Weekly Macro Views (WMV)

Global Markets Research & Strategy

28 April 2025

Weekly Macro Update

Key Global Data for this week:

28 April	29 April	30 April	1st May	2 May
• **IN** Industrial Production YoY • **US** Dallas Fed Manufacturing Activity	• **EC** Consumer Confidence • **US** Wholesale Inventory MoM • **US** FHFA House Price Index MoM • **US** Conference Board Consumer Confidence	• **CH** Manufacturing PMI • **EC** GDP QoQ • **JN** Industrial Production YoY • **SK** Industrial Production • **TH** BOT Benchmark Interest Rate • **US** GDP Annualized QoQ	• **JN** BOJ Target Interest Rate • **UK** S&P Global UK Manufacturing PMI • **US** S&P Global US Manufacturing PMI	• **HK** GDP YoY • **ID** CPI YoY • **ID** S&P Global ID Manufacturing PMI • **SK** CPI YoY • **US** Unemployment Rate

Summary of Macro Views:

Global	• **Global:** Central Banks • **Global:** Tariff update • **Global**: IMF growth downgrade • **Global**: Slow progress on inflation • **US:** Easing sentiments in April • **EC**: Dented business sentiment
Asia	• **SK**: Negative Growth in Q1 • **SG**: Underperformed Industrial Sector • **SG**: 1Q25 Advance Labour Market report • **SG**: MAS Macroeconomic Review • **CH:** Improving industrial profit in the first quarter • **CH**: Bottom line thinking • **HK**: Signs of weakening in labour market • **HK**: Full-year inflation forecast revised downward to 1.7%

Asia	• **ID**: BI watching growth risks • **MY**: Lower CPI in March; looking at growth • **TH**: BoT preview
Asset Class	• **Commodities**: Lowering our oil forecasts • **Commodities**: Back to discount • **ESG**: Navigating US tariff shocks on ASEAN's solar industry • **FX & Rates:** Stabilisation • **Credit Research** • **Global Fund Flows** • **Global Asset Flows**

OCBC

Global: Central Banks

Forecast – Key Rates

Bank of Thailand (BoT)	Bank of Japan (BOJ)
Wednesday, 30th April	**Thursday, 1st May**

House Views

Bank of Thailand (BoT)	Bank of Japan (BOJ)
Benchmark Interest Rate	*Target Rate*
Likely *hold* at 2%	**Likely *hold* at 0.5%**

OCBC Bank

Source: OCBC, Bloomberg

Global: Tariff Update

- On April 21, China said it 'firmly opposes' trade deals between the USA and other nations 'at the expense of China'. China also warned it will retaliate against them if trade deals unfavorable to China take place.
- On April 22, US Vice President J. D. Vance began his four-day trip in India to discuss the US-India Trade Deal. On the same day.
- On April 23, President Trump signaled a 'substantial' decrease in tariffs on China in the future, although no concrete timeline was announced. He also claimed a daily direct US contact with China on the trade tension, despite it was rebuked by China on the next day
- On April 25, US cancelled the order of 12,000 metric tons of Chinese pork. Currently, US pork is being slapped with a 172% tariff rate. Meanwhile, China decided to grant some exception on the US imports imports from the current 125% rate tariffs. According to Michael Hart, the President of American Chamber of Commerce in China, the Chinese government has been meeting with foreign companies to discuss on the possibility of tariff exemptions, including pharmaceutical goods and aerospace equipment.

21 April	22 April	23 April	25 April
China announced its intention to retaliate if trade deals between the USA and other nations are made "at the expense of China".	Vice President J.D. Vance started his four-day trip in India to discuss the US-India Trade Deal.	President Trump stated there would be a 'substantial decrease' in tariffs on China in the future. According to Trump, there has been daily negotiation with China on trade, yet it was eventually denied by the Chinese Authority.	US cancelled the order of 12,000 metric tons of Chinese pork. Currently, US pork is being slapped with a 172% tariff rate. China decided to grant tariffs exemptions on some goods, including pharmaceutical products and aerospace equipment.

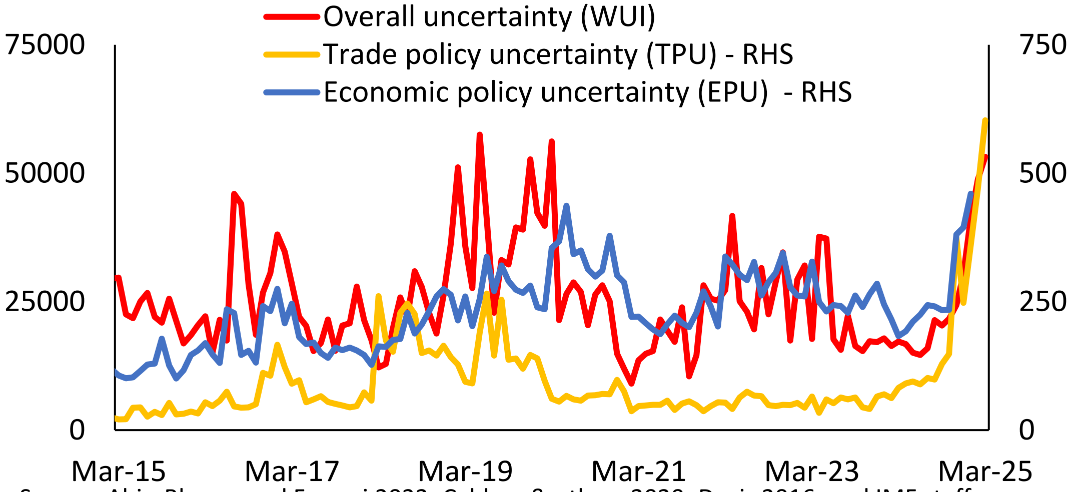
OCBC

Source: Bloomberg, Reuters, Politico, CNN, OCBC Research

Global: IMF growth downgrade

- In the latest World Economic Outlook (WEO) publication released in April 2025, the International Monetary Fund (IMF) revised its global growth forecasts downward by 0.5 percentage points (pp) for 2025 and 0.3 pp for 2026, bringing the projections to 2.8% and 3.0%, respectively, compared to the January WEO. The IMF cited global trade uncertainty as a significant factor contributing to the lower growth outlook. Specifically, the global trade volume of goods and services is expected to ease by 1.7% YoY in 2025 from 3.8% in 2024, before recover by 2.5% in 2026.
- The downward revisions in growth forecasts were particularly pronounced for several countries, including the United States (-0.9pp to 1.8%), China (-0.6pp to 4.0%), Malaysia (-0.6pp to 4.1%), the Philippines (-0.6pp to 5.5%), Thailand (-1.1pp to 1.8%), and Vietnam (-0.9pp to 5.2%).

Overall uncertainty, EPU, and TPU



Source: Ahir, Bloom, and Furceri 2022, Caldara & others 2020, Davis 2016, and IMF staff calculations.

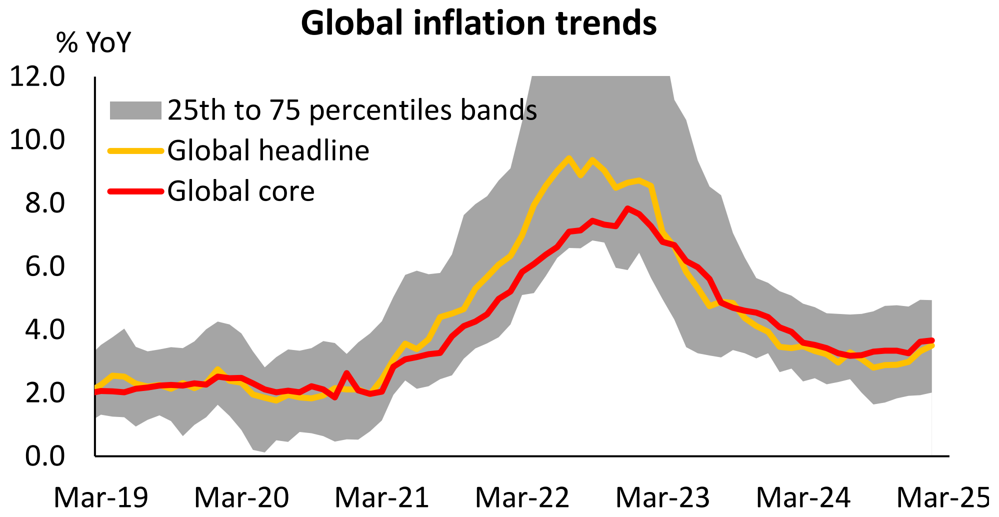
Source: IMF, OCBC.

GDP (% YoY)	Actual 2024	Projections 2025	Projections 2026	Difference from Jan WEO 2025	Difference from Jan WEO 2026
World Output	**3.3**	**2.8**	**3.0 ↑**	**-0.5**	**-0.3**
United States	2.8	1.8	1.7	-0.9	-0.4
Euro Area	0.9	0.8	1.2 ↑	-0.2	-0.2
Japan	0.1	0.6 ↑	0.6	-0.5	-0.2
United Kingdom	1.1	1.1	1.4 ↑	-0.5	-0.1
China	5.0	4.0	4.0	-0.6	-0.5
India	6.5	6.2	6.3 ↑	-0.3	-0.2
ASEAN-5	**4.6**	**4.0**	**3.9**	**-0.6**	**-0.6**
Indonesia	5.0	4.7	4.7	-0.4	-0.4
Malaysia	5.1	4.1	3.8	-0.6	-0.6
Philippines	5.7	5.5	5.8 ↑	-0.6	-0.5
Singapore	4.4	2.0	1.9	-0.5	-0.6
Thailand	2.5	1.8	1.6	-1.1	-1.0
Vietnam	7.1	5.2	4.0	-0.9	-2.0
World Trade Volume (G&S)	**3.8**	**1.7**	**2.5 ↑**	**-1.5**	**-0.8**

Note: ASEAN-5 includes Indonesia, Malaysia, the Philippines, Singapore, and Thailand.
Source: IMF WEO April 2025 edition.

Global: Slow progress on inflation

- Global inflation is anticipated to continue easing in 2025, although at a slower pace than previously expected in January WEO. Specifically, the analysis noted that disinflation has largely stalled, and inflation has increased in some instances. While services inflation remains on a downward trend, it is still above levels observed prior to the inflation surge. Additionally, core goods inflation has experienced an uptick since November 2024.
- Looking at the data, global headline inflation is projected to decrease to 4.3% in 2025, down from 5.7% in 2024, before further declining to 3.6%. This represents a 0.1pp increase compared to the previous forecast made in January. Nevertheless, the forecast remains highly uncertain, as the effects of tariffs on inflation across different countries are expected to vary significantly.



Note: The bands depict the 25th and 75th percentiles of data across economies, for headline inflation. Source: IMF, OCBC.

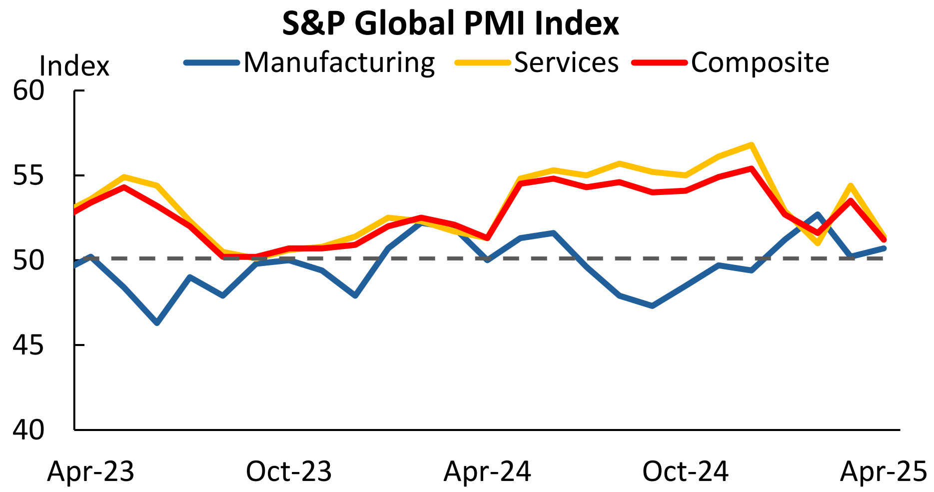
Source: IMF, OCBC.

Consumer prices (% YoY)	Actual 2024	Projections 2025	Projections 2026
World	5.7	4.3	3.6
United States	3.0	3.0	2.5
Euro Area	2.4	2.1	1.9
Japan	2.7	2.4	1.7
United Kingdom	2.5	3.1 ↑	2.2
China	0.2	0.0	0.6 ↑
India	4.7	4.2	4.1
ASEAN-5	2.0	1.7	2.2 ↑
Indonesia	2.3	1.7	2.5 ↑
Malaysia	1.8	2.4 ↑	2.2
Philippines	3.2	2.6	2.9 ↑
Singapore	2.4	1.3	1.5 ↑
Thailand	0.4	0.7 ↑	0.9 ↑
Vietnam	3.6	2.9	2.5

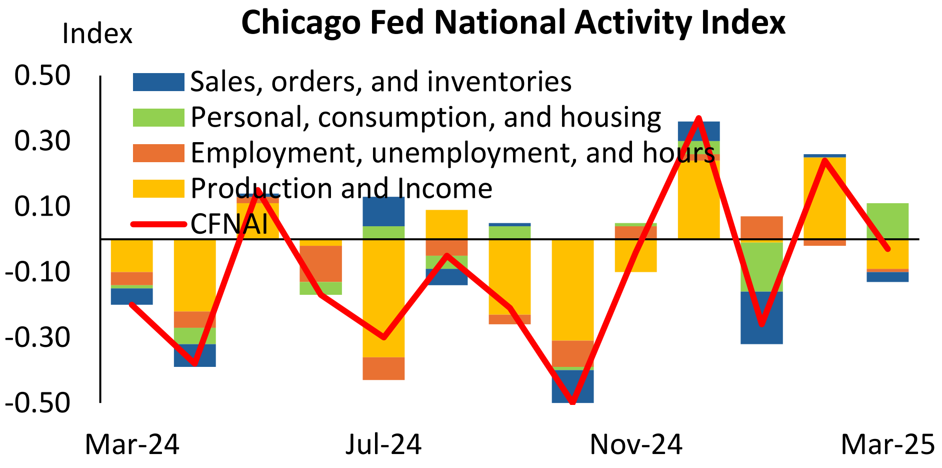
Note: ASEAN-5 includes Indonesia, Malaysia, the Philippines, Singapore, and Thailand.
Source: IMF WEO April 2025 edition.

US: Easing sentiments in April

- The flash S&P Global US PMI Composite Output Index dropped to a 16-month low of 51.2 in April, down from 53.5 in March. The slowdown in services sector activity was notable (51.4 in April from 54.4 in March), marking its second weakest expansion over the past year, mainly reflecting slower order book growth and muted new business inflows, influenced by uncertainty surrounding the economy and tariffs. This has more than offset the slight improvement in the flash manufacturing PMI (50.7 from 50.2). Looking forward, the survey indicated that sentiment among companies regarding their output for the upcoming year declined to the lowest level of optimism since July 2022.
- Similarly, the Chicago Fed National Activity Index (CFNAI) declined to –0.03 in March from +0.24 in February, with three of the four broad indicator categories making a negative contribution in March. More specifically, while 41 out of 85 indicators contributed positively, 44 had negative impacts, highlighting a mixed economic landscape with a notable decline in production-related indicators. The CFNAI serves as a monthly measure of overall economic activity and inflationary pressures.



Source: S&P, Bloomberg, OCBC

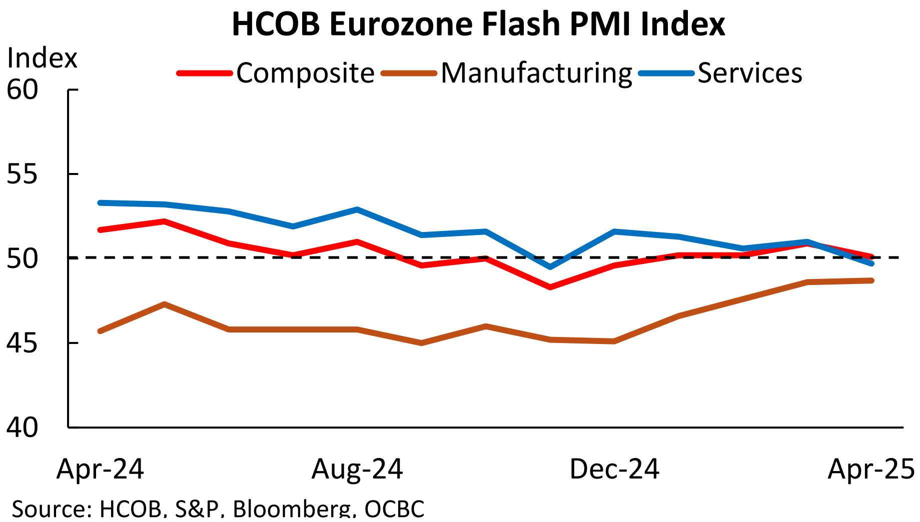


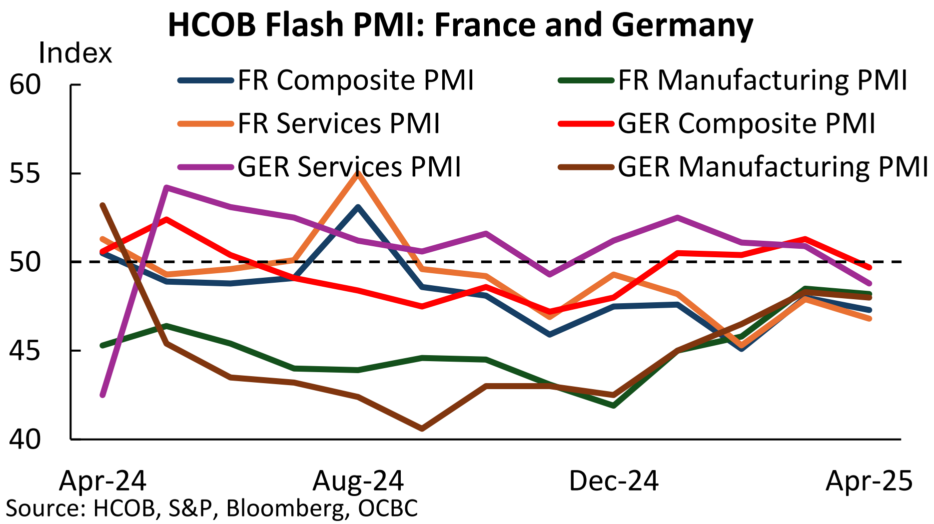
Source: Federal Reserve Bank of Chicago, Bloomberg, OCBC

Source: S&P Global, Federal Reserve Bank of Chicago, Bloomberg, OCBC.

Eurozone: Dented business sentiment

- The overall European Business Activity showed a sign of weakening, with the HCOB Flash Composite PMI Index eased to 50.1 in April, down from 50.9 in March. The HCOB Flash Services PMI Index dropped to 49.7 from 51, signalling a sluggish service sector. By comparison, the Flash Manufacturing PMI Index, despite the ongoing US-EU trade disputes, showed a slight uptick to 48.7 from 48.6. According to the S&P Global, the marginal improvement in manufacturing activities was driven by a lower energy price and an increase in defence spending.
- Paralleling the Eurozone Data, Germany and France, the two largest economies in Eurozone, also saw business activities subdued. In France, the April HCOB Flash Composite PMI Index was 47.3, down from 48 in March, while the index dropped to 49.7 from 51.3 for Germany. The drop in Germany and France Flash Composite Index signalled a dented business confidence in the ongoing economic uncertainty, led by the global trade disputes.

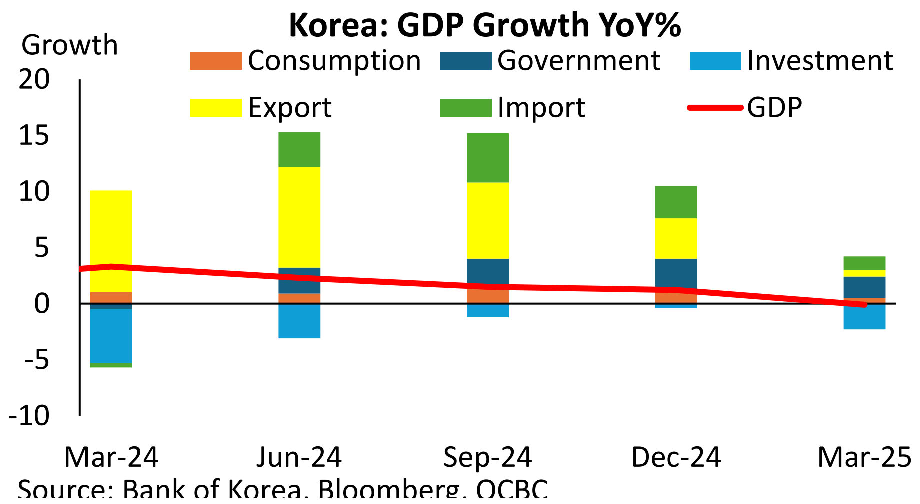


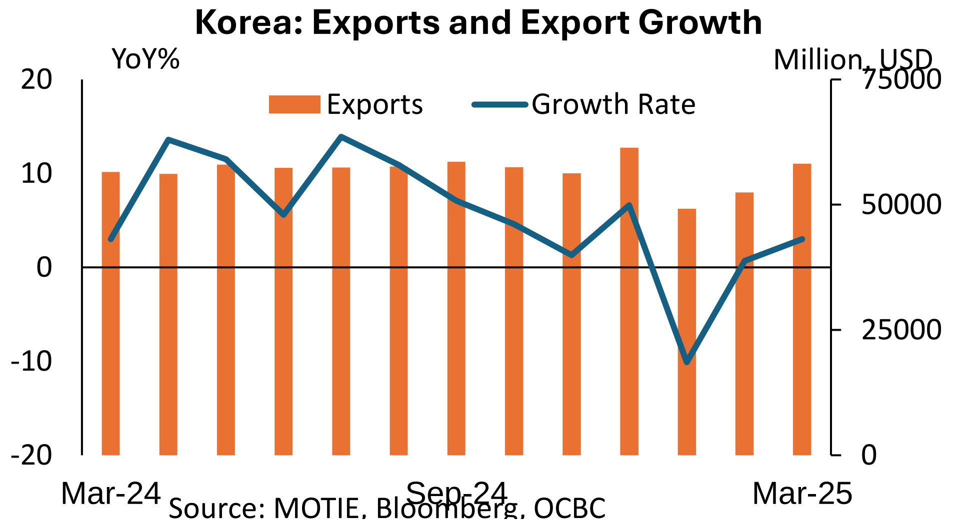


Source: S&P Global, Bloomberg, OCBC.

South Korea: Negative Growth in Q1

- The economy contracted 0.1% YoY in 1Q25, compared with a 1.2% growth in 4Q24. The contraction was mainly driven by a fall in investment (-2.3% YoY). There was a slowdown in every component in the GDP growth of 1Q25 from 4Q25: Private consumption growth eased to 0.5% YoY from 1.2% YoY; government expenditure growth slowed down to 1.9% YoY from 2.8% YoY; investment growth further declined to -2.3% YoY from -0.4% YoY; export growth decreased to 0.6% YoY from 3.6% YoY, while import growth dropped to 1.2% YoY from 2.9% YoY.
- While the Ministry of Trade, Industry, and Energy (MOTIE) suggested that the export decline was due to New Year Holidays, it also implied the economy's dependence on export. The export growth in March was 3% YoY, up from 0.7% YoY in Feb. However, with the worldwide trade uncertainty, including the continuation of US Tariffs on automobiles, ongoing, we foresee a weakened export sector in the following months.





Source: MOTIE, BoK, Bloomberg, OCBC

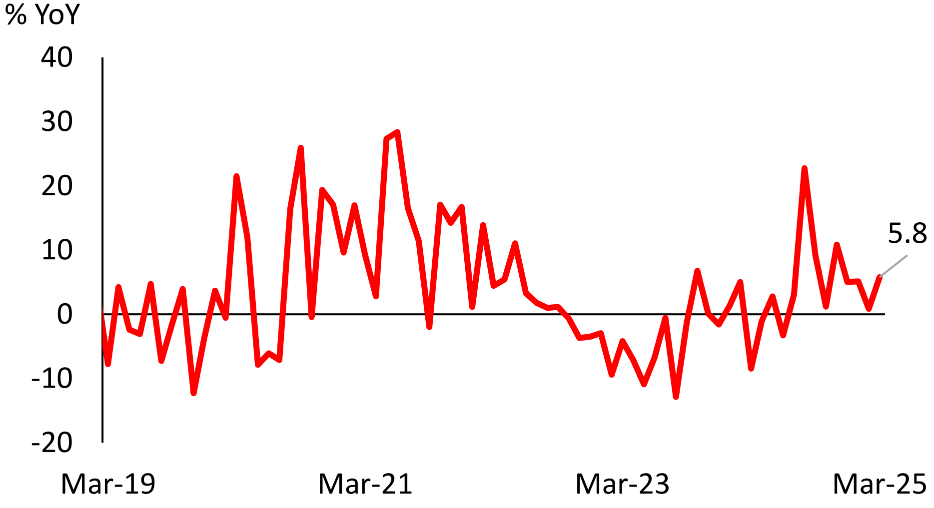
Singapore: Underperformed Industrial Sector

- Manufacturing output rose by 5.8% YoY in March, yet it was below our forecast (9.3% YoY), as well as the Bloomberg Consensus Forecast (8.1% YoY).

- The electronics cluster supported the manufacturing output growth (8.9% YoY), particularly through semiconductors (8.2% YoY) and ICT and consumer electronics (14.1% YoY). However, the precision engineering segment saw a decline by -0.1% YoY, especially for precision modules and components (-1.7% YoY). The contraction suggests the exhaustion of front-loading momentum, potentially due to the heightened tariff uncertainties. transport engineering (20.2% YoY) and biomedical segments (17.2% YoY) played an integral part in the manufacturing growth in March. The key drag on the manufacturing growth was chemicals (-6.0% YoY), particularly petroleum, specialties, and petrochemicals.

- Given the output miss in March, we expect a downward revision of manufacturing growth, from 5% YoY to 4% YoY, and hence also the 1Q25 Growth estimate to around 3.6%, ceteris paribus. Our 2025 Growth Forecast also remains at 1.6% YoY, assuming a weakened manufacturing sector.

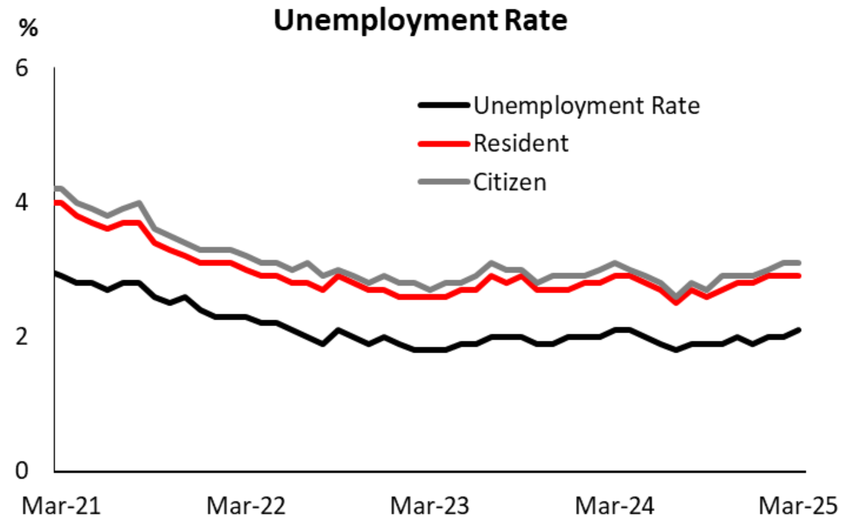
Industrial Production



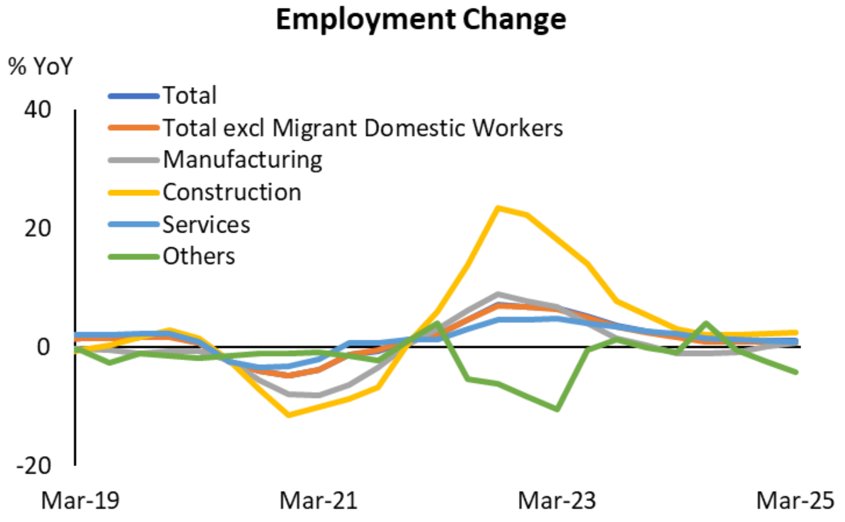
Source: EDB, CEIC, OCBC.

Singapore: 1Q25 Advance Labour Market report

- Total employment grew by 2.3k in 1Q25 (4Q24: 7.7k), as both resident and non-resident employment rose at a smaller pace. Resident employment increased in sectors such as Health & Social Services and Financial Services. Meanwhile the growth in employment for non-residents was primarily driven by "Work Permit Holders in lower-skilled jobs, mainly in Administrative & Support Services and Community, Social & Personal Services."
- Unemployment rates rose slightly in March compared to December 2024. The overall unemployment rate rose to 2.1% in March (December 2024: 1.9%). The resident and citizen unemployment rate picked up to 2.9% and 3.1%, respectively, in March, up from 2.8% and 2.9% in December 2024.
- The Ministry of Manpower's (MOM) forward-looking polls for March indicate a decline in hiring and raising wage expectations as the numbers of firms reporting an intention to hire fell to 41% (December: 46%). Meanwhile, the proportion of firms intending to raise wages fell to 22% (December: 32%). The Ministry highlighted that "while the labour market has continued to expand, MOM expects the labour market to soften going forward given greater uncertainties in external growth prospects."



Source: MOM, CEIC, OCBC.



Source: MOM, CEIC, OCBC.

Source: MOM, CEIC, OCBC.

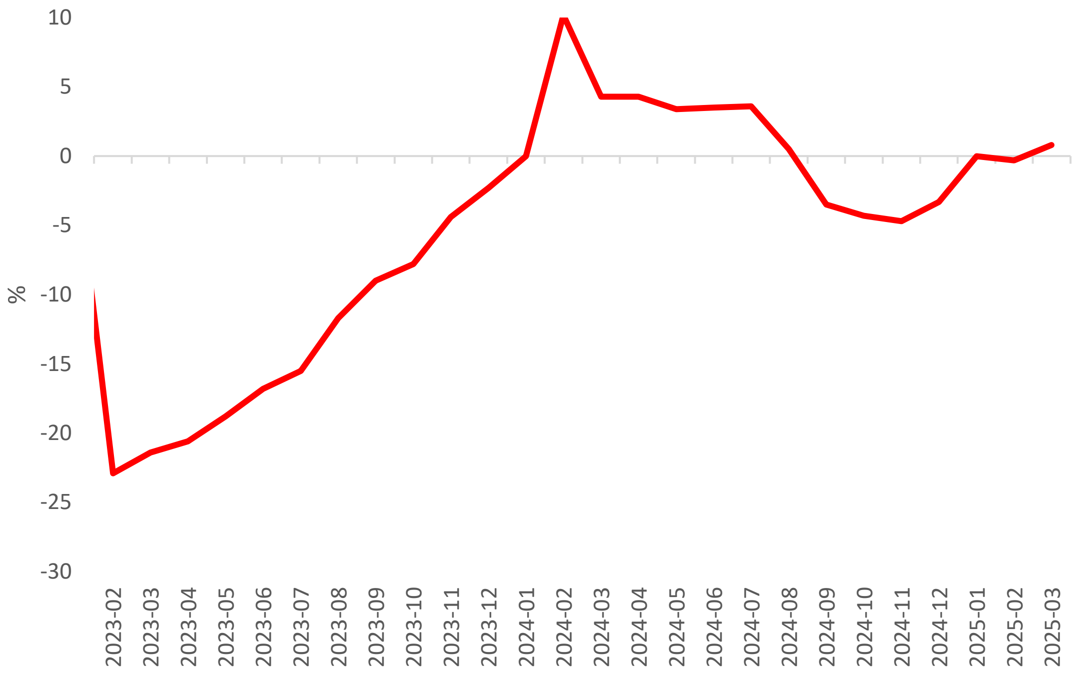
Singapore: MAS Macroeconomic Review

- According to the MAS, “while there are nascent indications of economic softening at the sectoral level, these weaknesses have yet to become deeply entrenched or pervasive.” Nevertheless, increased uncertainty in the external global economic landscape has shifted the domestic growth outlook more cautious, given Singapore’s small and open economy. According to the MAS, “Singapore will be heavily impacted by trade conflicts, with external-facing industries such as manufacturing likely to see slower demand. The financial sector could see reduced credit intermediation activity from a slowdown in investment spending, while a sharp rise in risk-off sentiment could affect fees and commissions in the sector.” MAS expects economic growth to slow to “0.0-2.0% in 2025 from 4.4% in 2024. As a consequence, Singapore’s output gap will turn negative this year.”
- MAS notes that the demand for labour could soften this year in tandem with the cyclical weakening in the economy. In particular, trade-related sectors could see a greater impact. Nevertheless, the adjustments in the labour market will primarily affect non-resident workers, who made up a substantial portion of employment in trade-related sectors.
- On inflation, MAS maintains its inflation forecasts, with headline and core inflation to average 0.5-1.5% in 2025, down from 2.4% and 2.8% in 2024, respectively. According to MAS, “domestic demand and cost pressures will be more moderate than previously anticipated.” On tariffs, MAS assessed that higher global tariffs are deflationary on net “as weaker economic activity abroad and in Singapore weighs on imported and domestic cost increases.”

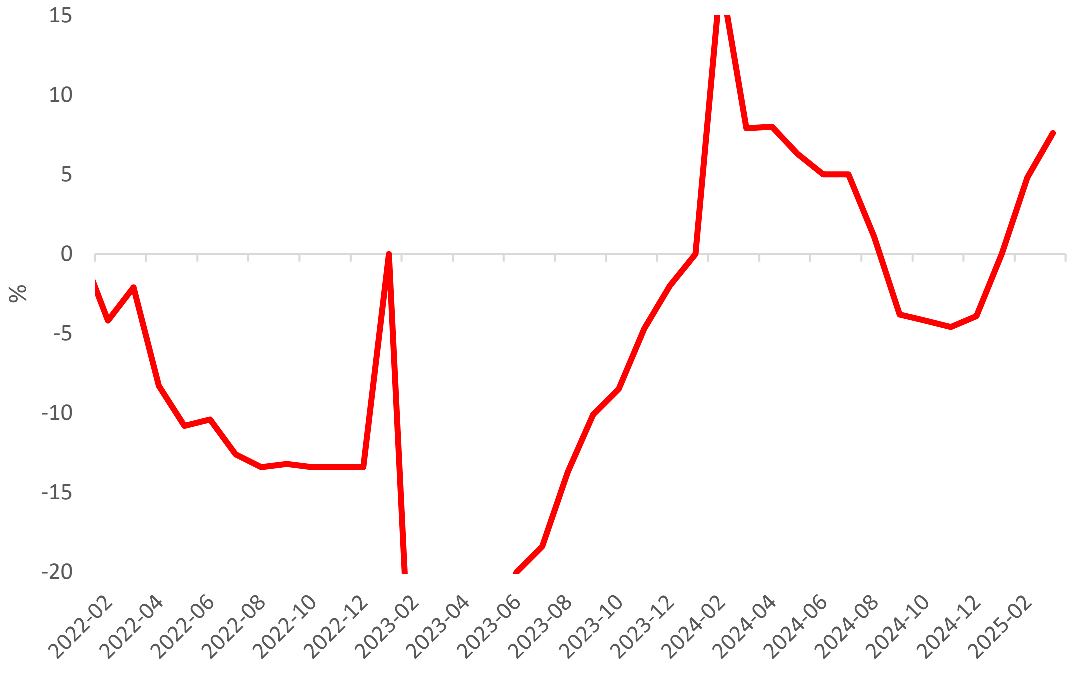
Source: MAS, OCBC.

China: improving industrial profit in the first quarter

- China's industrial sector posted a solid recovery in the first quarter of 2025, delivering stronger-than-expected results before the market's expectations were reshaped in April by escalating U.S. tariff actions.
- In Q1, industrial profits grew by 0.8% YoY, reversing from a 3.3% YoY contraction recorded in 2024. Industrial revenue also improved notably in March, supported by a rebound in industrial production, with total revenue increasing by 3.4% YoY.



Industrial profit growth ytd %



Industrial profit growth: manufacturing sector

Source: Bloomberg, OCBC

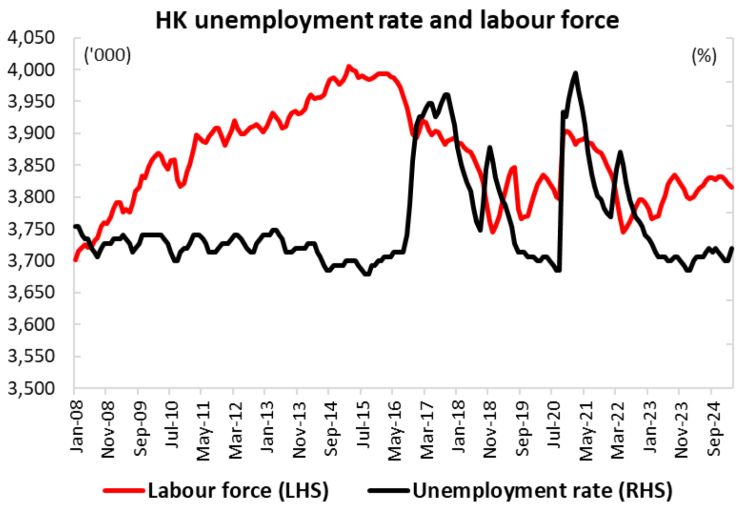
China: bottom line thinking

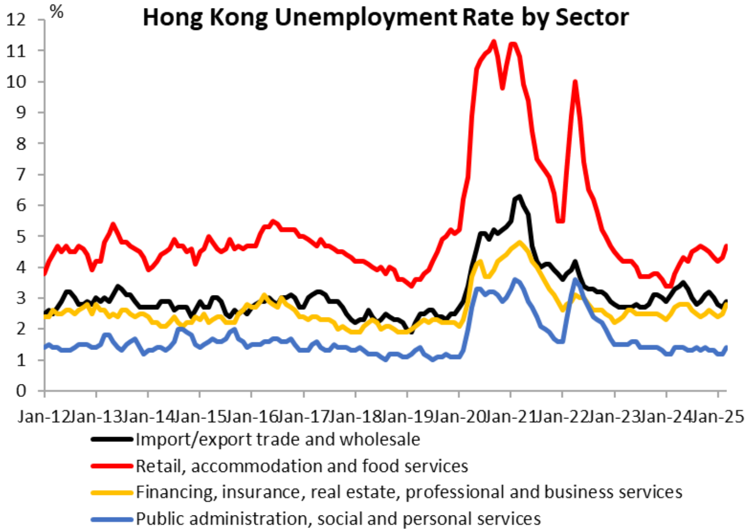
- The April Politburo meeting introduced the concept of the "Four Stabilities"—stabilizing employment, enterprises, markets, and expectations. This new framework echoes the "Six Stabilities" first proposed during the July 31, 2018, Politburo meeting at the height of U.S.-China trade tensions under President Trump's first term, which focused on stabilizing employment, finance, foreign trade, foreign investment, investment, and expectations.
- The renewed emphasis on stability reflects the leadership's bottom-line thinking. Employment remains fundamental to people's livelihoods and is a critical driver of consumption. The Politburo specifically noted that for enterprises significantly impacted by tariffs, the government will increase the proportion of unemployment insurance refunds to help stabilize jobs and will work to strengthen a tiered and categorized social assistance system, reinforcing the social safety net.
- On the macro policy front, the messaging has shifted from "implementing more proactive and effective macro policies" to "accelerating the implementation of more proactive and effective macro policies." This signals a clear urgency to speed up the execution of existing measures rather than introducing entirely new stimulus programs.
- On the monetary side, the Politburo emphasized "timely cuts to the reserve requirement ratio (RRR) and policy interest rates, maintaining ample liquidity, and strengthening support for the real economy." Given the current circumstances—including tariff-related external pressures, subdued domestic inflation trends, and a heavier government bond issuance schedule in May and June—we believe the window for a RRR cut in the second quarter has effectively opened.

Source: Bloomberg, OCBC

HK: Signs of weakening in labour market

- Labour market showed signs of broad weakening, as unemployment rate before seasonal adjustment rose across sectors. The unemployment rate went up by 0.3 percentage point to 3.2% in the first quarter of 2025, while the total unemployed persons rose to the highest level since 4Q 2022 (at 122.8k). However, during the same period, the seasonally adjusted unemployment rate and underemployment rate stayed unchanged at 3.2% and 1.1% respectively.
- Compared to December 2024 – February 2025, Hong Kong's unemployed person jumped by 9.9% (or 11.1k) in the first quarter of 2025, partly due to seasonality factor. Meanwhile, total labour force continued to shrink, by 5.8k to 3,815.5k. Relatively notable increases in unemployment rate were observed in the information and communications sector, social work activities sector, professional and business services sector, and construction sector.
- Anecdotal evidence suggested that hiring sentiment turned worse, in view of the widening trade war and growing macro uncertainties, though we have yet to see corporate's preemptive downsizing. To reflect the cyclical pain ahead, we revised the full-year unemployment rate forecast higher to 3.3%, from the previous 3.1%.

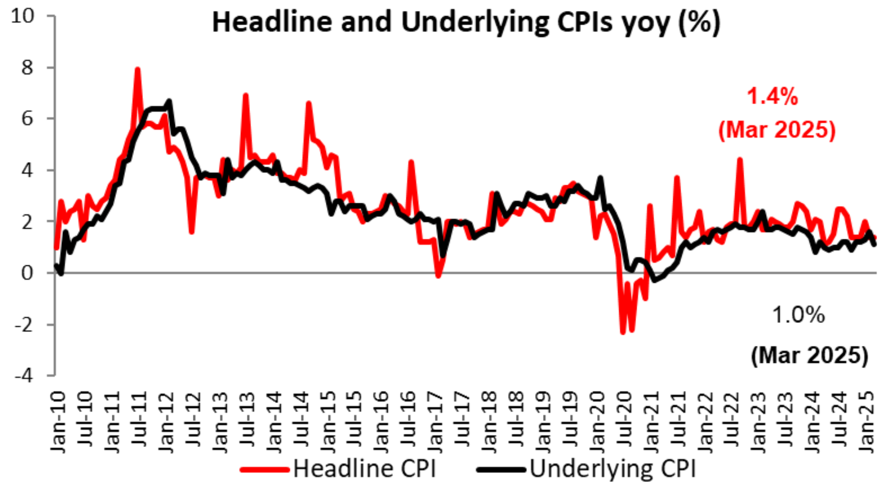


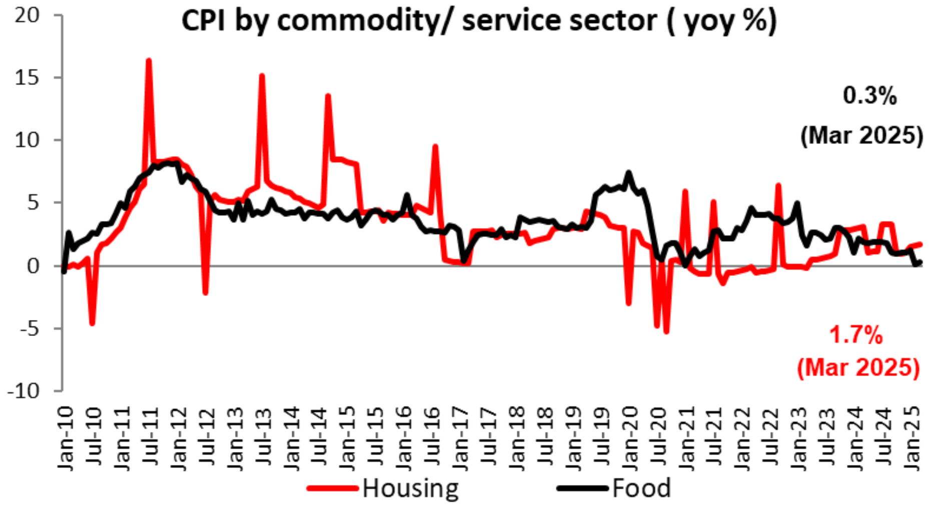


Source: HK Census and Statistics Department, OCBC

HK: Full-year inflation forecast revised downward to 1.7%

- Inflationary pressure held steady, with headline CPI rising at 1.4% YoY in March, same as that in February. Meanwhile, underlying CPI (netting out the effect of all Government's one-off relief measures) rose at slightly slower pace of 1.0% YoY (1.1% YoY in February). The smaller increase was mainly due to fall in inbound and outbound transport fares and charges for package tours.
- Among the components of CPI, prices of "durable goods", "basic food" and "clothing and footwear" fell by 0.5% YoY, 1.5% YoY, and 2.8% YoY respectively in March.
- Price pressure is likely to stay tamed in the near term, with deflationary pressure from mainland spreading to and manifesting in Hong Kong, via the channel of basic food prices. In view of the still-sluggish domestic demand, and limited impact from tariff imposition, we revised down the full-year inflation forecast to 1.7%, from the earlier estimate of 2.0%.





Source: HK Census and Statistics Department, OCBC

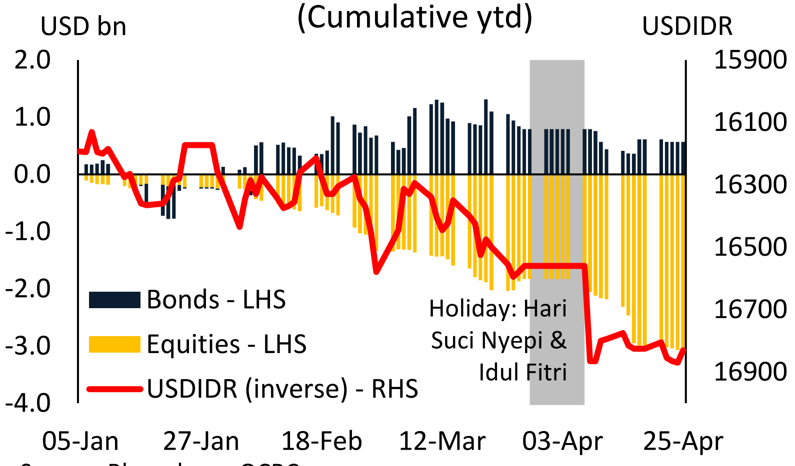
Indonesia: BI watching growth risks

- Bank Indonesia (BI) maintained its policy rate at 5.75% in its April 2025 meeting, in line with market expectations, while also indicating the potential for further monetary easing. We expect a cumulative 50bp in rate cuts from BI for the remainder of 2025. BI emphasized its commitment to currency stability amid global uncertainties, particularly highlighting depreciation pressures on the rupiah during the Idulfitri market closure, which led to significant interventions in offshore NDF markets.

- BI downgraded its global growth forecast for 2025 from 3.2% to 2.9% due to increased trade fragmentation and noted that domestic growth is expected to be slightly below the midpoint of the 4.7–5.5% range, reflecting a weaker export forecast to the US and China. The current account deficit is projected to remain manageable at 0.5% to 1.3% of GDP in 2025.

USDIDR and net foreign purchase

(Cumulative ytd)



Source: Bloomberg, OCBC.

Meeting	Decision	Global Growth	ID GDP Growth	ID Inflation	ID Current account deficit (% of GDP)
January	Cut 25bp to 5.75%	3.2%	4.7% - 5.5% (Revised lower from 4.8% - 5.6%)	2.5% ± 1%	0.5% - 1.3%
February	Hold at 5.75%	3.2%	4.7% - 5.5%	2.5% ± 1%	0.5% - 1.3%
March	Hold at 5.75%	3.2%	4.7% - 5.5%	2.5% ± 1%	0.5% - 1.3%
April	Hold at 5.75%	Revised lower to 2.9% (Citing lower global trade concerns, lower growth in the US and China)	4.7% - 5.5% (Explicitly noted that growth is likely to be below the midpoint of its target range)	2.5% ± 1%	0.5% - 1.3%

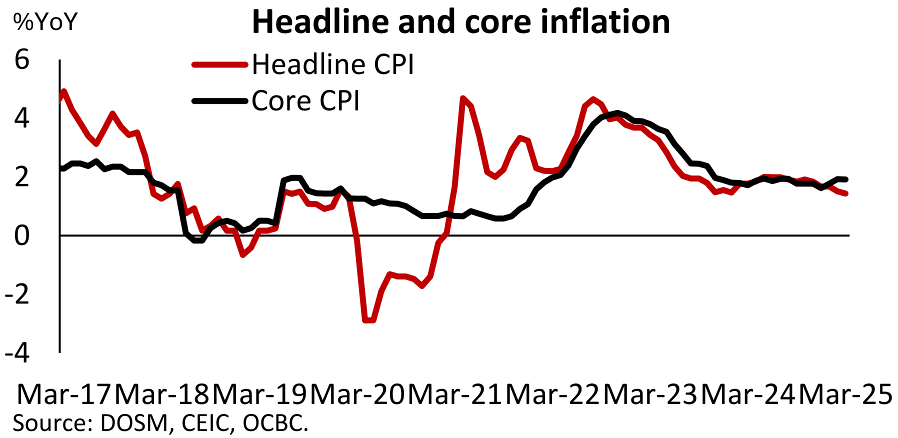
Source: Bank Indonesia, OCBC.

OCBC

Source: Bank Indonesia, Bloomberg, OCBC.

Malaysia: Lower CPI in March; looking at growth

- The headline inflation eased slightly to 1.4% YoY in March 2025, versus 1.5% in February (Consensus: 1.6%). Looking at the drivers, lower inflation in housing, water, electricity, gas, and other fuels (1.9% from 2.3% in February), restaurants and accommodation (2.9% from 3.5%), alcoholic beverages and tobacco (0.8% from 0.9%), and personal care (3.6% from 3.7%) more than offset the higher inflation in education (2.2% from 1.9%) and recreation, sport, and culture (1.7% from 1.5%). Meanwhile, CPI in clothing and footwear (-0.2% YoY) and information and communication (-5.4%) remained negative. The March print brings the CPI average to 1.5% YoY in 1Q25, easing from 1.8% in 4Q24.
- Bank Negara Malaysia Governor Abdul Rasheed Ghaffour said the country may revise its 2025 growth forecast of 4.5–5.5% due to rising trade and tariff risks, but will wait to assess global developments. Speaking at an IMF event, Governor Ghaffour highlighted Malaysia's resilience, citing last year's stronger-than-expected 5.1% growth, solid domestic demand, rising investment, and a recovery in exports. He added that the current 3% policy rate remains supportive of growth and is aligned with BNM's inflation outlook and mandate for economic stability.



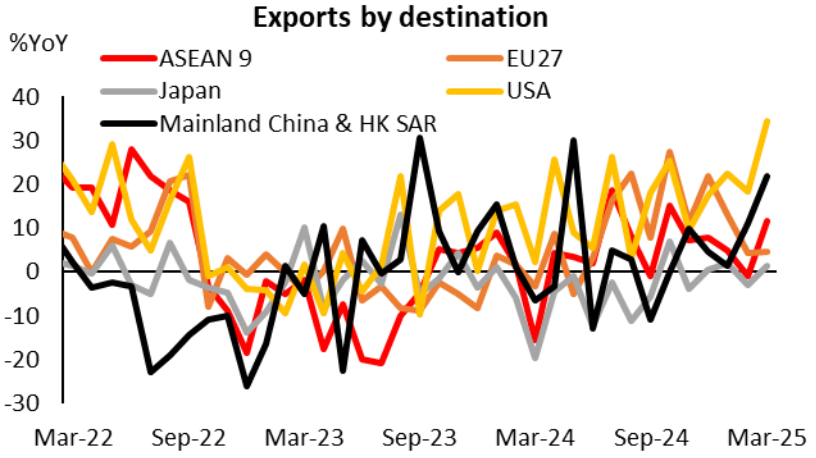
Source: DOSM, CEIC, OCBC.

%YoY	Previous forecast (2025)	Revised forecast (2025)	Change in GDP growth
Vietnam	6.2	5.0	-1.2
Thailand	2.8	2.0	-0.8
Malaysia	4.5	4.3	-0.2
Indonesia	4.9	4.7	-0.2
India	6.2	6.0	-0.2
Philippines	6.0	5.9	-0.1

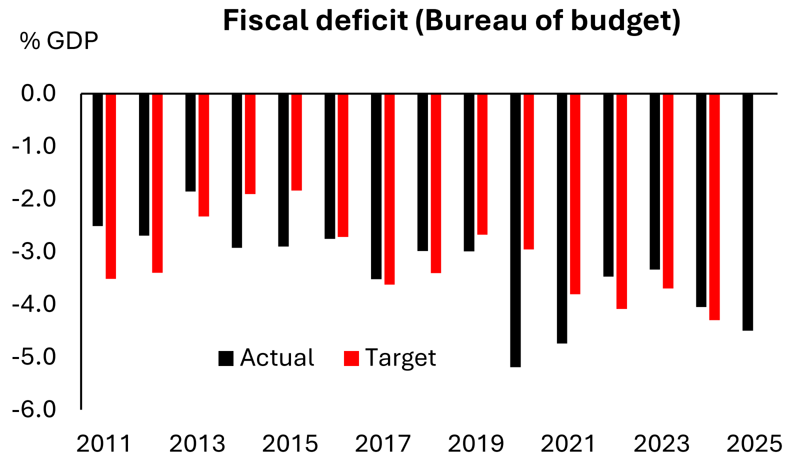
Note: OCBC Forecast.

Thailand: BoT preview

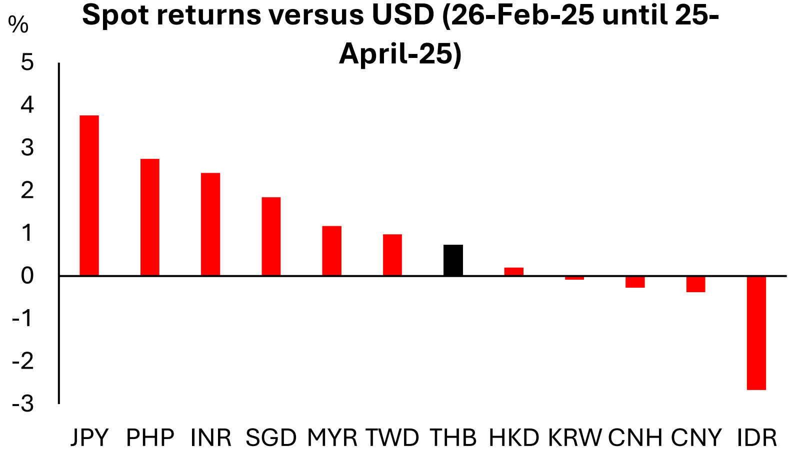
- We expect Bank of Thailand (BoT) to keep its policy rate unchanged at 2.00% at its 30 April meeting. Consensus expects a 25bp cut to 1.75%, it's a close call.
- We hold the view that the BoT will opt to stay on hold at its 30 April meeting for three main reasons. First, 1Q25 GDP growth likely held up and further front-loading of exports to the US will support growth in 2Q25. Second, a more proactive approach from fiscal policy reduced the need for imminent monetary policy support. Third, the 25bp rate cut from BoT on 26 February likely served as enough of an insurance to growth risks for now.
- For the year ahead, we certainly see more room for monetary policy easing down the road. Specifically, we forecast a cumulative 50bps in rate cuts from BoT in 2H25, taking the policy rate to 1.50%. This terminal rate is higher than 0.50% during the pandemic.



Source: Ministry of Commerce, CEIC, OCBC.



Source: Budget Bureau, Fiscal Policy Office, CEIC, OCBC.



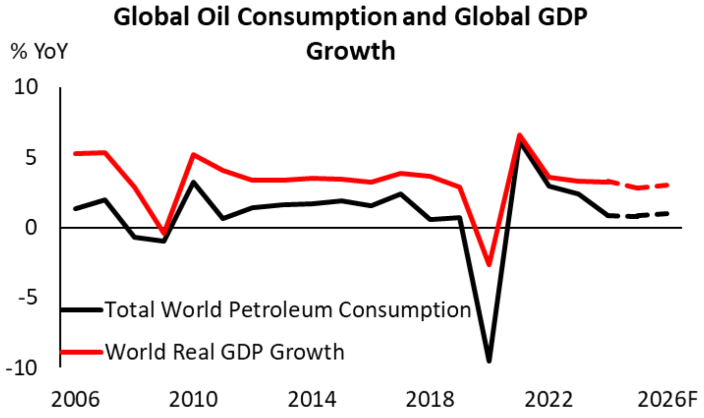
Source: Bloomberg, OCBC.

Source: CEIC, OCBC.

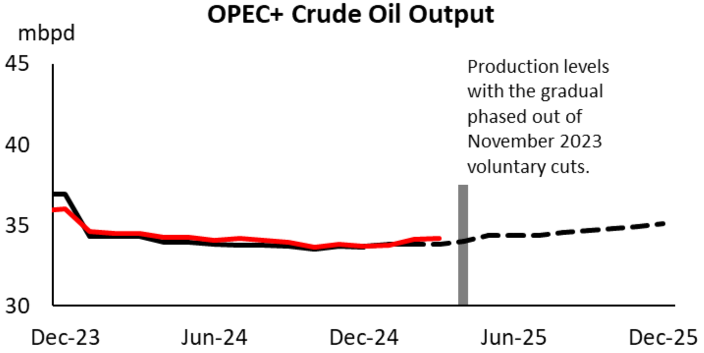
Commodities

Crude Oil: Lowering our oil forecasts

- Crude oil benchmarks continue to trade lower in April. The sharp and rapid decline in oil prices at the start of the month was driven by concerns regarding the impact of the Trump administration's sweeping tariffs. The sell-off deepened after a surprise OPEC+ decision to boost production in May, while escalating US-China trade tensions further soured sentiment in the oil complex. Against the current macro backdrop, we revised lower our WTI and Brent oil prices to average USD63/bbl and USD67/bbl, respectively, down from USD73/bbl and USD77/bbl previously.
- On the demand side, the recent developments in US trade policy as well as the escalating tit-for-tat between US-China on the trade front do not bode well for global growth. To that end, we have reduced our 2025 GDP growth forecasts for both the US and China to 1.3% YoY and 4.6% YoY, down from 1.7% and 4.8%. Indeed, this is something to be of concerned given these are the world's two biggest economies. When economic growth in both countries slow, areas such as global trade, industrial activity, and even parts of the services sector will also be affected, thereby exerting downward pressure on oil demand.
- On the supply side, there will be higher oil supplies from OPEC+. The group has recently announced their decision to accelerate the unwinding of its additional voluntary cuts. Overall, these factors imply a stronger buildup in global oil inventories than we had previously anticipated. This, in our view, led to the decision to revised lower our forecasts for 2025.



Source: EIA, IMF, April 2025 World Economic Outlook, OCBC.



Note: Angola left OPEC effective 1 Jan 2024; OPEC shared that the gradual phasing out of its November 2023 voluntary cuts is data dependent (i.e., the increase can be paused or reversed subject to market conditions).
Source: Platts OPEC+ survey by S&P Global Commodity Insights, OPEC, OCBC.

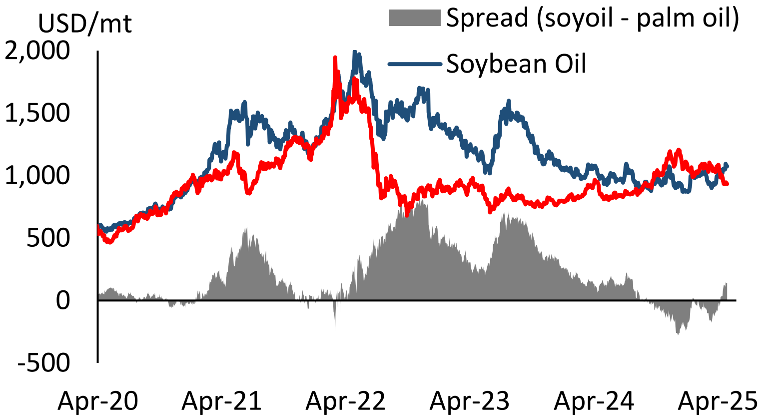
OCBC

Source: EIA, IMF, OPEC, Bloomberg, Reuters, S&P Global Commodity Insights, OCBC.

CPO: Back to discount

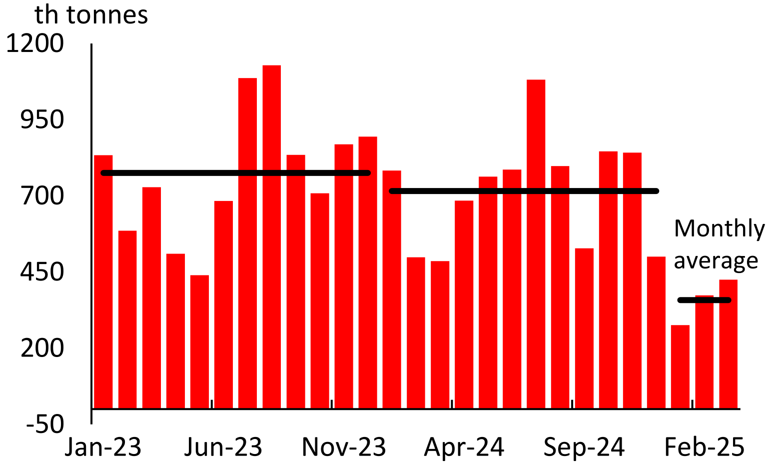
- Benchmark crude palm oil prices declined to a more than six-month low of MYR4,070 on 21 April, before staging a tentative recovery to close at MYR4,139 on 25 April. The ~13% decline (~MYR700) month-to-date primarily reflects a weaker demand outlook, despite the absence of notable production growth forecasts.
- As previously highlighted, the rare CPO price premium over rival vegetable oils, such as soybean oil, was unlikely to be sustained, particularly in price-sensitive markets. Indeed, CPO demand from key buyers like India and China has been subdued in recent weeks, while increased soybean oil imports have bolstered stockpiles.
- On the supply side, Malaysia's CPO production fell by 5.9% YoY to 3.8mn tonnes in 1Q25. However, the outlook is improving. March production rose by 16.8% MoM to 1.4mn tonnes compared to a 4.2% drop in February (1.1mn tonnes). This likely marks the onset of seasonally stronger output.

Soybean Oil - Palm Oil Spread



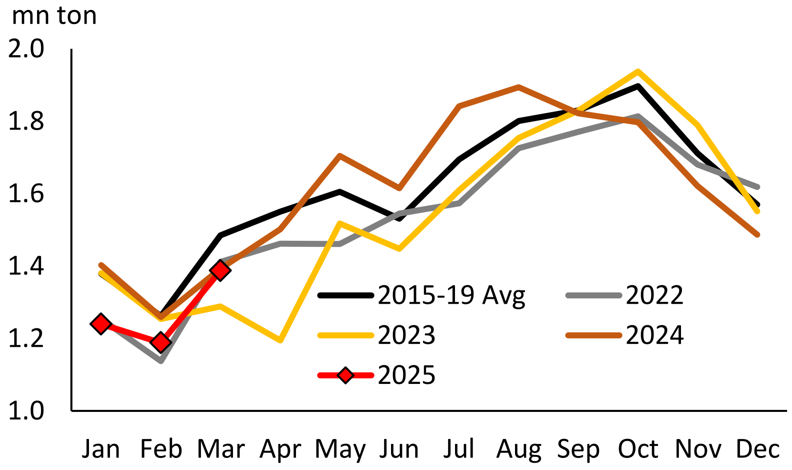
Source: Bloomberg, OCBC calculation.

India Palm Oil Imports



Source: The Solvent Extractor's Association of India, Bloomberg, OCBC.

Malaysia CPO Production



Source: Malaysian Palm Oil Board, CEIC, OCBC.

OCBC

Source: , CEIC, OCBC.

ESG

ESG: Navigating US tariff shocks on ASEAN's solar industry

- High US tariffs can exacerbate ASEAN's existing energy transition challenges, potentially reducing the region's prominence in the global solar supply chain if the trade war persists.
- Solar components are among the largest exports from ASEAN to the US within the clean energy sector, with solar manufacturers and exporters likely to bear the brunt of impact from high tariffs. The majority of US solar equipment is supplied by Southeast Asia, home to several Chinese-owned solar manufacturers in recent years. Specifically, Cambodia, Malaysia, Thailand and Vietnam supplied over 80% of US solar PV imports in 1H2024.
- There have been longstanding concerns among US solar manufacturers regarding cheap solar imports from Chinese-owned manufacturers in ASEAN, in attempts to circumvent US tariffs imposed on Chinese-made solar components. In response to this, the US has finalised new antidumping duty (AD) and countervailing duty (CVD) rates in Apr 2025 on most solar imports from Cambodia, Malaysia, Thailand and Vietnam. These are in addition to President Trump's widespread tariffs.

Final Dumping Rates

Cambodia

Exporter	Weighted-Average Dumping Margin (percent)	Cash Deposit Rate (Adjusted for Subsidy Offset (percent))
Hounen Solar Inc. Co. Ltd.	125.37*	117.18
Solar Long PV Tech Cambodia Co.	125.37*	117.18
All Others	125.37	117.18

Final Subsidy Rates

Cambodia

Exporter/Producer	Subsidy Rates (percent)
Solarspace New Energy (Cambodia) Co., Ltd.	534.67
Jintek Photovoltaic Technology Co., Ltd.	3,403.96*
Hounen Solar Inc Co., Ltd.	3,403.96*
ISC Cambodia	3,403.96*
Solar Long PV-Tech (Cambodia) Co., Ltd.	3,403.96*
All Others	534.67

* Rate based on facts available with adverse inferences.

Source: International Trade Administration, OCBC

ESG: Navigating US tariff shocks on ASEAN's solar industry

- To navigate trade uncertainty, Chinese-owned solar manufacturers may increase the relocation of facilities to countries not currently subject to the duties, including Indonesia and Laos, for export to the US. However, this approach may not be a long-term solution as trade barriers may arise for these markets if high US tariffs are implemented in the future.
- Solar manufacturers may also be encouraged to diversify their export markets outside the US, especially with the threat of escalating reciprocal tariffs. However, solar manufacturers in the region may face the challenge of not being as cost-effective as their Chinese counterparts, which could hinder their ability to capture market share outside of the US.
- The silver lining is that a glut of solar components, coupled with stronger China-ASEAN ties and ASEAN integration, could lower costs for regional projects and accelerate the region's low-carbon transition. Trade restrictions on Chinese solar panels may also result in a pivot of China's exports to high-growth markets for renewable energy components such as Malaysia and Thailand, which can help China retain its growing solar module export trajectory. This shift can also strengthen China-Southeast Asia ties in clean energy partnerships, potentially increasing emerging markets' access to more affordable clean energy technologies that can accelerate the region's low-carbon transition.

Source: Reuters, The Business Times, OCBC

FX & Rates

FX & Rates: Stabilisation

- **USD Rates.** The UST curve bullish flattened on Friday amid prospects for de-escalation in trade tensions. Bessent commented that some trade talks are moving well, especially those with Asia while China is undergoing a “special negotiation”. 10Y UST yield was pressured down by both breakeven and real yield, with 10Y real yield back to below 2%. If easing trade tensions are seen as putting a floor to growth, then the downward momentum in real yield may become slower which hinges on a lower term premium. Range for 10Y UST yield is seen at 4.20-4.34%. At front end, Fed funds futures last priced a total of 88bps of cuts for this year, with the chance of a 25bp cut by the June FOMC meeting seen at 67%. These rate cuts expectation is dovish enough which may limit further downside to short-end UST yields.

- **DXY.** Recent gains were held amid relative calm (no fresh tariff angst). While tariff uncertainties linger, recent developments pointed to signs of de-escalation. Last week, Trump hinted at significantly reducing tariffs on China and insisted that his administration was talking with China on trade (even as Beijing denied the existence of negotiations). Treasury secretary Bessent also indicated that the tariff standoff between US and China is “unsustainable” and that tensions could de-escalate in the coming months. We reiterate that the narrative of de-escalation in tariffs persisting for a while more can aid USD short covering (especially against safe haven proxies such as JPY and CHF), following the >10% decline (at one point) since Jan peak. The broad USD bounce may also see some regional FX come under pressure in the interim.

- **EUR Rates.** Bunds underperformed with yields up by 1-4bps on Friday. We earlier wrote “asset swap pick-up (from USD-funded perspective) has narrowed of late; still, if there is any further liquidation from USD assets, long-end Bunds may continue to benefit”. USTs rallied instead, which might have led to some profit-taking flows at Bunds. Following last week’s dovish ECB rate cuts, incoming commentaries from ECB officials have stayed on the dovish side. Holzmann, who has been seen as a hawk, opined that net tariff impact so far is “rather disinflationary” and next policy steps are completely open. Knot said “in the short term, it is 100% certain that the demand shock will dominate – so in the short term, inflation will go down”; although he said the central bank’s focus on inflation is in the medium term, he said even in the medium term there is still downside risk (to growth and inflation). After last week’s ECB monetary policy decision, we opined that “Lagarde appeared open to cutting rates to below neutral levels”. We expect additional 50bps of cuts for the rest of the year. With EUR OIS pricing in additional 65bps of cuts before year-end, and asset swap pick-up was minimal at short-end bonds, further downside to short-end yields may be limited near-term.

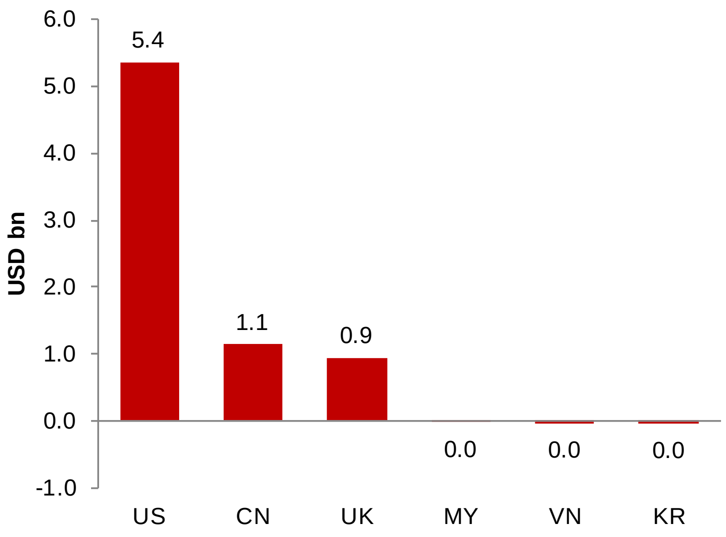
- **USDJPY.** Rebound in USDJPY continued as the Bessent-Kato meeting saw no mention of FX levels. Kato said that he and Bessent also confirmed in their meeting that foreign exchange rates “should be determined by the market and that excessive volatility can have a negative impact on economic and financial stability”. The rebound in USDJPY was in line with our earlier caution that if meeting yields no conclusive outcome with regards to FX, then USDJPY may extend its run-up. Pair was last at 143.60 levels. Daily momentum turned mild bullish while RSI rose. Rebound risks not ruled out.

Asset Flows

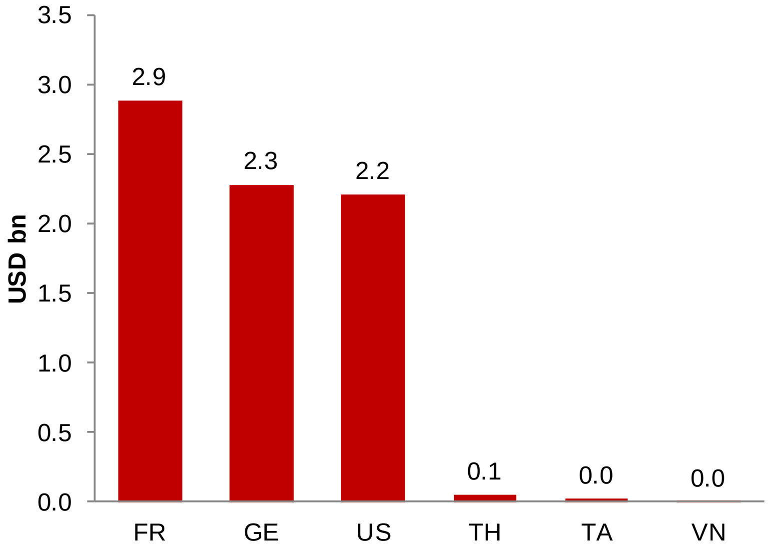
Global Equity & Bond Flows

- Global equity markets saw net inflow of $9.04bn for the week ending 23 April 2025, an increase from the inflow of $7.7bn last week.
- Global bond markets reported net outflows of $985mn, a decrease from last week's outflows of $19.8bn.

Equity top gainers & losers



Bonds top gainers & losers

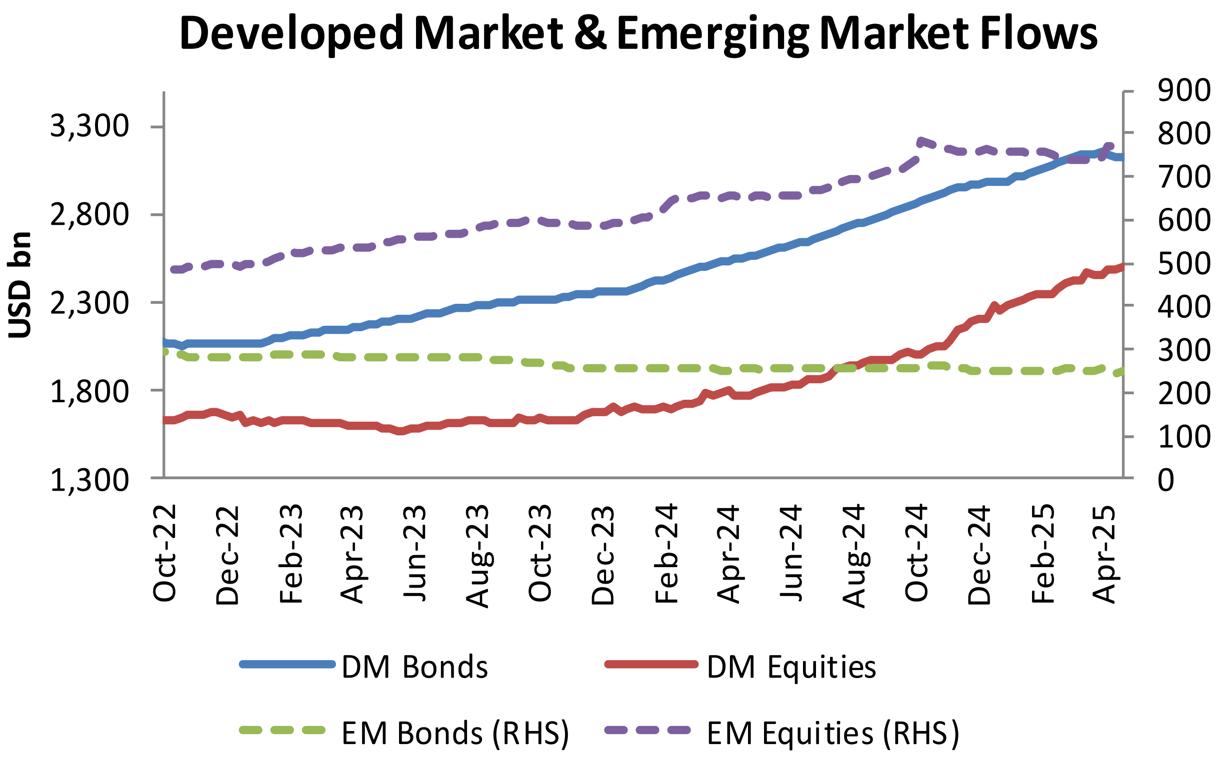


Source: OCBC, EPFR

OCBC

DM & EM Flows

- Developed Market Equities ($7.3bn) saw inflows and Emerging Market Equities ($1.6bn) saw inflows.
- Developed Market Bond ($1.6bn) saw outflows and Emerging Market Bond ($610mn) saw inflows.



Source: OCBC, EPFR

Global Markets Research & Strategy

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com