Weekly Macro Views (WMV)

Global Markets Research & Strategy

1 April 2025

Weekly Macro Update

Key Global Data for this week:

31 March	1 April	2 April	3 April	4 April
• **SK** Industrial Production YoY • **JN** Industrial Production YoY • **JN** Retail Sales YoY • **NZ** ANZ Business Confidence • **CH** Manufacturing/ Non-manufacturing PMI • **HK** Retail Sales Value YoY	• **AU** RBA Cash Rate Target • **US** ISM Manufacturing • **US** JOLTS Job Openings • **JN** Jobless Rate • **CH** Caixin China PMI Mfg • **EC** CPI Core YoY • **EC** Unemployment Rate	• **SK** CPI YoY • **ID** S&P Global Indonesia PMI Mfg • **US** ADP Employment Change • **SI** Purchasing Managers Index	• **US** Initial Jobless Claims • **US** Continuing Claims • **US** ISM Services Index • **EU** CPI/ PPI YoY • **CH** Caixin China PMI Composite/Services • **HK** S&P Global Hong Kong PMI	• **JN** Household Spending YoY **SI** Retail Sales YoY • **CA** Unemployment Rate • **US** Change in Nonfarm Payrolls • **US** Unemployment Rate • **TH** CPI YoY

Summary of Macro Views:

Global	• **Global:** Central Bank • **Global:** President Trump hits autos; awaiting differential tariffs • **US:** Details of the final 4Q24 GDP print mixed • **US:** February Core PCE above expectations • **AU:** RBA holds cash rate at 4.10%
Asia	• **SG:** Higher bank loans • **CH:** A strong start for 2025 • **HK:** Starting to feel the pain of tariffs • **HK:** Diverging trend of housing price and rent

Asia	• **ASEAN:** Myanmar earthquake • **TH:** Assessing the economic aftermath of the earthquake • **ID:** Danantara's 'Dream Team' • **PH:** February trade data continues to hold up • **VN:** New preferential import tax rates
Asset Class	• **FX & Rates:** Await Liberation Day • **Global Asset Flows**

OCBC

Global: Central Bank

Forecast – Key Rates

Reserve Bank of Australia (RBA)

Tuesday, 1 April

House Views

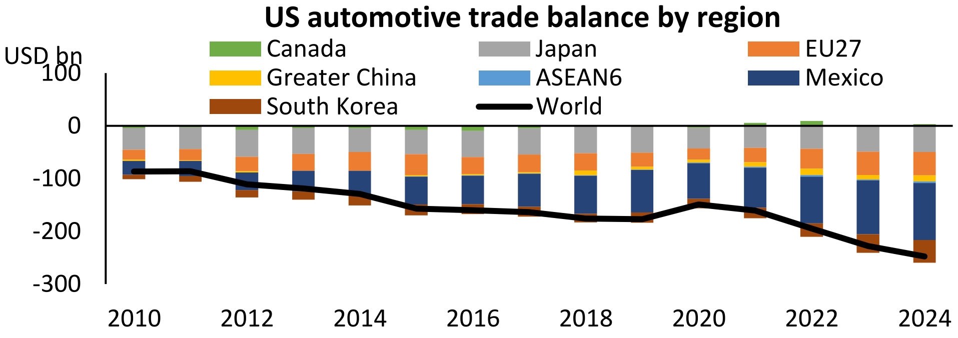
Cash Rate Target

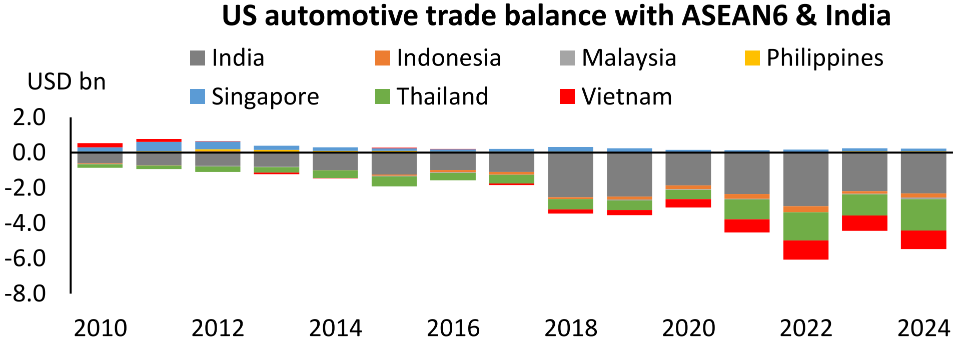
Unchanged at 4.10%

Tariff update: President Trump hits autos; awaiting differential tariffs

- President Trump has so far announced potential sector specific tariffs on steel, aluminium, copper, timber & lumber, Venezuelan oil, automobiles & automobile parts not produced in the US. This is apart from the blanket and pending differential tariffs.
- The latest salvo from President Trump, announced on 27 March, is that he will impose 25% tariffs on automobiles and automobile parts that are not produced in the US. President Trump said the new tariffs will go into effect on 3 April, similar to deadline for the reciprocal tariff announcement.
- For autos, the US has the largest trade deficit with Mexico, which accounted for almost 44% of the US trade deficit in autos in 2024. This was followed by Japan, South Korea and Germany and Greater China. For India and ASEAN-6, India's trade deficit is the largest with the US on the automotive front, followed by Thailand and Vietnam. These economies are also exposed to reciprocal tariffs from the US. (*See ASEAN-5 & India: Not on the front line, just yet. Published 27 march 2025).*

Sector	Tariff	Status	Date
Automobiles & Automobile Parts	The 25% tariff will be applied to imported passenger vehicles (sedans, SUVs, crossovers, minivans, cargo vans) and light trucks, as well as key automobile parts (engines, transmissions, powertrain parts, and electrical components), with processes to expand tariffs on additional parts if necessary.	To be effective 2 April 2025	26/03/2025
Venezuelan Oil	A 25% tariff may be applied to all goods imported into the U.S. from countries that import Venezuelan oil, either directly or indirectly.	To be effective 2 April 2025	25/03/2025
Timber, Lumber & Derivatives	President Donald J. Trump signed an Executive Order launching an investigation into how imports of timber, lumber, and their derivative products threaten America's national security and economic stability.	Investigation initiated, results to be announced before November 2025	01/03/2025
Copper	An Executive Order launching an investigation into how copper imports threaten America's national security and economic stability.	Investigation initiated, results to be announced before November 2025	25/02/2025
Steel & Aluminium	President Trump is reinstating the full 25% tariff on steel imports and increasing tariffs on aluminium imports to 25%.	Effective since 12 Mar 2025	11/02/2025





Note: We proxy automotive trade data using the HS87 code. Source: UN Comtrade, OCBC Calculation.

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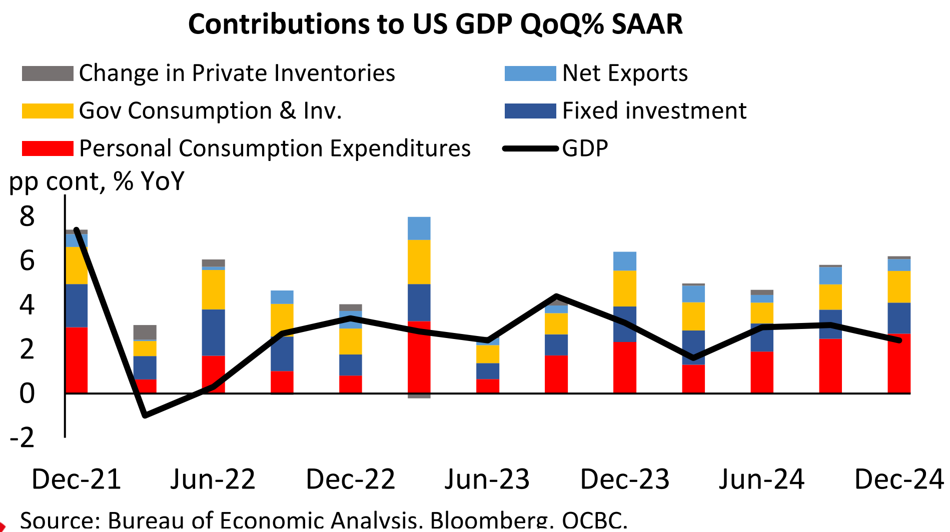
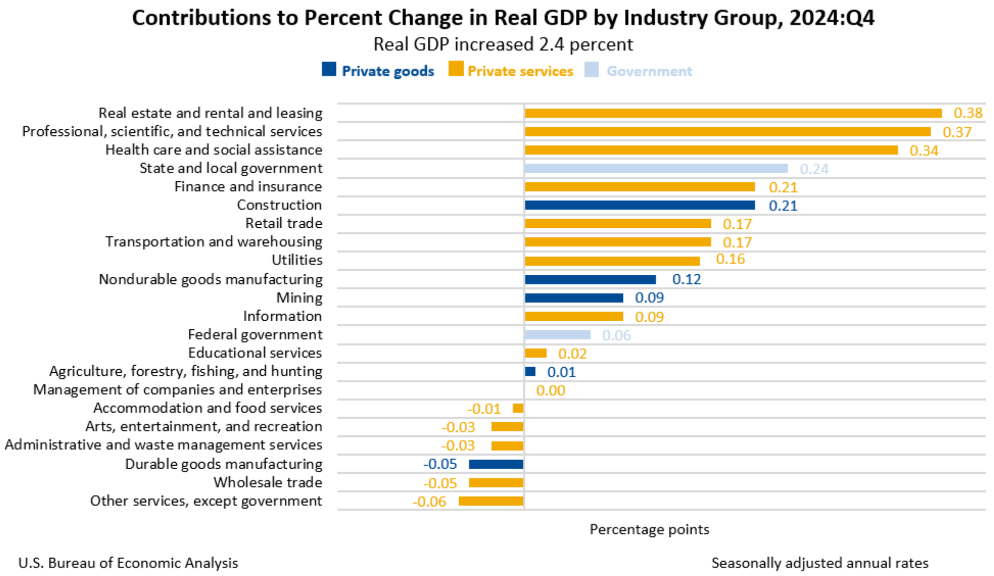
Source: The White House, UN Comtrade, OCBC.

US: Details of the final 4Q24 GDP print mixed

- The final 4Q24 US GDP was revised higher to 2.4%, up from 2.3% in the previous reading. The upward revision primarily "reflects a downward revision to imports". Nevertheless, the 4Q24 print suggests slowing momentum compared to 3.1% in 3Q24, due to "downturns in investment and exports that were partly offset by an acceleration in consumer spending." The final 4Q24 PCE remains broadly stable at 2.4%, but core PCE was revised lower to 2.6%, down from 2.7% in the previous reading.
- From an industry perspective, the increase in real GDP reflected an increase of 2.3% in real value added for private goods-producing industries, an increase of 2.4% for private services-producing industries, and an increase of 2.7% for government.
- Elsewhere, the weekly US labour market data printed slightly lower than market consensus, with initial jobless claims declining by 0.4% to 224k (week ending 22 March) while continuing claims fell by 1.3% to 1.86mn (week ending 15 March).

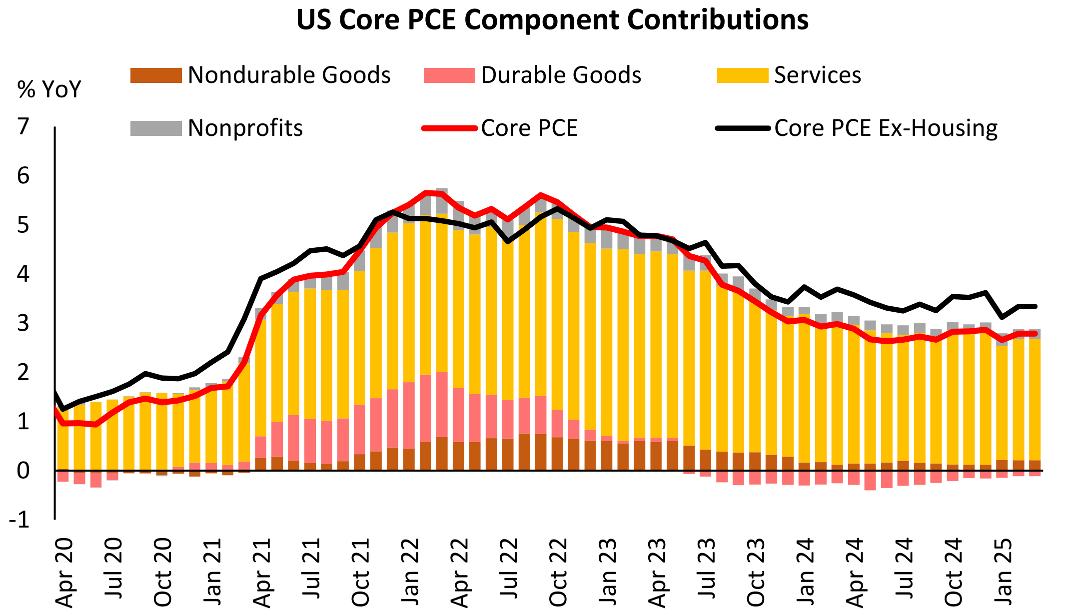


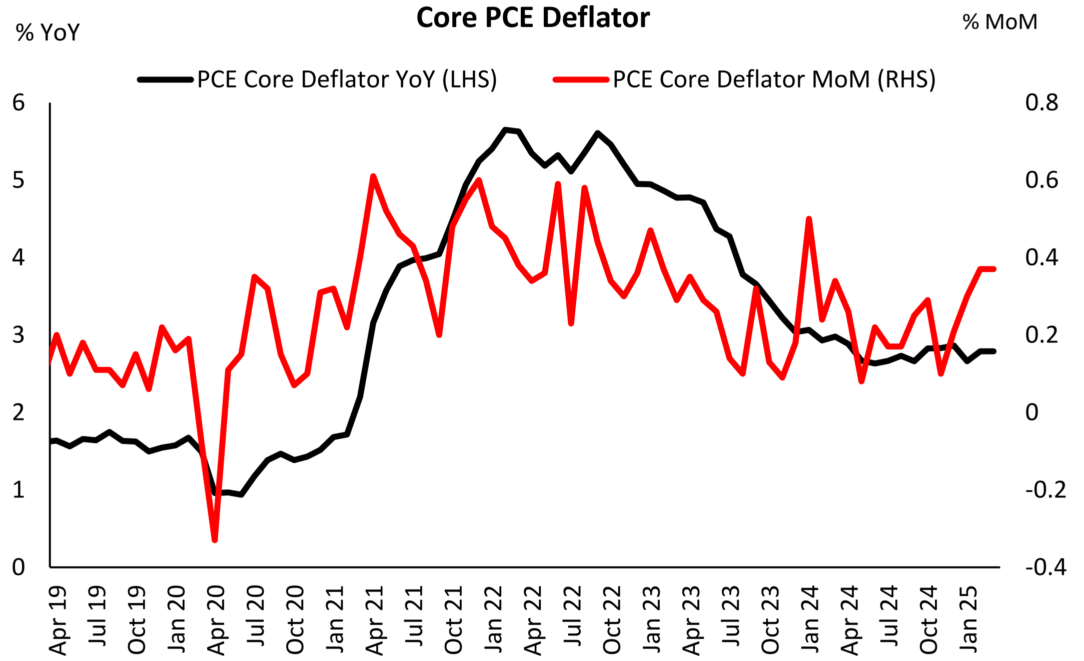


Source: US Bureau of Economic Analysis, Bloomberg, OCBC.

US: February Core PCE above expectations

- Core PCE price index rose by 0.4% MoM after rising by 0.3% in January, above expectations (Consensus: 0.3%). On a YoY basis, core PCE stood at 2.8% in February versus an upwardly revised 2.7% in January (Consensus: 2.7%). The headline PCE increase was in line with expectations of 0.3% MoM and 2.5% YoY.
- Personal incomes rose by 0.8% MoM while disposable incomes rose by 0.9% MoM. Personal consumption expenditure growth picked up by 0.4% MoM from -0.3% in January.
- There, however, reduced spending on services for the first time in 3 years, including dining out, while demand for durable goods like cars bounced back.





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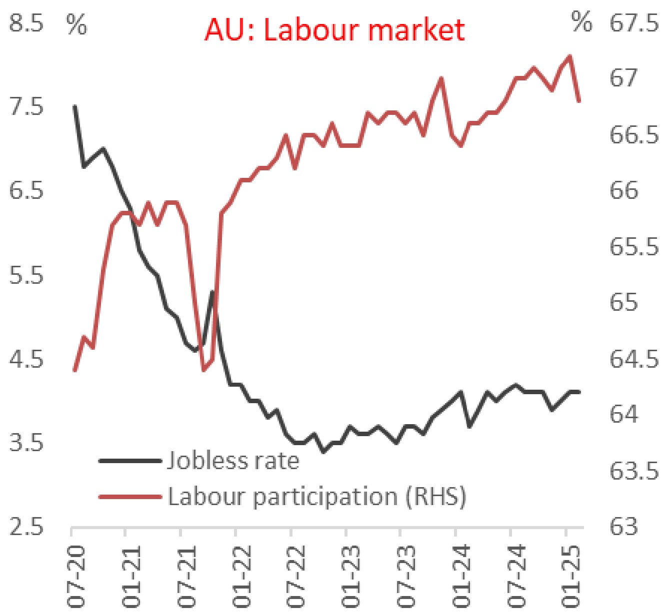
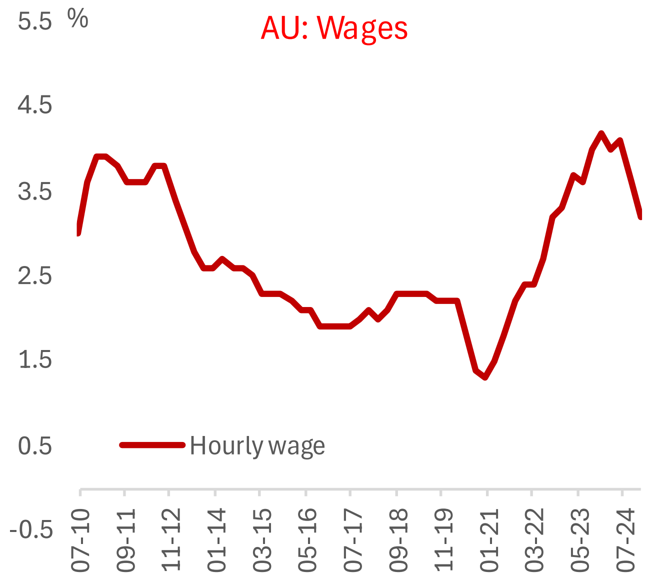
Source: Bloomberg, OCBC.

Australia: RBA holds cash rate at 4.10%

- RBA kept cash rate target unchanged at 4.10%, as expected. In the Statement on Monetary Policy, the Board noted that underlying inflation continues to ease in line with RBA forecasts, but the outlook remains uncertain as some sectors continue to report weakness in demand.
- The Board flagged Trump's tariffs as likely to have impact on confidence globally and would likely be amplified if the scope of tariffs widens, or other countries take retaliatory measures.
- Governor Bullock also echoed the statement during the press conference, reiterating that the Board will remain cautious and rely upon more data to inform its decision.



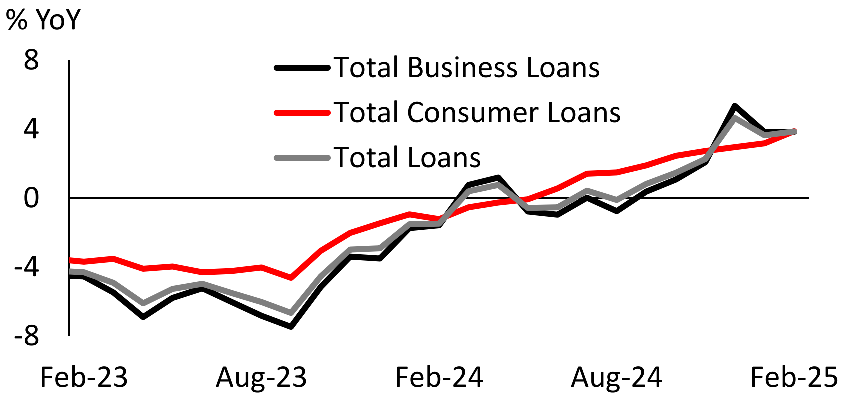


Source: Bloomberg, OCBC.

Singapore: Higher bank loans

- Total bank loans grew by 3.9% YoY (0.4% MoM) in February. Both business and consumer loans expanded 3.8% YoY (0.3% MoM) and 3.9% YoY (0.4% MoM) respectively, albeit the timing of the CNY holidays fell in February 2024 but January this year.
- Within business loans, the transport, storage & communications, building & construction and financial & insurance were the key drivers. For the consumer, the credit card and car loans saw the strongest YoY growth. Generally, the strong activity pipeline in the public and private construction projects should ensure continued momentum in the near-term. For finance & insurance, swings in market sentiments and risk appetite are contributing factors in addition to the interest rate environment.
- The SGD130.5bn total loans extended in February is still lower than the $131.0bn in December 2024, suggesting some moderation in momentum in 1Q25. External headwinds in the form of rising stagflationary fears due to the Trump-related tariff announcements and flip-flops could be one contributing factor. Our 2025 bank loans forecast is around 2.5% YoY, down from 4.6% in 2024. This is partly dependent on the Trump-related tariff uncertainties which could dampen business and consumer confidence in the near-term, as well as the implications for downside in domestic interest rates should the US Federal Reserve shy away from potential rate cuts.

Singapore: Bank Loans

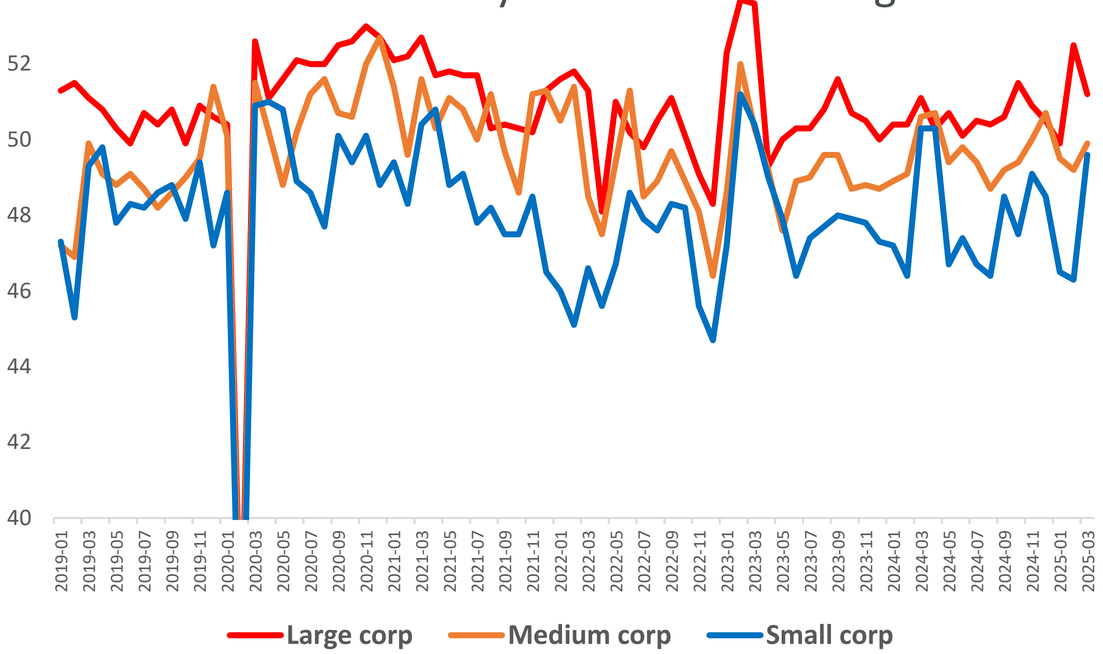


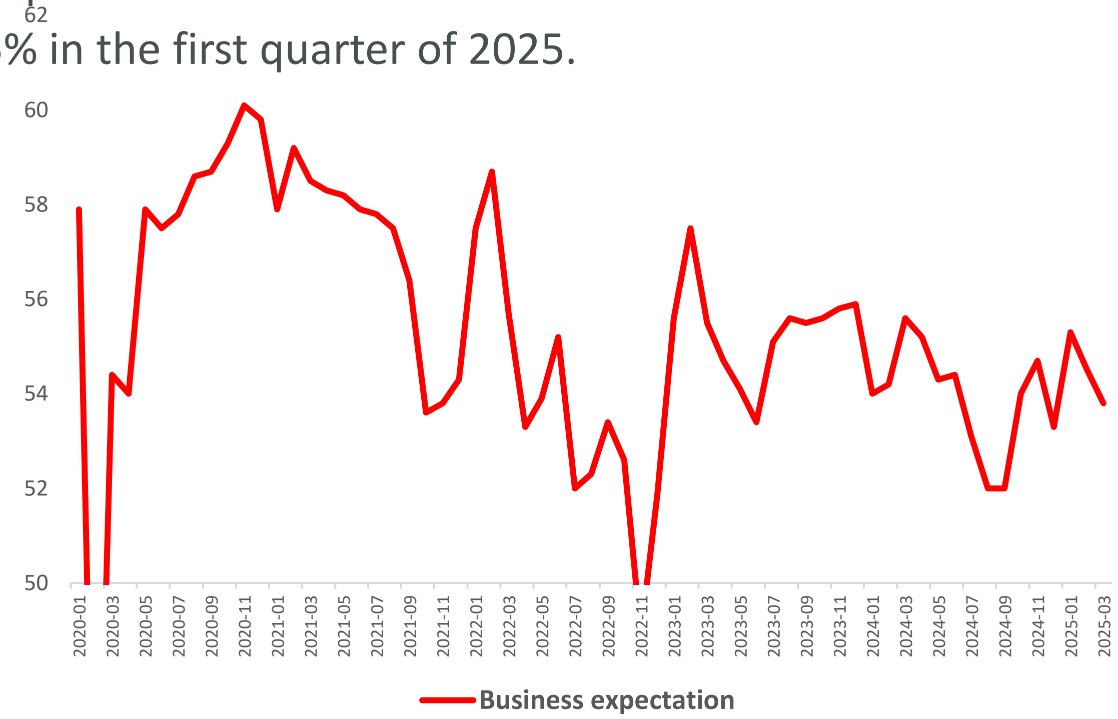
Source: Monetary Authority of Singapore, CEIC, OCBC.

Source: MAS, CEIC, OCBC.

China: A strong start for 2025

- The official manufacturing PMI rose to 50.5 in March from 49.1 in January, indicating expansion for a second consecutive month. The manufacturing PMI for smaller companies jumped sharply by 3.3 to 49.6 thanks to improving financial condition and more policy supports.
- However, the business expectations sub-index declined for a second straight month, falling to 53.8, suggesting that sentiment is being weighed down by external risks. This casts some doubt on the sustainability of the recent momentum, especially as the impact of global tariff developments continues to unfold. The resilient PMI data showed that the Chinese economy is well on tract to grow above 5% in the first quarter of 2025.

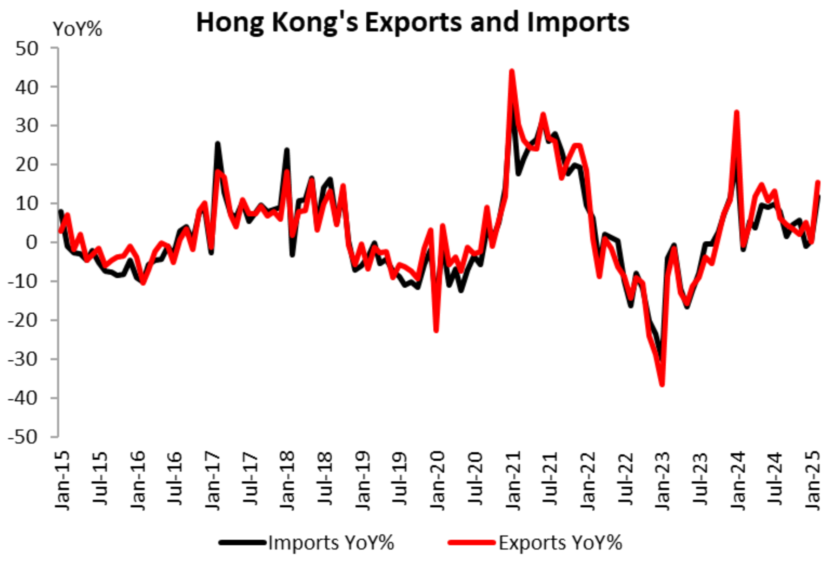


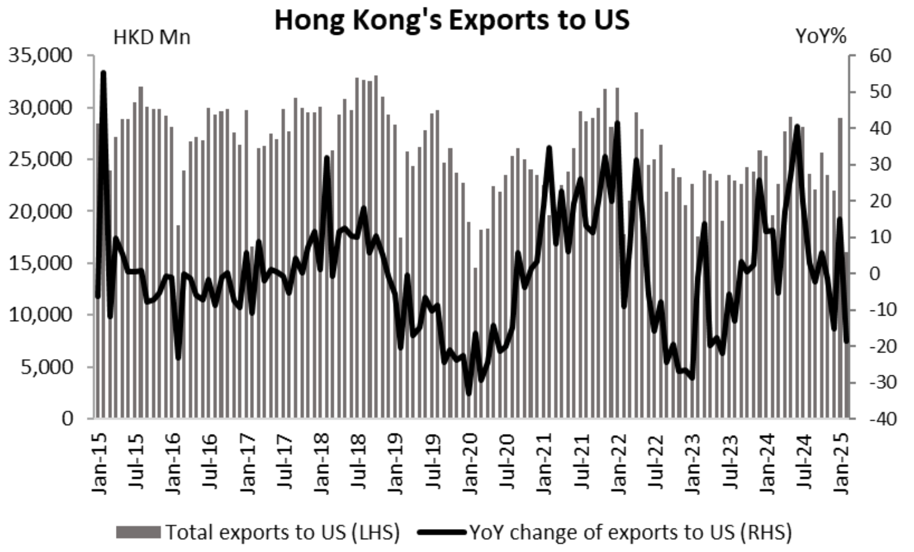


Source: Bloomberg, OCBC.

HK: Starting to feel the pain of tariffs

- Hong Kong is starting to feel the pain from the widening trade war. Growth of merchandise exports and imports paced up to 15.4% YoY and 11.8% respectively in February (Jan: 0.1% YoY and 0.5% YoY), partly due to the difference in timing of the Lunar New Year holidays. Breaking down, total merchandise exports to Asia as a whole grew by 25.0% YoY, yet that to US fell by 18.5% YoY. In sequential terms, merchandise exports declined by 15.7% in February, to the lowest level in one year. During the period, trade balance reverted to a deficit at HK$36.3 billion (Jan: surplus of HK$2.1 billion).
- Taking the first two months of 2025 together to neutralize the effect of the Chinese New Year, total value of merchandise exports grew by 6.5% YoY. Beyond the immediate near term, Hong Kong's trade performance is expected to weaken further, due to the high base effect and prospect of tariff implementation.

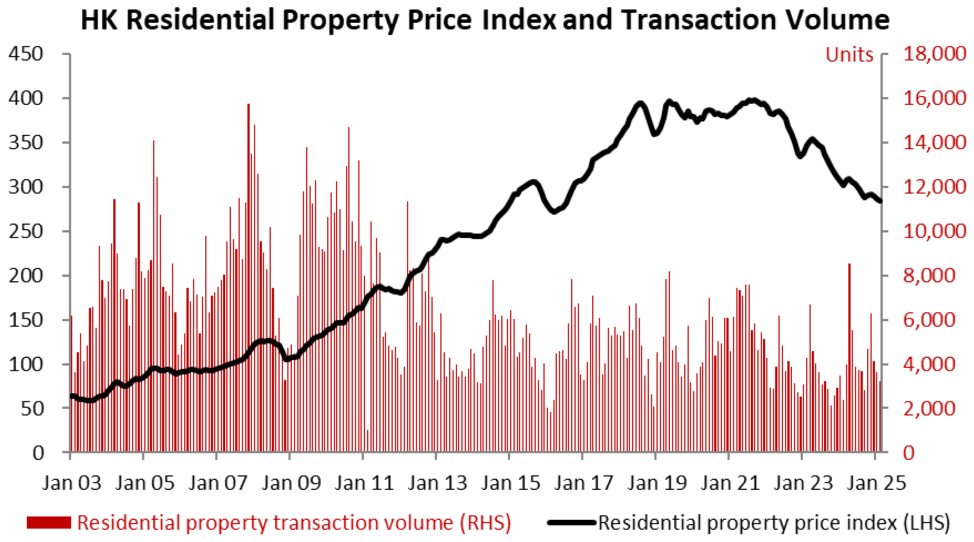


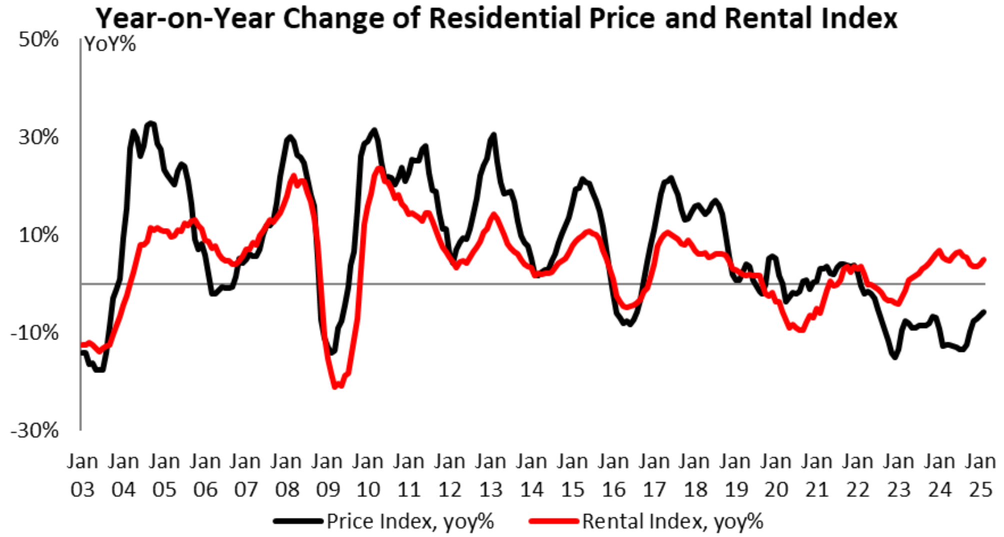


Source: HK Census and Statistics Department, OCBC

HK: Diverging trend of housing price and rent

- Housing price and rent continued to show a diverging trend. The residential property price index fell for the third straight month, by 0.9% MoM in February (-0.7% MoM in January), refreshing the 8-year low. Meanwhile, rental index extended the recent rally by 0.3% MoM in February (0.3% MoM in January). Trading activities remained subdued at 3,200 cases in February, as buyers stayed on sideline pending the announcement of the annual Budget.
- There were no sparks on land and property market policies in this budget, after removing all demand-side measures last year. Hong Kong government raised the maximum of properties chargeable to a nominal stamp duty of HK$100 from HK$3 million to HK$4 million, benefiting 15% of total property transactions. Since then, we have noticed a modest increase in trading activities in both primary and secondary markets, the former due to increase in launches of primary projects during the month.

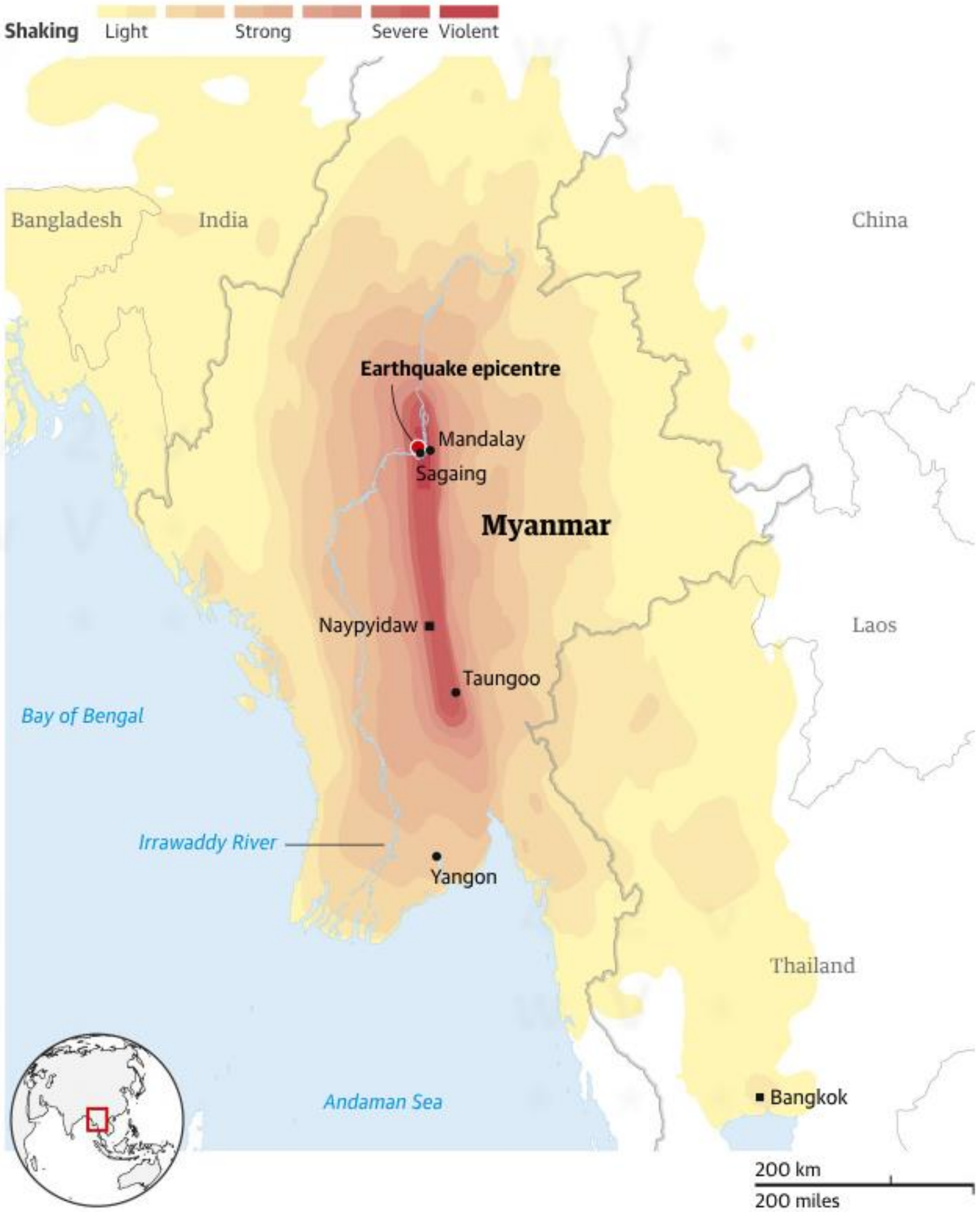




Source: HK Rating and Valuation Department, Land Registry, OCBC

ASEAN: Myanmar earthquake

- An earthquake, with a reading of 7.7 on the Richter scale, struck Myanmar on 28 March 2025 leading to a significant loss of lives and extensive damage to infrastructure. The earthquake also affected neighbouring countries such as Thailand and China.
- As of 31 March 2025, the death toll had reached 1,700 in Myanmar. The number is expected to increase in the coming days as search and rescue operations are underway. The US Geological Survey's predictive modelling estimates the death toll in Myanmar could exceed 10,000. Meanwhile, Thailand has reported that at least 18 people have lost their lives from the disaster.
- Although Thailand avoided the devastation seen in Myanmar, the earthquake is expected to exert significant pressure to the economic landscape in the short-term. Notably, the tourism sector is expected to take a significant hit in the coming weeks. According to the Thai Hotels Association, hotels and business revenue are expected to decline by, at least, 10-15%.

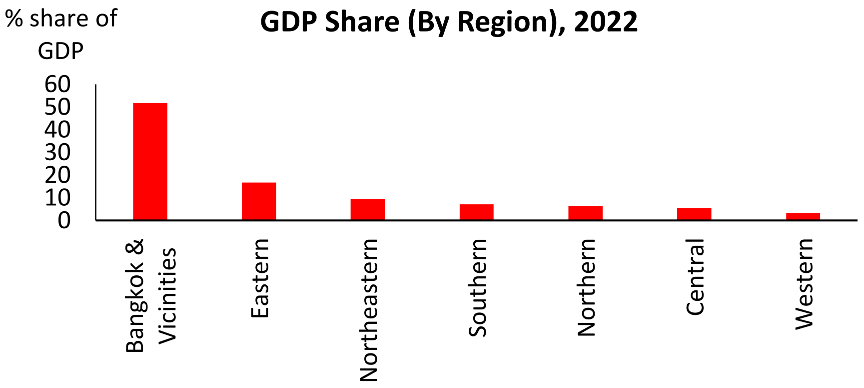


Source: US Geological Survey, Guardian.

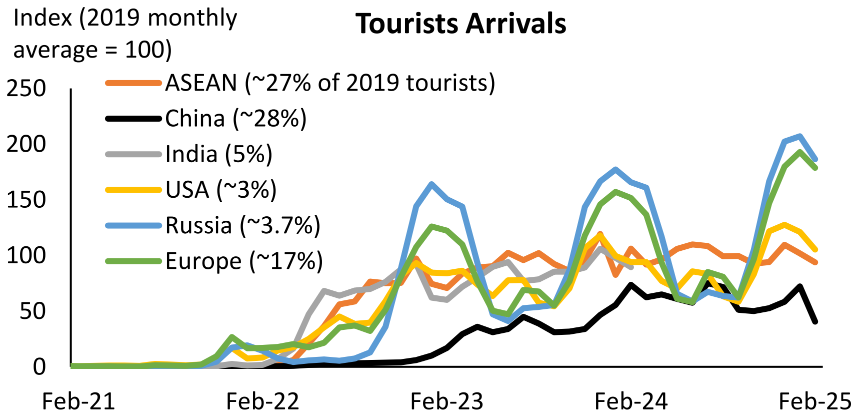
Source: US Geological Survey, Guardian, OCBC.

Thailand: Assessing the economic aftermath of the earthquake (I)

- Thai authorities are still dealing with the aftermath of the impact of the earthquake on 28 March. The economy is no stranger to natural disasters and the authorities have been timely and appropriate in their response in the past. We expect no different this time. The extent of the damage has not been officially estimated yet, but anecdotal evidence suggests noticeable damage in Bangkok.
- The immediate impact of the quake will likely be felt on tourist arrivals, which have usually dipped following unexpected events, including the Bangkok bombing and politics related events such as military coups and violent street protests. It has indeed already been reported that flight cancellations have risen. This follows a 6.9% YoY in February tourist arrivals, leading to a slower increase of 6.9% YoY in Jan/Feb versus 16.8% in 4Q24.
- The residential property market could also be impacted in the near-term considering earthquakes in Metropolitan Bangkok are rare historically, and associated insurance costs could rise. Beyond this, however, reconstruction and recovery efforts will likely support government spending in the coming months, with the exact costs yet to be determined.



Source: Office of the National Economic and Social Development Council, CEIC, OCBC

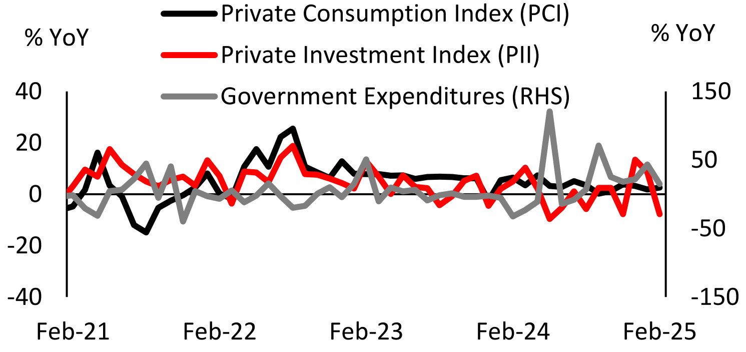


Source: CEIC, OCBC.

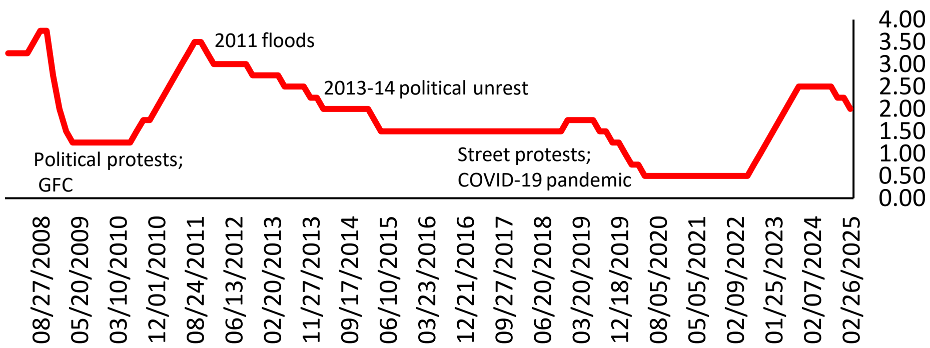
Source: Office of the National Economic and Social Development Council, CEIC, OCBC.

Thailand: Assessing the economic aftermath of the earthquake (II)

- Domestic headwinds will coincide with external headwinds, given the impending announcements on potential tariffs from the US. The 28 March earthquake could exacerbate near-term growth risks for the economy. Indeed, based on January and February activity data, we estimate 1Q25 GDP growth is tracking 3.2% YoY, unchanged from 3.2% in 4Q24.
- Specifically, growth in the private investment index eased to 0.4% YoY in Jan/Feb compared to 2.0% in 4Q24. Government spending improved to 30.8% YoY in Jan/Feb versus 22.5% in 4Q24. Similarly, growth in the private consumption index slowed to 2.2% YoY versus 2.7% in 4Q24. The weakness in import volume growth of 2.1% YoY versus 9.1% in 4Q24 corroborates the poor domestic demand picture. But the bright spot for near-term growth comes from the pick-up in export volumes to 12.4% YoY (4Q24: 9.3%), likely supported by a front-loading in exports to the US.
- The impact of the quake on tourist arrivals and economic data will likely be felt from April onwards. From a monetary policy perspective, BoT will get a better sense of this data through April/May. Hence, the 25bp rate cut delivered by BoT at its 16 February meeting may prove even more prescient in the near-term. our base case remains for BoT to keep its policy rate unchanged at its 30 April meeting. Importantly, BoT may find the need to lower its policy rate again, possibly in 2H25, based on the combined impact of external headwinds and domestic challenges.



Source: Bank of Thailand, CEIC, OCBC.

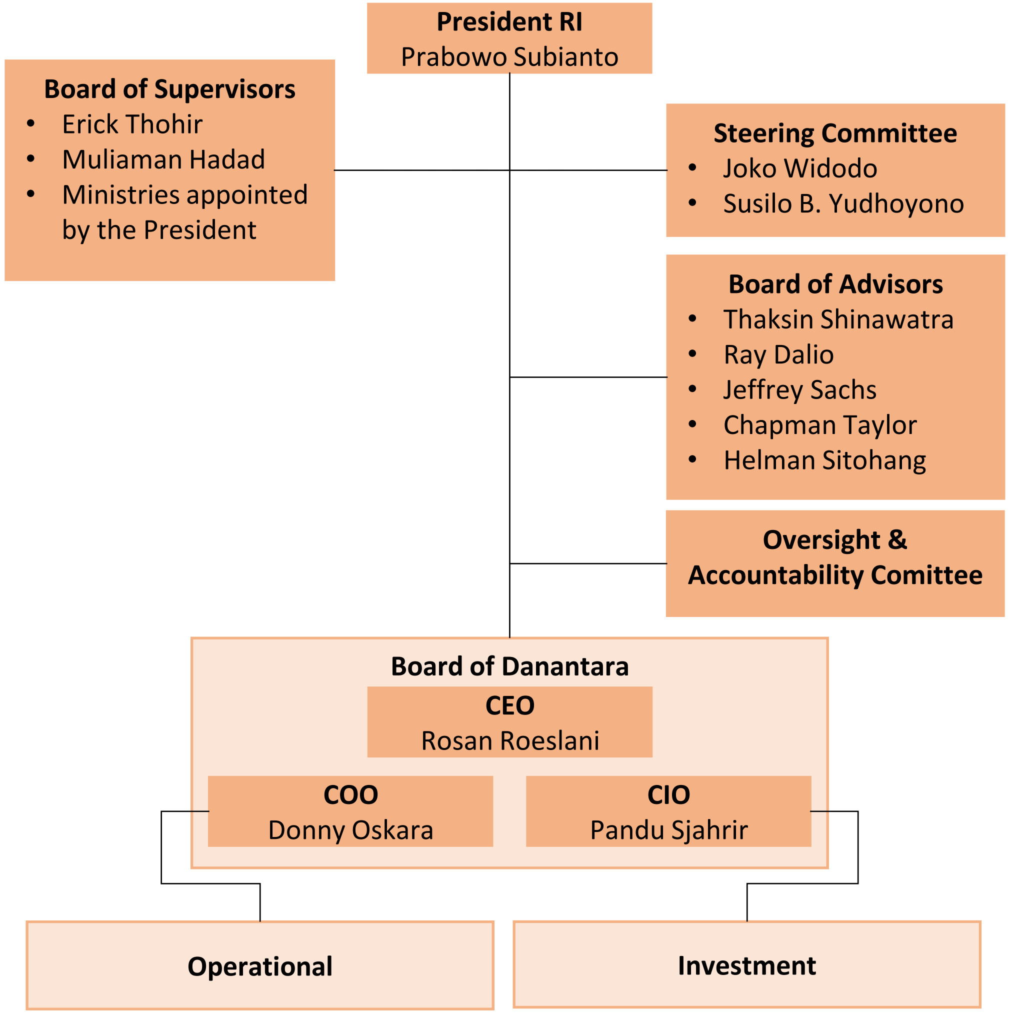


Source: Bank of Thailand, CEIC, OCBC.

Source: Bank of Thailand, CEIC, OCBC.

Indonesia: Danantara's 'Dream Team'

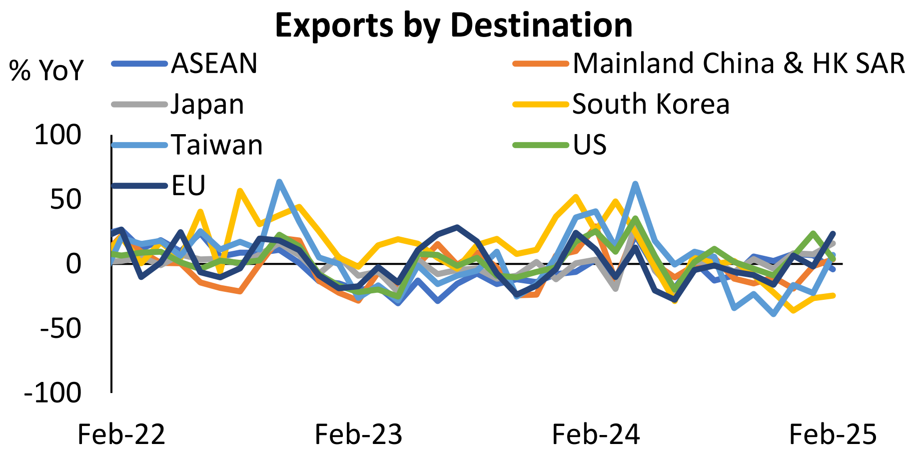
- Danantara, Indonesia's new sovereign wealth fund, announced a high-profile advisory team on Monday (24 March) to steer its strategy. Former Indonesian Presidents Joko Widodo and Susilo Bambang Yudhoyono joined the steering committee, while Ray Dalio, Jeffrey Sachs, and Thaksin Shinawatra were appointed as advisers. Danantara aims to manage over USD900bn in assets and help drive economic growth to 8% by 2029.
- Pandu Sjahrir, Danantara CIO, revealed on Bloomberg interview (28 March) that the fund expects to receive ~USDD8bn in dividends shortly after key asset transfers, which will be allocated to several projects totaling around USD15bn.
- Over the 12 months, the fund is expected to receive USD20bn in dividends for reinvestment, focusing on sectors like digital infrastructure, renewable energy, healthcare, and food security. The fund aims to enhance the operations of state-owned entities, explore potential mergers, and expand its team to 150 members by year-end. Indonesia's markets will reopen on 8 April.



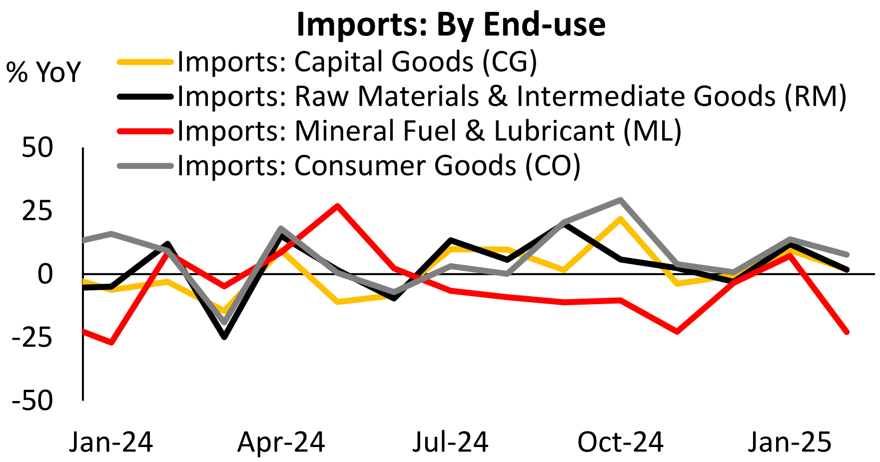
Source: Various news sources, OCBC.

Philippines: February trade data continues to hold up

- Export growth rose by 3.9% YoY in February 2025, extending the 6.3% rise in January. By contrast, import growth contracted to 1.8% YoY, down from +11.2% in January. As a result, the trade deficit narrowed to USD3.2bn from USD5.1bn in January.
- Combining Jan/Feb data to account for CNY festive effects, exports accelerated by 5.1% YoY, versus -5.2% in 4Q24. Front-loading of exports to the US (13.6% YoY in Jan/Feb) continued, while export growth to South Korea, Taiwan, and China weakened.
- Similarly, imports growth picked up to 4.9% YoY in Jan/Feb, compared to 2.3% in 4Q24. Capital goods import growth remain robust at 6.0% YoY in Jan/Feb versus 5.6% in 4Q24. Consumer goods import growth was broadly stable at 10.9% YoY. Meanwhile, raw materials & intermediate goods picked up to 6.9% YoY in Jan/Feb versus 1.9% in 4Q24.



Source: Philippine Statistics Authority, CEIC, OCBC.



Source: Philippine Statistics Authority, CEIC, OCBC.

Source: Philippine Statistics Authority, CEIC, OCBC.

Vietnam: New preferential import tax rates

- On 31 March, the Vietnamese government issued Decree 73/2025/ND-CP to amend and supplement preferential import tax rates on a number of items. The amended items were broad-based, and sought to encourage higher imports from the US.
- According to the government official newspaper, items such as automobiles, wood, ethanol, certain food products, and LNG will be subjected to a new preferential import duty rate.
- Vietnam will, in our view, be the most sensitive in the ASEAN-6 region to higher tariffs from the US. Indeed, Vietnam's bilateral trade surplus with the US was the highest in the region in 2023. The adjustment in import tariff should soften the implication of reciprocal tariffs. While we maintain our 2025 GDP growth forecast of 6.2% versus 6.5% in 2024, the downside risks have intensified.

Products	Previous Import Tariff	Current Import Tariff
Automobiles (with HS 8703.23.63 and 8703.23.57)	64%	50%
Automobiles (with HS 8703.24.51)	45%	32%
Ethanol	10%	5%
Frozen Chicken thighs	20%	15%
Unshelled Pistachios	15%	5%
Almonds	10%	5%
Fresh Apples	8%	5%
Sweet Cheries	10%	5%
Raisins	12%	5%
Wood Products (including Group 44.21)	20%	0%
Wood Products (including Group 94.01, 94.03)	25%	0%
Liquified Natural Gas	5%	2%
Ethylene (add HS 2711.19.00 to chapter 98)	[redacted]	0%
Corn Kernels	2%	0%
Soybean Meal	1%, 2%	0%

Source: VGP, OCBC.

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Source: VGP, OCBC.

FX & Rates

FX & Rates: Await Liberation Day

- USD traded modestly firmer vs. most FX amid cautious sentiment as markets await reciprocal tariff announcement on 2 Apr. USTR's annual 2025 National Trade Estimate report (nearly 400 pages) was released on 31 Mar. There was mention of VATs and their implementation as burdensome to US imports in some countries including Argentina, Mexico and UAE; Canada's out-of-quota tariffs on cheese at 245% and butter at 298%. On South Korea, report raised concerns about Korea's emission-related components regulations under Korea's Clean Air Conservation Act, as it stressed that increased access to Korea's automotive market for US automakers remains a "key priority" for the US. On Australia, US voiced concerns over Australia's biosecurity laws and subsidised medicine system.
- Ultimately, 2 Apr reciprocal tariff is still the big known unknown as worries on global trade and growth mount. Cyclical FX and those exposed to open trade such as KRW, SGD, MYR and TWD may face some pressure. Countries at risk of being directly hit by reciprocal tariffs may also see their currencies come under pressure. China, EU, South Korea, Japan, India and Thailand are amongst some of the countries that may be hit (for having tariff on US goods and a trade surplus with US). To some extent, Australia, Singapore and HK may not be as affected. Apart from country-specific tariffs, Trump is also looking to roll out sector-specific tariffs (likely on lumber, semiconductors and pharmaceutical drugs) in due course.
- But beyond near-term tariff noises, **global growth matters**. US is a major economic powerhouse but the other big boys such as EU and China should not be written off. For EU, massive defence spending can be supportive of growth while in China, Deepseek/AI use cases are gaining traction and helping with a re-rating of Chinese tech stocks. There are also more signs of economic stabilisation in China. Long story short, growth matters. If US growth becomes weaker as a result of higher tariffs while growth for the rest of the world holds up, USD may end up weaker over time.

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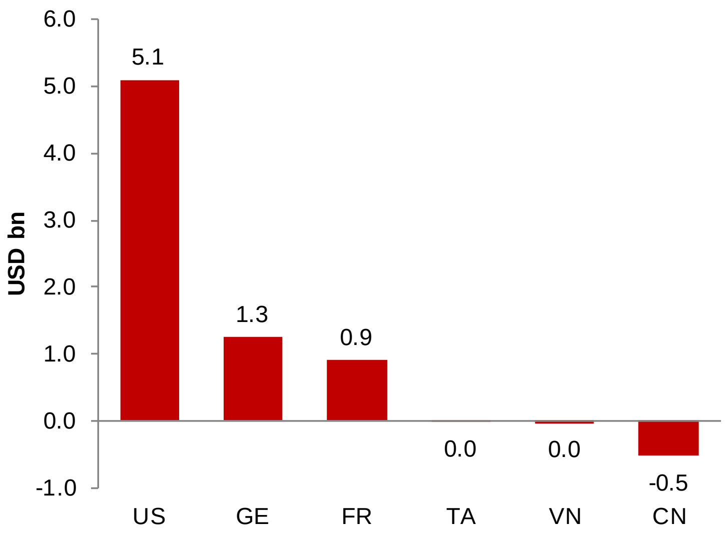
Asset Flows

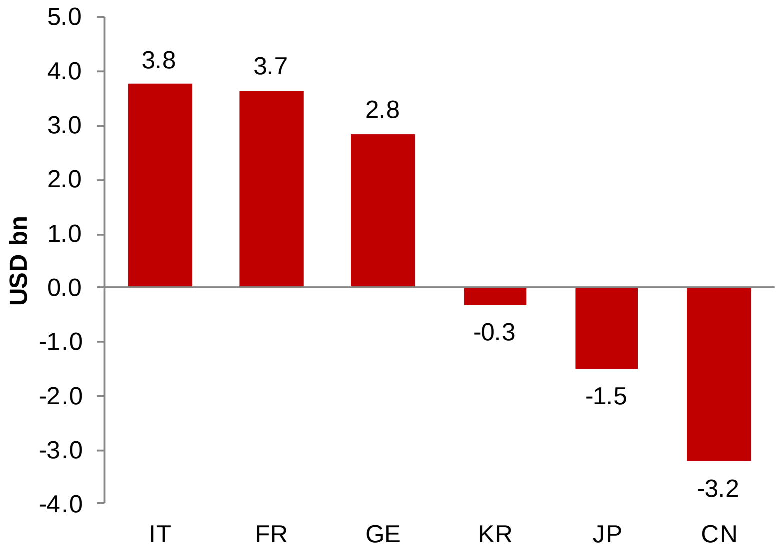
Global Equity & Bond Flows

- Global equity markets saw net outflow of $9.05bn for the week ending 26 March 2025, a decrease from the inflow of $43.3bn last week. Global bond markets reported net inflows of $4.8bn, a decrease from last week's inflows of $7.2bn.
- Global bond markets reported net inflow of $4.02bn, a decrease from last week's inflow of $4.8bn.

Equity top gainers & losers



Bonds top gainers & losers



Source: OCBC, EPFR

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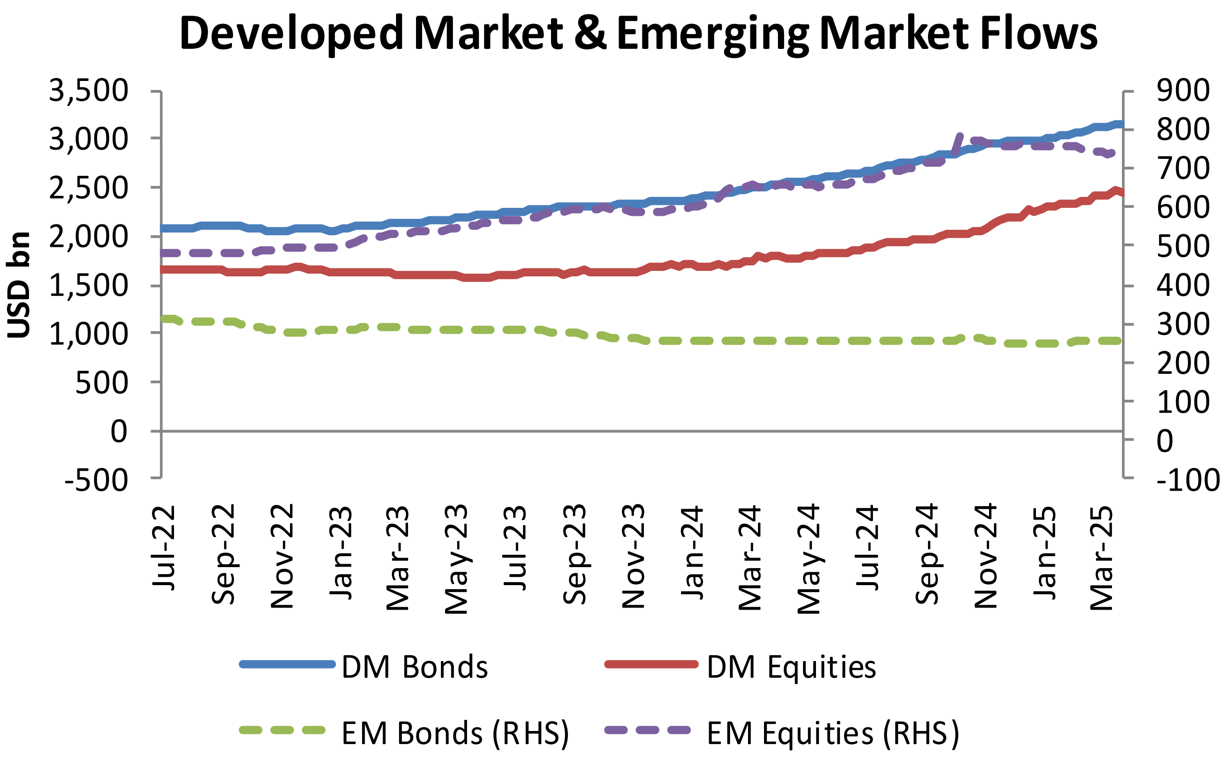
DM & EM Flows

- Developed Market Equities ($11.3bn) saw outflows and Emerging Market Equities ($2.2bn) saw inflows.
- Developed Market Bond ($4.3bn) saw inflows and Emerging Market Bond ($363mn) saw outflows.



Source: OCBC, EPFR

Thank you

Global Markets Research & Strategy

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