8%, suggesting no broader acceleration in underlying inflation.
- The increase was also relatively concentrated, led by transport's 0.12ppt contribution to the change in annual inflation, while restaurants and hotels dragged by 0.05ppt.

Goods, services and core CPI inflation



Source: ONS, OCBC Group Research.

Drivers of the CPI rate's monthly rise

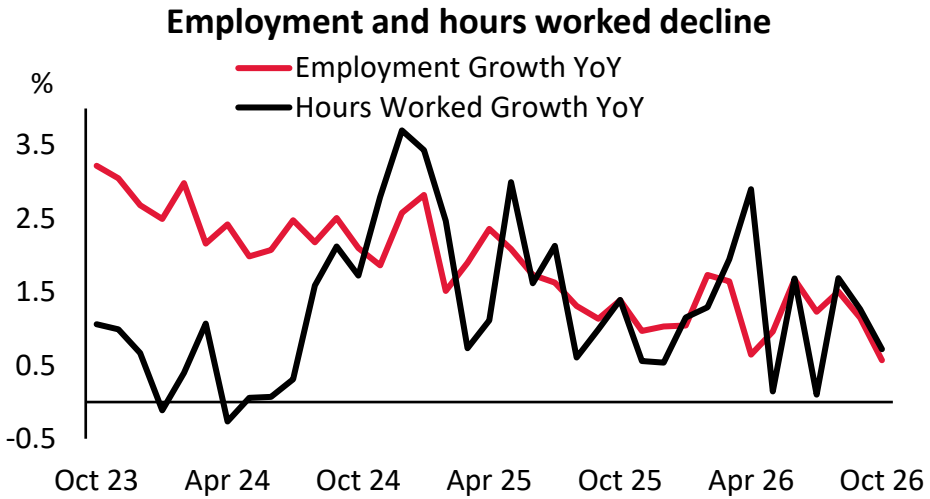


Source: ONS, OCBC Group Research.

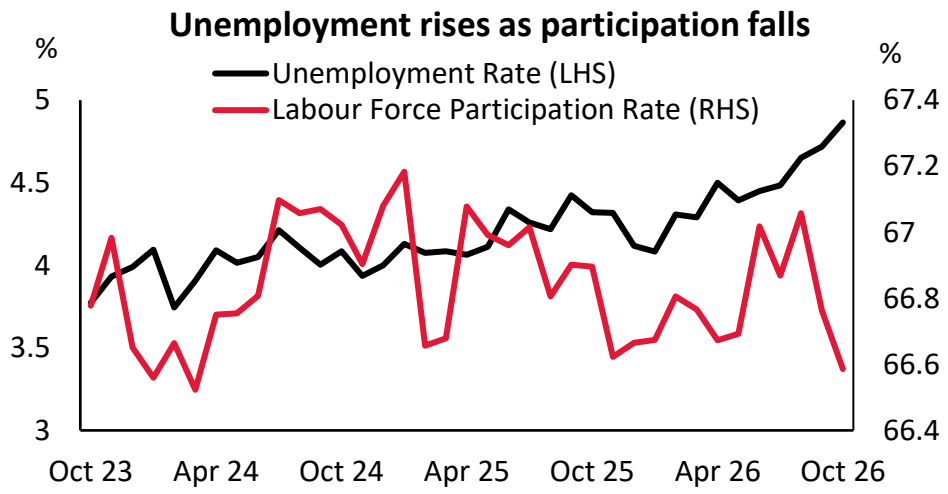
Source: ONS, OCBC Group Research.

Australia: Unemployment rises to five year high

- The seasonally adjusted unemployment rate rose to 4.9% in October from 4.7% in September, its highest level since October 2021. The total number of employed fell by 43.5k, considerably weaker than market expectations for an increase of around 25k, marking the second consecutive monthly decline.
- The decline was driven almost entirely by part-time employment, which fell by 40.6k, while full-time employment declined by 2.9k. The number of unemployed rose by 17.8k, while the youth unemployment rate increased to 11.3%, also its highest since October 2021. Meanwhile, the participation rate fell by a further 0.2ppts to 66.6%, while monthly hours worked declined by 0.2%. Overall, the weak report points to a material softening in labour market conditions, raising the risk of a more subdued period of economic growth ahead. It also suggests that the cumulative effects of higher interest rates are increasingly working their way through the economy.



Source: ABS, OCBC Group Research.

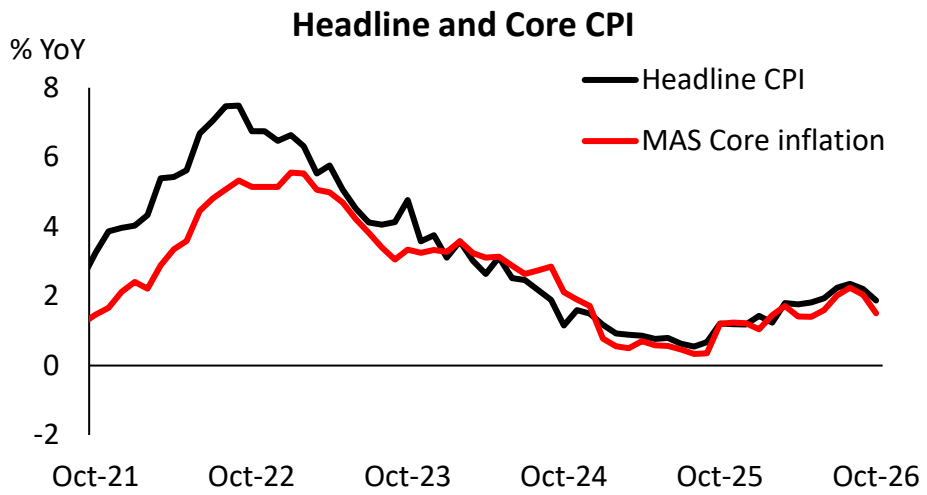


Source: ABS, OCBC Group Research.

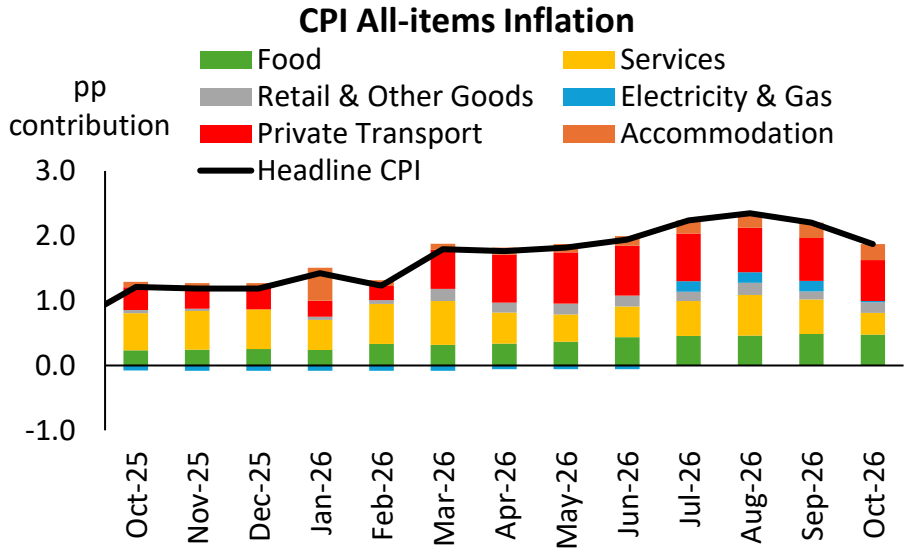
Source: ABS, OCBC Group Research.

Singapore: October inflation subsides

- October headline and core inflation subsided to 1.9% (0.3% MoM NSA) and 1.5% YoY (unchanged MoM). The main contributing factor for the pullback in headline inflation was a fall in private transport inflation, namely due to a more gradual increase in car prices.
- MAS and MTI reiterated 2026 headline and core inflation forecasts at around 2% and 1.5-2.0% respectively, and both at 1.5-2.5% in 2027. MAS and MTI reiterated that imported cost pressures are likely to remain firm in the near term, as energy commodity prices remain volatile and elevated compared to a year ago, while global and regional food prices may pick up due to costlier inputs (such as fertilizers) and adverse weather patterns (such as El Nino) which impacts food production.
- Core inflation is still tipped to pick up speed in 1Q27 before easing more discernibly from mid-2027 and inflation risks remain tilted to the upside. We expect 2027 headline and core inflation of around 1.8% and 1.9% respectively.



Source: Singstat, MAS, CEIC, OCBC Group Research.

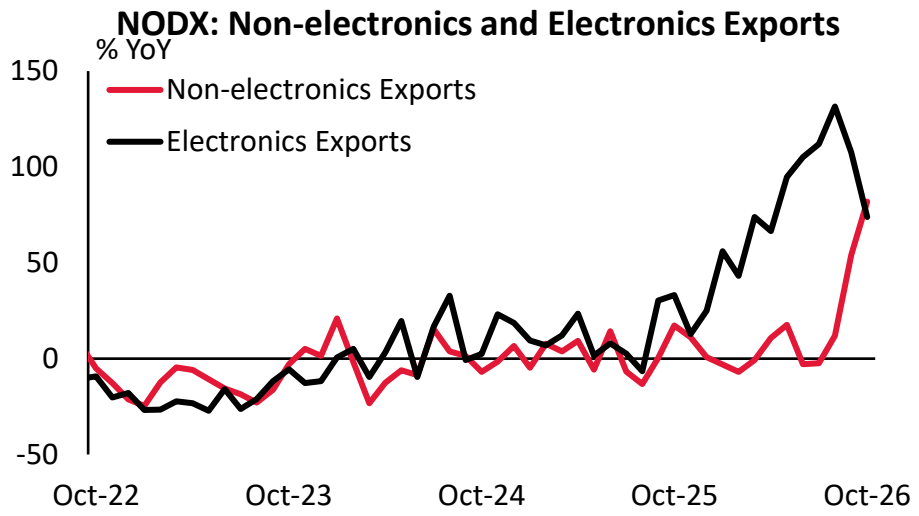


Source: Singstat, CEIC, OCBC Group Research.

Source: MAS, Singstat, CEIC, OCBC Group Research.

Singapore: Oct NODX beats expectations, but risks are emerging

- NODX surged 79.8% YoY in October, accelerating from September's revised 68.3% gain and lifting Jan-Oct growth to 33.6%. The October NODX growth is a record based on data going back to January 1976, even though electronics eased further to 73.9% YoY after peaking at 131.5% in August 2026.
- Given the Jan-Oct NODX growth is already 33.6% YoY, even allowing for base effects and some payback in November and December, the full-year 2026 NODX growth may exceed our 2026 NODX growth forecast of 20%.
- The US Commerce Department's Bureau of Industry and Security (BIS) has issued an interim final rule imposing a licensing requirement to export, re-export or transfer advanced AI chips and servers to or within Singapore, Malaysia, Thailand, Indonesia and Brazil and second a global remote-access licence to supply chips to data centres anywhere that may provide compute to firms headquartered in China, Russia, Iran and other embargoed countries. At this juncture, the impact is difficult to quantify, but higher compliance costs are likely, with heightened uncertainty in the interim period.



Source: Enterprise Singapore, CEIC, OCBC Group Research.

Source: Enterprise Singapore, CEIC, OCBC Group Research.

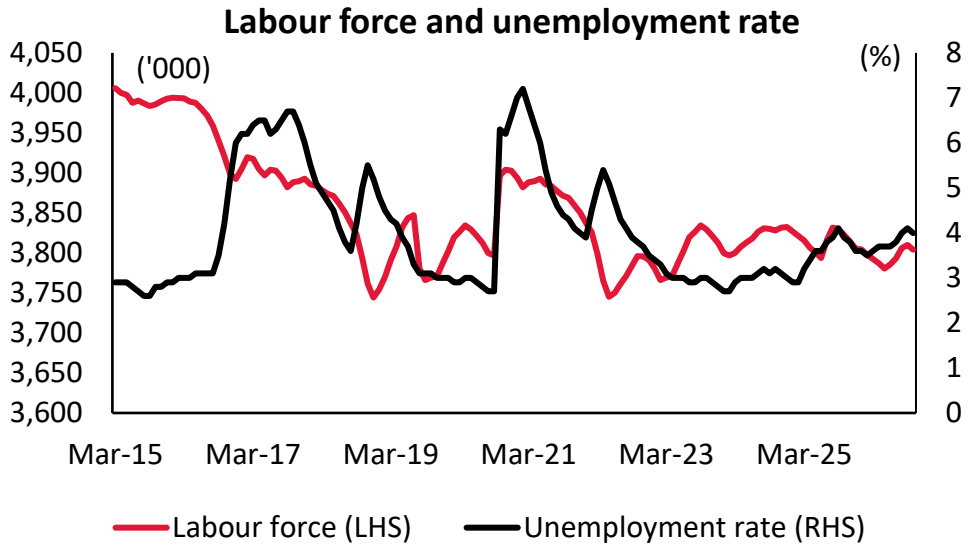
NODX to Top Markets (% YoY growth)

Top Markets^	NODX		Electronic NODX		Non-Electronic NODX	
	Sep 2026	Oct 2026	Sep 2026	Oct 2026	Sep 2026	Oct 2026
US	73.2	214.6	219.8	176.6	17.4	227.3
China	36.9	144.9	37.1	83.4	36.8	156.9
Taiwan	96.9	79.3	109.6	149.0	85.2	43.8
EU 27	11.1	90.8	258.4	160.4	-19.7	78.6
Hong Kong	112.1	65.4	58.1	6.5	183.4	234.5
Malaysia	39.5	19.5	54.1	39.0	25.0	1.3
South Korea	95.9	12.1	222.6	71.6	37.2	-6.5
Thailand	31.4	-7.9	55.8	30.6	18.9	-19.1
Indonesia	22.9	-19.0	152.9	-21.9	2.2	-18.6
India	-5.7	-35.8	99.6	70.7	-32.6	-51.9

^: Ranked by contribution to the YoY change in NODX levels over the year.

Hong Kong: Unemployment rate fell alongside labour force

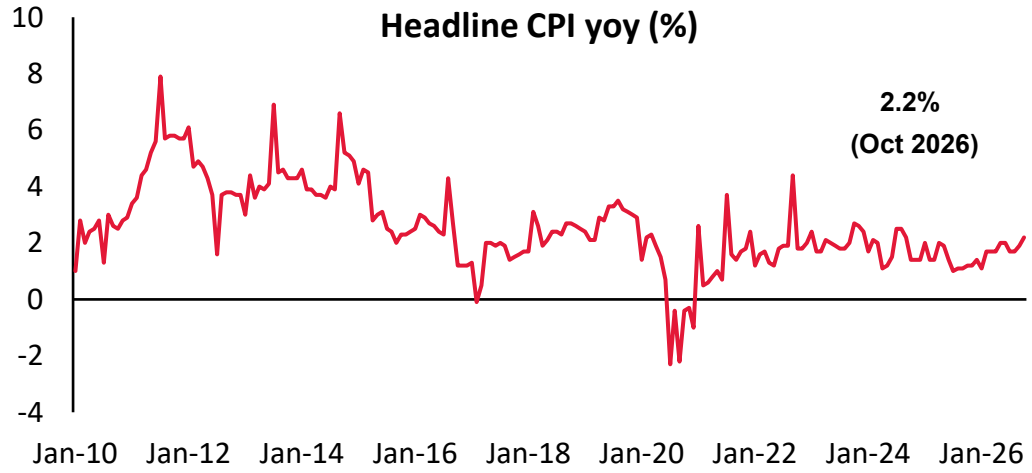
- The seasonally adjusted unemployment rate fell marginally to 3.8% in the three months ending October 26, down 0.1 percentage point from the three months ending Sep 26, while the underemployment rate was unchanged at 2.0%. Both the labour force and the number of unemployed persons declined, by 4.5k and 5.8k, respectively, suggesting that part of the fall in unemployment reflected lower labour-force participation rather than stronger labour demand.
- The unemployment rate decreased across many major sectors, with more distinct decrease observed in the food and beverage and accommodation services sector. Meanwhile, unemployment rate in the import/export, trade and wholesale sectors fell to 2.9%, the lowest since early 2025, likely supported by the robust trade activities. On the other hand, youth unemployment (20–29 age cohort) remained a key area of labour-market weakness, despite a slight improvement easing to 8.7% from a recent peak of 9.1%.
- We expect hiring conditions to remain cautious heading into early 2027, with limited scope for the unemployment rate to fall materially. We forecast the unemployment rate at 3.8% in 2026 and 3.9% in 2027 respectively.



Source: C&SD, OCBC Group Research.

Hong Kong: Inflation environment remained benign

- Headline CPI rose at a faster pace of 2.2% YoY in October (1.9% in September), mainly due to the end of the rates concession. Housing inflation accelerated to 1.4% in October (0.2% in September), while price pressures across most other categories eased somewhat. Underlying CPI inflation (netting out the effect of all government's one-off relief measures) eased to 2.0% YoY in October, from 2.1% YoY in September.
- At the component level, inflation in the “electricity, gas and water”, “miscellaneous services” and “transport” categories eased somewhat, albeit remaining elevated at 12.7% YoY, 5.0% YoY and 4.5% YoY respectively in October, with elevated energy costs and fuel surcharges continuing to contribute to price pressures in energy- and transport-related components. Inflationary pressures for “clothing and footwear” and “durable goods” accelerated modestly, though still capped at 0.5% YoY and 1.4% YoY respectively.
- Near-term inflation environment should remain benign. Given the limited pass-through from higher energy costs and the lack of material second-round inflationary effects, we forecast Hong Kong’s full-year inflation at 2.1% in 2027, not far from the estimate of 1.8% for 2026.



Source: C&SD, OCBC Group Research.

Macao: Key highlights of Policy Address

- Acknowledging uneven economic development and the still-slow pace of diversification, the Macao government's 2027 Policy Address places greater emphasis on economic diversification, capacity building and resilience. Key initiatives include establishing the Government Guidance Fund, advancing the "1+4" diversification strategy (including traditional Chinese medicine, specialised financial services and MICE), and accelerating the development of the Cooperation Zone in Hengqin. Collectively, these measures point to a stronger emphasis on broadening Macao's economic base and reducing its longer-term reliance on gaming-related activity.
- A key initiative is the MOP20bn Government Guidance Fund, which will invest in emerging industries, industrial transformation and upgrading, the commercialisation of scientific and technological achievements, and technology start-ups in Macao and Hengqin.
- The Policy Address also adopts a two-pronged strategy for tourism, aimed at diversifying the visitor base while raising tourism receipts per visitor. Airfare, hotel and cross-border transport incentives will be used to encourage international visitors to include Macao in multi-destination itineraries. Under the "Tourism+" campaign, policymakers will integrate tourism with major events, gastronomy, cultural and creative industries, sports, education and Big Health, to create greater spillovers to the broader economy.
- Overall, the 2027 policy stance appears cautious cyclically but more ambitious structurally. Despite softer growth momentum and persistent external headwinds, the government has so far refrained from putting broad-based counter-cyclical stimulus back on the table. Instead, policy is geared towards expanding Macao's supply-side capacity and potential growth through investment in new industries, deeper integration with Hengqin, human-capital development and infrastructure upgrades.



Source: OCBC Group Research.

ASEAN: New US chips controls keep region in focus

- The new US rule replaces the broad country-tier approach of the old AI Diffusion Rule with targeted controls on diversion, end-use and remote access to advanced computing.
- The controls could increasingly bifurcate ASEAN's AI-infrastructure investment cycle along ownership and end-use lines. Malaysia and Thailand appear most exposed because both combine rapidly expanding data-centre pipelines with meaningful Chinese operator or customer participation. Our top-down estimates suggest that China-linked operators account for around 34% of Malaysia's disclosed full-build capacity and 38.4% of Thailand's approved capacity. Singapore is relatively well placed to absorb the compliance burden. For Indonesia, China-linked exposure remains via Batam investments.
- The ownership mix nevertheless presents a more balanced picture than the China-linked shares alone suggest. In Malaysia, disclosed commitments and live capacity are sizeable across both China-linked and US-owned operators, limiting the risk that tighter controls derail the broader investment cycle.

Country	China-linked MW full / approved	Other MW full / approved	China-linked MW live	Other MW live	China-linked share of disclosed capacity (MW, full / approved)	China-linked share of disclosed live capacity (MW)
Thailand	814	1,307	n.a.	n.a.	38.4%	n.a.
Malaysia	1,686	3,258	220	318	34.1%	40.9%
Indonesia*	522	5,254	72	718	9.0%	9.1%
Singapore	113	1,166	53	839	8.8%	5.9%
Total	3,135	10,985	345	1,875	22.2%	15.5%

Sources: Company disclosures and press releases; DC Atlas (Nov 2026); DC Market Insights; Baxtel; BloombergNEF/DC Byte (Nov 2026); Cushman & Wakefield, Knight Frank, Savills; Thailand Board of Investment approvals; Singapore DC-CFA awards; Straits Times, Business Times, DCD. Data as of 18 Nov 2026. *Indonesia's China-linked share understates exposure: Chinese cloud providers and RangeIDC's Batam campus disclose no MW, and the total is dominated by local operators' long-dated campus maximums. China-linked operators account for about 70% of disclosed Batam capacity

Data centre capacity by operator ownership: Malaysia, Indonesia, Thailand, Singapore (full build-out, MW)					
Bucket	Malaysia	Indonesia	Thailand	Singapore	Total
China-linked	1,686	522	814	113	3,135
US hyperscaler	n.a	90	n.a	288	378
US-owned operator	1,208	533	96	437	2,274
Other identified	1,650	4,631	671	441	7,393
Not clear	400	0	540	0	940
Total	**4,944**	**5,776**	**2,121**	**1,279**	**14,120**

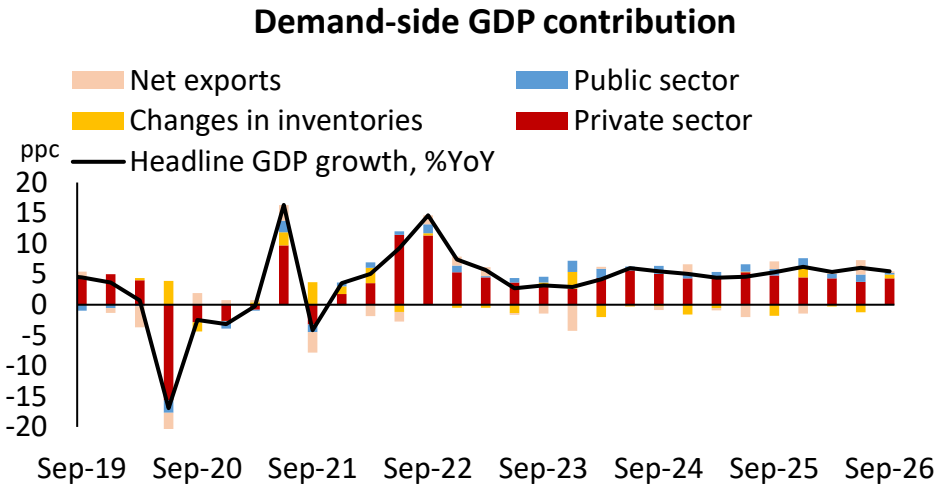
Note: Full build-out MW of server capacity at named sites (operational + committed + long-dated), each site counted 100% to one bucket by operator ownership, not equity. Sites without disclosed MW count as zero, so Chinese and US hyperscaler shares are understated. Thailand is mostly BOI approvals and excludes 136MW of Greater Bangkok live capacity.

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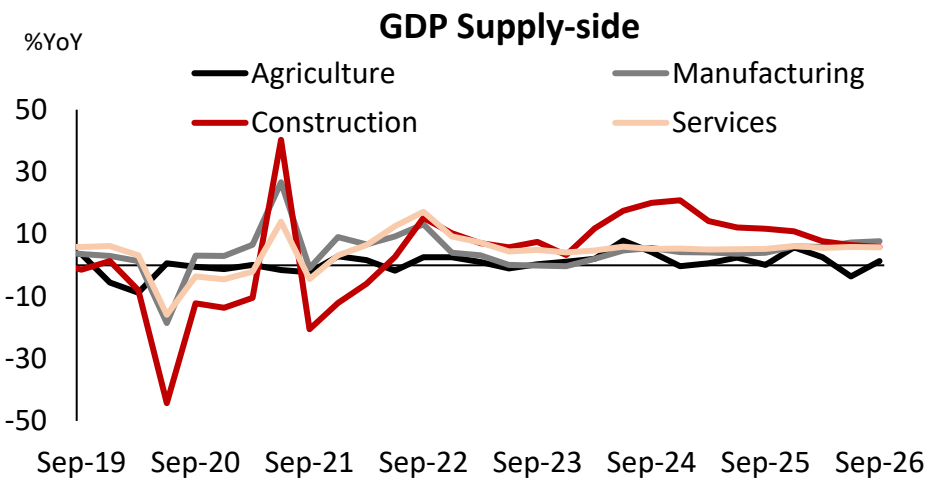
Sources: Company disclosures, DC Atlas, DC Market Insights, Cushman & Wakefield, Knight Frank, BloombergNEF/DC Byte, WireScreen, Thailand BOI; own calculations; as of 18 Nov 2026, OCBC Group Research. Note: We define China-linked operators as those with Chinese origins, ownership or anchor tenancy, including operators that are no longer Chinese-controlled.

Malaysia: Solid GDP growth in 3Q26

- GDP grew 5.5% YoY in 3Q26, in line with our expectations and slightly above consensus of 5.3%, compared to 6.0% in 2Q26. We maintain our 2026 GDP growth forecast of 5.2% and expect growth to slow to 4.8% in 2027.
- The drivers of growth were broad-based across domestic and external demand, albeit with growth rates moderating from a strong 2Q26. Household consumption (4.3% YoY from 4.8%), government consumption (1.2% from 7.6%) growth slowed in 3Q26 but remained resilient, nonetheless. Importantly, investment spending growth improved to 8.1% YoY from 4.6% in 2Q26, keeping the contribution of the private sector solid at 4.3 percentage points (pp) in 3Q26 versus 4.5pp in 2Q26, while public sector contribution reduced to 0.7pp versus 1.7pp in 2Q26. Net exports contribution shifted to +0.3pp from -1.2pp in 2Q26, with export growth improving to 25.2% YoY from 17% in 3Q26.
- On the supply-side, growth remained supported by the manufacturing (7.7% YoY from 7.3% in 2Q26), construction (5.9% versus 6.5%) and services (5.8% from 5.9%) sectors while mining output contracted 6.1% YoY from 9.2% in 2Q26.



Source: CEIC; OCBC Group Research.

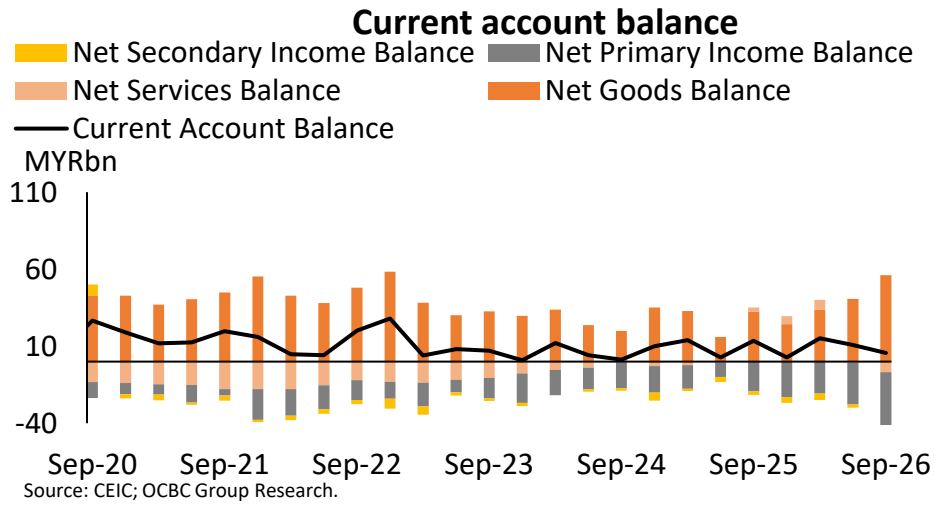


Source: CEIC; OCBC Group Research.

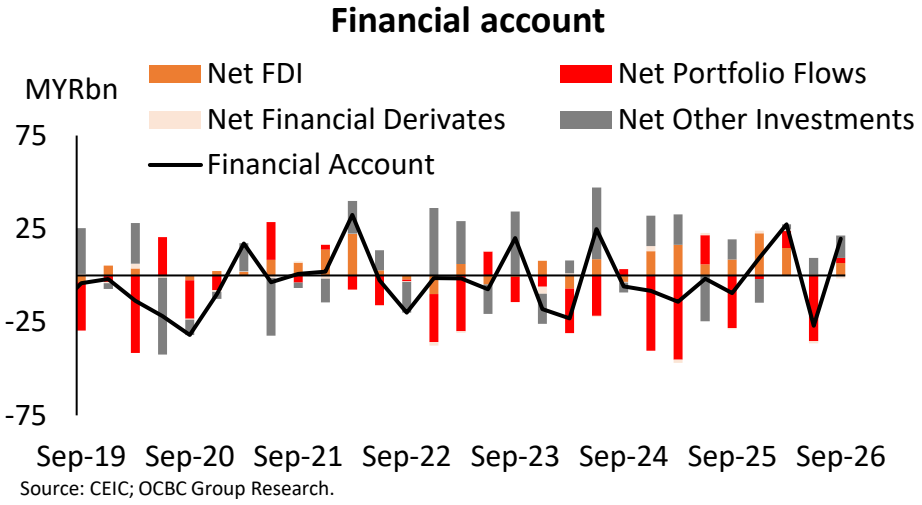
Source: DOSM, CEIC, OCBC Group Research.

Malaysia: Narrower current account surplus in 3Q26

- The current account surplus narrowed to MYR5.7bn (1.1% of GDP) in 3Q26 from MYR10.8bn (2.0% of GDP) in 2Q26. The narrowing of the current account surplus was driven by a wider services and primary income deficit of MYR6.9bn and MYR41.8bn from MYR0.7bn and MYR27.2bn, respectively. This narrower current account surplus is broadly consistent with our 2026 forecast of 2.1% of GDP.
- The capital and financial account shifted to a surplus of MYR19.4bn from a deficit of MYR27bn in 2Q26. The main turnaround was in net portfolio flows which shifted to inflows of MYR2.7bn in 3Q26 from an outflow of MYR35.2bn in 2Q26. Net FDI inflows remained strong at MYR6.7bn from MYR0.4bn in 2Q26 while net 'other investments' inflows were higher at MYR11.9bn from MYR9.0 in 2Q26. The basic balance was relatively steady at MYR12.3bn from MYR11.2bn in 2Q26.
- We reiterate our long-held view that BNM will normalise its policy rate to 3.00% at its 21 January meeting. BNM admittedly sounded more patient about the need to hike imminently reflecting the main risk to our call, which is that BNM opts for a longer runway to assess the need for normalisation.



Source: CEIC; OCBC Group Research.



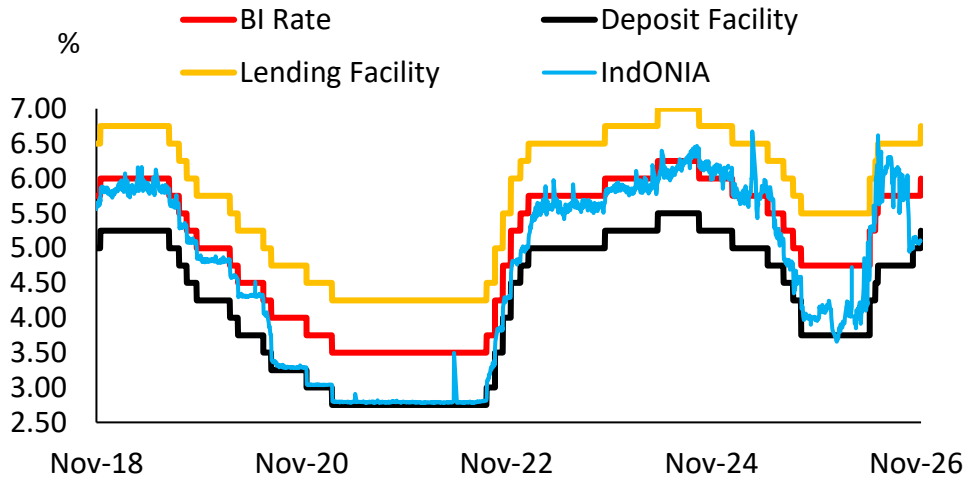
Source: CEIC; OCBC Group Research.

Source: DOSM, CEIC, OCBC Group Research.

Indonesia: A welcome 25bp hike

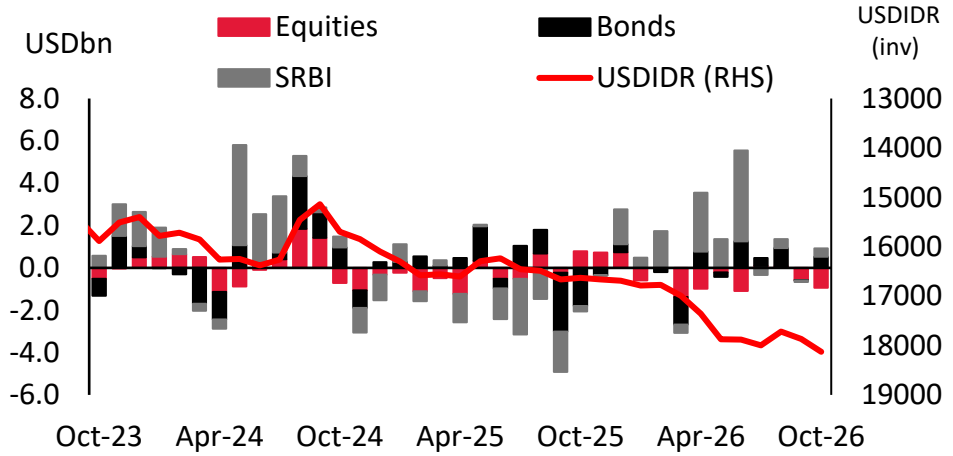
- Bank Indonesia (BI) surprised consensus and our expectations by raising its policy rate by 25bp but delivered a clearer policy outcome than at its 21 October meeting.
- BI did not close the door on further rate hikes, but further rate hikes are likely to be more measured considering BI's multiple priorities. We add another 25bp rate hike to our profile, taking the peak rate to 6.25%. The timing of this hike is likely 1Q27 unless external conditions worsen into December.
- In addition, BI further sweetened the incentives for DNDF hedging, raising the discount premium to 45% from 40% for six-month tenors and to 50% from 45% for 12-month tenors for transactions. Cross-currency repo transactions with BI will also be strengthened to support banking sector liquidity.

Indonesia: Policy corridor



Source: BI, CEIC, OCBC Group Research.

Foreign portfolio flows



Sources: BI, Bloomberg, CEIC, OCBC Group Research.

Source: BI, OJK, CEIC, OCBC Group Research.

ESG

ESG: SG steps up efforts to scale high-integrity carbon markets

- Singapore is stepping up efforts to develop high-integrity carbon markets, with several new initiatives announced at the COP31 climate summit to strengthen both the supply of and demand for carbon credits. The initiatives seek to address persistent challenges in carbon markets, where fragmented demand and limited long-term offtake commitments have made it more difficult for project developers to secure financing and bring new high-quality carbon credit supply to the market.
- These include government grant funding to help establish carbon projects in Southeast Asia, a new procurement platform for Singapore-eligible credits, and an industry coalition called the Action for a Resilient Climate Coalition that plans to procure at least 10mn tonnes of carbon credits by 2030. The coalition expects to launch its first tender in 1H27 for 1mn tonnes of nature-based credits, with aggregated corporate demand expected to provide stronger demand signals to project developers and help unlock financing for high-quality carbon projects.
- Singapore and Zambia also signed an Article 6 Implementation Agreement on carbon credits collaboration at COP31, marking Singapore's 14th such agreement and fourth with an African nation after Ghana, Kenya and Rwanda. Under Singapore's carbon tax framework, Singapore companies can support high-quality carbon projects in Zambia, helping channel private capital towards emissions reductions, with a share of proceeds supporting climate adaptation in local communities.

Source: METI, The Straits Times, OCBC Group Research.

FX & Rates

FX & Rates: From Rates to Growth

- From Rates to Growth: Volatility has shifted from rates to growth, as AI de-risking hits equities, EM carry and metals. Fed risks should keep the USD supported near term. A broader USD turn lower and greater JPY hedge appeal remain a late-2027 story.
- Aussie Loses Rate Support: Cooling jobs data suggest the RBA is likely done tightening, reducing a key source of AUD support. Improving risk appetite may offer some relief, but we see limited upside and favour further AUDNZD downside.
- RMB recovered from a one-month low on reported corporate FX conversion. Year-end demand may offer support, although elevated US yields could constrain gains; measured appreciation remains our preferred path.
- Further tightening of Taiwan's short-selling restrictions may offer TWD some respite, but sustained recovery hinges on stabilising technology shares and easing foreign equity selling.

Source: OCBC Group Research.

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