Research Monitor (December)

3 December 2025

Key Themes

1. Round-trip in November with the S&P500 index returning to around the mid-6850 region after exploring the depth of 6538 in late November, weighed down by the AI-valuation related sell-off. Market pricing for the 10th December FOMC rate cut had fluctuated widely amid the earlier US government shutdown and US data black hole but has now pivoted back to fully pricing in a 25bps rate cut for December and is shy of another three 25bps rate cuts for 2026. With delayed US economic releases still playing catch-up, the Fed will have to fly "half-blind" with no additional US inflation or labour market signals going into the last FOMC for 2025. With US president Trump hinting he will announce his Fed chair pick, markets are primed for a more dovish slant if the announcement comes before Christmas as rumoured. Rumoured frontrunner Kevin Hassett (with betting markets like Polymarket putting odds above 50%) is widely viewed as the most dovish candidate as he is openly advocating cutting rates "right now". One risk could be market pricing shifting to faster and steeper Fed rate cuts, with implications for a softer USD while risk assets like equities etc could rally on hopes for renewed liquidity and lower interest rates. Although Fed chair Powell's term only ends in May 2026, with Miran, Waller, Bowman and the new Fed chair, even discounting Lisa Cook's legal case, the doves likely have a clear 4-3 majority already.

2. As we approach the year-end when thinner liquidity may exacerbate financial market swings, market sentiments are reflecting speculation about different potential Fed-chair outcomes which in turn may manifest in pullbacks in the USD, recovery/rally in risk assets, and possibly intermittent spikes in long-end yields should traders question the Fed's credibility. We had previously opined that the AI momentum appears intact, but geopolitical headwinds and tariffs are here to stay. In our benign 2026 Global Outlook, investors could position for 1Q26 by leaning into the "ASEAN stability premium" as inflation is broadly contained, monetary policy easing may be nearing an end, domestic consumption momentum is strong, with renewed tourism inflows, growth is relatively stable and currencies are stabilizing against the USD. ASEAN remains a relative safe harbour with selective upside under a Goldilocks scenario. If FOMC leans more dovish in 2026, this could be constructive for local-currency ASEAN bonds. That said, stay nimble in rates and FX as there are still doubts on the China recovery and if inflation/commodity prices will stay disciplined in a tariff world.

3. The broader takeaway from China's October credit and activity data is, unfortunately, still the same old story: underlying demand remains weak. Households continue to shy away from borrowing, and corporates are in no mood to commit to long-term capex. Outside pockets of high-tech financing needs, organic credit appetite is likely to stay pressured. PBoC's 3Q Monetary Policy Implementation Report reiterated its commitment to maintaining a "moderately loose" policy stance. However, the tone turned slightly less dovish, replacing the previous emphasis on "strengthening counter-cyclical adjustments" with "effective implementation of both counter-cyclical and cross-cyclical adjustments," which suggests reduced urgency for broad-based easing. This suggests more targeted credit support rather than broad-based rate cuts. PBoC is likely to keep rates unchanged for the remainder of this year, with the next cut postponed to 1Q26.

4. Flash estimates (data till 21 November) put the OCBC SME Index at 49.4 from October's 51.7, dragged by SMEs in Transport & Logistics and Wholesale Trade.

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Asset Class Views

	House View	Trading Views
FX	**G-10 FX:** USD ended modestly lower for the month of November, but the headline stability masked a volatile profile. Shifting market expectations around FOMC meeting drove sharp swings, with sentiment oscillating between hawkish and dovish repricing. At one point probability implied for Dec cut was at 35% but the odds increased to 80% towards end-Nov after Fed officials including Williams, Waller and Daly indicated support for Dec cut. Despite the swings, the quantum of cut from now till end-2026 remained relatively steady at around 90bps cumulative of cuts. Into 2026, we continue to expect USD to trade moderately softer as Fed easing erodes carry advantage while US exceptionalism fades. Private sector data reinforced the view that US labour market is softening. Not only are job creations slowing, but layoffs are also increasing. Indeed job postings and wage growth tracker have also been falling all year while sentiment fell. USD has room to fall as long as broader risk-on sentiment stays intact, growth conditions outside US remains supported and the Fed stays on easing path.	Continue to lean against strength. Support at 99, 98.50. Resistance at 100.60, 101.50 levels.
	EUR saw modest recovery in November. Developments in Euro-area have not materially impacted the EUR lately and moves in the EUR remain a function of moves in USD. In terms of recent ECBspeaks, Lagarde indicated that ECB has cut interest rates by 200 bps from peak, and this is increasingly feeding through into easier financing conditions, which is helpful to support demand. She also added that policymakers will continue to adjust policy as needed to ensure that inflation remains at target. We remain constructive of EUR outlook, premised on ECB's rate-cut cycle nearing its end, while the Fed still has room to ease further — a dynamic that should narrow yield differentials in favour of the EUR. In addition, Germany's EUR 500bn growth and investment plan and rising European defence spending should be supportive of growth.	Buy dips. Support at 1.1460, 1.1320. Resistance at 1.1640, 1.18 levels.
	USDJPY rose 1.5% for the month of November. A combination of fiscal policy shifts, delays in monetary policy normalisation, and emergence of geopolitical uncertainties are some factors that have underpinned JPY weakness with potential intervention only acting as a limited counterbalance. The cabinet has recently approved a JPY21.3tn spending package. This includes general account outlays of JPY 17.7tn, higher than last year's JPY13.9tn. The Takaichi administration has called this responsible expansionary fiscal policy. This implies that government may issue more bonds, to finance bigger fiscal spending. We have cautioned that heavier fiscal burden amid rise in debt servicing cost and worries of lack of fiscal discipline can undermine JPY in the interim. But at some point, we see room for JPY to strengthen back, premised on policymakers to demonstrate fiscal discipline to restore credibility and the BOJ to resume policy normalisation. A softer USD should also help.	2-way risks. Resistance at 158, 160. Support at 155, 152.40 levels.
	USDSGD traded about 0.3% lower for the month of November, tracking the moves in USD closely. Into 2026, we continue to project a mild degree of USDSGD downside, premised on (1) moderately softer, albeit bumpy USD trend to continue amid Fed cuts underway; (2) still-resilient RMB; (3) while tariff impact on regional, Singapore growth to be largely manageable. On our view on MAS policy, the recent release of GDP and CPI reports validated MAS policy stance to stay on hold. October headline and core CPI rose to 1.2%. Singapore's 3Q25 GDP was revised up more than expected to 4.2% YoY, with upgrades seen across the board for manufacturing, construction and services sectors. While there is room for MAS to ease should growth-inflation dynamics worsen but given expectations for inflation to trough and rise gradually, alongside growth still holding up, the risks are probably balanced and do not require MAS to ease next. We believe MAS can continue to maintain policy hold at the Jan 2026 MPC.	Neutral. Resistance at 1.31, 1.3160. Support at 1.2950, 1.2860 levels.

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Rates	We maintain our call for a 25bp cut in the Fed funds rate at the December FOMC meeting, which is now being fully priced by the market. Incoming commentaries from Fed officials continue to underpin a divided committee, but it appears more likely than not that there will be enough votes for a December cut. Although September non-farm payroll printed higher than expected, other labour market indicators including the unemployment rate and the conditions as depicted in the Fed's latest Beige Book, pointed to a continued cooling labour market. After the expected December Fed funds rate cut, monetary easing may become more gradual going into 2026, as rates move to less restrictive levels. Investors focus on the updated December dot-plot, to gauge the Fed funds rate path going forward. We maintain our long-held call for a 25bp cut in the Bank Rate at the December Bank of England MPC meeting. UK CPI YoY inflation is likely to ease in the quarters ahead, in consideration of the trend in administered prices, the likely fading impact of the previous increase in NICs, slower wage growth, and potential tariff impact. Market has added to rate cut expectation since September inflation printed soft, to almost fully price a December cut. Focus will also be on the vote split, with a couple of known hawks at the MPC. ECB is expected to keep the three key ECB interest rates unchanged at December meeting, as interest rates are seen as having fallen to around neutral levels. Focus will be on Lagarde's comments, including whether there will be any elaboration on how the central bank is "in a good place", and as to whether the bias remains mildly on the easing side. EUR OIS is pricing in a status quo decision as well. We continue to see every BoJ meeting as a live one for a potential 25bp hike, as the economic backdrop and outlook argue for continued policy normalization. The prospect remains for wage growth to be partially passed onto price levels. We keep our initial target of the BoJ Target Rate at 1.00%, which corresponds to the lower end of the estimated neutral rate.	**USD rates.** The UST curve bullish steepened over the past month, with most of the bond rally happened in the second half of November as market added to rate cuts expectations. 2Y UST yield at 3.45-3.55% level reflect market-priced Fed funds rate trajectory (a total of more than 90bps of cuts between now and end-2026) which is more dovish than our base case. We do not see material downside to short-end UST yields even upon materialization of expected Fed funds rate cut. 10Y UST yield at 3.95-4.15% continues to look fair. **SGD rates.** SGD OIS were paid up rapidly during the second half of November. While our forecasts have assumed an upward normalization in SGD rates and this view panned out, the moves were more rapid than expected. The recent strong prints of data – NODX, CPI etc – had probably triggered some unwinding of receiver trades. Some interim retracements in SGD rates cannot be ruled out but our view remains for short-end SGD rates to revert back to 1.45-1.55% area over time after dips. **IndoGBs** underperformed in the past month. As a result, IndoGB-UST yield differentials widened from the lows of a 2-year range, although remaining narrow. 10Y IndoGB may start to find some support at current level. Recent auctions continued to be upsized in line with our expectations, which will provide some buffer to the overall funding positions in 2026. **MGS** rallied mildly at the short end but underperformed USTs in the past month. Room for short-end MGS to rally appears limited before the next OPR cut. The spread between 3Y MGS yield and OPR has been consolidating at around 30bp level, not showing momentum for further compression, while bond/swap spread not appealing. **CNY rates.** The CGB curve pivotal steepened in the past month, as the risk sentiment improved while PBoC has stayed supportive of medium term (3M to 1Y) liquidity via outright reverse repos and MLF – net injecting CNY600bn in November. Short-end repo-IRS may however stay floored at 1.50% before the next interest rate cut; we have pushed our expected 10bp rate cut to 2026.	→ → → →

*Arrows refer to expectations for general direction of rates/yields

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Credit	Asiadollar credit spreads widened in November (as of 30th). Asia IG spreads widened 5bps m/m to 64bps, while Asia HY spreads widened 51bps m/m to 386bps. The widening occurred amid meaningfully weaker market sentiments amidst AI bubble fears (eg. Oracle Corporation's 5Y credit default swap surged 84bps YTD to 122bps), crypto's plunge and private credit risks. Asiadollar (excluding Japan and Australia) issuances in November (as of 30th) rose to ~USD18.4bn (USD12.2bn in October 2025). The top two issuers by volume were by two Sovereign issuers: (1) China Government International Bond issued USD4bn across two tranches and (2) Republic of Indonesia issued USD2bn across two tranches. Japan and Australia saw relatively muted activities with only four issuers, of which the largest were from (1) Santos Finance Ltd (guarantor: Santos Limited) and (2) SMBC Aviation Capital Finance DAC (guarantor: SMBC Aviation Capital Limited). The SGD primary market's overall issuance amounts rose m/m. ~SGD3.3bn was printed in November across 15 issuers (~SGD2.9bn in October across 14 issuers). Notable issues include: (1) Housing & Development Board priced a SGD1bn 7Y bond, (2) Starhub Ltd priced a SGD300mn 10Y bond, (3) SNB Funding Ltd (guarantor: Saudi National) priced a SGD425 10NC5 Tier 2 bond and (4) Banco Santander SA priced a SGD250mn 6NC5 Tier 2. Meanwhile, the SGD Credit Universe fell 0.2% m/m in November (as of 30th), turning around from a gain of 0.1% m/m in October. The fall is primarily due to higher SGD SORA OIS yields, which rose 15-29bps m/m across 1Y – 10Y curve. As a results, Longer Tenors (>9Y) and Mid Tenors were the weakest performers, falling by 1.8% and 0.3% m/m. Meanwhile, the other segments recorded minor gains m/m in November. We enter 2026 with the expectations of total positive returns for the year, although coming mainly from coupons and distributions, rather than capital gains. While we do not expect broad-based capital gains from a further rally in rates, we still see opportunities to generate alpha through issue-by-issue selectivity.	**BACR 8.3%-PERP** • Barclays is a UK-headquartered universal bank with roots tracing back to 1690, making it one of the oldest financial institutions globally. As a Global Systemically Important Bank ("GSIB"), it operates through five principal divisions: Barclays UK, Barclays UK Corporate Bank, Barclays Private Bank and Wealth Management, Barclays Investment Bank, and Barclays US Consumer Bank. The bank has a diversified income profile across geographies and business lines, with total assets of GBP1,598.7bn as of 30 June 2025. Barclays is primarily listed on the London Stock Exchange and is a constituent of the FTSE 100 Index. • Barclays PLC posted resilient 3Q2025 results with profit before tax of GBP2.08bn down 7% y/y but YTD profit rose 13% to GBP7.28bn. Income grew 9% y/y to GBP7.17bn in 3Q and 11% YTD, driven by lending growth, structural hedge momentum, and Tesco Bank acquisition. CET1 ratio stood at 14.1%, liquidity remained strong, and cost efficiency targets were met early. Barclays's strategic execution remains on track and management upgraded 2025 RoTE guidance to >11% and reaffirmed 2026 target >12%, with new targets expected in February 2026. • We are Overweight as the yield to call is attractive at 4.1% along with a wide reset spread of 5.641% if it is not called in 2027. **LLCAU 3.9%-PERP** • Founded in 1958, Lendlease Group ("LLC") is a leading Australian property company. The three underlying business segments are Investments, Development and Construction ("IDC"). Meanwhile, the additional Capital Release Unit segment was established post the strategy update in May 2024 to recycle non-core assets. • LLC's FY2025 results have improved amidst better underlying results, capital recycling and substantially narrower impairment & revaluation losses. LLC is on the right track to achieve better credit fundamentals amidst a more focused strategy on core Australian businesses. Besides, gearing is expected to improve materially amidst high amounts of proceeds from asset recycling. • We are Overweight as the yield to reset is attractive at 3.9% along with a wide reset spread of 4.461% if it is not called in 2030.	↑ ↑

Macroeconomic Views

	House View	Key Themes
United States	The lack of 3Q25 data during the government shutdown has left some gaps in the official growth and inflation picture. That said, available data is still pointing to a fairly resilient economy. The Atlanta Fed's GDPNow model, for instance, still suggests growth close to 4%, underscoring the underlying resilience of household spending and services demand. Taking the recent momentum into account, we continue to expect full-year 2025 US growth to come in around 2%.	The government shutdown ended on 12 November after 43 days. There is a data deluge on tap given delayed releases on account of the government shutdown. Following some backlog data releases, markets have nearly fully repriced the December FOMC rate cut probability. September retail sales were softer than expected, while consumer confidence for November deteriorated. The latest Fed Beige Book described overall economic activity as "little changed," noting softer consumer spending and "flat to down" revenues in nonfinancial services, while manufacturing showed slight improvement despite tariff-related headwinds. Factory activity also fell in November by the most in four months amid weaker orders
Euro Area	The economy grew by 1.4% YoY (0.2% QoQ SA) in 3Q25, supported by domestic demand while net exports of goods and services was a drag. The divergence between domestic and external demand may persist for some time. We revise upward our 2025 GDP growth forecast to 1.4% from 1.2%. Headline CPI inflation printed 2.1% YoY in October, versus the 2.2% in September, consistent with our 2025 headline CPI forecast at 2.1%. On monetary policy, the ECB has one more meeting on 18 December, and we expect the Governing Council to leave its three key interest rates unchanged.	The European Commission published its Autumn 2025 Economic Forecasts and forecasts higher 2025 GDP growth of 1.3% from 0.9% in the Spring Forecasts, underpinned by domestic demand, namely strong private consumption. As incomes grow, this aligns with the Commission's expectations, where continued income growth will remain supportive of private consumption and growth in the Euro Area. Indeed, negotiated wages continued to rise by 1.87% YoY in 3Q25, albeit easing from 3.95%. GDP growth averaged 1.5% YoY for the first three quarters of 2025. Headline inflation edged down to 2.1% YoY in October from 2.2% in September, while core inflation remained unchanged at 2.4%. Goods inflation eased to 1.0% YoY from 1.4% in September while services prices ticked up to 3.4% YoY in October from 3.2% in September.
Japan	3Q25 growth eased to 1.1% YoY versus 2.0% in 2Q25. October industrial production eased to 1.5% YoY, from an upwardly revised 3.8% in September. National headline and core CPI edged up to 3.0% YoY in October from 2.9% in September. Prospects remain for the virtuous cycle between wage growth and inflation continues to play out, and as such for further monetary policy normalization in a gradual manner.	We are closely monitoring inflation developments considering our house view for another 25bp hike from BoJ. According to the BoJ's diffusion index, the share of items in the core CPI basket which saw YoY increase in prices remained at around 80%, while the share of items which saw YoY decreases in prices was 16.9%, reflecting persistent upward price pressure. Meanwhile, November Tokyo CPI held steady at 2.7% YoY for headline, and 2.8% YoY for core (ex-fresh food) and core core (ex-fresh food, ex-energy) indices. Despite weaker growth in 3Q25, Japan's composite leading index climbed to a 12-month high of 108.6 in September suggesting that growth may stage a rebound in 4Q25.

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South Korea	Advance estimates for 3Q25 showed that the economy grew by 1.7% YoY, up from 0.6% in the previous quarter. Year-to-date, this brings GDP growth to 0.76%, towards our forecast of 1.1% for 2025. Domestic consumption continued to remain a strong driver of growth, reflected in consumer confidence which climbed to an 8 year high, reaching 112.4 on the index. We expect another 25bp cut from the BoK in 2026, bringing the policy rate down to 2.25% by end-2026.	Private consumption continues to remain supportive of growth. This was reflected in retail sales which continued to rise to 6.7% YoY in October, driven by department store and large supermarket sales which rose by 12.2% YoY and 9.3% respectively. According to the Ministry of Trade, Industry and Resources (MOTIR), this was due to the long holiday period, late-Chuseok demand, and company-wide promotional campaigns during the nationwide Korea Grand Festival (29 October – 9 November). Meanwhile, industrial output surprisingly dropped to -8.1% YoY. On the central bank front the Bank of Korea (BoK) kept its base rate unchanged at 2.50% in November, in line with our expectations.
China	The economy grew by 5.2% YoY in the first three quarters. We revised up our annual growth forecast to 4.9% from 4.8% previously. The statement from China's 15th Five-Year Plan suggests that while China will continue to deepen structural reforms, it has not shifted away from its growth ambitions. The reference to attaining "moderately developed country" status implies that China's per capita GDP could rise from the current US$13,500 to roughly US$20,000–30,000 within a decade. This, in turn, points to an implied annual growth target of around 5% during the 15th Five-Year Plan period.	Aggregate financing (TSF) rose CNY815bn in October, a sizeable CNY597bn less YoY, weighed down by a pullback in government bond issuance and softer CNY loan growth. TSF stock growth continued to decelerate as the earlier front-loading of fiscal financing tapered off. New Yuan loans amounted to just CNY220bn—down CNY280bn YoY—with households again the clear weak spot. Short-term household loans fell CNY335bn YoY, while medium- to long-term household loans declined CNY70bn, marking the fourth monthly contraction this year. Consumers remain firmly in de-leveraging mode, hindered by soft income expectations and persistent uncertainty in the property market. With limited room left for further RRR or policy-rate cuts, the PBoC is no longer sprinting ahead of the cycle; it's pacing itself like a marathoner who realised the race is longer than expected. Looking ahead, November's PMI will be pivotal. Another disappointment would materially strengthen the case for more forceful counter-cyclical measures—and could put rate cuts squarely back on the table. Markets will be watching closely, and so will policymakers.
Hong Kong	Despite the ongoing challenges, the city had recorded three consecutive quarters of better-than-expected growth, reinforcing the narrative of an economic comeback. We revised our full-year 2025 GDP growth forecast upward to 3.4%, exceeding the government's 3.2%, and raised the 2026 forecast to 2.6%. Notwithstanding the broader growth, HK's labour market is expected to stay soft under the shadow of structural imbalances. On a separate note, we see two-way risk to inflation, but with slight bias to the upside. We tip the unemployment rate and inflation forecast at 3.6% and 1.4% YoY respectively for 2025, and 3.7% and 1.6% respectively for 2026.	Hong Kong government revised upward 2025's growth forecast to 3.2%, from 2%-3% in August, following the release of revised third quarter GDP (unchanged from advance estimate at 3.8% YoY and 0.7% QoQ respectively). On a similar note, the headline inflation forecast is revised down from 1.8% to 1.5%. More recently, labor market showed tentative signs of stabilization, supported by the sustained recovery in domestic demand. Hong Kong's seasonally adjusted unemployment rate edged down 0.1 percentage point to 3.8% in the three-month ending October 2025, while underemployment rate was little changed at 1.6%. During August to October, unemployed persons fell for the first time in nine months to 149.6k. Separately, Hong Kong's housing price continued its recent uptrend, with the residential property price index rising by 0.5% MoM in October, widening the year-to-date gain to 1.8%. Meanwhile, rental index hovered at record high level, after rising cumulatively by 4.0% in the first ten months this year.

	House View	Key Themes
Macau	The imbalanced economic recovery is likely to persist, in the absence of meaningful recovery in domestic demand. Despite the ongoing effort to diversify the economy structure, the burden of growth now falls almost entirely on the gaming sector in the near-term horizon, and challenge ahead lies in sustaining its momentum. Barring abrupt slowdown in mainland China's economy and sharp turnaround in asset market sentiment, we expect total gross gaming revenue to grow by around 5% in 2026, while full-year tourist arrivals to increase by 6-9% YoY. Riding on the sustained recovery of external demand, Macau's 2026 real GDP growth is tipped at 3.0%. Meanwhile, unemployment rate and inflation rate are pitched at 2.1% and 0.6% respectively.	Macau's GDP grew sharply by 8.0% YoY in the third quarter, same as the advance estimate. During 3Q25, growth of total exports of services accelerated to 10.5% YoY (2Q25: 5.0% YoY), on the back of a surge in visitor arrivals. Increases in government consumption expenditure accelerated somewhat to 2.7% YoY (2Q25: 0.91.0% YoY), after the meagre growth in the first two quarters. Conversely, growth of private consumption slowed to 0.8% YoY (2Q25:1.7% YoY), amid softening of labour market during the quarter. Meanwhile, gross fixed capital formation declined further by 25.6% YoY (2Q25: -4.6% YoY), owing to decreases in private and public construction projects. Chief Executive Sam Hou Fai delivered his second Policy Address titled "Driving Reform to Boost Efficiency, Chief Executive (CE) Sam Hou Fai delivered his second Policy Address last week, outlining measures to improve livelihoods and address ongoing challenges. The CE recognized persistent challenges such as uneven economic development, slow diversification, and delayed revitalization of old city districts, and pledged intensified efforts and bold reforms to address them.
Singapore	We upgraded our 2025 GDP growth forecast to 4.0% YoY and retain our 2026 growth forecast of 1-3% YoY. The high base in 2025 poses some challenges, especially if the US Federal Reserve is not as dovish as financial markets have priced in. That said, fiscal policy direction will be key with the upcoming FY2026 Budget. We expect MAS to stay in pause mode at the January monetary policy review amid resilient growth and stable core inflation. There is no change to the official 2026 headline and core inflation forecasts of 0.5-1.5% each or the 2025 forecast of 0.5-1.0% (headline) and around 0.5% (core). Our 2026 headline and core inflation forecasts are 1.0-1.5% YoY.	3Q25 GDP growth was revised up more than expected to 4.2% YoY, up from the advance estimate of 2.9%. This brought 1Q-3Q25 growth to 4.3% YoY, prompting MTI to upgrade its full-year 2025 growth forecast from 1.5-2.5% to around 4% YoY. This implies 4Q25 GDP growth could come in at ~3% YoY. Demand for AI-related electronics is tipped to continue supporting the manufacturing and wholesale trade sectors. Indeed, both October NODX and industrial production continued to surprise on the upside suggesting a strong start to 4Q25. Additionally, outward-oriented services sectors such as infocomms, professional services and finance & insurance are also projected to stay resilient amid these positive spillovers. Elsewhere, inflationary pressures unexpectedly jumped with the headline and core CPI rising to 1.2% YoY in October. This may suggest that inflation has likely bottomed and reinforces MAS stance to stay on hold at this juncture.
Malaysia	Our 2025 GDP growth forecast of 4.6% YoY reflects strong exports and investment spending. For 2026, we forecast a cyclical slowdown to 3.8% due to reduced exports to the US, weaker external demand and some moderation in investment spending. Structural reforms will, however, push growth to 4.0 - 4.5% in 2027-28 namely through continued progress on economic masterplans. Fiscal policy support will likely remain targeted in 2026, leaving monetary policy some room to manoeuvre. We remain comfortable with our call for a 25bp rate cut from Bank Negara Malaysia (BNM) in 1H26.	The incoming data for 4Q25 suggests that there is no slowdown on the cards. October exports were up by 15.7% YoY from 12.5% in September. Electronics and electrical appliances exports led the charge, even as weaker exports to the US was offset by exports to other destinations. The solid import growth of 11.2% YoY in October from 7.2% in September was supported by a jump in capital goods imports (51.9%). This underscores the solid investment spending outlook for the remainder of 2025. Meanwhile, inflationary pressures remain benign. Headline inflation eased to 1.3% YoY in October from 1.5% in September, while core inflation picked up to 2.2% YoY from 2.1% in September. The stronger economic fundamentals have also been reflected in continued MYR appreciation. MYR appreciated 8.3% versus USD (as of 28 Nov '25) outperforming regional peers.

	House View	Key Themes
Indonesia	We project GDP growth to moderate to 4.8%YoY in 2026 from 5.0% in 2025, reflecting weaker external demand alongside subdued household consumption and investment. The government is expected to maintain its fiscal deficit within the 3% of GDP threshold, supporting sovereign credit ratings. However, in the absence of stronger revenue measures, expenditure adjustments will be required to keep the deficit on track. On monetary policy, Bank Indonesia faces a delicate balance between near-term priorities of rupiah stability and portfolio flows, as well as medium-term objectives of supporting growth. Our baseline forecast is for a cumulative 50bp 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.	Credit growth was subdued at 7.4% YoY in October from 7.7% in September, below BI's 8-11% target for 2025. The transmission of policy rate cuts onto bank lending rates remains shallow. BI noted that monetary policy transmission needs to be pushed further and that the decline in bank lending rates still lags due to high overhead costs and risk premium margins. Additionally, BI Governor Perry Warjiyo noted that the coordination between monetary and fiscal policies is "increasingly important considering global uncertainty, the need to maintain macroeconomic and financial system stability and to support growth from the demand side." To that end, the finance minister will be invited to BI's monthly meetings. On the data front, the current account swung to a stronger-than-expected surplus of USD4.0bn (1.1% of GDP) in 3Q25 from a revised USD2.7bn deficit in 2Q25, driven by a wider goods trade surplus and resilient non-oil & gas exports. Goods exports grew 9.5% YoY, while imports contracted 0.9% YoY, reflecting softer domestic demand. The services and primary income deficits narrowed, keeping the overall balance of payments in deficit at USD6.4bn amid persistent financial account outflows of USD8.1bn, led by portfolio and other investment outflows.
Philippines	We forecast GDP growth of 5.5% YoY in 2026, up from 4.8% in 2025, but still below the government's official growth target of 6-7%. We expect export growth to weaken in 2026. On the domestic demand front, household consumption is projected to remain broadly stable compared to 2025 levels, at around 5-5.5%, while investment spending is expected to remain subdued at least through 1H26. Meanwhile, government spending will slow due to normalisation and the fiscal consolidation agenda of the President Marcos Jr. administration. On inflation, lower global energy prices and correspondingly modest electricity tariff adjustments will help keep utility prices in check in 2026. As a result, we expect headline CPI to rise moderately to 2.5% YoY up from 1.6% in 2025. We anticipate the Bangko Sentral ng Pilipinas (BSP) to cut its policy rate by 25bp at its 11 December meeting.	Economic growth surprised to the downside in 3Q25, slowing to 4.0% compared to 5.5% in 2Q25. Domestic final demand narrowed to 3.8 percentage points (pp) from 5.9pp, while net exports contributed 1.0pp. Economic growth is likely be impacted in the coming quarters due to a series of public construction scandals. This led President Ferdinand Marcos Jr. in August to freeze PHP60-80bn in infrastructure funds from the 2025 national budget, citing inconsistencies and misalignment with the Philippine Development Plan. New Executive Secretary Ralph Recto previously noted that the ongoing government anti-corruption drive could slow the country's economic growth until 1Q26. The ongoing drive has also resulted in the resignation of two key cabinet members: Executive Secretary Lucas Bersamin and Budget Secretary Amenah Pangandaman. Nonetheless, S&P Global Ratings, which currently assigns the sovereign rating at BBB+, reaffirmed the country's credit rating with a positive outlook on 27 November. This potentially paves the way for the sovereign to move into the 'A' rating bracket within the next 12-24 months. Consequently, leading to lower borrowing costs and bolster investor confidence.

	House View	Key Themes
Thailand	GDP growth will likely remain low at 2.0% YoY in 2026, similar to 2025, as cyclical and structural headwinds continue to pose challenges. In addition to another election cycle in 1H26, the payback from the frontloading of exports to the US will add to the challenges in achieving a recovery to potential growth. The upcoming election is expected to bolster government spending in 1H26 but will likely keep private investment spending muted until a clear election outcome emerges. Private consumption is expected to remain soft and constrained due to elevated household debt. Regarding inflation, headline inflation is projected to stay subdued in 2026, rising by 0.6% YoY (2025: -0.1%). There is a risk that the government may extend its ongoing policies to ease cost-of-living pressures, which could result in even lower headline inflation. We expect the Bank of Thailand (BoT) to maintain a prolonged pause in 2026, holding back further rate cuts due to limited policy space. Nonetheless, should growth momentum deteriorate more rapidly than in our baseline scenario and/or financial conditions tighten sharply, we do not rule out deeper rate cuts from the BoT to support growth.	The southern provinces were hit by severe floods, with the death toll reaching 170 as of 30 November, according to the Ministry of Public Health. The floods are also expected to cause significant economic disruption across various sectors, including trade, manufacturing, agriculture and tourism. The Tourism Council of Thailand estimated that the recent flooding has cost the tourism sector billions of baht, including damages to infrastructure, businesses, tourist attractions, and labour force. Importantly, Malaysian tourists, a key source of arrivals for Hat Yai, are expected decline as recovery efforts continue. To further support recovery efforts, the government has unveiled various financial support measures, including debt suspension and interest-free personal, business and home repair loans, to assist affected residents in swiftly resuming their daily lives. Finance Minister Ekniti Nitithanprapas added that the government will allocate an additional THB100mn in advance budget funds to provincial governors to support those impacted by the floods. Moreover, economic growth has so far been below expectations, with headwinds to growth mainly driven by domestic demand, while the external sector continues to support growth. Looking ahead, support from the external sector is expected to ease following earlier frontloading of exports to the US. The BoT will hold its final meeting of 2025 on 17 December. We expect the BoT to lower its policy rate by another 25bps, bringing the policy rate down to 1.25% by end-2025. There is a sense that BoT and the government are working more closely. This can ultimately help gear policies towards addressing structural constraints.
Vietnam	GDP growth is projected to reach a robust 7.5% YoY in 2025 before moderating to 6.0% in 2026, reflecting less favourable external conditions following heavy frontloading of exports to the US. Vietnam will remain among the region's strongest performers. The new US tariff framework poses both opportunities and risks, with some products potentially benefiting from lower tariffs, while others, particularly in machinery and equipment, could face stricter transshipment scrutiny given Vietnam's import-export linkages with Mainland China. On monetary policy, the State Bank of Vietnam is expected to remain cautious amid recent currency pressures. However, with inflation contained and growth softening, we anticipate up to 50bps of rate cuts next year, assuming currency stability.	Floods continue to challenge the South-Central region of the country. The authorities estimate that damage is close to VND14trn. Separately, there were notable developments across trade, investment, and infrastructure in recent weeks. The government reported strong progress in the fifth round of trade negotiations with the U.S., narrowing gaps on services, digital trade, agriculture, and technical barriers, including food safety standards. Domestically, economic activity remains broadly robust, with the Industrial Production Index (IPI) rising 9.2% YoY in the first 10 months of 2025, led by a 10.5% surge in manufacturing. Foreign direct investment was strong, with registered FDI reaching USD31.5bn (+15.6% YoY), including over 3,300 new projects. Infrastructure development momentum is solid, with 198 projects worth VND983trn set to break ground or be inaugurated in December alone, ahead of the 14th National Party Congress. However, there are early signs of softer demand, as motor vehicle sales fell 9.3% YoY in October after a 17.9% drop in September, though year-to-date sales remain up 3.5%.

Growth & Inflation Forecast

(% YoY)	GDP			Inflation		
	2024	2025F	2026F	2024	2025F	2026F
United States	2.8	2.0	2.0	3.0	2.8	2.9
Euro Area	0.9	1.4	1.1	2.4	2.1	1.8
China	5.0	4.9	4.7	0.2	0.1	1.8
Hong Kong	2.5	3.4	2.6	1.7	1.4	1.6
Macau	8.8	5.0	3.0	0.7	0.3	0.6
Taiwan	4.3	6.6	2.3	2.2	1.9	2.4
Indonesia	5.0	5.0	4.8	2.3	2.0	2.7
Malaysia	5.1	4.6	3.8	1.8	1.5	1.5
Philippines	5.7	4.8	5.5	3.2	1.6	2.5
Singapore	4.4	4.0	2.0	2.4	0.7	1.3
Thailand	2.5	2.0	2.0	0.4	-0.1	0.6
Vietnam	7.1	7.5	6.0	3.6	3.4	3.7

Source: Bloomberg, OCBC Research (Latest Forecast Update: 1 December 2025)

Rates Forecast

USD Interest Rates	Q425	Q126	Q226	Q326	Q426
FFTR upper	3.75	3.50	3.50	3.50	3.50
SOFR	3.77	3.52	3.50	3.50	3.50
3M SOFR OIS	3.70	3.50	3.50	3.50	3.50
6M SOFR OIS	3.70	3.50	3.50	3.50	3.50
1Y SOFR OIS	3.55	3.50	3.50	3.50	3.50
2Y SOFR OIS	3.40	3.40	3.40	3.40	3.50
5Y SOFR OIS	3.40	3.45	3.45	3.45	3.50
10Y SOFR OIS	3.65	3.65	3.65	3.65	3.65
15Y SOFR OIS	3.80	3.80	3.70	3.70	3.70
20Y SOFR OIS	3.90	3.90	3.80	3.80	3.80
30Y SOFR OIS	3.95	3.95	3.90	3.90	3.90
SGD Interest Rates	**Q425**	**Q126**	**Q226**	**Q326**	**Q426**
SORA	1.40	1.50	1.50	1.50	1.50
3M compounded SORA	1.25	1.45	1.50	1.50	1.50
3M SGD OIS	1.25	1.35	1.45	1.55	1.55
6M SGD OIS	1.25	1.35	1.45	1.55	1.55
1Y SGD OIS	1.30	1.35	1.50	1.55	1.55
2Y SGD OIS	1.40	1.40	1.50	1.55	1.60
3Y SGD OIS	1.50	1.50	1.55	1.60	1.65
5Y SGD OIS	1.65	1.65	1.70	1.70	1.70
10Y SGD OIS	2.00	2.00	2.05	2.05	2.05
15Y SGD OIS	2.05	2.10	2.15	2.15	2.15
20Y SGD OIS	2.05	2.10	2.15	2.15	2.15

MYR Interest Rates	Q425	Q126	Q226	Q326	Q426
OPR	2.75	2.75	2.50	2.50	2.50
1M MYR KLIBOR	3.05	3.05	2.80	2.80	2.80
3M MYR KLIBOR	3.25	3.25	3.00	3.00	3.00
6M MYR KLIBOR	3.25	3.25	3.10	3.10	3.10
1Y MYR IRS	3.20	3.20	2.95	2.95	2.95
2Y MYR IRS	3.23	3.23	2.98	2.98	3.00
3Y MYR IRS	3.25	3.25	3.00	3.00	3.00
5Y MYR IRS	3.35	3.35	3.10	3.10	3.10
10Y MYR IRS	3.50	3.45	3.40	3.40	3.40
HKD Interest Rates	**Q425**	**Q126**	**Q226**	**Q326**	**Q426**
1M HKD HIBOR	3.00	2.90	2.80	2.75	2.75
3M HKD HIBOR	3.10	3.00	2.95	2.90	2.90
6M HKD IRS	3.05	2.95	2.90	2.85	2.85
1Y HKD IRS	2.95	2.95	2.90	2.85	2.85
2Y HKD IRS	2.85	2.95	2.95	2.95	2.90
5Y HKD IRS	2.85	2.95	2.95	3.00	3.00
10Y HKD IRS	3.10	3.10	3.10	3.10	3.10
UST yields	**Q425**	**Q126**	**Q226**	**Q326**	**Q426**
2Y UST	3.60	3.55	3.50	3.50	3.50
5Y UST	3.70	3.65	3.65	3.65	3.65
10Y UST	4.10	4.05	4.00	3.95	3.95
30Y UST	4.75	4.70	4.70	4.70	4.70
SGS yields	**Q425**	**Q126**	**Q226**	**Q326**	**Q426**
2Y SGS	1.35	1.45	1.50	1.50	1.55
5Y SGS	1.70	1.70	1.75	1.75	1.75
10Y SGS	1.95	1.95	2.00	2.00	2.05
15Y SGS	2.00	2.05	2.10	2.10	2.15
20Y SGS	2.05	2.05	2.10	2.10	2.15
30Y SGS	2.05	2.10	2.15	2.15	2.15
MGS yields	**Q425**	**Q126**	**Q226**	**Q326**	**Q426**
3Y MGS	3.05	3.05	2.90	2.90	2.90
5Y MGS	3.20	3.15	3.00	3.00	3.00
10Y MGS	3.45	3.35	3.35	3.35	3.35
IndoGB yields	**Q425**	**Q126**	**Q226**	**Q326**	**Q426**
2Y IndoGB	4.85	4.75	4.65	4.65	4.65
5Y IndoGB	5.60	5.55	5.55	5.50	5.50
10Y IndoGB	6.25	6.25	6.30	6.30	6.30

Source: OCBC Research (Latest Forecast Update: 1 December 2025)

FX Forecast

Currency Pair	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
USD-JPY	153.00	152.00	149.00	148.00	146.00
EUR-USD	1.1800	1.1900	1.2000	1.2050	1.2100
GBP-USD	1.3300	1.3400	1.3600	1.3700	1.3750
AUD-USD	0.6700	0.6700	0.6750	0.6800	0.6850
NZD-USD	0.5800	0.5900	0.6000	0.6050	0.6100
USD-CAD	1.3920	1.3850	1.3700	1.3600	1.3600
USD-CHF	0.8000	0.7950	0.7900	0.7850	0.7800
DXY	98.04	97.27	96.22	95.65	95.15
USD-SGD	1.2900	1.2860	1.2850	1.2830	1.2800
USD-CNY	7.0800	7.0500	7.0000	7.0000	6.9500
USD-CNH	7.0800	7.0500	7.0000	7.0000	6.9500
USD-THB	32.20	32.00	31.90	31.80	31.60
USD-IDR	16550	16450	16350	16300	16250
USD-MYR	4.1200	4.0800	4.0600	4.0400	4.0200
USD-KRW	1450	1420	1400	1390	1380
USD-TWD	31.20	30.80	30.70	30.50	30.50
USD-HKD	7.7800	7.7500	7.7500	7.7600	7.7600
USD-PHP	58.30	58.10	57.90	57.40	57.20
USD-INR	89.00	88.60	88.50	88.20	88.00
USD-VND	26400	26500	26600	26700	26800
EUR-JPY	180.54	180.88	178.80	178.34	176.66
EUR-GBP	0.8872	0.8881	0.8824	0.8796	0.8800
EUR-CHF	0.9440	0.9461	0.9480	0.9459	0.9438
EUR-AUD	1.7612	1.7761	1.7778	1.7721	1.7664
EUR-SGD	1.5222	1.5303	1.5420	1.5460	1.5488
GBP-SGD	1.7157	1.7232	1.7476	1.7577	1.7600
AUD-SGD	0.8643	0.8616	0.8674	0.8724	0.8768
AUD-NZD	1.1552	1.1356	1.1250	1.1240	1.1230
NZD-SGD	0.7482	0.7587	0.7710	0.7762	0.7808
CHF-SGD	1.6125	1.6176	1.6266	1.6344	1.6410
JPY-SGD	0.8431	0.8461	0.8624	0.8669	0.8767
SGD-MYR	3.1938	3.1726	3.1595	3.1489	3.1406
SGD-CNY	5.4884	5.4821	5.4475	5.4560	5.4297
SGD-IDR	12829	12792	12724	12705	12695
SGD-THB	24.96	24.88	24.82	24.79	24.69
SGD-PHP	45.19	45.18	45.06	44.74	44.69
SGD-VND	20465	20607	20700	20811	20938
SGD-CNH	5.4884	5.4821	5.4475	5.4560	5.4297
SGD-TWD	24.19	23.95	23.89	23.77	23.83
SGD-KRW	1124.03	1104.20	1089.49	1083.40	1078.13
SGD-HKD	6.0310	6.0264	6.0311	6.0483	6.0625
SGD-JPY	118.60	118.20	115.95	115.35	114.06
Gold $/oz	4300	4500	4600	4650	4800
Silver $/oz	58.11	60.81	62.16	62.84	64.86

Source: OCBC Research (Latest Forecast Update: 1 December 2025)

Note: These are not meant to serve as point forecast for the quarter-end but meant as trajectory bias of the currency pair.

Macroeconomic Calendar

Date Time	C	Event	Period	Survey	Actual	Prior
01/12 12:00	ID	CPI YoY	Nov	2.75%	2.72%	2.86%
02/12 07:00	SK	CPI YoY	Nov	2.30%	2.40%	2.40%
02/12 18:00	EC	CPI Core YoY	Nov P	2.40%	--	2.40%
03/12 07:00	SK	GDP YoY	3Q P	1.70%	--	1.70%
03/12 08:30	AU	GDP YoY	3Q	2.20%	--	1.80%
03/12 11:30	TH	CPI YoY	Nov	-0.60%	--	-0.76%
05/12 18:00	EC	GDP SA YoY	3Q T	1.40%	--	1.40%
06/12 10:05	VN	CPI YoY	Nov	3.40%	--	3.25%
08/12 07:50	JN	GDP Deflator YoY	3Q F	2.80%	--	2.80%
10/12 09:30	CH	CPI YoY	Nov	--	--	0.20%
12/12 18:30	IN	CPI YoY	Nov	--	--	0.25%
17/12 15:00	UK	CPI YoY	Nov	--	--	3.60%
17/12 18:00	EC	CPI YoY	Nov F	--	--	--
18/12 21:30	US	CPI YoY	Nov	--	--	--
19/12 07:30	JN	Natl CPI YoY	Nov	--	--	3.00%
22/12 12:00	MA	CPI YoY	Nov	--	--	1.30%
22/12 15:00	UK	GDP YoY	3Q F	--	--	1.30%
22/12 16:30	HK	CPI Composite YoY	Nov	--	--	1.20%
23/12 13:00	SI	CPI YoY	Nov	--	--	1.20%
23/12 21:30	US	GDP Annualized QoQ	3Q S	3.30%	--	--
26/12 07:30	JN	Tokyo CPI YoY	Dec	--	--	2.70%
31/12 07:00	SK	CPI YoY	Dec	--	--	--

Source: Bloomberg (Last Update: 2 December 2025)

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Survey	Actual	Prior
05/12 12:30	IN	RBI Repurchase Rate	5-Dec	5.25%	--	5.50%
09/12 11:30	AU	RBA Cash Rate Target	9-Dec	--	--	3.60%
10/12 22:45	CA	Bank of Canada Rate Decision	10-Dec	2.25%	--	2.25%
11/12 03:00	US	FOMC Rate Decision (Upper Bound)	10-Dec	3.75%	--	4.00%
11/12 03:00	US	FOMC Rate Decision (Lower Bound)	10-Dec	3.50%	--	3.75%
11/12 14:30	PH	BSP Overnight Borrowing Rate	11-Dec	--	--	4.75%
11/12 14:30	PH	BSP Standing Overnight Deposit Facility Rate	11-Dec	--	--	4.25%
17/12 15:00	TH	BoT Benchmark Interest Rate	17-Dec	--	--	1.50%
17/12 15:20	ID	BI-Rate	17-Dec	--	--	4.75%
18/12 20:00	UK	Bank of England Bank Rate	18-Dec	--	--	4.00%
18/12 21:15	EC	ECB Deposit Facility Rate	18-Dec	--	--	2.00%
18/12 21:15	EC	ECB Main Refinancing Rate	18-Dec	--	--	2.15%
18/12 21:15	EC	ECB Marginal Lending Facility	18-Dec	--	--	2.40%
12/19/2025	JN	BOJ Target Rate	19-Dec	--	--	0.50%
22/12 09:00	CH	1-Year Loan Prime Rate	22-Dec	--	--	3.00%
22/12 09:00	CH	5-Year Loan Prime Rate	22-Dec	--	--	3.50%

Source: Bloomberg (Last Update: 1 December 2025)

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