

A photograph of a modern, multi-story office building with a curved facade and many windows. The OCBC logo is visible on the top of the building. The building is set against a backdrop of a dense urban skyline with various other buildings and a hazy sky.

Weekly Macro Views (WMV)

OCBC Group Research

28 September 2026

Weekly Macro Update

Key global data for this week:

28 Sep	29 Sep	30 Sep	1 Oct	2 Oct
CH: Industrial Profits YTD YoY, Industrial Profits YoY IN: Industrial Production YoY JN: PPI Services YoY MO: GDP YoY SI: Industrial Production YoY, Industrial Production SA MoM US: Dallas Fed Manf. Activity	AU: RBA Cash Rate Target EC: Consumer Confidence, Economic Confidence JN: Leading Index CI UK: Mortgage Approvals, M4 Money Supply YoY, Money Supply M4 MoM, Net Lending Sec. on Dwellings	AU: CPI YoY, Building Approvals MoM CH: Manufacturing PMI, RatingDog China PMI Mfg JN: Industrial Production MoM UK: GDP QoQ, GDP YoY US: GDP Annualized QoQ, ADP Employment Change, MBA Mortgage Applications	AU: Trade Balance ID: CPI YoY, CPI Core YoY, CPI NSA MoM JN: Tankan Large Mfg Index, Tankan Large Mfg Outlook SK: Exports YoY US: Initial Jobless Claims, ISM Manufacturing	EC: CPI YoY, CPI MoM HK: Retail Sales Value YoY JN: Jobless Rate, Tokyo CPI Ex-Fresh Food YoY, Job-To-Applicant Ratio SK: CPI YoY US: Change in Nonfarm Payrolls, Durable Goods Orders

Summary of Macro Views:

Global	US-China: Trump-Xi Summit 2.0 recap US-Iran: Peace talks halt to stalemate US: Business growth surges as costs rise AU: Labour market resilient, RBA to hike
Asia	SG: K-shaped manufacturing performance continued in Aug SG: Inflation edged higher in August SG: Financial conditions stay resilient SG: Corporate and household resilience remains strong SG: Banks and NBFIs maintain strong buffers SG: Aging pressures weigh on demographic outlook SG: Fertility falls as longevity increases
Asia	HK: Labour market broadly weakened HK: Strong growth momentum in trade sustained HK: Housing prices staged a marginal rebound in August MY: Mind the fiscal gap ID: Capital flows measures do not preclude rate hikes TH: Fundamentals remain in focus TH: Customs export growth rose higher
Asset Class	FX & Rates: JPY Nearing Turning Point

Global: Central Bank

Forecast – Key Rates

Reserve Bank of Australia (RBA)



Tuesday, 29th September

House Views

Cash Rate Target

Likely **hike** by **25 bps** from **4.35 to 4.60%**

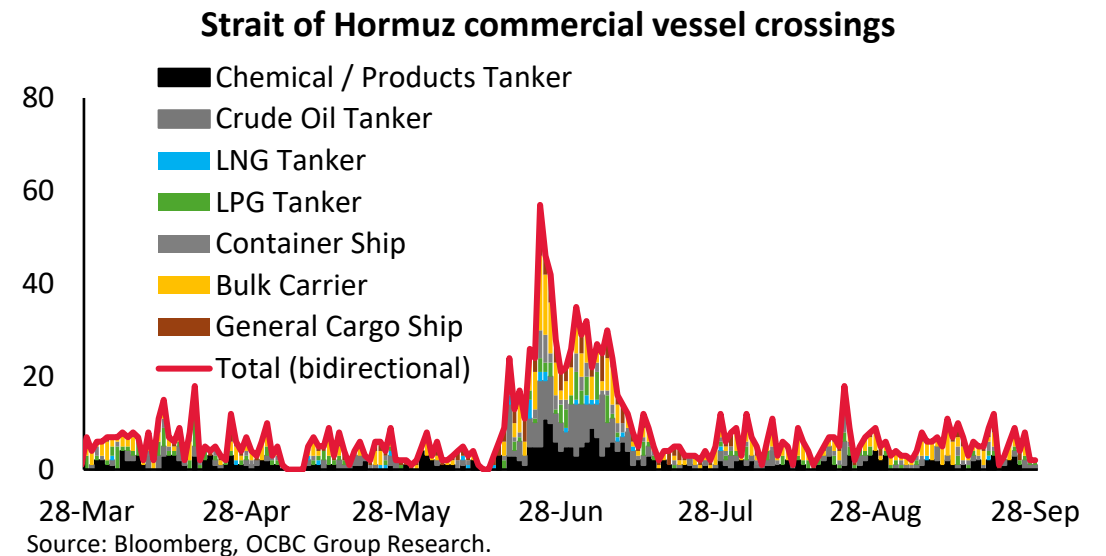
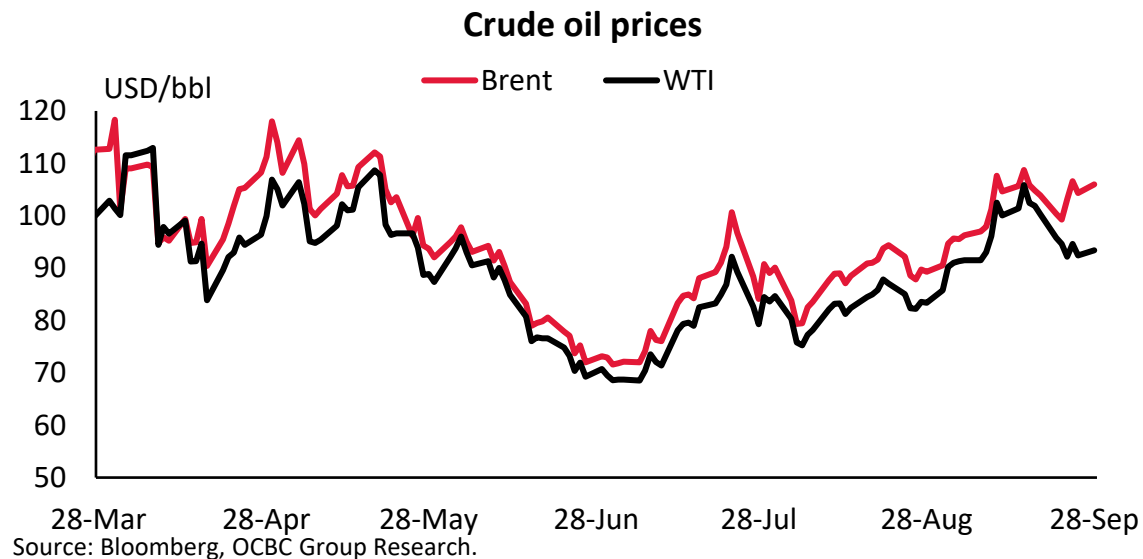
US-China: Trump-Xi Summit 2.0 recap

- The second Trump-Xi summit of the year reinforced the stabilization in relations between both countries but failed to produce many substantive outcomes or major developments on key issues. Xi called for both countries to keep competition within bounds and to continue to “steer the giant ship” of US-China relations towards greater stability. Trump similarly struck a congenial tone, repeatedly emphasizing his strong personal relationship with Xi and describing the visit as one of “friendship, strength, and success”.
- One of the major agreements was a two-month extension of the US-China trade truce, pushing its expiry from 10 November to 10 January 2027, although Beijing had reportedly sought an extension through the end of Trump’s term. China also committed to import at least 10mn tonnes of US coal in 2027 and 2028. Trump and Xi also established a formal US-China AI dialogue and agreed to create a bilateral communication channel for AI-related incidents.

Topic	Key outcomes from September 2026 Trump-Xi Summit
Tariffs	Agreed to extend trade truce agreement, that was due to expire in November, by two months to 10 January 2027.
Trade	China committed to import 10mn tonnes of US coal in both 2027 and 2028; China reported to be progressing on soyabean purchases, while broader agricultural agreements and rare earth commitments were still incomplete.
Geopolitics	Xi pressed Trump to oppose Taiwan independence, USD14bn arms package for Taiwan remains delayed; Both sides also reiterated that Iran should not develop nuclear weapons and opposed tolls on international waterways.
AI	Established the US-China Super Intelligence Dialogue to discuss AI risks and benefits, alongside a bilateral communication channel for AI incidents; Xi wants more oversight on AI development, while Trump is against adding new guardrails.

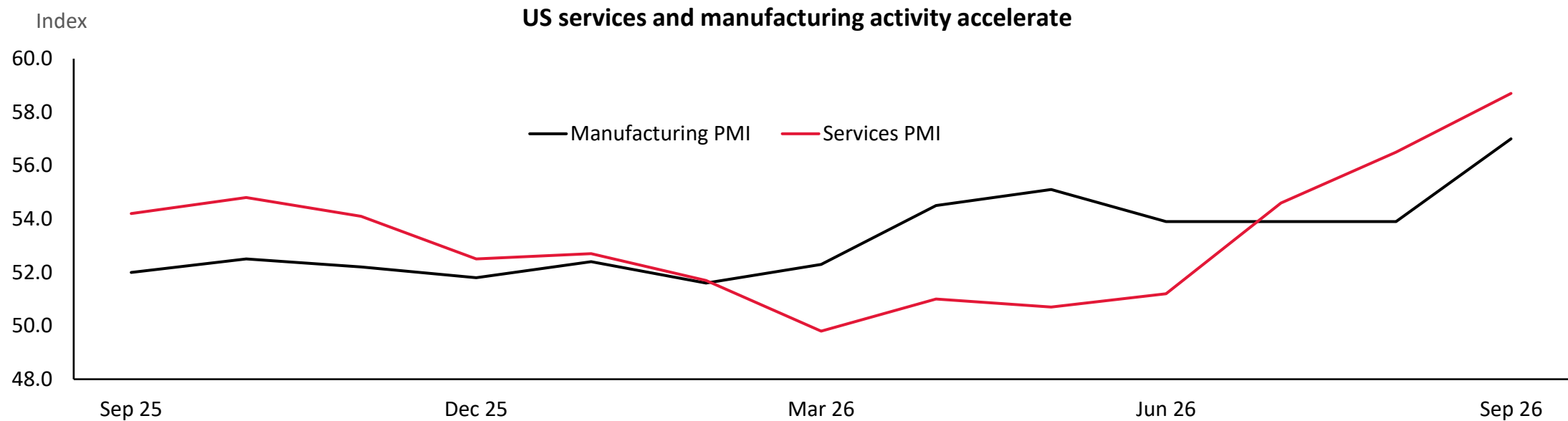
US-Iran: Peace talks halt to stalemate

- US-Iran talks continue through mediators as an agreement has yet to be reached. Trump rejected Tehran's seven-day plan to reopen Hormuz and restart talks claiming Tehran demanded 'too much' concession in return for returning to negotiation. Trump, who threatened to "annihilate" Iran's government at the assembly, reportedly expects to resume bombing after November's midterms, while Tehran stated they would show no nuclear flexibility. Araghchi warned Iran is ready "even if it comes to a doomsday war," but is still pushing for diplomacy.
- The rejected plan demanded sanctions relief, including end to the US naval blockade, an oil-sanctions waiver and release of frozen funds. Meanwhile, Washington's "Operation Economic Outcast" continues. UAE and Oman barred Iranian airlines after new US sanctions on third-country firms serving them. A sustained ban would deepen Iran's isolation and worsen an economic crisis already strained by the US naval blockade.



United States: Business growth surges as costs rise

- Services led the rise in activity as services PMI rose to 58.7 in September from 56.5 in August. Firms reported stronger demand, and the reading was its strongest reading since July 2021.
- Manufacturing also picked up as PMI rose to 57.0 from 53.9, after 3 months with little change. With both sectors rising, the overall US business activity index reached 58.4, up from 56 in August. This was the highest reading since July 2021 as well.
- Stronger growth came with more cost pressure. Firms reported faster hiring and the sharpest rise in input costs in almost four years, due to fuel and transport costs.



Source: S&P Global, Trendonify, OCBC Group Research.



Source: S&P Global; Trendonify; OCBC Group Research.

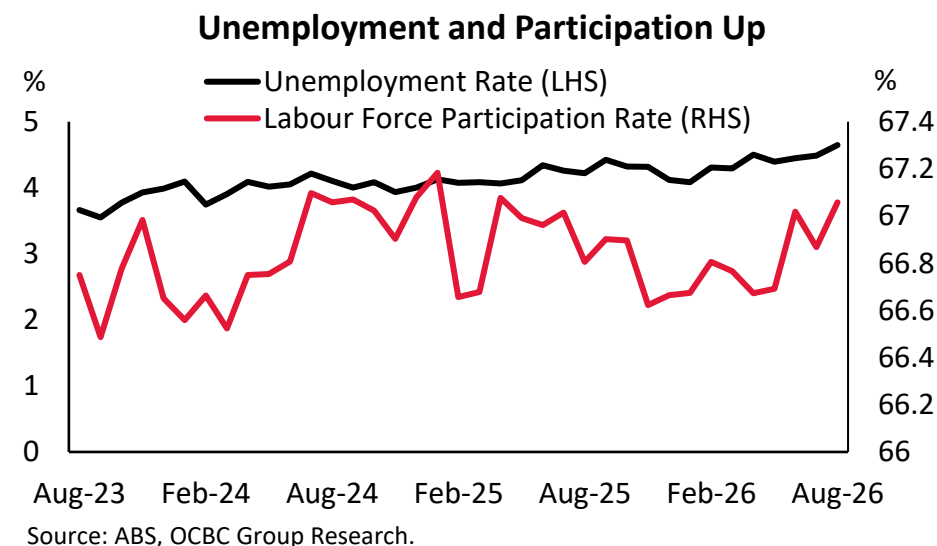
Australia: Labour market resilient, RBA to hike

- Despite the unemployment rate rising to 4.6% in August from 4.5% in July, the Australian labour market remained broadly resilient. The increase in unemployment was largely driven by a rise in labour force participation, which rose by 0.2ppt to 67.1%, rather than a broad-based loss of jobs. Employment increased by 39,500 over the month, although gains were concentrated in part time employment, and hours worked rebounded by 13.7mn in August after falling in July, suggesting that labour demand remains relatively firm.
- We have revised our policy outlook from no further rate hikes in 2026 to a 25bp increase at the September meeting, which would lift the cash rate from 4.35% to 4.60%. Beyond this expected hike, our forecast profile does not incorporate any additional tightening for now, although we acknowledge that further upside inflation surprises or shifts in market conditions could warrant additional rate increases. Further out, we continue to expect a single 25bp rate cut in 4Q27, as inflation is likely to ease more meaningfully in 2H27, partly reflecting favourable base effects as this year's elevated inflation readings roll out of the annual comparison.

Forecasts for Interest Rates	4Q26	1Q27	2Q27	3Q27	4Q27
RBA Cash Rate	4.60	4.60	4.60	4.60	4.35
1M BBSW	4.65	4.65	4.65	4.65	4.40
3M BBSW	4.70	4.70	4.70	4.70	4.45

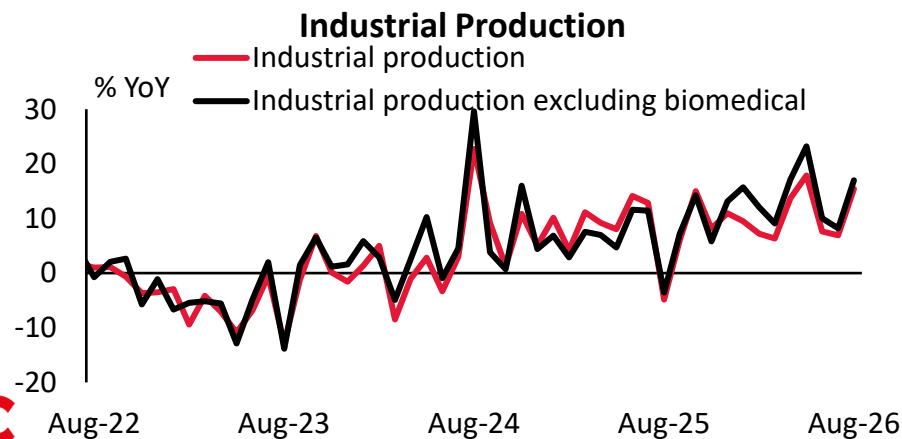


Source: ABS, OCBC Group Research.



Singapore: K-shaped manufacturing performance continued in Aug

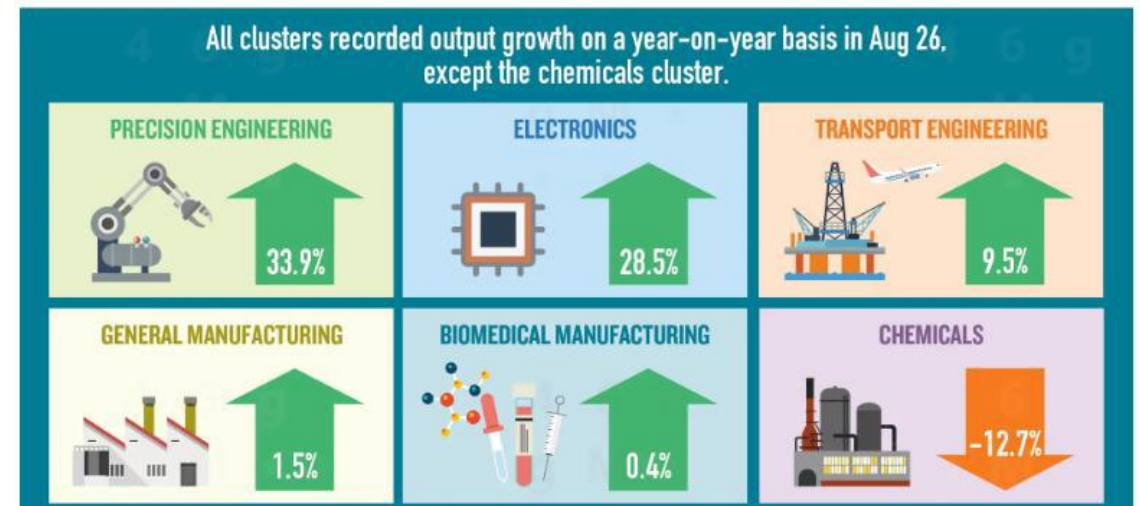
- August industrial output rose 15.4% YoY (-0.5% MoM SA), which is an improvement from the revised July reading of 6.9% YoY (+2.3% MoM SA). More importantly, the YoY performance actually missed market expectations for 18.3% YoY (2.0% MoM SA) - due to the low base last year, our forecast was for 19.2% YoY (2.8% MoM SA). Nevertheless, this still marked the 12th consecutive month of expansion and brought year-to-date for the first 8 months of this year to 10.5% YoY, which is higher than the 8.0% seen for the same period last year.
- The electronics cluster is still the main growth engine, growing for the 12th straight month by 28.5% YoY in August which is the fastest pace since May 2026, led by information & consumer electronics (66.3% YoY), semiconductors (26.1%), computer peripherals & data storage (20.4%).
- Looking ahead, we expect industrial production to grow 6% YoY for the remaining four months, this would bring full-year 2026 manufacturing to 9.0% YoY, which is commendable versus the 8.7% YoY seen in 2025. For 2027, manufacturing growth should normalise to around 5% YoY. We tip 3Q26 GDP growth to 4.9% YoY (0.8% QoQ SAAR) followed by 4Q26 GDP growth of 3.9% YoY (0.4% QoQ SAAR), which will bring full-year 2026 GDP growth to 5.2% YoY (2025: 5.0% YoY and 2024: 5.2% YoY).



Source: EDB, CEIC, OCBC Group Research.

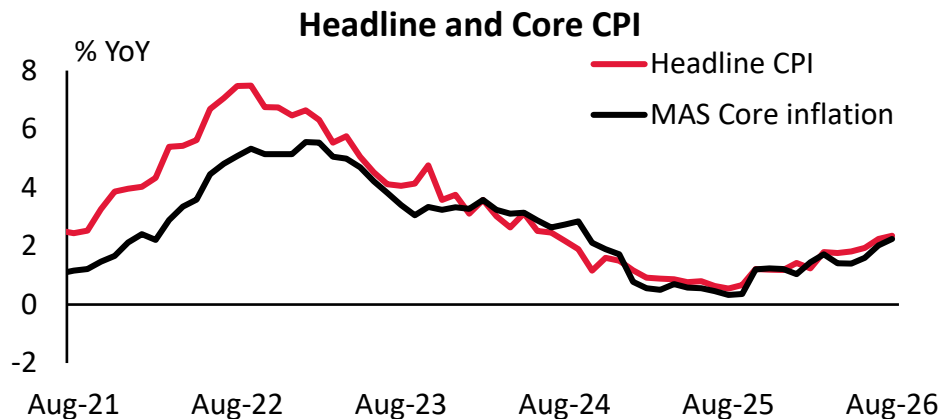


Source: EDB, CEIC, OCBC Group Research.

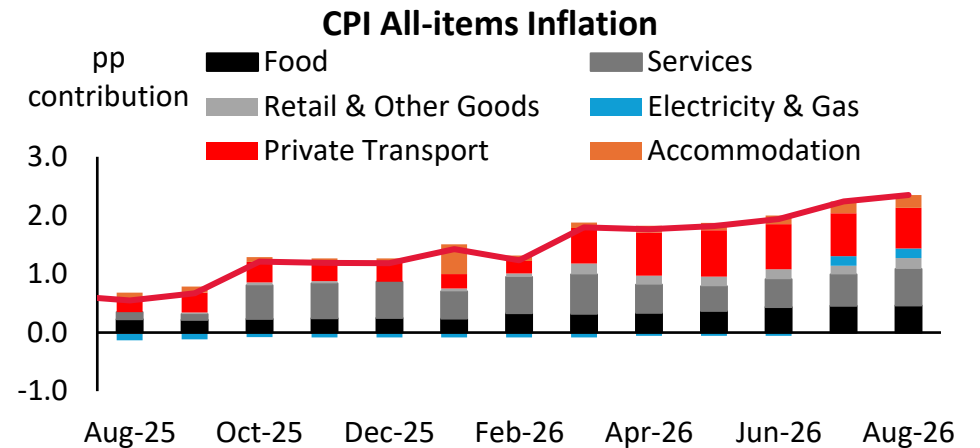


SG: Inflation edged higher in August

- Headline CPI edged up to 2.3% YoY in August (0.6% MoM), from 2.2% July. Meanwhile, core CPI rose to 2.2% YoY from 2.0%.
- According to MAS, prices rose largely due to higher services and retail & other goods inflation, amid faster increases in airfares, point-to-point transport fares and clothing & footwear prices, even as private transport inflation eased on a smaller rise in car prices. MAS maintain its forecast for headline and core inflation to average 1.5%-2.5% for 2026. MAS added that “core inflation is expected to remain elevated into 2027 before moderating more discernibly from around mid-2027, alongside the expected easing in global energy prices.”
- Robust manufacturing and GDP growth per se does not warrant MAS to tighten monetary policy settings at the October MPS, but given the upside core inflation risks inherent in the second and third order effects from the Middle East conflict widening into sticky price pressures for a broader basket goods and services, especially with the persistent Iran conflict and now the threat of a super El-Nino impacting food prices, another S\$NEER slight slope tightening (similar to the July move) is mostly likely on the cards. Our forecast for core inflation is 1.9% YoY for 2026 and 2.1% for 2027.



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



Source: Singstat, CEIC, OCBC Group Research.



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

Singapore: Financial conditions stay resilient

- Domestic financial markets weathered recent global stress well. At the onset of the Middle East conflict, Singapore’s Financial Stress Index (FSI) rose sharply as equity and bond markets turned volatile, though the spike was brief, with USD/SGD funding spreads staying tight throughout. More recently, it has edged higher alongside rising global yields, with geopolitical tensions, trade restrictions, or an AI cycle correction posing risks of renewed cross-market volatility.
- MAS's 2026 Systemic Risk Survey of Chief Risk Officers of financial institutions found cyber and operational risks overtook geopolitical risk as the top concern (80% vs 77%), while AI-driven financial market fragility (57%) emerged as a new key risk category, followed by macroeconomic uncertainty (55%) and climate/transition risk (23%).

Risk categories cited by at least 20% of respondents	2026	
	Impact Ranking	% of Respondents
Geopolitical risk induced by escalation of ongoing conflicts and rising protectionism	1 ▲	77
Cyber and operational risks, incl. AI-assisted cyber-attacks, concentration risks from third party vendors	2 ▲	80
Financial market stresses, incl. AI-driven market fragilities	3 <u>New</u>	57
Macroeconomic uncertainty (e.g. growth slowdown and inflation resurgence)	4 ▼	55
Climate/Transition Risk	5 ▲	23

Source: MAS, OCBC Group Research.

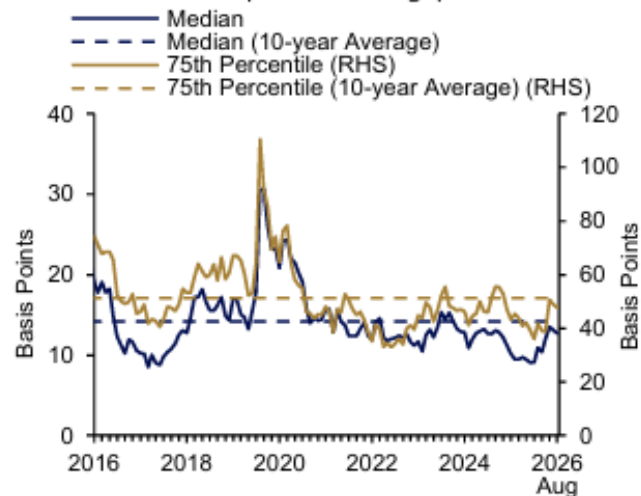


Source: MAS, OCBC Group Research.

Singapore: Corporate and household resilience remains strong

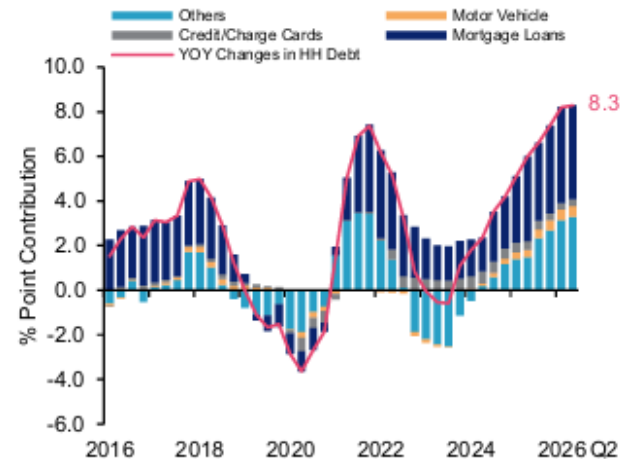
- Corporates stayed resilient on stable earnings and lower borrowing costs, interest expense falling to 4.2% of debt, debt to GDP holding at 117% the corporate NPL ratio hit an 18 year low of 1.2%. A pullback in AI investment could weaken revenues across the AI supply chain. Under MAS's stress test, revenue shocks of up to 30% and interest-rate shocks of up to 400 bps left 32% of listed firms at risk, representing 16% of corporate debt, particularly leveraged, capital-intensive and smaller firms with thinner buffers.
- Households remained resilient as financial assets grew 9.5% YoY, outpacing 8.3% liability growth, while debt to PDI edged up to 1.08x, still below the 1.26x average, and the housing NPL ratio stayed low at 0.2% as mortgage rates fell. Private property price growth moderated to 3.3% in 2025 amid steady GLS supply. Under a stress test assuming a 10% income shock and 200bps rate rise, most borrowers stayed resilient, though 1%, mainly lower income HDB dwellers, could face negative cash flow and should build adequate liquidity buffers.

PD of non-financial corporates in Singapore



Source: MAS, OCBC Group Research.

Contribution to the growth in household debt



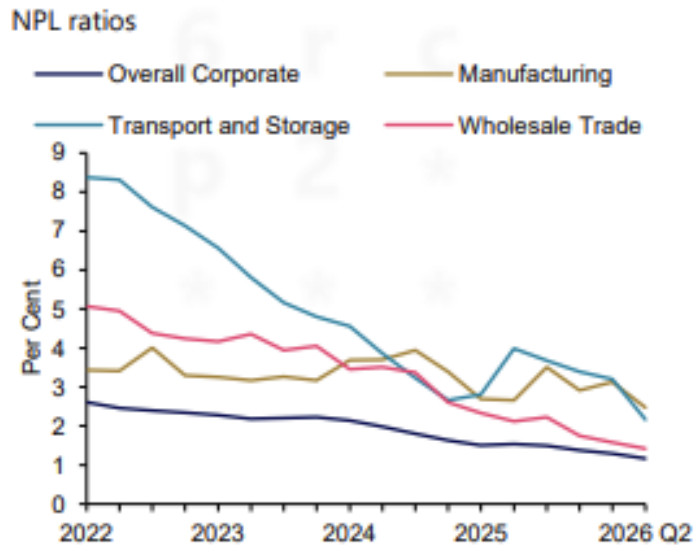
Source: MAS, OCBC Group Research.



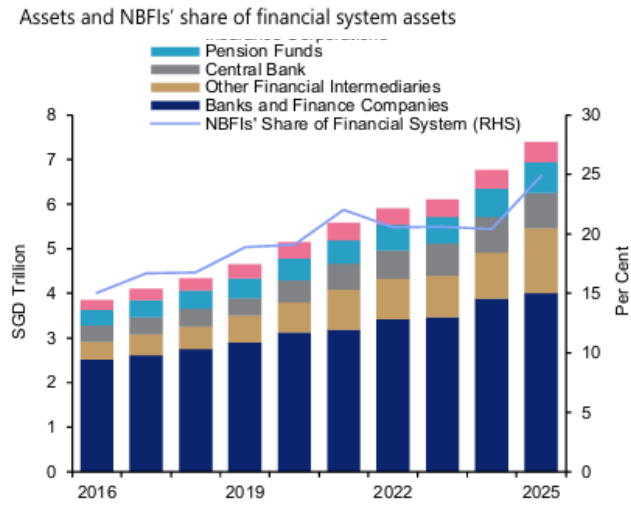
Source: MAS, OCBC Group Research.

Singapore: Banks and NBFIs maintain strong buffers

- Banks continued to benefit from strong capital and liquidity buffers, with resident and cross border credit expanding steadily, non bank deposits funding 80% of the system, and NPL ratios declining across most sectors as provisioning coverage rose to 147%. D-SIB aggregate CET1 CAR stood at 15.9%, above the 9.0% requirement. MAS's stress test, modelling a severe AI driven downturn, showed CET1 CAR troughing at 10.9% before recovering, staying above regulatory minimums and affirming banks' resilience to shocks.
- The NBFFI sector expanded 33% over the past year, now accounting for 25% of total financial system assets, led by investment funds and broker dealers, while leverage stayed contained, with hedge funds at 11.4x NAV and S-REIT gearing at 39.6%. Insurers remained well capitalised with limited AI or Middle East exposure. MAS's liquidity stress test found most authorised CIS could meet severe redemption shocks, though a small share of high yield bond funds faced shortfalls, indicating the sector remains well positioned to weather further shocks.



Source: MAS, OCBC Group Research.



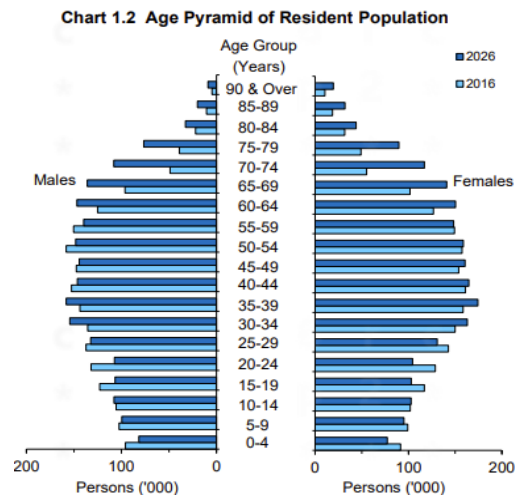
Source: MAS, OCBC Group Research.



Source: MAS, OCBC Group Research.

Singapore: Aging pressures weigh on demographic outlook

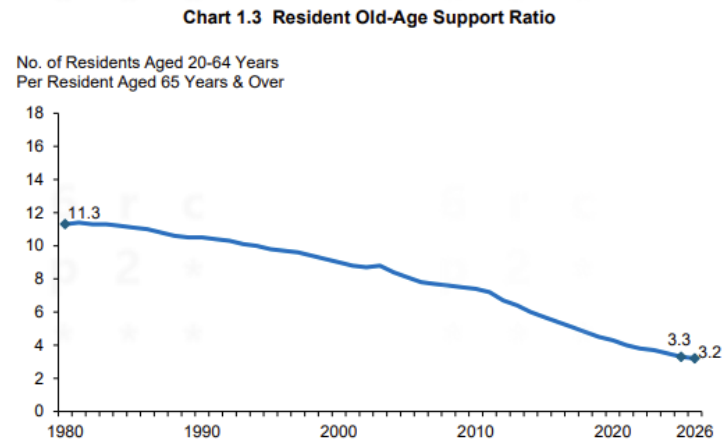
- Total population reached 6.21 million in June 2026, up 1.6%, led by non-residents who rose 3.7% to 1.98 mn. The resident population grew a slower 0.6% to 4.23 mn, made up of 3.68 mn citizens (+0.7%) and 0.55 million permanent residents (+0.5%).
- The resident population continued to age. The median age rose to 43.6 years from 40.0 a decade ago and 24.4 in 1980, while residents aged 65 and over now make up 19.5% of residents, up from 18.8% last year and 12.4% in 2016.
- The old-age support ratio, the number of residents aged 20-64 for every resident aged 65 and over, fell to 3.2 in 2026 from 3.3 a year earlier. It was 4.3 in 2020, 7.4 in 2010 and 11.3 in 1980, so each senior now has less than a third as many working-age residents as in 1980. Measured on ages 15-64, the ratio slipped to 3.4 from 3.6 in 2025, showing the pool of working-age residents is shrinking relative to seniors.



Source: Singstat, OCBC Group Research.



Source: Singapore Department of Statistic , OCBC Group Research.

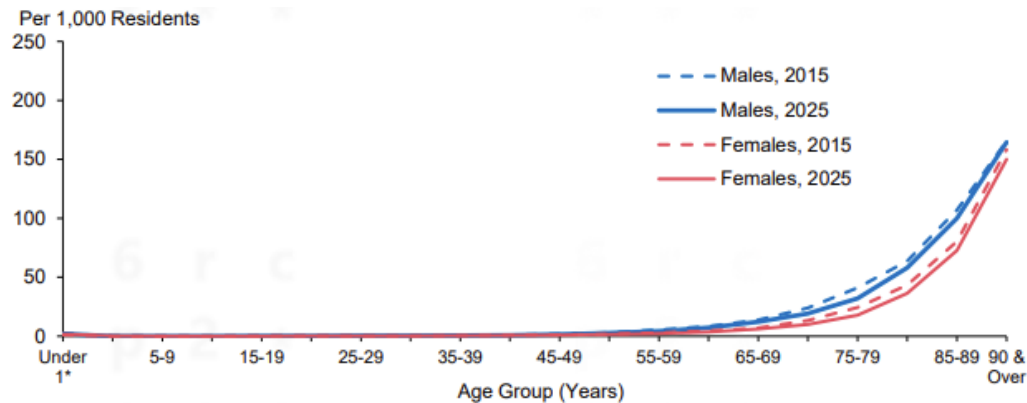


Source: Singstat, OCBC Group Research.

Singapore: Fertility falls as longevity increases

- Births fell 11.4% to 29,864 in 2025, and the resident total fertility rate (TFR) dropped to 0.87 births per female from 0.97 in 2024. The Chinese TFR fell to 0.70 from 0.83, partly a typical post-Dragon Year dip. Marriages also declined 6.2% to 24,688, with the median age at first marriage holding at 31.1 for grooms and 29.6 for brides.
- Resident households rose 1.6% to 1.49 million in 2025, while average household size fell to 3.06 persons from 3.39 in 2015. Married couples with children remain the most common arrangement but their share fell to 47.6% from 56.5%. One-person households rose to 16.7% from 11.9%, and couples without children to 19.1% from 15.5%.
- Life expectancy at birth reached 83.9 years in 2025, up 0.2 years and above the pre-pandemic high of 83.7. A 65-year-old can expect to live another 21.6 years. Deaths were broadly flat at 26,499 and the age-standardised death rate eased to 5.1 per 1,000 from 5.3.

Age specific death rate

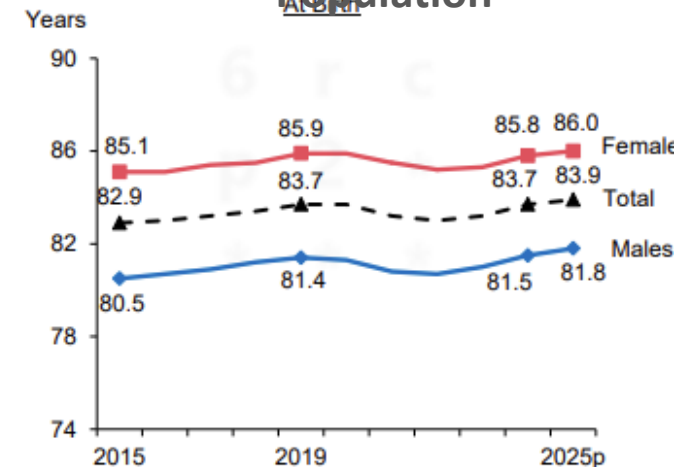


Source: Singstat, OCBC Group Research.



Source: Singapore Department of Statistics, OCBC Group Research.

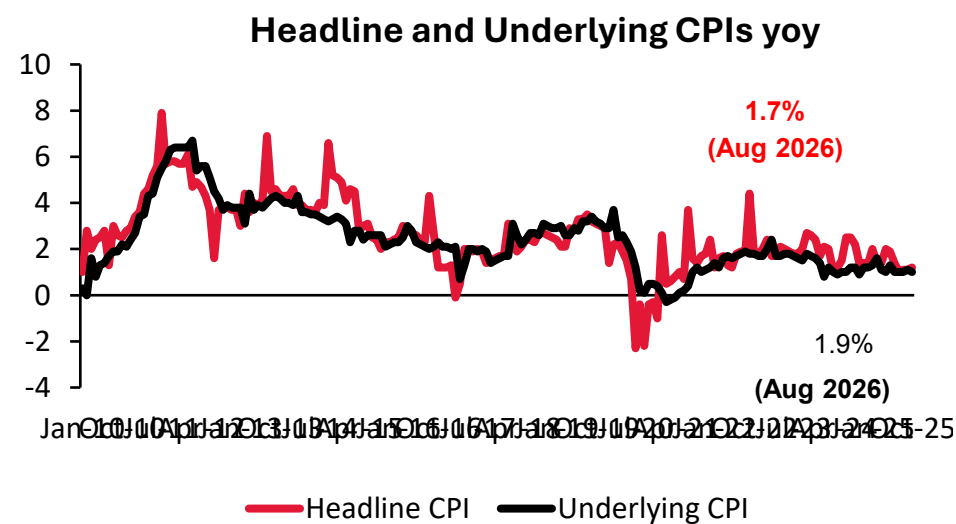
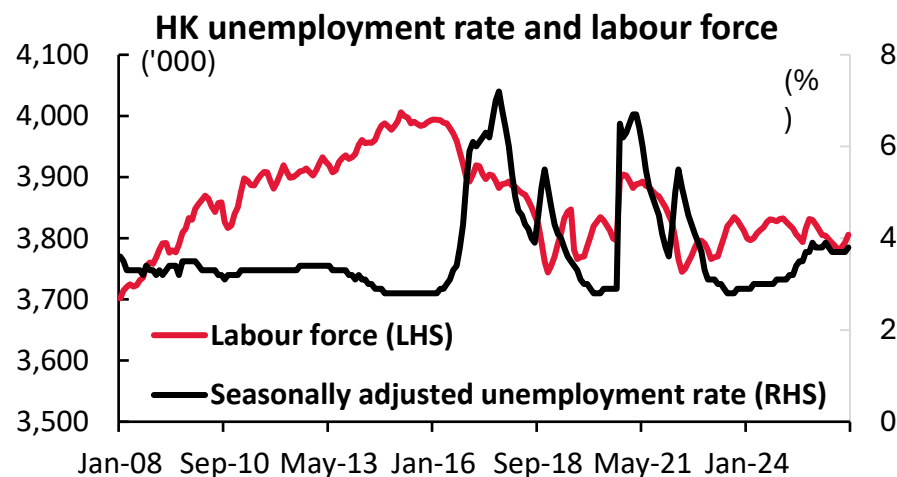
Life Expectancy of Resident Population



Source: Singstat, OCBC Group Research.

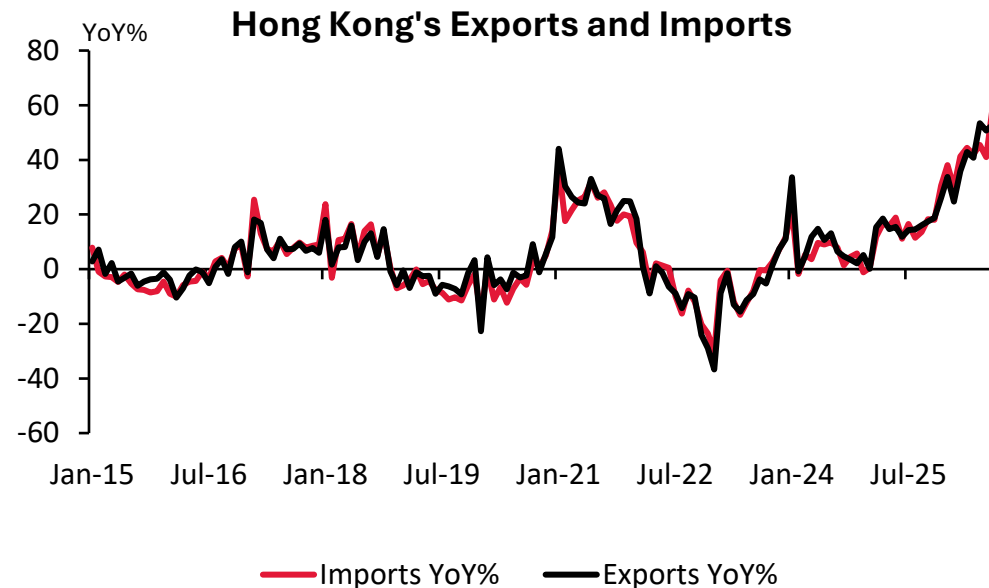
Hong Kong: Labour market broadly weakened

- The seasonally unadjusted unemployment rate rose further to 4.0% in the June-August 2026 period, from 3.8% previously, with jobless rates increasing across most sectors. The number of unemployed persons rose to 153,900, the highest level since July-September 2025, partly reflecting an increase in school leavers at the end of the academic year. After seasonal adjustment, the unemployment rate and underemployment rate edged up by 0.1 percentage point and 0.2 percentage point, respectively, to 3.8% and 1.9% in June-August 2026.
- Separately, headline and underlying CPI (netting out the effect of all government's one-off relief measures) rose at a steady pace of 1.7% YoY and 1.9% YoY respectively in August, the same as in July, suggesting limited pass-through from higher oil prices. At the component level, “electricity, gas and water” recorded a sharp increase of 11.5% YoY, while the “housing” and “food” (together accounting for over 60% of the CPI basket) rose by only 0.2% YoY and 0.1% YoY respectively, thereby limiting the rise in overall inflation. We expect the overall inflationary pressure to remain contained for the rest of the year.



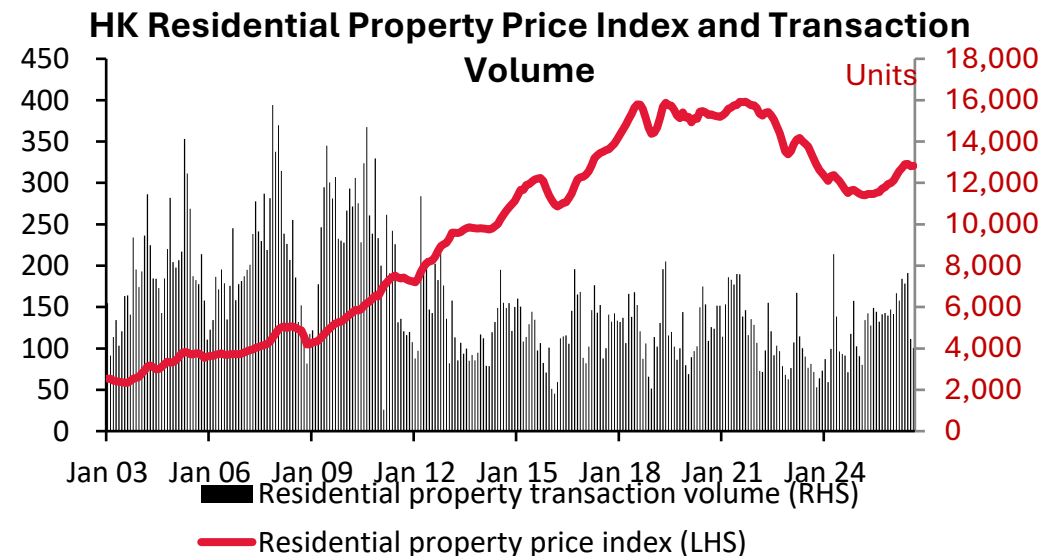
Hong Kong: Strong growth momentum in trade sustained

- Merchandise exports and imports continued to see robust growth, by 53.0% YoY and 60.0% YoY in August respectively (50.7% YoY and 41.0% YoY in July). The trade deficit widened sharply to HKD71.2 billion in August, from HKD4.9 billion in July, due to stronger-than-expected increase in imports during the month.
- Analyzed by commodity, increases were most apparent in the exports of "electrical machinery, apparatus and appliances, and electrical parts thereof" (62.6% YoY) and "office machines and automatic data processing machines" (131.0% YoY).
- In the first eight months, Hong Kong's merchandise exports rose by 42.5% YoY. We recently revised up our 2026 merchandise export growth forecast to 35%, reflecting both sustained external demand for AI-related products and Hong Kong's role as a regional trading and logistics hub.



Hong Kong: Housing prices staged a marginal rebound in August

- Hong Kong's official residential price index rebounded by 0.06% MoM in August, after recording the first month-to-month decline in 16 months in July. Meanwhile, increase in the rental index accelerated to 1.6% MoM in August (0.6% MoM in July). In the first eight months of 2026, housing prices and rents recorded cumulative gains of 7.0% and 4.9%, respectively. Trading activity weakened markedly, with total residential transactions falling by 9.9% MoM to 4,019 cases in August, highlighting a further deterioration in buyer participation.
- The rebound was led by the large-sized market segments. The price index of large-sized properties (Class D and E; saleable area of 100 square metres or above) rose by 0.4% MoM in August, while the price index of mass-market and medium-sized properties (Class A, B and C; below saleable area of 100 square metres) was unchanged from a month earlier.
- We maintain our forecast of an 8.5% increase in housing prices in 2026, and expect price gains to moderate, given the hawkish repricing of the Fed policy path, and heightened global macroeconomic uncertainties.



Malaysia: Mind the fiscal gap

- Budget 2027 will be tabled in Parliament on 9 October against a backdrop of an intensifying domestic political cycle and persistent external volatility. The US-Iran conflict has continued to put pressure on global oil prices as well as other input costs and the latest state to dissolve its legislature and call for elections is Melaka, where elections should be held within 60 days from 23 September 2026.
- Limited subsidy policy changes, a focus on reining in cost-of-living conditions, while still supporting medium-term projects suggests that expenditures will stay elevated while tax administration improvements are more likely than big bang reforms to support revenue generation.
- We expect modest fiscal slippage of 0.1% of GDP to 3.6% in 2026. The government will likely project 3.4% for 2027 — itself a slip against the MTFE-implied 3.2% — but we forecast a flat 3.6%, with the risk skewed wider if Brent holds above USD100/barrel. We see a resilient growth outlook amid building price pressures as supportive of our baseline for Bank Negara Malaysia to normalise its policy rate to 3.00% from 2.75% in January 2027.

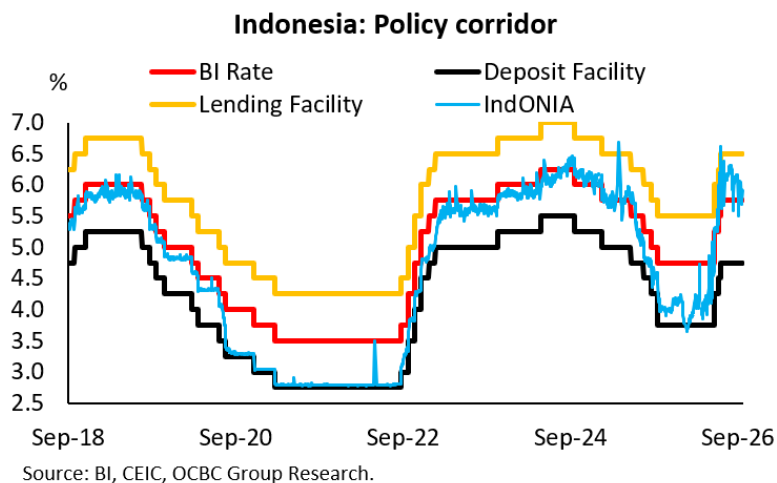


Source: MoF, OCBC Group Research.

Pre-budget statement: Focus areas for Budget 2027		
	Focus area	Key content
1	Social Justice and Development for All	Regional gaps (Sabah, Sarawak, rural); MSMEs, cooperatives, youth, women; housing, transport, urban liveability
2	Protecting Against Cost-of-Living Pressures	Data-driven subsidy targeting; STR, SARA, BUDI MADANI; price stabilisation and Jualan Rahmah MADANI
3	Strengthening Social Protection	EPF/SOCSO adequacy; coverage for gig and informal workers; aged society by 2030 (approx. 15% aged 60+); care economy
4	Education, Healthcare and Essential Services	Literacy, TVET, STEM, AI skills; healthcare access, hospital congestion, workforce, prevention
5	Spending That Delivers Best Value	Fiscal discipline vs growth; subsidy management, spending efficiency, tax compliance; leakages and outcome-based monitoring
6	Governance and Public Service Delivery	"From legislation to measurable implementation"; procurement, audit, anti-corruption; GovTech; GOE, Ombudsman and FOI Bills
7	Workers' Welfare and Decent Wages	Industry-led TVET, reskilling; less low-skilled foreign labour; wage growth tied to productivity; 60% female LFP target
8	Home-Grown Entrepreneurs / "Made by Malaysia"	Growth-stage financing, export diversification; procurement and GLICs as catalysts; R&D commercialisation
9	Growth Through Investment and High-Value Jobs	Realised investment and local supply chains; semiconductors, AI, energy transition, pharma, aerospace; JS-SEZ, Kulim, Silicon Island
10	Energy, Food, Climate and Cyber Security	NETR, grid upgrades, ASEAN interconnection, EECA 2024, CCUS Act 2025; agri-food, flood mitigation; data-centre efficiency conditions
Source: MoF; OCBC Group Research.		

Indonesia: Capital flows measures do not preclude rate hikes

- Bank Indonesia (BI) kept its policy rate unchanged at 5.75% at its 23 September meeting, in line with our expectations and consensus. This marks a third consecutive hold following the cumulative 100bp tightening in May-June. BI retained its focus on IDR stability amid volatile external conditions and maintaining headline CPI inflation within the 2.5±1% target range.
- BI, however, sweetened its hedging incentives for foreign-funding inflows: conventional swap-buy premium discounts rise from a flat 12.5% to 15%/20%/25% at 3/6/12 months, DNDF discounts rise from 15% to 25%/30% at 6/12 months, and LCT transactions with partner countries keep a 10% swap-premium uplift and a 10% DNDF sell-hedge premium cut. The DNDF discounts now explicitly apply to portfolio inflows, banks' foreign borrowing and FDI. Capital inflows were supportive in July and August, turning more mixed in September.
- While these measures underscore BI's commitment to maintaining IDR stability, we expect additional policy rate hikes but trim our baseline to another 25bp hike for the remainder of 2026 from 75bp previously, taking the policy rate to 6.00% by end-2026.



Instrument	Eligible Transactions	August Setting	September Setting
Conventional hedging swap	Portfolio inflows, banks' foreign borrowing, FDI	12.5% premium reduction across tenors	15% (3M), 20% (6M), 25% (12M)
DNDF hedging	Portfolio inflows, banks' foreign borrowing, FDI	15% premium reduction	25% (6M), 30% (12M)
Local currency transaction (LCT) – hedging swap	LCT transactions with partner countries	10% additional premium	unchanged
Local currency transaction (LCT) – DNDF hedging	LCT transactions with partner countries	10% premium reduction	unchanged



TH: Fundamentals remain in focus

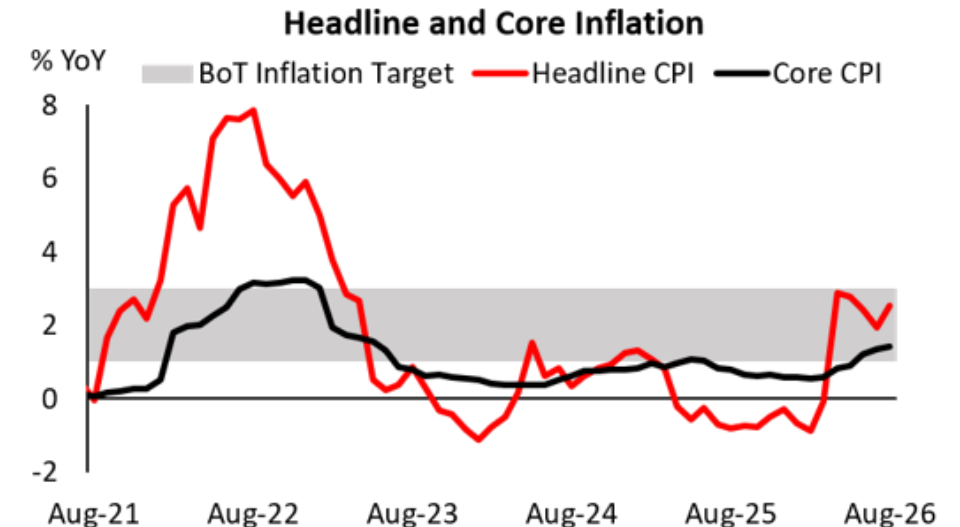
- The Constitutional Court rejected a petition from the Ombudsman, upholding the legitimacy of the 8 February 2026 elections. This is a positive, allowing the authorities to remain focused on economic policy, including the implementation of Budget 2027. The fiscal consolidation envisaged in Budget 2027 will be challenged by the volatile external backdrop and structural domestic growth constraints.
- The fiscal deficit is budgeted to narrow to 3.8% of GDP in FY27 from 4.3% in FY26, with revenue growth improving to 2.7% in FY27 from 1.2% in FY26 and expenditure growth slowing to 0.2% YoY from 0.7% in FY26 (October 2025 to September 2026).
- The fiscal stimulus will likely support economic growth in 4Q26 and 1Q27, given that disbursements are scheduled to begin in November. As such, we maintain our GDP growth forecasts of 2.3% for 2026 and 2.5% for 2027. With inflation rising and the output gap largely closed, we continue to see room for the BoT to normalise its policy rate by 50bp in 1H27.

	FY26				FY27	
	Budget	Year-to-July			Budget	
	THBbn	THBbn	%YoY	% budget	THBbn	%YoY
Revenues	2920.6	2512.3	3.8	86.0	3000.0	2.7
Expenditures	3780.6	3436.8	8.6	90.9	3788.0	0.2
Current	2654.6	2721.5	7.6	102.5	2786.4	5.0
Capital	861.7	470.5	12.5	54.6	789.2	-8.4
Fiscal deficit	-860.0	-924.6			-788.0	
% GDP	-4.3				-3.8	

Note: Total expenditures include Principal repayment/other.
Source: Bureau of Budget, Fiscal Policy Office, MoF, OCBC Group Research.



Source: Bureau of Budget, Fiscal Policy Office, MoF, Bank of Thailand, CEIC, OCBC Group Research.

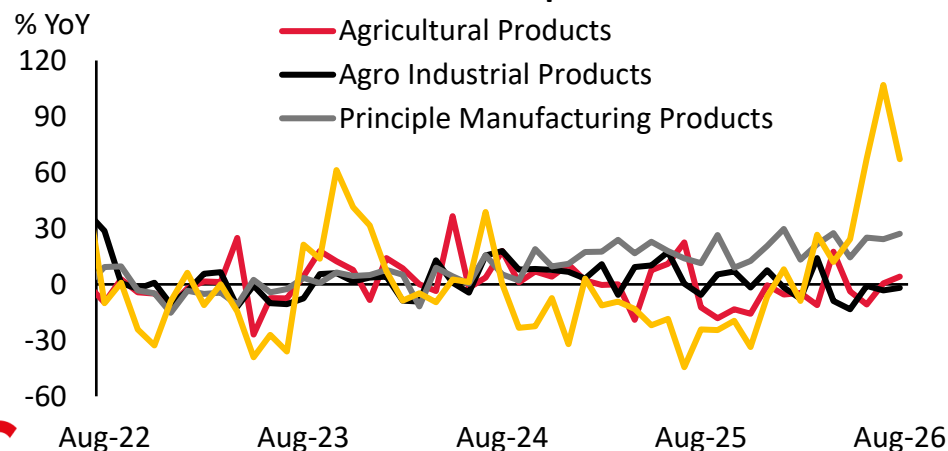


Source: Bank of Thailand, Trade Policy and Strategy Office, CEIC, OCBC Group Research.

Thailand: Customs export growth rose higher

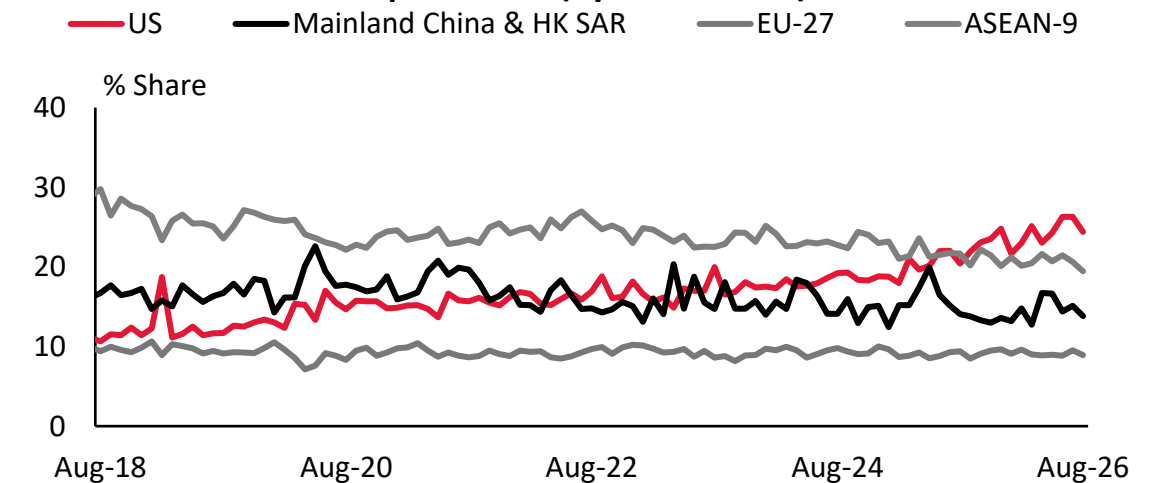
- August customs export growth accelerated to 24.3% YoY (consensus: 24.8%; OCBC: 24.4%) from 21.6% in July. In contrast, import growth moderated to 25.1% YoY from 36.7% in the previous month. Consequently, the customs trade deficit narrowed to USD2.5bn in August, down from USD3.6bn in July.
- On the exports front, stronger shipments of 'principle manufacturing products' (27.1% from 24.2%) and 'agricultural products' (4.2% from 0.6%) more than offset weaker exports of 'agro industrial products' (-1.9% from -3.3%) and 'mineral products and fuel' (67.1% from 106.8%). By destination, export front-loading to the US remained robust, with shipments expanding 48.7% YoY compared to 45.3% in July.
- The August print brought 2026 year-to-date customs export growth to 18.9% YoY, up from 13.6% in the same period of 2025. Looking ahead, Deputy Director of the Trade Policy and Strategy Office, Nattiya Sujinda, stated that full-year growth is likely to exceed 11% and could potentially reach 15%. However, she cautioned that export growth could contract in 2027 owing to the high base effect generated this year.

Drivers of Custom Export Growth



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

Export Share (By Destination)



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



FX & Rates



FX & Rates: JPY Nearing Turning Point

- JPY Nearing Turning Point: The JPY remains deeply undervalued, but policy normalisation and the prospect of Japanese investors shifting capital back home could finally unlock its value. We turn more constructive on the JPY and lower our USDJPY forecasts.
- Dollar Tracks Yields: Firm US data, rising energy prices and renewed Fed tightening expectations are keeping the USD supported. While markets may be overpricing future Fed hikes, a strong payrolls report could extend the USD rally and keep yields elevated.
- Modest upward calibration to USD/Asia forecasts reflects higher oil and US Treasury yields alongside renewed Fed tightening risk. We retain a downward trajectory for most USD/Asia forecast as substantial Fed tightening is already priced.
- China PMIs and Korea trade/IP will be the main regional checks on manufacturing and tech momentum, while Indonesia/Korea CPI, US PCE and payrolls keep the rates backdrop in focus. China's Golden Week may also thin liquidity later in the week.
- Oil Risk Premium: Oil prices should still trend lower over time, but geopolitical risks are slowing the decline. Hormuz disruptions, tighter sanctions, shrinking inventories and constrained refining capacity are keeping a firm floor under crude and refined product prices.

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