Weekly Macro Views (WMV)

OCBC Group Research

5 January 2026

Weekly Macro Update

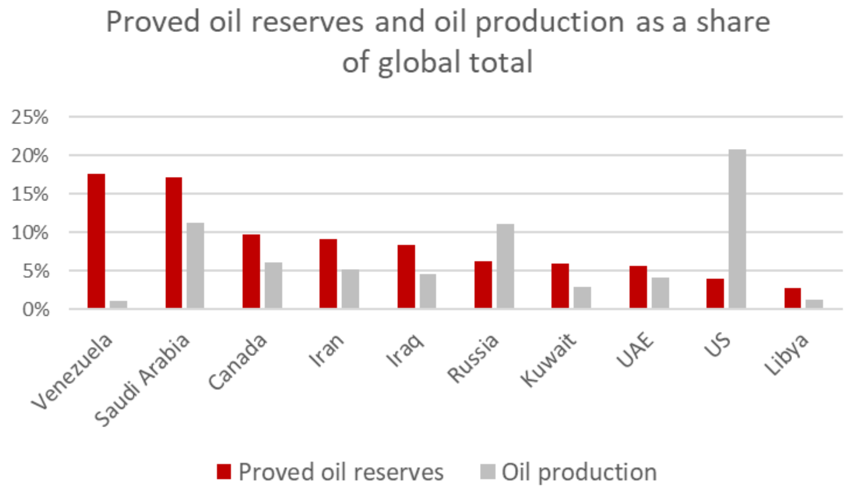
Key Global Data for this week:

5 Jan	6 Jan	7 Jan	8 Jan	9 Jan
• **ID** CPI, Trade data • **JN** S&P Global Japan PMI Mfg • **SI** Retail sales • **TH** Business Sentiment Index • **UK** Mortgage approvals • **US** ISM Manufacturing • **VN** 4Q25 GDP & other activity data	• **EC** HCOB Eurozone Composite PMI (F) • **IN** PMI Composite, Services • **JN** Monetary base • **PH** CPI • **UK** S&P Global UK services, composite PMI	• **AU** CPI • **EC** CPI • **PH** Unemployment rate • **TH** CPI • **US** ADP Employment change, JOLTS Job Openings • **US** Durable goods orders, factory orders,	• **AU** Exports, Imports, Trade balance • **EC** Consumer confidence • **EC** ECB 1 year & 3-year CPI Expectations • **ID** Foreign Reserves • **JN** Consumer Confidence index • **US** Challenger job cuts • **US** Exports, Imports	• **CH** CPI, PPI • **EC** Retail sales • **ID** Consumer Confidence Index • **JN** Leading, Coincident index • **MA** Industrial Production • **TA** Exports, Imports • **US** Change in Nonfarm payrolls • **US** U. of Mich. Sentiment

Global	• **Global**: Oil and gold stirred, not shaken • **US:** FOMC minutes	**Asia**	• **ID:** Disappointing November trade data • **ID:** Sticky inflationary pressures • **ID:** Data mix remain challenging for BI • **TH:** Lingering growth weakness • **TH:** Elections on 8 February • **VN:** Robust growth in 4Q25
Asia	• **SG:** A stunning year in 2025 • **SG:** Improvements in December PMI • **SG:** Retail sales exceed expectations • **HK:** Housing prices poised for further gain in 2026 • **HK:** Both external and domestic demand held up • **MO:** Gross gaming revenue grew by 9.1% YoY in 2025	**Asset Class**	• **ESG:** Sustainability priorities for businesses in 2026 • **FX & Rates:** More balanced in 2026 after a tumultuous year

Global: Oil and gold stirred, not shaken

- US strike triggers political transition, raising prospects for sanctions relief and Venezuelan oil sector revival. This could add to downside pressure to global oil prices in the medium-term.
- We maintain our forecast for Brent to bottom near USD59/bbl by year-end, pending clarity on Venezuela's new government and resource policy. OPEC's pause in quota hikes supports soft floor for Brent in high-USD50s.
- Recent events underscore risks to global order and reinforce the role of gold as a strategic hedge and portfolio diversifier. We maintain a constructive outlook on gold amid Fed still biased toward easing, persistent central-bank demand and geopolitical uncertainty. We project gold at USD4,800 for end-2026.



Commmodity Price Forecasts	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Precious Metals					
Gold $/oz	4500	4600	4650	4800	4850
Silver $/oz	76.3	78.0	78.8	81.4	82.2
Platinum $/oz	2500	2556	2583	2667	2694
Palladium $/oz	1852	1893	1914	1975	1996
Crude Oil					
ICE Brent $/bbl	64	63	61	59	59
NYMEX WTI $/bbl	61	60	58	56	56

Source: OCBC Group Research

Source: Energy Institute Statistical Review of World Energy, OCBC Group Research.

US: FOMC minutes

- While December FOMC minutes continued to reflect a divided Committee given the downside risk in the labour market and the upside risk to inflation, the tone was tilted mildly to the dovish side with an easing bias maintained.
- Participants generally expected inflation to remain somewhat elevated in the near term before moving gradually to 2%. Many participants emphasized they expected the effects of tariffs on core goods inflation would wane.
- Participants observed labour market conditions had continued to soften, and hiring had remained subdued.
- Some participants who favoured or could have supported keeping rate unchanged at the December meeting mentioned there is a considerable amount of data over the coming intermeeting period.
- On balance, we maintain our base-case for one additional 25bp cut this year and have pencilled this expected rate cut in Q1-2026. There are two-way risks to our base case.

Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, December 2025

Percent

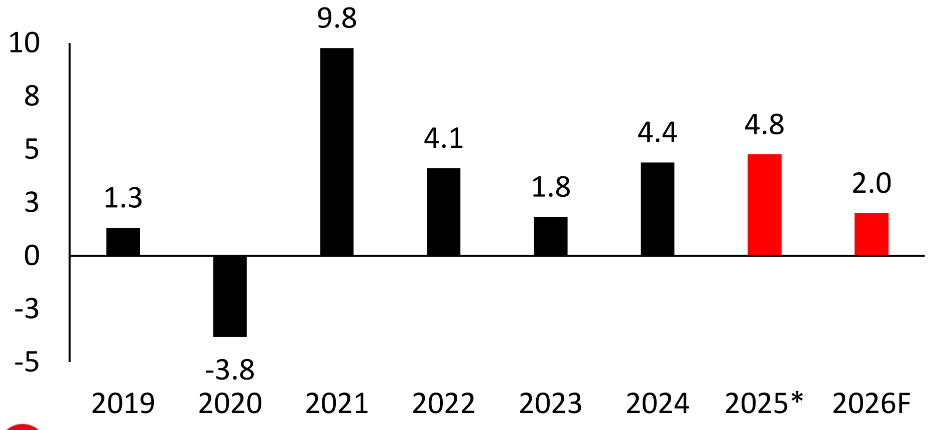
Variable	Median[1]					Central Tendency[2]					Range[3]				
	2025	2026	2027	2028	Longer run	2025	2026	2027	2028	Longer run	2025	2026	2027	2028	Longer run
Change in real GDP	1.7	2.3	2.0	1.9	1.8	1.6–1.8	2.1–2.5	1.9–2.3	1.8–2.1	1.8–2.0	1.5–2.0	2.0–2.6	1.8–2.6	1.7–2.6	1.7–2.5
September projection	1.6	1.8	1.9	1.8	1.8	1.4–1.7	1.7–2.1	1.8–2.0	1.7–2.0	1.7–2.0	1.3–2.0	1.5–2.6	1.7–2.7	1.6–2.6	1.7–2.5
Unemployment rate	4.5	4.4	4.2	4.2	4.2	4.5–4.6	4.3–4.4	4.2–4.3	4.0–4.3	4.0–4.3	4.4–4.6	4.2–4.6	4.0–4.5	4.0–4.5	3.8–4.5
September projection	4.5	4.4	4.3	4.2	4.2	4.4–4.5	4.4–4.5	4.2–4.4	4.0–4.3	4.0–4.3	4.2–4.6	4.0–4.6	4.0–4.5	4.0–4.5	3.8–4.5
PCE inflation	2.9	2.4	2.1	2.0	2.0	2.8–2.9	2.3–2.5	2.0–2.2	2.0	2.0	2.7–2.9	2.2–2.7	2.0–2.3	2.0	2.0
September projection	3.0	2.6	2.1	2.0	2.0	2.9–3.0	2.4–2.7	2.0–2.2	2.0	2.0	2.5–3.2	2.2–2.8	2.0–2.4	2.0	2.0
Core PCE inflation[4]	3.0	2.5	2.1	2.0		2.9–3.0	2.4–2.6	2.0–2.2	2.0		2.7–3.1	2.2–2.7	2.0–2.5	2.0	
September projection	3.1	2.6	2.1	2.0		3.0–3.2	2.5–2.7	2.0–2.2	2.0		2.7–3.4	2.2–2.9	2.0–2.4	2.0–2.2	
Memo: Projected appropriate policy path															
Federal funds rate	3.6	3.4	3.1	3.1	3.0	3.6–3.9	2.9–3.6	2.9–3.6	2.8–3.6	2.8–3.5	3.4–3.9	2.1–3.9	2.4–3.9	2.6–3.9	2.6–3.9
September projection	3.6	3.4	3.1	3.1	3.0	3.6–4.1	2.9–3.6	2.9–3.6	2.8–3.6	2.8–3.5	2.9–4.4	2.6–3.9	2.4–3.9	2.6–3.9	2.6–3.9

Source: The Federal Reserves, OCBC Group Research.

Singapore: A stunning year in 2025

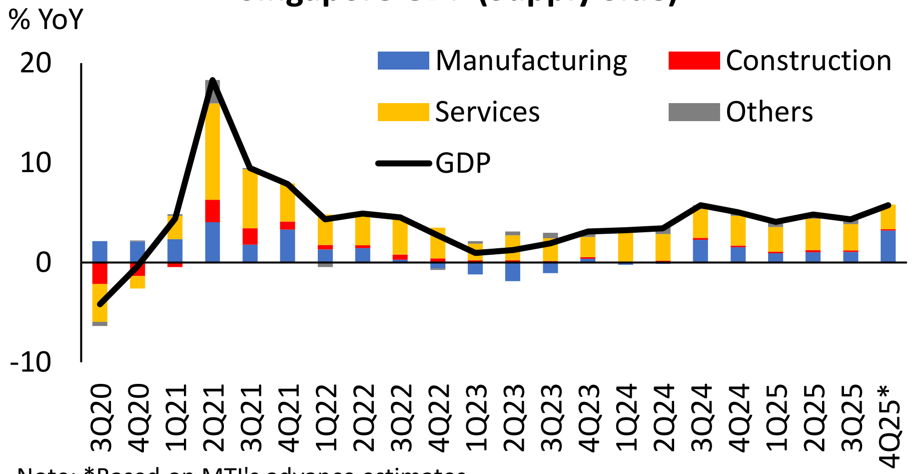
- Advance 4Q25 growth accelerated to 5.7% YoY (1.9% QoQ sa), up from 4.3% (2.4%) in the previous quarter, as the manufacturing sector surged 15% YoY, driven by strong performance in pharmaceutical and electronics. The construction and services sectors experienced some moderation, with growth slowing to 4.2% YoY and 3.8% YoY, respectively, compared to 5.1% and 4.1% in 3Q25.
- As a result, the full-year 2025 GDP growth reached 4.8% YoY, up from 4.4% in 2024. This marked the fastest pace of growth since 2021 (9.8% YoY) and was well above the medium-term trend. Singapore's 4Q25 and full-year 2025 GDP performance demonstrated economic resilience, supported by broad-based and diversified strengths across manufacturing, services, and construction.
- Looking ahead, our 2026 GDP growth forecast remains at 2% YoY, assuming that manufacturing growth will ease to around 2.2% due to the high base in 2025, while construction is projected to remain resilient around 4.8% amid ongoing public infrastructure projects. Services growth is anticipated to moderate to ~3.0% as wholesale trade activity normalises.

GDP Growth



Note: *Based on MTI's advance estimates.
Source: Singstat, CEIC, OCBC.

Singapore GDP (Supply Side)

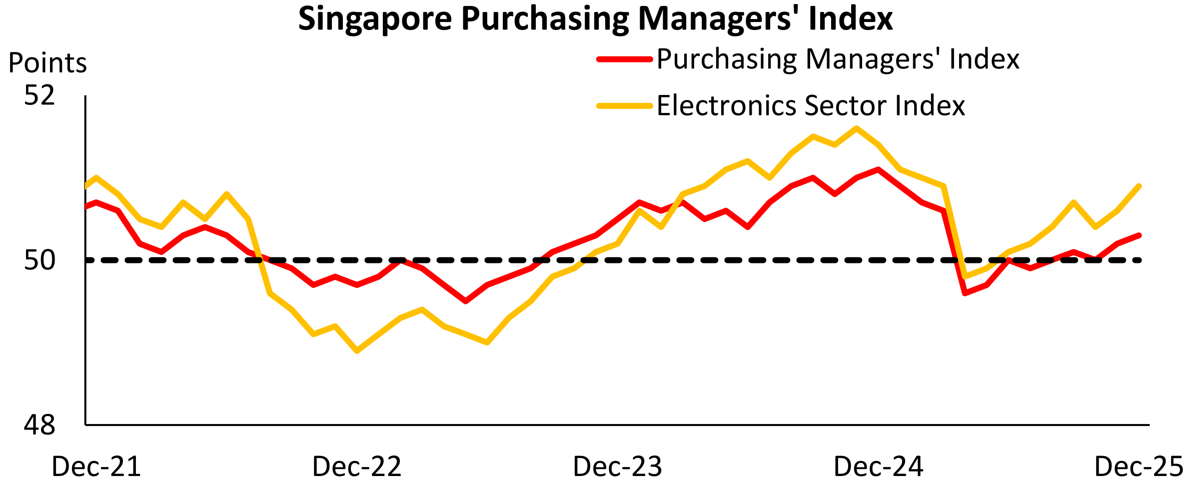


Note: *Based on MTI's advance estimates.
Source: Singstat, CEIC, OCBC.

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

Singapore: Improvements in December PMI

- Manufacturing and electronics PMIs both improved in December 2025 to 50.3 and 50.9, respectively, up from 50.2 and 50.6 in November 2025. They also marked the 5th and 7th consecutive month of expansion respectively which could bode well for the 1Q26 growth momentum.
- The improvements were attributable to stronger growth in new order, factory output, employment and future business indices – the latter registered the 2nd and 6th consecutive months of expansion. However, the signals from the new export orders, imports, input prices, and order backlog gauges diverged for the manufacturing and electronics sectors, suggesting that momentum for the overall manufacturing sector may be starting to lag behind the electronics industry.
- Looking forward, the critical outlook determinant is whether the pharmaceutical and semiconductor momentum sustains from 4Q25 into 1Q26. The global semiconductor market is still forecast to expand in 2026 due to strong demand for AI-related chips and should be primarily led by AI and data center infrastructure builds amid a healthy capex cycle. The global pharmaceutical industry is also tipped to be broadly resilient in 2026, with key late-stage drug launches scheduled.

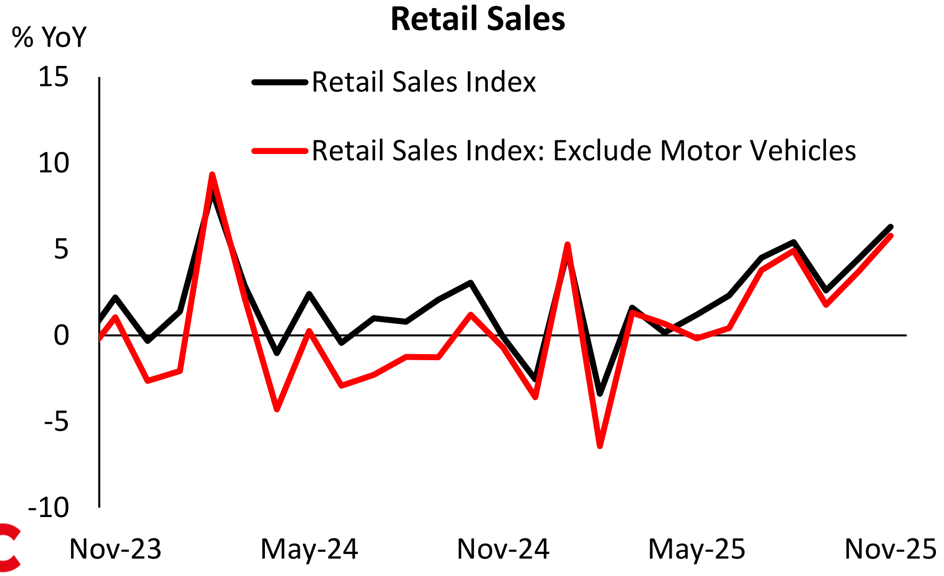


Source: SIPMM, Bloomberg, OCBC.

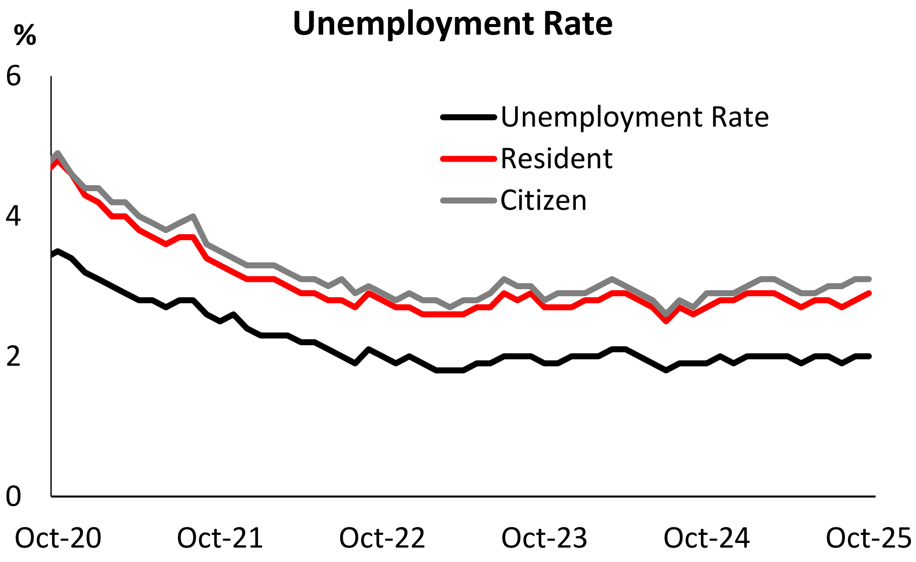
Source: SIPMM, Bloomberg, OCBC Group Research.

Singapore: Retail sales exceed expectations

- November retail sales accelerated to 6.3% YoY (0.0% MoM sa), up from a downwardly revised 4.4% in October, and exceeded consensus expectations of 4.9%. Excluding motor vehicles, retail sales rose 5.8% YoY, up from 3.7% in October.
- Recreational goods sales were a major contributor at 13.9% YoY, while other key performing segments included ‘Watches & Jewellery (13.1%)’, ‘Cosmetics, Toiletries & Medical Goods (11.4%)’, ‘Motor Vehicles (10.4%)’, among others. Conversely, lower sales were observed in the ‘Petrol Service Stations (-6.7%)’ and ‘Food & Alcohol (-3.1%)’ categories.
- As a result, the November figure brings retail sales growth to 2.8% YoY for the first eleven months of 2025. The full-year 2025 retail sales growth forecast is likely to accelerate to ~3.5%, exceeding the 1.4% recorded in 2024. For 2026, we expect retail sales growth to ease modestly to 2.8% YoY, supported by a resilient domestic labour market.



Source: Singstat, CEIC, OCBC.

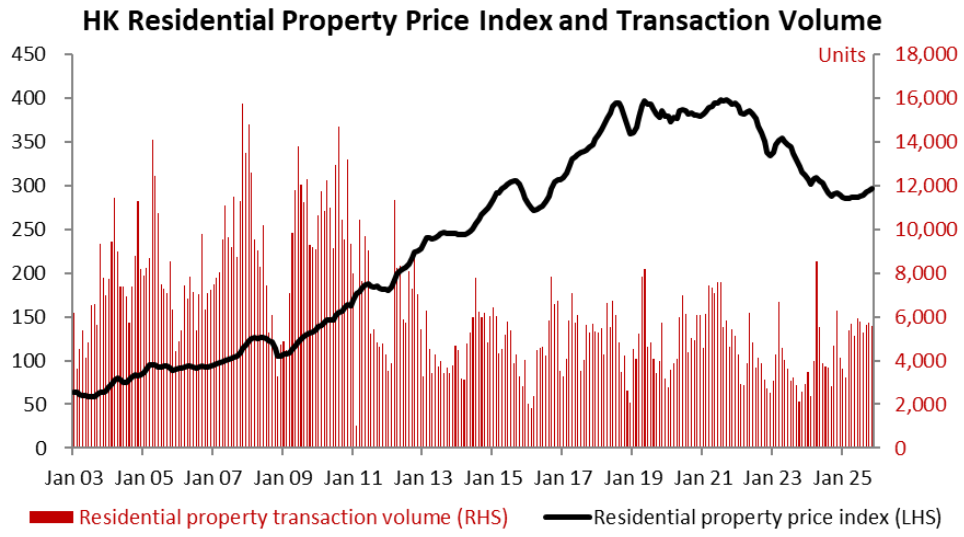


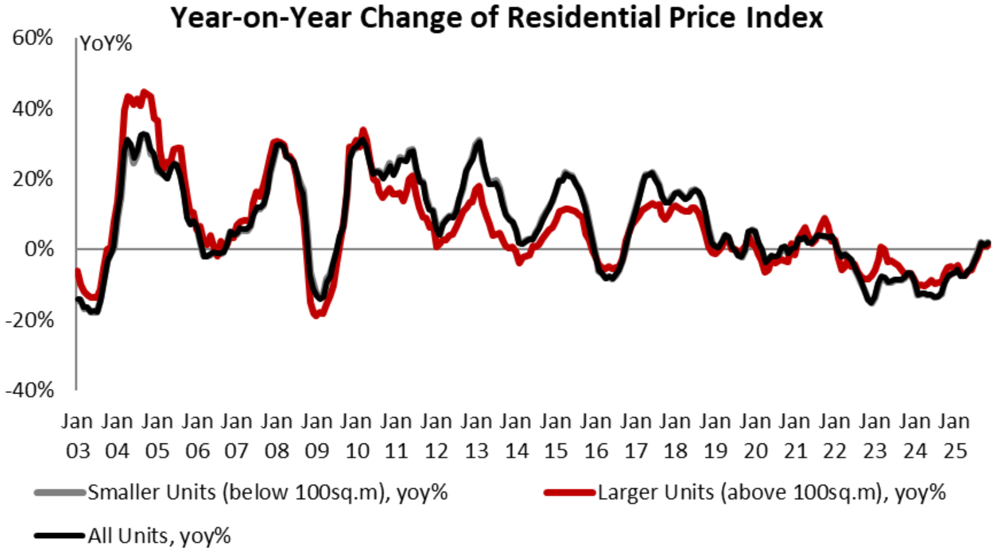
Source: MOM, CEIC, OCBC.

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

HK: Housing prices poised for further gain in 2026

- The recovery in the housing market gained further momentum. The official residential property price index rose by a faster pace at 0.9% MoM in November, widening the year-to-date gain to 2.8%. Meanwhile, rental index refreshed record highs and rose at a steady pace of 0.2% MoM in November, widening the year-to-date gain to 4.3% so far this year.
- With the growth of housing prices outpacing rent in recent months, the market yield is expected to peak and revert to a downward trend. Meanwhile, transaction stayed flat at 5,588 cases in November, comparable to the monthly average of 5,567 in the third quarter.
- Housing prices are poised for further gain in 2026, on the back of higher rent-to-purchase conversion, together with increases in non-local and end-user demand.

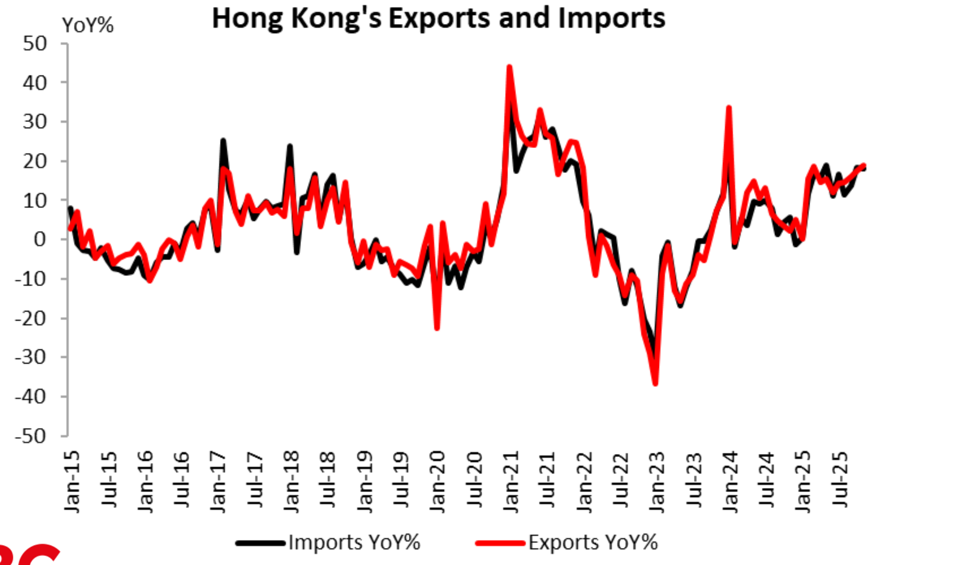


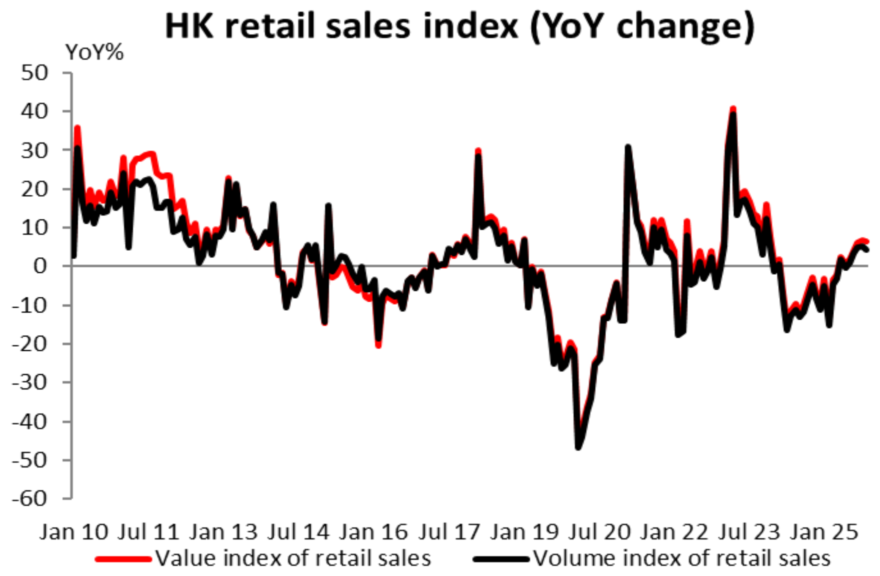


Source: HK Census and Statistics Department, OCBC Group Research

HK: Both external and domestic demand held up

- Exports performance stayed strong, with growth of merchandise exports and imports still solid at 18.8% YoY and 18.1% YoY respectively in November (Oct: 17.5% YoY and 18.3% YoY). During the period, trade balance deficit widened to HKD48.5 billion in November, from that of HKD39.9 billion in October.
- Exports to the mainland China and most other Asian markets remained robust, reflecting resilience beyond export frontloading and China's success in the export diversification strategy. Looking forward, we expect to see high single-digit growth in exports in 2026, amid the ongoing AI investment hype and structural resilience of Chinese exports.
- The pace of increase in retail sales held steady at 6.5% YoY in value terms in November, on the back of positive wealth effects stemming from stock market rally and bottoming out of housing prices. Added to that, increase in visitor arrivals and lower interest rate environment also contributed.

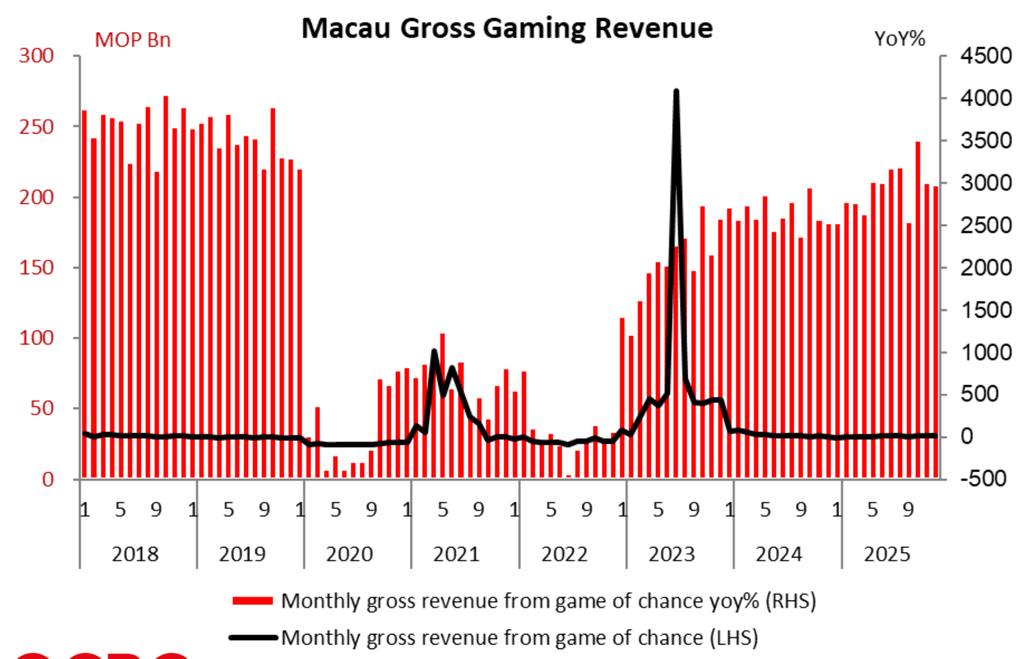


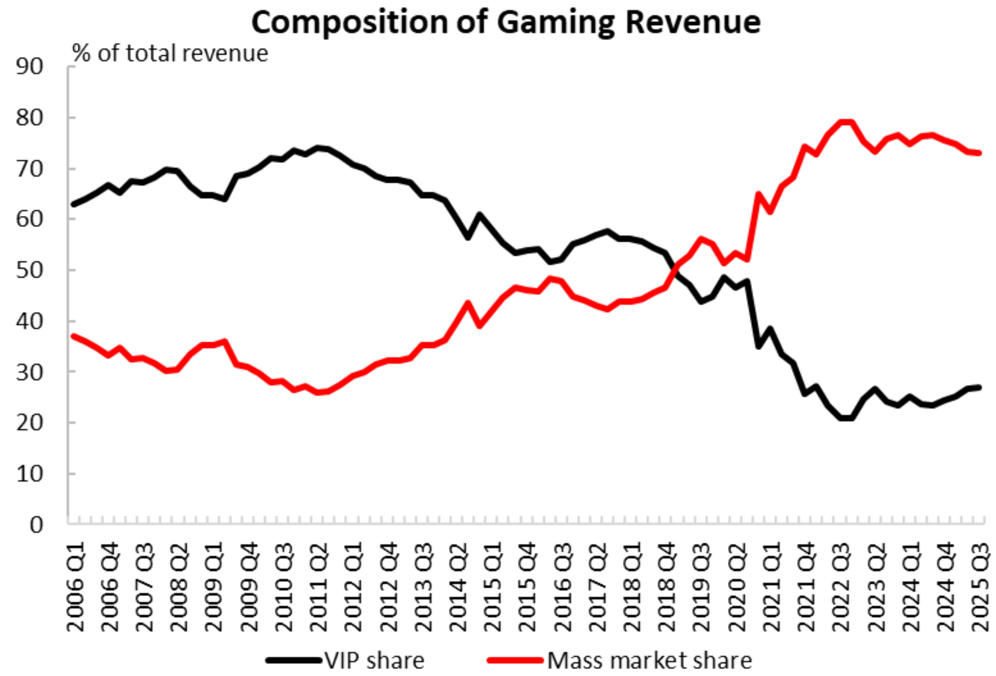


Source: HK Census and Statistic Department, OCBC Group Research

MO: Gross gaming revenue grew by 9.1%YoY in 2025

- Macau's gross gaming revenue (GGR) rose to post-Covid high at MOP292.46 billion in 2025 (up by 9.1% YoY), exceeding our growth forecast at 8.5%.
- GGR will likely see solid growth in 2026, with the rate of expansion of VIP segment outpacing that of other segments. We tip the year-on-year growth of GGR at 5% for 2026, taking into account the higher base.
- Macau is set to end 2025 on a strong note, delivering high single-digit gaming revenue gains, a sharp increase in visitor arrivals, and meaningful progress in non-gaming investment.

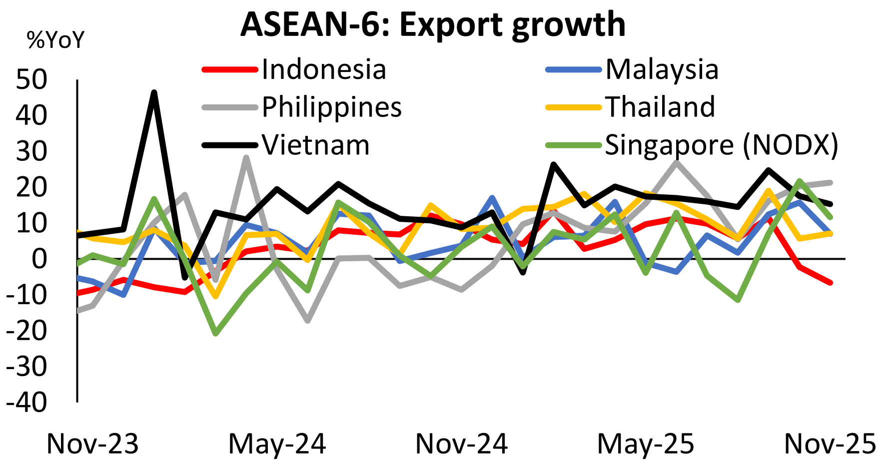




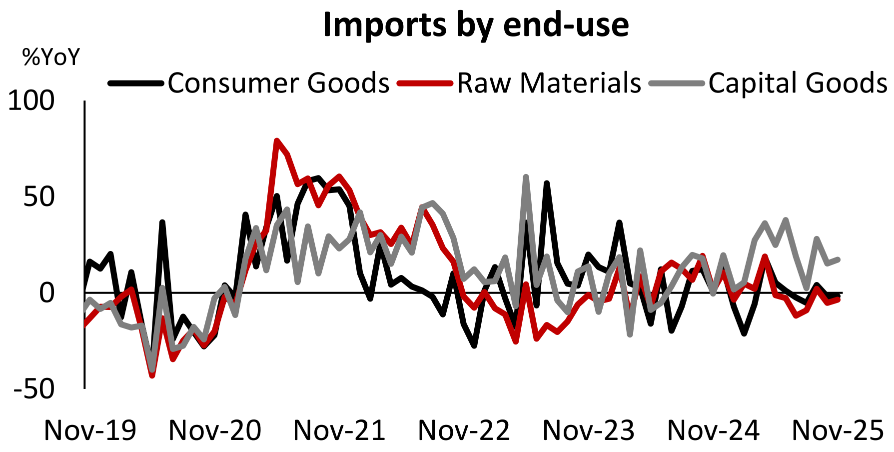
Source: DICJ, OCBC Group Research

Indonesia: Disappointing November trade data

- The trade data for November disappointed. Exports contracted by 6.6% YoY in November (Consensus: -1.9%; OCBC: -6.1%) significantly underperforming regional peers, registering contractions in exports for October and November 2025. The drivers of the weakness were broad-based across oil and gas and non-oil & gas exports. Non-oil & gas exports contracted by 5.1%YoY in November following a contraction of 0.5% in October. Oil and gas exports remained weak at -32.9% YoY in November versus -30.9% in October.
- Import growth picked up modestly to 0.5% YoY in November versus -1.2% in October, albeit remaining anaemic. Non-oil and gas import growth fell to -1.1% YoY from 3.3% in October while oil and gas import growth was higher at 11.2% YoY versus -23.3% in October. By end-use, consumer goods (-1.8% YoY versus -1.9% in October) and raw materials (-3.6% YoY from -5.2% in October) remained weak while capital goods imports rose by 17.3% in November from 15.2% in October.
- The trade surplus widened to USD2.7bn in November from USD2.4bn in October. The oil and gas trade deficit widened slightly to USD2.0bn from USD1.9bn while the non-oil & gas trade surplus widened to USD4.6bn from USD4.3bn in October.



Source: CEIC; OCBC.



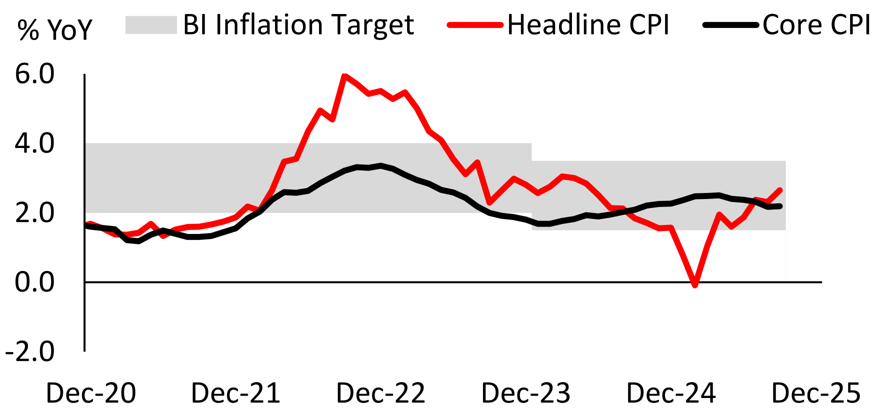
Source: Statistics Indonesia (BPS), CEIC, OCBC.

Source: BPS, CEIC, OCBC Group Research.

Indonesia: Sticky inflationary pressures

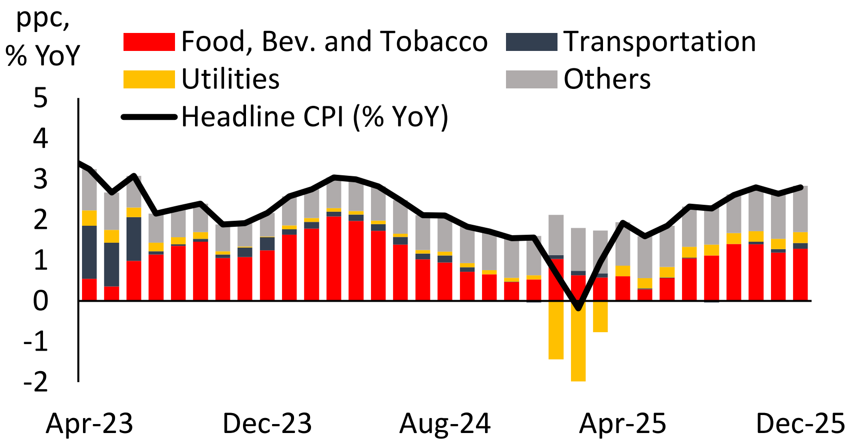
- Headline CPI picked up to 2.9% YoY in December from 2.7% in November. This is still within BI's 1.5-3.5% inflation target range. Core inflation was unchanged at 2.4% YoY in December. For full year 2025, headline CPI averaged 1.9%.
- The uptick in December headline CPI was mainly driven by food (4.6% YoY from 4.2% in November) and transportation (1.2% from 0.7% in November). The flooding in late 2025 most impacted Aceh, North Sumatra and West Sumatra, regions which witnessed higher inflation in December. These regions accounted for ~16% of total agriculture production from 1Q-3Q25. Meanwhile, the CPI reading for the utilities (1.6%) and dining-out (1.5%) categories were stable while healthcare (1.8% from 2.1% in November) and education (1.2% from 1.3%) CPI eased in December.
- Looking ahead, we expect headline CPI to average 2.7% YoY in 2026 implying higher inflation in the coming months. The low base in 1Q25 and the stickiness in food prices we expect will be persistent into early 2026 will likely push headline inflation higher in 1Q26 before moderating for the rest of the year.

Headline CPI versus target



Source: BPS, Bank Indonesia, CEIC, OCBC.

Drivers of headline CPI



Source: BPS, CEIC, OCBC.

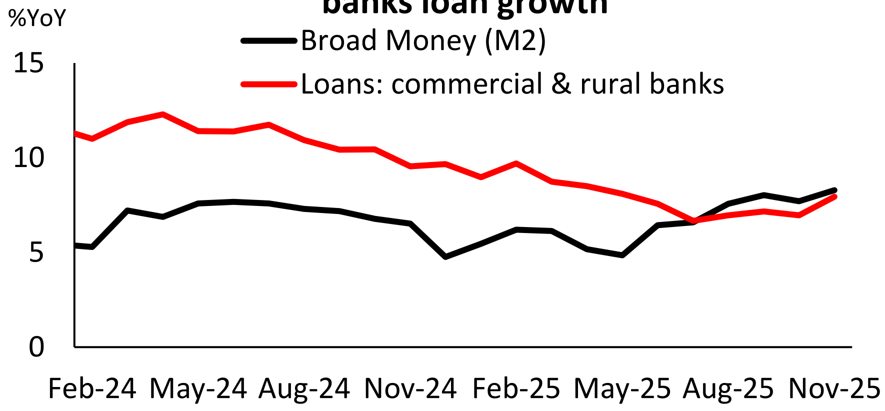
OCBC

Source: BPS, CEIC, OCBC Group Research.

Indonesia: Data Mix remain Challenging for BI

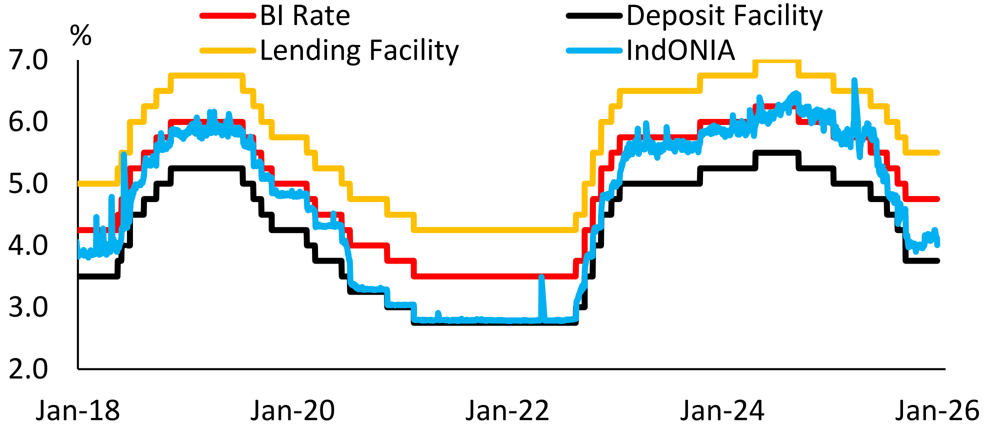
- The data mix underscores the challenges for BI. One the one hand, economic growth remains on the back foot on account of limited support from exports, mixed domestic demand conditions and still weak credit growth. November credit growth improved to 7.7% YoY from 7.4% in October but is still well below BI's 8-11% target range. On the other hand, the stickiness in headline inflation and volatile capital flows implies that BI will continue to prioritise IDR depreciation risks.
- BI will need to be opportunistic in finding a sweet spot to cut rates this year. BI noted it will still look for room to lower the policy rate at its 17 December meeting. Our baseline is for BI to deliver a cumulative 50bp in rate cuts in the current easing cycle. However, we will continue to assess whether BI has the room to deliver these cuts, which will likely need to be spaced out throughout the year.

Indonesia: M2 versus commercial and rural banks loan growth



Source: CEIC; OCBC.

Indonesia: Policy corridor



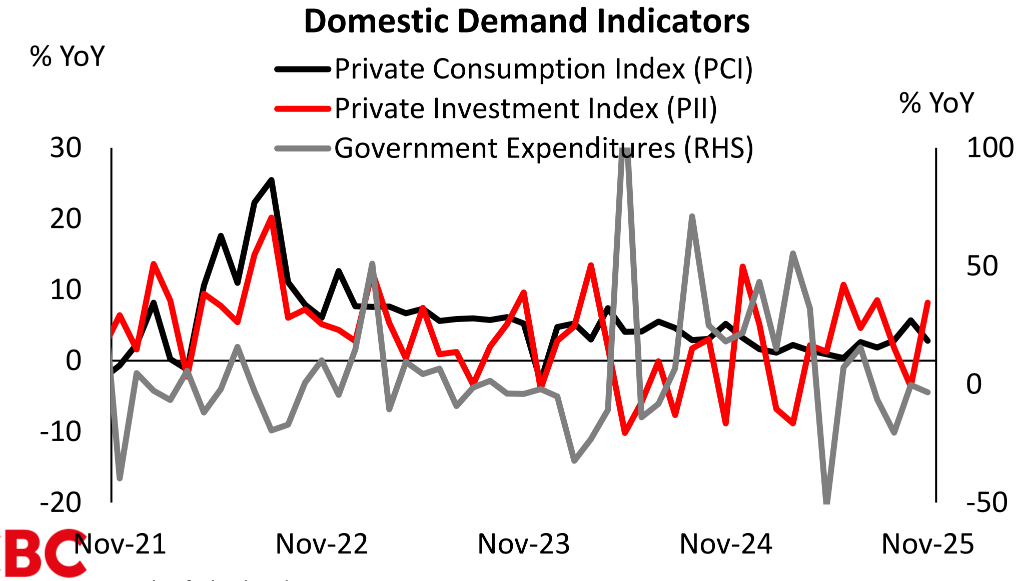
Source: Bank Indonesia, CEIC, OCBC.

OCBC

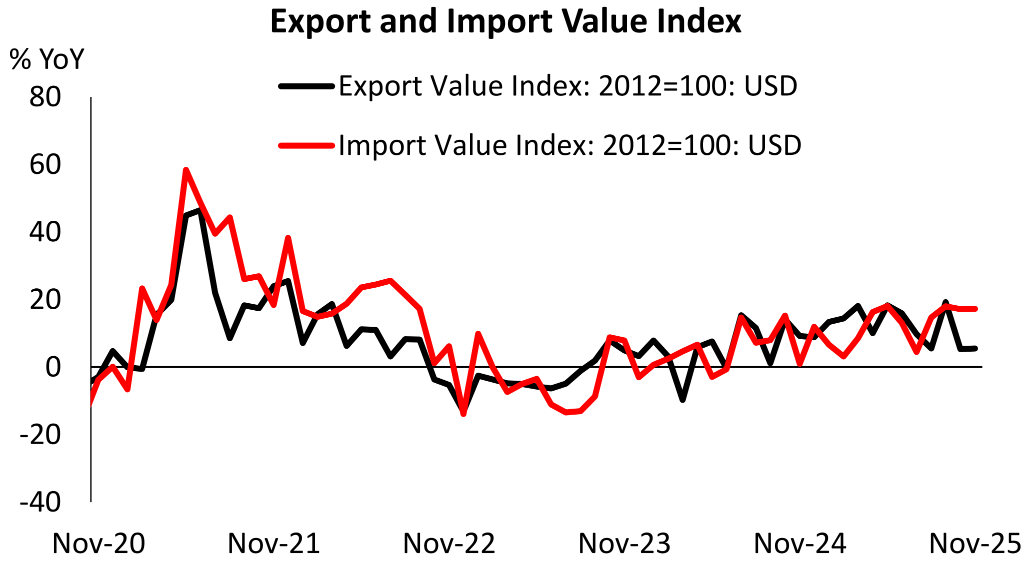
Source: BI, BPS, CEIC, OCBC Group Research.

Thailand: Lingering growth weakness

- The November economic activity data remained mixed, with export growth improving marginally. However, domestic demand indicators showed mixed signals. The private consumption index slowed to 2.8% YoY from 5.7% in October, while government spending declined for the fourth consecutive month, falling to -3.4% YoY from -0.3% in October. The private investment index rebounded strongly to 8.2% YoY from -3.6% in October.
- On the external front, export growth rose to 5.5% YoY in November, up from 5.3% in October. In contrast, import growth remained robust at 17.3% YoY, up from 17.1% in October, marking four consecutive months of double-digit growth. Consequently, the trade deficit narrowed to USD0.2bn from USD1.0bn in October.
- We estimate that 4Q25 GDP growth is tracking 1.0% YoY versus 1.2% in 3Q25. The elections on 8 February will be in focus, which will be conducted alongside the referendum on the constitution.



Source: Bank of Thailand, CEIC, OCBC.

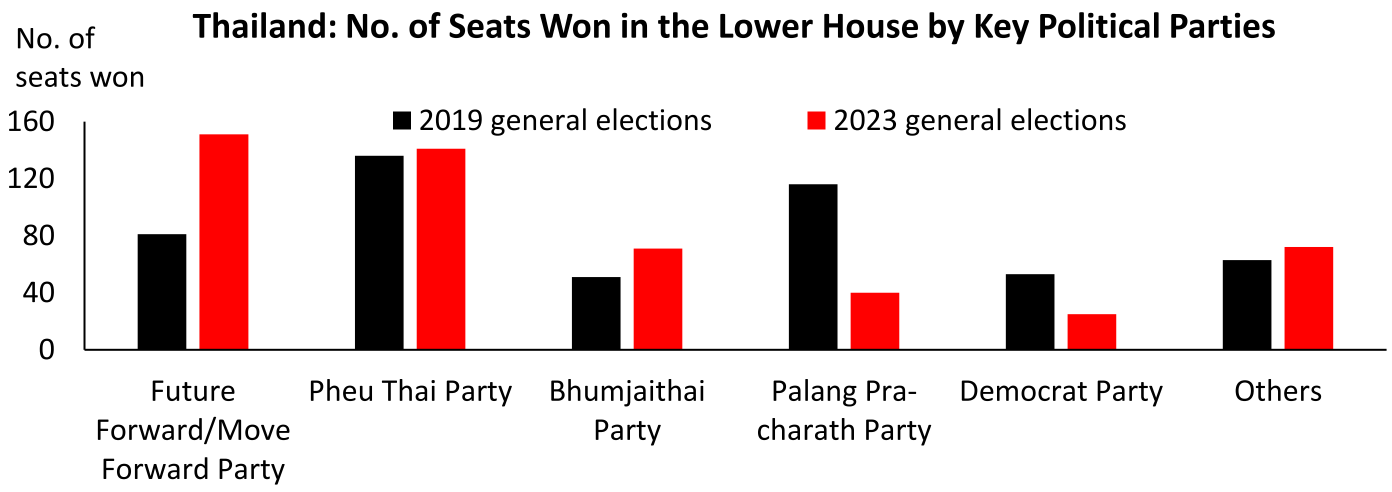


Source: Bank of Thailand, CEIC, OCBC.

Source: Bank of Thailand, CEIC, OCBC Group Research.

Thailand: Elections on 8 February

- The outcome of the general elections in 2026 will likely have direct implications for economic policies. Our base case is for GDP growth to be stable at 2% in 2026 and 2027 but above BoT's growth forecast of 1.5% in 2026 and 2.3% in 2027.
- We see three likely scenarios following the elections. The first scenario would be that the elections produce a clear outcome allowing for the formation of a majority government. The second scenario would be that the elections do not produce clear political outcomes. The third scenario is that a fragile coalition is negotiated following the elections which could complicate economic policy making, potentially slowing much needed structural reforms.
- In terms of monetary policy implications, BoT kept the door open for rate cuts at its 17 December meeting. Indeed, the minutes of the 17 December meeting showed that the MPC remains distinctly dovish in its bias. While our baseline is for BoT to remain on a prolonged pause through 2026, growth disappointments and persistently tighter financial conditions will tip BoT towards additional rate cuts.

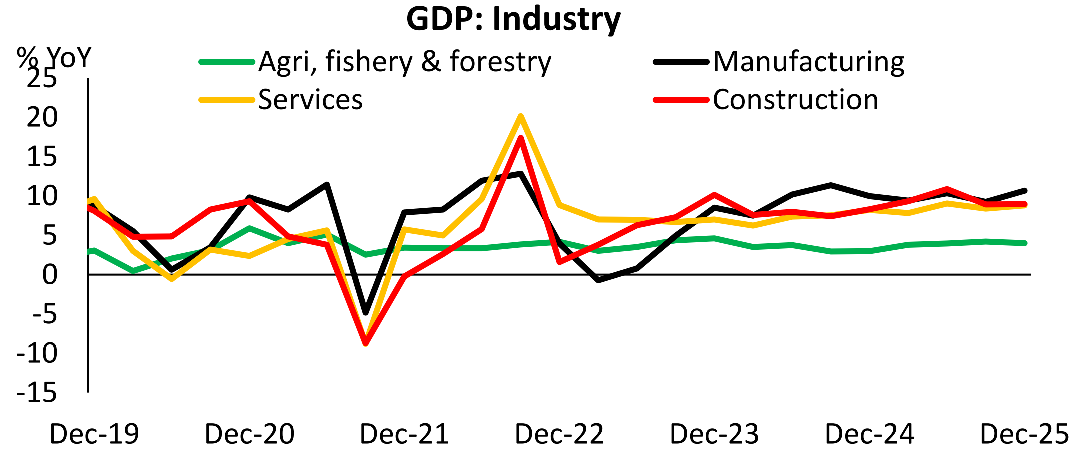


Source: Bangkok Post, The Nation, OCBC.

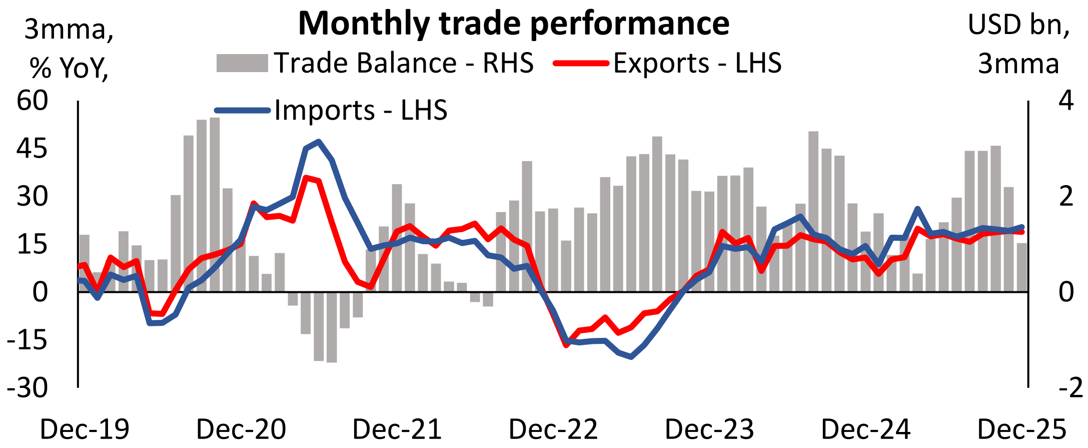
Source: Bangkok Post, The Nation, OCBC Group Research.

Vietnam: Robust growth in 4Q25

- The economy expanded 8.5% YoY in 4Q25 from 8.3% in 3Q25, defying consensus expectations for a slight slowdown (7.7% YoY). The acceleration was primarily driven by industry (9.7% YoY vs 9.1%), construction (9.0% vs 8.9%), and services (8.8% vs 8.4%), which offset a modest easing in agriculture, forestry, and fisheries (4.0% vs 4.2%). The strong fourth-quarter performance brought 2025 GDP growth to an average of 8.0% from 7.1%, broadly in line with the government's target. Authorities are aiming for 10% growth in 2026.
- The strength in manufacturing was also reflected in trade data. Exports surged 23.8% YoY in December, up from 15.3% in November, while imports rose 39.1% vs 28.9% in the previous month, despite the implementation of US tariffs. Nonetheless, we expect the impact of easing in export frontloading to become more pronounced in 2026, leading to a moderation in growth to 7.5% in 2026 from 8.0% in 2025.
- We expect 2026 GDP growth of 7.5%, which implies a modest slowdown compared to 8.0% in 2025. This is still below the government's target of 10%



Source: GSO, CEIC, OCBC.



Source: GSO, CEIC, OCBC

Source: GSO, OCBC Group Research.

ESG

ESG: Sustainability priorities for businesses in 2026

- **Carbon tax increase in Singapore**: Singapore's carbon tax increases to S$45/tCO2e in 2026-2027 from S$25/tCO2e in 2024-2025, with a view to reaching S$50-80/tCO2e by 2030. The 80% increase is expected to drive carbon tax-liable companies to further ramp up efforts in implementing emissions-reduction measures to reduce taxable emissions. Companies are also likely to continue exploring the feasibility of adopting low-carbon technologies such as low-carbon hydrogen and considering the use of eligible carbon credits.
- **Carbon markets**: COP30 saw the formation of two carbon market coalitions (i) The Open Coalition on Compliance Carbon Markets and (ii) The Coalition to Grow Carbon Markets. With greater focus on high-integrity carbon credits, clearer guidance has made it easier for businesses to identify and prioritise high-integrity carbon credits. Rapid expansion of legislation integrating project-based credits into compliance systems is already increasing demand. The most constrained segment is Article 6, with CORSIA facing ~200M tCO_2 of offsetting demand due by Jan 2028, far above currently available eligible supply.
- **EU Carbon Border Adjustment Mechanism (CBAM)**: The EU CBAM entered its definitive phase on 1 Jan 2026, imposing fees on carbon-intensive imports such as steel, aluminium, cement and hydrogen. In response to this, countries like Malaysia and Indonesia plan to implement a carbon tax this year, anticipated to start low to allow companies to better transition.

Source: OCBC Group Research, NCCS, Sylvera

FX & Rates

FX and Rates: More balanced in 2026 after a tumultuous year

- **DXY.** USD should enter 2026 on steadier footing after the sharpest drop since 2017 occurred in 2025, driven by tariff shocks, Fed uncertainty, and Germany's fiscal pivot. Tariff revenue risks and potential upward revisions to the fiscal deficit could add to downside USD pressure. Still, the scale of USD weakness should be far smaller than in 2025. Looking ahead, US growth prospects may improve on strong AI-driven investment, fading tariff drag, and tax cuts. This could temper expectations for further Fed easing beyond one final 25bp cut we anticipate in 1Q26, offering some support to the USD later in the year. The labour market is key to the Fed call. A 4.7% unemployment rate would technically trigger the Sahm rule recession indicator. But the resilience in private payrolls in October and November suggests the US economy remains in a good shape.
- **USD rates.** 2Y UST yield was little changed over recent sessions as market has held onto rate cut expectations, albeit having pushed out slightly the timing of expected cuts. We do not see material downside to short-end UST yields, and some mild upticks in yields cannot be ruled out. Fed's Paulson opined modest additional rate cuts could be appropriate later this year, if inflation moderates and the labour market stabilizes – which she expects. The December FOMC minutes continued to reflect a divided Committee, given the downside risk to the labour market and upside risk to inflation. We have a mild downward bias to 10Y UST yield from current level, amid a neutral supply outlook, but more substantial downside to below our expected range would probably require real yield to break lower; the likelihood of this happening is low at this juncture given the resilience of the US economy. Combining our 2Y and 10Y yield view, we therefore have a flattening bias on the 2s10s segment of the UST curve.

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Source: OCBC Group Research.

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