Weekly Macro Views (WMV)

Global Markets Research & Strategy

28 October 2024

Weekly Macro Update

Key Global Data for this week:

28 October	29 October	30 October	31 October	1 November
• **US** Dallas Fed Manf. Activity • **HK** Exports YoY • **GE** Retail Sales NSA YoY • **TH** Customs Exports YoY	• **US** Wholesale Inventories MoM • **US** Conf. Board Consumer Confidence • **JN** Jobless Rate • **SI** Unemployment rate SA • **GE** GfK Consumer Confidence	• **US** GDP Annualized QoQ • **US** ADP Employment Change • **EC** GDP SA QoQ • **GE** CPI YoY • **AU** CPI YoY	• **JN** BoJ Target Rate • **JN** Industrial Production MoM • **US** Core PCE Price Index YoY • **US** Personal Income • **US** Personal Spending • **CH** Manufacturing PMI • **HK** GDP YoY	• **US** Change in Nonfarm Payrolls • **US** ISM Manufacturing • **US** Unemployment Rate • **CH** Caixin China PMI Mfg • **HK** Retail Sales Value YoY • **SK** Exports YoY

Summary of Macro Views:

Global	• **Central Bank** • **IMF** October World Economic Outlook • **US:** Election season; Joe Rogan interview • **US:** Busy corporate earnings week ahead • **Japan:** Tokyo CPI cools in October • **Japan:** LDP loses its majority • **South Korea:** Slower GDP growth in 3Q24
Asia	• **SG:** Headline inflation eases, core ticks up slightly • **SG:** Stronger industrial production • **SG:** COE prices continue to rise, home prices mixed in 3Q24 • **SG:** MAS Macroeconomic Review • **CN:** Stimulus: Five concerns from international investors • **CN:** Industrial profit growth decelerated sharply • **CN:** Fiscal: Marginal improvement

Asia	• **HK:** Total funds raised by IPOs tripled in 3Q24 • **HK:** Full-year inflation forecast unchanged at 1.9% • **ID:** Higher SRBI rates • **MY:** September CPI surprised to the downside • **TH:** Weaker exports growth in September
Asset Class	• **Commodities:** Easing geopolitical tensions • **ESG** • **FX & Rates:** Eventful week ahead • **Global Asset Flows**

OCBC

Central Bank

Forecast – Key Rates

Bank of Japan (BoJ)

Thursday, 31st October

House Views

Policy Balance Rate

Likely hold at 0.25%

Source: Bloomberg, OCBC.

IMF October World Economic Outlook (WEO)

- The IMF downgraded China's 2024 GDP growth forecast but upgraded forecasts for several ASEAN countries including Singapore and Malaysia, where surging demand for semiconductors and electronics, driven by significant investments in artificial intelligence, has bolstered growth.
- The IMF expects global headline inflation to fall from an annual average of 6.7 percent in 2023 to 5.8 percent in 2024 and 4.3 percent in 2025. Goods prices have stabilised, but services inflation remains elevated.
- Risks to the global outlook are tilted to the downside amid elevated policy uncertainty. Risks cited by the IMF include financial sector volatility, disruptions to the disinflation process, a deeper or protracted slump in China, rising trade protectionism and deepening social unrest around the world.

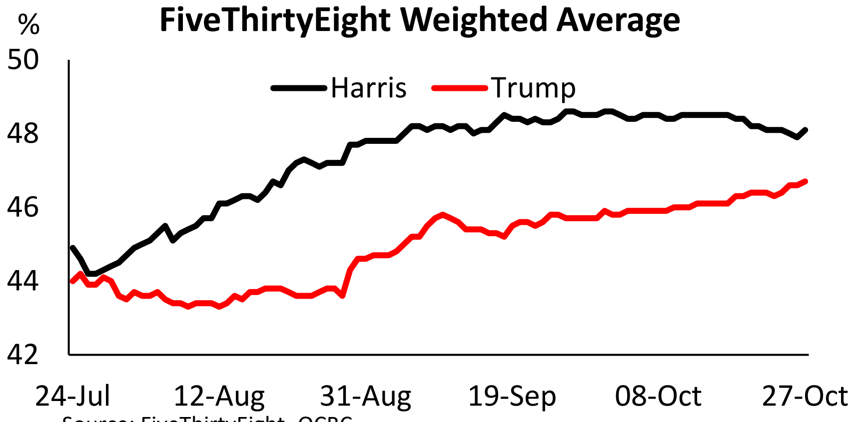
Country	Growth (%)			
	2024		2025	
	July	October (New)	July	October (New)
World	3.2	3.2	3.3	3.2
United States	2.6	2.8	1.9	2.2
Euro Area	0.9	0.8	1.5	1.2
Japan	0.7	0.3	1.0	1.1
China	5.0	4.8	4.5	4.5
ASEAN-5	4.6	4.5	4.6	4.5
	April	October (New)	April	October (New)
Indonesia	5.0	5.0	5.1	5.1
Malaysia	4.4	4.8	4.4	4.4
Singapore	2.1	2.6	2.3	2.5
Thailand	2.7	2.8	2.9	3.0
Philippines	6.2	5.8	6.2	6.1
Vietnam	5.8	6.1	6.5	6.1

OCBC

Source: IMF, OCBC.

US: Election season; Joe Rogan interview

- Early voting for the US elections has begun, with about 30 million voters casting their ballots early nationwide so far. According to state data, registered Republicans have cast more early ballots than Democrats in the key swing states of Arizona, Nevada and North Carolina. Around the nation, early vote tallies are breaking new records, with states like Michigan seeing more than 16% of its electorate cast their votes early.
- Trump and Harris have been on the campaigning trail, holding rallies and attending interviews. Podcaster Joe Rogan released a three-hour interview with Trump. In that interview, Trump continued to push his claims that the 2020 election was stolen from him. When pressed for evidence from Rogan, he avoided and did not answer the question.
- In the latest ABC News/Ipsos poll, Harris leads Trump 49-47%. Among likely voters, this lead increases slightly to 51-47% in favour of Harris. The poll finds that Trump has a 6% lead among men and Harris a 14% lead among women, almost exactly the average gender gap in elections since 1996. Betting site Polymarket currently shows that 66.1% of bettors expect a Trump win, as his lead continues to grow ever since he overtook Harris at the start of October.



Source: FiveThirtyEight, OCBC

538 Weighted Average Polls	Trump	Harris
Arizona	48.7%	46.9%
Georgia	48.6%	47.1%
Michigan	47.3%	47.7%
Nevada	47.5%	47.3%
North Carolina	48.4%	47.1%
Pennsylvania	48.0%	47.7%
Wisconsin	47.7%	47.9%

Source: FiveThirtyEight, OCBC, as of 28 October

States	What time do polls close?
Arizona	10pm ET (10am SGT – 6 November)
Georgia	7pm ET (7am SGT – 6 November)
Michigan	8pm & 9pm ET (8 and 9am SGT – 6 November)
Nevada	10pm ET (10am SGT – 6 November)
North Carolina	7.30pm ET (7.30am SGT – 6 November)
Pennsylvania	8pm ET (8am SGT – 6 November)
Wisconsin	9pm ET (9am SGT – 6 November)

OCBC

Source: FiveThirtyEight, ABC News, Respective state websites, AP News, Polymarket, OCBC.

US: Busy corporate earnings week ahead

- The week ahead represents the busiest week of the third quarter financial reporting season, with 169 companies in the S&P 500 due to release their earnings results this week. Five of the Magnificent Seven companies are set to report their quarterly results this week, with Alphabet, Microsoft, Meta, Apple and Amazon set to release their third quarter financial results. Combined, these five companies account for 23% of the weight of the S&P 500 index.
- This release comes after another Magnificent Seven company, Tesla, released earnings last week as CEO Elon Musk said that he expected vehicle sales to grow 20-30% in 2025. Other major companies set to release earnings results this week include Visa, McDonalds, Mastercard, Starbucks and Berkshire Hathaway. Thus far, about 70 companies in the S&P 500 have reported results, with 76% announcing earnings that surpassed estimates.

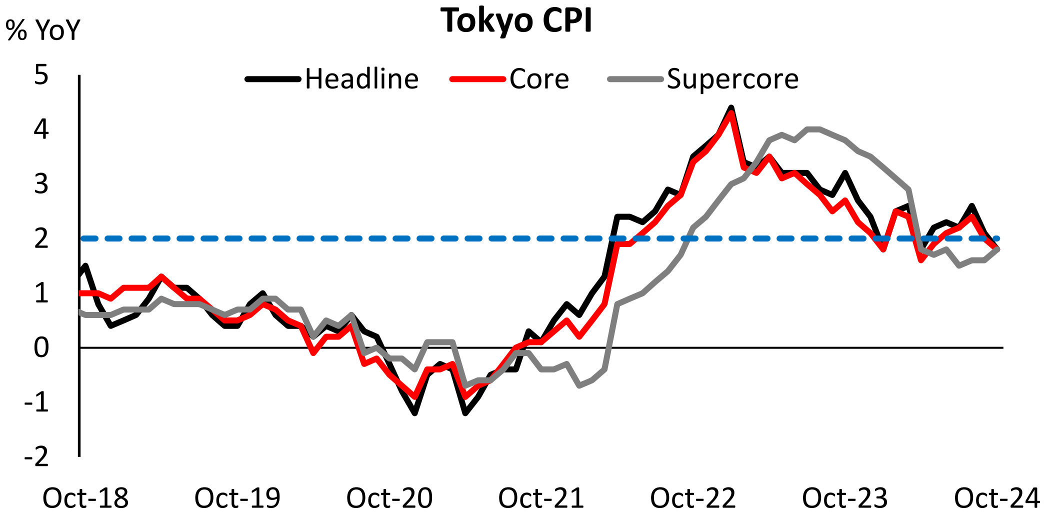
29 October	30 October	31 October	1 November
• Alphabet • Visa • Advanced Micro Devices (AMD) • Novartis • McDonald’s • HSBC • Pfizer • BP • Phillips 66	• Microsoft • Meta • Eli Lilly • AbbVie • Booking Holdings • UBS • Starbucks • GSK	• Apple • Amazon • Mastercard • Merck & Company • Linde • Shell • Uber • Total Energies • ConocoPhilips • Intel • Stellantis	• Berkshire Hathaway • Exxon Mobil • Chevron

OCBC

Source: Bloomberg, Nasdaq, Reuters, Yahoo Finance, OCBC.

Japan: Tokyo CPI cools in October

- Headline Tokyo CPI cooled to 1.8% YoY in October (September: 2.1%; consensus: 1.8%), the first time that headline inflation eased below 2% since April 2024. Core Tokyo CPI, which excludes fresh food prices, also eased to 1.8% YoY in October, slightly higher than the consensus expectations of 1.7%. However, supercore CPI, which excludes fresh food and energy, ticked up in October to 1.8% YoY (September: 1.6%; consensus: 1.6%).
- The cooler headline CPI was driven mainly by lower energy prices, which eased to 2.5% YoY in October (September 9.5%), on the back of a reimposition of government energy subsidies. Food inflation ticked up slightly in October to 3.5% YoY (September: 3.3%) as food prices excluding fresh food rose by 3.8% in October. Just last week, Japan's largest labour union federation stated their aim of at least 5% in wage increases in 2025 pay negotiations, in-line with the 5.1% increase in 2024. This comes ahead of the Bank of Japan's (BoJ) meeting on 31 October, where we expect them to keep rates steady at 0.25%.



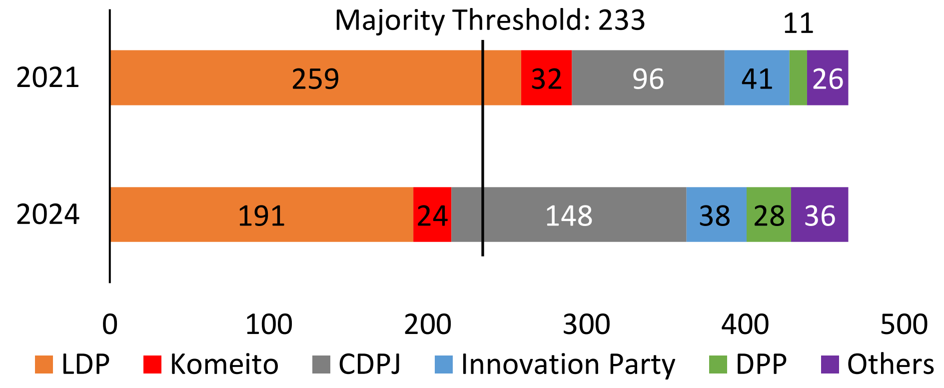
Source: Statistical Bureau, CEIC, OCBC

Source: Statistical Bureau, Bloomberg, CEIC, OCBC.

Japan: LDP loses its majority

- The ruling Liberal Democratic Party (LDP)-Komeito coalition lost its lower house majority in Sunday's general election, winning 215 seats, down from the 291 seats it won in 2021. While the LDP remained the largest party in the lower house, it lost more than 25% of its seats, down from 259 to 191 in Sunday's election. Notably, two cabinet ministers, as well as Komeito's newly elected leader lost their seats in this election.
- Meanwhile, the main opposition Constitutional Democratic Party of Japan (CDPJ) led by former Prime Minister Yoshihiko Noda, managed to win 148 seats. They had tapped on voter dissatisfaction over a fundraising scandal that had embattled former Prime Minister Fumio Kishida's cabinet. The third largest party, the Japan Innovation Party has said that they will not join a coalition government with the LDP and Komeito, while the CDPJ is also unlikely to be able to find much consensus among the other opposition parties. The likely scenario is that the LDP-Komeito coalition brings in the Democratic Party for the People (DPP) to form a majority government. Expected to give large concessions in return for support, current Prime Minister Shigeru Ishiba's position is increasingly untenable as Japan faces an uncertain outlook.

Japan: Lower house of Parliament

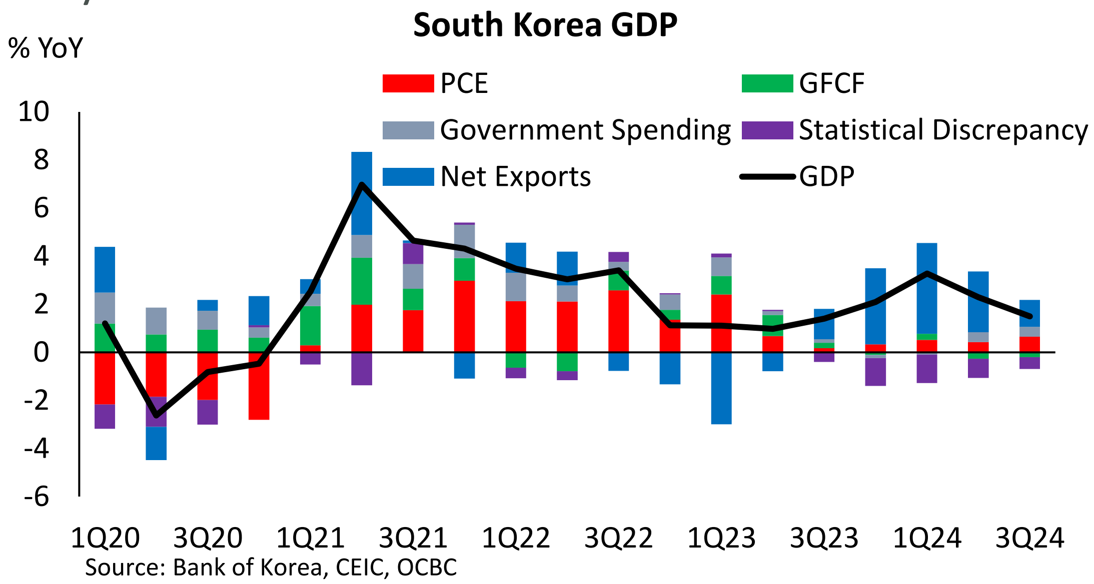


Source: Nikkei, Reuters, Bloomberg, Japan Times, OCBC

Source: Nikkei, Reuters, Bloomberg, Japan Times, OCBC.

South Korea: Slower GDP growth in 3Q24

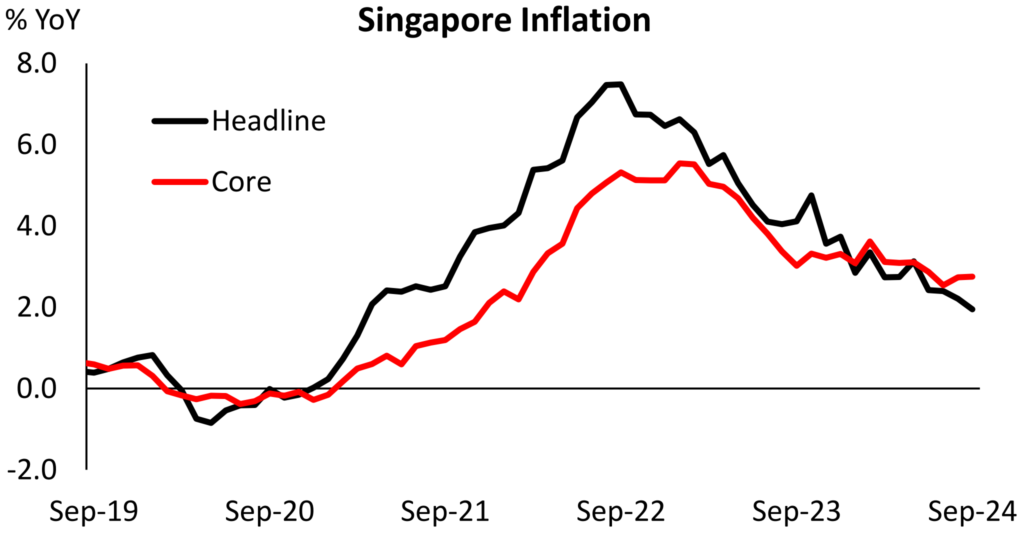
- The economy slowed down in 3Q24, as GDP grew by a slower than expected 1.5% YoY (2Q24: 2.3%; consensus: 2.0%). Personal consumption expenditure growth remained muted at 0.6% YoY (2Q24: 0.4%) but represented the largest growth in consumption since 2Q23.
- Exports, which have been a major driver of the economy in 2024, slowed down in 3Q24, with export growth coming in at 2.6% YoY (2Q24: 3.5%). This comes after exports for the first 20 days of October contracted 2.9% YoY, indicating growing headwinds for the export-led economic recovery.
- Gross fixed capital formation remained negative for the second quarter in a row, coming in at -0.2% YoY in 3Q24 (2Q24: -0.3%). This comes amidst the backdrop of easing monetary policy, after the Bank of Korea (BoK) cut by 25bp on 11 October to bring its policy rate to 3.25%.



Source: Bank of Korea, CEIC, OCBC.

Singapore: Headline inflation eases, core ticks up slightly

- Headline CPI eased to 2.0% YoY in September (August: 2.2%; consensus: 1.9%), the lowest reading since March 2021. This decline was driven mainly by private transport costs, which fell 2.4% YoY in September (August: -1.0% YoY) due to a larger decline in car prices as well as lower petrol prices. Accommodation inflation eased slightly to 2.7% YoY (August: 2.9%), driven by a lower increase in rent prices. Services inflation remained unchanged at 3.3% YoY in September, as a fall in telecommunications services was offset by increases in categories such as holiday expenses and health insurance costs.
- MAS core inflation, however, continued to remain sticky, ticking up in September to 2.8% YoY, versus expectations of steady inflation at 2.7%. This increase was driven by the uptick in retail & other goods inflation, which rose 0.8% YoY in September (August: 0.4%) as clothing & footwear prices saw a smaller decline across the board. MAS continues to expect core inflation to continue moderating in 4Q24, reaching around 2% by end 2024.

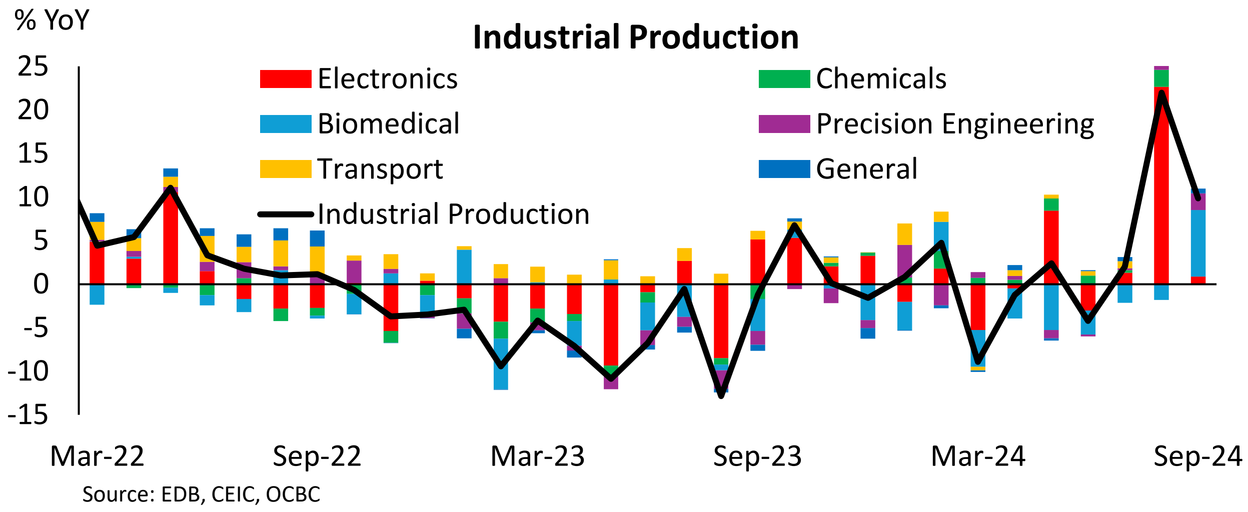


Source: DOS, CEIC, OCBC.

Source: DOS, CEIC, OCBC

Singapore: Stronger industrial production

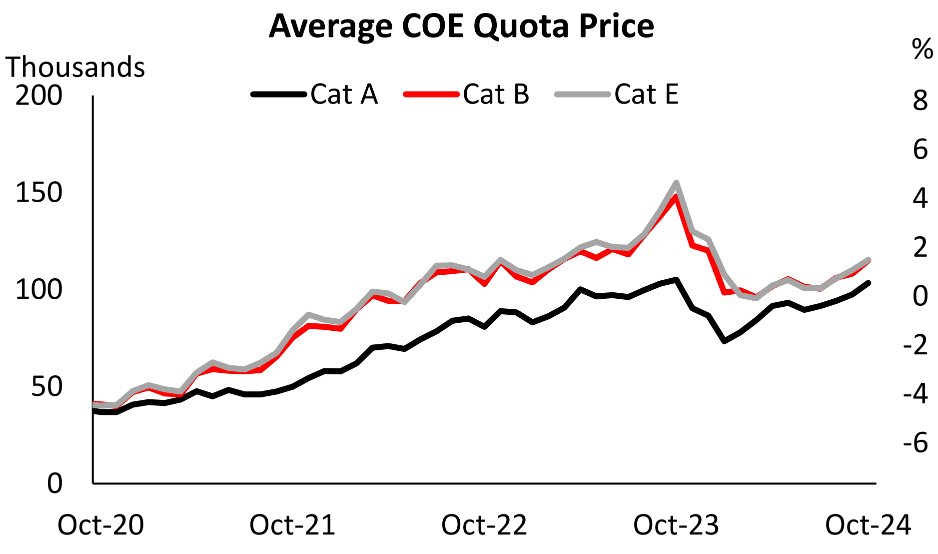
- Industrial production growth surprised to the upside at 9.8% YoY in September (August: 22.0%; consensus: 3.6%). Excluding biomedical manufacturing, output increased 4.5% YoY. All sectors apart from transport engineering saw growth in September. Growth was led by the biomedical sector, which grew 62% YoY in September as the pharmaceuticals sector increased 143.9%. This marked the first month of growth in the biomedical sector since February 2024 and the largest growth since December 2021.
- Conversely, electronics output growth moderated to 1.9% YoY (August: 50%), as semiconductor output growth eased to 3.1% in September (August: 55.7%). The slower growth in September brings cumulative year-to-September electronics growth to 4.6% YoY, as semiconductor output grew 4.1% cumulatively. With strong growth in September, this has raised the likelihood that 3Q24 manufacturing and GDP growth estimates are likely to be revised higher to 11.0% YoY and 4.8% respectively, bringing full-year 2024 GDP growth forecast to 3.3% YoY, which will exceed the official forecast of 2-3% YoY.



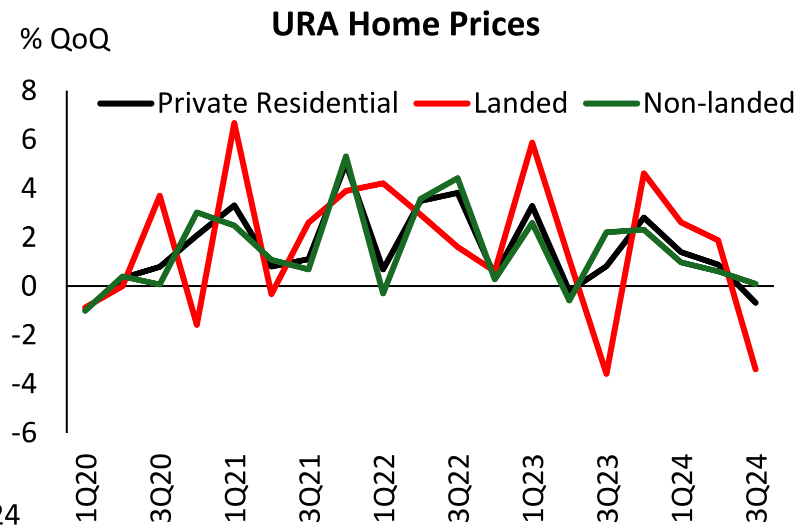
Source: EDB, CEIC, OCBC.

Singapore: COE prices continue to rise, home prices mixed in 3Q24

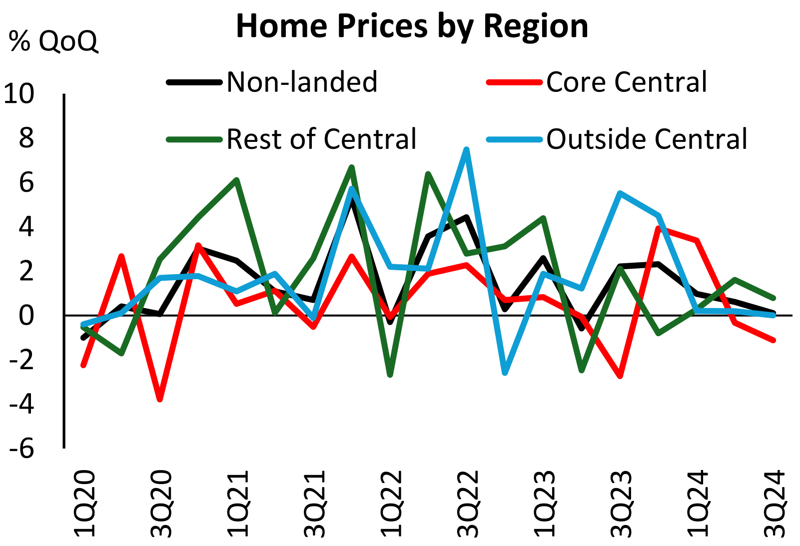
- Average COE quota prices ticked up in October 2024, with Category A prices the highest since October 2023, Category B highest since December 2023 and Category E prices at their highest level since December 2023. The COE quota for November 2024 to January 2025 will be 15,834, 4% higher than in 3Q24 and the eighth consecutive quarterly quota increase. Category A quotas increased by 6%, while Category B quotas rose by 2%.
- Meanwhile, URA home prices for landed property dipped to -3.4% QoQ in 3Q24, the first negative QoQ change since 3Q23. Meanwhile, non-landed properties continued their fifth consecutive month of price increases, rising 0.1% QoQ. By region, the core central region saw home prices decline for the second quarter in a row, contracting 1.1% QoQ in 3Q24. Meanwhile, non-landed homes outside of the central region saw prices remain flat in 3Q24, ending six consecutive months of price growth.



Source: LTA, OCBC



Source: URA, CEIC, OCBC



Source: URA, CEIC, OCBC

Source: EDB, CEIC, OCBC.

Singapore: MAS Macroeconomic Review

- According to MAS, as of 3Q24, close to 60% of the economy was growing at around or above pre-pandemic trends. Stronger growth in 3Q24 can be attributed to three factors: a broadening recovery in the manufacturing sector, increased trading activity in the financial sector and the return of Chinese tourists. MAS expects that recoveries in the trade and global tech & electronics cycle will continue in 2025, with the memory chip segment expected to post strong numbers ahead. MAS expects economic growth to come in around the upper end of the 2-3% forecast range in 2024 and broadly similar in 2025.
- MAS notes that employment growth has continued to ease through 2024, showing an easing in labour market tightness. Furthermore, worker supply constraints have kept unemployment low, while tightening of foreign worker policies has supported demand for resident workers. While nominal wages have moderated, it remains higher than pre-Covid levels due to structural factors such as the Progressive Wage Model. MAS expect these wage pressures to be tempered by rising productivity levels, led by cyclical improvements in the trade-related cluster and improvements in capacity utilisation.
- With cost pressures abating and supply and demand factors reconciling in the labour market, MAS continues to expect that rising productivity will keep services inflation low, while poor domestic consumer expenditure has restrained the pace that firms can raise consumer prices. MAS keeps its inflation forecasts constant, with headline inflation around 2.5% in 2024 and core inflation to average 2.5-3.0%. Both are expected to further ease in 2025, averaging 1.5-2.5%, with core inflation likely to average around the 2% mid-point mark.

Source: EDB, CEIC, OCBC.

China: Stimulus: Five concerns from international investors

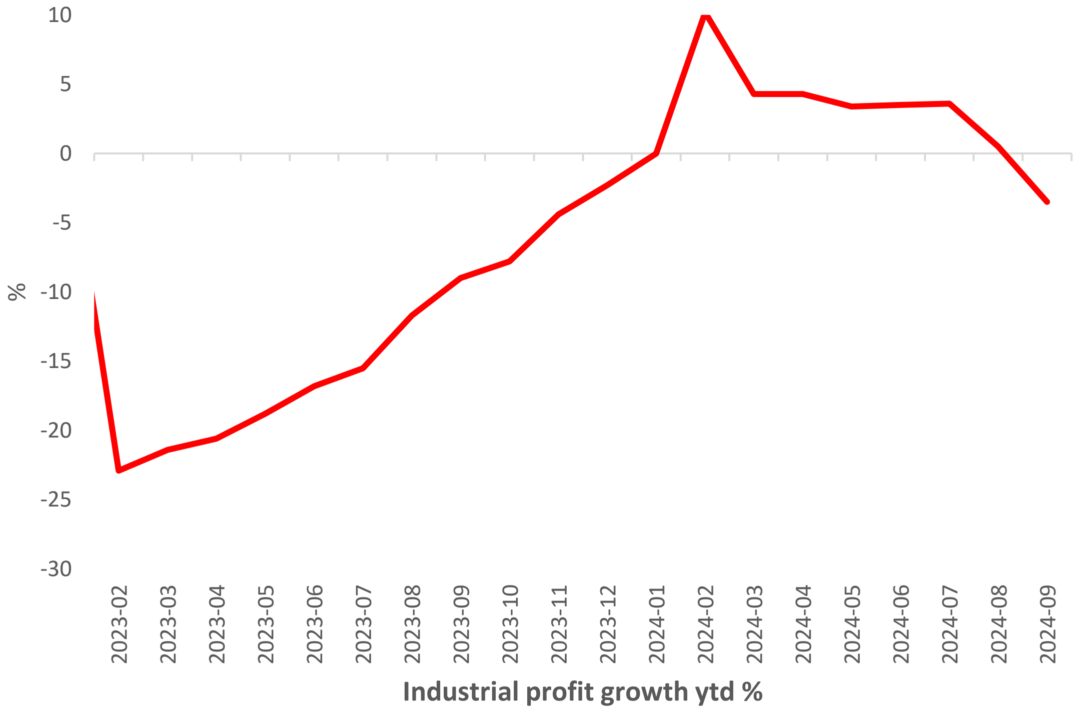
- First, volatility in markets has spiked sharply over the past month, posing a significant risk for macro hedge funds. With U.S. elections on the horizon and global volatility already heightened, taking on additional exposure to volatile Chinese assets may seem less attractive for now.
- Second, while the stimulus resembles a "whatever it takes" approach, some foreign investors are drawing comparisons to the 2008 U.S. financial crisis response under Treasury Secretary Henry Paulson. In that instance, Paulson introduced a USD700bn bailout alongside his assurances, bolstering credibility and restoring investor confidence. China's "whatever it takes" approach, however, feels more episodic, with each new policy step unfolding progressively, leaving investors to speculate on what's next in the policy series.
- Third, current priorities appear to favor dealing with local government hidden debt first, followed by the financial system stability, and finally domestic demand. This echoed the concerns from Yellen.
- Fourth, the execution of debt swaps—critical for managing hidden local government debt—remains ambiguous, introducing further uncertainty. On positive note, China has confirmed that the next National People's Congress will be held from 4 November to 8 November. More clarity may be unveiled on central government leverage.
- Lastly, foreign investors are now more data-driven, requiring concrete evidence of improved fundamentals or large-scale stimulus. Absent clear data, they remain hesitant, awaiting specific figures that demonstrate the effectiveness of China's measures.

OCBC

Source: Various News, OCBC.

China: Industrial profit growth decelerated sharply

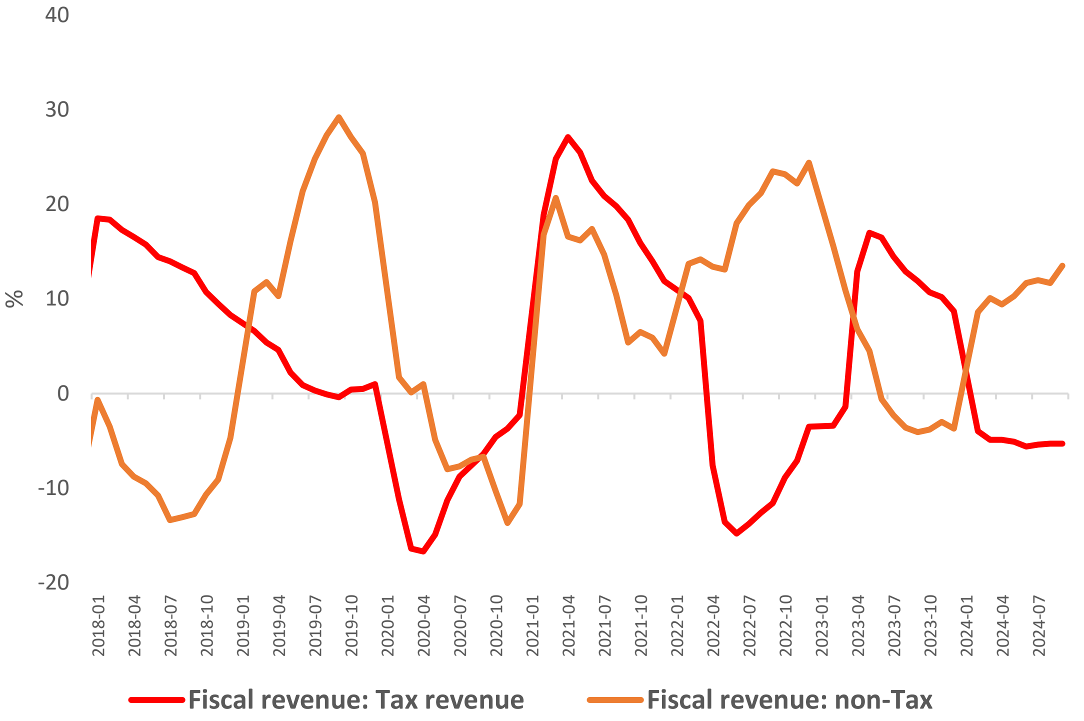
- Despite an improvement in PMI and stronger-than-expected industrial production data, China's industrial profit growth decelerated further in September. This deceleration reflects three key challenges: price pressures, a slowdown in revenue growth, and rising costs.
- Nevertheless, there are two bright spots. First, the high-tech manufacturing sector has shown resilience. Second, the accounts receivable collection period improved to 66.3 days, a reduction of 0.5 days compared to the previous month. On 18 October, China issued the "Opinions on Addressing the Problem of Arrears Owed to Enterprises," providing a systematic plan to tackle this issue. These policy measures are expected to alleviate the impact of outstanding payments on corporate profitability.

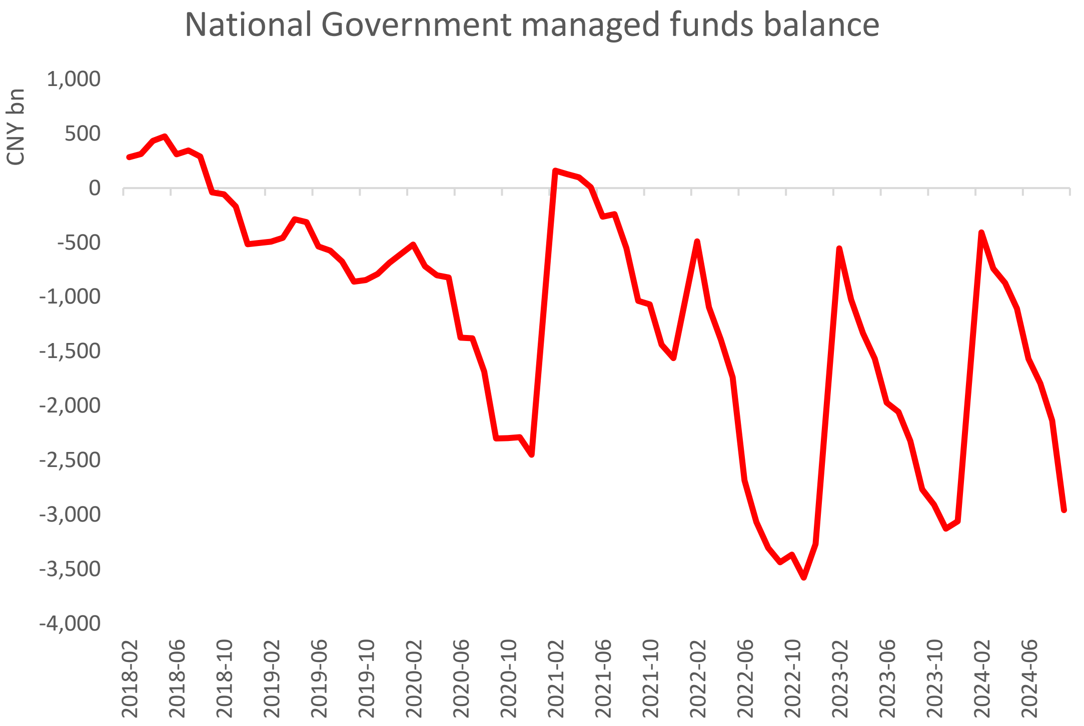


Source: Various News, OCBC.

China: Fiscal: Marginal improvement

- In September, fiscal revenue increased by 2.5% YoY, marking the first positive growth in single-month comparisons this year. This improvement in fiscal revenue supported a rebound in fiscal expenditures, which rose by 5.2% YoY in September. Evaluating both the general and government fund budgets as a measure of broad fiscal revenue and expenditure, broad fiscal revenue in September declined by 1.5% YoY (improving from -12.3% previously), with cumulative revenue down 5.6% YoY from January to September. Meanwhile, broad fiscal expenditure in September grew by 12.6% YoY (up from -8.8% previously).





Source: Various News, OCBC.

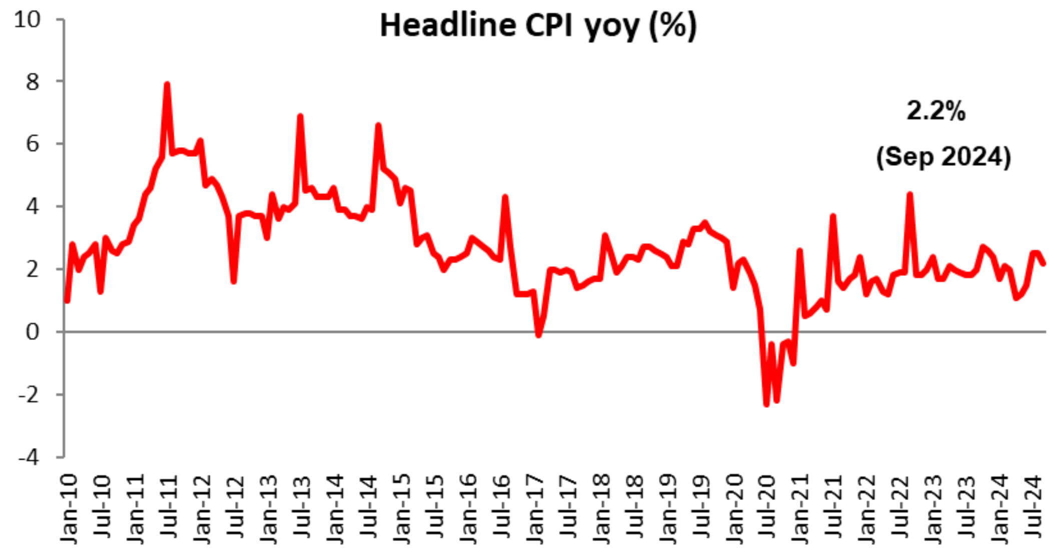
HK: Total fund raised by IPOs tripled in 3Q

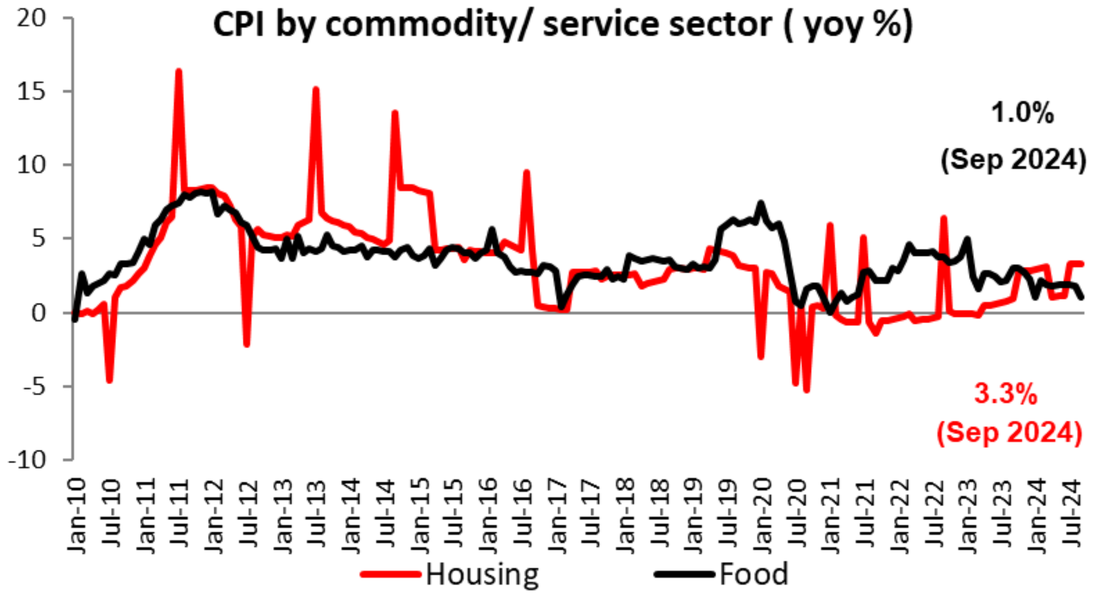
- Total fund raised by IPOs tripled in the third quarter to HKD42.4bn, compared with a sum of HKD13.2bn in 1H24, mostly due to the blockbuster listing of Midea in September (the largest IPO in terms of funds raised in three and a half years).
- After a three-year dry spell, there was considerable pent-up fundraising and listing demand. The recent re-exuberance of IPO market was an example of issuers capturing the window of opportunity, as policy setting turns increasingly favourable and market sentiment improves.
- Mainland authorities extended regulatory support for offshore listings of corporates, hence helping ease the IPO backlog. On the other hand, risk sentiment also made a turnaround as interest rates receded and helped by the unveiling of China’s stimulus measures. Average securities market turnover surged by 77% MoM in September 2024. However, before that, we have already seen stronger investors’ interest in late 2Q and early 3Q, judging by the subscription rate, as well as improvement in post-IPO performances.
- Listings are expected to grow further in the coming quarters, given the solid pipeline. Added to that, the recent successful launch of blockbuster IPOs has also helped to lift sentiment in the primary market.

Source: HKEX, OCBC.

HK: Full-year inflation forecast unchanged at 1.9%

- Inflationary pressures stayed mild so far this year. Composite CPI and underlying CPI (netting out the effect of government one-off relief measures) rose by slower paces of 2.2% YoY and 0.9% respectively in September 2024, compared to a higher base a year ago. On a sequential basis, the composite CPI edged up by 0.1% MoM.
- Breaking it down, MoM increases in prices were recorded across the board in September, except for transport (-1.3% MoM) and alcoholic drinks and tobacco (-0.2% MoM).
- In the first three quarters this year, composite CPI rose by an average 1.9% YoY, while underlying CPI rose by a milder 1.0%. We keep our full year inflation forecast unchanged at 1.9%.



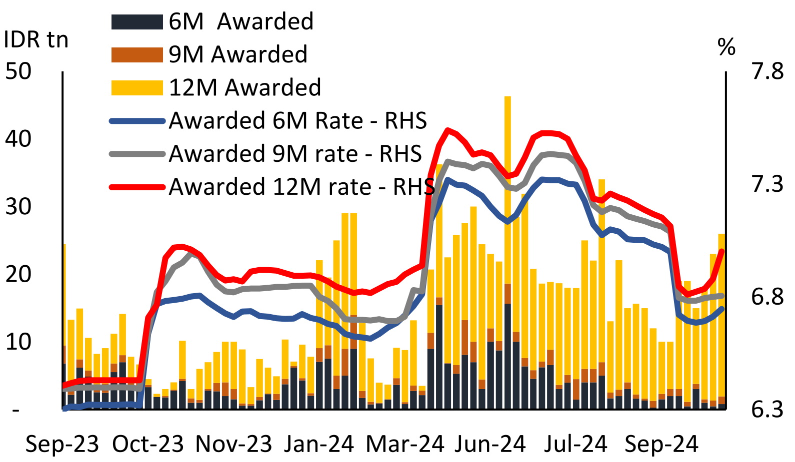


Source: HK Census and Statistics Department, OCBC.

Indonesia: Higher SRBI rates

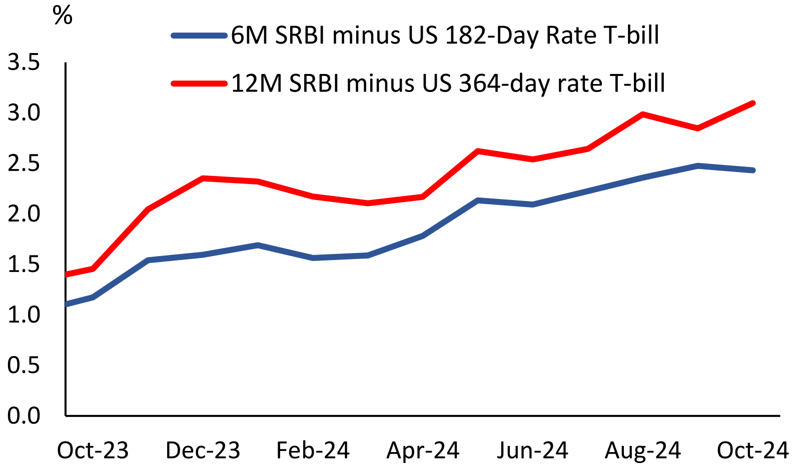
- The latest SRBI auction on October 25 saw Bank Indonesia accept IDR26trn, marking the highest issuance since the auction on July 26, with rates rising across key tenors. Specifically, the average yield for the 6-month tenor increased by 3bp to 6.80%, while the rates for the 12-month tenor rose by 12bp to 7.00%. Notably, compared to the last auction in 3Q24, yields increased by 5bp, 2bp, and 19bp for the 6-, 9-, and 12-month tenors, respectively. The 10-year IndoGB was last seen trading at 6.78%.
- The higher SRBI rates reflect Bank Indonesia's focus on attracting portfolio inflows as it remains focused on maintaining IDR stability. The rupiah has depreciated by 3.7% qtd to 15,729 per US dollar. To that end, BI will likely keep its policy rate unchanged at 6.00% in its meeting on 20 November but will remain on an easing bias. We forecast BI to cut by 25bp in the December meeting, followed by a cumulative 75bp cut in the first half of 2025. Our call, however, remains nimble based on IDR movements.

SRBI - Auction Results



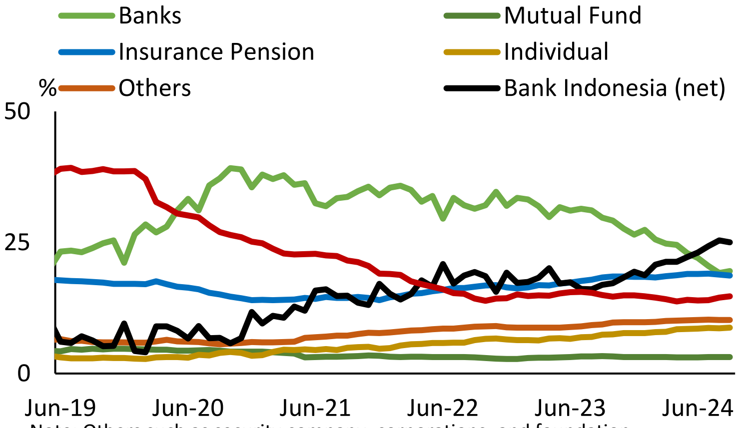
Source: Bank Indonesia, CEIC, OCBC.

Short-term interest rate differentials



Source: CEIC, TreasuryDirect, OCBC.

Ownership of Tradable IDR Government Securities



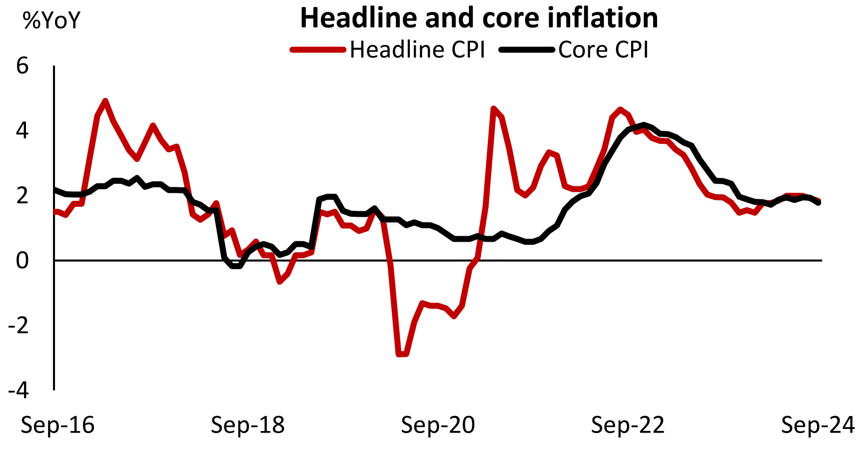
Note: Others such as security company, corporations, and foundation.
Source: Bank Indonesia, CEIC, OCBC.

OCBC

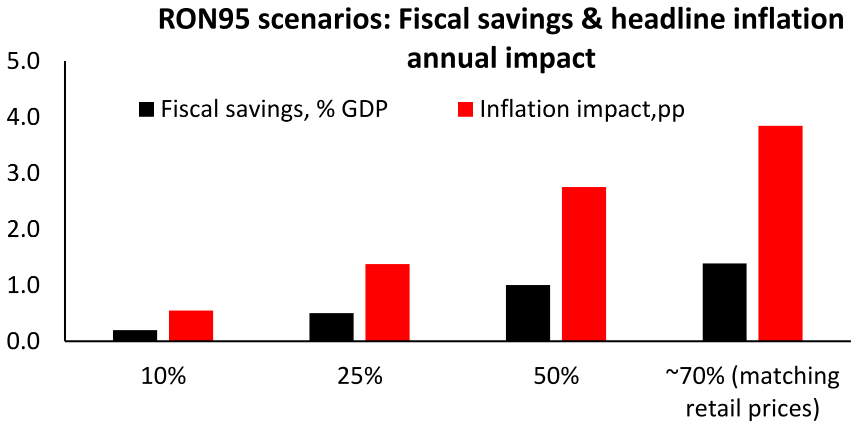
Source: DOSM, CEIC, OCBC.

Malaysia: September CPI surprised to the downside

- Headline inflation was 1.8% YoY in September versus 1.9% in August, surprising to the downside (Consensus & OCBC: 1.9%). Core inflation also eased to 1.8% versus 1.9% in August. The inflation picture has been surprisingly benign in 2024, with both headline and core inflation averaging 1.8% in 1Q-3Q24. We see modest downside risks to our 2024 inflation forecast of 1.9%.
- Our baseline forecast is for headline inflation to average 2.1% YoY in 2025. However, there are inflationary policies in the pipeline, including raising RON95 prices from mid-2025, a 13.3% increase in minimum wages from February 2025 and a 7-15% increase in civil servant salaries effective December 2024.
- 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, and do not rule out the possibility of a rate hike in 2H25.



Source: CEIC; OCBC Bank

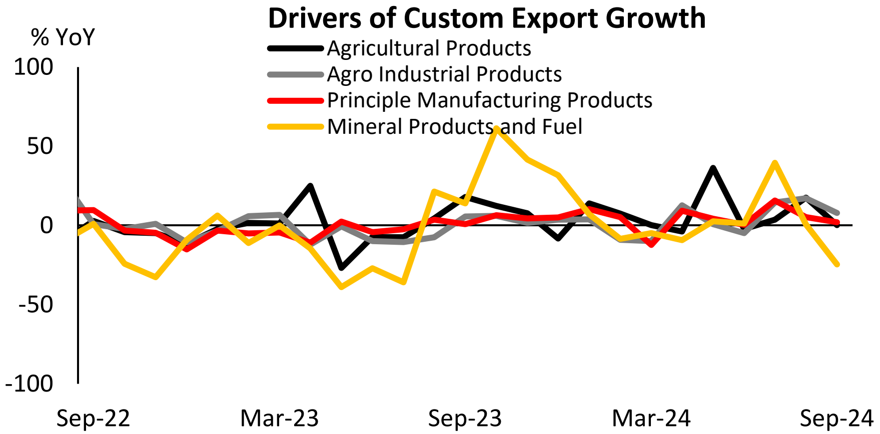


Source: OCBC.

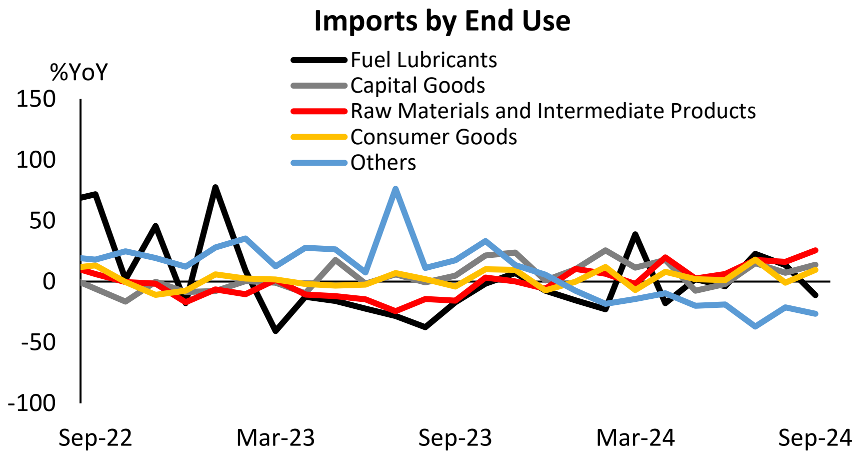
Source: DOSM, CEIC, OCBC.

Thailand: Weaker exports growth in September

- Exports growth slowed by more than expected to 1.1% YoY versus 7.0% in August (Consensus & OCBC: 3.0%). The slowdown was broad-based led by agriculture products, mineral fuels as well as manufacturing goods exports. Meanwhile, imports growth accelerated to 9.9% YoY from 8.9% in August (Consensus: 5.7%, OCBC: 3.6%). This acceleration was supported by improvements in capital goods (13% YoY, up from 7.2%), raw materials and intermediate goods (25.7%, up from 16.2%), and consumer goods (9.7%, up from 0.8%). The trade surplus widened to USD394mn from USD265mn previously, given that the pick-up in import growth was driven to some extent by base effects.
- The September figures bring 3Q24 trade growth to 7.5% YoY, compared to 4.3% in 2Q24. Similarly, imports growth rose to 10.6% YoY in 3Q24, up from 2.2% growth in 2Q24. This suggests that external demand support likely sustained into 3Q24 GDP growth. We will update out 3Q24 GDP growth tracker following the release of monthly activity data on 31 October.



Source: Ministry of Commerce, CEIC, OCBC



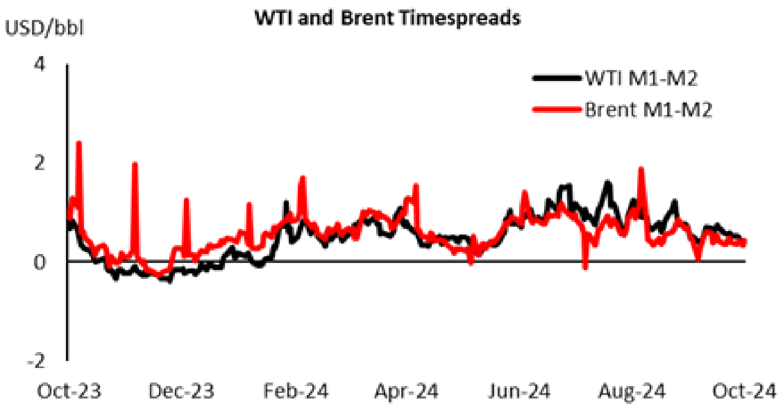
Source: Ministry of Commerce, CEIC, OCBC

Source: DOSM, CEIC, OCBC.

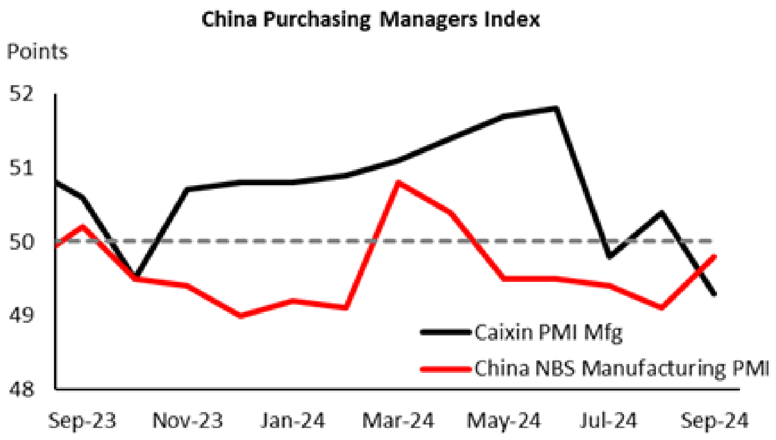
Commodities

Crude Oil: Easing geopolitical tensions

- Crude oil benchmarks rebounded to close higher last week. WTI and Brent increased by 3.7% and 4.1% week-on-week, respectively, closing at USD71.8/bbl and USD76.1/bbl.
- Over the weekend, Israel retaliated against Iran, targeting only military targets. The retaliatory strike appeared more restrained than expected, as Iranian nuclear and oil infrastructure were spared. Iran has also downplayed the situation, claiming that the strikes caused only limited damage.
- In the near term, we expect Brent crude to remain range-bound between USD71-77/bbl. Easing tensions in the Middle East are likely to weaken oil prices as the risk premium fades. Additionally, ongoing demand concerns continue to linger in the background and may exert further downward pressure on oil prices. Nevertheless, we believe that some of the weaknesses in oil prices may be offset by tightness in supply and global oil inventories.



Source: Bloomberg, OCBC



Source: NBS, Caixin, S&P Global PMI, Bloomberg, OCBC

OCBC

Source: NBS, Bloomberg, Caixin, Reuters, S&P Global PMI, OCBC.

ESG

ESG: New initiatives announced at SIEW2024 to enable SG's energy transition

Singapore announced several new initiatives to enable its energy transition:

1. Expand low-carbon electricity imports and support the development of renewable energy projects in the area: EMA has granted conditional approval to Sun Cable to import 1.75 GW of low-carbon electricity from Australia's Northern Territory to Singapore. This would contribute to Singapore's target of importing 6 GW of low-carbon electricity by 2035, alongside other projects that have also been granted conditional approval.
2. EMA is calling for feasibility studies on carbon capture and storage (CCS) to study two power sector CCS pathways: (i) post-combustion carbon capture for combined-cycle gas turbines (CCGTs) and (b) pre-combustion carbon capture to produce hydrogen for power generation. This ties in with plans to develop a CCS project to collate CO2 emissions on Jurong Island for overseas storage, with the first phase likely to start around 2030.
3. EMA and SP Group are collaborating to develop future grid capabilities, as well as on the research and development for a virtual power plant (VPP) – a digital platform capable of controlling and aggregating a network of distributed energy resources across various locations, to operate as a single generator to provide energy to the electricity grid. There are plans to pilot a VPP and develop a regulatory framework for VPPs, which can drive a smarter and more resilient energy system.

OCBC

Source: EMA, EDB

FX & Rates

FX & Rates: Eventful Week Ahead

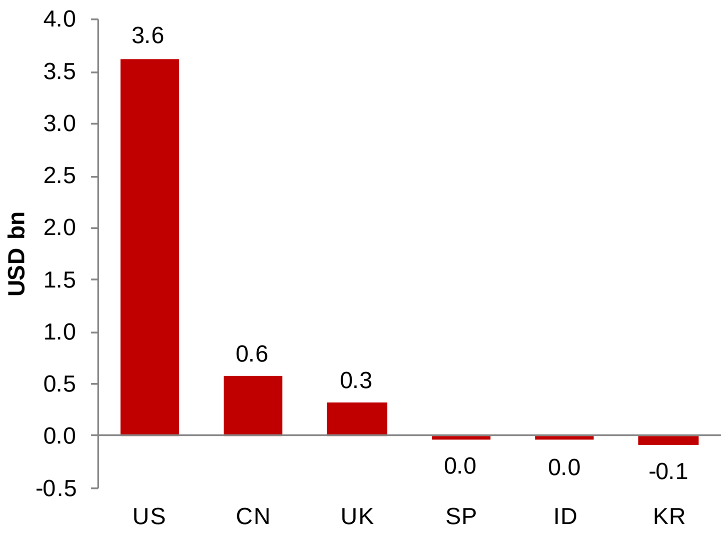
- **USD Rates and DXY.** US Treasury Quarterly Refunding documents is to be released tonight. Net T-bills issuances are distorted by the debt ceiling deadline; according to the last quarterly review net bills issuances have already been planned on the low side and there may still be some downward revisions. Bills issuance can catch up in Q1-2025 if a reinstatement of the debt ceiling is avoided. This week marks the start of a busy, eventful 2 weeks with JOLTS job openings, consumer sentiment (Tue); ADP employment (Wed); core PCE (Thu) and NFP (Fri) before US elections (5 Nov) and FOMC (7 Nov) the following week. Between now and then, we should see 2-way trades in USD.
- **USDJPY.** A hung parliament means that LDP coalition may face challenges passing policies in parliament. Uncertainty would weigh on Japanese equities and JPY in the interim. BoJ meeting (Thu) is likely a non-event as policymakers are likely to hold off rate increases until there is greater clarity with government and economic policies. Slowing BoJ policy normalisation and Fed in no hurry to cut, alongside US election risks may imply that USDJPY may well stay supported in the interim.
- **CNY Rates.** PBoC is to conduct outright reverse repos with tenor less than 1 year, aiming to do it on a monthly basis. The main difference from a pledged reverse repo is that outright reverse repos involve a transfer of the bond title. Assuming tenors are of multi-month, outright reverse repos serve a few purposes. First, it injects longer term facility (as compared to the existing daily OMO reverse repos) which may help the gradual retirement of MLF. Second, there is a higher flexibility in terms of what PBoC can do with the bonds which are sold to them under outright reverse repos. Third, this new tool may also promote outright repos and reverse repos transactions in the market, moving towards international convention. MLF maturity is heavy at CNY1.45trn each in November and December. The introduction of outright reverse repos may also mean a lower chance of an RRR cut to replace MLF. That said, market still looks for an RRR cut before year end to buffer the liquidity impact of bond supply. More details on the outright reverse repos: they are said to be conducted under multiple price/rate auctions, meaning institutions will pay the rates that they put in, with the allotment done according to the rate levels. As such, there is unlikely to be an additional administered or policy rate guidance. The new tool is primarily a liquidity tool.
- **IDR Rates.** Tomorrow’s conventional bond auction has an indicative target of IDR22trn, with potential to be upsized to IDR33trn.

Asset Flows

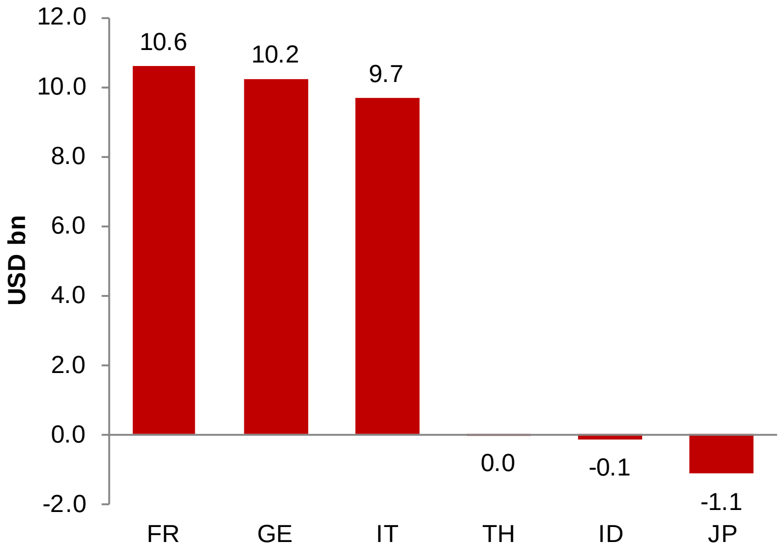
Global Equity & Bond Flows

- Global equity markets saw net inflows of $3.9bn for the week ending 23 October, a decrease from the inflows of $21.3bn last week.
- Global bond markets reported net inflows of $13.4bn, a decrease from last week's inflows of $23.0bn.

Equity top gainers & losers



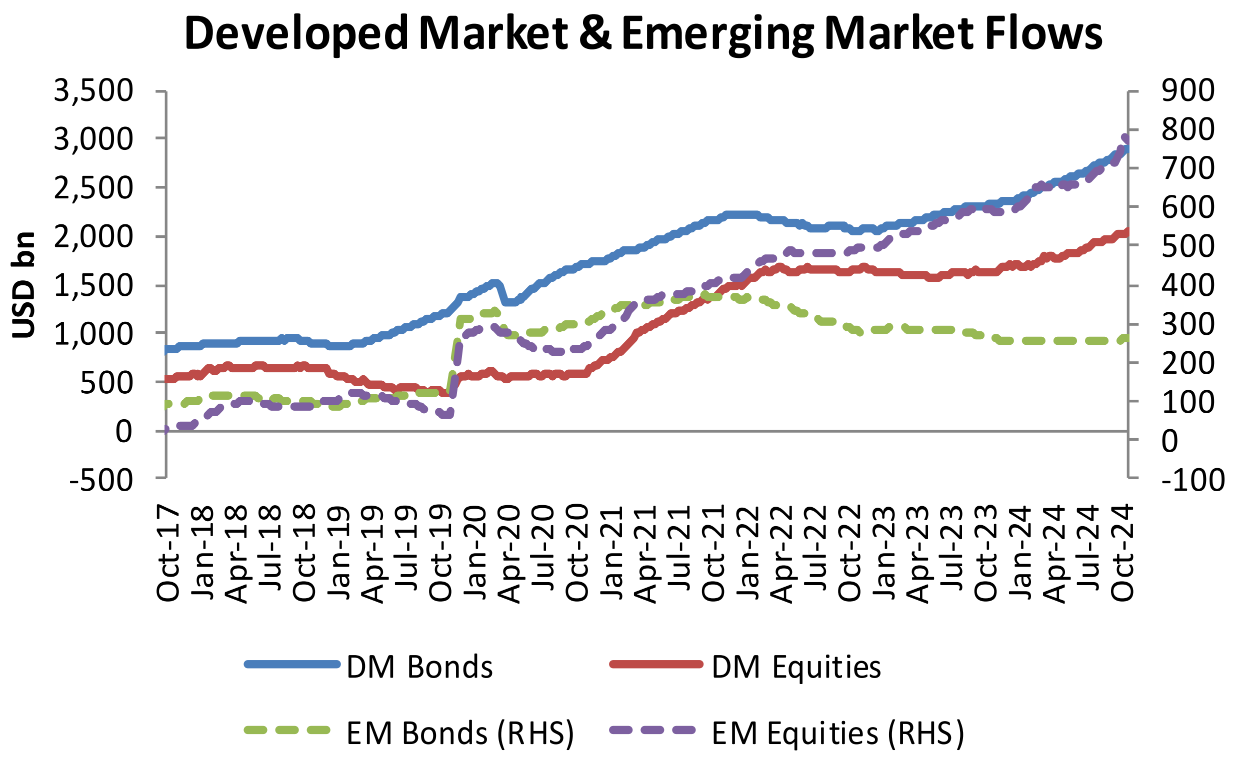
Bonds top gainers & losers



Source: OCBC, EPFR

DM & EM Flows

- Developed Market Equities ($10.7bn) saw inflows and Emerging Market Equities ($6.8bn) saw outflows.
- Developed Market Bond ($13.7bn) and Emerging Market Bond ($381.59mn) saw outflows.



Source: OCBC, EPFR

Thank you

Global Markets Research & Strategy

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com