Weekly Macro Views (WMV)

OCBC Group Research

12 October 2026

Weekly Macro Update

Key global data for this week:

12 Oct	13 Oct	14 Oct	15 Oct	16 Oct
• **IN:** CPI YoY • **SK:** Exports 10 Days YoY, Imports 10 Days YoY, Bloomberg Oct. South Korea Economic Survey	• **AU:** RBA Minutes of Sept. Policy Meeting, NAB Business Confidence • **JN:** PPI MoM, PPI YoY • **US:** NFIB Small Business Optimism, ADP Weekly Employment Change	• **AU:** Westpac Leading Index MoM • **CH:** PPI YoY, CPI YoY, Exports YoY, Imports YoY, Trade Balance, Exports YoY CNY • **SI:** GDP YoY • **US:** MBA Mortgage Applications, CPI MoM, CPI YoY, Core CPI MoM, Core CPI YoY	• **AU:** Employment Change, Unemployment Rate, Participation Rate • **PH:** Overseas Cash Remittances YoY • **UK:** Industrial Production MoM, Manufacturing Production MoM • **US:** Initial Jobless Claims	• **EC:** CPI YoY, CPI MoM, CPI Core YoY • **JN:** Japan Buying Foreign Bonds, Foreign Buying Japan Bonds • **MA:** GDP YoY • **SI:** Electronic Exports YoY, Non-oil Domestic Exports YoY

Summary of Macro Views:

Global	• **Global:** AI investment powers a stronger but uneven trade outlook • **Global:** 2026 IMF-World Bank meetings in progress • **US-Iran:** Deadlocked diplomacy • **US-Russia & Ukraine:** Alleged energy ceasefire • **US:** FOMC minutes keep further rate hikes in play • **FR:** Higher yields increase the cost of debt
Asia	• **SG:** Expected growth moderation and MAS tightening • **SG:** LTA proposes COE category merger as prices converge • **CH:** Response to mounting external pressure • **HK:** PMI declined further, though demand improved

Asia	• **ID:** Rising inflation but better external support • **ID:** Budget deficit rises but remains manageable • **MA:** Budget 2027 - Balancing policies, politics and priorities • **MA:** Key highlights of Budget 2027 • **PH:** Higher inflation • **TH:** Higher inflation
Asset Class	• **ESG:** SG explores energy infrastructure on Pulau Tekong • **FX & Rates:** Relief, Not Breakout

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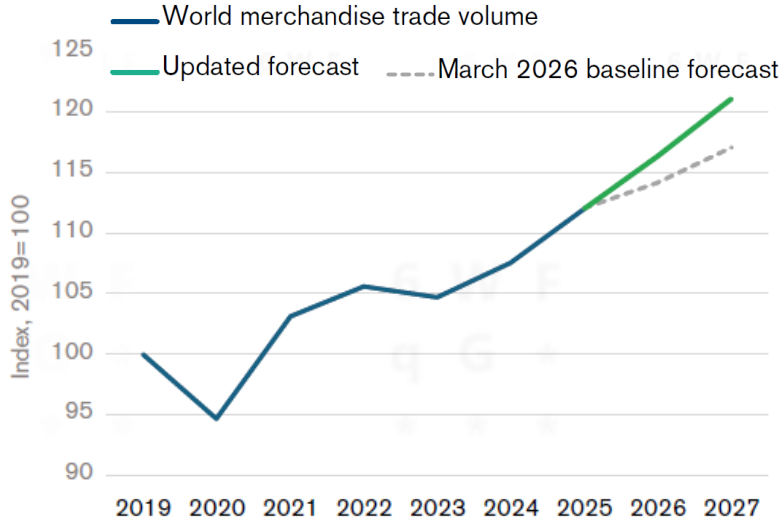
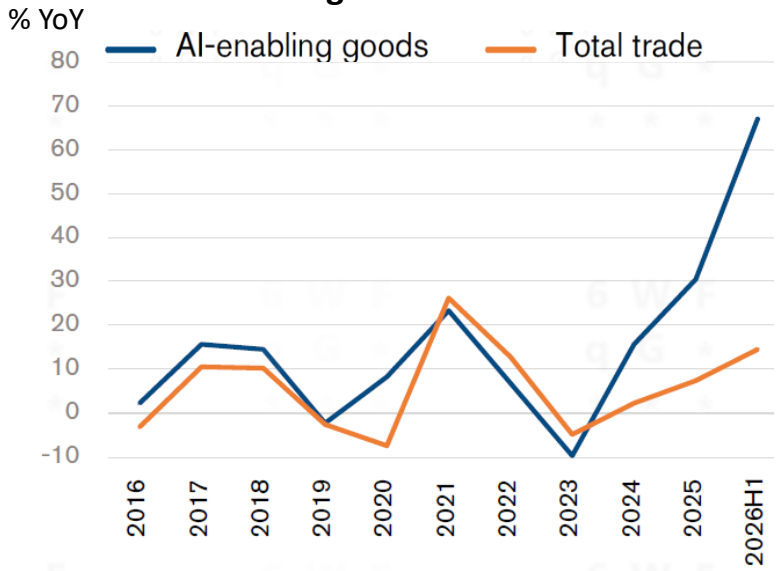
Global: AI investment powers a stronger but uneven trade outlook

- Global trade has proved more resilient than expected, supported by strong investment in artificial intelligence, data centres and digital infrastructure. The WTO now expects merchandise trade volume to grow by 3.9% in 2026, twice its March forecast of 1.9%, before strengthening to 4.1% in 2027.
- AI-enabling goods are at the centre of this upswing. Trade in AI-enabling goods rose by 67% YoY in 1H26, lifting the share of global merchandise trade to 14.8%, from ~8% in 2023. AI-enabling goods accounted for 47% of overall merchandise trade growth, with East and Southeast Asia playing a central role in the AI supply chain.
- However, the recovery remains uneven. The Middle East conflict and higher fuel costs are weighing on transport, travel and other traditional services, prompting the WTO to lower its 2026 commercial services trade growth forecast to 3.3%. The outlook therefore increasingly depends on continued AI investment, easing geopolitical disruption and the normalisation of energy and transport costs.

Merchandise trade volume



AI-enabling merchandise trade



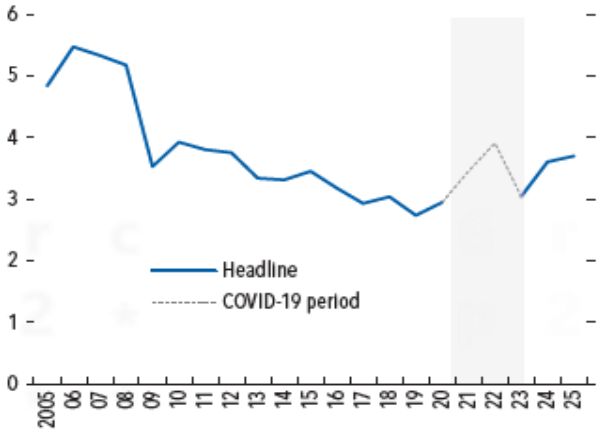
Source: WTO, OCBC Group Research.

Global: 2026 IMF-World Bank meetings in progress

- Geopolitical and energy shocks will likely dominate discussions with the prolonged Iran conflict and Strait of Hormuz closure keeping energy security central. IMF has reported estimates that a prolonged shock could reduce global growth by 1.3 percentage points, raise inflation by up to 2%, weaken current accounts by 1.4% of GDP in the euro area and 0.5% in China, while improving oil exporters' balances by over 6%.
- Rising global imbalances may also move to the centre of policy debates given global current-account balances widened to 3.7% of world GDP, with China's surplus reaching 3.8% and the US deficit at 3.6%. Excess balances also rose to 0.7% of world GDP in 2025, the largest increase in a decade.
- Debt sustainability and emerging-market vulnerabilities also pose key risks. IMF has also projected that global public debt is to exceed 100% of GDP before 2030, while developing economies already spend over 10% of government revenue on interest payments. Higher rates, weaker capital inflows and commodity shocks will increase pressure for debt restructuring and concessional financing.

Global Current Account Balances

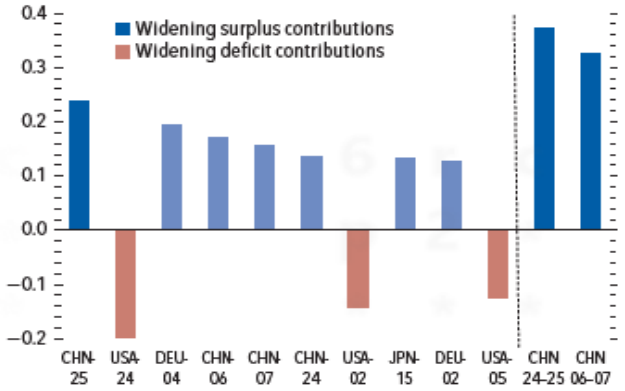
(Percent of world GDP)



Source: IMF, OCBC Group Research.

Largest single-country contributions to widening global current account balances

(Percent of world GDP)



Source: IMF, OCBC Group Research.

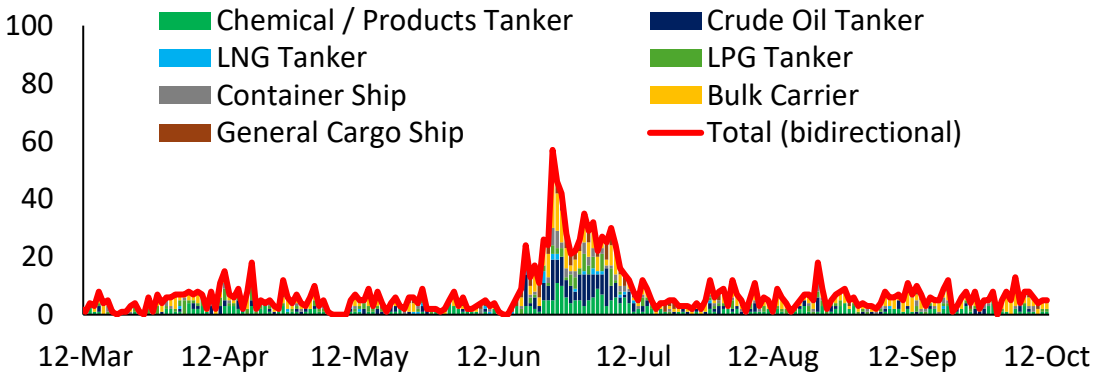
Source: IMF, OCBC Group Research.

US-Iran: Deadlocked diplomacy

- US-Iran diplomacy once again remains deadlocked as Iran's Supreme National Security Council secretary, Mohsen Rezaee, claimed US response to conditions for reopening Hormuz was "insufficient" due to several conditions remaining unresolved and claimed not to return to previous negotiation frameworks. Meanwhile, Houthi strikes on Riyadh's airport drew greater US attention to the Yemen conflict, with President Trump saying the US may back Saudi operations. Prior to this however President Trump pledged that the US will not be attacking Iran at any time before the midterm elections, a reversal from reports earlier of the US preparing to resume military operations.

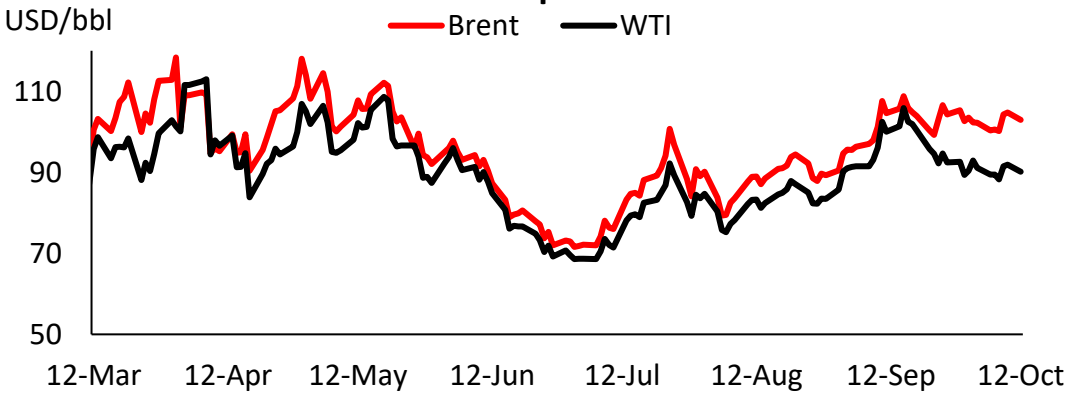
- Washington has leaned on economic pressures in the meantime. The Treasury warned foreign banks dealing with Iran could be sanctioned without advanced notification. This comes alongside fresh sanctions on Iran's shadow fleets targeting individuals, networks and 17 vessels transporting crude, oil products and petrochemicals. Separately, the US Energy Information Administration (EIA) lifted 4Q brent forecast to USD105/bbl from USD91/bbl, citing ongoing disruptions from the conflict. President Trump has also considered suspending the federal gasoline tax to ease fuel prices though the outcome remains to be seen.

Strait of Hormuz commercial vessel crossings



Source: Bloomberg, OCBC Group Research.

Crude oil prices



Source: Bloomberg, OCBC Group Research.

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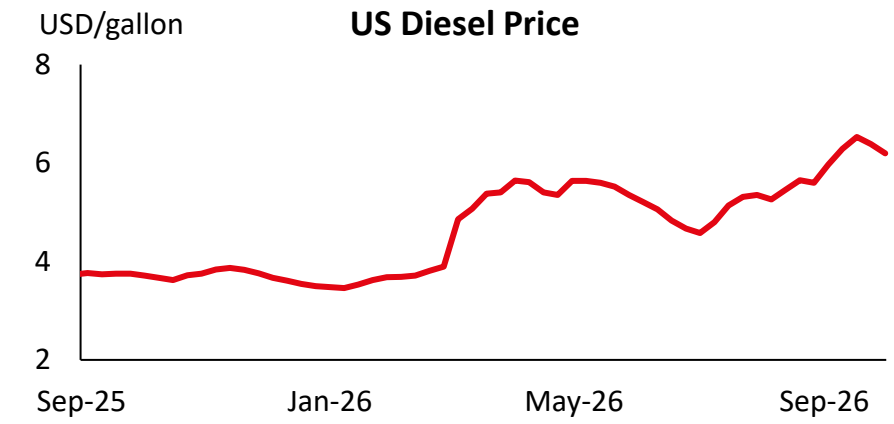
Source: Reuters, CNBC, Bloomberg, OCBC Group Research.

US-Russia & Ukraine: Alleged energy ceasefire

- President Trump claimed that Russia and Ukraine had agreed to an “energy ceasefire” ahead of the US midterm elections, although both parties have yet to confirm this. This came after President Trump accused Zelenskiy of sustaining elevated oil prices, claiming the shortage was due to Ukrainian attacks on Russian oil refineries. Shortly after the announcement of the ceasefire, Russia reportedly struck multiple Ukrainian power plants. Questions remain over whether any practical reduction in attacks on energy infrastructure will materialize and whether the reported understanding can develop into a broader confidence-building measure between the two sides.

- At the same time, President Trump has announced that Russia would immediately supply more than 300,000 tonnes of diesel fuel to global and US markets, with further shipments planned for November, arguing that the move would help ease record-high fuel prices before the midterms. However, the market impact may also be limited, as the reported November shipment is equivalent to only roughly one day of US diesel consumption. President Trump is facing bipartisan pushback domestically, with four Republicans and three Democrats releasing a joint statement calling for the administration to reverse course, stating that Russian fuel imports could provide Moscow with a "financial lifeline".

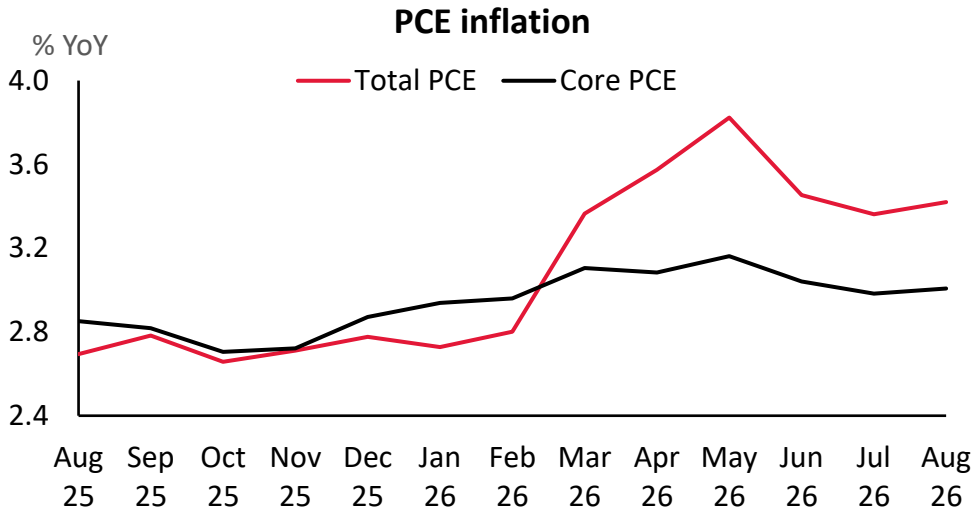


Source: Bloomberg, OCBC Group Research.

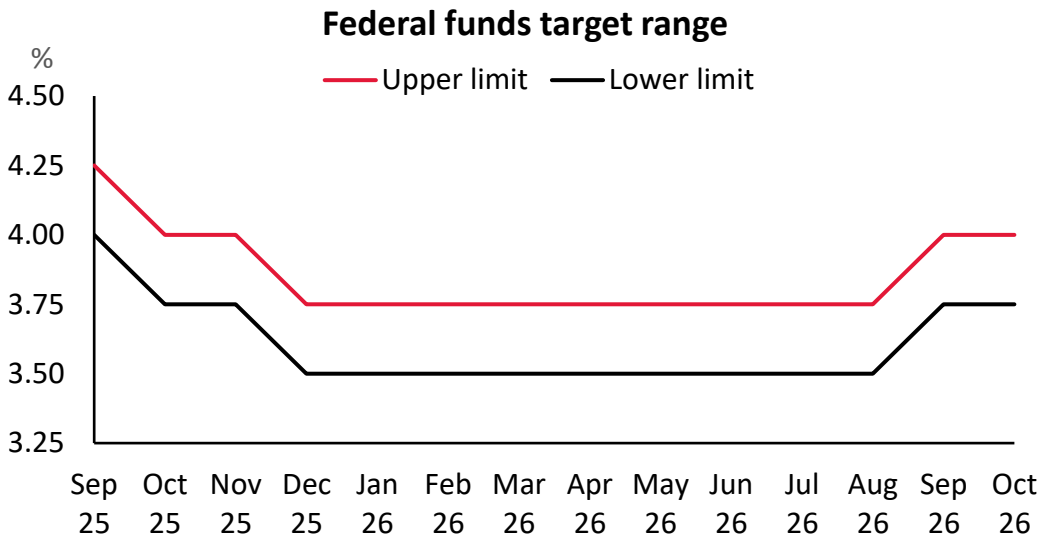
Source: Reuters, CNBC, Bloomberg, OCBC Group Research.

United States: FOMC minutes keep further rate hikes in play

- The 7 October minutes showed unanimous support for an increase of 0.25 percentage points versus the previous meeting. The target range is 3.75-4.00%, versus 3.50-3.75% previously. Firm demand and fewer labor market risks gave the Fed room to act.
- Officials saw a risk that energy costs and demand from AI investment spread price pressure across the economy. Several said current rates were doing little to slow demand. Persistent inflation could therefore require further rate rises.
- Most participants expected a further rate hike by the end of 2026, with the timing dependent on incoming inflation and jobs data.



Source: BEA, OCBC Group Research.



Source: Federal Reserve, OCBC Group Research.

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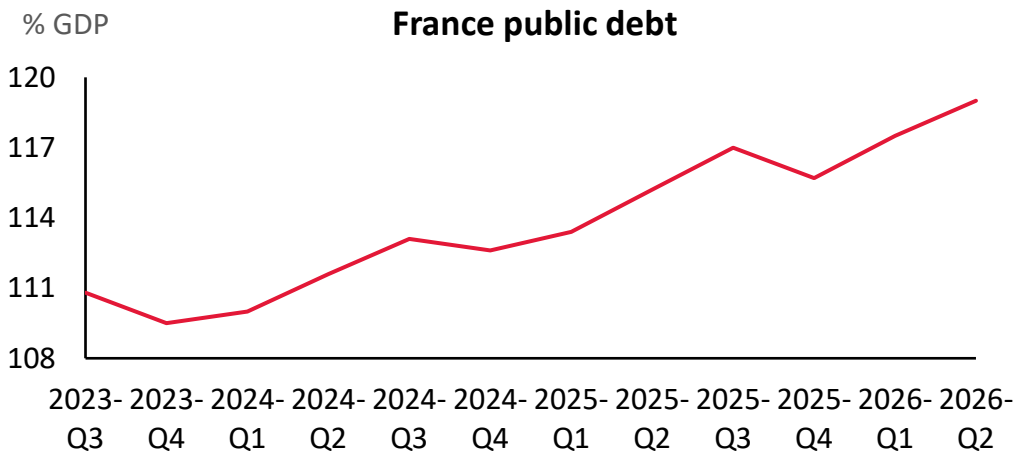
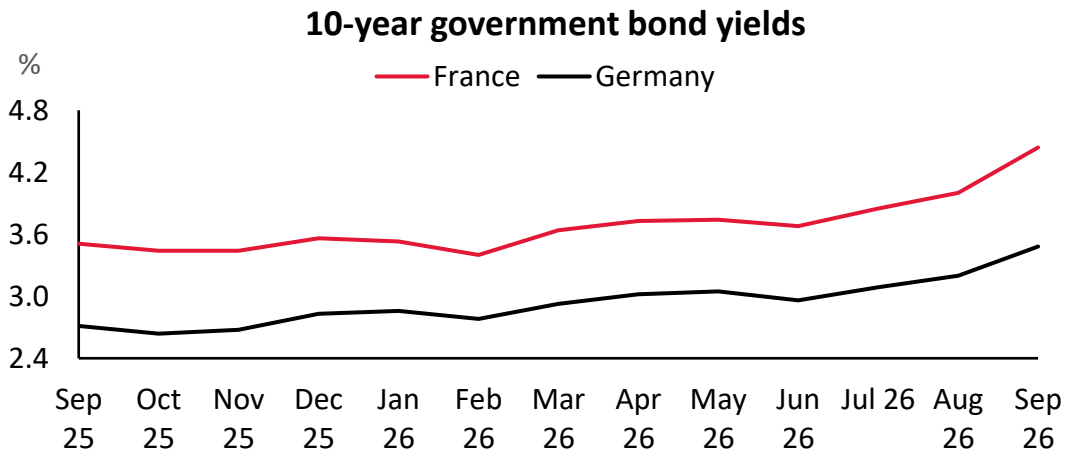
Source: Federal Reserve, BEA, OCBC Group Research.

France: Higher yields increase the cost of debt

- Public debt rose to 119% of GDP in 2Q26 from 117.5% in 1Q26, leaving the public finances increasingly exposed to higher refinancing costs. Reflecting the growing funding requirement, the 2027 draft budget envisages €340bn of net medium and long-term bond issuance, up from €310bn in 2026.
- France's 10-year yield spread over Bunds (OAT-Bund spread) widened sharply to 132.5 bps as of October 9, 2026, vs 105 bps on 25 September, driven by diverging market paths.
- Investors are demanding a steep risk premium to hold French debt as Paris struggles to balance its 2027 budget proposal. The state is aiming to lower its fiscal deficit from 5.4% of GDP down to 5%, but political gridlock casts doubt on any agreement.



Source: INSEE, OCBC Group Research.



Source: Banque de France, Bundesbank, OCBC Group Research.

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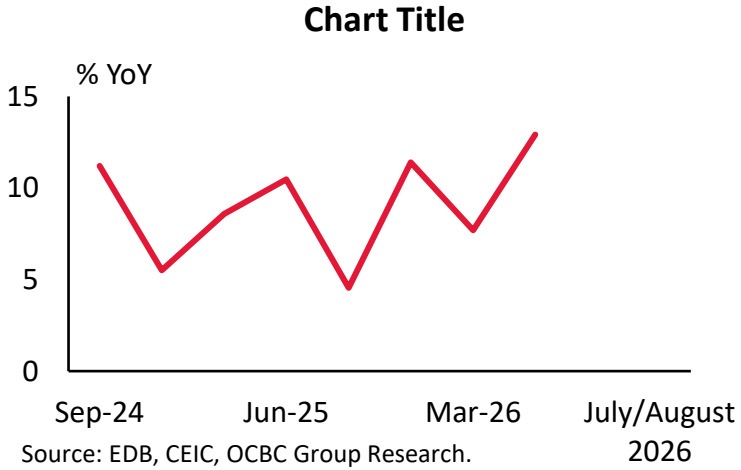
Source: INSEE, Agence France Trésor, Banque de France, Bundesbank, OCBC Group Research.

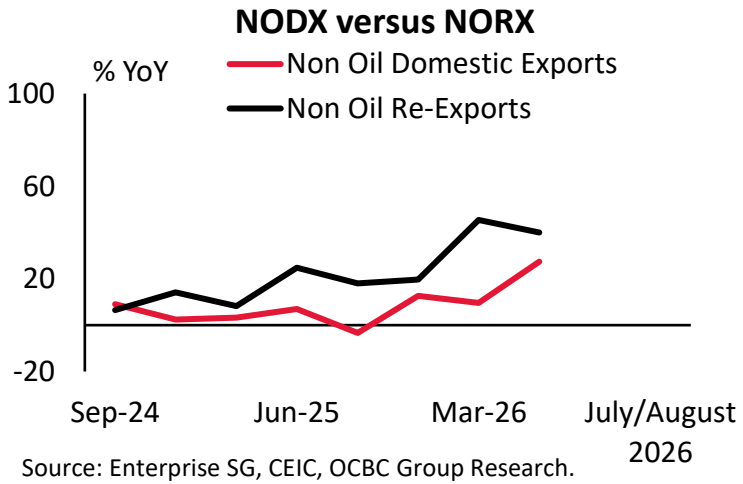
Singapore: Expected growth moderation and MAS tightening

- The advance 3Q GDP estimates due on Wednesday is likely to print at 5.7% YoY (1.7% QoQ sa), which is a modest deceleration from 2Q26 reading of 5.9% YoY (1.4% QoQ sa). There is no change to our 2027 growth forecast of 3.4%. Based on the July and August data, the manufacturing sector likely grew by 10.9% YoY (2Q26: 12.5%), while services are estimated to have expanded 4.8% YoY (2Q26: 4.9%) and construction growth likely accelerated to 6.3% YoY (2Q26: 5.8%).

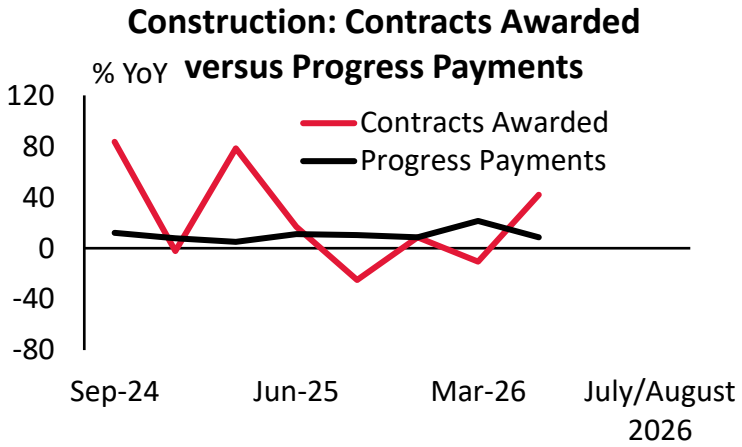
- We expect MAS to increase the rate of appreciation of the S$NEER policy band very slightly at the upcoming October MPS, with the magnitude likely to be similar to the July adjustment. We expect no change to the width or centre of the policy band. In our view, another calibrated adjustment would be consistent with the evolution of the inflation backdrop since July. We therefore anticipate MAS to tighten monetary policy by slightly steepening the S$NEER slope by 25bps to 1.5%, as sticky core inflation is likely to be reinforced by higher oil and food prices amid the unresolved Middle East crisis, supply chain disruptions, and the threat of a super El Niño.



Source: EDB, CEIC, OCBC Group Research.



Source: Enterprise SG, CEIC, OCBC Group Research.



Source: Building and Construction Authority, CEIC, OCBC Group Research.

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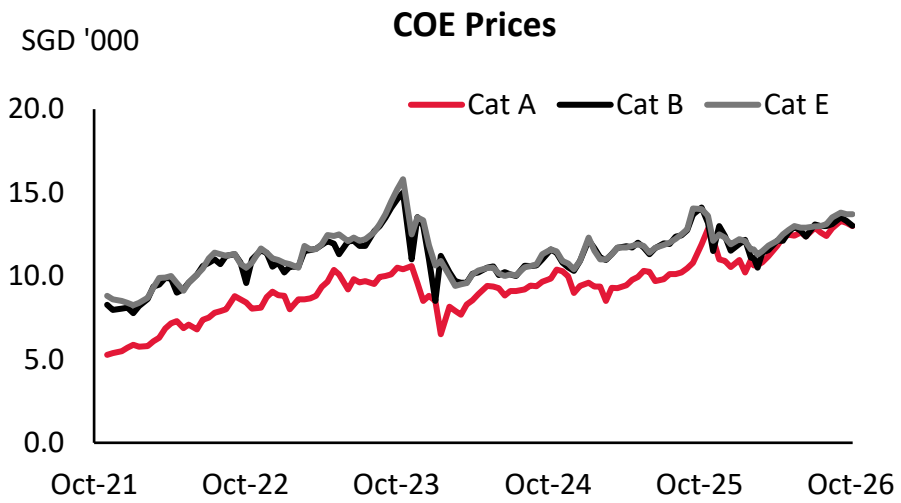
Source: EDB, Enterprise SG, BCA, OCBC Group Research.

Singapore: LTA proposes COE category merger as prices converge

- The Land Transport Authority (LTA) is proposing a merger for the category A (mainstream cars) and B (luxury cars) of the passenger seat Certificate of Entitlement (COE) categories as well as a surcharge or rebate scheme to differentiate mass market cars and higher value cars. This would result in one prevailing COE premium, with the fee or rebate dependent on the median open market value of the model and current proposals proposing up to S$15,000 in fees/rebate. The consultation paper outlined a three band system and alternate five band system to differentiate car models for the surcharge/rebate. The outcome is said to be announced in the first half of 2027 once the consultation review period has ended.

- This comes as markets see converging premiums for category A and B cars, with recent COE data showing Category A at S$130,001 (vs S$131,890 prior) and Category B at S$130,100 (vs S$133,000 prior). Category E prices however remained flat at S$137,000 unchanged from the price before.



Source: Bloomberg, OCBC Group Research.

Option A: 3-band structure

Band	Quantum	Percentile	Typical models
1	$15,000 rebate	0-35th	BYD Atto 3, BYD E6, Honda Freed, Honda Jazz, Hyundai Kona 1.6 HEV, Mazda 3, MG S5, Nissan Note, Suzuki Swift, Toyota Noah, Toyota Sienta, Volvo EX30 110kW
2	$0	>35-50th	Audi A3, BYD Sealion 7 Dynamic, Honda Civic 1.5 Turbo, Nissan Serena, Toyota Corolla Altis
3	$15,000 surcharge	>50th	Audi Q3, BMW 216, BMW iX2, BYD Sealion 7 Performance, Denza D9, Honda Civic Type R, Honda Odyssey, Mercedes-Benz A180, Mercedes-Benz GLC, Tesla Model 3 RWD 110, Tesla Model Y RWD, Toyota Alphard

Option B: 5-band structure

Band	Quantum	Percentile	Typical models
1	$15,000 rebate	0-10th	BYD E6, Honda Jazz, Mazda 3, MG S5, Nissan Note, Suzuki Swift
2	$7,500 rebate	>10-35th	BYD Atto 3, Honda Freed, Hyundai Kona 1.6 HEV, Toyota Noah, Toyota Sienta, Volvo EX30 110kW
3	$0	>35-50th	Audi A3, BYD Sealion 7 Dynamic, Honda Civic 1.5 Turbo, Nissan Serena, Toyota Corolla Altis
4	$7,500 surcharge	>50-75th	Audi Q3, BMW 216, BYD Sealion 7 Performance, Honda Odyssey, Mercedes-Benz A180, Tesla Model 3 RWD 110
5	$15,000 surcharge	>75th	BMW iX2, Denza D9, Honda Civic Type R, Mercedes-Benz GLC, Tesla Model Y RWD, Toyota Alphard

Source: Straits Times, LTA, OCBC Group Research.

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Source: Straits Times, Bloomberg, OCBC Group Research.

China: Response to mounting external pressure

- China and the EU reached an understanding on 9 October 2026 aimed at easing trade frictions amid growing European concerns over its widening trade deficit with China. Meanwhile, China's central bank rejected the argument that an undervalued RMB is a principal driver of global trade imbalances in the latest RMB policy statement.

EU-China trade understanding	PBoC RMB Policy Statement
The most significant breakthrough from the EU-China trade understanding came in the automotive sector. China agreed to moderate exports of hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) to the EU. According to EU Trade Commissioner Maroš Šefčovič, the arrangement could reduce Chinese hybrid vehicle exports to Europe by several million units over four years, potentially cutting shipments by more than half. China also agreed to lower import tariffs on approximately €4bn worth of EU products, including automotive components, olive oil, footwear and textiles. Meanwhile, a dedicated "green channel" will expedite export-licence applications for rare earths and permanent magnets. Both sides will continue negotiations over minimum-price commitments by Chinese EV manufacturers as an alternative to existing EU tariffs, alongside discussions on market access for medical devices	The PBOC also challenges the assumption of a simple, linear relationship between exchange rates and current account balances. It points to economies such as Japan, Switzerland and Germany, where currency movements have not necessarily aligned with external balances, while the USD has remained relatively strong despite persistent US deficits. More notably, the PBOC pushes back against interpretations of the IMF's exchange-rate valuation models, arguing that treating isolated model estimates as definitive official assessments of RMB undervaluation constitutes a misuse of the methodology. Nevertheless, Beijing offered a measured concession on transparency, pledging to provide additional foreign-exchange data to the IMF from 2027.

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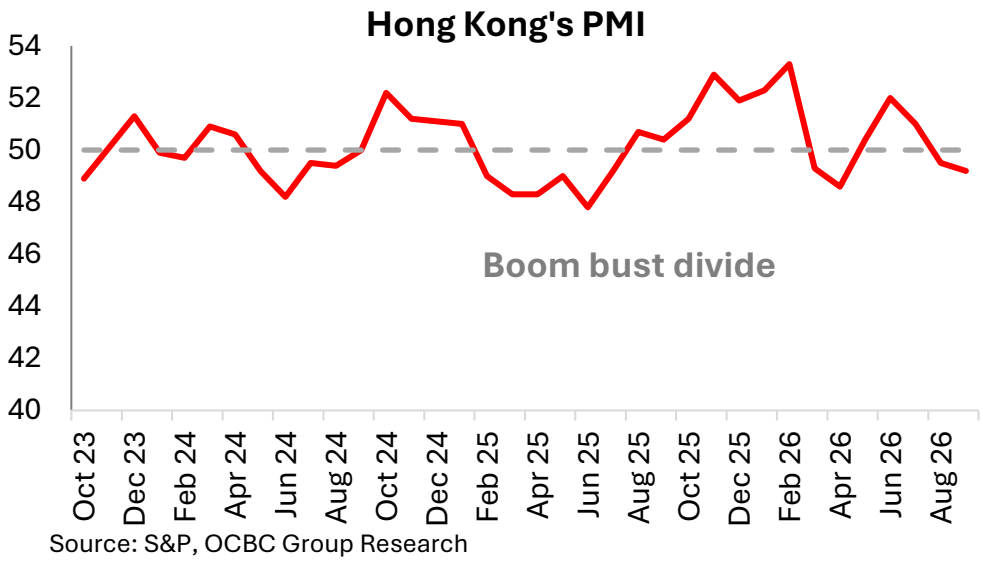
Source: Bloomberg, Reuters, OCBC

Hong Kong: PMI declined further, though demand improved

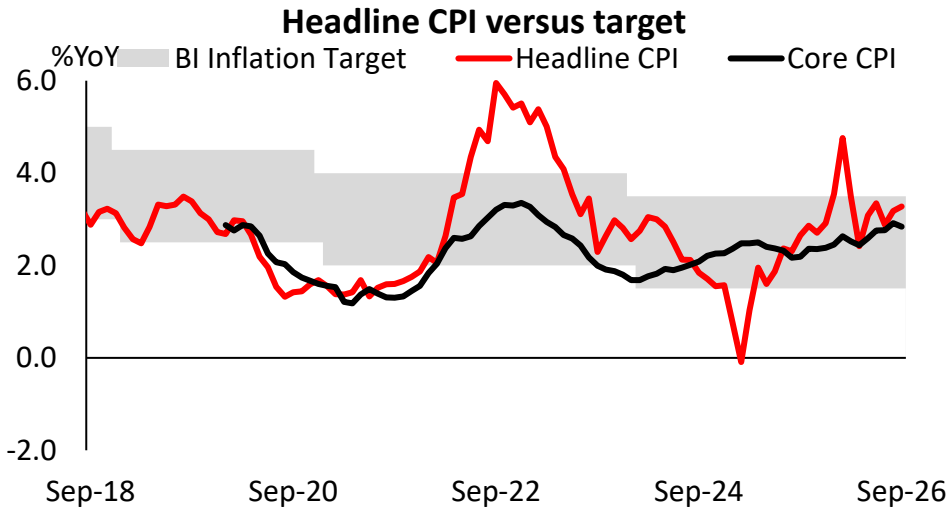
- Hong Kong PMI edged down from 49.5 in August to 49.2 in September, though the only sub-indexes that saw a further decline was the employment sub-index. Meanwhile, external demand reportedly improved in September, while inflation pressures softened somewhat.
- Surveyed respondents highlighted signs of demand stabilization, with the new orders and new export orders sub-indexes rebounding by 1.8 and 2.8 percentage points respectively, to 49.7 and 52.7 in September. Regardless, the surveyed firms remained pessimistic about the 12-month outlook, citing challenging economic conditions and intense competition for new business.
- The employment sub-index was the sole declining component, falling by 3.2 percentage points to 46.4 in September. Employment fell for the sixth consecutive month, as firms did not replace departing staff in an effort to limit costs.



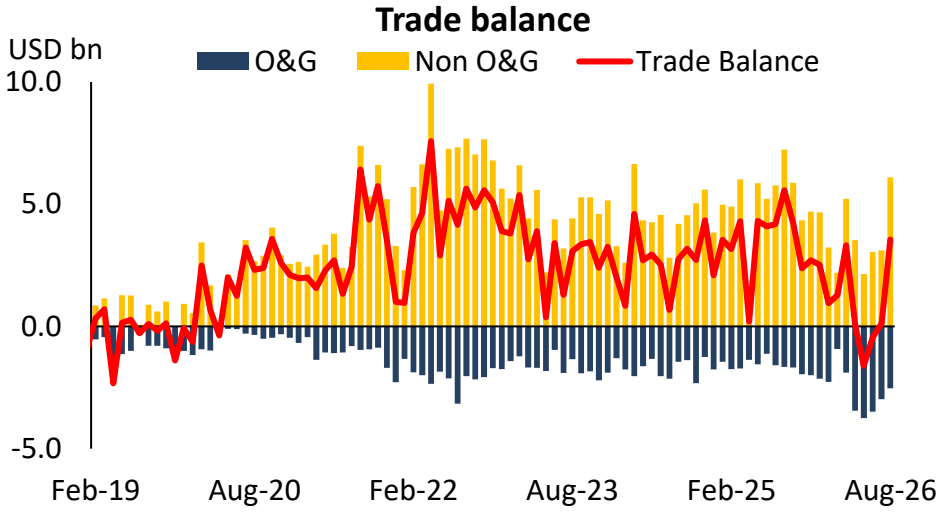
Source: S&P, OCBC Group Research.

Indonesia: Rising inflation but better external support

- Headline CPI rose 3.3% YoY in September from 3.2% in August, driven by higher food and transportation inflation. Core CPI eased to 2.8% versus 2.9% in August, but excluding gold was still higher for September by our estimates. The advent of El Nino, rising non-subsidised retail fuel prices and sticky core inflation pressures point to higher inflation in the coming months. The risks to our average 2026 headline CPI forecast of 3.0% are skewed to the upside.
- The trade surplus widened to USD3.6bn in August from USD0.1bn in July, following a deficit of USD2.0bn in 2Q26. Export growth improved slightly to 6.7% YoY in August from 6.0% in July, while import growth was resilient at 19.1%, albeit slowing from 27% in August.
- Based on the July-August data, the 3Q26 current account balance will improve from the USD12.3bn deficit in 2Q26 but external pressures will likely remain considering that import of oil & gas remains high while export growth underperforms regional peers.



Source: Statistics Indonesia (BPS), Bank Indonesia, CEIC, OCBC.

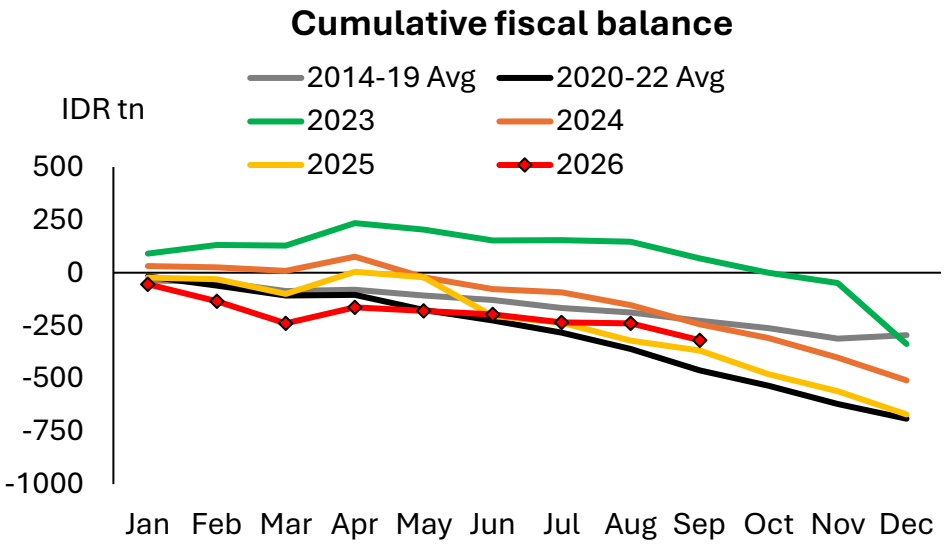


Source: BPS, CEIC, OCBC Group Research.

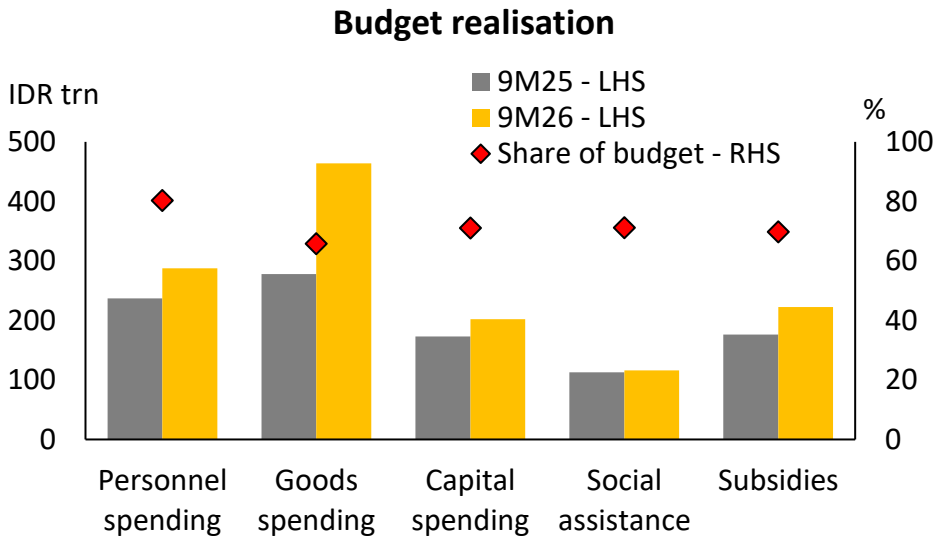
Source: BPS, CEIC, OCBC Group Research.

Indonesia: Budget deficit rises but remains manageable

- The budget deficit widened to IDR319.0trn, as at end-September, from IDR240.1trn at end-August. However, on a 12-month rolling-sum basis, the fiscal deficit reached 2.5% of GDP, versus the 2.68% of GDP budgeted for 2026. As at end-September, government revenue rose 25.5% YoY to IDR2,341.5trn, or 74.2% of target, reflecting increases in both taxation revenue (+21.8% YoY to IDR1,847.7trn) and non-tax revenue (+41.7% YoY to IDR492.3trn).
- Meanwhile, government spending rose 19.0% YoY to IDR2,660.5trn as at end-September, driven by a 29.6% YoY increase in central government spending to IDR2,061.3trn, while regional transfers remained in contraction at 7.1% YoY (IDR599.2trn). By category, the increase was led by a 66.9% YoY surge in goods spending to IDR463.9trn in Jan-Sep 2026, reflecting continued spending on the free meals programme, which reached IDR150.3trn. Spending was also higher across other categories, including personnel (+21.3% YoY to IDR287.7trn), capital (+16.7% YoY to IDR202.0trn), subsidies (+26.4% YoY to IDR222.5trn) and social assistance (+2.8% YoY to IDR115.8trn).



Source: MoF, CEIC, OCBC Group Research.



Source: MoF, OCBC Group Research.

Source: MOF, OCBC Group Research.

Malaysia: Budget 2027 - Balancing policies, politics and priorities

- Budget 2027 prioritises cost-of-living relief through higher cash transfers, tax cuts and wage support, while remaining on a gradual fiscal consolidation path. We had expected the announcement for headline fiscal consolidation consistent with the medium-term fiscal framework.
- The government targets a narrower fiscal deficit of 3.3% of GDP in 2027 from 3.6% in 2026. There was fiscal slippage of 0.1% of GDP in 2026. For 2027, the narrower deficit is premised on slower expenditure growth of 3.5% YoY from 8.0% in 2026, with revenue growth at 4.7% versus 8.2% in 2026.
- We see the reduction in operating expenditures, absent significant policy-led cutbacks, a tall order to achieve. While the tax revenue growth consistent with nominal GDP growth is achievable, there will be revenues foregone from the various tax incentives provided by the authorities and could lead to a more modest tax gains. As such, we forecast fiscal slippage of 0.2-0.3% of GDP for 2027.

MYRbn	2025		2026		2027	
	Actual	%YoY	Revised estimate	%YoY	Budget estimate	%YoY
Central Govt Revenue	**336.1**	**3.5**	**363.6**	**8.2**	**380.8**	**4.7**
Tax Revenues	259.8	8.2	280.8	8.1	297.1	5.8
Non-Tax Revenues	76.2	8.8	82.9	8.7	83.8	1.1
Central Govt Expenditures	**411.4**	**1.9**	**444.1**	**8.0**	**459.8**	**3.5**
Central Govt Current Expenditure	330.8	2.9	363.1	9.8	376.8	3.8
Net Development Expenditure	80.6	-2.1	79.1	-1.8	81.5	3.0
Gross Development Expenditure	81.9	-2.5	81.0	-1.1	83.0	2.5
Fiscal balance	**-75.3**		**-78.5**		**-77.5**	
% GDP	-3.7		-3.6		-3.3	

Source: CEIC; MoF; OCBC Group Research.

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Source: MOF, OCBC Group Research.

Malaysia: Key highlights of Budget 2027

Revenue Measures	
Personal Income tax	Personal income tax relief increased from MYR9,000 to MYR12,000. Tax rates lowered by 1ppt for income brackets between MYR70,000 and MYR150,000.
	Higher tax rate on top earners: income above MYR1mn taxed at 30% (from 28%).
SME taxes	SME tax cuts: rate reduced by 1ppt to 14% on first MYR150k of taxable income and 16% on the next MYR450k.
Other tax relief	Expanded tax reliefs covering eldercare, postnatal care, tuition, AI subscriptions and lifestyle spending.
Green taxes	Green and sustainability incentives extended until 2030, including investment tax allowances for green technology and EV charging projects.
Stamp duties	Housing-related stamp duty exemptions for first-time homebuyers and rescue of abandoned housing projects.
	Lower stamp duties/transaction costs for SMEs, P2P financing, savings accounts and financing facilities.
Tax incentives for investments	Tax deductions and accelerated allowances extended for ICT, machinery, manufacturing and selected investments.

Expenditure Measures	
Subsidies and cash assistance	Subsidies, assistance and incentives exceed MYR80bn, including MYR40bn of fuel subsidies and MYR16bn for STR-SARA.
Healthcare expenditures	Healthcare allocation increased to MYR47.7bn from MYR46.5bn, including EMR rollout, hospital maintenance and medical equipment procurement.
Education expenditures	Education allocation increased to nearly MYR69bn, including MYR2bn for school maintenance and MYR1.3bn for dilapidated schools.
Infrastructure	Infrastructure spending remains elevated: MYR3.3bn for Sabah and Sarawak roads, MYR2.3bn for rural roads, MYR2.5bn for water infrastructure and MYR5bn for digital connectivity.
	Transport investment includes MYR3.4bn rail rehabilitation by Prasarana, 42 new train sets and MYR2.5bn for federal road maintenance.
Housing	Housing programmes receive nearly MYR1bn, alongside MYR20bn in housing financing guarantees.
Agriculture	Agriculture support remains substantial at MYR2.62bn for padi farmers, plus additional funding for fisheries, FELDA and food security projects.
Regional allocations	Regional allocations rise further: Sabah receives MYR18.7bn and Sarawak MYR16.2bn.

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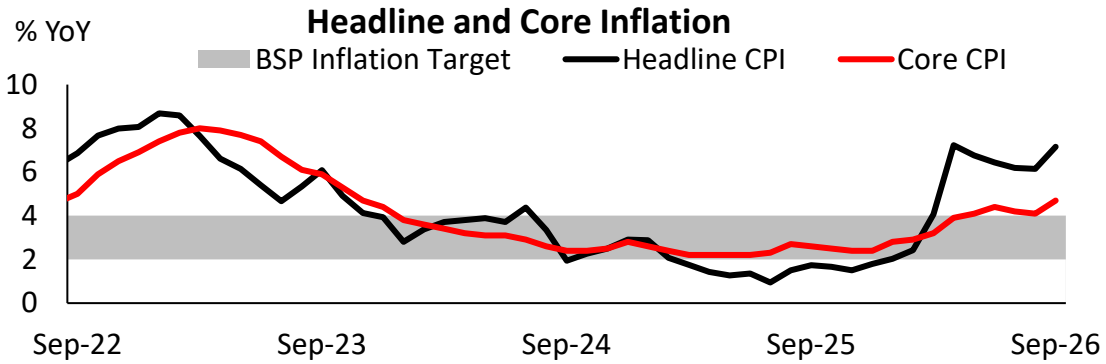
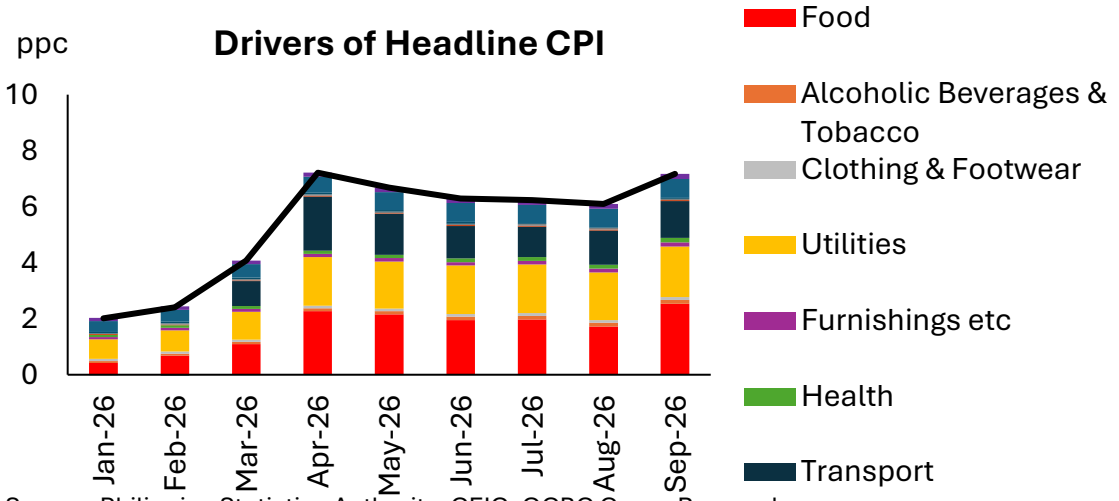
Source: Ministry of Finance, Malaysia; Budget 2027; OCBC Group Research.

Philippines: Higher inflation

- September headline inflation surged more-than-expected to 7.2% YoY (Consensus: 6.8% YoY, OCBC: 6.9%), up from 6.1% in August. Similarly, Core inflation also rose to 4.7% YoY in September, up from 4.1% in the previous month.
- The surge was mainly driven by higher food and energy prices, rising 6.7% YoY and 14.6% YoY, respectively, up from 4.6% and 13.5% in August. DEPDev Secretary Arsenio Balisacan said the higher inflation was "driven mainly by disruptions in food supply caused by adverse weather and higher global oil prices." He noted that "these are significant supply-side pressures, but they are being met with targeted interventions to mitigate the impact on households."
- Year-to-August 2026, headline CPI averaged 5.4%, compared to 1.7% in 2025, remaining above the upper end of the Bangko Sentral ng Pilipinas' (BSP) 2-4% full-year target range. We maintain our 2026 headline CPI forecast of 5.8% YoY, keeping inflation above the 6% handle for the remainder of the year, reflecting broadening price pressures and potentially second-round effects. Against this backdrop, our baseline remains for a 25bp hike at each of the two remaining meetings on 22 October and 17 December, taking the policy rate to 5.50% by end-2026.



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



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

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

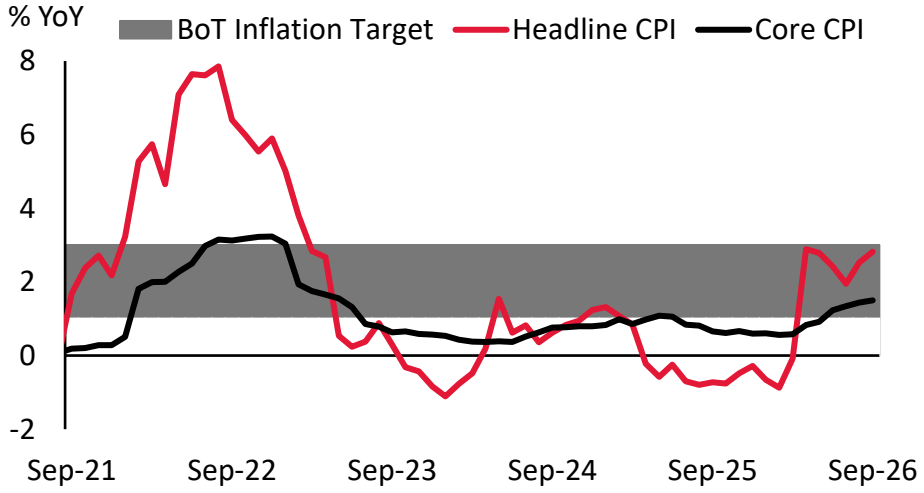
Thailand: Higher inflation

- Headline CPI rose to 2.8% YoY (Consensus and OCBC: 3.1%), up from 2.5% in August. Nonetheless, this remained within the Bank of Thailand (BoT)'s 1-3% target range. In contrast, core inflation edged slightly higher to 1.5% YoY, from 1.4% in the previous month.
- The main drivers were higher inflation in food (3.1% YoY versus 3.0% in August), 'medical & personal care' (0.8% YoY versus 0.1%), 'transport & communication' (8.0% YoY versus 5.7%), and 'recreation, reading, education and religion' (1.4% YoY versus 1.1%) categories. This was partially offset by lower inflation in the 'housing & furnishing' category.
- The September print brought headline inflation for 2026 year-to-date to 1.5% YoY, up from -0.1% in 2025. Looking ahead, we expect headline inflation to average 2.2% YoY in 2026, implying that headline CPI will remain elevated for the rest of the year. The Commerce Ministry has warned that inflation is expected to continue accelerating in 4Q26 as higher oil prices feed through to transportation and processed food costs.

Drivers of inflation, % YoY	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Headline CPI	-0.7	-0.9	-0.1	2.9	2.8	2.4	1.9	2.5	2.8
Food & Non Alcoholic Beverages	0.9	0.3	0.3	1.0	0.9	1.0	2.0	3.0	3.1
Apparel & Footwears	-1.7	-1.5	-1.5	-1.2	-0.9	-1.0	-0.7	-0.7	-0.4
Housing & Furnishing	-1.0	-1.1	-0.5	0.1	0.1	0.2	0.1	0.2	-1.1
Medical & Personal Care	-1.3	-0.7	-1.0	-0.8	-1.2	0.2	0.4	0.1	0.8
Transport & Communication	-3.0	-2.9	0.0	11.4	11.1	8.8	4.8	5.7	8.0
Recreation, Reading, Education and Religion	0.7	0.9	0.6	0.5	0.8	0.7	1.0	1.1	1.4
Tobacco & Alcoholic Beverages	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Core Consumer Price Index	0.6	0.6	0.6	0.8	0.9	1.2	1.3	1.4	1.5

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

Headline and Core Inflation



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

OCBC

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

ESG

ESG: SG explores energy infrastructure on Pulau Tekong

- The Energy Market Authority (EMA) will study the feasibility of establishing an energy infrastructure cluster on Pulau Tekong, as part of efforts to strengthen Singapore's energy security and support its energy transition while meeting the country's long-term power demand.
- The proposed cluster, covering a 200ha site on reclaimed land on Pulau Tekong, could include hydrogen-ready natural gas-fired power plants, a liquefied natural gas terminal and other low-carbon energy technologies. The EMA has published a tender to appoint a consultant for the feasibility study, who will develop a proposed master plan for the cluster.
- Rising power consumption, including demand from energy-intensive activities such as semiconductor manufacturing and data centres, is increasing Singapore's longer-term electricity needs. Broader electrification efforts will also add to power demand as key sectors decarbonise. Based on EMA's projections, Singapore's power system peak demand is expected to grow by between 2.9% and 6.5% annually over the next 10 years.
- The proposed cluster could help strengthen Singapore's energy resilience by supporting a more diversified energy mix, while providing the infrastructure and flexibility needed to meet rising electricity demand and accommodate low-carbon technologies.

OCBC

Source: CNA, OCBC Group Research

FX & Rates

FX & Rates: Relief, Not Breakout

- Relief, Not Breakout: Treasury volatility is easing, providing relief for high beta FX like AUD and EM carry trades. With the Fed still biased towards tighter policy and the inflation only gradually cooling, the USD is likely to remain well-supported. But the bar for a USD breakout remains high.
- EUR Upside Remains Capped: French fiscal fears may be off the boil, but not off the table. EURUSD may stabilise, yet unresolved budget risks and weak fundamentals suggest any rally is more relief, not a trend reversal.
- Gold rebounded as long-end US Treasury yields eased. We retain some cautious optimism, supported by resilient ETF demand and lighter speculative positioning. Focus turns to Wednesday's US CPI, with softer inflation potentially extending the recovery if accompanied by a sustained decline in real yields and the USD.
- INR may find some near-term relief as recent RBI measures targeted spot USD demand and FX derivatives. That said, elevated oil prices, US Treasury yields could still pose risks.
- Malaysia Budget 2027 reinforces fiscal consolidation intentions, supporting our constructive medium-term MYR bias. Near term, USD direction, US Treasury yields and portfolio flows are likely to dominate.

OCBC

Source: OCBC Group Research

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