

A photograph of the OCBC building, a tall, modern skyscraper with a curved facade and many windows, set against a backdrop of a dense city skyline at sunset. The building is the central focus of the image.

Weekly Macro Views (WMV)

OCBC Group Research

26 October 2026

Weekly Macro Update

Key global data for this week:

26 Oct	27 Oct	28 Oct	29 Oct	30 Oct
JN: Leading Index CI SI: Industrial Production YoY, Industrial Production SA MoM TH: Customs Exports YoY, Customs Imports YoY US: Chicago Fed Nat Activity Index, Dallas Fed Manf. Activity	EC: M3 Money Supply YoY SK: Consumer Confidence, GDP SA QoQ, GDP YoY US: Durable Goods Orders, Durables Ex Transportation, Richmond Fed Manufact. Index, New Home Sales	AU: CPI YoY, CPI Trimmed Mean QoQ, CPI Trimmed Mean YoY, CPI QoQ IN: Industrial Production YoY NZ: RBNZ Official Cash Rate TH: BoT Benchmark Interest Rate US: MBA Mortgage Applications	EC: ECB Deposit Facility Rate, ECB Main Refinancing Rate, ECB Marginal Lending Facility UK: Mortgage Approvals US: FOMC Rate Decision (Upper Bound), FOMC Rate Decision (Lower Bound), Initial Jobless Claims, GDP Annualized QoQ	EC: GDP SA QoQ, GDP SA YoY JN: BOJ Target Rate, Tokyo CPI Ex-Fresh Food YoY, Jobless Rate, Industrial Production MoM SK: Industrial Production YoY TA: GDP YoY TH: BoP Current Account Balance

Summary of Macro Views:

Global	US-Iran: Tensions escalate despite electoral constraints US-Russia & Ukraine: Another attempt at peace UK and Japan: Annual inflation rose in September
Asia	SG: September inflation edged lower SG: Industrial production growth slows in September

Asia	ID: Bank Indonesia fires many bullets PH: BSP raises its policy rate by a jumbo 50bp TH: Customs export growth remains robust
Asset Class	ESG: Singapore remains resilient amid gas supply risks FX & Rates: AI Tests the Dollar

Global: Central Banks

Forecast – Key Rates

Bank of Thailand (BoT)



Wednesday, 28th Oct

House Views

Benchmark Interest Rate

Likely **hold** at **1.00%**

Bank of Canada (BoC)



Wednesday, 28th Oct

House Views

Policy Interest Rate

Likely **hike** by **25 bps**
from **2.25%** to **2.50%**

Reserve Bank of New Zealand
(RBNZ)



Wednesday, 28th Oct

Cash Rate

Likely **hike** by **25 bps**
from **2.75%** to **3.00%**

Global: Central Banks

Forecast – Key Rates

Federal Open Market Committee
(FOMC)



Thursday, 29th Oct

European Central Bank (ECB)



Thursday, 29th Oct

Bank of Japan (BoJ)



Friday, 30th Oct

House Views

Fed Funds Target Rate

Likely **hold** at **3.75% - 4.00%**

Deposit Facility Rate

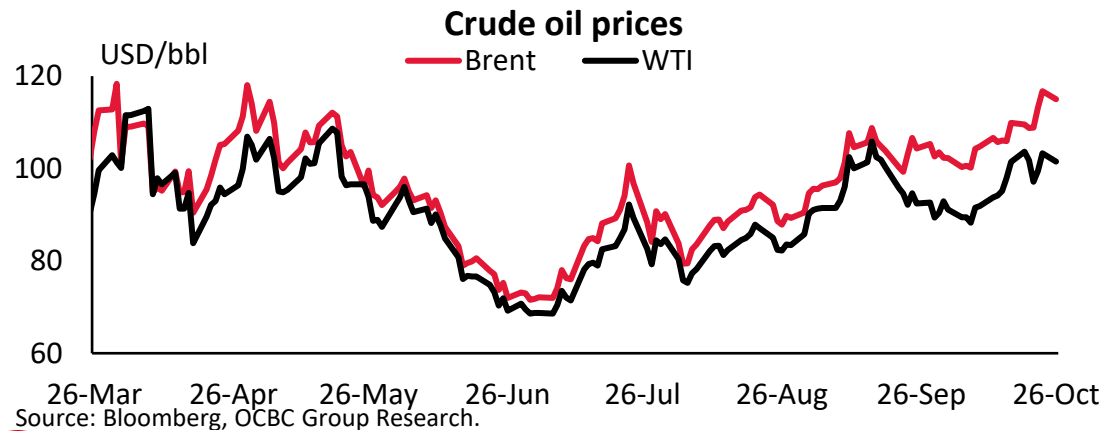
Likely **hold** at **2.50%**

Policy Rate

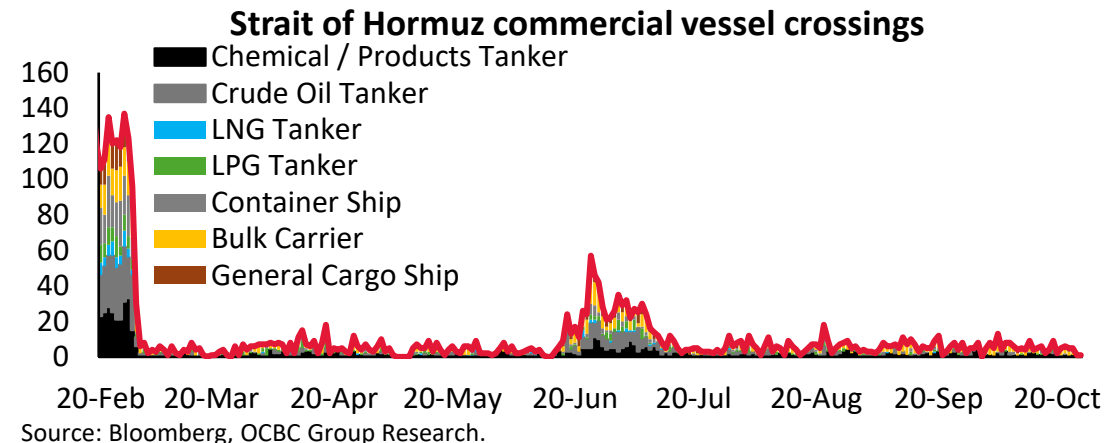
Likely **hold** at **1.25%**

US-Iran: Tensions escalate despite electoral constraints

- The US has ordered non-emergency personnel and their families to leave Saudi Arabia as Houthi attacks intensify, including a growing number of strikes on civilian targets. US Defence Secretary Pete Hegseth met Prime Minister Benjamin Netanyahu to discuss potential new military operations, which could target Iran's energy infrastructure, nuclear facilities, and missile and drone capabilities. In the aftermath, President Trump warned that another "little Epic Fury" may be possible and indicated he is weighing a rapid military resolution against a more gradual winding down of the conflict. Meanwhile, Iran has threatened to expand attacks to data centres and undersea communications cables and has reportedly sought to prolong negotiations ahead of the US midterm elections.
- The developments come as Trump's approval rating has fallen to an all-time low ahead of the elections. PM Netanyahu also faces mounting political pressure with Israel's 27 October election, potentially reducing both leaders' room for compromise and increasing incentives to project strength. On another note, despite ship attacks in the Strait of Hormuz reaching an all time high in October, Middle East oil flow has recovered to near pre-war levels according to Kpler.



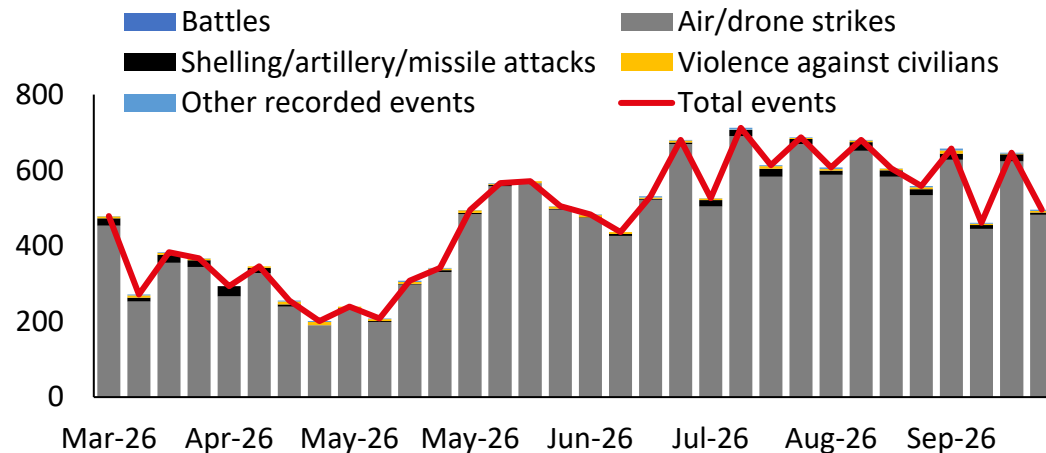
Source: ABC, CNBC, Reuters, Bloomberg, OCBC Group Research.



US-Russia & Ukraine: Another attempt at peace

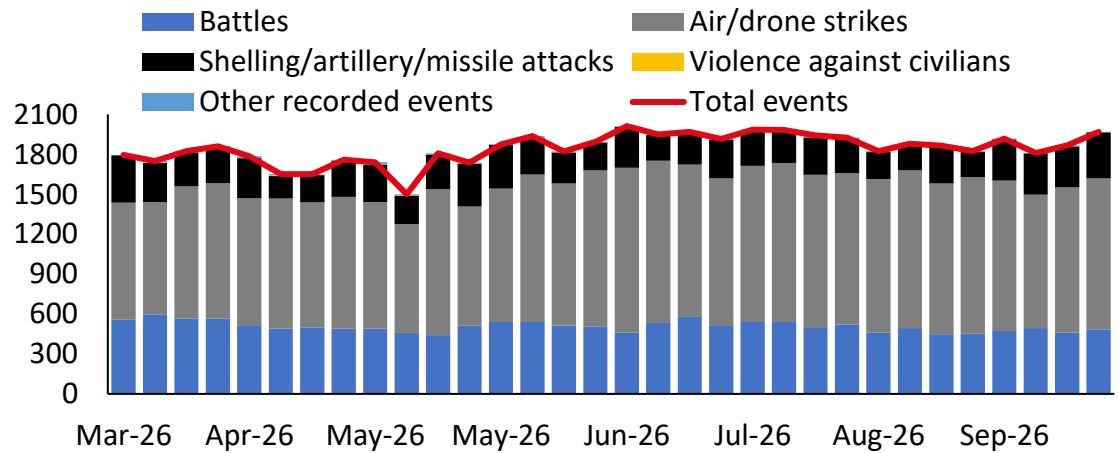
- Ukraine and Russia have agreed to hold US mediated technical-level peace talks in Abu Dhabi or Switzerland in the first half of November, potentially followed by a leaders' summit. President Zelenskyy said Kyiv could discuss a full ceasefire or narrower energy and maritime agreements. Ukraine is seeking strong security guarantees, European involvement and ten years of funding for its military. Separately, the US brokered a ceasefire in Oleshky with both nations agreeing to temporarily stop all military action to allow for humanitarian aid to enter.
- Diplomatic progress contrasts with continued US-Ukraine strains and battlefield attacks. Although US intelligence warnings resumed, Kyiv said Starlink restrictions and delayed air-defence interceptors weakened its ability to counter Russian attacks. President Zelenskyy also criticized Washington's easing of Russian sanctions. Starlink services were restored on 24 October, but Russia continued striking Ukrainian civilian and energy infrastructure, showing that renewed talks have yet to deliver wider de-escalation.

Attacks on Russia



Source: ACLED, OCBC Group Research.

Attacks on Ukraine



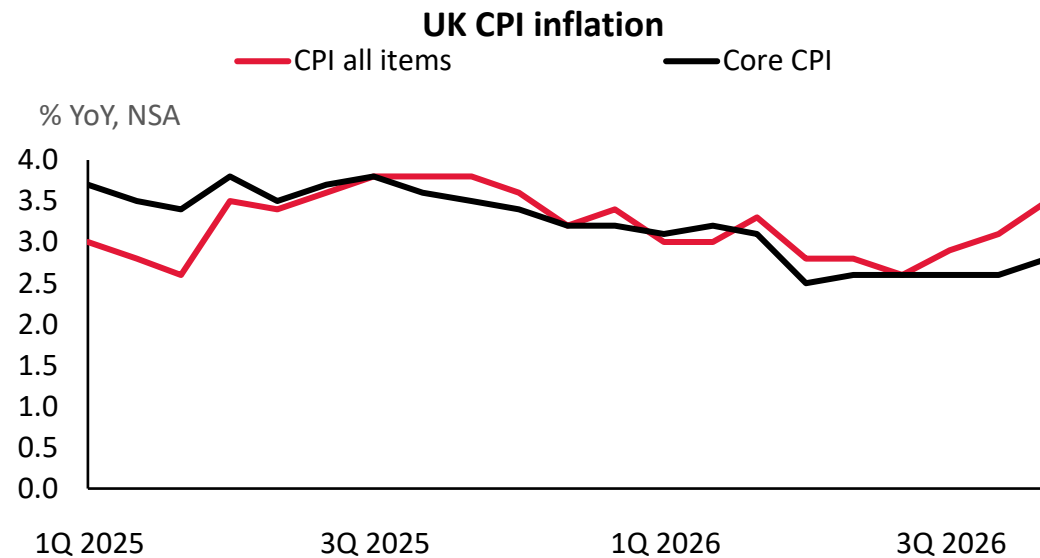
Source: ACLED, OCBC Group Research.



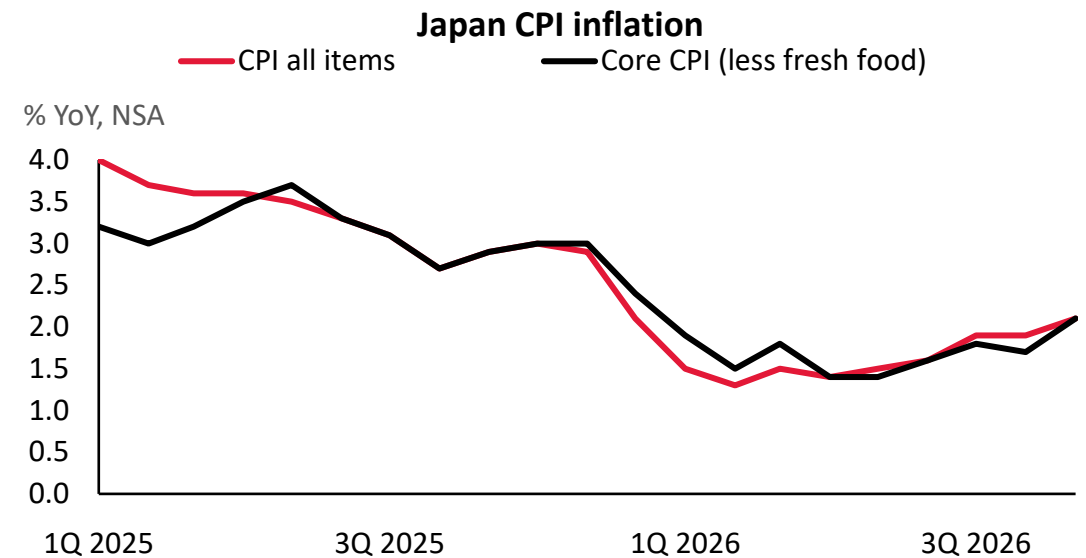
Source: ACLED, CNBC, Reuters, OCBC Group Research.

UK and Japan: Annual inflation rose in September

- UK CPI inflation rose to 3.5% YoY in September from 3.1% YoY in August, above the 3.4% YoY consensus. Core CPI rose to 2.8% YoY from 2.6% YoY, while services CPI rose to 3.7% YoY from 3.4% YoY.
- Japan's headline CPI inflation rose to 2.1% YoY in September from 1.9% YoY in August. Core CPI, which excludes fresh food, rose to 2.1% YoY from 1.7% YoY, in line with consensus.
- Japan's CPI excluding fresh food and energy rose to 2.4% YoY in September from 1.9% YoY in August. Accommodation charges and the end of a Tokyo water fee waiver raised September's YoY rate by up to an estimated 0.2 percentage points.



Source: ONS, LSEG, OCBC Group Research.



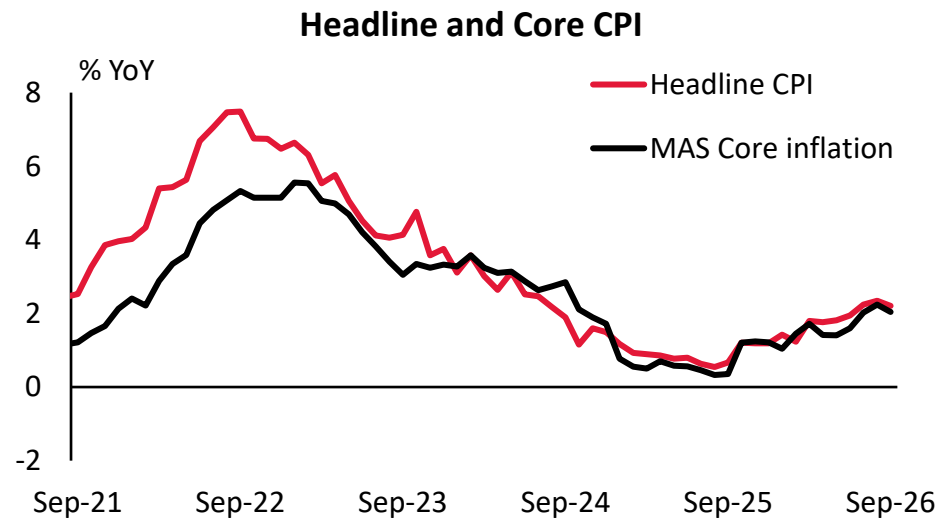
Source: Statistics Bureau of Japan, LSEG, OCBC Group Research.



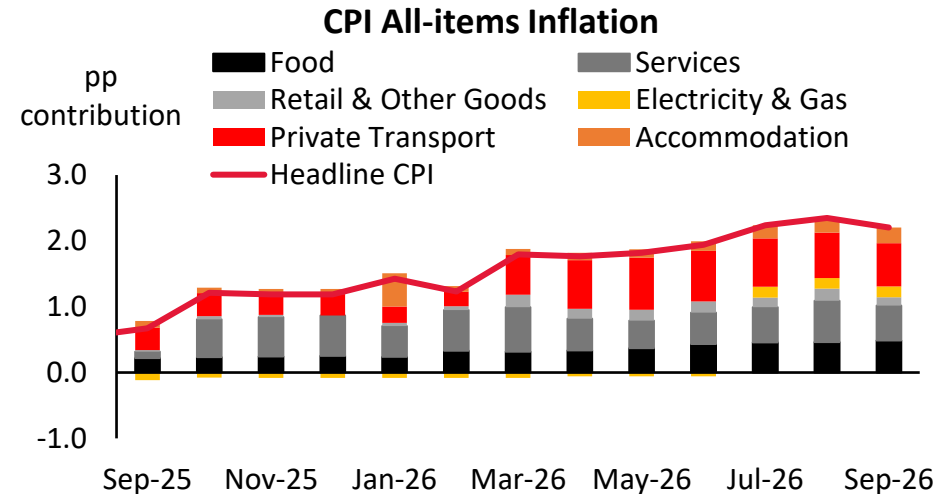
Source: ONS, Statistics Bureau of Japan, LSEG, OCBC Group Research.

Singapore: September inflation edged lower

- Headline and core inflation eased to 2.2% YoY and 2.0% YoY, respectively, in September from 2.3% and 2.2% in August. Both readings were below consensus forecasts of 2.4% and 2.3%, respectively.
- The moderation was driven by softer services and retail inflation, while private transport inflation eased to 7.1% from 7.5% in August amid slower car price increases. Nevertheless, electricity and gas inflation remained elevated at 8.7%, while food inflation edged higher to 2.4%. MAS expects core inflation to “remain slightly elevated in the immediate quarters, before easing more discernibly from mid-2027.”
- MAS and METI stated that “a sharp and sustained surge in global energy or food prices could lift Singapore’s import costs by more than projected”. MAS’s full year forecast range remains at 1.5-2.0% in 2026 and 1.5-2.5% in 2027. Our 2026 headline and core inflation remains at 2.0% and 1.8%, respectively.



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



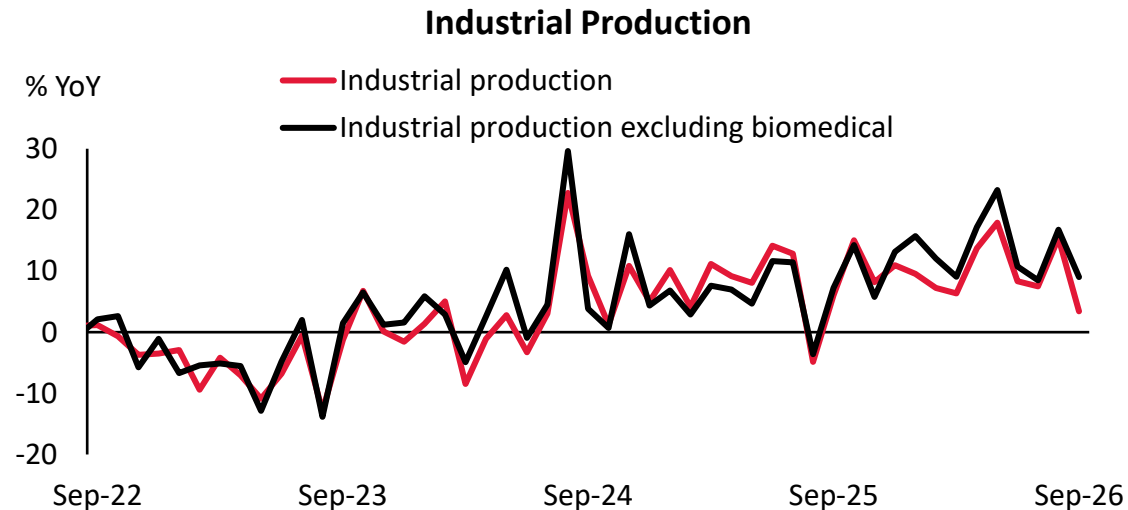
Source: Singstat, CEIC, OCBC Group Research.



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

Singapore: Industrial production moderated more than expected

- September industrial production rose 3.4% YoY but contracted 3.9% MoM sa, which is a moderation from the exceptional 15.4% YoY (-1.0% MoM sa) seen in August. The September print was dragged down by biomedical (-32.8% YoY), attributable to pharmaceutical (-65.9% YoY due to a different API production mix), which were the weakest showing since May 2024 and August 2025, respectively.
- Precision engineering overtook electronics as the main growth engine in September. The cluster expanded 31.0% YoY, only slightly slower than August's 33.0%, as machinery & systems benefited from higher production of semiconductor equipment.
- The advance 3Q26 GDP growth estimate is still likely to be revised higher from 5.4% YoY (1.1% QoQ sa) to 5.6% YoY (1.1% QoQ sa) as the advance manufacturing growth estimate was 7.5% YoY, but the September IP actually brings the revised 3Q manufacturing growth to 8.5% YoY ceteris paribus. Our full-year growth forecast remains at least 5.5% YoY.



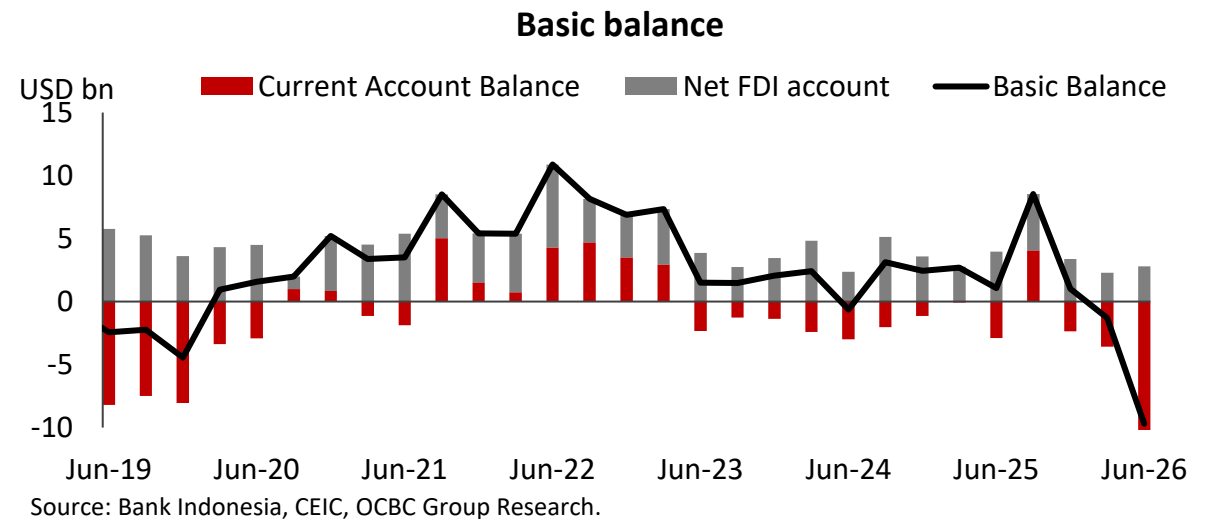
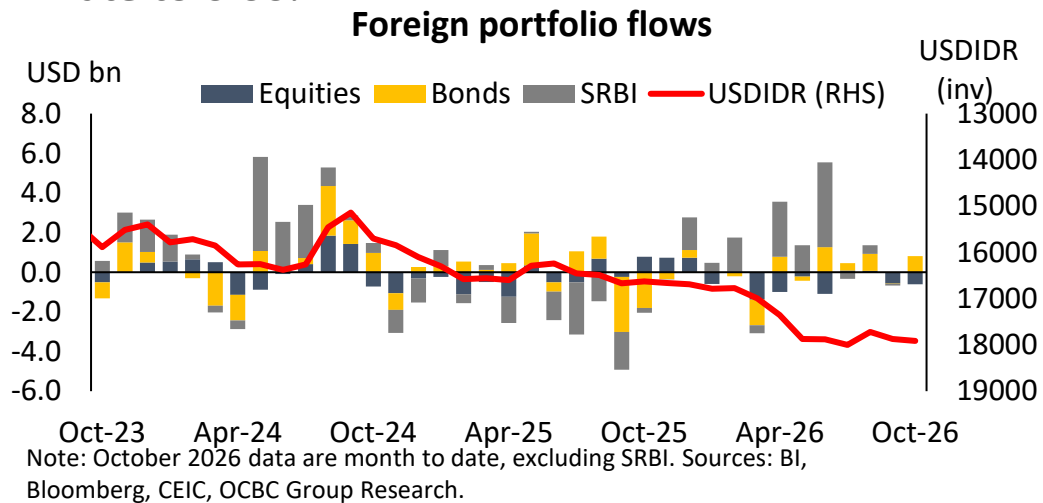
Source: EDB, CEIC, OCBC Group Research.



Source: EDB, CEIC, OCBC Group Research.

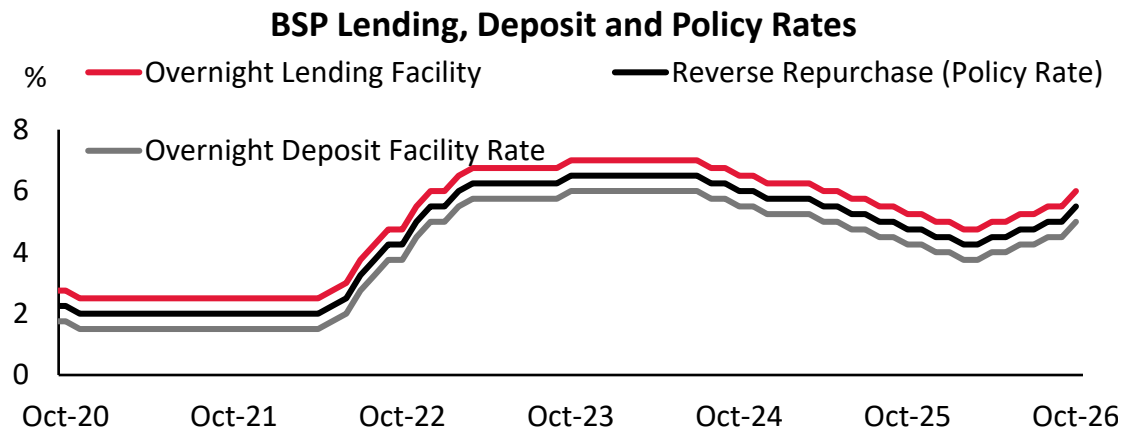
Indonesia: Bank Indonesia fires many bullets

- BI made a host of announcements in its October meeting with wide-ranging implications. First, it kept the policy rate unchanged but raised the deposit facility rate by 25bp to 5.00%. Second, BI cut the reserve requirement ratio to 8% from 9%, effective from 1 November, and further to 7%, effective from 1 December. BI also extended the down-payment incentives for property and vehicle financing until end-2027. Lastly, BI raised the incentives for DNDF transactions from 25% to 40% for a six-month tenor and from 30% to 45% for a 12-month tenor.
- The measures announced underscore BI's reluctance to raise the policy rate, with capital flow measures remaining its preferred tool, in our view. BI remained largely non-committal about the future path of the policy rate.
- We continue, however, to argue that capital flow measures do not preclude rate hikes. Rising inflationary pressures, a widening current account deficit, building external pressures and reliance on capital inflows to finance the balance of payments support our view that BI will deliver one more 25bp hike by end-2027, taking the policy rate to 6.00%.



Philippines: BSP raises its policy rate by a jumbo 50bp

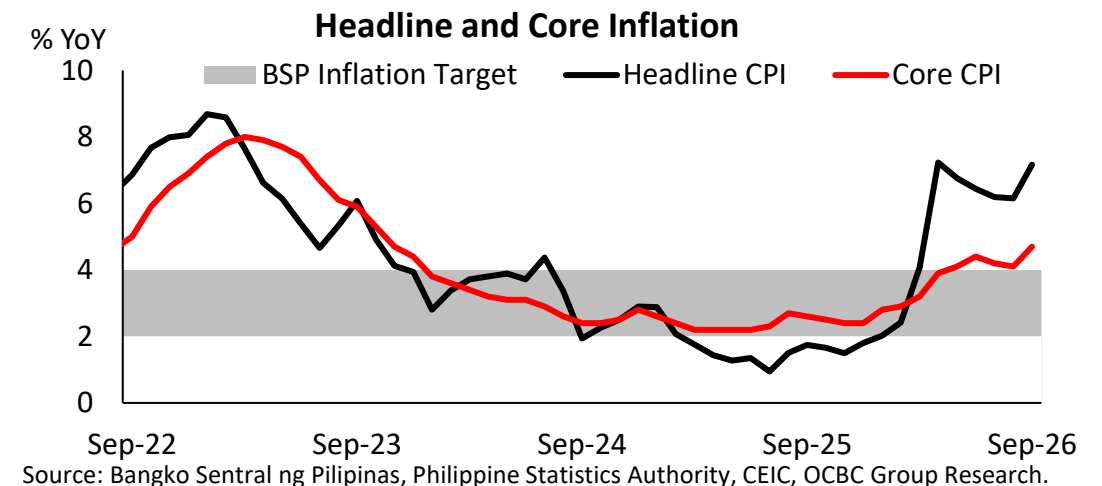
- Bangko Sentral ng Pilipinas (BSP) raised its policy rate by a jumbo 50bp, taking the overnight borrowing rate to 5.50%. BSP noted that it saw the need for a strong policy response to make monetary conditions appropriately restrictive. The decision is aimed at containing second-round effects from higher input prices.
- Importantly, the BSP assesses that inflation will accelerate in the coming months. The BSP maintained its 2026 headline CPI forecast at 6.1%, which implies higher inflation in 4Q26 compared with the 5.4% average in 1Q-3Q26. For 2027, the BSP revised its headline CPI forecast higher to 6.0% from 5.4% previously, while forecasting a return of average headline CPI to 3.3% in 2028 (unchanged from previously).
- We had expected the BSP to follow through with one more 25bp rate hike at its December meeting, but the move today reduces the need for additional follow-through, although the BSP will likely keep the door open for further hikes and remain data-dependent. Our baseline for now is for BSP to keep its policy rate unchanged at 5.50% at its December meeting.



Source: Bangko Sentral ng Pilipinas, CEIC, OCBC Group Research.

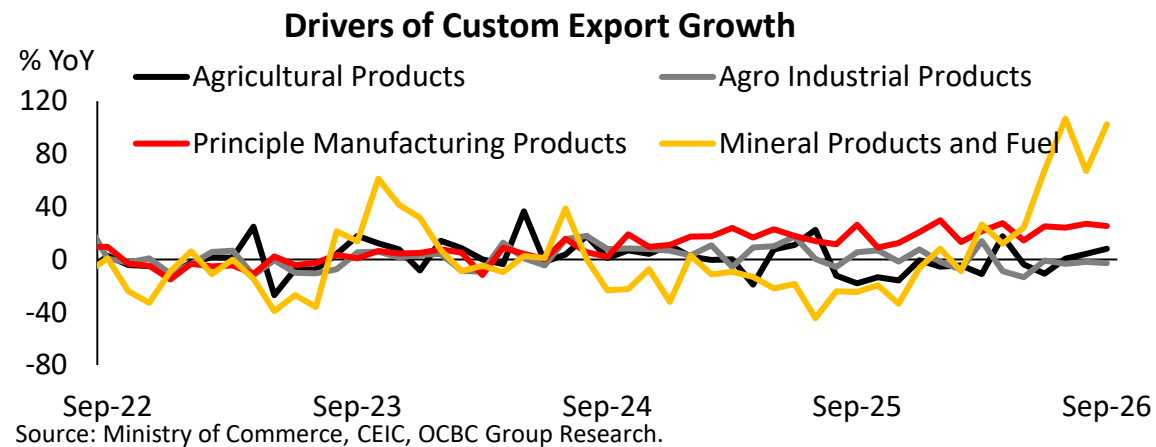


Source: Bangko Sentral ng Pilipinas, Philippine Statistics Authority, CEIC, OCBC Group Research.

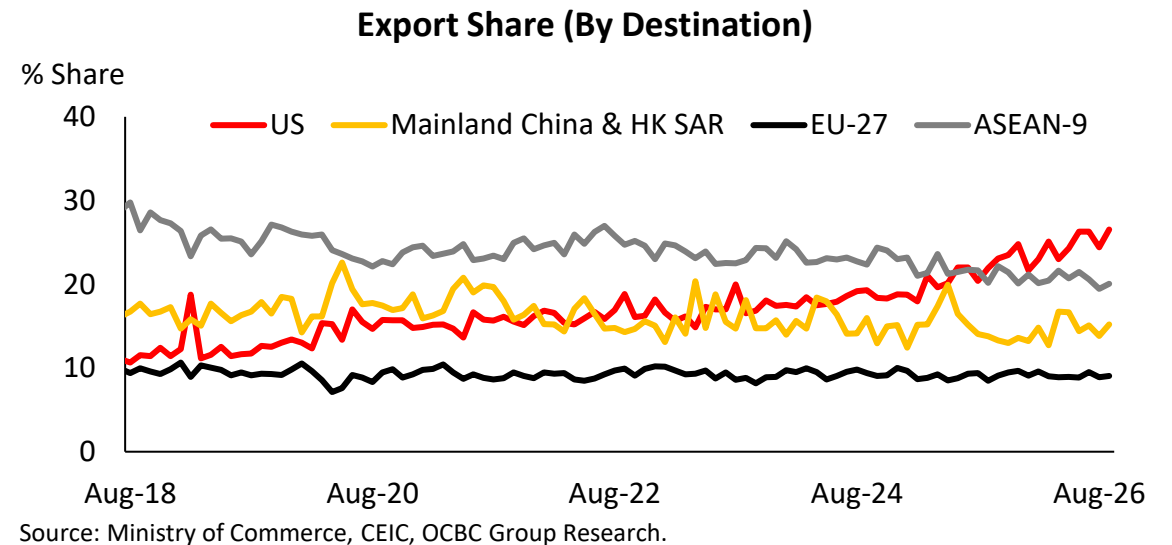


Thailand: Customs export growth remains robust

- September customs export growth remained robust at 24.0% YoY in September, broadly unchanged from 24.3% in August. Meanwhile, import growth surged to 50.4% YoY from 25.1% in the previous month. Consequently, the customs trade deficit widened to USD5.9bn in September from USD2.5bn in August.
- On the export front, higher shipments of 'agricultural products' (8.1% YoY from 4.2%) and 'mineral products and fuel' (102.4% from 67.1%) more than offset the decline in shipments of 'agro industrial products' (-2.7% from -1.9%). Meanwhile, exports of 'principal manufacturing products' remained robust at 25.4% YoY, albeit easing slightly from 27.1% in August. By destination, front-loading of exports to the US remained strong, rising by 50.1% YoY from 48.7% in the August, marking the 22nd consecutive month of double-digit growth.
- In the first nine months of 2026, customs exports grew by 19.5% YoY, compared with 13.1% for full-year 2025, supported by strong global demand for electronics. The Ministry of Commerce revised up its 2026 export growth forecast from 15% to 19% and anticipates exports growth of 2-4% in 2027.



Source: Ministry of Commerce, CEIC, OCBC Group Research.



ESG



ESG: Singapore remains resilient amid gas supply risks

- Indonesia began reducing natural gas exports to Singapore on 24 Oct to prioritise its domestic electricity needs, amid efforts to secure sufficient gas supply for the domestic market and power sector in a more uncertain operating environment.
- Singapore's Energy Market Authority said the reduction amounts to less than 2% of Singapore's daily gas demand. The cuts are unlikely to materially affect electricity prices in the short term, according to Minister for Energy, Trade and Industry (Energy and Industry) Tan See Leng, who reassured that Singapore has multiple layers of defence in place. Singapore's power generation companies are required to maintain sufficient diesel reserves to guard against a larger disruption of gas supplies, with a standby liquefied natural gas facility also in place.
- Nonetheless, this underscores Singapore's exposure to imported fuels and how shifts in supplier countries' domestic energy needs can affect cross-border energy flows. This reinforces the importance of diversifying both energy sources and supply routes, while strengthening system resilience against external disruptions. Singapore is actively exploring alternative energy sources to diversify its energy mix beyond natural gas, including biomethane, geothermal and solar, while also studying the potential use of nuclear energy.

FX & Rates



FX & Rates : AI Tests the Dollar

- AI Tests the Dollar: AI remains a net USD tailwind, but recent jitters show the relationship now cuts both ways. US-led risk-off favours JPY, while renewed energy risks offer cleaner support for CAD and NOK
- Europe's Uneasy Trade-Off: Softer euro-area growth, energy pressures and persistent French fiscal stress could constrain ECB tightening expectations. Firmer UK momentum leaves GBP better placed against EUR, while lingering French political risk could also sustain safe-haven demand for CHF
- TWD remained under pressure amid continued foreign equity selling and fund outflows, despite strong export orders. A more sustained TWD recovery likely requires an improvement in foreign equity flows and global tech sentiment.
- IDR traded modestly softer. MSCI-related uncertainty continued to weigh on sentiment. BI's policy measures may help contain volatility, but investor confidence remains a concern.
- MYR traded sideways but remained relatively resilient amid regional FX volatility. Strong September exports and a widening trade surplus reinforced supportive fundamentals, although actual FX conversion flows remain important for sustaining MYR appreciation.
- USDSGD drifted lower alongside USD and US Treasury yields before paring losses on Friday. Near-term direction remains sensitive to USD, yields and RMB, with this week's FOMC meeting a key event to watch.

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