



Weekly Macro Views (WMV)

Global Markets Research & Strategy

8 December 2025

Weekly Macro Update

Key Global Data for this week:

8 Dec	9 Dec	10 Dec	11 Dec	12 Dec
<ul style="list-style-type: none"> • CH Exports YoY • CH Imports YoY • EC Sentix Investor Confidence • HK Bloomberg Dec. Hong Kong Economic Survey • SI Foreign Reserves 	<ul style="list-style-type: none"> • AU RBA Cash Rate Target • CH Money Supply M2 YoY • ID Consumer Confidence Index • US JOLTS Job Openings • VN Domestic Vehicle Sales YoY 	<ul style="list-style-type: none"> • CH CPI YoY • CH PPI YoY • PH Unemployment Rate • SK Unemployment rate SA • US MBA Mortgage Applications • US Employment Cost Index 	<ul style="list-style-type: none"> • AU Unemployment Rate • PH BSP Overnight Borrowing Rate • US FOMC Rate Decision • US Trade Balance • US Wholesale Inventories MoM 	<ul style="list-style-type: none"> • IN CPI YoY • MA Industrial Production YoY • TH Gross International Reserves • UK Industrial Production MoM

Summary of Macro Views:

Global	<ul style="list-style-type: none"> • US: ISM manufacturing dips lower, employment declines • US: PCE inflation remains sticky • EU: Stronger than expected growth 	Asia	<ul style="list-style-type: none"> • ID: BI Preview • TH: Gold driven October trade deficit • TH: Domestic activity remained mixed in October • PH: Lower CPI = another 25bp rate cut? • VN: (Still) robust trade data through November • VN: Higher headline CPI in November
Asia	<ul style="list-style-type: none"> • IN: RBI cuts by 25bp but holds onto neutral stance • ASEAN: Watching weather disruptions • MY: Flood related disruptions 	Asset Class	<ul style="list-style-type: none"> • ESG: EU Parliament supports delay and simplification of deforestation law • FX & Rates: FOMC decision this week

Global: Central Banks

Forecast – Key Rates

Reserve Bank of Australia
(RBA)



Tuesday, 9th December

Bank of Canada (BoC)



Wednesday, 10th
December

Federal Open Market
Committee (FOMC)



Thursday, 11th December

Bangko Sentral ng
Philippines (BSP)



Thursday, 11th December

House Views

Cash Rate Target

Likely **hold** at **3.60%**

Policy Interest Rate

Likely **hold** at **2.25%**

Fed Funds Target Rate

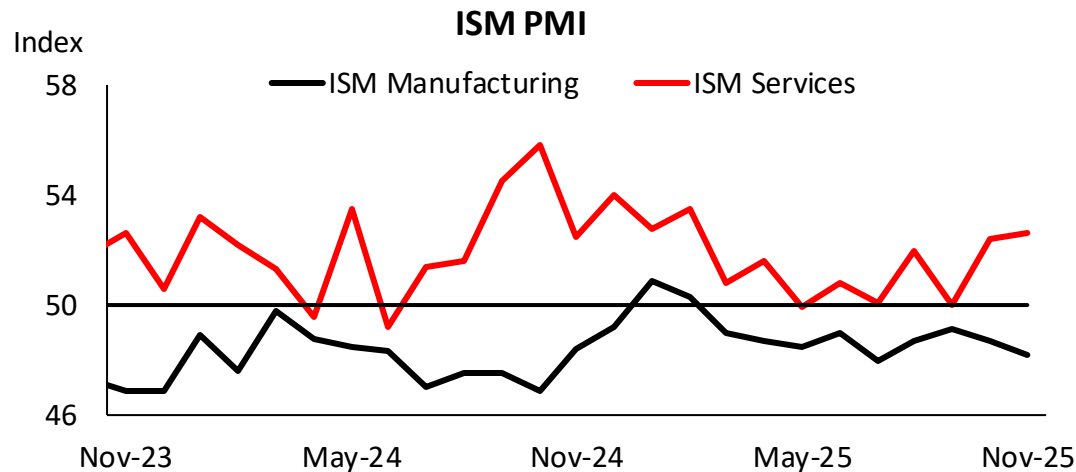
Likely **cut** by **25bps**
from **3.75% - 4.00%** to
3.50% - 3.75%.

Overnight Borrowing Rate

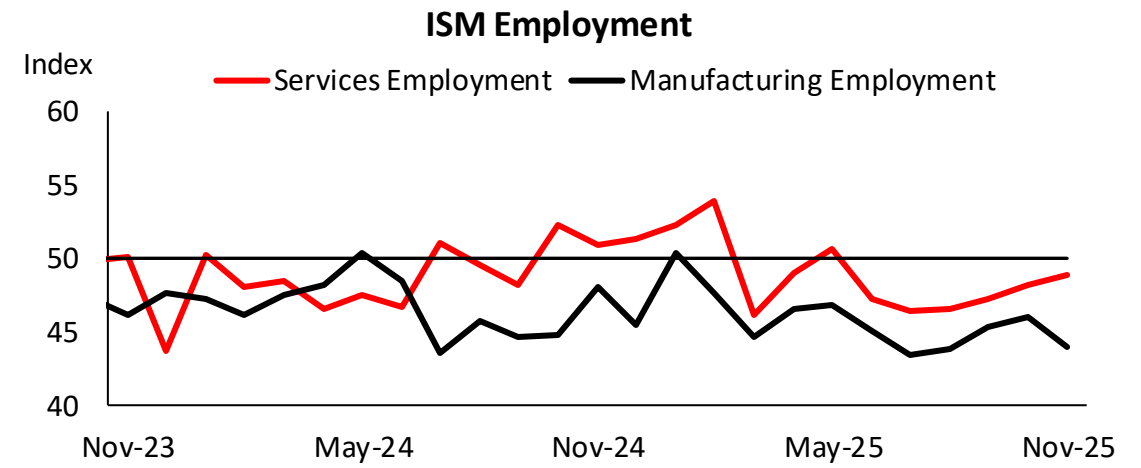
Likely **cut** by **25bps**
from **4.75%** to **4.50%**

US: ISM manufacturing dips lower, employment declines

- The ISM Manufacturing index registered 48.2 in November, slightly lower than 48.7 in October. Manufacturing new orders eased to 47.4 from 49.4 in October. Notably, the price index remained in expansion territory at 58.5, up from 58.0 in October. Meanwhile, the ISM services PMI index expanded slightly to 52.6 from 52.4 in October. New orders index for services remained in expansion in November at 52.9, versus 56.2 the previous month.
- Labour market sub-indices continue to remain weak as the manufacturing employment sub index dipped to 44 and the services employment increased marginally to 48.9 from 48.2, albeit remaining in contraction.
- According to the Institute of Supply Management, the manufacturing sector continued to see a declined in new orders, with 11 out of 15 manufacturing industries reporting contraction in November. Notably, the impact of tariffs on employment resulted in employers making “more permanent changes, (including) the reduction of staff” and making “big changes (to) cash flow and employee head count.”



Source: ISM, Bloomberg, OCBC



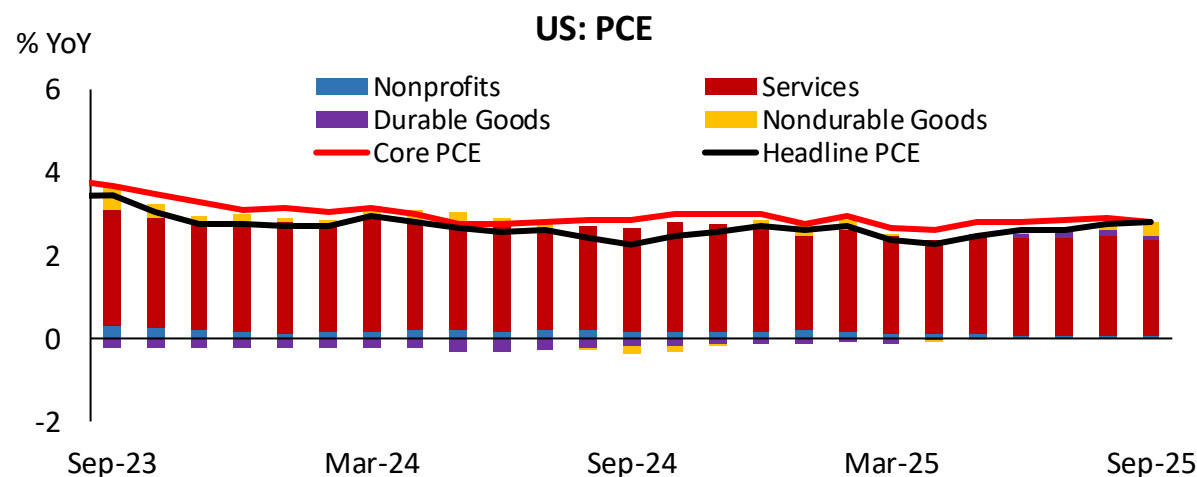
Source: ISM, Bloomberg, OCBC



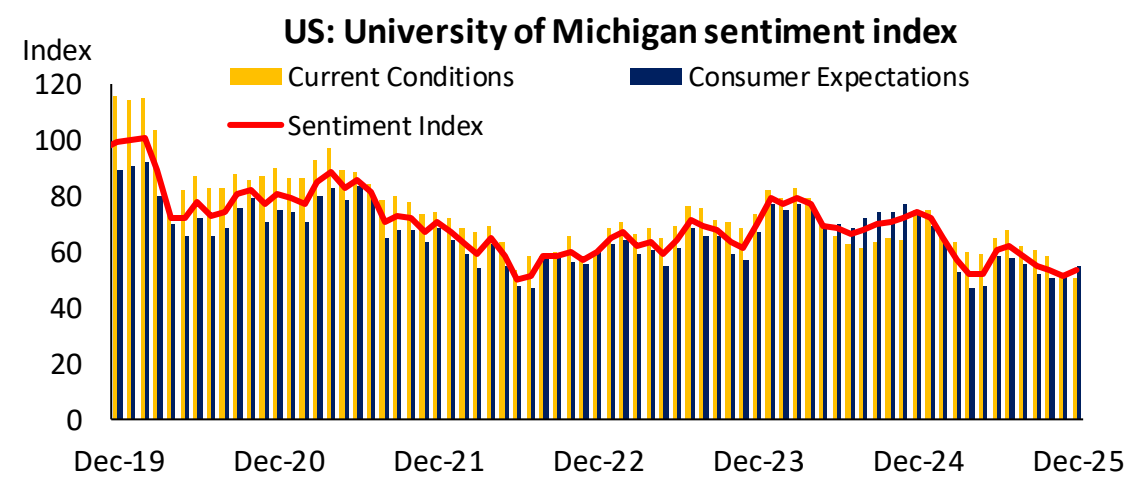
Source: ISM, OCBC.

US: PCE inflation remains sticky

- US PCE price index inched up to 2.8% YoY in September, from 2.7% in August, while the core PCE index edged down to 2.8% from 2.9% in August, both in line with consensus expectations. Prices for durable goods increased by 0.1% YoY, while prices of services rose by 2.3% in September.
- The University of Michigan Survey index of consumer sentiment was up in December with a reading of 53.3 from 51.0 in November, according to preliminary estimates. Preliminary expectations show a decline in current conditions to 50.7 from 51.1 in October, while the index of consumer expectations edged higher to 55.0, from 51.0.
- Despite the improvement in consumer sentiment and consumer expectations, all three indices are down by more than 25 points from a year ago. According to the surveys conducted, “consumers continue to site the burden of high prices”, while “labour market expectations remained relatively dismal”. 1-yr inflation expectations declined to 4.1% from 4.5% previously.



Source: BEA, Bloomberg, OCBC

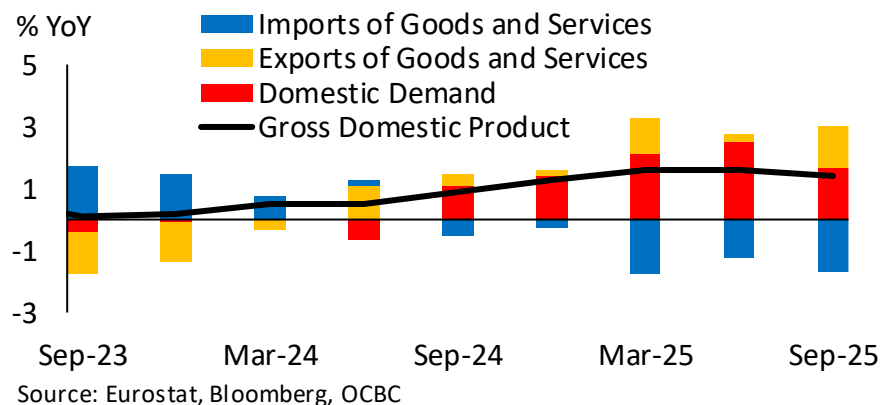


Source: University of Michigan, Bloomberg, OCBC

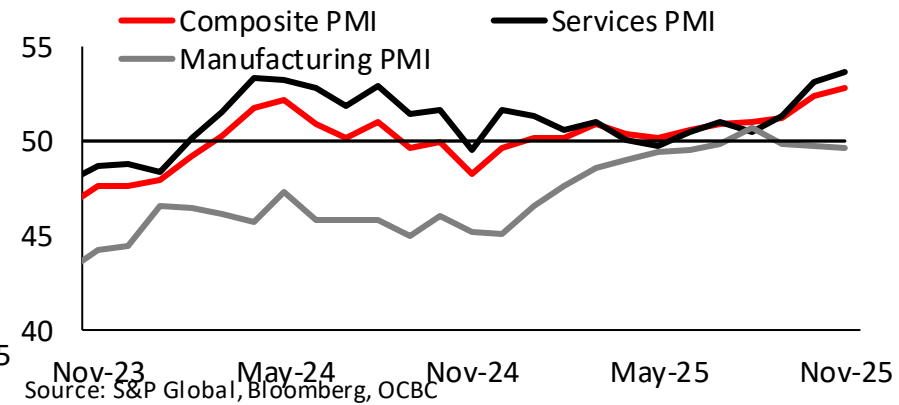
Euro Area: Stronger than expected growth

- GDP growth in the Euro Area eased to 1.4% YoY in 3Q25, according to the third reading, down from an upwardly revised 1.6% in 2Q25, bringing growth for the first three quarters to 1.5%. Growth continued to be supported by domestic demand which remained moderate at 1.7% YoY (2Q: 2.5%), with household consumption and government spending increasing by 0.6% YoY and 0.4% respectively.
- The trade agreement with the US finalized at the end of July helped reduced uncertainty around trade and likely facilitated the rebound of export of goods and services, which climbed to 1.4% from 0.3% in 2Q25. However, growth continued to be weighed by import growth which declined to -1.7% (2Q: -1.3%). On the back of stronger than expected growth, we revised our full year growth forecasts for 2025 to 1.4%, up from 1.2%.
- Euro Area composite PMI maintained its upward trajectory in expansion territory, edging up to 52.8 in November according to preliminary estimates. This was driven by the services PMI, which reached a 30-month high at 53.6. According to S&P, private sector activity was accompanied by stronger sales growth and rising demand for services which improved for the fourth consecutive month. Retail sales also strengthened, growing 1.5% YoY in October, up from 1.2% in September.

Euro Area: GDP

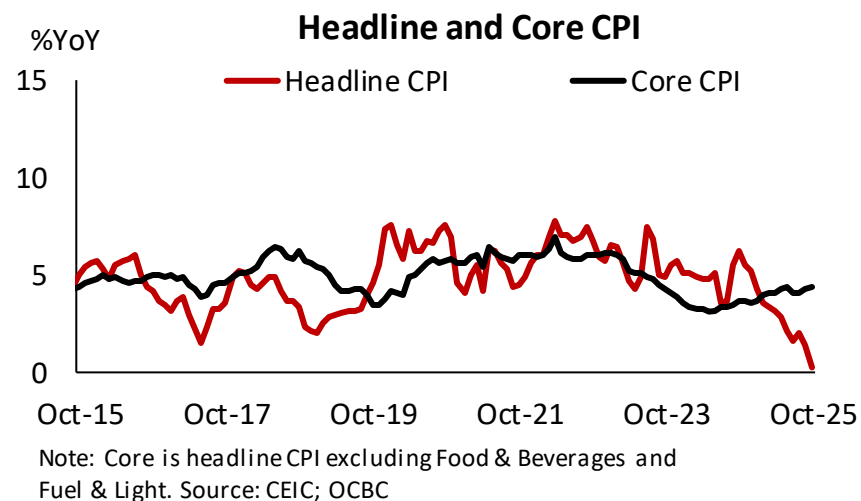
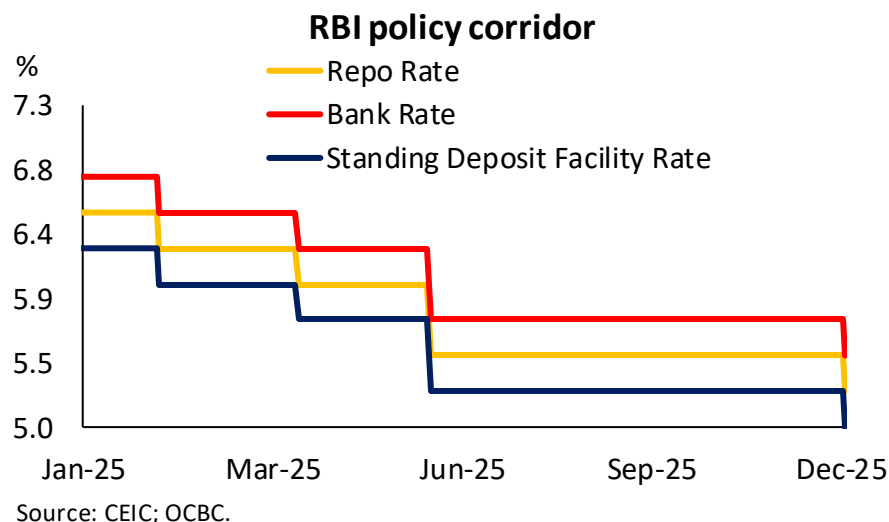


Euro Area: PMI



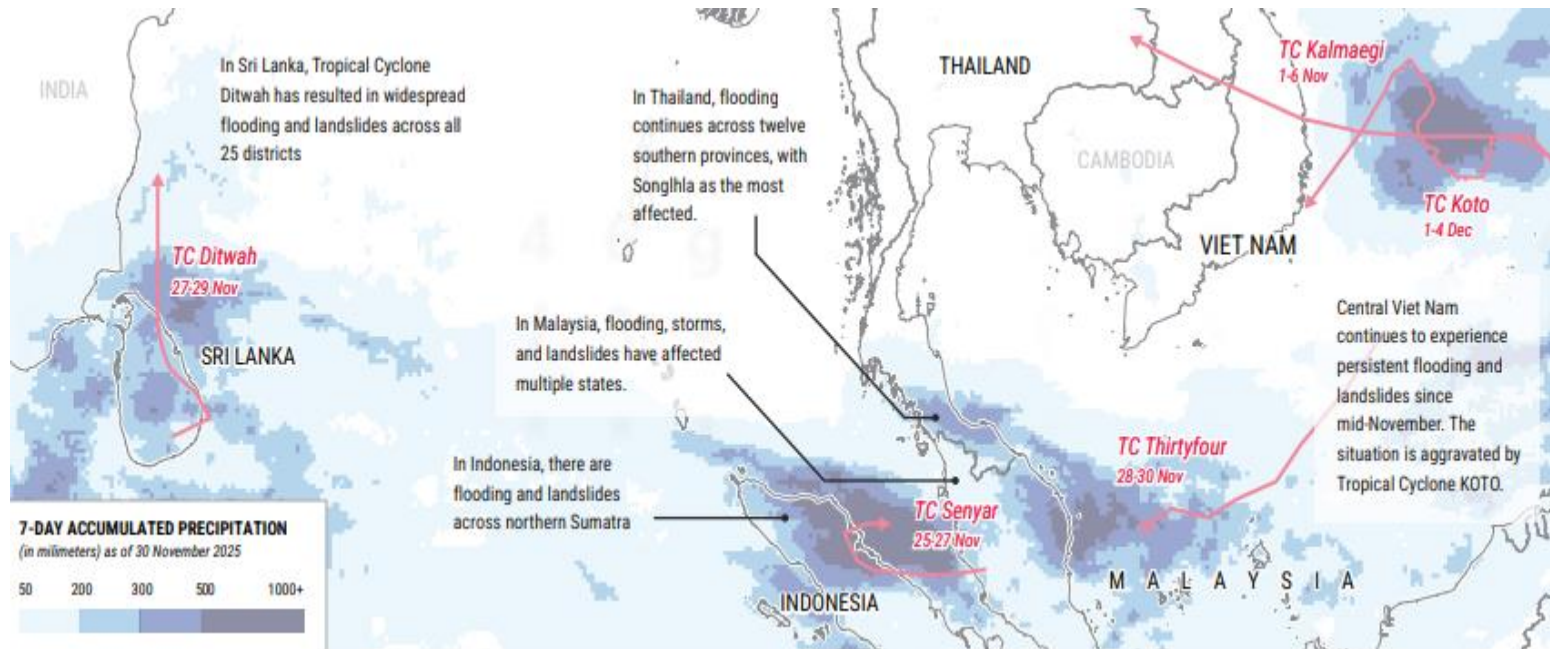
India: RBI cuts by 25bp but holds onto neutral stance

- The Reserve Bank of India (RBI) cut its policy rate by 25bp, in line with consensus expectations, and maintained its neutral stance. We were out of consensus in calling for RBI to hold its policy rate at this meeting based on solid economic activity in 3Q25, headline CPI remaining well within RBI's 2-6% target range until end-2026, and INR remaining under pressure from capital outflows.
- Our fundamental view, as stated in our 1H26 outlook, remains that “we still see room for the Reserve Bank of India (RBI) to cut its policy rate by a cumulative 50bp” in the current easing cycle. Looking ahead, we believe RBI has left the door open for further monetary policy easing. We maintain our forecast for another 25bp rate cut in the current easing cycle.
- The rate cut, however, could be spaced out to better support economic growth particularly since RBI retained its neutral stance rather than shifting to an outright accommodative stance. Interestingly, RBI's next meeting on 6 February 2026 comes after the central government's FY27 (i.e., for the period of April 2026 until March 2027) budget announcement on 1 February 2026.



ASEAN: Watching weather disruptions

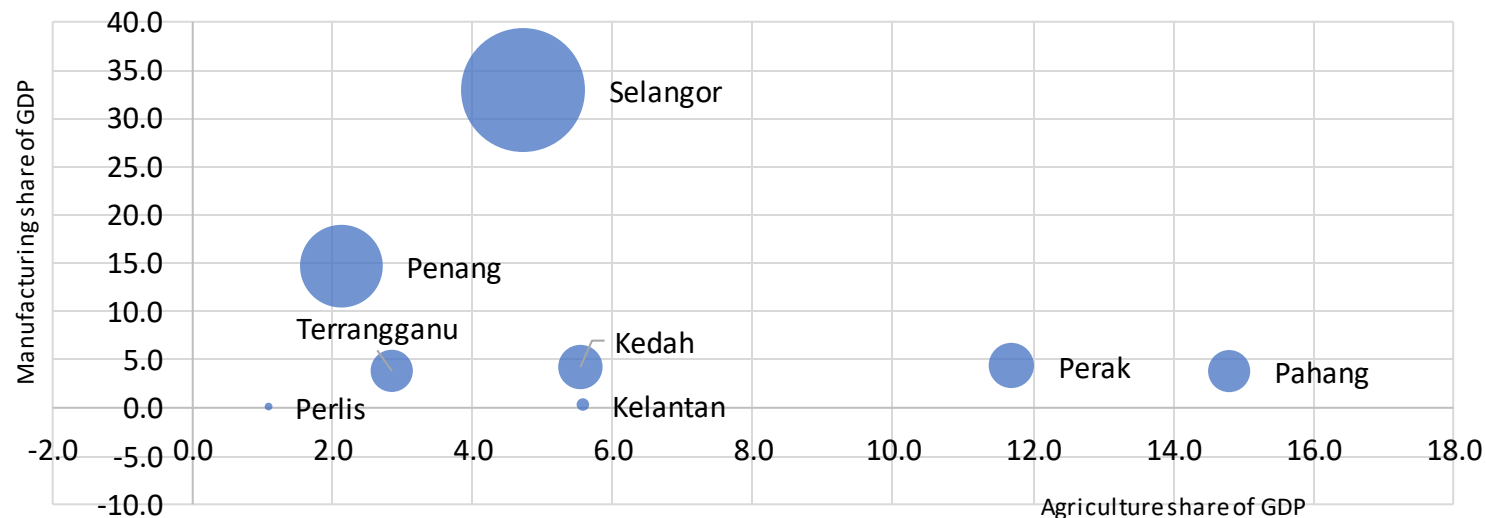
- The real impact of the floods will likely be different for the various economies. The share of GDP for regions most impacted by the flooding in Indonesia, Thailand and Vietnam last accounted for 7.6% of GDP, 5.0% of GDP and 1.3% of GDP, respectively. For Malaysia, this share is more significant, however, reports of manufacturing disruptions and factory outages are limited suggesting a much lower impact to 4Q25 GDP growth.
- We do expect that there could be some spikes in food inflation for vegetables and fruits in regions impacted by the flooding. These disruptions could prove temporary if rehabilitation and reconstruction efforts begin as weather conditions normalise. Indeed, Vietnam's headline CPI print for November rose and was attributed to disruptions from the floods.



Malaysia: Flood related disruptions

- Flooding was reported in eight states: Kelantan, Perlis, Perak, Selangor, Kedah, Pulau Pinang, Terengganu and Pahang in end November and early December 2025. These states accounted for 50.8% of GDP in 2024. However, reports of disruptions to the manufacturing sector have remained limited suggesting that the impact to growth could prove temporary.
- These states also account for 48.4% of the country's agriculture GDP, which suggests that there could be some temporary disruptions to food supplies. Headline CPI is low at 1.3%YoY in November 2025, and we expect it will likely remain manageable even if food prices increase in November and December.
- The government announced that it allocated MYR500mn to flood reconstruction efforts on 2 December 2025. The funding comes from earmarked funds in Budget 2026. An additional MYR2.2bn has been earmarked to implement 43 flood mitigation projects across the country.

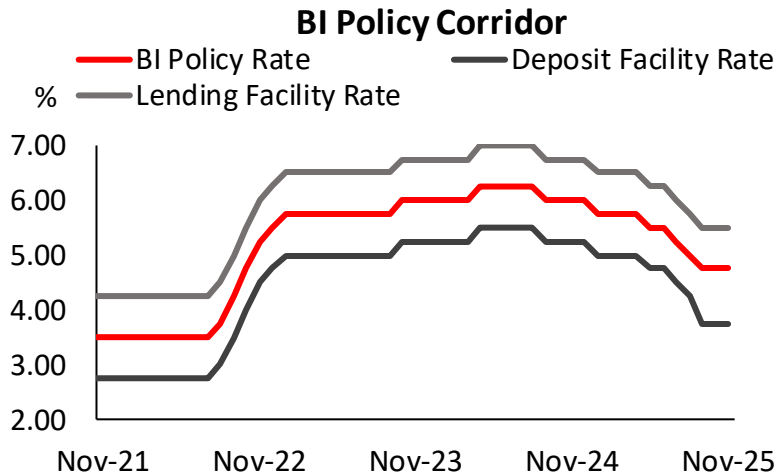
Malaysia share of state GDP: agriculture versus manufacturing



Source: CEIC; OCBC.

Indonesia: BI Preview

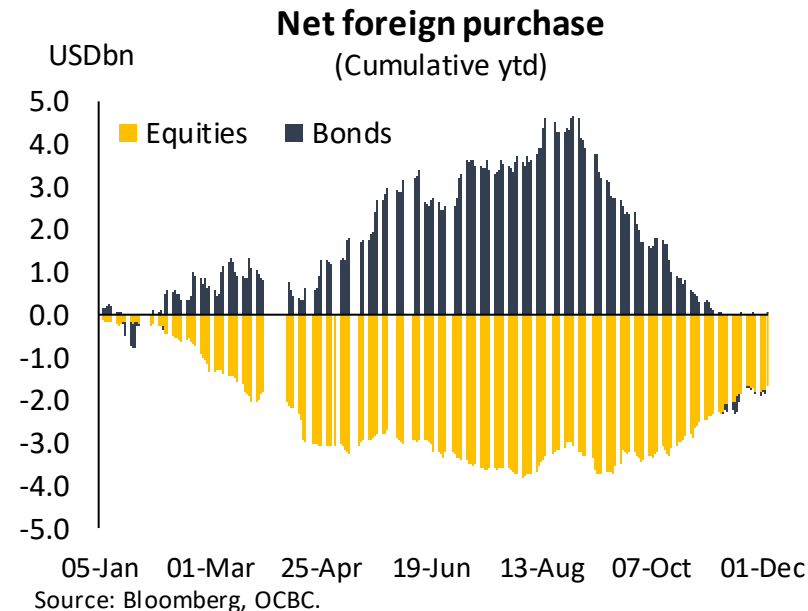
- Bank Indonesia will announce its policy rate decision on 17 December 2025 (3 pm SGT). The central bank faces a delicate balance between near-term priorities of rupiah stability and volatile portfolio flows, as well as medium-term objectives of supporting growth. Our baseline forecast is for a cumulative 50 bp reduction in the policy rate, bringing it to 4.25% by the end of the easing cycle. The timing of these cuts will depend on USDIDR movements and the pace of U.S. Federal Reserve rate reductions to preserve favourable interest rate differentials.
- The US Federal Reserve's rate decision on 10 December will be an important input for BI in order to gauge interest rate differentials. As part of efforts to attract foreign inflows, SRBI yields have picked up in recent weeks across tenors, with 6M tenor yields rising 29.8 bp to 4.90%, 32.0 bp to 4.95% for the 9M tenor, and 35.2 bp to 5.02% for the 12M tenor between the 31 October and 5 December auctions.



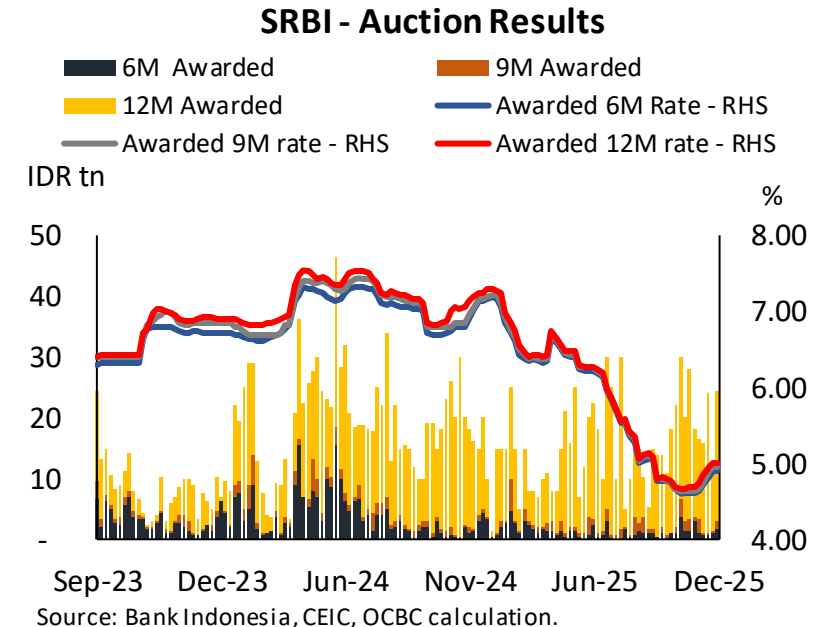
Source: Bank Indonesia, CEIC, OCBC



Source: BI, Bloomberg, OCBC.



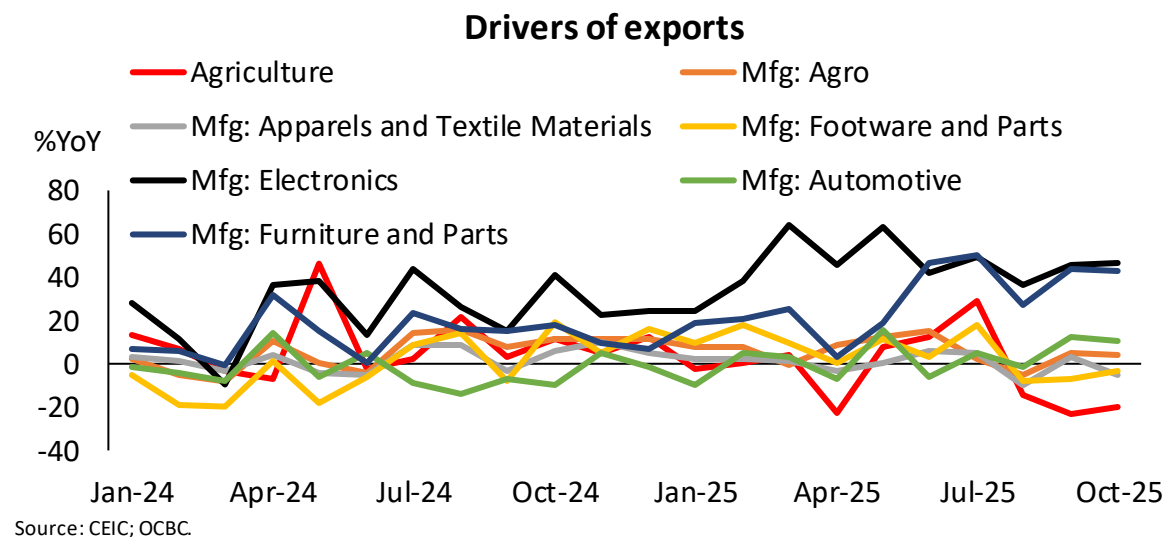
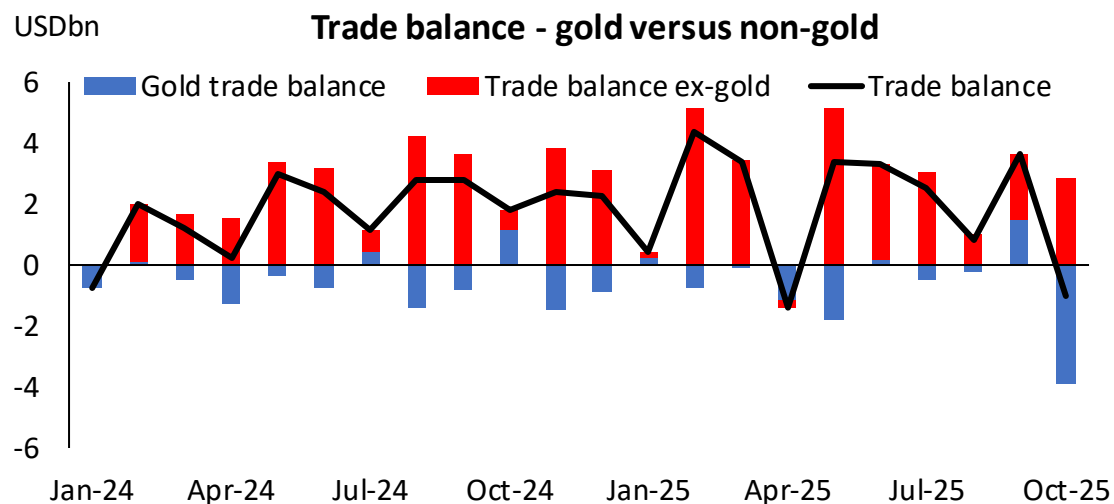
Source: Bloomberg, OCBC.



Source: Bank Indonesia, CEIC, OCBC calculation.

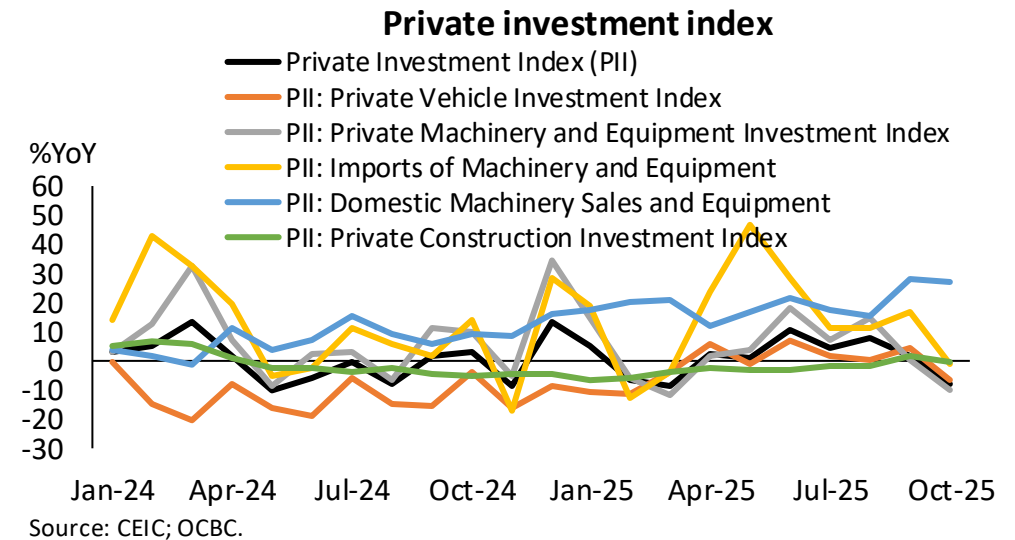
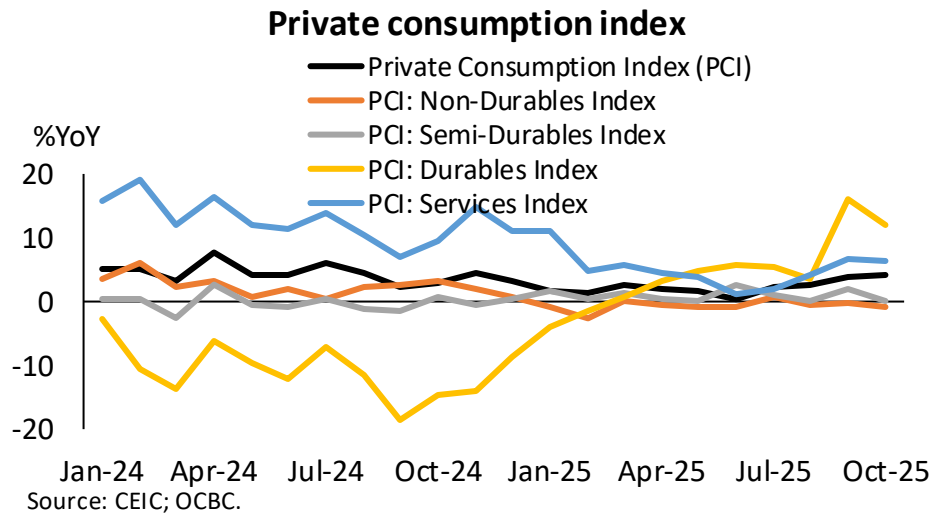
Thailand: Gold driven October trade deficit

- Export growth slowed to 5.3% YoY October from 19.2% in September while resilient headline import growth of 17.1% in October (September: 18%) masks a large jump in gold imports even as other import drivers were subdued.
- The trade balance shifted to a deficit of USD1.0bn in October from a surplus of USD3.6bn in September. However, excluding gold, the trade balance dynamics shift significantly. The trade balance excluding gold shows that a trade surplus of USD2.7bn was sustained for October from USD2.2bn in September.
- Exports were mainly driven by electronics and machinery while import growth excluding gold remained weak across all key end-use categories including consumer, capital and intermediate goods.



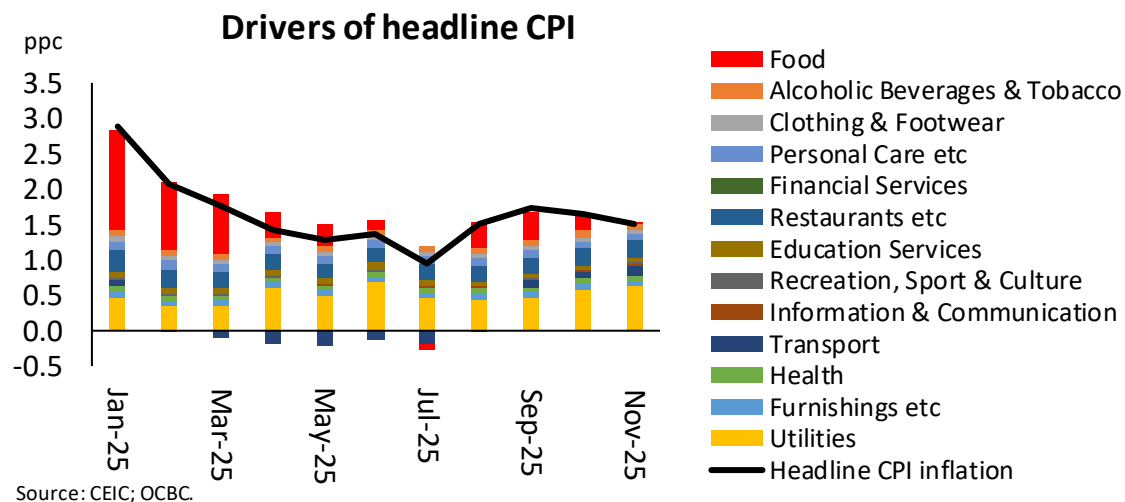
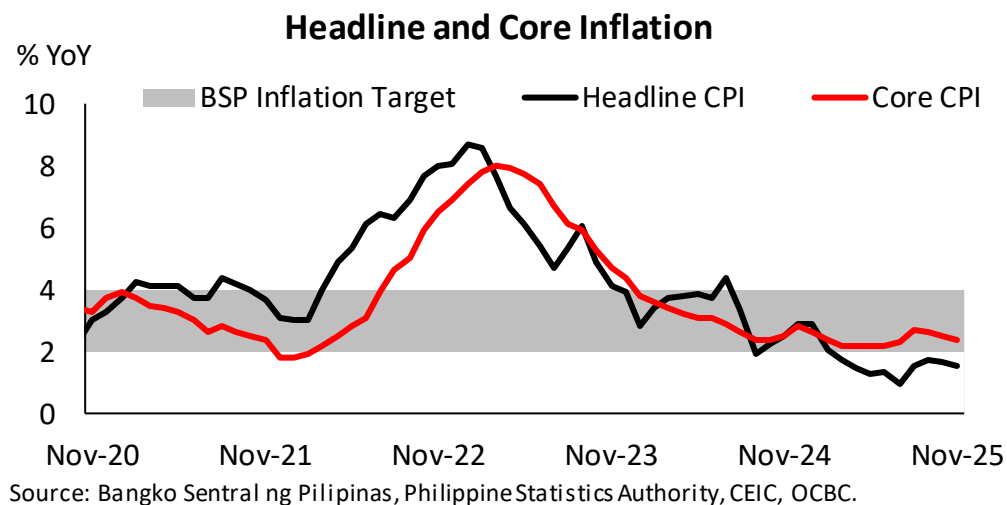
Thailand: Domestic activity remained mixed in October

- The data shows that 4Q25 started on relative weak footing and the outlook could be further complicated by weather disruptions. Floods during November have added to downside risks to growth. The finance minister, Ekniti Nitithanprapas, noted that the economic cost of the floods was about 0.1pp of GDP. The impact has already started to show in the data. October industrial production fell to -0.1% YoY from 1.2% in September while capacity utilisation fell further to 58.25% from 58.45% in September.
- Our long-held view has been that the BoT has room for another 25bp rate cut in the current easing cycle. We believe that BoT can deliver this 25bp rate cut at its 17 December meeting. Beyond the 25bp rate cut that we expect at the 17 December meeting, we see additional rate cuts hitting up against concerns of preserving policy space as well as questions of monetary policy efficacy amid structural challenges.



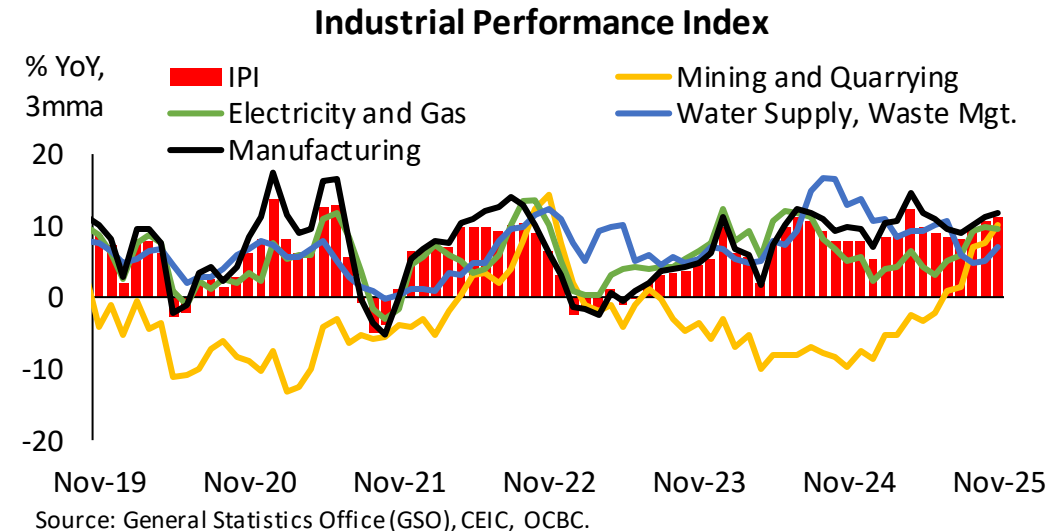
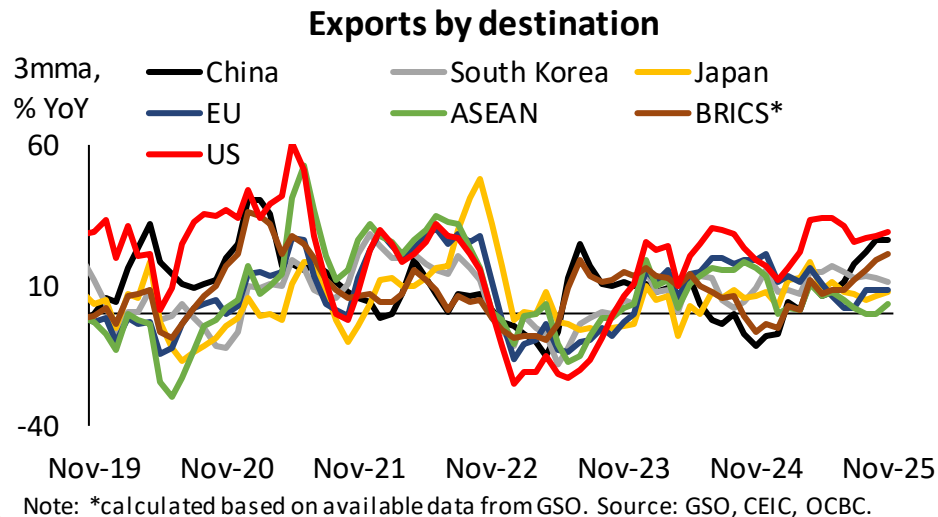
Philippines: Lower CPI = another 25bp rate cut?

- Headline inflation eased further to 1.5% YoY in November from 1.7% in October (Consensus: 1.7%; OCBC: 1.4%) while core CPI nudged modestly lower to 2.4% from 2.5% in October. The lower inflation print for November was mainly driven by food CPI, which eased further to 0.1% YoY from 0.5% in October.
- Headline inflation for the eleven months of 2025 averaged 1.6% YoY, consistent with our full year 2025 forecast of 1.6%. We expect headline inflation to rise to 2.5% in 2026, within BSP's target range of 2-4%.
- We maintain our forecast for Bangko Sentral ng Pilipinas (BSP) to cut its policy rate by 25bp at its 11 December meeting given the benign inflation backdrop against still constrained growth conditions. Indeed, BSP noted following the November CPI print that the outlook for domestic demand had weakened and that the risks to the inflation outlook remain limited.



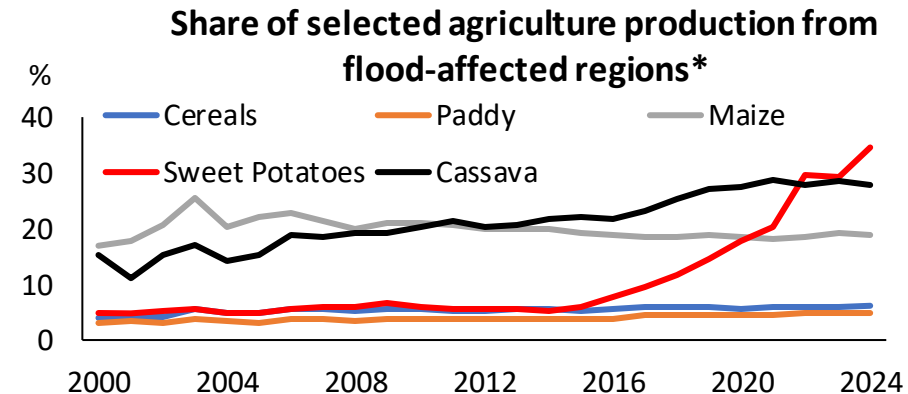
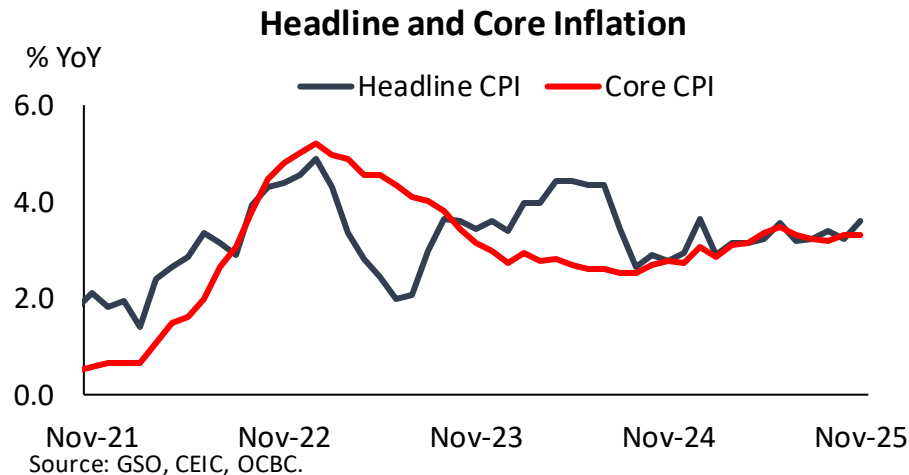
Vietnam: (Still) robust trade data through November

- Exports growth slowed to 15.1% YoY in November from 17.5% in October, against expectations for an increase (Consensus: 18.1%; OCBC: 15.6%). Similarly, imports growth slowed to 16.0% from 16.8% in October, below expectations (Consensus: 17.9%; OCBC: 15.8%). Consequently, the trade surplus narrowed to USD1.1bn in November from USD2.6bn in October.
- Looking at exports, shipments to the US and China reaccelerated to 22.7% YoY from 26.9% YoY in October, suggesting delayed easing in frontloading of exports post reciprocal tariff implementation. Meanwhile, shipments to Japan (7.8% from 6.3%) and ASEAN peers (5.4% from 1.5%) improved, while exports to China (22.0% from 32.5%) and South Korea (6.9% from 8.2%) slowed. By products, exports of computers, electrical products slowed to 53.3% YoY in November from 65.6% in October, albeit remaining robust.
- The outlook for manufacturing activities remained robust, with November industrial production (IP) rising 10.8% YoY from 10.4% in October, led by manufacturing (11.8% from 11.0%), and mining & quarrying (7.0% from 6.21%).



Vietnam: Higher headline CPI in November

- Headline inflation rose by 3.6% YoY in November, up from 3.3% in October, higher than expectations (Consensus: 3.4%; OCBC: 3.5%), mainly due to higher food and foodstuff inflation (3.3% YoY in November, up from 2.1% in October) and still elevated health and personal care CPI (12.6%, similar to October), while transportation CPI saw a slight pickup to 1.1% from 0.0%.
- The November print brings the eleven-month headline CPI to an average of 3.3%, broadly in line with our 3.4% forecast for 2025. Food inflation may remain elevated into 2026. The impacted regions account for notable agricultural production such as sweet potato (34.6% of national production), cassava (27.7%), and maize (4.8%), and to a lesser extent, cereal (6.1%) and paddy (4.8%). We expect headline CPI to average 3.7% YoY in 2026.
- In terms of monetary policy, the central bank is expected to remain cautious amid recent currency pressures. However, with inflation broadly contained (SBV target 4.5% in 2026) and growth softening (OCBC: 6.0% in 2026, down from 7.5% in 2025), we anticipate up to 50bps of rate cuts next year, assuming currency stability.



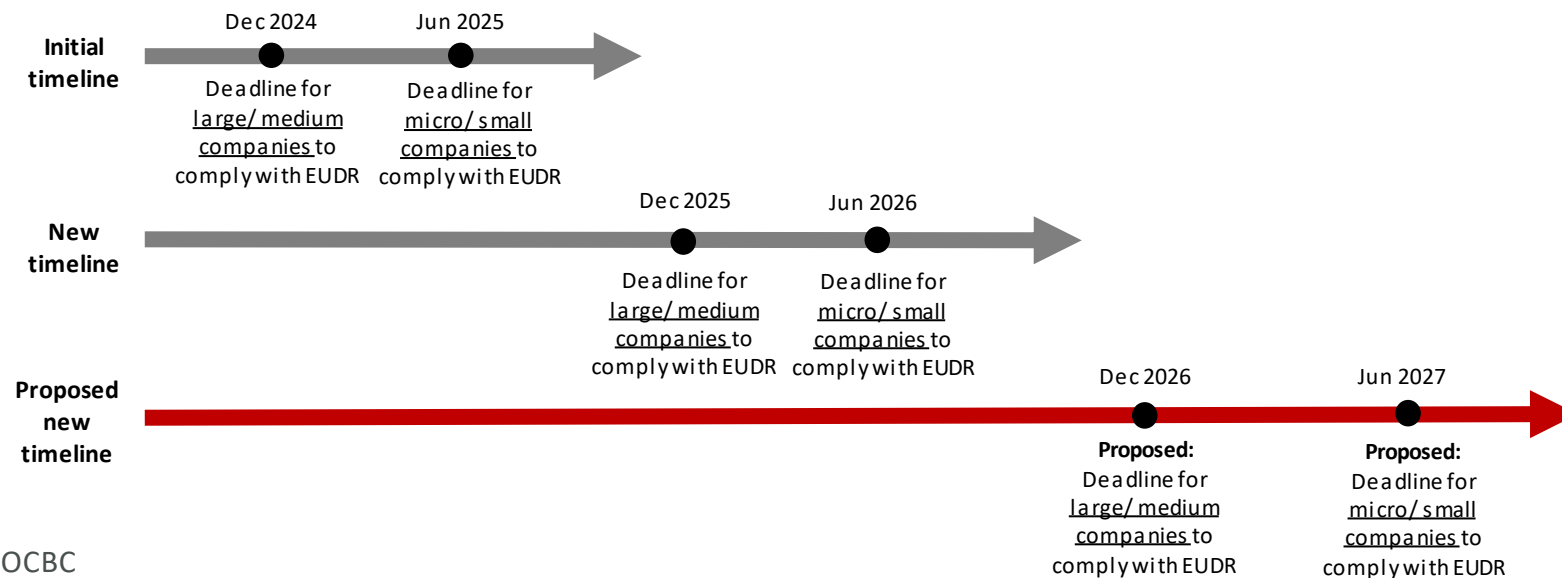
Note: Flood affected region: Dak Lak, Gia Lai, Lam Dong, Khanh Hoa, Quang Ngai. Source: NSO, CEIC, OCBC estimate.

ESG



ESG: EU Parliament supports delay and simplification of deforestation law

- The European Parliament has voted in favour of delaying the implementation of the European Union's deforestation law by one year again. Large operators and traders will now have to comply with the regulation as of 30 Dec 2026, and micro and small enterprises from 30 Jun 2027. The additional time is intended to enable a smooth transition for businesses and strengthen the IT system that operators, traders and their representatives use to make electronic due diligence statements.
- It also provides more time for more affected Southeast Asian countries like Indonesia and Malaysia to build capabilities for compliance. This delay has been prompted by concerns regarding the readiness of businesses and IT systems for compliance. The European Parliament has also requested a simplification review by 30 Apr 2026 to assess the law's impact and administrative burden. It will also start negotiations with member states on the final shape of the law, which has to be endorsed by both Parliament and the Council and published in the EU Official Journal before the end of 2025, for the one-year delay to enter into force.



FX & Rates



FX and Rates: FOMC decision this week

- **USD rates.** There are a few things to watch on FOMC decision day. **First**, the rate decision itself (and the vote split). Our base-case is the target range for the Fed funds rate will be cut by 25bps to 3.50-3.75%, as data and survey have continued to point to a cooling labour market. Fed funds futures last priced an 95% chance of a 25bp cut this week. While there have been both dovish and hawkish comments from Fed officials, the balance appears to suggest enough votes for a 25bp cut decision. **Second**, the updated dot-plot. Investors may look beyond the December FOMC meeting and forward to 2026. We have been of the view that 2026 market pricings of Fed funds rate cuts were overly dovish; market has pared back 2026 expectations over recent days, to the latest 59bps, versus 67bps priced last Wednesday. This is still more dovish than our base-case of 25bps. The updated dot-plot will shed more light on the Fed funds rate path ahead. If there is any further pushback on 2026 rate cut pricings, then 2Y UST yield may test 3.60%. **Third**, balance sheet policy. We expect an announcement on asset purchase some time in Q1-2026, instead of as imminent as at this week's meeting. First, bank reserves are expected to rise upon liquidity released from TGA. Second, there is room for SRF usage to pick up further – facility limit of USD500bn versus usage at below USD50.35bn thus far, which will then mitigate the upward pressure on funding rates. Further out, there is very likely to be a resumption of asset purchases (expected to be mainly T-bills) to ensure an ample level of reserves as other liabilities on the Fed's balance sheet may grow (thereby “displacing” bank reserves) and/or underlying demand for reserves may increase over time.
- **AUD rates.** RBA is widely expected to keep its Cash Rate on hold at 3.6% this week, extending the pause after the August policy rate cut. The notion that the next move from the RBA is a hike rather than a cut has gained traction. Cash rate futures priced more than an even chance for a 25bp hike by mid-2026, and a hike is fully priced by August 2026. Key to watch is policy guidance in the RBA statement. Interest rate assumptions under RBA's economic forecasts are based on market pricings. With market pricing having turned more hawkish, that may feed back onto the central bank's GDP and inflation forecasts – there will not be forecast updates at this week's meeting though. As of now, RBA projections still see inflation coming back down. It looks premature to price in rate hikes at this juncture.

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