Weekly Macro Views (WMV)

Global Markets Research & Strategy

27 October 2025

Weekly Macro Update

Key Global Data for this week:

27 Oct	28 Oct	29 Oct	30 Oct	31 Oct
• **CH** Industrial Profits YoY • **HK** Trade Balance HKD • **JN** PPI Services YoY • **TH** Customs Trade Balance • **US** Dallas Fed Manf. Activity • **US** Durable Goods Orders	• **IN** Industrial Production YoY • **SK** GDP YoY • **SK** Consumer Confidence • **US** Dallas Fed Services Activity • **US** Conf. Board Consumer Confidence	• **AU** CPI YoY • **CA** Bank of Canada Rate Decision • **JN** Consumer Confidence Index • **SK** Retail Sales YoY • **US** Wholesale Inventories MoM	• **EC** ECB Deposit Facility Rate • **EC** GDP SA QoQ • **JN** BOJ Target Rate • **PH** Trade Balance • **US** FOMC Rate Decision • **US** Core PCE Price Index QoQ	• **CH** Manufacturing PMI • **EC** CPI YoY • **HK** GDP YoY • **JN** Tokyo CPI YoY • **SK** Industrial Production YoY • **TH** Trade Balance • **US** PCE Price Index YoY

Summary of Macro Views:

Global	• **US:** Inflation edges higher • **US:** CPI gives the greenlight for an October cut
Asia	• **SG:** Headline and core inflation ticked up to 0.7% and 0.4% • **SG:** Industrial production surprised with red-hot growth • **CH:** New social and development goals • **CH:** Escalate to de-escalate • **HK:** Low inflation environment persisted

Asia	• **ID:** BI kept policy rates unchanged • **MY:** Higher headline CPI in September • **TH:** Strong customs trade data
Asset Class	• **Commodities:** Higher oil prices • **ESG:** Development banks stepping up to support ASEAN power grid • **FX & Rates:** October FOMC cut in the price • **FX & Rates:** Timeline for ending QT is another focus

OCBC

Global: Central Banks

Forecast – Key Rates

Bank of Canada (BoC)	Federal Open Market Committee (FOMC)	European Central Bank (ECB)	Bank of Japan (BOJ)
Wednesday, 29th October	**Thursday, 30th October**	**Thursday, 30th October**	**Thursday, 30th October**

House Views

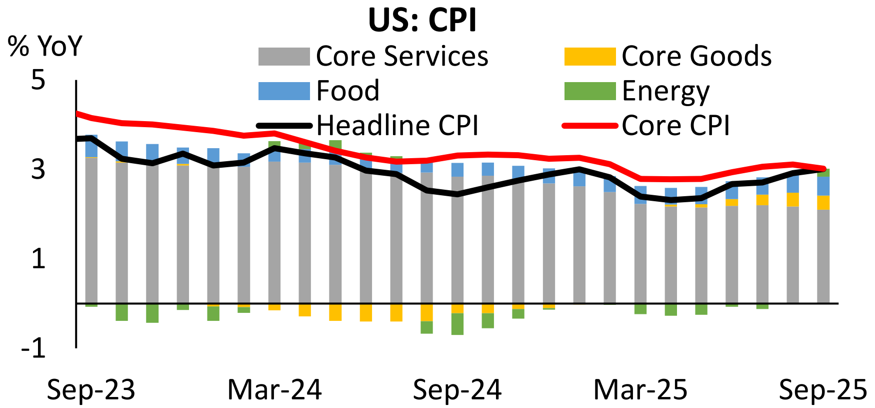
Policy Interest Rate	*Fed Funds Target Rate*	*Deposit Facility Rate*	*Target Rate*
Likely *cut* by 25bps from 2.50% to 2.25%	**Likely *cut* by 25bps from 4.00% - 4.25% to 3.75% - 4.00%.**	**Likely *hold* at 2.00%**	**Likely *hike* by 25bps from 0.50% to 0.75%**

OCBC

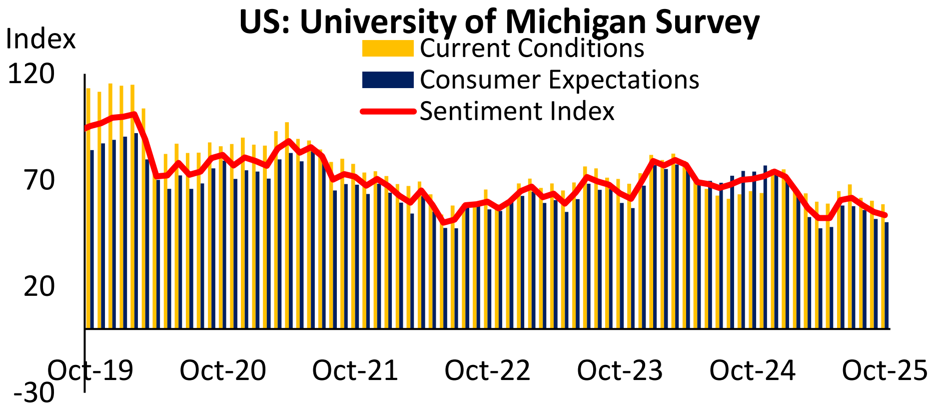
US: Inflation edges higher

- Headline inflation edged up to 3.0% YoY (0.3% MoM) in September from 2.9% in August, but below consensus expectations of 3.1%. Core inflation dipped slightly to 3.0% YoY (0.2% MoM), from 3.1% in August. According to the BLS, energy prices rose 2.8% YoY (Aug: 0.2%), led by fuel oil (4.1%) and utility gas (11.7%). This was offset by easing prices in food, used cars and trucks, and transportation services, which eased to 3.1% YoY, 5.1% and 2.5% from 3.2%, 6% and 3.5% in August. The data release was initially delayed from its original publication date of 15 October due to the US government shutdown that began on 1 October. Nonetheless, the CPI figures are legally required by the Social Security Administration to calculate cost-of-living adjustments for the next fiscal year.

- The University of Michigan consumer sentiment for the US was revised lower to 53.6 in October 2025 from 55.1 in September, below preliminary readings of 55. The outlook on current economic conditions and index for consumer expectations both fell to 58.6 and 50.3 from 60.4 and 51.7 respectively. According to the survey, consumers perceived fewer material changes in economic circumstances, with inflation at the forefront of concerns. Notably, there was little concern that the government shutdown will affect the economy. Only 2% of respondents referenced to the shutdown in interviews, compared to 10% during the 35-day shutdown in 2019.



Source: BLS, Bloomberg, OCBC

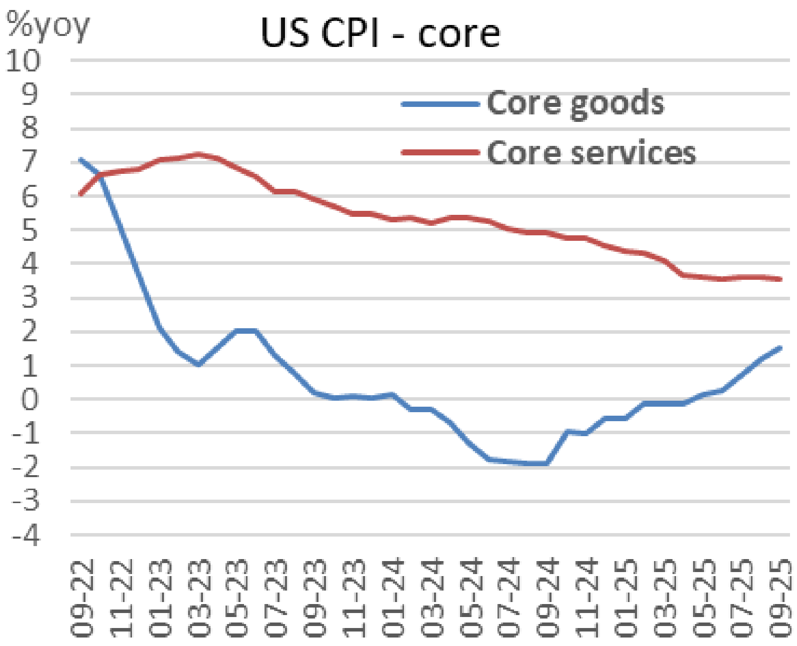


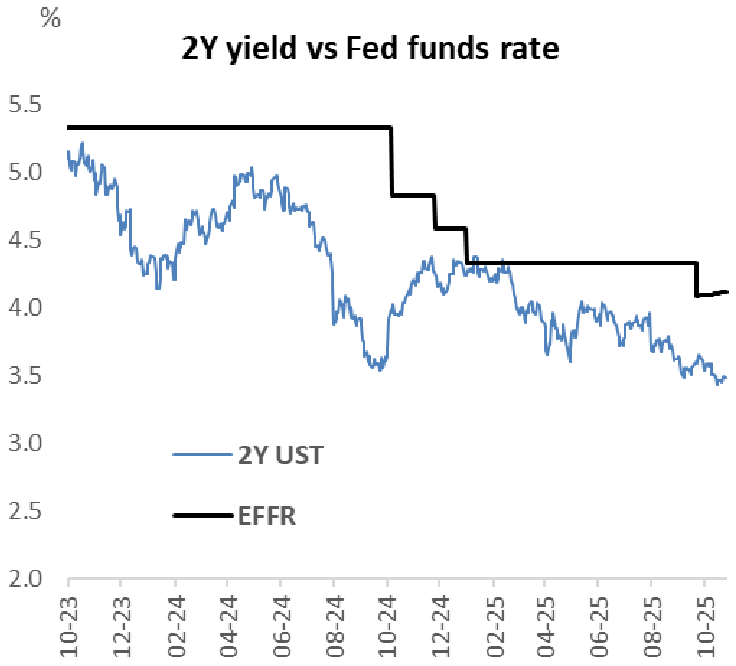
Source: University of Michigan, Bloomberg, OCBC

Source: BLS, University of Michigan, Bloomberg, OCBC.

US: CPI gives the greenlight for an October cut

- Softer-than-expectation September CPI prints give the greenlight for the FOMC to deliver a 25bp cut this week. Our base-case remains for one 25bp Fed funds rate cut each in October (this week), December and Q1-2026.
- The Fed's guidance going forward beyond the highly anticipated next 25bps rate cut at the December FOMC will be key as to assessing whether dovish intentions may extend into 2026. Market last priced 66bps of cuts in 2026.





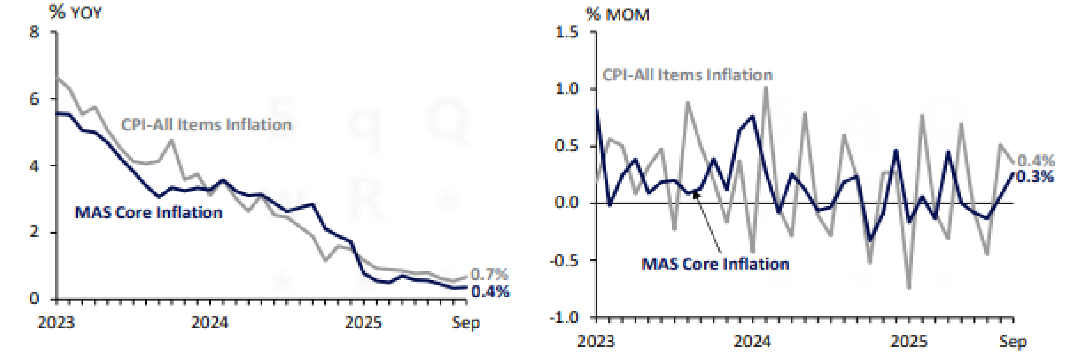
Source: Bloomberg, CEIC, OCBC Research

Singapore: Headline and core inflation ticked up to 0.7% and 0.4%

- September headline and core inflation ticked up to 0.7% and 0.4% respectively, above Bloomberg consensus forecast of 0.6% and 0.2% YoY and our forecast of 0.6% and 0.3% YoY. Compared to August 2025, headline and core inflation both increased by 0.4% and 0.3% MoM respectively. MAS maintained its core inflation forecast to come in at ~0.5% while headline inflation at between 0.5-1.0% for 2025. Looking ahead, MAS expects headline and core inflation to average 0.5-1.5% in 2026.

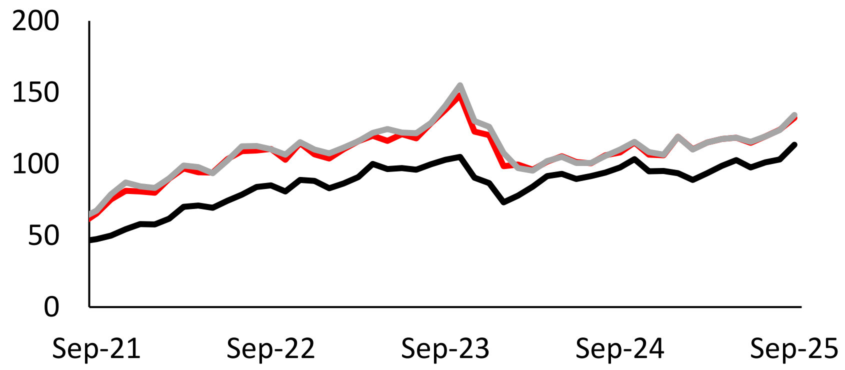
- We are looking for headline and core inflation to tick higher into 4Q25 to 0.6% and 0.5% respectively (i.e., likely bottomed), bringing our full year 2025 headline and core CPI to 0.7% and 0.5%, respectively. On private transportation, COE prices have rebounded in recent bidding exercises, partially owed to the growing demand for EVs which have driven some of the demand for COEs. In addition, cheaper goods from China may also have a shorter shelf life if China's anti-involution policies are successful. Notably, MAS did flag that core inflation would likely bottom and rise gradually going ahead. Hence, we believe that the MAS is unlikely to shift monetary policy stance for the January 2025 MPC per se.

Chart 1: MAS Core and CPI-All Items Inflation



Source: MAS, LTA, OCBC.

Average COE Quota Price

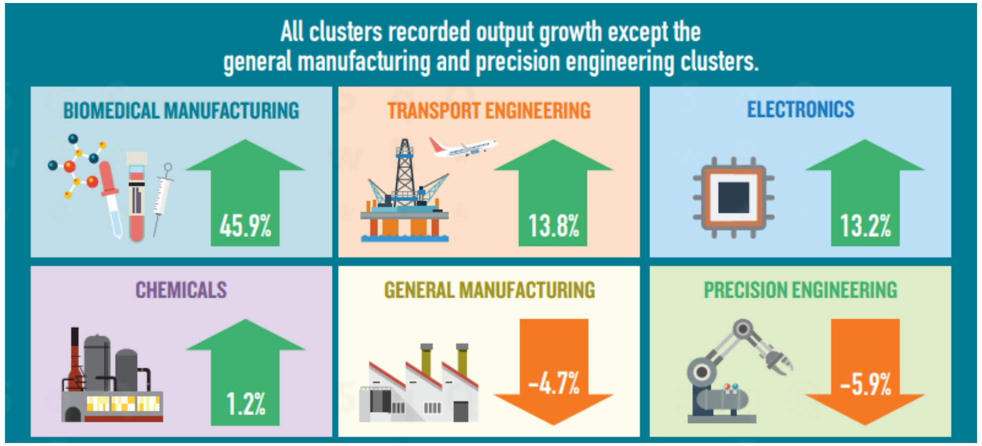


Source: LTA, OCBC.

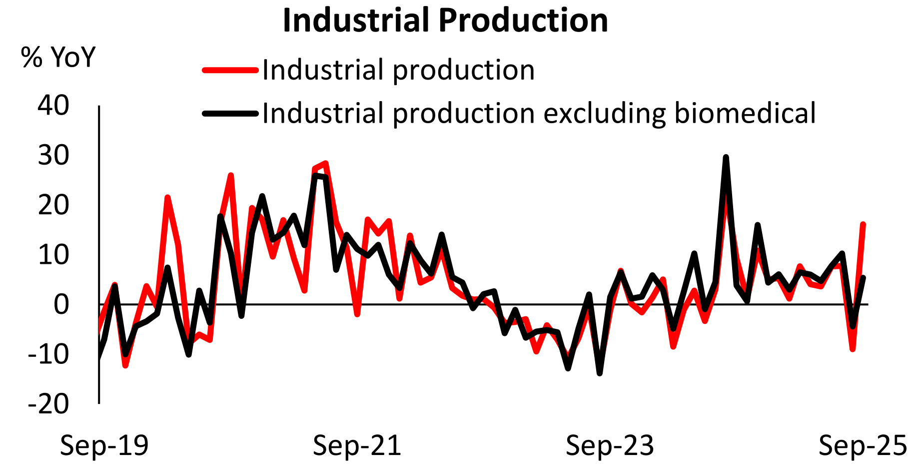
Singapore: Industrial production surprised with red-hot growth

- Singapore's manufacturing output surged to 16.1% YoY, up from -9.0% in August surpassing consensus forecast of 0.5% and our forecast of 2.5% YoY. The September manufacturing upside was largely thanks to a big snapback in pharmaceuticals and also double-digit YoY growth in electronics and transport engineering. Excluding biomedical, IP is more muted at 5.4% YoY (0.8% MoM sa). This brought 3Q25 manufacturing growth from the 0% YoY (initially estimated in the advance 3Q25 GDP growth estimates) to 5% YoY, which also implies that 3Q25 GDP growth could also see a significant upgrade from 2.9% YoY to 4% YoY. Even assuming that 4Q25 growth momentum tapers as US reciprocal tariffs start to weigh, full-year GDP growth may overshoot the 3% YoY handle to come in around 3.3% YoY.

- While it's possible we will get some payback in terms of a moderation in manufacturing in coming months when sectoral tariffs materialise, increasingly global affected firms are also adjusting to recalibrate their supply chains and potentially leveraging on Singapore's relatively lower tariffs imposed by the U.S. and as they negotiate with the U.S. on lowering tariffs by pledging to onshore some production/investments to the U.S.



Source: EDB, CEIC, OCBC.



Source: EDB, CEIC, OCBC.

China: New social and development goals

- China outlined seven key social and economic development goals for the 15th Five-Year Plan (2026–2030). Notably, for the first time, the plan explicitly targets a “significant increase in the household consumption rate,” underscoring the shift toward demand-side reform. The statement suggests that while China will continue to deepen structural reforms, it has not shifted away from its growth ambitions. This, in turn, points to an implied annual growth target of around 5% during the 15th Five-Year Plan period.

China’s seven new social and development goals
High-quality development: Achieve notable progress in high-quality growth, maintain economic expansion within a reasonable range, and significantly increase the household consumption rate.
Scientific and technological self-reliance: Substantially enhance the level of self-reliance and self-strengthening in science and technology, achieve rapid breakthroughs in key and core technologies in strategic sectors, and promote deep integration between technological innovation and industrial innovation.
Deepening reform and opening-up: Achieve new breakthroughs in comprehensive reform, improve the socialist market economy system, and establish a more sound institutional framework for high-level opening-up.
Cultural and social progress: Significantly raise the level of social civilization, strengthen cultural confidence, and continuously enhance national soft power.
Quality of life: Continue improving people’s living standards, make new progress in achieving high-quality and full employment, and significantly enhance the equalization of basic public services.
Green Developments: Make major new advances in building a “Beautiful China,” achieve carbon peaking as scheduled, and ensure continued reductions in total emissions of major pollutants.
National security: Further consolidate national security safeguards and effectively prevent and defuse risks in key areas.

Source: Wind, OCBC

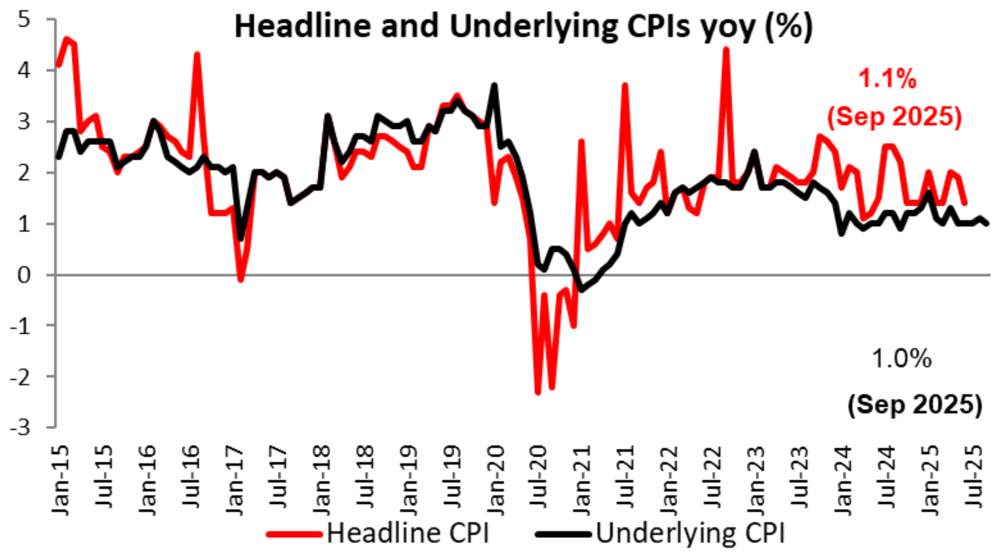
US-China: Escalate to de-escalate

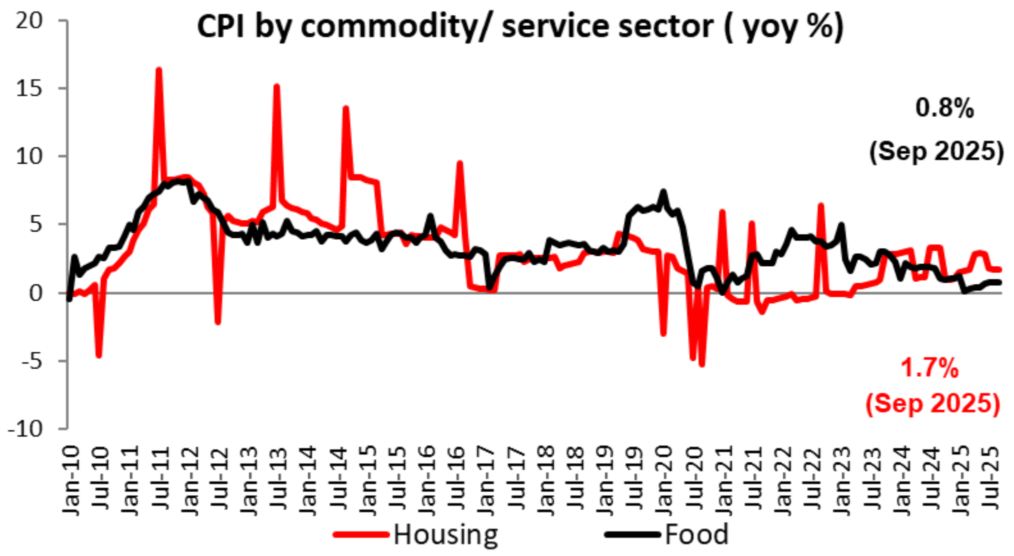
- At first glance, China appeared to take a more proactive stance in this latest round of friction. It is observed that in the one to two months leading up to a leaders' summit, US policymakers often roll out a string of hardline, China-focused measures. The logic is tactical: by applying pressure ahead of high-level dialogue, Washington tests Beijing's restraint, knowing that Chinese officials attach great symbolic and political importance to ensuring that summits proceed smoothly. American diplomats have long recognized this sensitivity—and exploited it.
- A vivid example was seen ahead of the 2022 Bali summit, when the US introduced a series of punitive measures targeting China, while Beijing refrained from major retaliation. The current episode bears striking resemblance—except that this time, Beijing is not standing still.
- The Western narrative tends to describe China's recent behavior as more "assertive," implying a shift toward greater strategic confidence or even defiance. But I would argue otherwise. What we are witnessing is not strategic aggression—it is defensive assertiveness. Beijing has learned from past cycles that remaining overly cautious before summits invites more pre-emptive US pressure. By acting early, China aims to set boundaries and deter Washington from further "tests" before negotiations begin.
- In that sense, the latest re-escalation could paradoxically serve as a prelude to de-escalation. China's limited yet firm responses help it enter the upcoming talks from a position of self-respect, while still leaving room for compromise. As such, our base case remains that both countries will eventually reach an understanding to avoid further tariff escalation."

Source: Wind, OCBC

HK: Low inflation environment persisted

- Inflation stayed weak, with headline CPI rising at a steady pace of 1.1% YoY in September 2025 (1.1% YoY in August). Netting out the effect of all government's one-off relief measures, underlying CPI increased by a slightly slower pace of 1.0% YoY (1.1% YoY in August).
- Breaking down, cost of "housing" (+1.7% YoY) and "transport" (+2.2% YoY) increased the most in September. Meanwhile, "durable goods" (-3.1% YoY) and "clothing and footwear" (-3.7% YoY) kept the price pressure tamed.
- Looking ahead, pressures from domestic costs and external prices should stay mild. We pitched full-year inflation at 1.4% and 1.6% for 2025 and 2026 respectively.





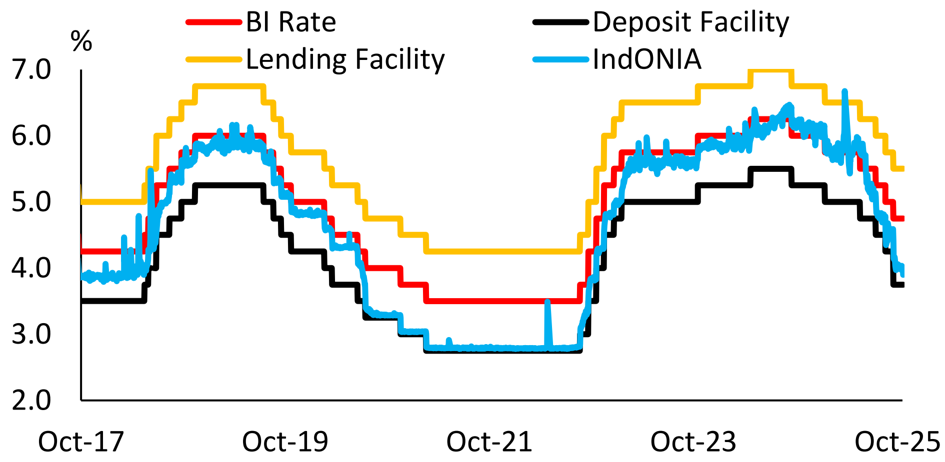
OCBC

Source: HK Census and Statistics Department, OCBC

Indonesia: BI kept policy rates unchanged

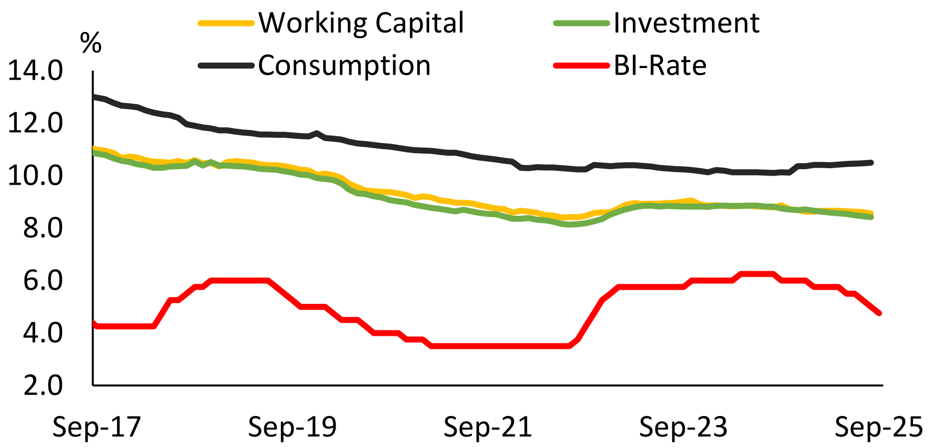
- Bank Indonesia kept its policy rate unchanged at 4.75% in its October meeting, surprising expectations of a 25bp cut, but maintained its “all-out” pro-growth stance. The central bank paused after three consecutive cuts while strengthening its macroprudential liquidity incentives (KLM) from 1 December 2025 to reward banks that lower lending rates and expanding market operations.
- We expect BI to cut rates by a total of 50bps to 4.25% by the end of 2025, though the timing may shift to early 2026 amid IDR volatility and portfolio outflows.
- Rate cut transmissions onto INDONIA, government securities and SRBI rates are largely complete. However, the transmission onto the banking sector has been poorer. According to BI, 1-month term deposit rate has only fallen by 29 bps from 4.81% at the beginning of 2025 to 4.52% in September 2025. Lending rate reductions have been even slower, falling just 17 bps from 9.20% at the beginning of 2025 to 9.05% in September 2025.

Indonesia: Policy corridor



Source: Bank Indonesia, CEIC, OCBC.

BI rate & Commercial banks lending rates



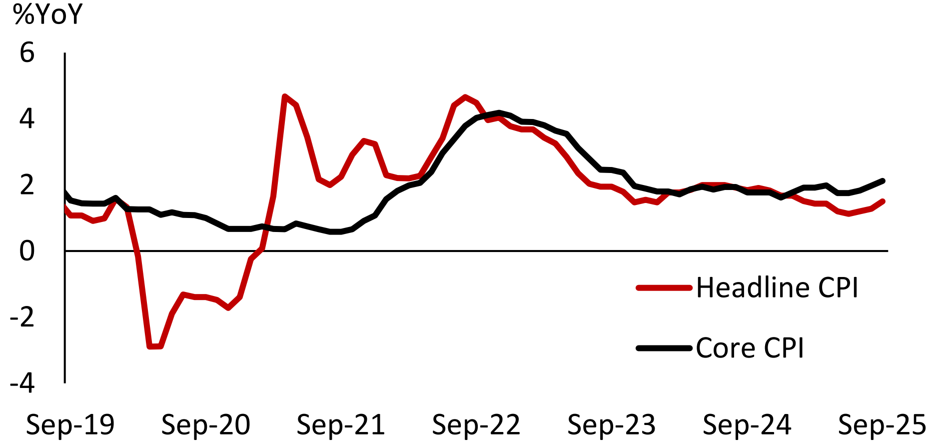
Source: CEIC, OCBC.

Source: BI, Bloomberg, OCBC.

Malaysia: Higher headline CPI in September

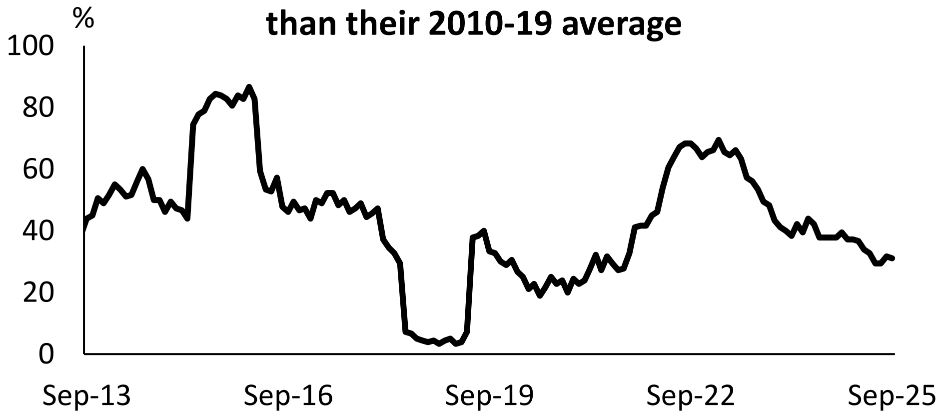
- Headline inflation rose 1.5% YoY in September up from 1.3% in August. The uptick was mainly driven by higher prices in Personal Care, Social Protection & Miscellaneous Goods & Services (4.8% YoY in September from 4.0% in August), Food & Beverages (2.1% from 2.0%) and Housing & Utilities (1.5% from 1.2%). Meanwhile, Restaurant & Accommodation Services and Alcoholic Beverages & Tobacco posted slower increases of 3.3% and 0.3%, respectively. Insurance & Financial Services (5.6%), Education (2.4%), and Recreation (0.9%) remained steady, while Information & Communication (-4.5% from -5.6%) and Clothing & Footwear (-0.2% from -0.1%) continued to post negative figures.
- The September print brings the 3Q25 headline CPI to an average of 1.3%, similar to 2Q25. Our inflation broadness index suggests there is limited pressure coming through, with about 30% of the CPI basket experiencing higher inflation than the 2010-19 average.
- We maintain our 2025 and 2026 average headline CPI forecast of 1.5%, suggesting that price levels will remain benign over the next year.

Headline and core inflation



Source: DOSM, CEIC, OCBC.

Inflation broadness index: % of items higher than their 2010-19 average

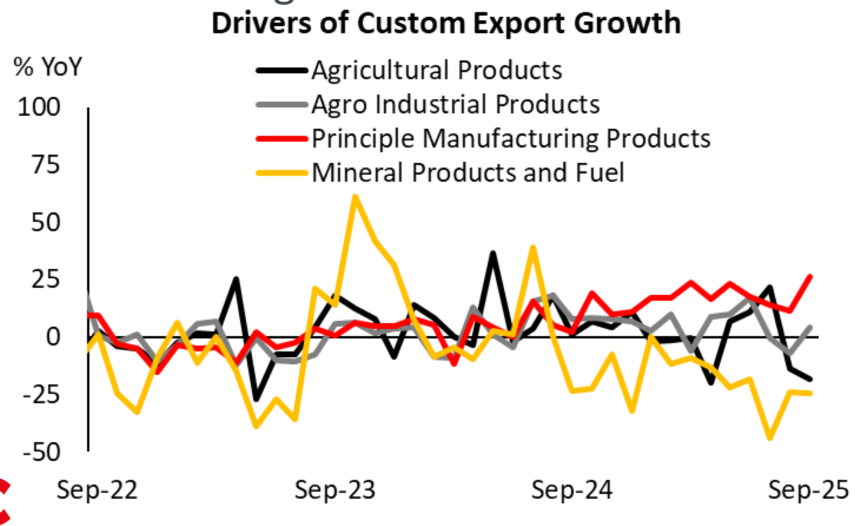


Source: CEIC, OCBC.

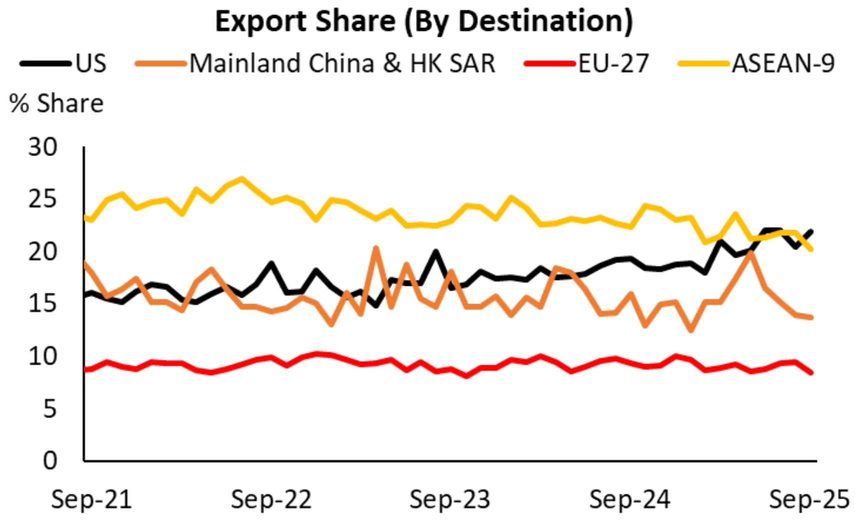
Source: DOSM, CEIC, OCBC.

Thailand: Strong customs trade data

- September customs trade data exceeded consensus expectations, with export growth accelerating by 19.0% YoY (consensus: 7.2%) versus 5.8% in August. Similarly, import growth improved to 17.2% YoY (consensus: 10.4%) versus 15.8% in August. As a result, the customs trade balance flipped into a surplus of USD1.3bn (August: -USD2.0bn).
- On the customs export front, higher shipments in 'agro industrial products' (4.1% YoY versus -7.2%), 'principle manufacturing products' (26.4% YoY versus 11.2%) more than offset declines in 'agricultural products' and 'mineral products and fuel'. Front-loading of exports to the US continued in September, with exports increasing by 35.3% YoY versus 12.8% in August. Meanwhile, Thailand's imports from the US declined by 10.6% YoY in September versus +10.8% in August.
- Looking ahead, some of the front-loading of exports to the US will continue to support GDP growth in 3Q25. we expect the strong momentum of the export sector to lose steam in the quarters ahead as frontloading activity slows. Our full year 2025 GDP growth remains at 1.8% YoY.



Source: Ministry of Commerce, CEIC, OCBC.



Source: Ministry of Commerce, CEIC, OCBC.

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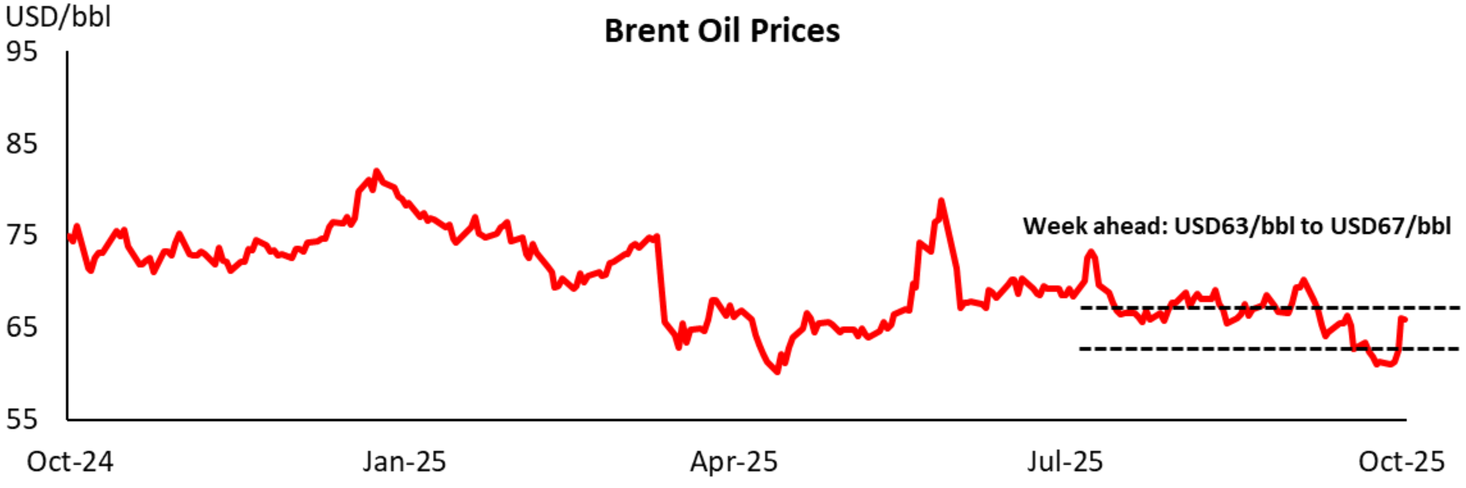
Commodities

Commodities: Higher oil prices

- Crude oil benchmarks rebounded, with WTI and Brent rising by 6.9% and 7.6% week-on-week, respectively, to USD61.5/bbl and USD65.9/bbl.
- The weekly gain was mainly driven by concerns over the Trump administration's announced sanctions on major Russian oil companies, Rosneft and Lukoil. Both companies account for ~4.9mbpd of Russia's crude oil and condensate production in 2024 (~4.7% of 2024 global oil consumption) and represent close to half of Russia's total production. The sanctions are expected to trigger short-term disruptions as buyers of Russian oil reassess their risk tolerance, with further media reports indicating that Chinese state oil majors have suspended purchases of US-sanctioned Russian oil. Meanwhile, a surprise drawdown in US crude oil inventories, along with declines in fuel inventories, further supported higher oil prices.
- Looking ahead, we expect Brent crude to trade within the range of USD63-67/bbl. Key focuses for the week include data releases from this week's FOMC and ECB meetings.



Source: Bloomberg, OCBC.

Source: Bloomberg, Reuters, OCBC.

ESG

ESG: Development banks stepping up to support ASEAN power grid

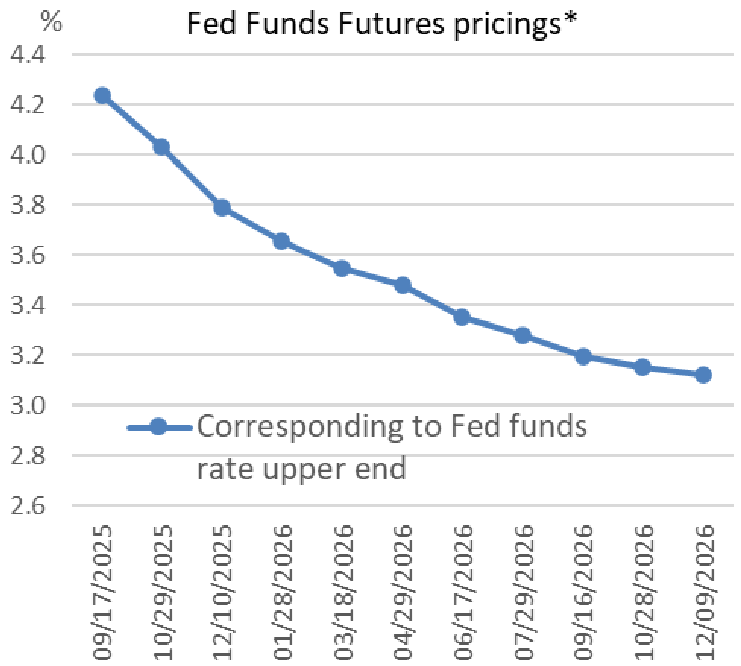
- The ADB, World Bank and ASEAN have established the ASEAN Power Grid Financing Initiative (APGF) to mobilise large-scale funding for cross-border power interconnections. ADB is set to commit US$10bn to finance Southeast Asian grids connected to the ASEAN power grid, where the APGF will also support the development of APG-related clean energy projects.
- The scale of investment required to realise the APG is significant, estimated to require US$764 bn in investment to build the transmission and power generation with high levels of variable renewable energy adoption.
- There has been concern that ASEAN clean energy projects could stall with the Trump administration rolling back on climate finance initiatives, unless other developed countries or development banks step up to fill the climate finance gap.
- The APGF can support efforts in making the APG a reality, to strengthen regional electricity connectivity and provide the region with a more resilient and reliable energy supply. This is combined with ongoing progress among Southeast Asian countries in strengthening interconnections to enable cross-border electricity trade e.g. EMA has issued conditional approvals to projects to import low-carbon electricity from Australia, Cambodia, Indonesia, Malaysia and Vietnam. Six projects have made substantive progress and were awarded conditional licenses, with the aim of contributing to Singapore's goal to import around 6GW of low-carbon electricity by 2035.

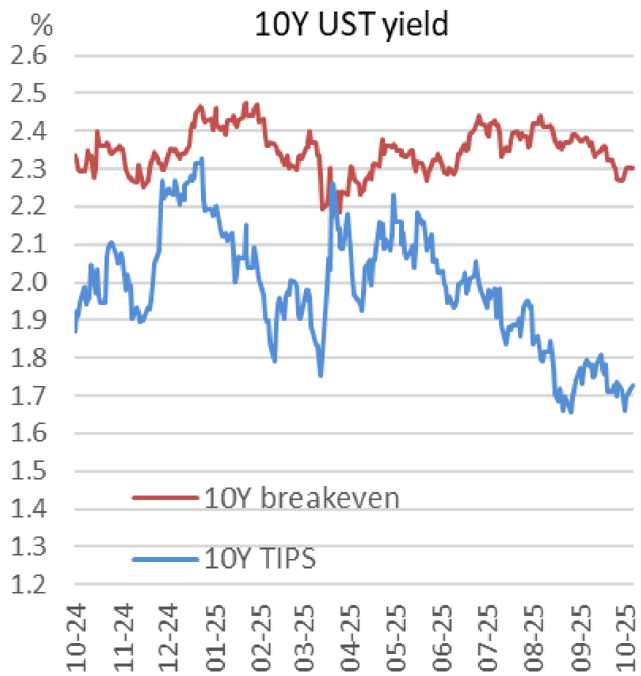
Source: ADB, EMA, Reuters, OCBC

FX & Rates

October FOMC cut in the price

- USTs ended last Friday little changed with the initial dips in yields upon the softer-than-expected CPI prints being transient. The CPI outcome gives the greenlight for the FOMC to deliver a 25bp rate cut this week, but this is already in the price which was probably one of the reasons for the muted market reaction, the other being the resilient October PMIs. Fed funds futures last priced 49bps of additional rate cuts for the remainder of the year, and 66bps of cuts for 2026. Given the dovish market pricings, should there be any hawkish elements – e.g. pushback on back-to-back rate cuts or on aggressive rate cuts in 2026, short end yields would be subject to mild upward correction. At the 10Y, we continue to see breakeven in 2.3-2.4% range as fair and expect a range in 10Y nominal yield of 3.95-4.10%.

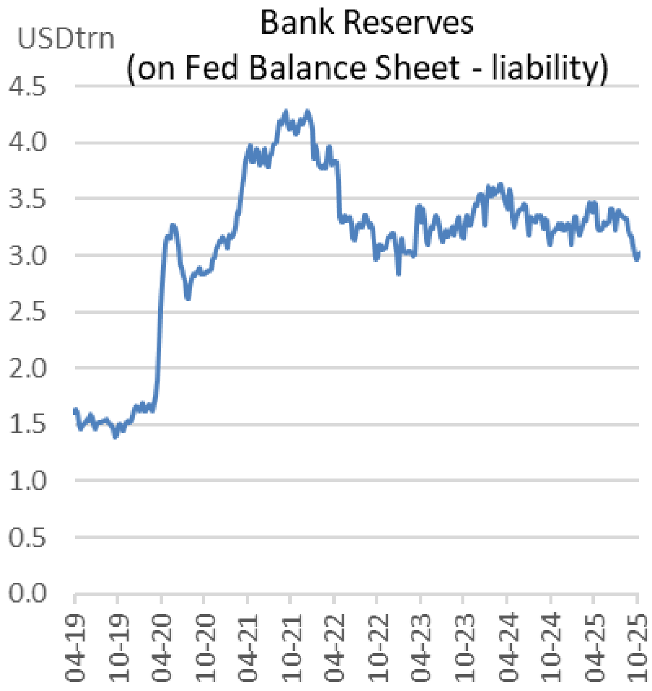


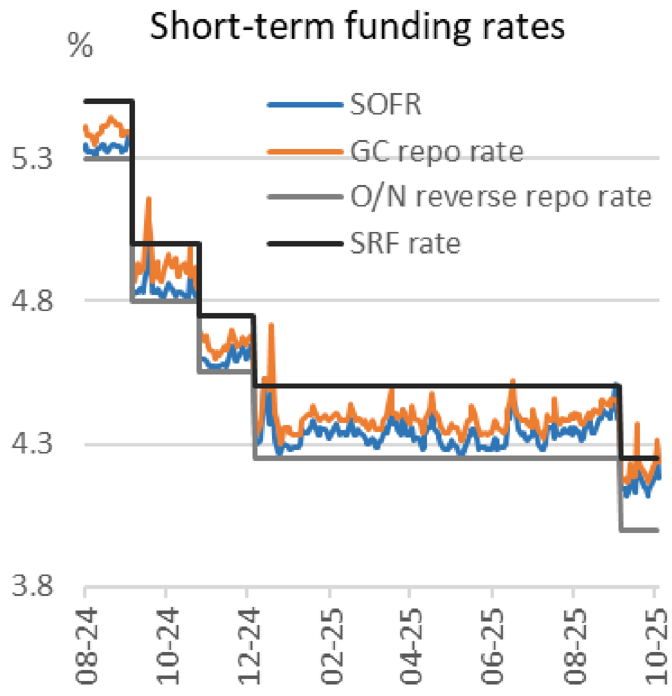


Source: Bloomberg, CEIC, OCBC Research *27 October 2025

Timeline for ending QT is another focus

- The Fed has earlier estimated, if QT were to continue at the current pace, bank reserves would fall to USD2.8trn by end Q1-2026. QT is likely to end before that, in our view. CG repo rate rose to 4.26% while TGCR (tri-party GC rate) rose to 4.21% last Thursday. Although according to NY Fed's October update on RDE (reserve demand elasticity), "reserves remain abundant", we hold the view that, at current bank reserves level (USD2.93trn as of 22 October), front-end funding rates will become more sensitive to any interim increase in liquidity demand.





Source: Bloomberg, OCBC Research

Global Markets Research & Strategy

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