Weekly Macro Views (WMV)

Global Markets Research & Strategy

25 November 2024

Weekly Macro Update

Key Global Data for this week:

25 November	26 November	27 November	28 November	29 November
• **SI** CPI YoY • **GE** IFO Expectations • **TA** Industrial Production YoY • **NZ** Retail Sales Ex Inflation QoQ	• **US** Conf. Board Consumer Confidence • **US** Philadelphia Fed Non-Manufacturing Activity • **US** Richmond Fed Manufact. Index • **SI** Industrial Production YoY • **HK** Exports YoY	• **NZ** RBNZ Official Cash Rate • **US** GDP Annualized QoQ • **US** PCE Price Index YoY • **US** Core PCE Price Index YoY • **US** Personal Income • **US** Personal Spending	• **SK** BOK Base Rate • **GE** CPI EU Harmonized YoY • **EC** M3 Money Supply YoY • **EC** Consumer Confidence	• **JN** Industrial Production MoM • **JN** Jobless Rate • **JN** Tokyo CPI Ex-Fresh Food YoY • **EC** CPI MoM • **CA** Quarterly GDP Annualized • **HK** Retail Sales Value YoY

Summary of Macro Views:

Global	• **Central Banks** • **Euro Area:** Inflation ticks up slightly in October • **UK:** Inflation ticks up in October • **Japan:** Headline and core inflation eased in October
Asia	• **SG:** Stronger 3Q24 GDP • **SG:** October inflation decelerated more than expected • **SG:** 3Q24 trade report • **CN:** Reaction this time could be different • **CN:** Trump 1.0 v Trump 2.0 • **CN:** Cutting subsidies to overseas consumers • **CN:** This time could be different for the RMB • **HK:** Labour market still tight • **HK:** Inflation forecast revised down to 1.7% • **MO:** Full-year GDP growth forecast adjusted down to 9%

Asia	• **ID:** Changing our BI call • **ID:** Improved balance of payments • **ID:** Regional elections • **MY:** Modestly higher CPI in October • **TH:** Political and policy continuity • **PH:** National Budget 2025
Asset Class	• **Commodities:** OPEC+ meeting ahead • **FX & Rates:** Softer USD • **ESG** • **Global Asset Flows**

OCBC

Central Banks

Forecast – Key Rates

Reserve Bank of New Zealand (RBNZ)	Bank of Korea (BoK)
Wednesday, 27th November	**Thursday, 28th November**

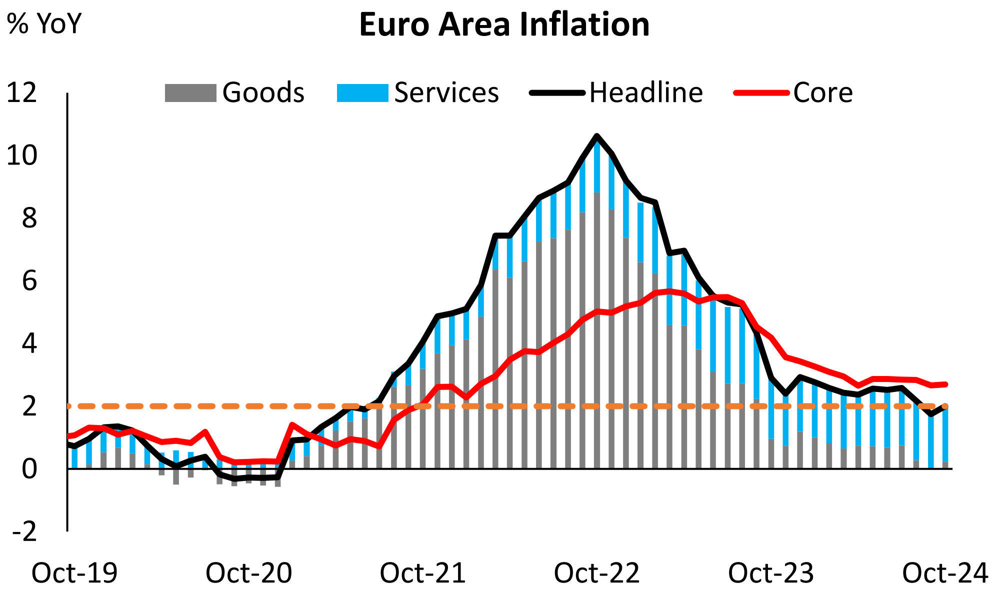
House Views

Cash Rate	*Base Rate*
Likely *cut* by *50bp* from *4.75%* to *4.25%*	**Likely hold at 3.25%**

Source: Bloomberg, OCBC.

Euro Area: Inflation ticks up slightly in October

- Headline inflation was unchanged from advance estimates and ticked up in October to 2.0% YoY (September: 1.7%). Meanwhile, core inflation held steady at 2.7% YoY in October. Energy prices continued to remain negative in October, contracting 4.6% YoY, albeit a slight uptick from the 6.1% contraction in September.
- Goods inflation was positive in October, rising 0.4% YoY after holding steady in September at 0%. Industrial goods deflation continued (-0.9% YoY versus -1.4% in September). Services inflation remains the main cause of elevated prices, as services inflation ticked up slightly to 4.0% YoY in October. Housing inflation remained steady at 3.2% YoY in October for a third consecutive month. Transport inflation was higher in October at 4.8% YoY, versus 4.3% in September. We expect the ECB to cut by 25bp at its December meeting.

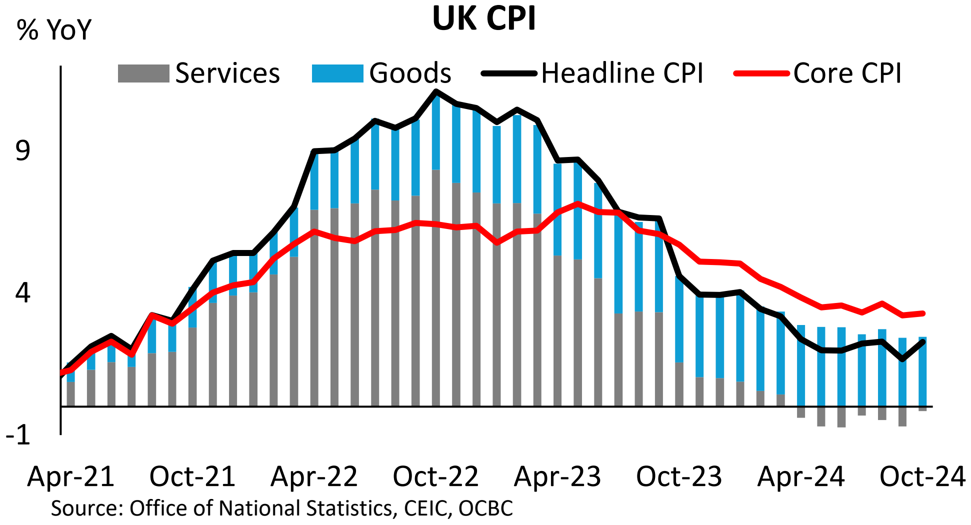


Source: Eurostat, CEIC, OCBC

Source: Eurostat, CEIC, OCBC.

UK: Inflation ticks up in October

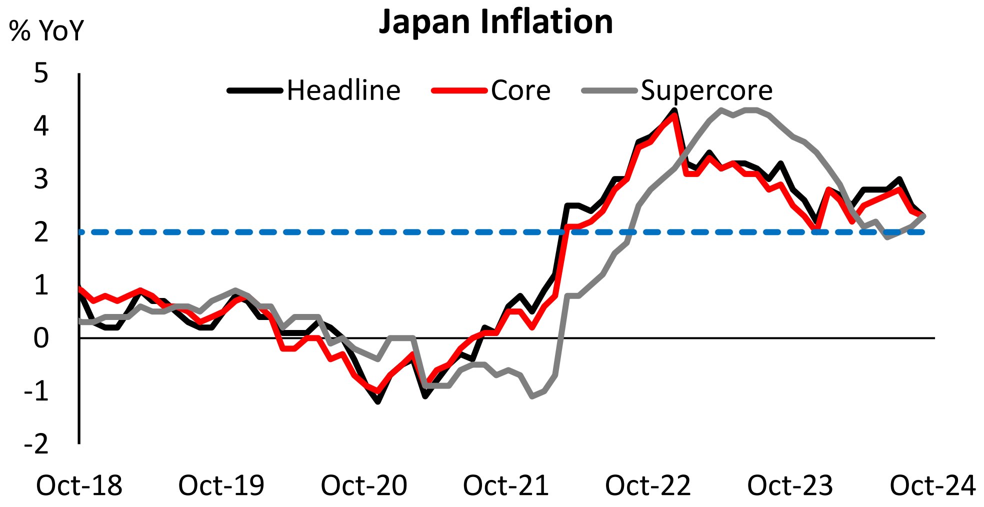
- Headline inflation ticked up more than expected to 2.3% YoY in October from 1.7% in September versus expectations of a 2.2% rise. Meanwhile, core inflation ticked up to 3.3% from 3.2% in September, against expectations that it would decline to 3.1% in October.
- Goods inflation remained negative for the seventh consecutive month at -0.3% YoY, albeit ticking up significantly from the -1.4% reading in September. Meanwhile, services inflation continued to remain sticky at 5.0% YoY in October, ticking up slightly from 4.9% in September.
- Housing and household services inflation was the major contributor to higher prices in October, coming in at 2.9% YoY, up from -1.7% in September, and contributing 0.59 pp to headline inflation. A key part in this rise were utility prices, as electricity prices rose 7.7% YoY, while gas prices rose 11.7% in October. This was a result of the rise in the energy price cap in October ,which saw households spending more on household utilities.



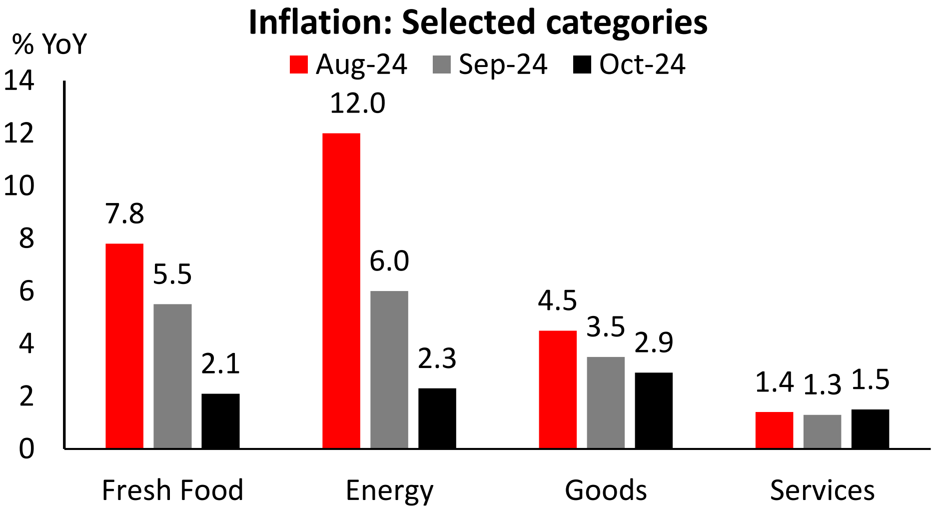
Source: Office of National Statistics, CEIC, OCBC.

Japan: Headline and core inflation eased in October

- Headline inflation ticked down in October to 2.3% YoY (September: 2.5%), the lowest reading since January 2024. Meanwhile, core inflation, which excludes prices of fresh food, also eased slightly to 2.3% (September: 2.4%), the third consecutive month of easing inflation and the lowest reading since April 2024. Supercore inflation, which excludes fresh food and energy, ticked up more than expected in October to 2.3% YoY (September: 2.1%).
- Both fresh food and energy inflation continued to ease in October. Fresh food prices eased for the second consecutive month to 2.1% YoY, while energy inflation dropped to 2.3%, on account of a reimposition of gasoline subsidies. Goods inflation eased for the second consecutive month to 2.9% YoY in October, with the October reading marking the lowest reading since January 2024. Meanwhile, services inflation ticked up to 1.5% YoY in October, the highest reading since July 2024, in a sign that businesses continue to pass on costs to consumers.



Source: Statistical Bureau, CEIC, OCBC

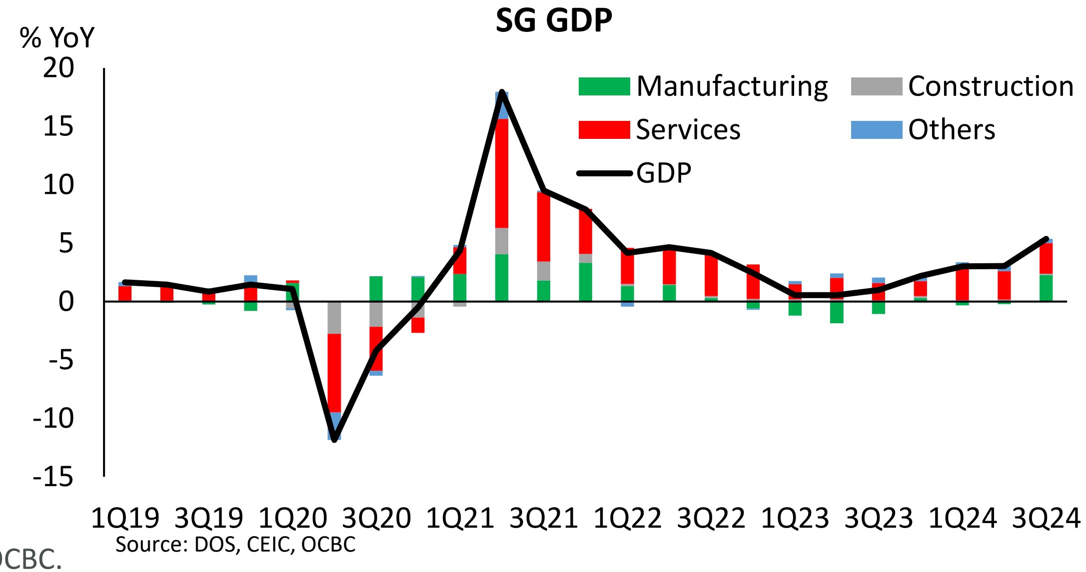


Source: Statistical Bureau, OCBC

Source: Statistical Bureau, CEIC, OCBC.

SG: Stronger 3Q24 GDP

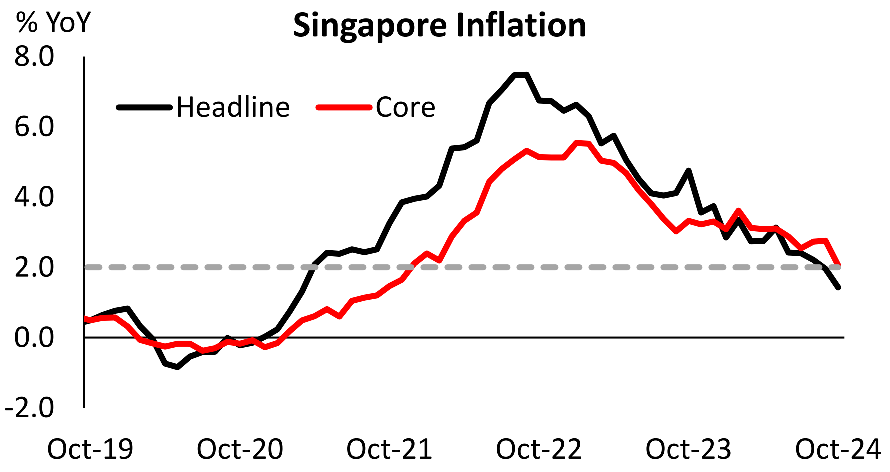
- 3Q24 GDP growth was revised up more than expected from advance estimates of 4.1% YoY (2.1% QoQ sa) to 5.4% YoY (3.2% QoQ sa). This marked the strongest YoY growth since 4Q21 (7.9% YoY). This brought GDP growth for the first three quarters to 3.8% YoY, which outshone the 0.7% seen in the first three quarters in 2023.
- The growth drivers in 3Q24 were primarily manufacturing, wholesale trade and finance & insurance sectors, aided by the electronics recovery. Manufacturing growth was upgraded to 11% YoY, up from the advance estimate of 7.5%, and was a turnaround from the two consecutive quarters of contraction in 1H24.
- MTI revised up its 2024 full-year growth forecast from 2-3% to 3.5% and tips 2025 growth at 1-3% YoY. Our 4Q24 GDP growth forecast now stands at 3.1% YoY, which would bring full-year 2024 growth to 3.6% YoY given the better-than-expected 3Q24 growth. For 2025, we keep our 2.7% YoY GDP growth forecast but stay cognizant of the higher 2024 growth base as well as risks pertaining to what happens after Trump takes office on 20 January 2024.



Source: MTI, DOS, CEIC, OCBC.

SG: October inflation decelerated more than expected

- October headline and core CPI decelerated more than expected to 1.4% YoY and 2.1% respectively, down from 2.0% and 2.8% in September. The October prints also marked the lowest readings since March 2021 (1.3% YoY) and December 2021 (2.0%) respectively. They also brought the year-to-date headline and core CPI average to 2.5% YoY and 2.9% respectively for the first ten months of the year.
- MAS kept its 2024 headline and core inflation forecasts unchanged at around 2.5% YoY and 2.5-3.0% respectively before both step down to 1.5-2.5% in 2025. For full-year 2024, we are on track to see headline and core CPI come in at 2.4% YoY and 2.7% respectively, before moderating to around 2% YoY in 2025, which is broadly aligned with MAS forecasts. This is assuming that November-December inflation prints stay rangebound around 1.8-2.0% YoY. For MAS, the core inflation objective is paramount – while an easing in its policy stance is still logical given greater conviction that core inflation is headed in the right direction towards the 1.5-2.5% range in 2025, nevertheless, there is no hurry to do so given the many moving parts and external uncertainties.

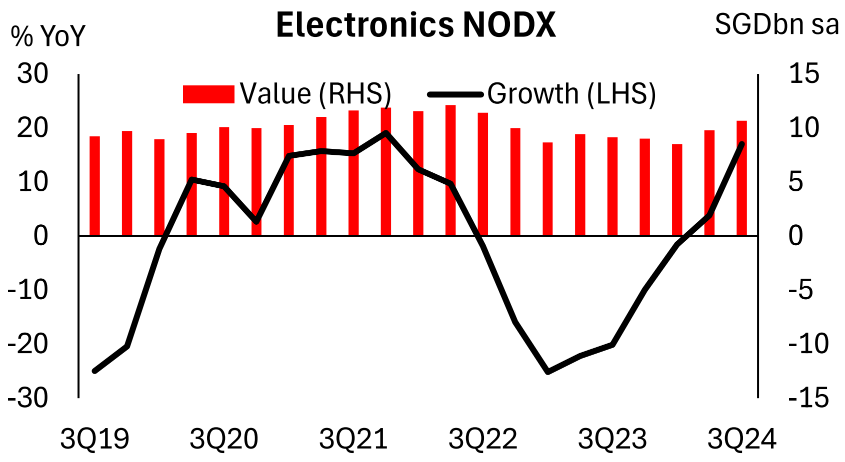


Source: Singstat, CEIC, OCBC

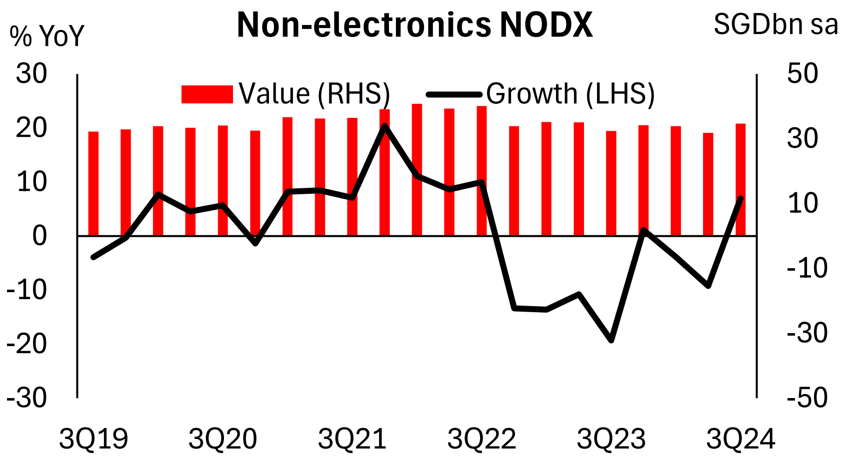
Source: MAS, Singstat, CEIC, OCBC.

SG: 3Q24 trade report

- EnterpriseSG has trimmed its 2024 NODX growth forecast to around 1% YoY and tips 2025 NODX growth at 1-3% YoY, citing weaker-than-expected 3Q performance due to volatile pharmaceuticals and ships & boat segments and WTO's projections of faster global merchandise trade of 3% in 2025 compared to 2.7% in 2024. 3Q24 NODX had expanded 9.2% YoY, which was a rebound from 2Q24's contraction of 6.5%, as electronics exports accelerated 7.0% to mark the second consecutive quarter of growth, aided by ICs, disk media products and PCs.
- Meanwhile, non-electronics exports also recovered from a 9.2% YoY slump in 2Q24 to expand by 7.0% in 3Q24, with specialised machinery, non-monetary gold and food preparations are key drivers. As mentioned in our October NODX report dated 18 November, we had anticipated that November-December NDOX growth may average 6.2% YoY to bring full-year 2024 NODX growth to 1%, but tip that 2025 NODX growth could improve to 3-5% due to the low base and assuming heightened uncertainties pertaining to Trump's tariffs (namely the timing and exact magnitude of the tariffs, as well as whether Singapore may be exempted due to our FTA).



Source: DOS, OCBC

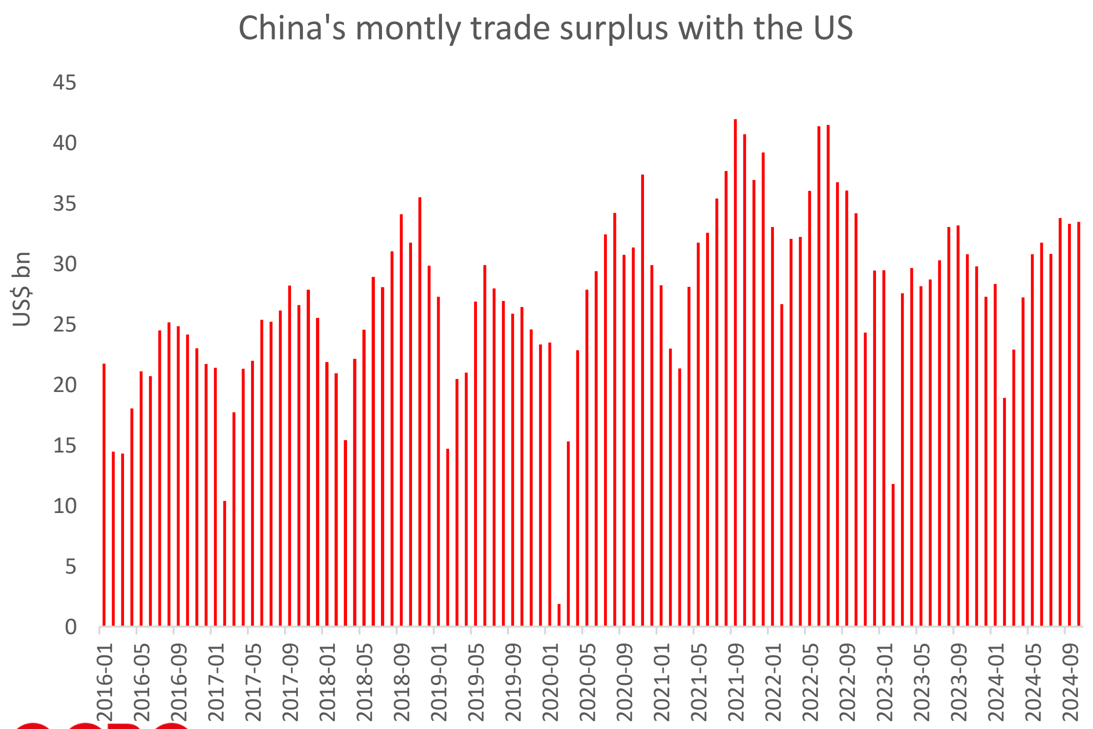


Source: DOS, OCBC

Source: Enterprise SG, DOS, OCBC.

China: Reaction this time could be different

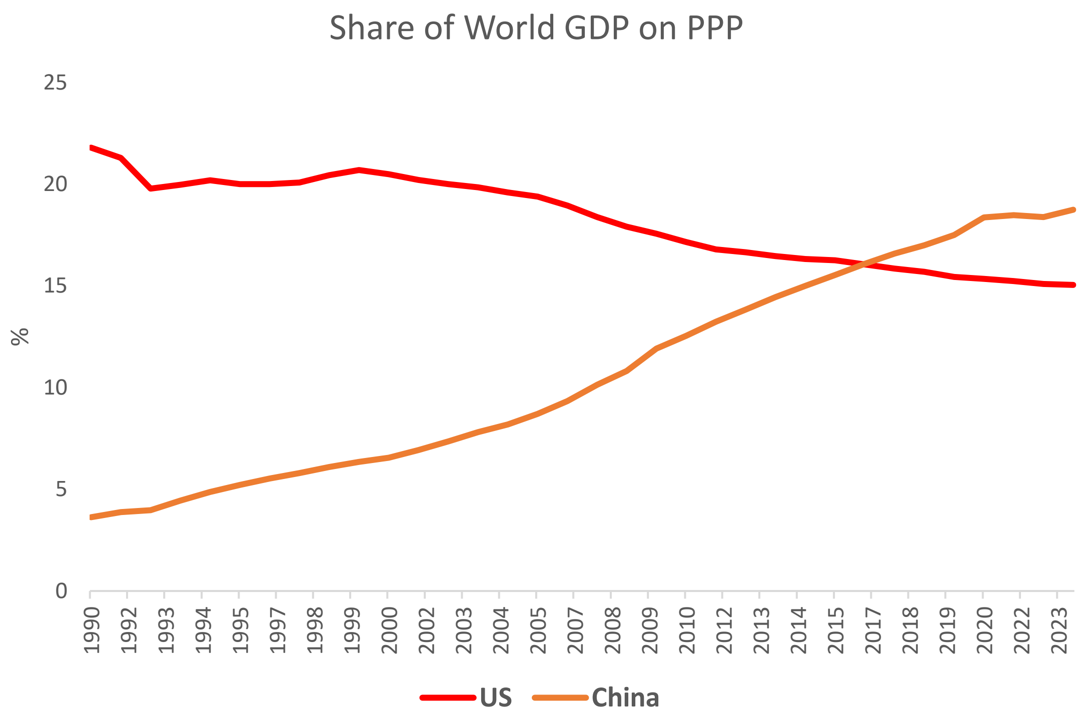
- There are two things China needs to consider. 1) Trump’s **willingness** to start the trade war. 2) Trump’s **ability** to start the trade war.
- Trade war 1.0: Reaction function was mainly on willingness.
- Trade war 2.0: This time could be different as China may focus more on Trump’s ability to start the trade war.

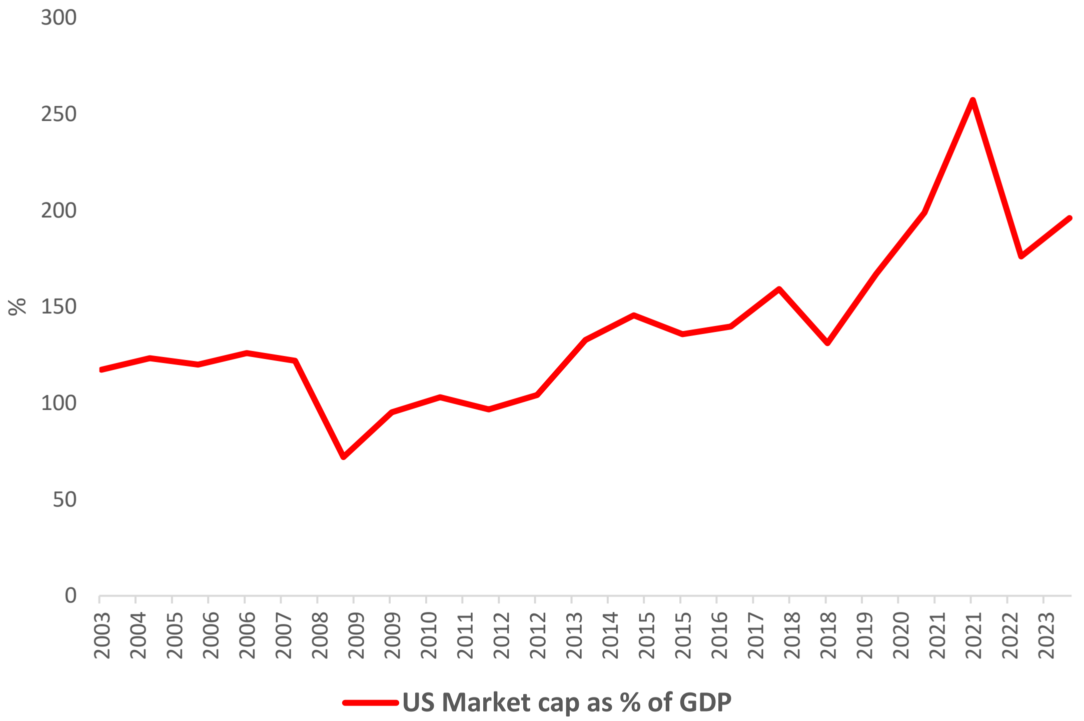


Source: Bloomberg, BEA, OCBC.

China: Trump 1.0 vs. Trump 2.0

- Since 2016, US GDP as share of global GDP on PPP has fallen.
- Nevertheless, US market cap as % of GDP and % of global market cap continued to go up.
- Trump is more vulnerable now as compared to 2017.





Source: Bloomberg, BEA, OCBC.

China: Cutting subsidies to overseas consumers

- China's Ministry of Finance announced on 18 Nov that it will remove the export tax rebate for certain products such as aluminium and copper products and also cut the rebate for some refined oil products, photovoltaics, batteries and certain non-metallic mineral products from 13% to 9%.
- **Is RMB depreciation a way to subsidize the overseas consumers?**

中华人民共和国财政部
Ministry of Finance of the People's Republic of China
税政司

2024年11月18日 星期一 请输入关键字 税政司 搜索 返回主站

当前位置：首页>政策发布

关于调整出口退税政策的公告

财政部 税务总局公告2024年第15号

现就调整铝材等产品出口退税政策有关事项公告如下：

一、取消铝材、铜材以及化学改性的动、植物或微生物油、脂等产品出口退税。具体产品清单见附件1。

二、将部分成品油、光伏、电池、部分非金属矿物制品的出口退税率由13%下调至9%。具体产品清单见附件2。

三、本公告自2024年12月1日起实施。本公告所列产品适用的出口退税率以出口货物报关单注明的出口日期界定。

特此公告。

Reuters World US Election Business Markets Sustainability More

Chinese exporters to hike prices, renegotiate contracts after tax rebate cuts, sources say

By Amy Lv, Chen Aizhu and Mei Mei Chu

November 18, 2024 8:00 PM GMT+8 · Updated a day ago

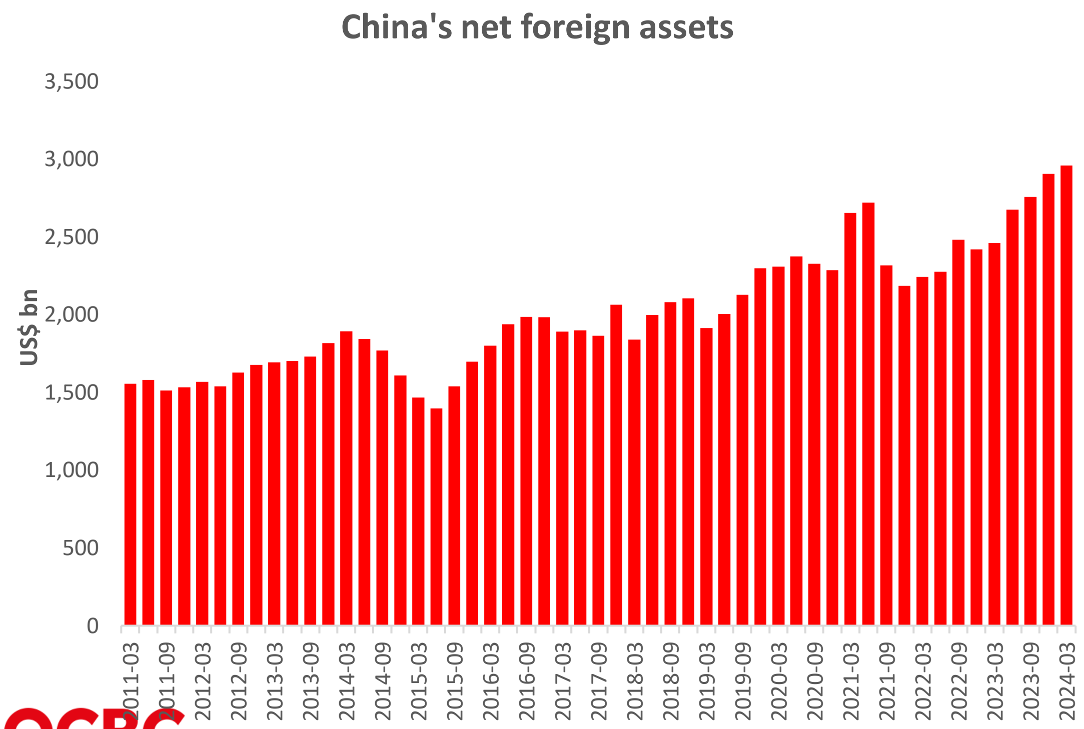
Aa

OCBC

Source: Bloomberg, BEA, OCBC.

China: This time could be different for the RMB

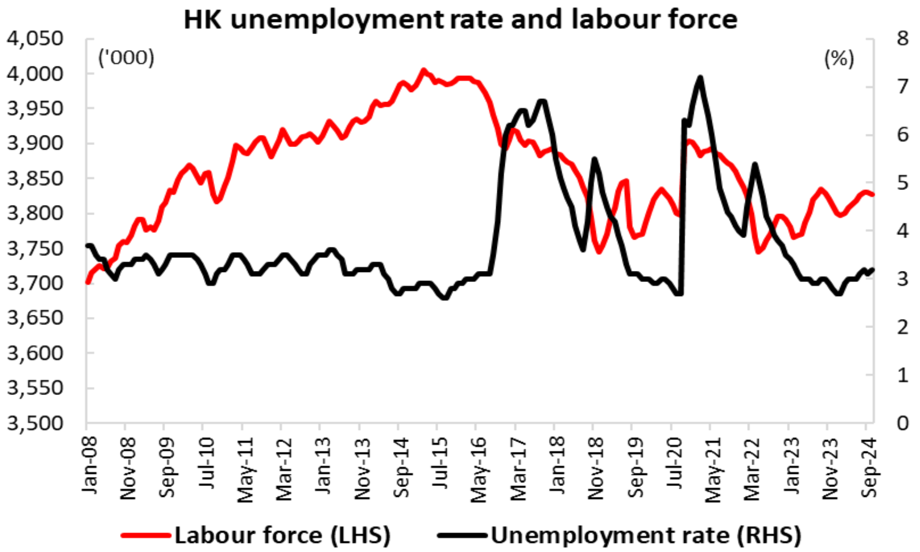
- As the world's second largest net creditor, China's net foreign assets continued to climb up.
- As compared to the last cycle of massive RMB depreciation in 2015-2016, foreign liability held incurred by private sector has declined dramatically. This may reduce the urgency for private sector to buy dollar.

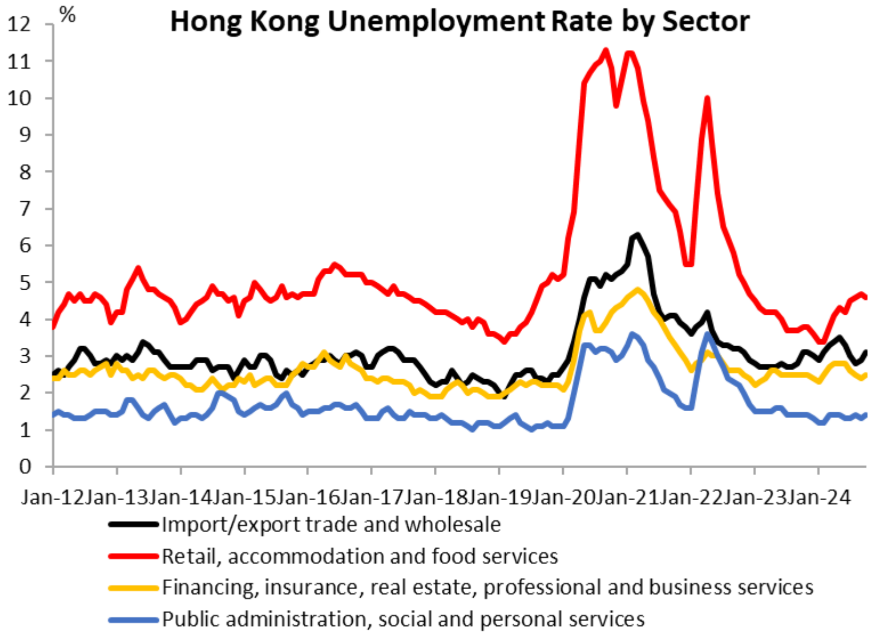


Source: Bloomberg, BEA, OCBC.

HK: Labour market still tight

- Labour market still leaned towards the tight side, despite a marginal increase in the unemployment rate. The seasonally adjusted unemployment rate inched up by 0.1 percentage point to 3.1% in August-October 2024, while the underemployment rate edged down to 1.1%.
- Compared to the July-September period, Hong Kong's unemployed person went up by 0.7% (or 0.8k) in August-October, while total labour force fell by 0.1% (or -2.2k). Breaking down, unemployment rate in "import/export trade and wholesale" and "manufacturing" sectors rose the most, by 0.2 percentage point. Meanwhile, unemployment rates in most of the other sectors also inched up.
- We expect to see a further weakening of the job market in the retail sales and trade related sectors further down the road, albeit only mildly. We tip the overall unemployment rate at 3.0% this year and 3.1% in 2025.



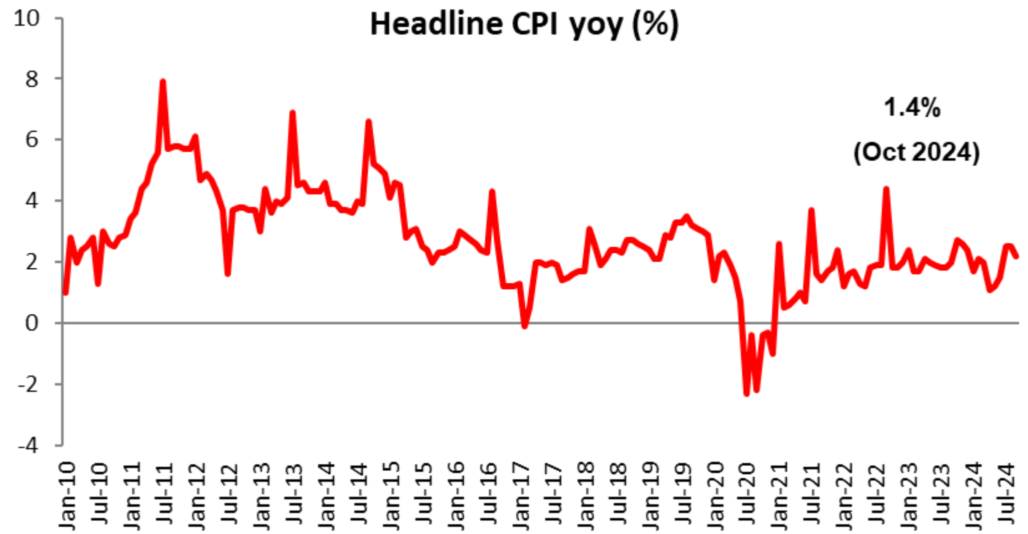


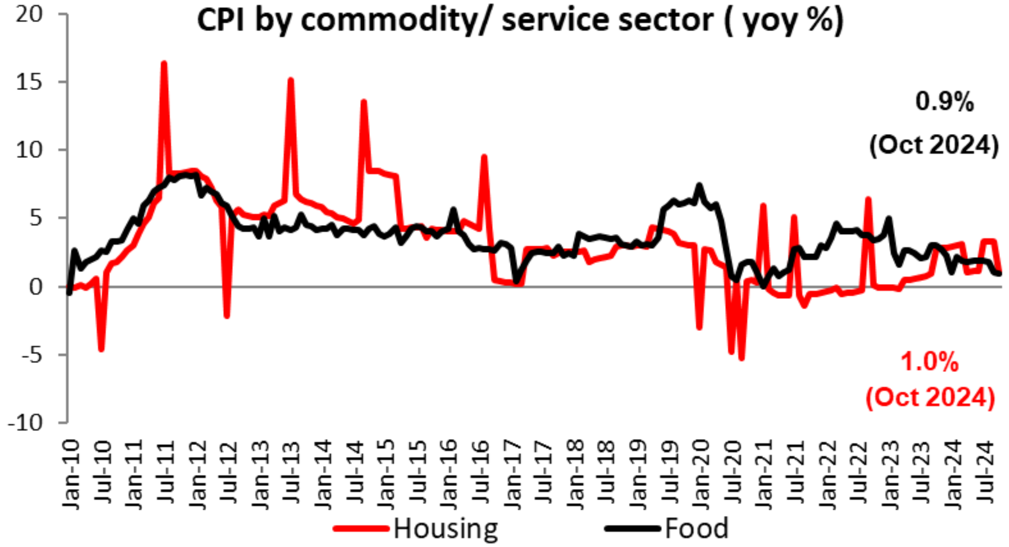
OCBC

Source: HK Census and Statistics Department, OCBC.

HK: Inflation forecast revised down to 1.7%

- As the low base effect dissipated, composite CPI rose by a much slower pace of 1.4% YoY in October 2024 (2.2% in September). The low base effect was the result of end of rates concession and the waiver of the extra public housing rent payable in the third quarter last year. On sequential basis, the composite CPI edged up by 0.2% MoM.
- Breaking it down, month-on-month increases in prices were recorded across the board in October, except for food (-0.1% MoM). Separately, underlying CPI (netting out the effect of government one-off relief measures) rose by an accelerated pace of 1.2% YoY in October 2024, due to upward adjustments in public housing rentals.
- In the first 10 months this year, composite CPI rose by an average 1.8% YoY, while underlying CPI rose by a milder 1.0% YoY. We have revised downward the full-year inflation forecast from 1.9% to 1.7%, and forecast inflation rate in 2025 at 2.0%, on account of higher rent, services and utility charges.

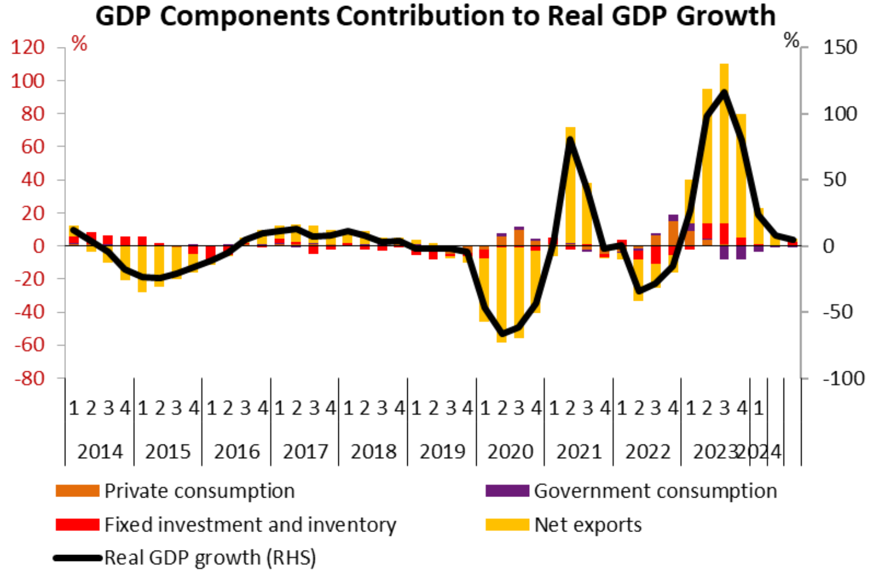




Source: HK Census and Statistics Department, OCBC.

MO: Full-year GDP growth forecast adjusted down to 9%

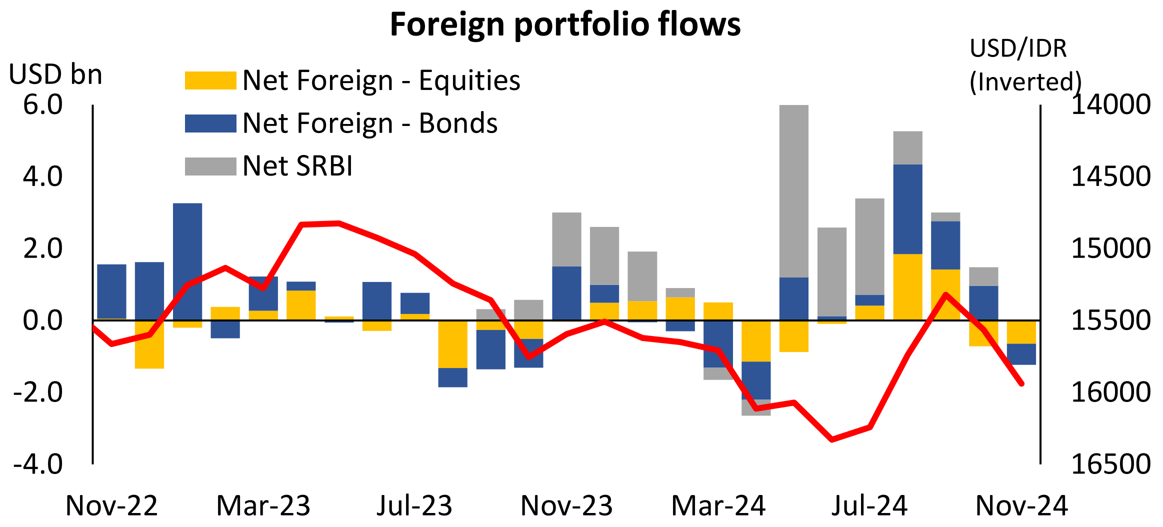
- Macau's real GDP rose by a notably slower pace of 4.7% YoY in 3Q24 (2Q: 7.7% YoY), dragged by moderated growth in services exports. During the quarter, both external and domestic demand expanded further, but at a decelerated pace of 4.7% YoY and 4.6% YoY respectively (2Q: 17.3% YoY and 1.0% YoY). In 1Q-3Q24, Macau's GDP grew by 11.5% YoY, rebounding to around 85.9% of the pre-pandemic level in 2019.
- The weakening of growth momentum was quite broad based. Growth of exports of gaming services moderated to 11.2% YoY (2Q: 21.5% YoY), while exports of other tourism services declined further by 14.5% YoY (2Q: -13.4% YoY). Taken together, exports of services grew by a much slower pace of 1.3% YoY in 3Q (2Q: 6.2% YoY). On the domestic front, private consumption expenditure recorded modest gains at 1.9% YoY (2Q: 4.3% YoY), due to a normalising base. Nonetheless, gross fixed capital formation growth picked up to 14.7% YoY (2Q: 1.6% YoY), as private investment stepped up.
- Growth is likely to slow further in the remainder of this year, given the tighter scrutiny over gaming activities, still-weak macroeconomic backdrop in China and the high base effect. We revised our full-year growth forecast down to 9% YoY, from the previous estimate of 11% YoY.



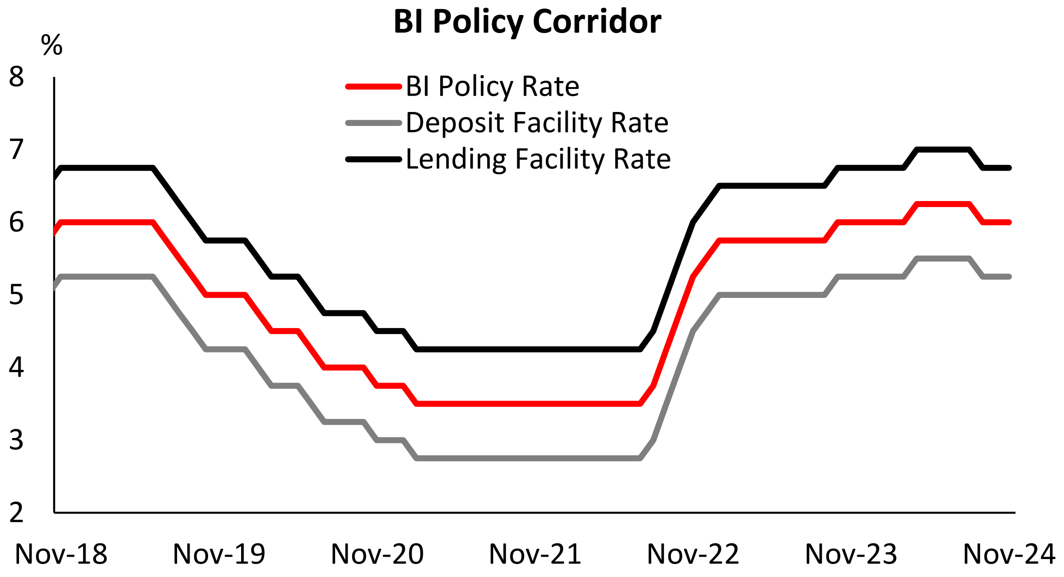
Source: DSEC, OCBC.

Indonesia: Changing our BI call

- At its 20 November meeting, Bank Indonesia (BI) maintained its policy rate at 6.00%, in line with market and our expectations. BI's focus was IDR stability amid the "broad-based" strength of the US dollar, driven by rising geopolitical uncertainty and policy uncertainty in the US under the incoming administration.
- BI's focus remains on attracting capital inflows, which given a current account deficit and recent portfolio flows volatility is prudent. The room for BI to further reduce its policy rate has narrowed. We now expect BI to cut its policy rate by a cumulative 50bps instead of 100bps, taking the rate to 5.50% rather than 5.00%. The timing will be dependent on IDR stability.



Note: The latest available data for SRBI is as of end October 2024. Net inflows for equities (as of 18/11) and bonds (as of 13/11) are on a month-to-date basis. USDIDR for November 2024 is daily closing average up till 18/11. Last updated: 21 November 2024. Source: IDX, MoF, BI Bloomberg, CEIC, OCBC.



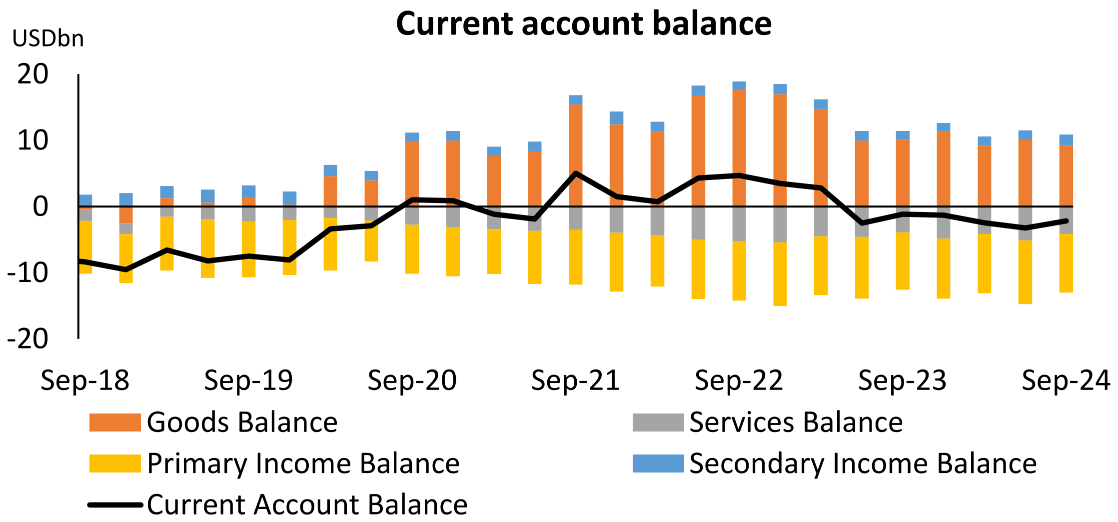
Source: Bank Indonesia, CEIC, OCBC

OCBC

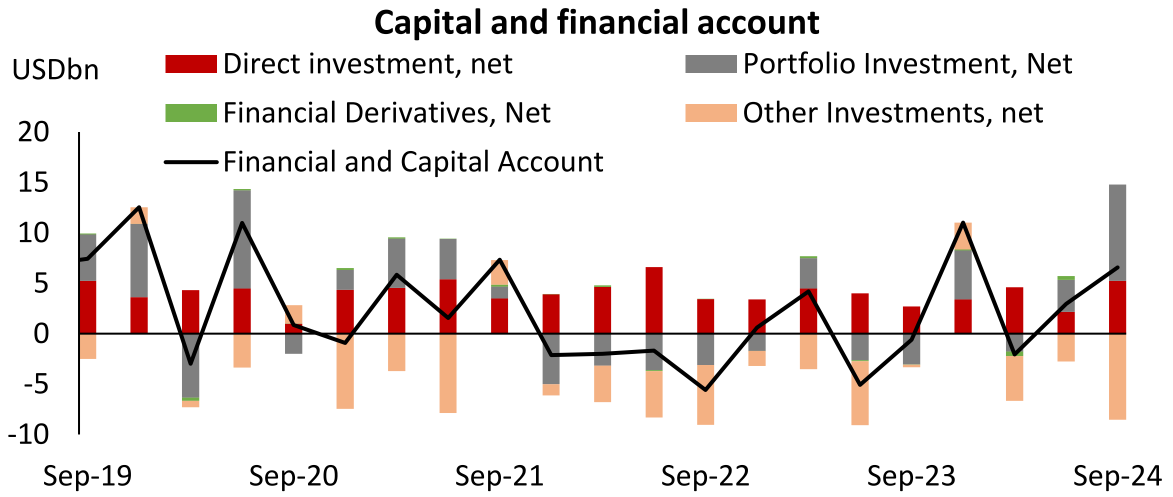
Source: Bank Indonesia, CEIC, OCBC.

Indonesia: Improved balance of payments

- The balance of payments turned for the better in 3Q24. The current account deficit (CAD) narrowed to USD2.2bn (0.6% of GDP) in 3Q24 from USD3.2bn (1% of GDP) in 2Q24 driven by narrower deficits on the services and primary income accounts. The secondary income surplus was largely unchanged while the trade surplus narrowed to USD9.3bn from USD10.0bn in 2Q24. With the CAD widening to 0.8% of GDP for 1Q-3Q24, we widened our full year 2024 CAD forecast to 0.6% of GDP from 0.4% previously.
- Simultaneously, the flows picture turned more positive in 3Q24. The financial account surplus widened to USD6.6bn in 3Q24 from USD3.0bn in 2Q24 due to higher net direct and portfolio inflows. Despite higher net inflows in 3Q24, there remains reason for BI to be cautious moving into 4Q24. Net equity and bond outflows were USD1.2bn (1-18 November) versus marginal inflows of USD0.2bn in October.



Source: Bank Indonesia, CEIC, OCBC.



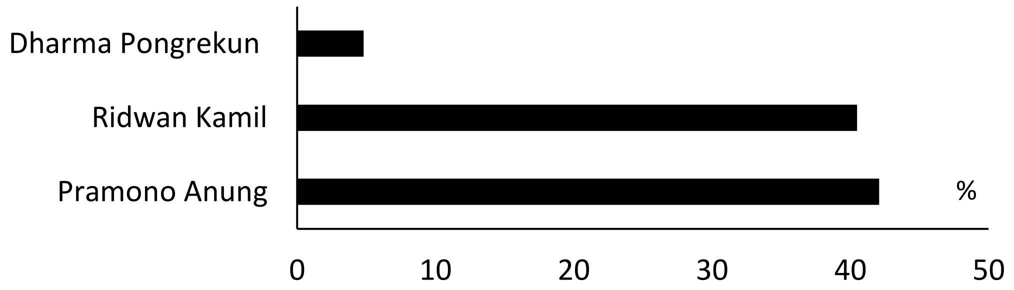
Source: Bank Indonesia, CEIC, OCBC.

Source: Bank Indonesia, CEIC, OCBC.

Indonesia: Regional Elections

- Regional elections will take place on 27 November in all 545 regions of the country including 37 provinces, 415 districts and 93 municipalities.
- The race that will be the most closely watched is for Jakarta governor, i.e., the Jakarta gubernatorial elections. The contest is between Ridwan Kamil and Pramono Anung. Ridwan is backed by President Prabowo and former President Joko Widodo while Pramono is backed by the only opposition party, PDI-P. There is also an independent candidate standing for elections, Dharma Pongrekun but polls show he trails the other two candidates. Current Jakarta governor Anies Baswedan could not get the required political parties to stand for re-election.
- The outcome of the Jakarta race as well as the races in other key regions such Central Java, West Java will have limited direct bearing on the national policy outcomes. However, it will help determine the nature of the relationship between the central and regional governments.

Polls for Jakarta gubernatorial race



Source: Indikator Politik Indonesia, Strait Times, OCBC.
The survey polled 1,229 respondents by telephone from 15 Nov to 21 Nov.

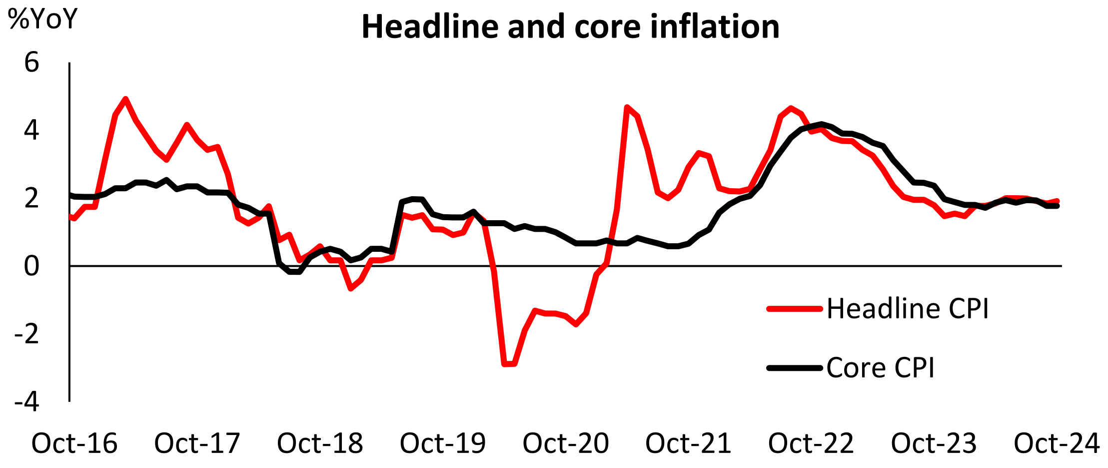
Province	Candidate (KIM alliance)	Candidate (PDI-P)
Jakarta	Ridwan Kamil (KIM alliance)	Pramono Anung (PDIP)
West Java	Dedi Muladi (Gerindra)	Ahmad Syaikhu (NasDem & PPP) Acep Adang Ruhiat (PKB) Jeje Wiradinata (PDI-P)
Central Java	Gen. Lutfhi (KIM)	Andika Perkasa (PDI-P)
North Sumatra	Bobby Nasution (KIM)	Edhy Ramahyadi (PDP-P)

Source: KPU Indonesia; Various newspapers, OCBC.

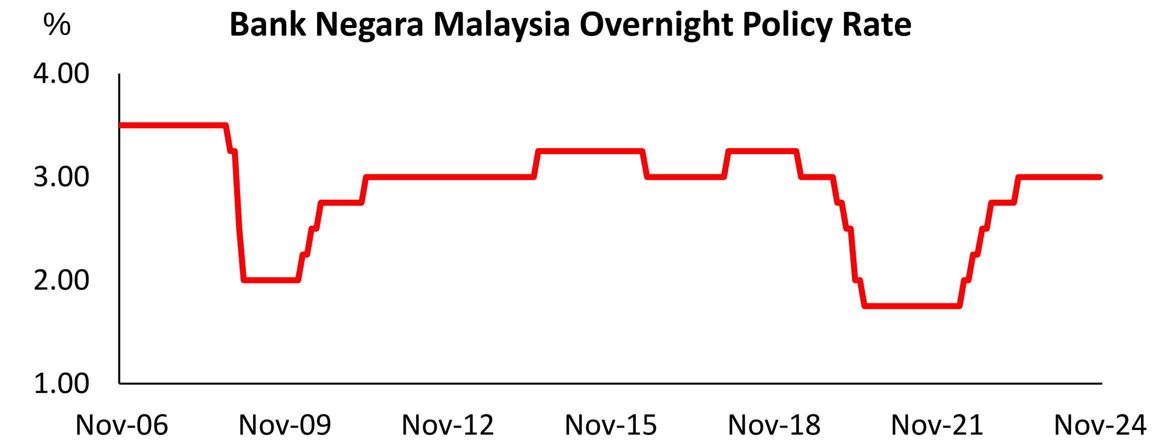
Source: BPS, CEIC, OCBC.

Malaysia: Modestly higher CPI in October

- Headline inflation rose more-than-expected to 1.9% YoY in October versus 1.8% in September while core inflation remained stable at 1.8% YoY in October.
- The main drivers of the print were higher CPI readings for the 'food and beverages' and 'personal care, social protection & miscellaneous goods & services' categories. This more than offset lower CPI in categories such as 'furnishings, household equipment & routine household maintenance', 'health', 'transport', 'information & communication', 'recreation, sport & culture', and 'restaurant & accommodation services'.
- In terms of monetary policy, our baseline is for Bank Negara Malaysia (BNM) to keep its policy rate unchanged at 3.00% for the rest of 2024 and 2025. However, we expect BNM to remain vigilant of second-round inflationary pressures following an expected upward adjustment to retail fuel prices.



Source: DOSM, CEIC, OCBC.



Source: Bank Negara Malaysia, CEIC, OCBC.

Source: Bank Negara Malaysia, DOSM, CEIC, OCBC.

Thailand: Political and policy continuity

- The constitutional court has dismissed a petition against former PM Thaksin Shinawatra as it did not fulfil the court's conditions and criteria. The petition alleged that former PM Thaksin Shinawatra was attempting to undermine the monarchy and influence the ruling Pheu Thai Party. PM Paetongtarn Shinawatra welcomed this decision and stated that this would further reinforce the stability of her government.
- The court also voted 7-2 to dismiss another accusation that the former PM was benefitting from a deal with Cambodia. Former PM Thaksin Shinawatra still faces a royal defamation case, which will begin in July 2025.
- Political uncertainty has ebbed and flowed with courts making some crucial decisions over the past few years, including the dismissal of Sretha Thavisin. Our baseline is for political and policy continuity as we continue to monitor the outcome of impending political cases.

	Charges	Date	Outcome
PM Srettha Thavisin	Allegations of ethical violations	14 August 2024	Dismissed as Prime Minister.
Move Forward Party	Allegations of violating charter over efforts to amend the lese majeste law	7 August 2024	Party dissolved. The executive board, which include Pita Limjaroenrat, has been banned from politics for 10 years.
Ex-PM Thaksin Shinawatra	Allegations of royal defamation case and computer crime	Ongoing	Trial to begin in July 2025
	Benefitting from a deal with Cambodia	22 November 2024	The Constitutional Court voted 7-2 to dismiss the accusation

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Source: Bangkok Post, Bloomberg, OCBC.

Philippines: National Budget 2025

- The third and final reading of the 2025 National Budget has been approved by the House of Representative on 25 September and is expected to be approved by the Senate this week. The fiscal deficit is expected to narrow marginally to 5.3% of GDP from 5.6% in 2024.
- For expenditures, the largest allocation is to social services at PHP2.1trn (33.4% of Budget), followed by economic services at PHP1.9trn (29.2%), general public services at 1.1trn (17.1%), debt burden at PHP0.9trn (13.8%) and defense at 0.4trn (6.6%). Meanwhile, tax revenues are expected to broadly grow in line with nominal GDP growth.
- The 2025 National Budget aims to sustain the economic momentum made during the President Marcos Jr. administration. Looking ahead, we maintain our full year 2024 GDP growth forecast of 6.0% YoY, implying a pick-up in 4Q24 GDP growth to 6.4% YoY. For 2025, we forecast stable GDP growth of 6.0%.

Summary of Budget

PHP bn	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2025**	
	Actual	Actual	Actual	Actual	Actual	Program	%YoY	Budget	%YoY
Government Revenue	**3137.5**	**2856.0**	**3005.5**	**3545.5**	**3824.1**	**4269.9**	**11.7**	**4644.4**	**8.8**
Tax Revenue	2827.8	2504.4	2742.7	3220.3	3429.3	3820.3	11.4	4332.6	13.4
Non-Tax Revenues	309.7	351.5	262.9	325.2	394.8	407.5	3.2	210.8	-48.3
Government Expenditures	**3797.7**	**4227.4**	**4675.6**	**5159.6**	**5336.2**	**5754.3**	7.8	**6182.1**	**7.4**
Current Operating Expenditures	2741.0	3326.3	3493.8	3824.2	3890.5	4205.9	8.1	4596.4	9.3
Capital Outlays	1039.8	878.9	1163.8	1308.2	1419.0	1519.6	7.1	1557.0	2.5
Fiscal Balance	**-660.2**	**-1371.4**	**-1670.1**	**-1614.1**	**-1512.1**	**-1484.4**		**-1537.7**	
% GDP	**-3.4**	**-7.6**	**-8.6**	**-7.3**	**-6.2**	**-5.6**		**-5.3**	

OCBC

Source: Department of Budget and Management, Philippine News Agency, Philstar, Bloomberg, OCBC.

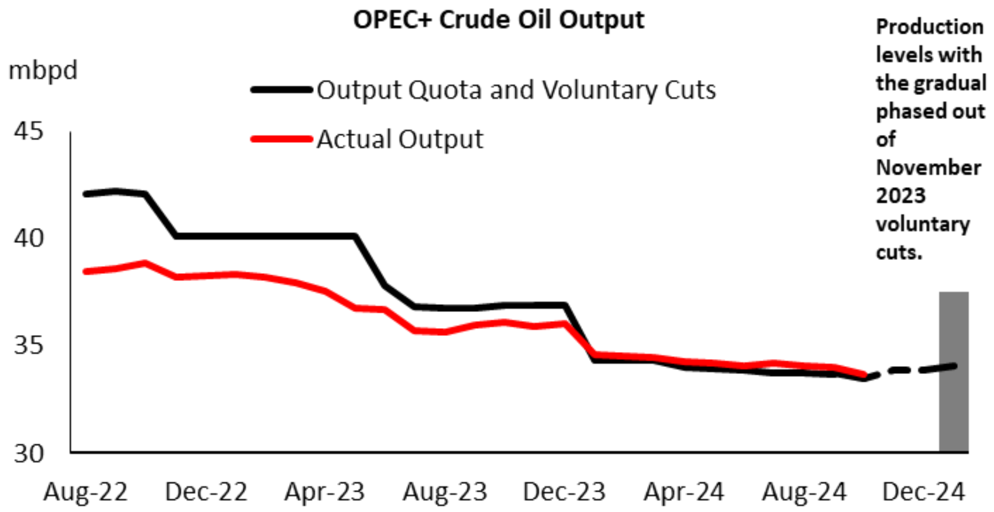
Commodities

Oil: OPEC+ Meeting Ahead

- Crude oil benchmarks rebounded last week, with WTI and Brent rising 6.3% and 5.8% week-on-week, respectively, and closing at USD71.2 and 75.2/bbl.
- The primary driver of higher oil prices was due to a re-escalation in tensions in Europe. Russian President Vladimir Putin approved an updated nuclear doctrine in response to Ukraine's use of western missiles in Russian territory. However, gains were limited by a buildup in US crude and gasoline inventories as well as weaker-than-expected business activity in the UK and Eurozone.
- OPEC+ will hold its Joint Ministerial Monitoring Committee (JMMC) on 1 December 2024 to assess the global oil market. On 3 November 2024, several OPEC+ member countries agreed to delay their planned production increase until the end of December 2024. Given continued weakness in oil prices, OPEC+ may seek to support the oil market.

Global Oil Demand Growth		
mbpd	OPEC	
	October	November
2024 (Projections)	1.9	1.8
2025 (Projections)	1.6	1.5

Source: OPEC, OCBC.



Note: Angola left OPEC effective 1 Jan 2024; OPEC shared that the gradual phasing out of its November 2023 voluntary cuts is data dependent (i.e., the increase can be paused or reversed subject to market conditions); Quotas for Iraq, Kazakhstan and Russia do not include additional compensation cuts pledged to offset previous overproduction.
Source: Platts OPEC+ survey by S&P Global Commodity Insights, OPEC, OCBC.

Source: OPEC, Platts, OCBC.

FX & Rates

FX & Rates: Softer USD

- **USD Rates.** Looking ahead, how bond supply is absorbed this week may drive the next direction of USTs. This week brings the auctions of USD69bn of 2Y, USD70bn of 5Y and USD44bn of 7Y Notes; there is also the auction of USD28bn of FRN, adding up to a gross supply of USD211bn. These result in a net coupon bond settlement of USD100bn next week. As for this week, net bills settlement is at USD49bn while net coupon bond settlement is at USD45bn. The overall liquidity backdrop is on the tight side. In the broader sense of liquidity, bank reserves stood at USD3.29trn and reverse repos (all tenors) at USD600bn as of 20 November. These balances shall still support QT to run through Q1-2025 before the next decision is made.
- **EUR Rates.** Eurozone November CPI is to be released on Friday where consensus is looking for some upticks. On balance, our base-case remains for a 25bp cut at the December meeting. Should CPI print softer than expected, chance of a 50bp cut would be seen as higher given the weak economic backdrop. Lower rates may help channel savings into spending and/or investment.
- **DXY.** "Bessent relief" would look to US data for cues this week. US data are frontloaded due to Thanksgiving Day holiday on Thu. Focus is on conference board consumer confidence (Tue); 3Q GDP, core PCE, durable goods orders, Chicago PMI, FOMC minutes (Wed). Firmer print will add to US exceptionalism narrative, keeping USD rates and USD elevated for longer, while softer print should add to USD unwinding momentum (i.e. USD may ease more).
- **USDJPY.** We still look for USDJPY to trend lower, premised on Fed cut cycle while the BoJ has room to further pursue policy normalisation. On the data front Japan core core CPI rose this morning, alongside services PMI, reinforcing our view that BoJ should proceed with another hike next month. Divergence in Fed-BoJ policies should bring about further narrowing of UST-JGB yield differentials and this should underpin the broader direction of travel for USDJPY to the downside. Elsewhere, escalation in geopolitical tensions may also support safe-haven demand (positive JPY). That said, any slowdown in pace of policy normalisation - be it the Fed or BoJ - would mean that USDJPY's direction of travel may be bumpy or face intermittent upward pressure.

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ESG

ESG: Key COP29 outcomes

- **Climate finance**: Two weeks of negotiations over the New Collective Quantified Goal (NCQG) on climate finance came to a close with an agreement for developed countries to contribute US$300bn per year of climate finance by 2035. However, developing countries found the committed amount insufficient. Separately, Singapore has committed US$500mn in concessional funding to support the Financing Asia's Transition Partnership (FAST-P) initiative, which is a blended finance initiative to support Asia's decarbonisation and climate resilience. This has met with strong support from multilateral development banks and philanthropies that have partnered with Singapore on the FAST-P initiative.
- **Article 6 on carbon credits**: Countries reached an agreement on international carbon markets, concluding the rules governing the trading and crediting of mitigation outcomes under Article 6 of the Paris Agreement. This is a much-needed step to set a new benchmark for transparency and accountability in the current market that faces integrity concerns. On the sidelines of COP29, Singapore and Peru have substantively concluded negotiations on an Implementation Agreement on carbon credits cooperation, aligned with Article 6 of the Paris Agreement. Singapore has also signed an MoU with Zambia to collaborate on carbon credits.
- **More ambitious climate targets**: The UK, Brazil and the United Arab Emirates have announced 2035 NDC targets that set a high bar for ambition. The more ambitious NDCs aim to be 1.5°C-aligned and consistent with a linear or steep trajectory towards net-zero. This encourages other countries to step up efforts and submit more ambitious climate targets before the Feb 2025 deadline.

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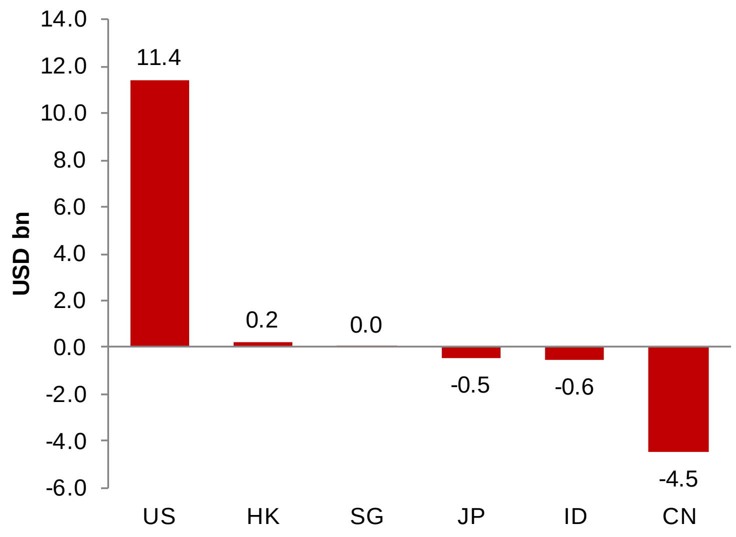
Source: Carbon Pulse, European Commission, MAS, Reuters

Asset Flows

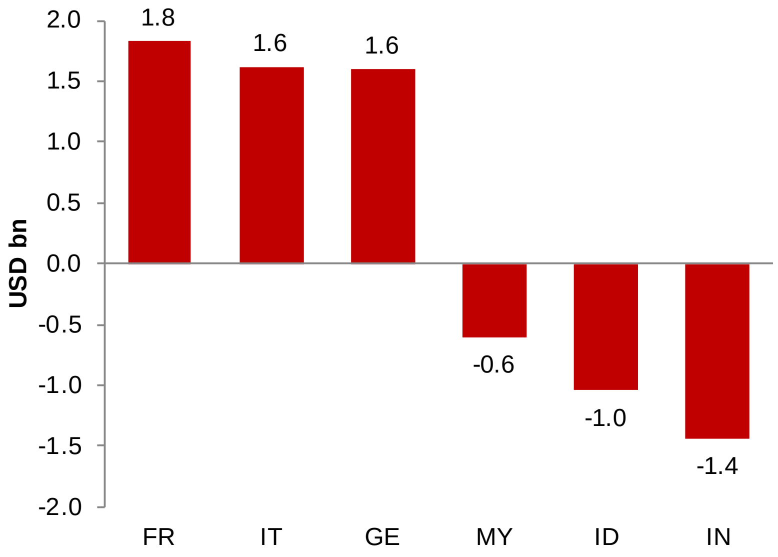
Global Equity & Bond Flows

- Global equity markets saw net inflows of $14.5bn for the week ending 20 November, a decrease from the inflows of $53.4bn last week.
- Global bond markets reported net inflows of $9.3bn, an increase from last week's inflows of $2.8bn.

Equity top gainers & losers



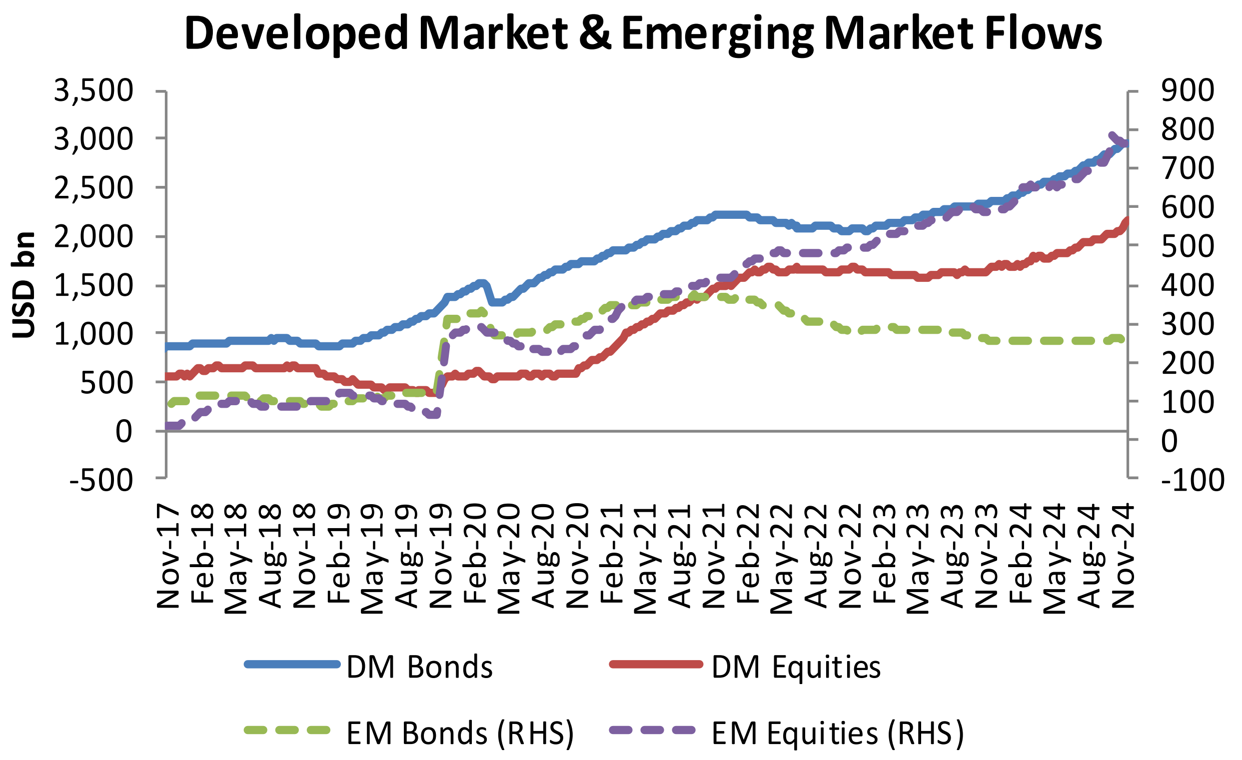
Bonds top gainers & losers



Source: OCBC, EPFR

DM & EM Flows

- Developed Market Equities ($15.7bn) saw inflows and Emerging Market Equities ($1.2bn) saw outflows.
- Developed Market Bond ($12.0bn) and Emerging Market Bond ($2.6bn) saw outflows.



Source: OCBC, EPFR

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