Weekly Macro Views (WMV)

OCBC Group Research

7 September 2026

Weekly Macro Update

Key global data for this week:

7 Sep	8 Sep	9 Sep	10 Sep	11 Sep
• **CH:** Foreign Reserves • **EC:** GDP SA QoQ, GDP SA YoY • **HK:** Foreign Reserves • **ID:** Foreign Reserves • **MA:** Foreign Reserves • **PH:** Foreign Reserves • **SI:** Retail Sales YoY • **TH:** CPI YoY, CPI NSA MoM, CPI Core YoY	• **AU:** Building Approvals MoM • **CH:** RatingDog China PMI Mfg • **EC:** S&P Global Eurozone Manufacturing PMI, CPI YoY, CPI MoM • **ID:** S&P Global Indonesia PMI Mfg, CPI YoY, CPI Core YoY • **US:** ISM Manufacturing, S&P Global US Manufacturing PMI	• **AU:** Building Approvals MoM • **CH:** RatingDog China PMI Mfg • **EC:** S&P Global Eurozone Manufacturing PMI, CPI YoY, CPI MoM • **ID:** S&P Global Indonesia PMI Mfg, CPI YoY, CPI Core YoY • **US:** ISM Manufacturing, S&P Global US Manufacturing PMI	• **EC:** ECB Deposit Facility Rate, ECB Main Refinancing Rate, ECB Marginal Lending Facility • **UK:** RICS House Price Balance • **US:** Initial Jobless Claims, Continuing Claims, PPI Final Demand MoM, PPI Ex Food and Energy MoM, PPI Final Demand YoY	• **JN:** PPI MoM, PPI YoY • **NZ:** BusinessNZ Manufacturing PMI • **UK:** Industrial Production YoY, Manufacturing Production YoY, Trade Balance GBP/Mn • **US:** CPI MoM, Core CPI MoM, Core CPI YoY, U. of Mich. Sentiment

Summary of Macro Views:

Global	• **US-Iran:** Tit-for-tat strikes resume • **US:** Aug NFP rose by 162k as unemployment held at 4.1% • **EU:** Energy lifted CPI inflation to 3.3% in August • **AU:** 2Q26 growth proves resilient
Asia	• **SG:** MAS Survey of Professional Forecasters (SPF) • **SG:** Retail Sales growth slowed to 1.5% • **SG:** SNEF poll reveals signs of a cooling labour market • **SG:** August PMI improves • **HK**: Retail sales slowed further • **HK:** PMI in contractionary zone • **IN:** Solid 2Q26 GDP growth

Asia	• **ASEAN-5:** Assessing FDI direction • **ASEAN-5:** Basic balance warrants monitoring across the region • **ID:** Some respite for the trade balance • **ID:** Building price pressures • **MA:** BNM on hold, but with some changes in tone • **PH:** Inflation remained elevated in August • **TH:** Rising inflation shifts focus to BoT • **VN:** Industrial and trade momentum remain firm in August • **VN:** Higher CPI print in August
Asset Class	• **ESG:** Singapore launches first liquid cooling standard for DCs • **FX & Rates:** Strong jobs, limited USD follow-through

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Global: Central Banks

Forecast – Key Rates

European Central Bank (ECB)

Thursday, 10nd September

House Views

Deposit Facility Rate

Likely hike to 2.50%

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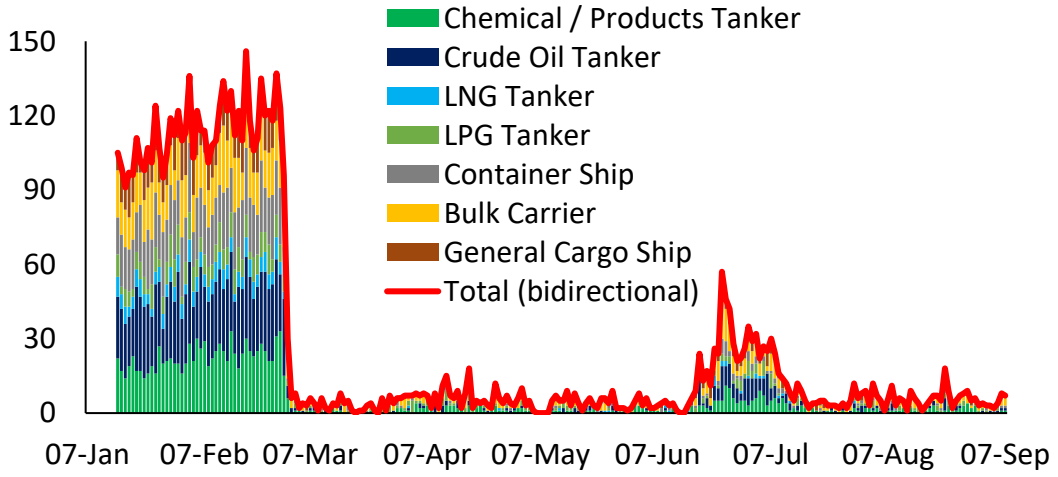
US-Iran: Tit-for-tat strikes resume

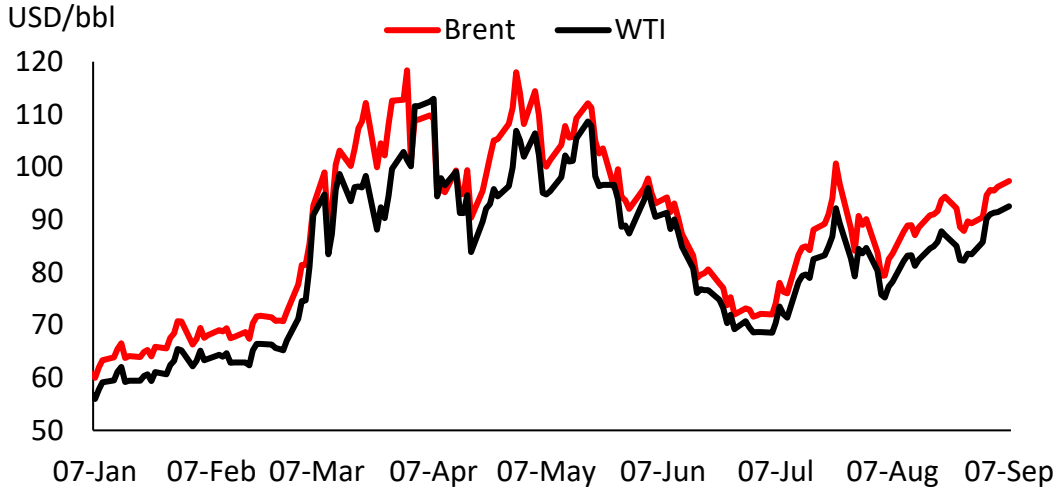
- The US-Iran conflict continued to escalate last week, with both countries exchanging tit-for-tat strikes. Iran's Islamic Revolutionary Guard Corps launched ballistic missiles at US Navy ships operating in regional waters on Saturday (5 Sep). The US retaliated by launching strikes on three Iranian oil tankers, permanently disabling two and destroying one after its crew was instructed to abandon ship. US Defense Secretary Hegseth warned on X, "if Iran shoots at US ships, we will destroy their oil tankers", adding that "Iran's oil tanker fleet is defenseless".
- Iran's Supreme National Security Council has announced the creation of a new restricted zone outside the Strait of Hormuz in the coming days. The proposed zone will "begin from the line of the US naval blockade, extend towards the Strait of Hormuz, and from this side continue into the Persian Gulf". Details remain scant, but Iran has stated that any vessel entering this zone could be placed on its sanctions list.

Strait of Hormuz commercial vessel crossings



Source: Bloomberg, OCBC Group Research.

Crude oil prices



Source: Bloomberg.

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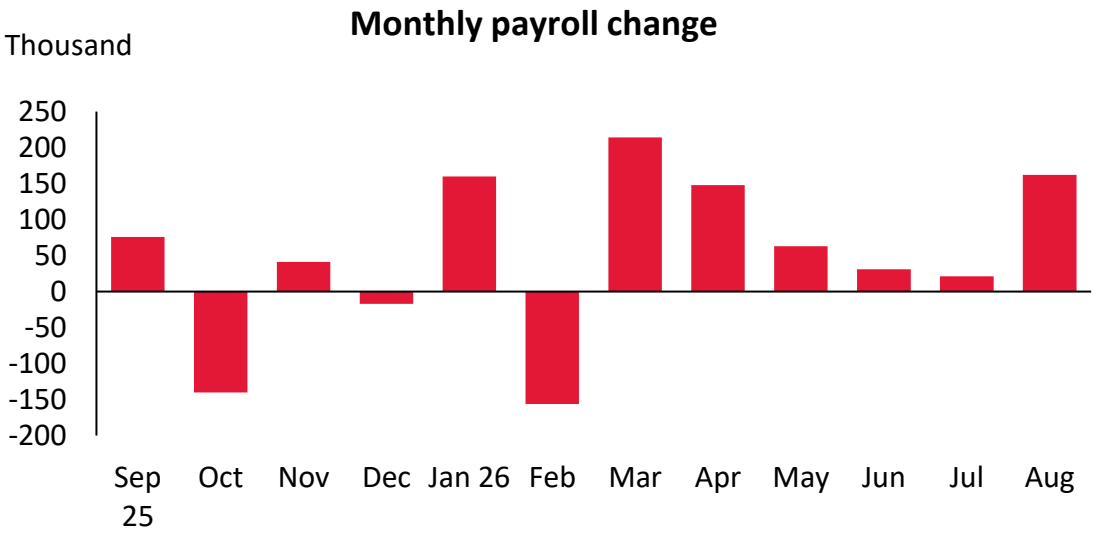
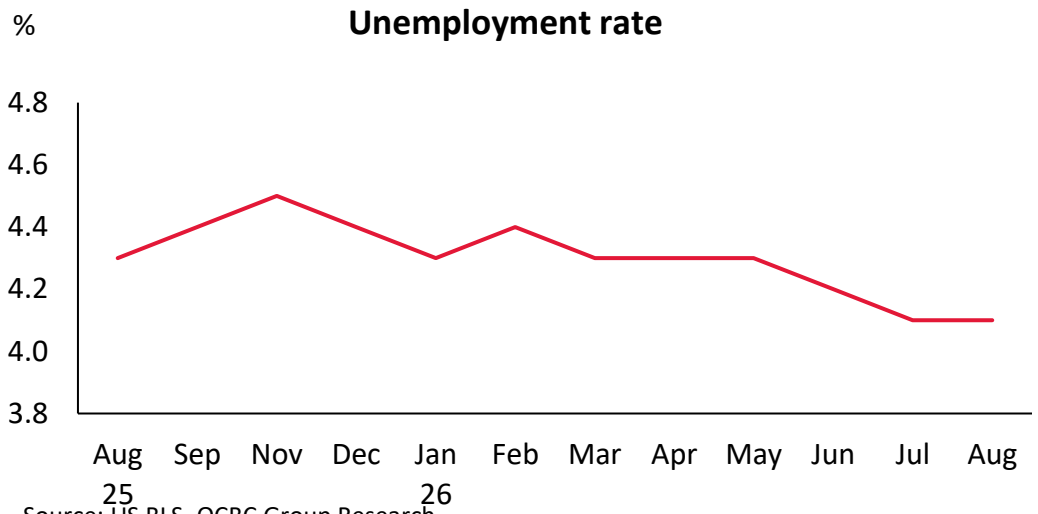
Source: Bloomberg, OCBC Group Research.

US: August payrolls rose by 162k as unemployment rate held at 4.1%

- A huge upside surprise was seen as nonfarm payrolls rose by 162,000 in August and the unemployment rate held at 4.1%. The headline number obliterated all forecasts, with the highest forecast at 125k.
- Revisions added a combined 55,000 jobs to June and July payrolls, though wage growth slowed to 3.1% from a year earlier.
- Labour growth was much stronger than the breakeven rate of 20k per month. In addition, the strong growth was registered despite a higher labour force participation rate of 61.6%, vs 61.4% last month.



Source: US BLS, OCBC Group Research.



Source: US BLS, OCBC Group Research.

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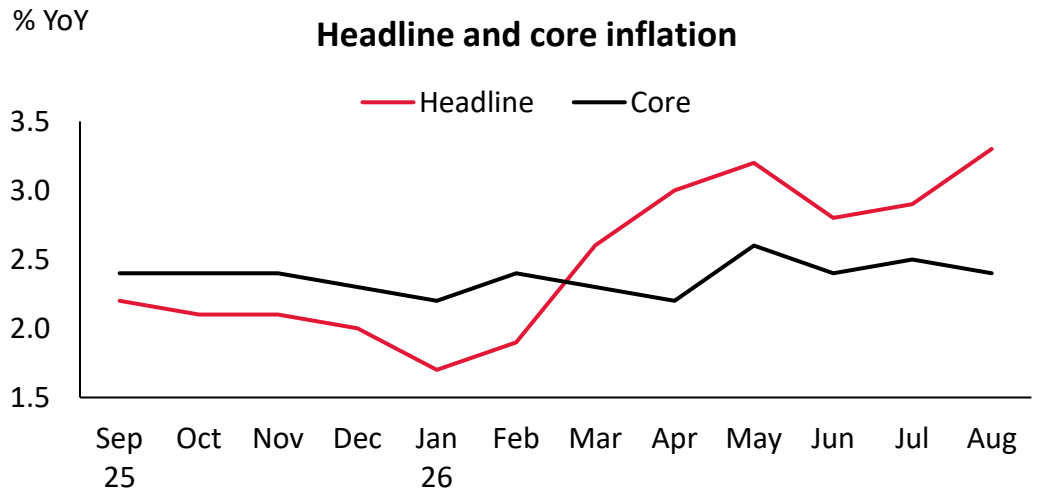
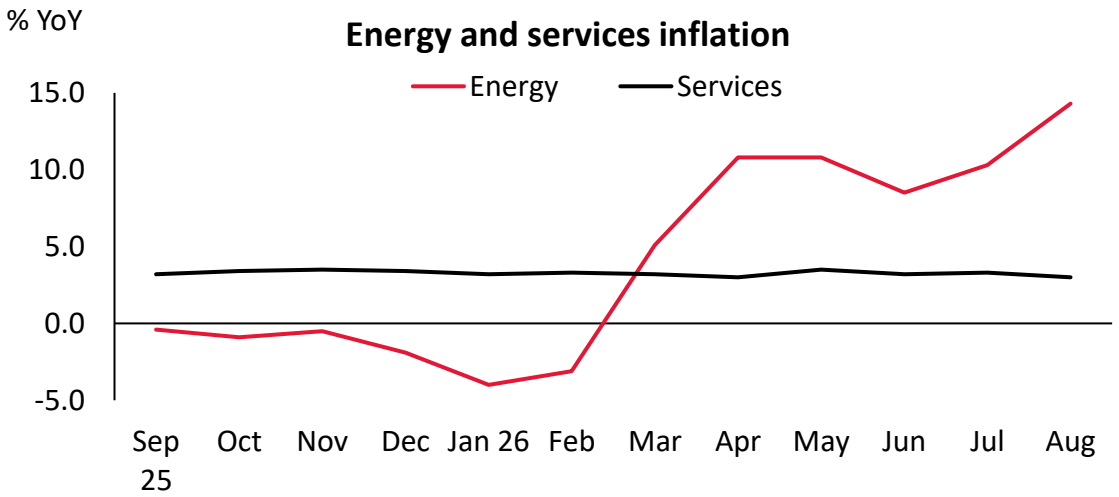
Source: US BLS, OCBC Group Research.

Europe: Energy lifted CPI inflation to 3.3% in August

- Euro-area CPI inflation rose to 3.3% YoY in August, up from 2.9% in July. This is almost twice the 1.7% YoY seen at the start of the year.
- Energy inflation rose to 14.3% YoY from 10.3% in July. In contrast, services inflation eased to 3.0% YoY, while inflation excluding food, energy, alcohol, and tobacco slipped to 2.4% YoY. The rise in headline inflation remains largely energy led, rather than broad based.
- We are expecting ECB to hike at its upcoming meeting on 10 September, but subsequent moves would have to depend on how energy prices pan out.



Source: Eurostat, OCBC Group Research.



Source: Eurostat, OCBC Group Research.

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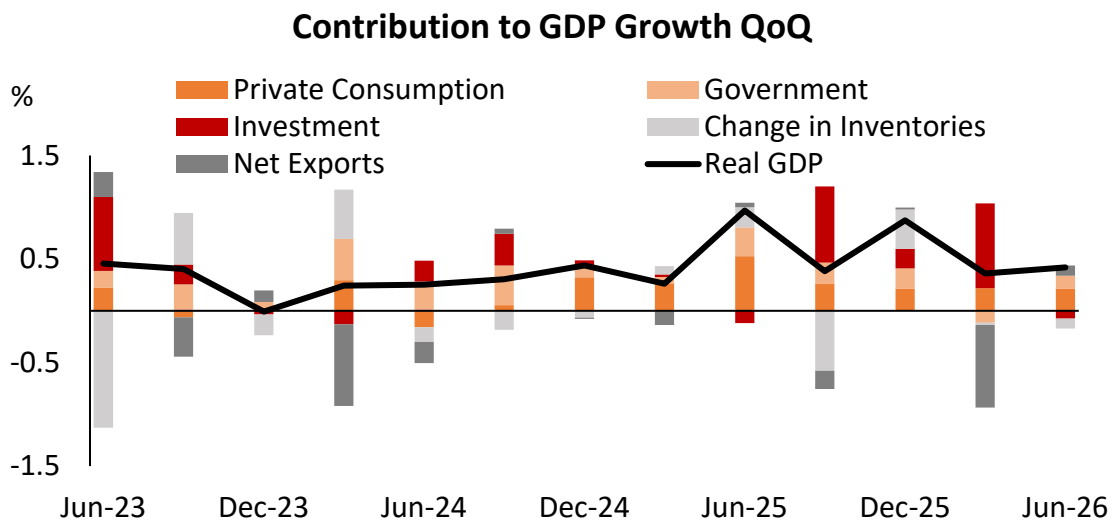
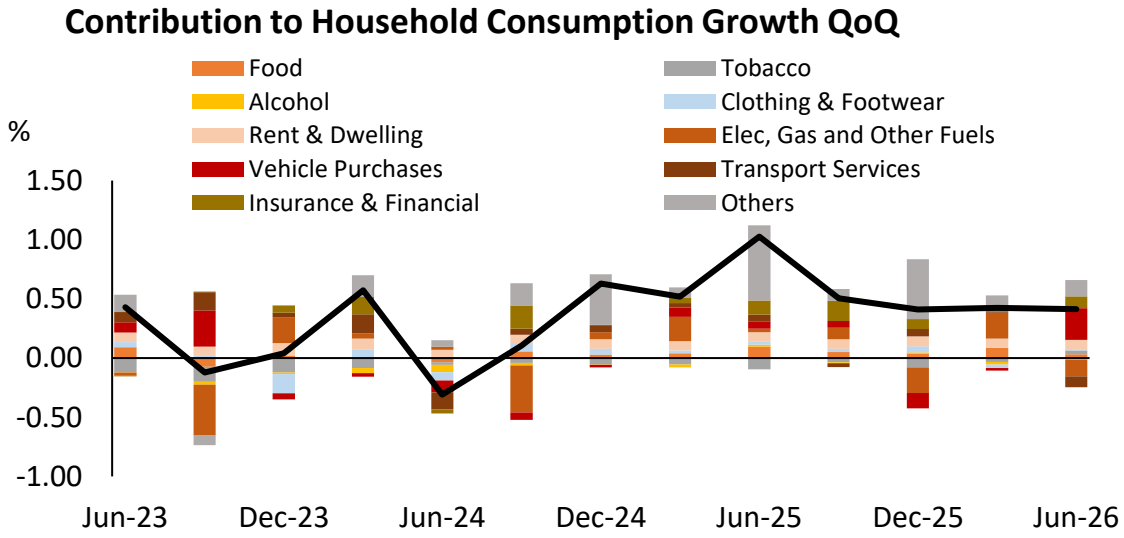
Source: Eurostat, OCBC Group Research.

Australia: 2Q26 growth proves resilient

- The economy expanded by 0.4% QoQ sa in 2Q26, slightly above market expectations of 0.3%. On an annual basis, GDP growth strengthened to 2.1% YoY sa. Household consumption remained the main driver of activity, rising 0.4% QoQ, similar to 1Q26, contributing 0.2ppt to overall GDP growth. However, much of the increase was concentrated in motor vehicle spending, supported by record sales of electric and hybrid vehicles.
- Government consumption provided support to growth, increasing by 0.6% QoQ and contributing a further 0.1ppt to growth. Investment spending was comparatively soft, with private investment growth unchanged on the quarter as capex spending reversed some of its strong gains in 1Q26. However, this was partly offset by continued strength in construction activity. Net exports surprised to the upside, contributing 0.1ppt to growth, their first positive contribution since 4Q23, as stronger goods exports and weaker travel-related imports boosted the external sector.



Source: ABS, CEIC, OCBC Group Research.



Source: ABS, CEIC, OCBC Group Research.

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Singapore: MAS Survey of Professional Forecasters (SPF)

- In the September edition of the MAS Survey of Professional Forecasters, the median GDP growth forecast was revised higher to 5.0% from 3.5% in the June 2026 survey. Growth momentum remains robust, with the economy having expanded 5.9% YoY in 2Q26, while the median GDP forecast for 3Q26 stands at 4.6%.
- The 2026 median headline CPI and core CPI forecasts were revised lower to 2.1% YoY and 1.9% YoY, respectively, compared to 2.3% YoY and 2.0% YoY in the June 2026 survey. The median forecast for growth is 3.1% YoY in 2027, while the 2027 median headline CPI and core CPI are both tipped at 2.0%, respectively.

Median Forecast of Macroeconomic Indicators for 2026		
Key Macroeconomic Indicators (%YoY)	June Survey	September Survey
GDP	3.5	5.0
Manufacturing	5.0	8.4
Finance & Insurance	4.5	5.4
Construction	6.5	7.1
Wholesale & Retail Trade	4.9	7.4
Accommodation & Food Services	1.8	1.0
Private Consumption	3.2	3.4
NODX	6.1	17.0
CPI-All Items	2.3	2.1
MAS Core Inflation	2.0	1.9
Overall Unemployment Rate (end-period, SA %)	2.1	2.1
Exchange Rate (end-period, S$ per US$)	1.3	1.3
SORA (average, % per annum)	1.2	1.2
Bank Loans (end-period, % growth)	4.0	6.6

Source: MAS SPF, OCBC Group Research.

Median Forecast of Macroeconomic Indicators for 3Q26				
Key Macroeconomic Indicators (%YoY)	Median	Mean	Min	Max
GDP	4.6	4.5	3.3	5.5
Manufacturing	9.5	9.1	6.0	11.2
Finance & Insurance	5.6	5.2	2.5	6.4
Construction	6.0	5.6	2.0	7.6
Wholesale & Retail Trade	6.0	5.9	3.5	7.5
Accommodation & Food Services	0.5	0.6	-0.5	2.0
Private Consumption	3.3	3.1	1.5	4.8
NODX	23.9	23.5	16.0	31.0
CPI-All Items	2.5	2.5	1.9	3.0
MAS Core Inflation	2.4	2.3	1.8	2.7
Overall Unemployment Rate (end-period, SA %)	2.1	2.1	2.0	2.3
Exchange Rate (end-period, S$ per US$)	1.3	1.3	1.3	1.3
SORA (average, % per annum)	1.2	1.2	1.0	1.3
Bank Loans (end-period, % growth)	7.8	7.1	3.0	10.0

Source: MAS SPF, OCBC Group Research.

Source: MAS, OCBC Group Research.

Singapore: MAS Survey of Professional Forecasters (SPF)

- According to the September survey, the most cited downside risks to the domestic economy were an escalation or prolonged Middle East conflict (70.6% of respondents) and a bursting of the AI bubble (64.7%), while all respondents identified a sustained AI-driven upturn in the technology cycle as a key upside risk.

Qualitative Word Responses (Word Cloud)

Top 3 Potential Risks to the Singapore Economy (Proportion of Respondents, %)							
Downside Risk	**June Survey**	**September Survey**	**Cited As Top Risk**	**Upside Risk**	**June Survey**	**September Survey**	**Cited As Top Risk**
Prolonged/Escalating Middle East Conflict	85.0	70.6	47.1	Tech Cycle	100.0	100.0	100.0
Burst of AI Bubble	60.0	64.7	29.4	De-escalation in the Middle East Conflict	55.0	35.5	0.0
Other Geopolitical Tensions (e.g. trade tensions)	35.0	41.2	5.9	Global/External growth	20.0	29.4	0.0

Source: MAS SPF, OCBC Group Research.

Singapore: MAS Survey of Professional Forecasters (SPF)

- Regarding monetary policy, the September survey highlighted that 45% of respondents anticipate monetary policy tightening in October 2026 through an increase in the slope of the S$NEER policy band, up from 30% in the June survey, with the remaining respondents expecting no change. Almost all respondents expect no change in January 2027.

Indicator	June Survey			September Survey		
	2026 October	2027 January	2027 April	2026 October	2027 January	2027 April
Slope of the S$NEER Policy Band						
Increase	30.0	0.0	0.0	45.0	5.3	0.0
Reduce	0.0	0.0	5.0	0.0	0.0	0.0
Flatten	0.0	0.0	0.0	0.0	0.0	0.0
Unchanged	70.0	100.0	95.0	55.0	94.7	100.0
Level at which the S$NEER Policy Band is centred						
Higher	0.0	0.0	0.0	0.0	0.0	0.0
Lower	0.0	0.0	0.0	5.0	0.0	0.0
Unchanged	100.0	100.0	100.0	95.0	100.0	100.0
Width of the S$NEER Policy Band						
Widen	0.0	0.0	0.0	0.0	0.0	0.0
Narrow	0.0	0.0	0.0	0.0	0.0	0.0
Unchanged	100.0	100.0	100.0	100.0	100.0	100.0

Source: MAS SPF, OCBC Group Research.

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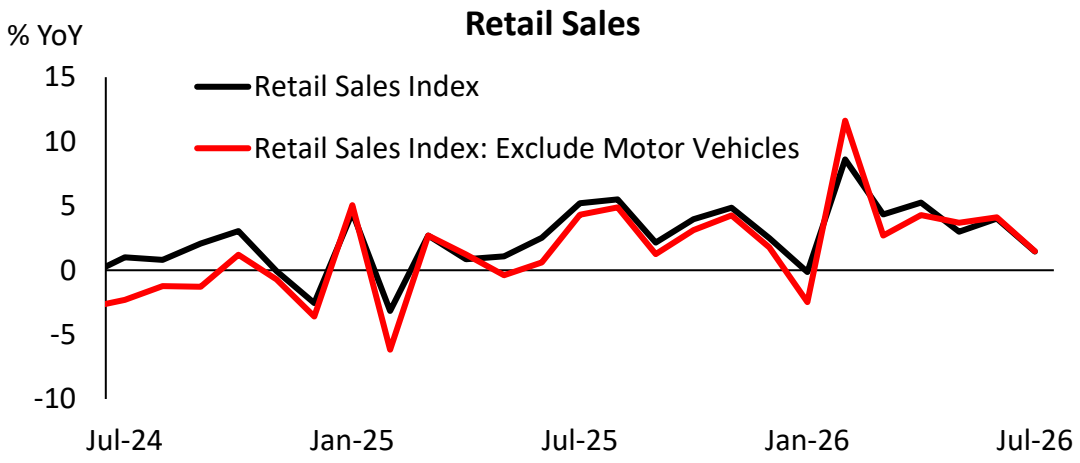
Source: MAS, OCBC Group Research.

Singapore: Retail Sales growth slowed to 1.5%

- The July retail sales growth moderated to 1.5% YoY (0.9% MoM SA), down from 4.0% YoY (0.9% MoM SA) in June. This is the slowest pace of expansion since January 2026 when retail sales fell 0.1% YoY (6.4% MoM SA) due to the timing of the Chinese New Year festive season (January 2025 versus February 2026).
- Retail sales have grown 3.7% YoY for January-July 2026, versus 2.0% YoY for the same period last year. This is in tandem with the 1H26 headline GDP growth which had surprised on the upside at 6.1% YoY due to the global AI-related investment boom, which prompted MTI to upgrade their official 2026 GDP growth forecast from the earlier 2-4% YoY to 4.5-5.5% YoY.
- Consumers are still spending but becoming more selective, with discretionary purchases (including premium technology upgrades to smartphones and laptops etc) outperforming everyday essentials. The MAS' two consecutive monetary policy tightening this year in April and October have continued to underpin the strength of the trade-weighted SGD, which in turn may have encouraged some consumption leakage to JB for instance.



Source: Singstat, CEIC, OCBC Group Research.

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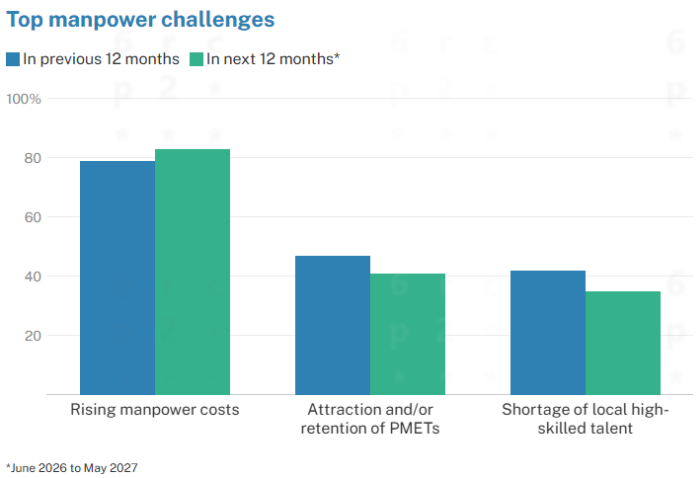
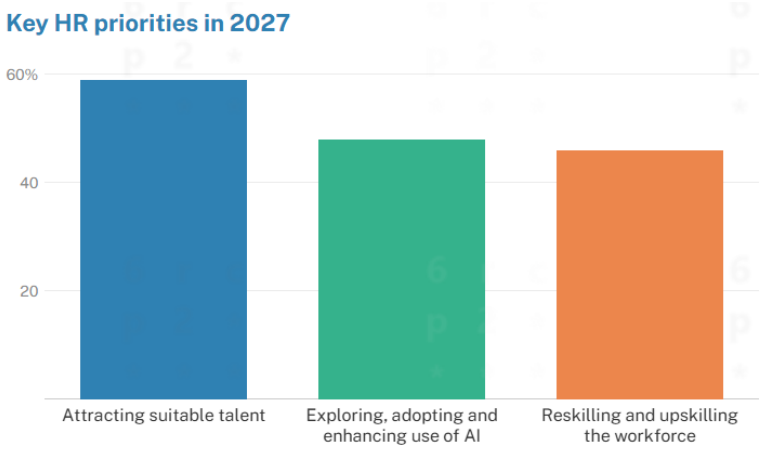
Source: MAS, OCBC Group Research.

Singapore: SNEF poll reveals signs of a cooling labour market

- Singapore National Employers Federation (SNEF) survey revealed Singapore employers remain conservative on workforce expansion in 2027. 54% of respondent firms do not plan to increase headcount (from 58% prior), reflecting persistent caution. More companies also reported concerns over the rising cost of upskilling and reskilling their workforce amid changing technological needs.
- Concurrently, the wage outlook remains cautious with 51% planning moderation or freezes (from 48% prior). Support for lower wage workers is also weaking with 86% of firms employing lower wage workers remaining committed to built in wage increases, down from 96% previously.
- Confidence is recovering but is unevenly distributed. Firms citing uncertain prospects fell to 63% (from 72% prior), and an improvement of 65% of firms expected a solid 2026 performance (from 63% prior). This optimism was, however, concentrated with larger companies, while SMEs continue to bear the brunt of caution and cost pressure.



Source: Straits Times

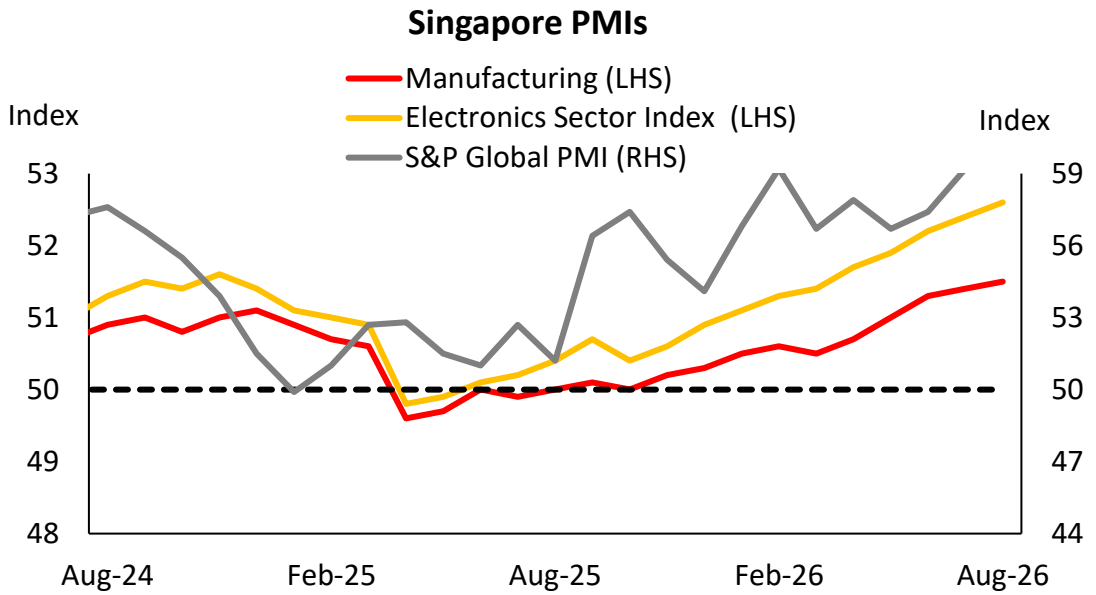


Source: Straits Times

Source: SNEF, Straits Times, OCBC Group Research.

Singapore: August PMI improves

- Both manufacturing and electronics PMIs both improved in August to 51.5 and 52.6 respectively, from 51.4 and 52.4 previously, indicating continued momentum. Both registered the 13*th* and 15*th* consecutive months of expansion, aided by new orders, new exports, factory output, input purchases and employment.
- Supplier deliveries indices contracted faster for the 8*th* and 10*th* straight months, suggesting no let up in supply chain disruptions. Future business indices remained positive and reinforced upbeat sentiments, especially for AI-related order books, notwithstanding the supply-cost challenges.
- For the electronics industry, inventories continue to be drawn down while finished goods fell faster for the fourth consecutive month. Meanwhile, the S&P Global Singapore PMI also rose from 59.2 to 59.4



Source: SIPMM, Bloomberg, OCBC Group Research.

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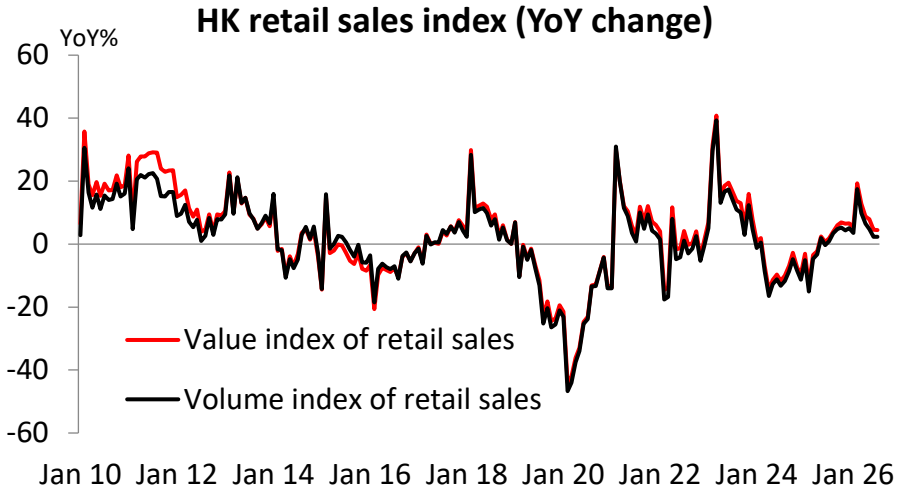
Source: Bloomberg, OCBC Group Research.

HK: Retail sales slowed further

- The growth in retail sales moderated further in July, to 4.5% YoY in value terms, while staying flat at 2.3% YoY in volume terms. During the month, Hong Kong recorded 790.3mm of rainfall, making July one of the wettest months on record and likely dampening foot traffic and discretionary spending activities. On a sequential basis, retail sales declined by 1.5% MoM and 0.9% MoM respectively in value terms and volume terms in July.
- Consumer spending softened across most categories, although discretionary spending continued to outperform. Sales of "jewellery, watches and valuable gifts" rose by a still solid pace of 19.7% YoY in July, while items such as "fuels" and "clothing, footwear and allied products" registered year-on-year declines in sales.
- We expect consumption sentiment to remain lukewarm in months ahead, barring further increase in interest rates and slackening labour market.



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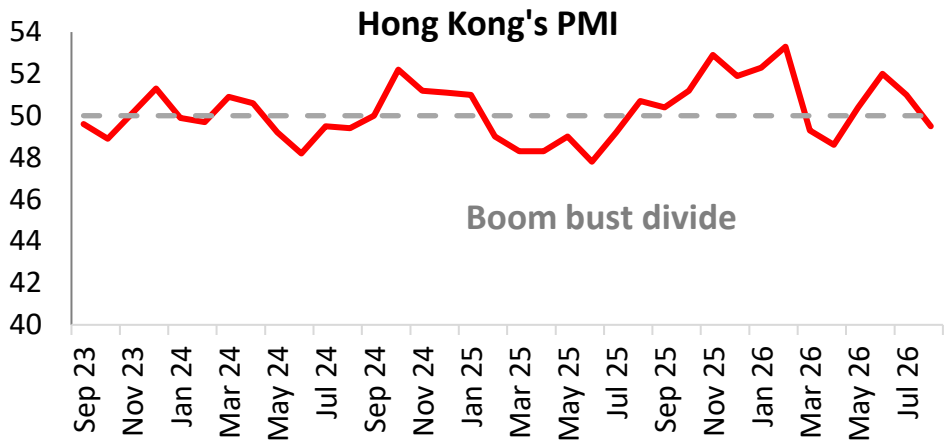
Source: C&SD, OCBC Group Research.

HK: PMI in contractionary zone

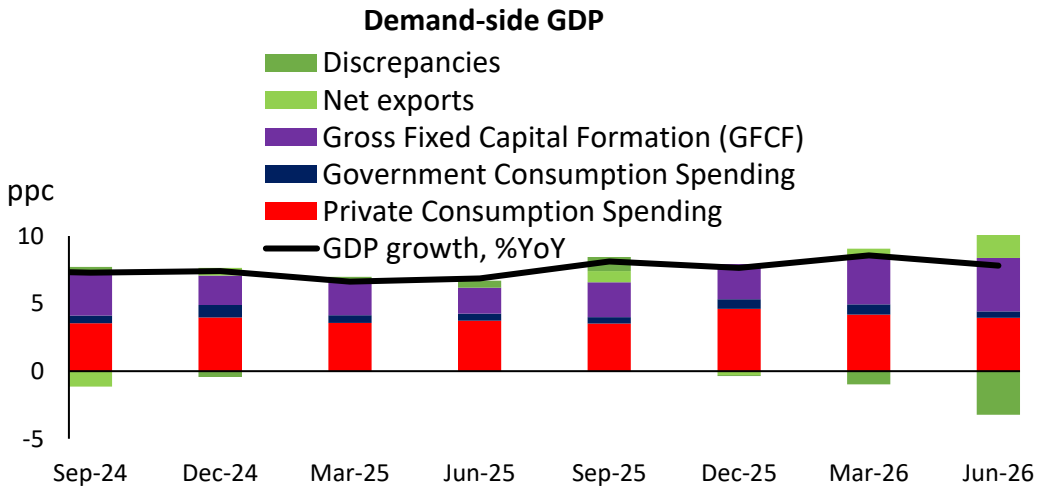
- PMI (covering the manufacturing, construction, wholesale, retail and services sectors) fell back to the contractionary zone for the first time since April, declining to 49.5 in August (51.0 in July), with major drags coming from new orders and output sub-indexes. Demand worsened for both domestic and international markets, while forward-looking indicators were also downbeat.
- Surveyed respondents highlighted a combination of higher prices and weaker demand conditions, which weighed on business activity and sales. New export orders and output sub-indexes dropped by 4.1 and 3.6 percentage points respectively, to 47.9 and 49.2 in August. The spare capacity and weaker demand conditions discouraged hiring, hence headcounts was cut for the fifth consecutive month. The employment sub-index remained in contractionary zone, despite a mild uptick to 49.6 in August (vs 48.5 in July).
- Inflationary pressures intensified across board in August, with input prices, output prices and labour cost sub-indexes rising to 57.1 (vs 54.6 in July), 54.6 (vs 51.9 in July) and 52.1 (vs 51.3 in July) respectively.



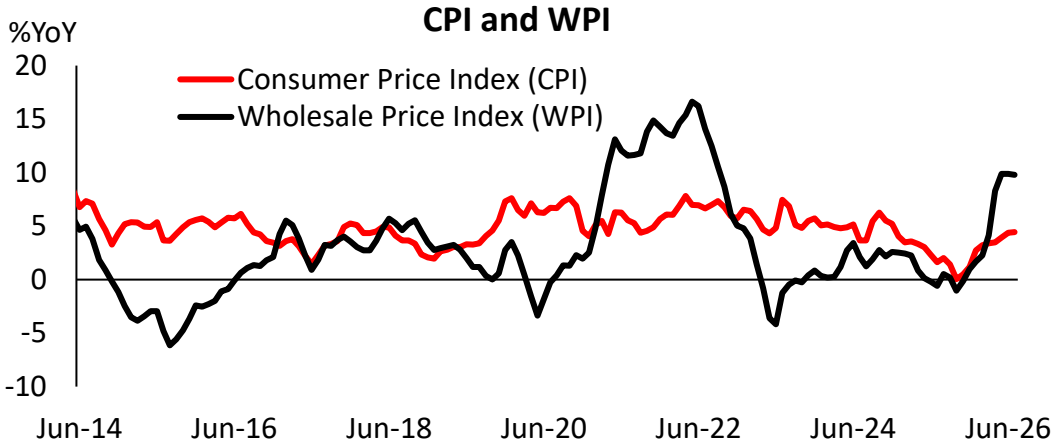
Source: S&P, OCBC Group Research.

India: Solid 2Q26 GDP growth

- 2Q26 GDP growth surprised significantly on the upside at 7.8% YoY compared to an upwardly revised 8.6% in 1Q26. Growth was driven by investment spending, up 11.9%YoY in 2Q26 from 10.5% in 1Q26, and exports up 12% YoY versus 3.9% in 1Q26. Private consumption was resilient, albeit with growth easing modestly to 7.1% YoY from 7.5% in 1Q26 while government spending growth slowed to 4.3% YoY from 7.7% in 1Q26. The contribution of domestic final demand to headline GDP growth at 8.4 percentage points (pp) was broadly similar to 8.3pp in 1Q26. The contribution of net exports jumped to 3pp from 0.7pp in 1Q26 as export growth was higher while import growth fell to -1.1% YoY from 0.8% in 1Q26. Inventory destocking shaved off 0.3pp; discrepancies remained large at -3.2pp.
- The upside surprise to 2Q26 GDP growth and the broader strength in investment spending has led us to revise our FY27 GDP growth forecast to 7.2% from 6.4%, previously. The strength in the growth outlook adds credence to our call for monetary policy tightening from RBI. Our forecast remains for a cumulative 50bp of rate hikes in FY27. The vulnerabilities on the external front persist, with the current account deficit widening to USD3.5bn in 2Q26 from a surplus of USD7.1bn in 1Q26 and the balance of payments recorded a deficit of USD8.1bn.



Source: CEIC; OCBC Group Research.

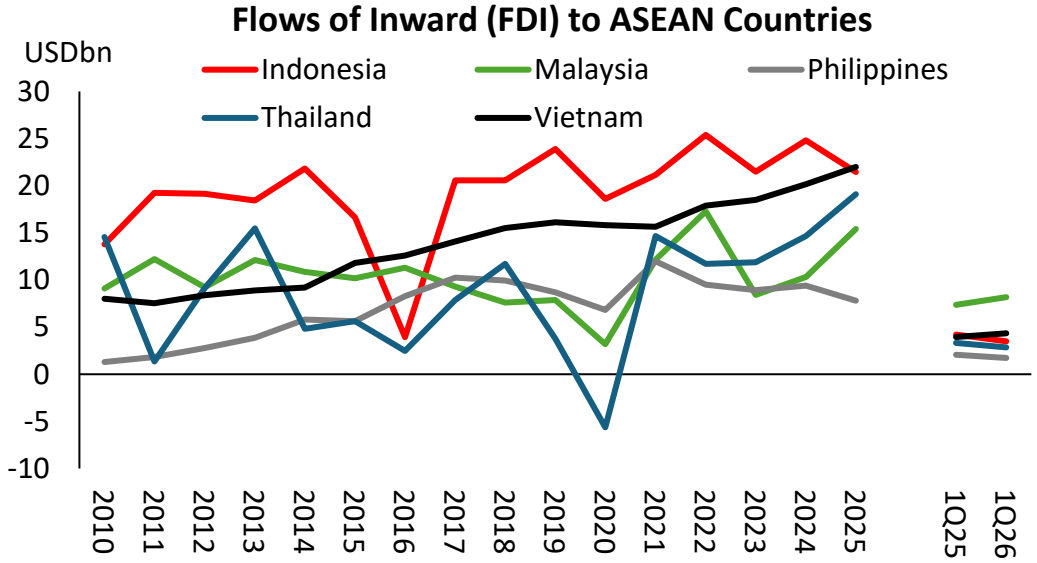


Source: CEIC; OCBC Group Research.

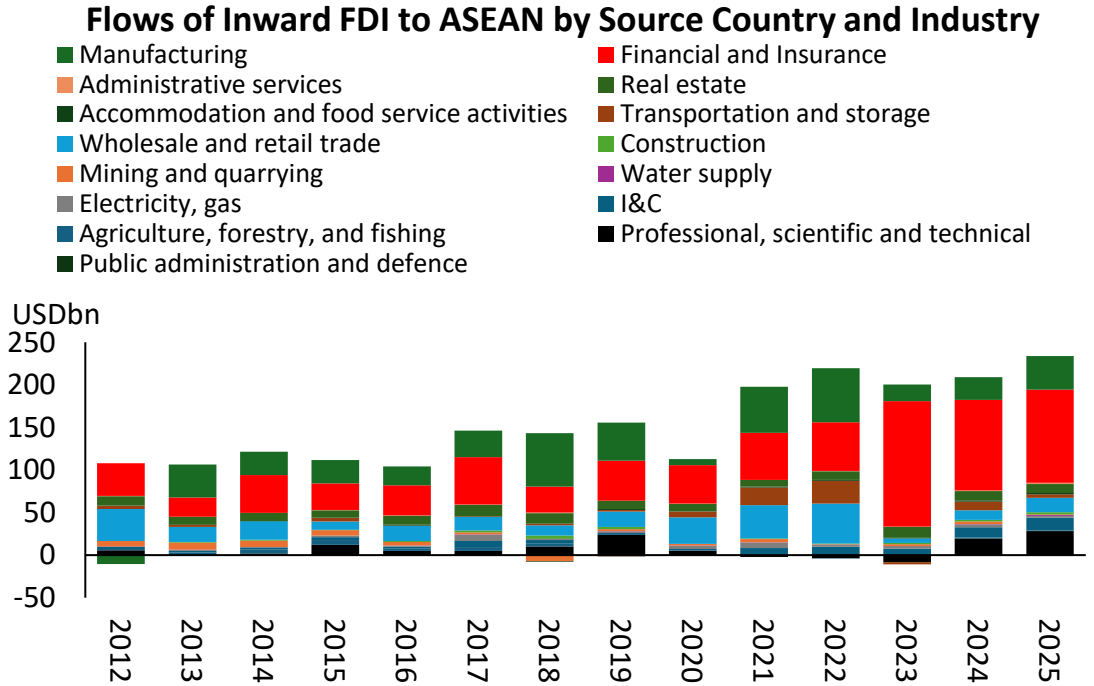
Source: GSO, CEIC, OCBC Group Research.

ASEAN-5: Assessing FDI direction

- FDI inflows into ASEAN remained resilient through 2025 and early 2026, supported by continued investment into manufacturing, financial services and AI-related sectors, although performance varied across individual economies.
- Manufacturing investment is becoming increasingly differentiated across the region, with Indonesia attracting metals-related investments, Malaysia strengthening its position in electronics and electrical products, and Thailand seeing growing momentum in digital infrastructure and data centres.
- While FDI fundamentals remain supportive due to the AI upcycle, China+1 diversification and ongoing reforms, governments are placing greater emphasis on investment quality, local economic benefits and sustainability, leading to more selective approval frameworks.



Source: ASEANstats; CEIC; OCBC Group Research. Data for Vietnam is for 1Q26.



Source: ASEAN Secretariat, OCBC Group Research.

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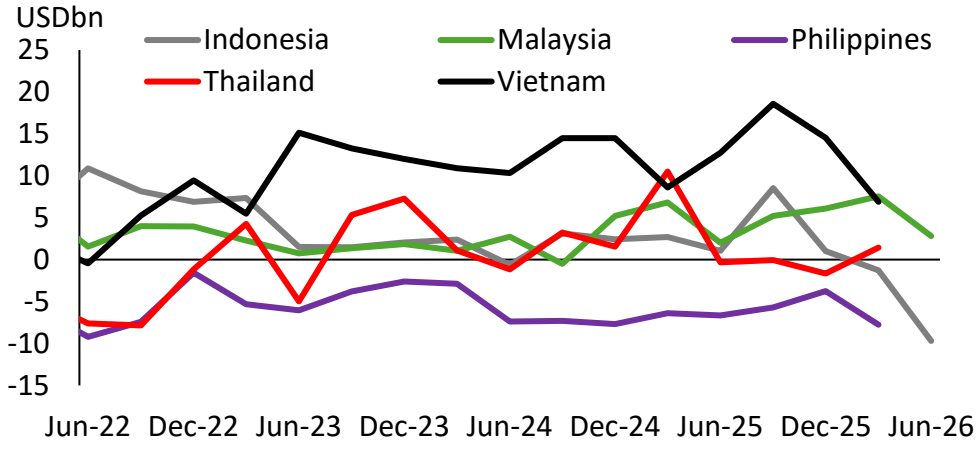
Source: ASEANStats, ASEAN Secretariat, CEIC, OCBC Group Research.

ASEAN-5: Basic balance warrants monitoring across the region

- The steady inflow of FDI is also crucial for balance of payments support, with the need to further support resilient inflows. Indeed, the basic balance (net FDI + current account balance) warrants monitoring as it is narrowing across most of the region, with volatile portfolio and other investment inflows necessary to plug the funding gap. Moreover, the volatile external backdrop, hawkish rhetoric from the US Federal Reserve and increasing differentiation in policy fundamentals across the region will make the steady inflow of longer-lasting FDI even more relevant.
- The need to attract capital flows amid rising inflationary pressures and a resilient growth outlook suggest that the bias remains towards tighter monetary policy in the coming months. We continue to forecast higher policy rates across the region, albeit with a risk of more modest rate hikes as near-term currency depreciation pressures have eased. We continue to forecast a cumulative 50bp of rate hikes from Bangko Sentral ng Pilipinas (BSP) and 75bp from Bank Indonesia (BI) with the risk tilted towards fewer rate hikes in 2026. We expect normalisation of policy rates for Thailand (+50bp) and Malaysia (+25bp) in 2027.

Basic balance: Net FDI+ current account balance



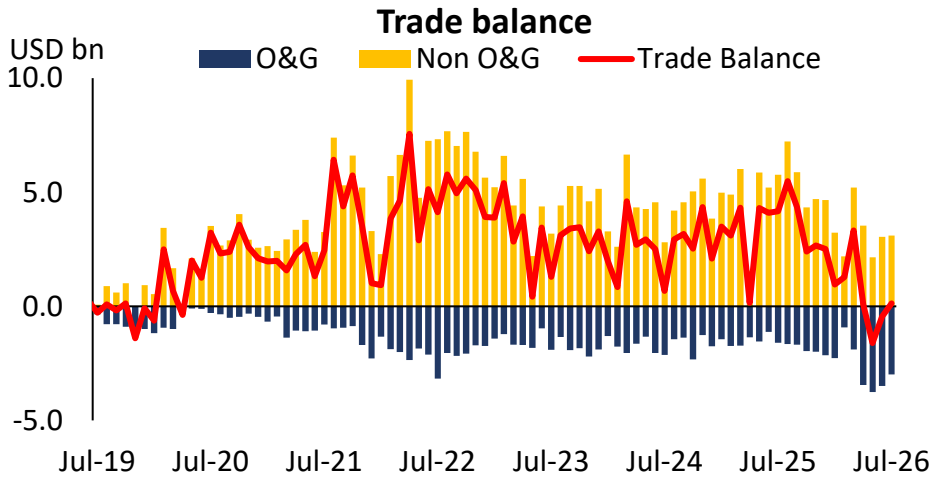
Source: CEIC; OCBC Group Research.

Policy rate	Current rate	end-2026	end-2027
BI	5.75%	6.50%	6.00%
BNM	2.75%	2.75%	3.00%
BSP	5.00%	5.50%	5.00%
BoT	1.00%	1.00%	1.50%
SBV	4.50%	4.50%	5.00%

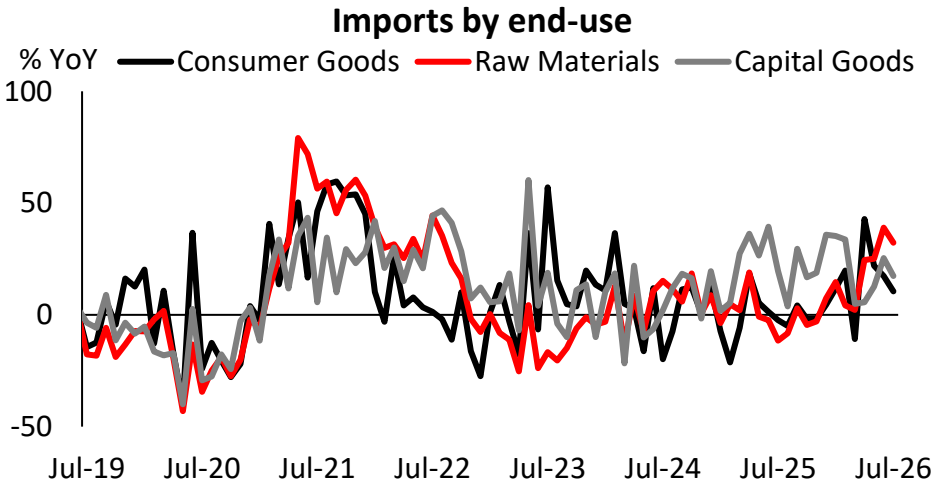
Source: CEIC, CEIC, OCBC Group Research.

Indonesia: Some respite for the trade balance

- Export growth slowed to 6.1% YoY in July from 8.8% in June but beat expectations. The moderation reflected slower non-oil & gas export growth (6.8% YoY from 9.5%) and a deeper contraction in oil & gas shipments (-14.6% from -3.8%). Similalry, import growth slowed to 27.0% YoY in July from 34.3% in June. The moderation was broad-based across non-oil & gas (23.8% from 25.1%) and oil & gas (49.9% from 105.1%) imports. By end-use, the slowdown in import growth was broad-based, led by raw materials and intermediate goods (32.3% from 38.9%), followed by capital goods (17.4% from 25.4%) and consumer goods (10.5% from 17.5%).
- Consequently, the trade balance returned to a modest USD0.1bn surplus in July, following deficits of USD0.5bn in June and USD1.6bn in May. The improvement mainly reflected a narrowing of the oil & gas deficit to USD3.0bn from USD3.5bn in June, while the non-oil & gas surplus was broadly stable at USD3.1bn, up slightly from June.
- The current account deficit widened to its largest on record at USD12.5bn for 2Q26 from USD3.6bn in 1Q26. We had already forecast a significant widening of the current account deficit to 1.6% of GDP in 2026 from 0.1% in 2025, but the risks are for an even larger deficit based on the 1H26 outturn.



Source: BPS, CEIC, OCBC Group Research.

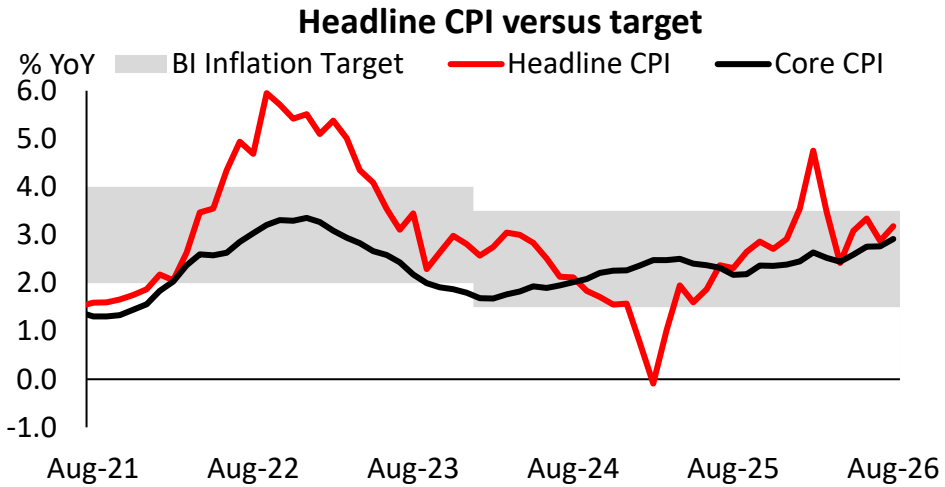


Source: BPS, CEIC, OCBC Group Research.

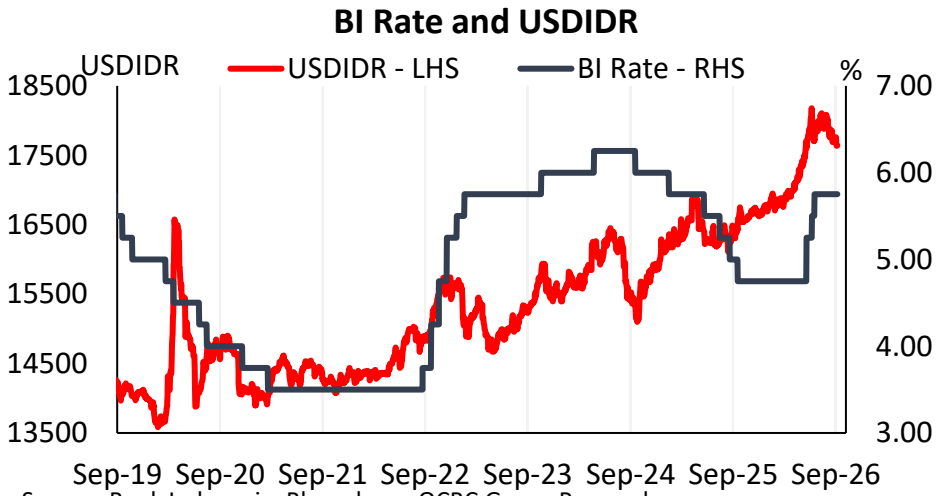
Source: BPS, CEIC, OCBC Group Research.

Indonesia: Building price pressures

- Headline CPI inflation rose to 3.2% YoY in August from 2.9% in July, moving closer to the upper bound of BI's 1.5–3.5% target range. Similarly, core CPI inflation edged up to 2.9% YoY in August from 2.8% in July. Food, beverages and tobacco inflation accelerated to 3.9% YoY in August from 3.0% in July, contributing 1.13pp to headline inflation compared with 0.87pp in the previous month. Price pressures were also evident in personal care and transportation. With the year-to-date average for headline CPI at 3.3%, we see upside risks to our full-year headline CPI forecast of 3.0% in 2026 (2025: 1.9%). Food prices remain an important source of uncertainty, while elevated transport-related inflation could keep headline price pressures firm in the near term.
- The data mix of continued external pressures amid rising inflation remains consistent with our forecast for additional monetary policy tightening. However, the relative stability of the currency (IDR) over the past month, appreciating 1.5% versus USD, suggests that the need for imminent rate hikes has diminished. Our baseline is for further cumulative 75bp in rate hikes. However, the risk is that our baseline may prove too aggressive should IDR stability persist over the next few months.



Source: BI, CEIC, OCBC Group Research.

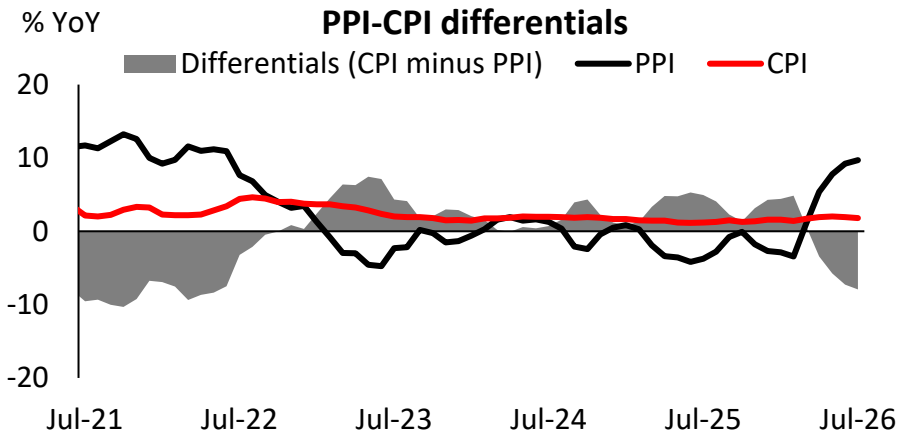


Source: Bank Indonesia, Bloomberg, OCBC Group Research.

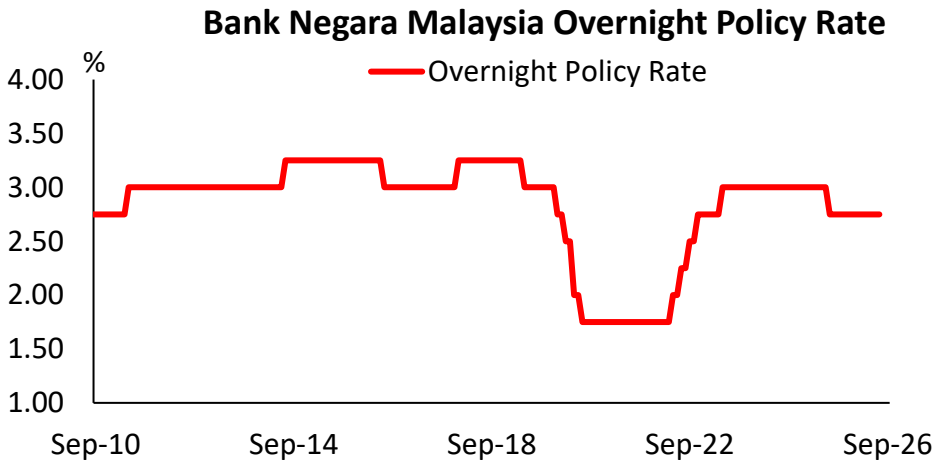
Source: BPS, CEIC, OCBC Group Research.

Malaysia: BNM on hold, but with some changes in tone

- Bank Negara Malaysia (BNM) kept its policy rate unchanged at 2.75%, in line with consensus and our expectations. The official policy statement, however, contained material changes that support our view that BNM will normalise monetary policy by raising the policy rate to 3.00% in January 2027.
- First, BNM was more upbeat about the external growth backdrop, noting that while uncertainties surrounding the Middle East conflict will continue to weigh on global growth amid inflationary pressures, "the impact is expected to be cushioned by sustained tech-related spending." Second, the outlook for domestic growth was also more buoyant, with BNM expecting the "economy's sound fundamentals to keep growth resilient in 2027." Third, BNM appeared more cautious regarding broader price pressures, stating that it "will remain vigilant to cost pressures and domestic demand conditions given their impact on the inflation outlook." Finally, the MPC removed the word "appropriate" from its description of the policy stance, noting subsequently that this was a conscious decision to afford full flexibility in conducting monetary policy, particularly in monitoring costs and price pressures.
- Our baseline remains that BNM will normalise the policy rate to 3.00% in January 2027. BNM has historically been measured in its policy rate adjustments in either direction, and we expect this time will be no different.



Source: CEIC, OCBC Group Research

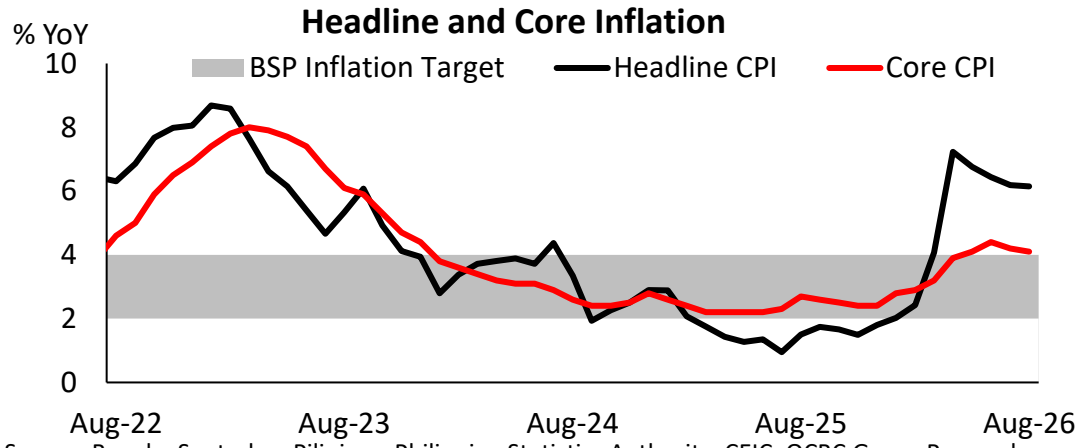


Source: Bank Negara Malaysia, CEIC, OCBC Group Research.

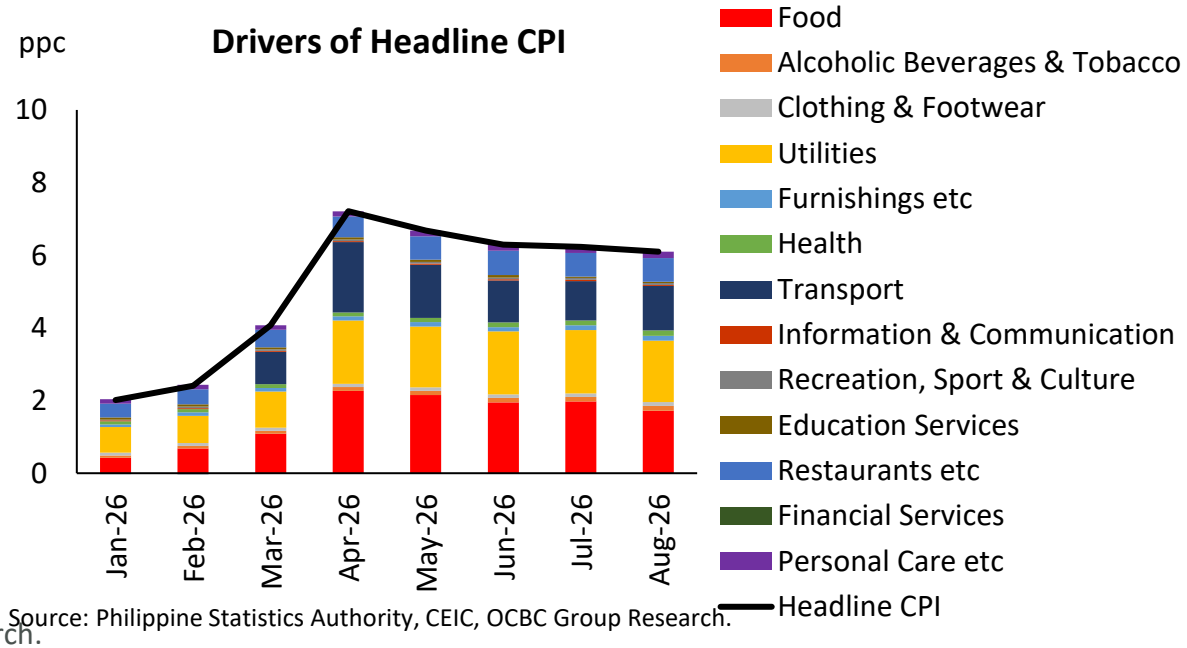
Source: BNM, CEIC, OCBC Group Research.

Philippines: Inflation remained elevated in August

- Headline inflation eased to 6.1% YoY in August from 6.2% in July, but remained elevated nonetheless. Similarly, core CPI edged lower to 4.1% YoY in August, down from 4.2% in the previous month.
- The main drivers were lower inflation in the 'food & non-alcoholic beverages' (4.6% YoY versus 5.2% in July), 'housing, water, electricity, gas & other fuels' (7.9% versus 8.2%), 'information & communication' (1.0% versus 1.1%), 'recreation, sport & culture' (5.1% versus 5.3%) and 'education services' (1.7% versus 2.0%). This was partly offset by higher inflation in the 'alcoholic beverages & tobacco', 'furnishings, HH equip & routine HH maintenance', 'health', 'transport' and 'personal care & misc goods & services' categories.
- Headline CPI has averaged 5.2% from January to August, remaining above the upper end of the Bangko Sentral ng Pilipinas' (BSP) 2-4% full-year target range. We maintain our 2026 headline CPI forecast of 5.8% YoY, keeping inflation above the 6% handle for the remainder of the year, reflecting broadening price pressures and potentially second-round effects.



Source: Bangko Sentral ng Pilipinas, Philippine Statistics Authority, CEIC, OCBC Group Research.



Source: Philippine Statistics Authority, CEIC, OCBC Group Research.

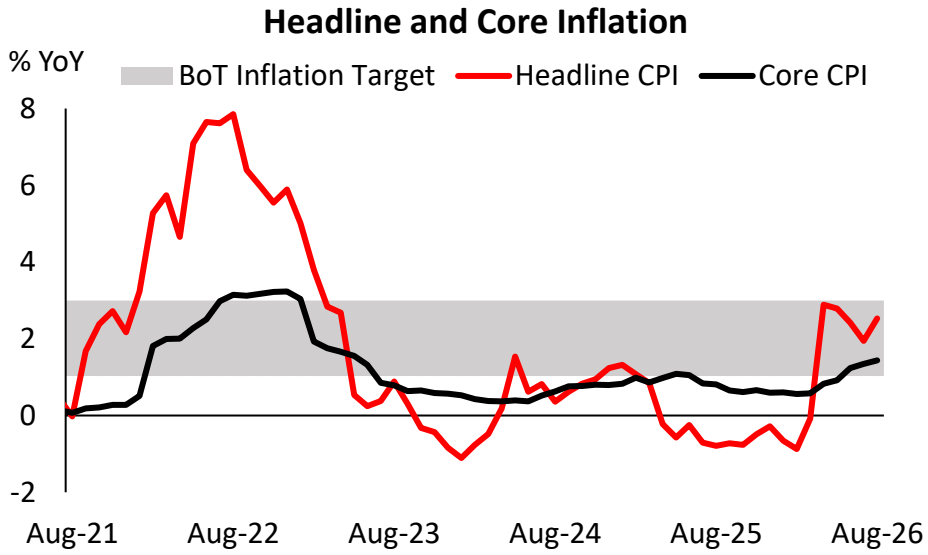
Source: Bangko Sentral ng Pilipinas, Philippines Statistics Authority, CEIC, OCBC Group Research.

Thailand: Rising inflation shifts focus to BoT

- Headline CPI rose more-than-expected to 2.5% YoY in August (consensus: 2.4% YoY, OCBC: 2.2%), up from 1.9% in July. Nevertheless, inflation remained well within the Bank of Thailand (BoT)'s 1-3% target range. In contrast, core inflation edged slightly higher to 1.4% YoY, up from 1.3% in the previous month.
- The main contributors to the increase in inflation were the 'food & non alcoholic beverages' (3.0% YoY versus 2.0% in July) and 'transport & communication' (5.7% YoY versus 4.8%) categories. This was partially offset by lower inflation in the 'Medical & Personal Care' component.
- The August print brought headline inflation for 2026 year-to-date to 1.4% YoY, up from -0.1% in 2025. Looking ahead, we expect headline inflation to average 2.9% YoY in 2026, implying that headline CPI will remain elevated for the rest of the year. The Commerce Ministry has warned that inflation would remain elevated in September, driven by higher oil, food, and transportation prices, with inflation likely to accelerate to ~2.7% YoY in 4Q26.

Drivers of inflation, % YoY	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Headline CPI	-0.7	-0.9	-0.1	2.9	2.8	2.4	1.9	2.5
Food & Non Alcoholic Beverages	0.9	0.3	0.3	1.0	0.9	1.0	2.0	3.0
Apparel & Footwears	-1.7	-1.5	-1.5	-1.2	-0.9	-1.0	-0.7	-0.7
Housing & Furnishing	-1.0	-1.1	-0.5	0.1	0.1	0.2	0.1	0.2
Medical & Personal Care	-1.3	-0.7	-1.0	-0.8	-1.2	0.2	0.4	0.1
Transport & Communication	-3.0	-2.9	0.0	11.4	11.1	8.8	4.8	5.7
Recreation, Reading, Education and Religion	0.7	0.9	0.6	0.5	0.8	0.7	1.0	1.1
Tobacco & Alcoholic Beverages	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0
Core Consumer Price Index	0.6	0.6	0.6	0.8	0.9	1.2	1.3	1.4

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



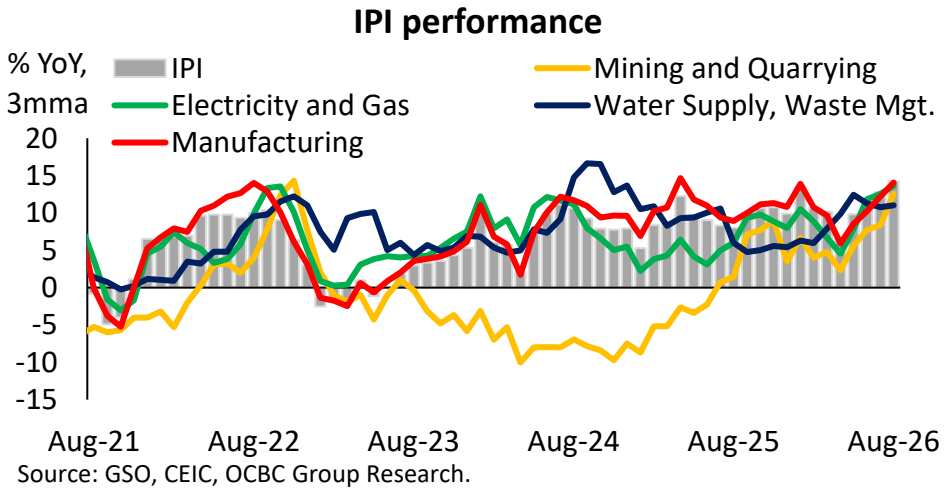
Source: Bank of Thailand, Trade Policy and Strategy Office, CEIC, OCBC Group Research.

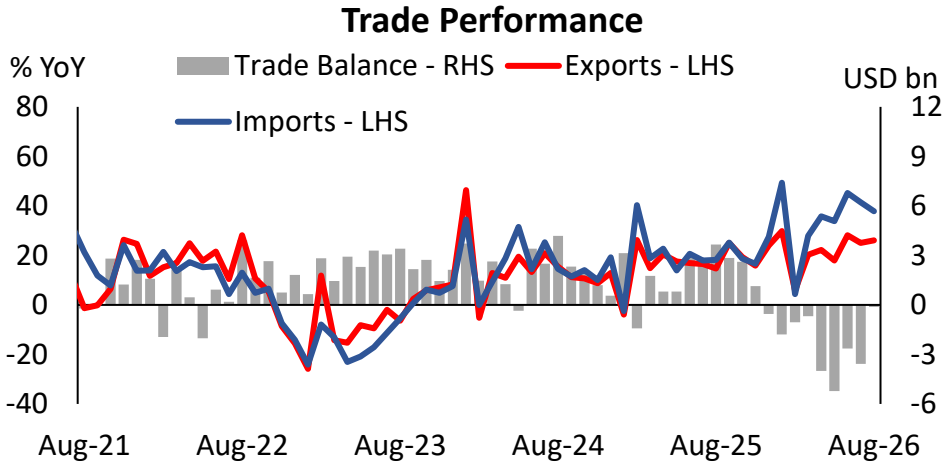
OCBC

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

Vietnam: Industrial and trade momentum remain firm in August

- August activity data point to continued resilience in the economy. Industrial production (IP) growth eased slightly to a still-robust 14.4% YoY in August from an upwardly revised 15.4% in July. This puts average July-August IP growth at 14.9% YoY, well above the 11.2% average in 2Q26. Manufacturing IP showed a similar pattern, with growth averaging 14.8% YoY in July-August, up from 10.2% in 2Q26, with improvements also seen in mining & quarrying, electricity & gas, and water supply. Notably, within manufacturing, E&E remained the key driver, led by computers and electronics, electronic components, electrical equipment and communication equipment.
- Trade data reinforced the strength in export-oriented manufacturing. Export growth accelerated to 26.0% YoY in August from 25.0% in July, while import growth remained notably stronger at 37.9%, albeit easing from 41.4% in July. Mirroring the strength in industrial production, E&E exports remained particularly robust. Shipments of computers, electrical products, spare parts & components rose 55.9% YoY in August from 55.1% in July, while exports of telephones, mobile phones & parts increased to 23.8% from 22.2%. Taken together, export growth averaged 25.5% YoY in July-August, accelerating from 22.8% in 2Q26, while import growth averaged 39.7%, slightly above 38.2% in 2Q26.



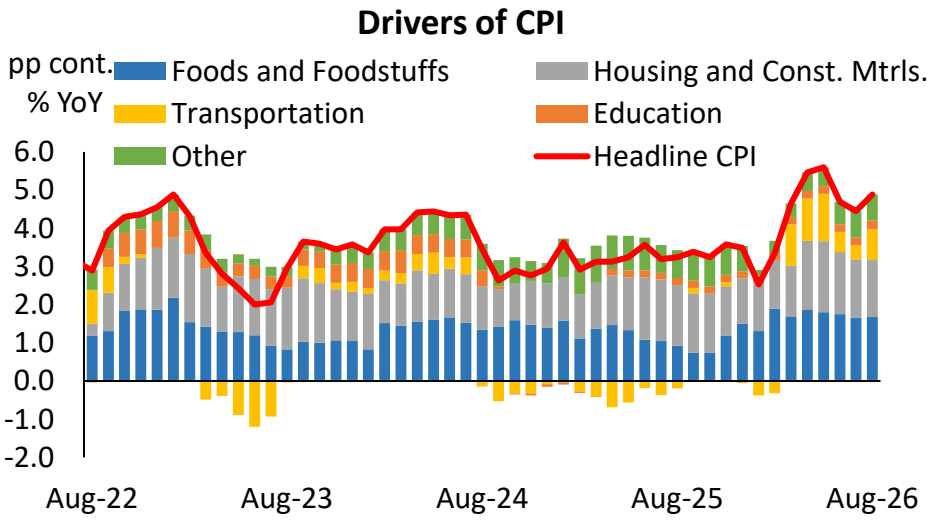


Source: GSO, CEIC, OCBC Group Research.

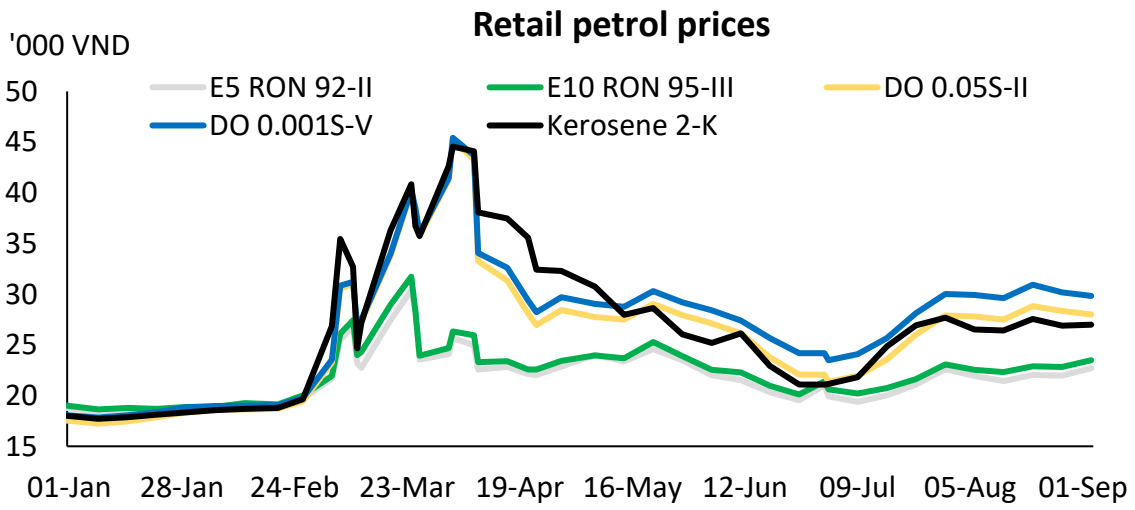
Source: GSO, CEIC, OCBC Group Research.

Vietnam: Higher CPI print in August

- Headline CPI inflation rose to 4.9% YoY in August from 4.5% in July, with the uptick mainly reflecting higher fuel prices. Specifically, transportation CPI accelerated to 8.0% YoY in August from 3.7% in July, while food & foodstuff CPI (4.7% from 4.6%) and housing & construction materials CPI (6.6% from 6.7%) remained broadly steady at elevated levels. Meanwhile, core CPI eased slightly to 4.5% YoY in August from 4.6% in July.
- Despite the rebound, average headline inflation in July-August stood at 4.7% YoY, below the 5.3% average in 2Q26, suggesting that price pressures have eased from their recent peak. Nonetheless, risks remain tilted to the upside, given still-volatile energy prices, while potential El Niño-related weather effects could feed into food prices with a lag.
- We maintain our forecast for CPI inflation to average 4.5% in 2026, broadly in line with the government's target of around 4.5%.



Source: GSO, CEIC, OCBC Group Research.



Note: Average of Zone 1 and 2. Source: Petrolimex, CEIC, OCBC Group Research.

Source: GSO, Petrolimex, CEIC, OCBC Group Research.

ESG

ESG: Singapore launches first liquid cooling standard for DCs

- Singapore has launched a new standard for data centres (DCs) on adopting liquid cooling technologies in tropical climates, as AI adoption accelerates and drives rising energy demands of AI-related DCs. Liquid cooling is increasingly viewed as a key enabler of next-generation AI infrastructure, important to support the higher power densities required for AI and other advanced computing workloads. The new Singapore Standard (SS) 726:2026 Liquid Cooling in Tropical Data Centres was jointly developed by the Infocomm Media Development Authority (IMDA) and Enterprise Singapore (EnterpriseSG), through the Singapore Standards Council (SSC), in consultation with industry stakeholders.
- SS 726 builds on existing international standards for liquid cooling while addressing the specific requirements of operating such systems in tropical climates, as high temperatures and humidity present unique challenges, including equipment corrosion which can affect cooling efficiency and reliability. The standard equips DC operators with technical guidelines to design, deploy and operate various liquid cooling systems, manage potential risks, and integrate liquid cooling with existing air-cooled DCs.
- The launch of the standard comes after Singapore provisionally allocated 200MW of new DC capacity to Digital Realty, Equinix, Keppel Data Centres and ST Telemedia Global Data Centres. The awarded projects committed to exceed minimum sustainability requirements, including powering more than 50% of their capacity with green energy sources and adopting advanced technologies such as liquid cooling to improve energy efficiency. These are part of efforts to balance continued growth in Singapore's digital economy with sustainability objectives, in addition to other initiatives such as the development of a low-carbon DC park on Jurong Island and launches of the Tropical Data Centre standard and the Energy Efficiency of Data Centre IT Equipment standard.

OCBC

Source: SGPC, OCBC Group Research.

FX & Rates

FX & Rates: Strong jobs, limited USD follow-through

- Aug payrolls surprised to the upside, but softer annual wage growth and limited Fed repricing saw the initial USD bounce fade. Nonetheless, NFP should help restrain USD downside ahead of CPI.
- JPY sentiment appears to be turning less bearish as markets price a high probability of a September BoJ hike, alongside rising JGB yields and growing chatter around repatriation flows.
- AXJ may trade mixed rather than uniformly defensive. Elevated oil and UST yields remain headwinds, particularly for net energy importers, but softer USD follow-through and domestic buffers should continue to drive differentiation across the region.
- Recent THB gains may slow as external backdrop tentatively turned less supportive. Sustained rise in oil prices and upticks in UST yields are some factors that may dampen THB momentum.

OCBC

Source: OCBC Group Research.

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