Weekly Macro Views (WMV)

Global Markets Research & Strategy

2 December 2024

Weekly Macro Update

Key Global Data for this week:

2 December	3 December	4 December	5 December	6 December
• **US** ISM Manufacturing • **CH** Caixin PMI Mfg • **ID** S&P Global PMI Mfg • **JN** Jibun Bank PMI Mfg • **SK** S&P Global PMI Mfg • **TA** S&P Global PMI Mfg	• **SK** CPI YoY • **US** JOLTS Job Openings • **JN** Monetary Base YoY • **AU** BoP Current Account Balance	• **AU** GDP YoY • **US** ADP Employment Change • **US** ISM Services Index • **US** Factory Orders • **US** Durable Goods Orders	• **SK** GDP YoY • **PH** CPI YoY 2018=100 • **TA** CPI YoY • **SI** Retail Sales YoY • **GE** Factory Orders MoM • **US** Initial Jobless Claims	• **IN** RBI Repurchase Rate • **EC** GDP SA QoQ • **US** Change in Nonfarm Payrolls • **US** Unemployment Rate • **US** U. of Mich. Sentiment • **TH** CPI YoY • **VN** CPI YoY

Summary of Macro Views:

Global	• **Central Bank** • **US:** 3Q24 GDP remains robust • **US:** Headline and core PCE rise in October • **Euro Area:** November uptick in inflation • **Japan:** Still tight labour market, rising Tokyo CPI
Asia	• **SG:** Industrial production eases in October • **SG:** MOM 2024 Labour force report • **CN:** Further decline of government bond yields • **CN:** Sentiment improved further • **HK:** Housing prices rebounded for the first time in five months • **HK:** Resuming “multiple-entry” visa scheme • **HK:** Exports slowed further amid high base • **MO:** Easing travel restrictions to Macau

Asia	• **ASEAN:** BRICS+ and potential implications • **IN:** 3Q24 GDP growth shocker likely to set rate cuts in motion • **ID:** Lower November CPI may not be enough for BI • **TH:** Uneven improvements continue in October
Asset Class	• **Commodities:** Crude oil prices closed lower; Elevated CPO prices unlikely to sustain • **FX & Rates:** Heavy data week • **ESG** • **Global Asset Flows**

OCBC

Central Bank

Forecast – Key Rates

Reserve Bank of India (RBI)

Friday, 6th December

House Views

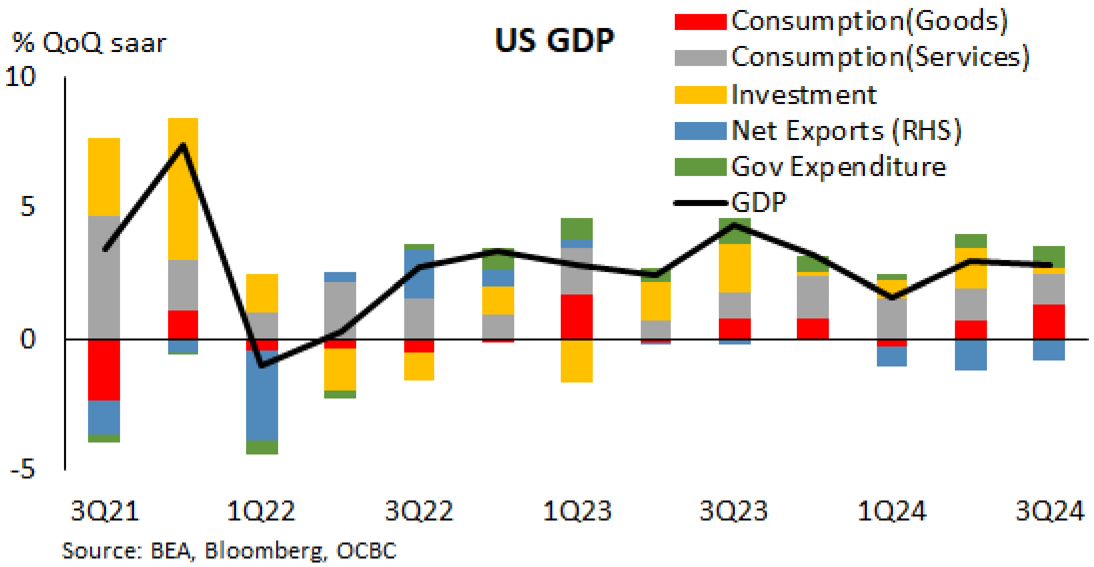
Repurchase Rate

Likely *cut* by *25bp*
from *6.50%* to *6.25%*

Source: Bloomberg, OCBC.

US: 3Q24 GDP remains robust

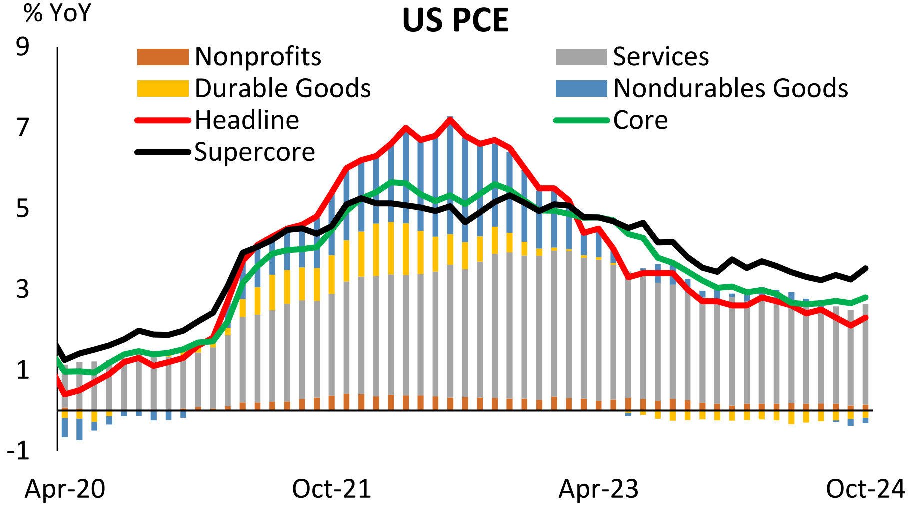
- 3Q24 GDP growth held steady at 2.8% QoQ saar from advance estimates. However, growth in personal consumption expenditures was revised slightly downwards to 3.5% QoQ saar versus 3.7% prior as goods spending was revised downwards from 6.0% to 5.6% growth. Both durable goods and non-durable goods spending were revised lower, while growth in services spending held steady at 2.6% QoQ saar
- Growth in gross investments, however, were revised upwards to 1.1% QoQ saar from 0.3% prior, as non-residential investments growth was revised up to 3.8% from 3.3% growth prior. This led to overall fixed investments being revised up to 1.7% QoQ saar growth, up from 1.3% in the advance estimates.
- Growth in personal spending for October eased to 0.1% MoM sa versus 0.5% growth in September. The moderation was due to flat growth in goods spending, as the 0.3% MoM sa growth in durable goods spending was offset by the 0.1% contraction in non-durable goods spending. Meanwhile, growth in services spending was steady at 0.2% MoM sa in October.



Source: Bureau of Economic Analysis, CEIC, OCBC.

US: Headline and core PCE rise in October

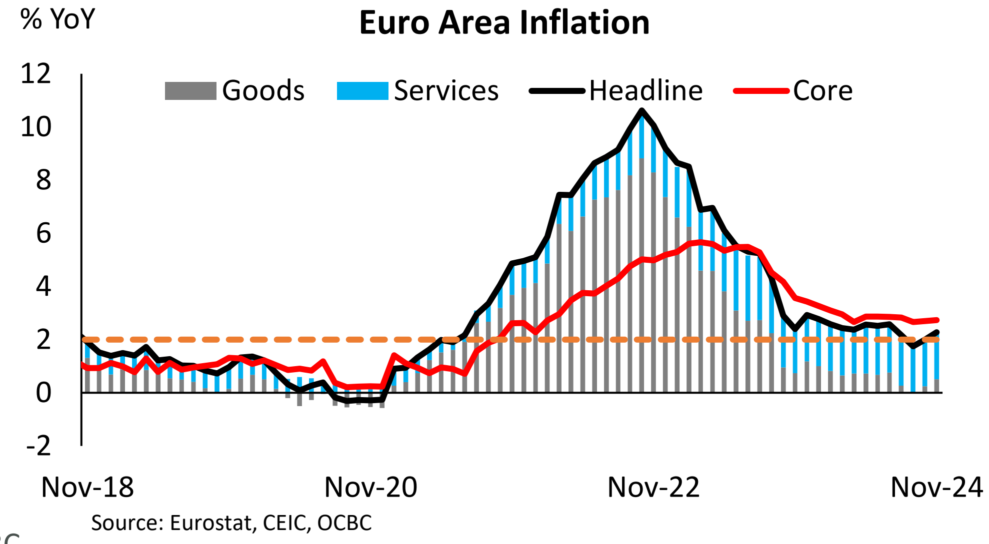
- Headline PCE ticked up in October to 2.3% YoY, reversing the decline in September to 2.1%. Meanwhile, core PCE ticked up to 2.8% YoY in October after three consecutive months of steady inflation at 2.7%. Goods inflation remained negative for the sixth consecutive month at -1.0% YoY in October, ticking up slightly from -1.2% in September. Both durable and nondurable goods inflation remained contractionary in October. Nondurable goods increased to -0.6% YoY (September: -0.8%), the third consecutive month of negative price growth. Meanwhile, growth in durable goods prices rose for the fifth consecutive month, albeit remaining negative at -1.6% YoY in October. This was the 17th month of negative durable goods price growth but represented the highest reading since July 2023.
- Services inflation remained elevated in October at 3.9% YoY, higher than the 3.7% reading in September and the highest reading since May 2024. Housing PCE inflation remained elevated at 5.0% YoY in October, albeit easing slightly from 5.1% in September and recording the lowest reading since April 2022. Meanwhile, financial and insurance PCE inflation increased to 6.3% YoY from 5.1% in September, the highest reading since February 2022.



Source: Bureau of Economic Analysis, CEIC, OCBC.

Euro Area: November uptick in inflation

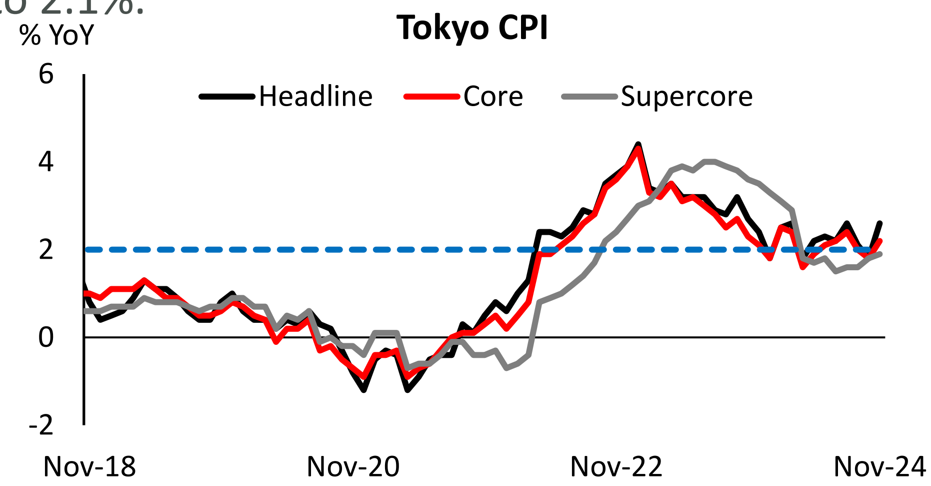
- Headline inflation ticked up in November to 2.3% YoY from 2.0% in October, representing the third consecutive month of rising inflation and the highest reading since July 2024. Meanwhile, core inflation held steady for the third consecutive month at 2.7% YoY in November. A major driver of the higher inflation in November was higher energy prices. Although remaining negative, energy prices ticked up in November to -1.9% YoY from -4.6% in October as a result of a low base effect after fuel prices fell 3% in November 2023.
- Services prices continue to remain the main driver of higher inflation, as November saw a slight easing to 3.9% YoY (October: 4.0%). This comes after 3Q24 negotiated wage growth ticked up to 5.42% YoY from 3.54% in 2Q24. However, we expect inflation to continue moderating moving into 2025 as cost pressures begin to ease as wages start to moderate. ECB Vice President Guindos has mentioned that ‘concerns about high inflation have shifted to economic growth’, indicating that the ECB now views inflation risks tilted towards the downside. We expect the ECB to continue easing monetary policy and cut by 25bp at its 12 December meeting and by a cumulative 75bp in 2025.



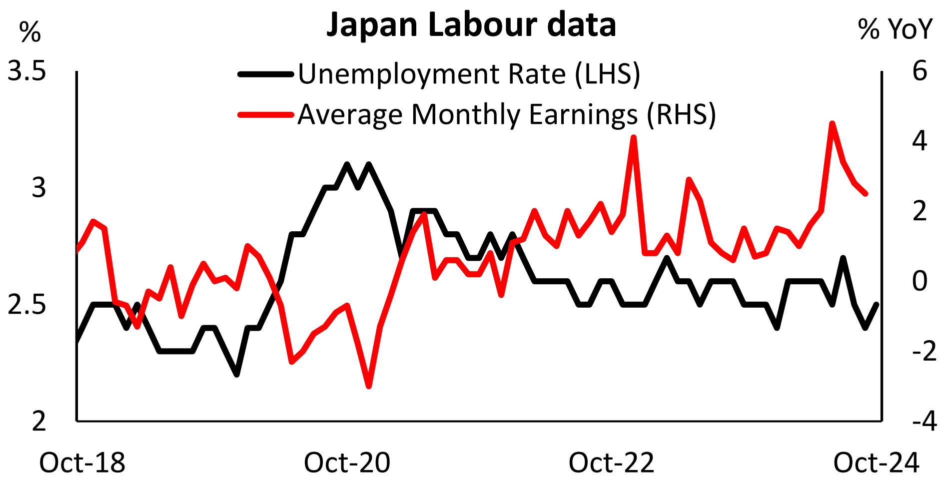
Source: Eurostat, CEIC, OCBC.

Japan: Still tight labour market, rising Tokyo CPI

- The jobless rate ticked up to 2.5% in October (September: 2.4%), marking the first uptick in three months. The slight uptick can be explained by more workers seeking new employment after the expiration of their led probationary period that started in April. Meanwhile, the job to applicant ratio rose slightly to 1.25 in October (September: 1.24), the third consecutive monthly increase. While both indicators showed a slight easing, they remain below pre-pandemic trends and indicate a still-tight labour market.
- Meanwhile, headline Tokyo CPI for November unexpectedly rose to 2.6% YoY from 1.8% in October. Core Tokyo CPI also ticked up to 2.2% YoY (October: 1.8%), while supercore Tokyo CPI increased slightly to 1.9% (October: 1.8%). Goods inflation continued to remain elevated at 4.6% YoY, in part due to the increase in fresh food prices which were up 10.1% in November. Meanwhile, energy inflation reaccelerated to 7.4% YoY in November versus 2.5% in October. Meanwhile, services inflation ticked up for the second consecutive month to 0.9% YoY, after the 2.9% YoY rise in services PPI for October last week. The November release brings year-to-date headline Tokyo CPI to 2.2% YoY and core Tokyo CPI to 2.1%.



Source: Statistical Bureau, CEIC, OCBC



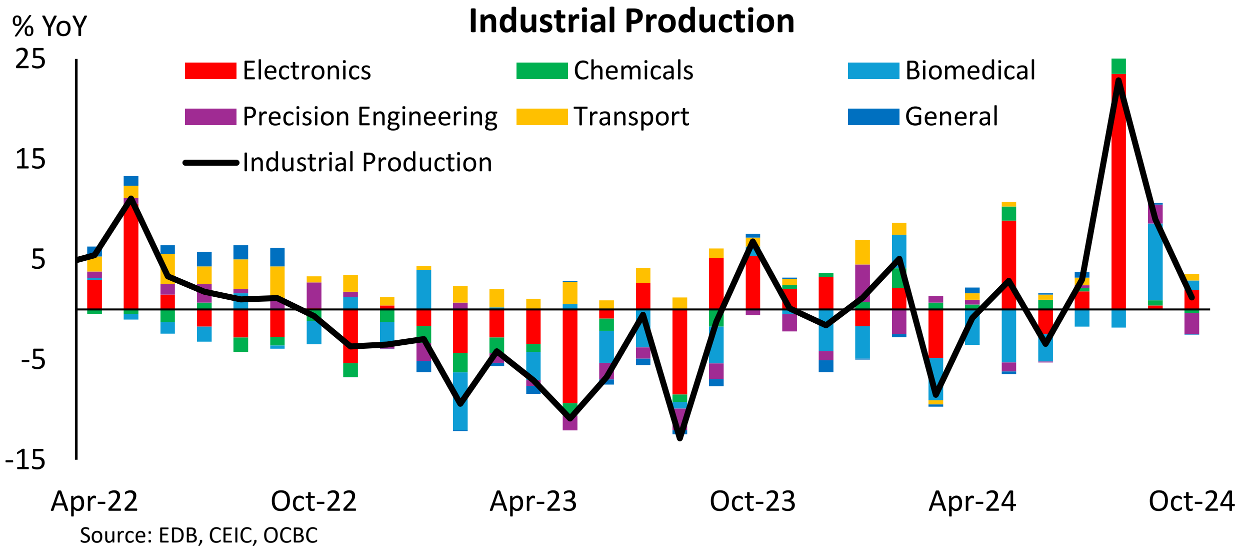
Source: Statistical Bureau, CEIC, OCBC

Source: Statistics Bureau of Japan, CEIC, OCBC.

Singapore: Industrial production eases in October

- Industrial production rose 1.2% YoY in October, easing from the 9.0% growth in September and marked the lowest reading since June. Excluding biomedical manufacturing, production rose by 0.4% YoY. Electronics manufacturing growth was stronger in October at 4.3% YoY (September: 0.9%), driven by stronger growth in the semiconductors sub-component which grew 2.1% (September: 0.6%). Meanwhile, chemical manufacturing contracted 2.2% YoY in October, reversing a 3.1% uptick in September. This was driven by a 31.7% YoY contraction in the specialties subcomponent, which offset stronger growth in the petrochemicals subcomponent and a smaller contraction in the petroleum sector.

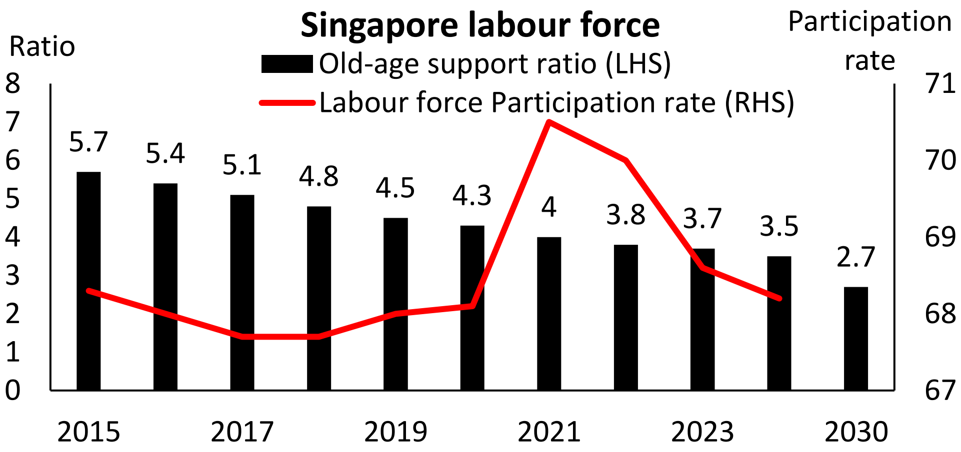
- Another driver of the weaker growth in October was the precision engineering sector, which contracted 15.9% YoY in October and reversed the 14.5% growth in September, as the machinery systems sector contracted 21.3%. The October data represents a significant moderation in manufacturing performance moving into 4Q24 after the strong 11.3% YoY growth in 3Q24. After the October release, year-to-October industrial production now stands at 3.2% YoY versus 3.5% as of September.



Source: EDB, CEIC, OCBC.

Singapore: MOM 2024 Labour force report

- Nominal incomes continued to exhibit strong growth in 2024, with the median gross monthly income growing by 5.8% YoY in 2024, up from 2.5% growth in 2023. At the 20th percentile, incomes rose by 7.1% YoY, up from the 1.7% rise in 2023. As a result of moderating inflation, real incomes rebounded from the contraction seen in 2023. Real median incomes grew 3.4% YoY, while incomes at the 20th percentile rose by 4.6%, reversing the 2.2% and 3.0% decline seen in 2023 respectively.
- The overall labour force participation rate declined in 2024 to 68.2%, marking the third consecutive year of decline. While participation across most age groups rose, the increasing share of seniors who have low participation rates led to the overall decline. The proportion of seniors above 60 in the workforce rose to 18.9% in 2024, up from 12.3% in 2014. Meanwhile, the share of those under 30 in the workforce declined to 14.6% in 2024 versus 18.8% in 2024 as a result of falling birth rates and a higher proportion doing further studies which has delayed their entry to the workforce. As a result of the ageing population, the old-age support ratio continued to decline to 3.5 in 2024, down from 6.0 in 2014 and is projected to continue declining to 2.7 by 2030.

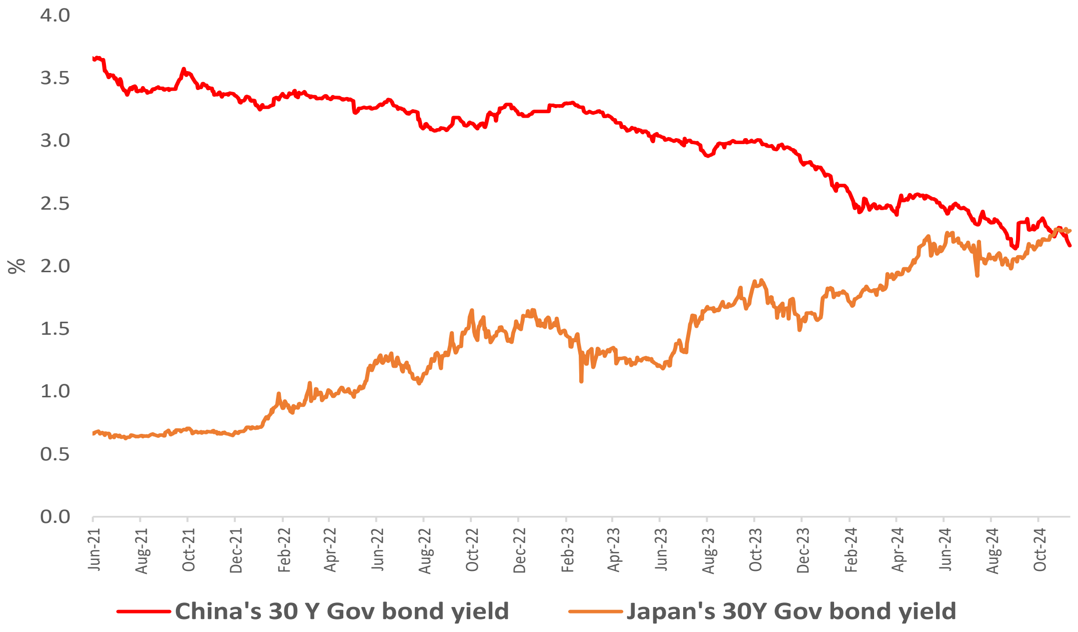


Source: MOM, OCBC. Note: The 2030 figure is MOM's projection.

Source: Ministry of Manpower, CEIC, OCBC.

China: Further decline of government bond yields

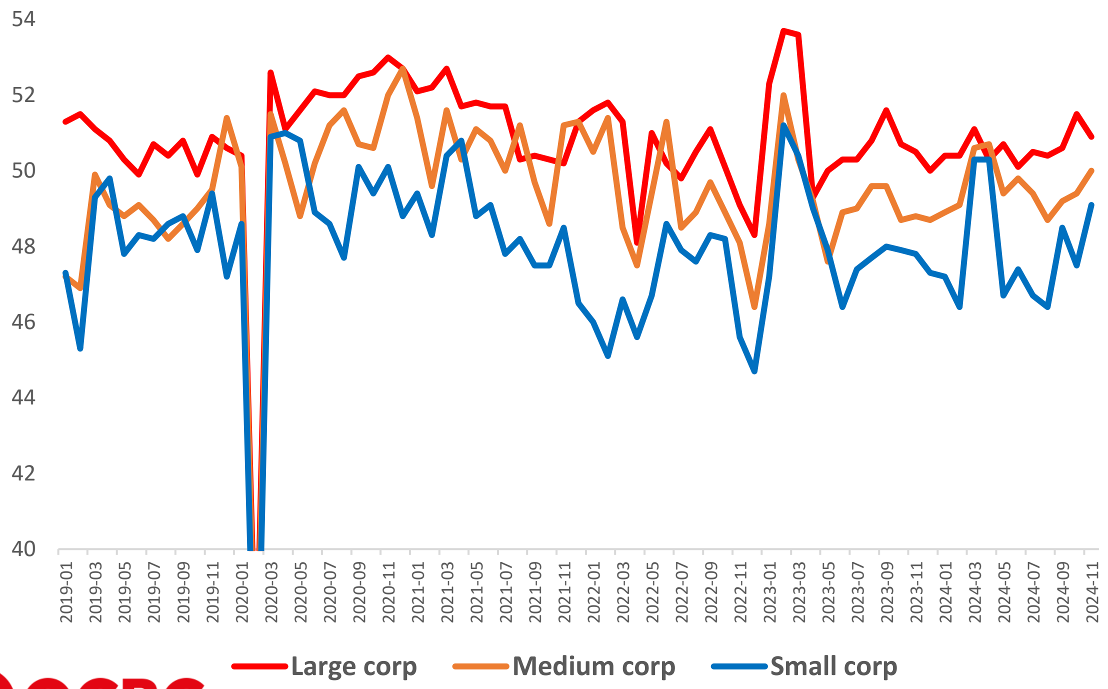
- Government bond yields continued to decline last week, with the curve bull flattening. The 10-year Treasury yield touched a multi-decade low of 2.02%, while the 30-year ultra-long Treasury yield fell to 2.2%, dropping below Japan's 30-year Treasury yield for the first time.
- The rally in Chinese government bonds was driven by three main factors: expectations of a RRR cut, supportive liquidity condition and still weak economic fundamentals.
- The resistance for further downside may increase due to higher government bond issuance and upcoming major meetings. The December Politburo meeting and the Central Economic Work Conference could see the announcement of additional stimulus measures, which may alter market dynamics and reduce the scope for further declines in yields.

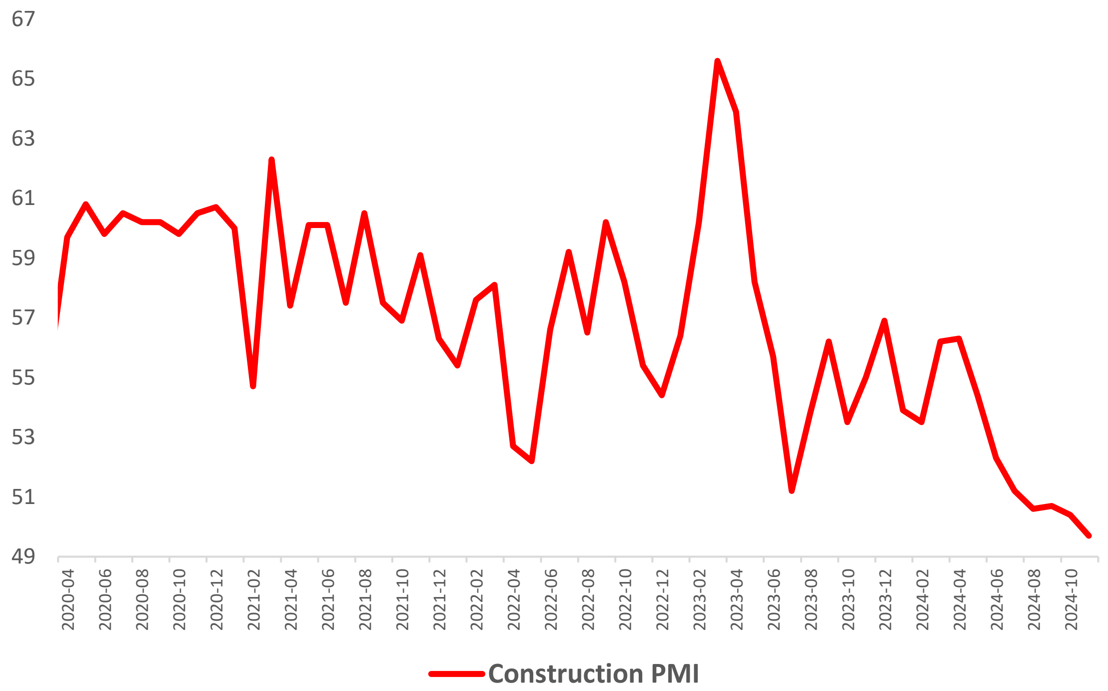


Source: Bloomberg, OCBC.

China: Sentiment improved further

- The manufacturing PMI rose to 50.3 from 50.1, driven by improvements in both external and domestic demand. There are two bright spots. Firstly, smaller companies saw the most significant gains in November. PMI for medium-sized companies rose to 50.0 from 49.4, while small-sized companies improved to 49.1 from 47.5. Secondly, the business expectation index jumped significantly, reaching 54.7 from 54.0, indicating improved confidence among manufacturers about future conditions.

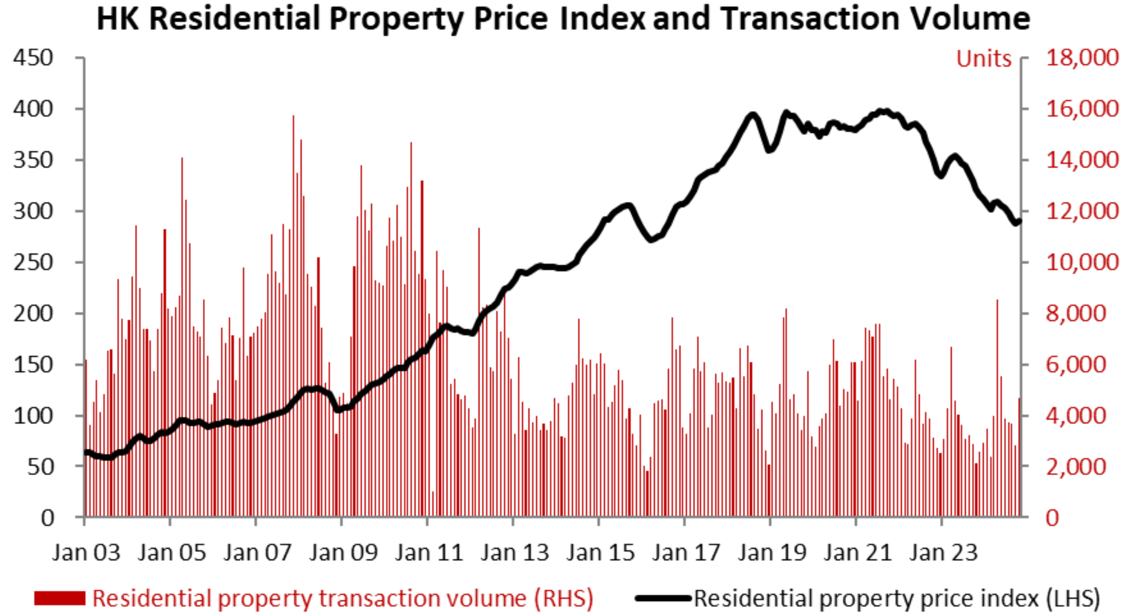




Source: Bloomberg, OCBC.

HK: Housing prices rebounded for the first time in five months

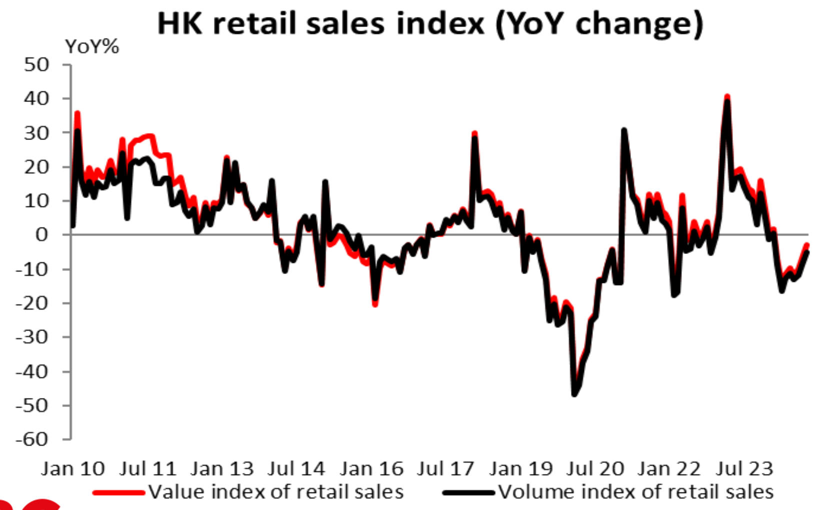
- The housing market showed tentative signs of stabilization, as wider sentiment was buoyed by a slew of positive catalysts. The residential property price index rebounded by 0.6% MoM in October, snapping the five-month downtrend, following the 25bp prime rate cut, China's step-up stimulus measures and sharp stock market rally in September. The rental index, however, declined for the first time in seven months, by 0.3% MoM.
- In the first ten months this year, the housing price index fell cumulatively by 6.8%, whereas the rental index increased by 4.8%. While we expect to see some stabilisation in the housing market down the road, there is little reason to believe the rebound in housing prices have legs in the near term, as risk sentiment took a south turn again in the later part of October. Added to that, the uncertainties surrounding the new US administration could dent the investment sentiment further.

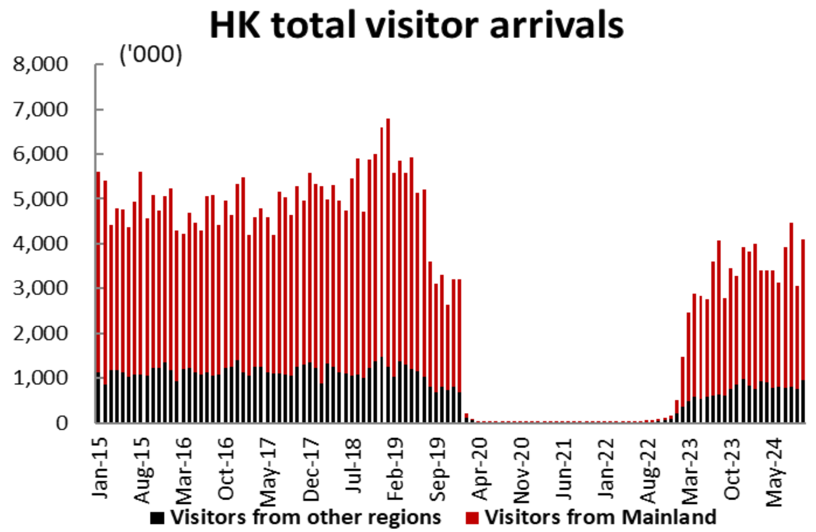


Source: HK Rating and Valuation Department, OCBC.

HK: Resuming "multiple-entry" visa scheme

- Total retail sales declined further, albeit at slower pace of 2.9% YoY in value terms in October (Sep: -6.9% YoY). In the first ten months this year, total retail sales fell cumulatively by 7.1% YoY in value terms.
- In sequential basis, total retail sales rose sharply 11.1% MoM in value terms in October. During the month, sales of "consumer durable" (+36.4% MoM), "jewellery, watches and valuable gifts" (+28.0% MoM) and "department stores" (+19.5% MoM) all recorded strong rebound, conceivably due to positive wealth effect created from sharp equity market rally in late September and early October, as well as increase in visitor arrivals.
- "Multiple-entry" Individual Visit Scheme was resumed starting from December 2024, instead of the previous one-trip-per-week limit. Under this scheme, Shenzhen residents can have unlimited entries into Hong Kong within a year. Tourism-related sectors, which were hit by the weak consumption sentiment, are expected to benefit from the new visa arrangement.

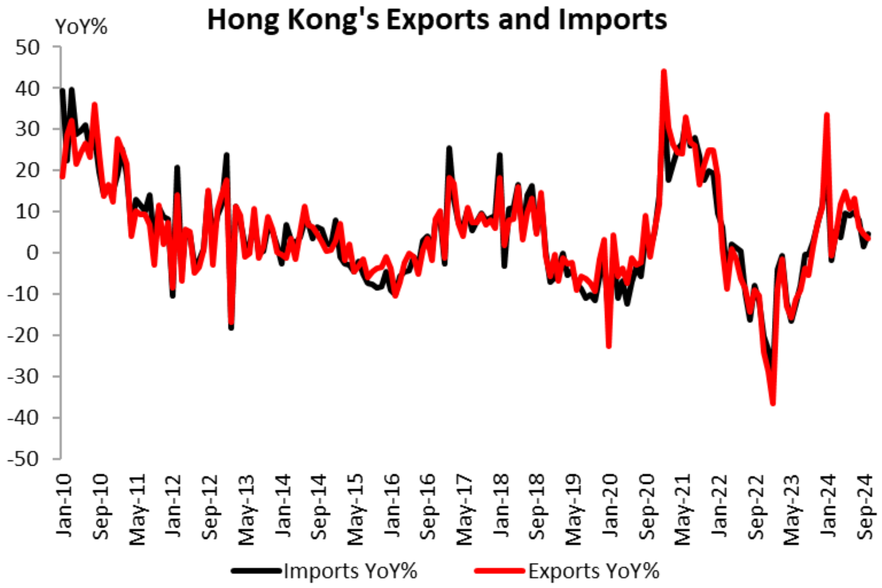




Source: HK Census and Statistics Department, OCBC.

HK: Exports slowed further amid high base

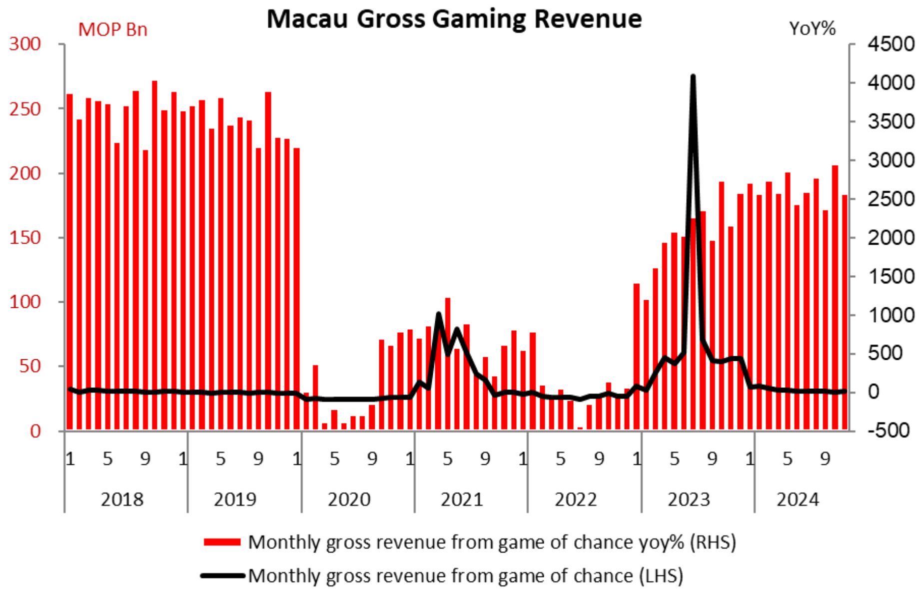
- Growth of merchandise exports slowed further to 3.5% YoY, while that of imports paced up to 4.5% YoY in October (4.7% YoY and 1.4% YoY respectively in September). During the period, trade deficit dropped to HKD31.0bn, from that of HKD53.2bn in September.
- Within the total, exports to mainland China slowed for the third consecutive month to 8.6% YoY in October (-1.9% MoM), while that to the US reverted to an increase at 5.8% YoY (+16.4% MoM). In the first ten months this year, total merchandise exports and imports grew by 9.9% YoY and 6.9% YoY respectively.
- There are early signs of front-loading of China's exports under Trump's tariff threat. Yet, Hong Kong's trade performance is expected to weaken further going into late 2024 and early 2025, partly due to the high base effect.



Source: HK Census and Statistics Department, OCBC.

MO: Easing travel restrictions to Macau

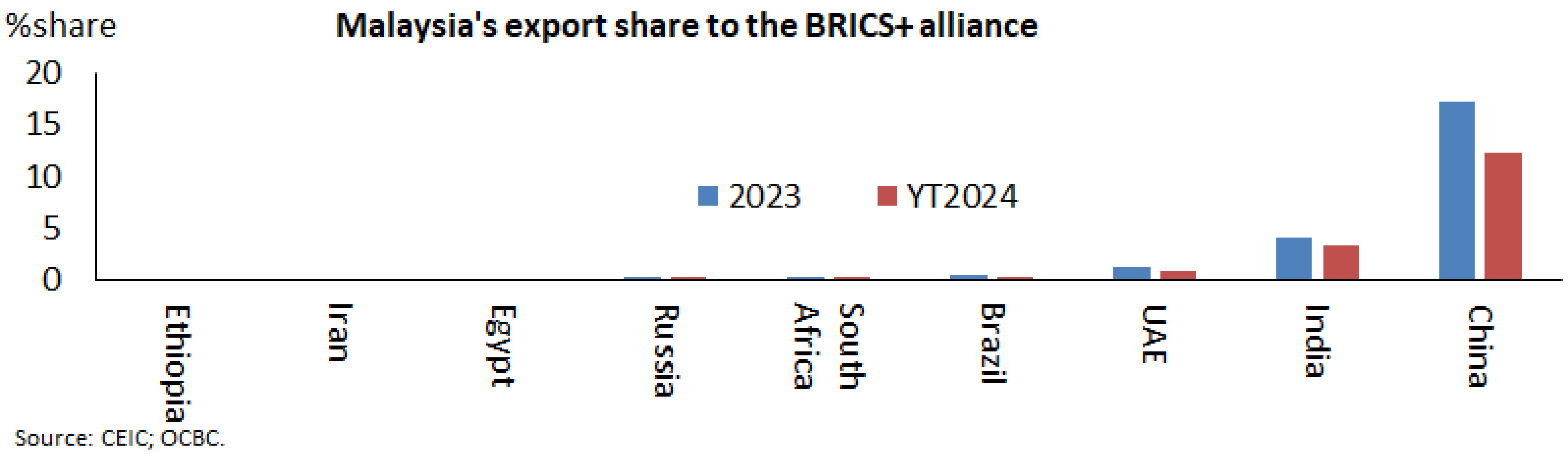
- As the Golden week holiday passed, Macau's gross gaming revenue dropped by 11.3% MoM (14.9% YoY), from the highest tally in more than four years in October, to MOP18.44bn in November.
- In the first eleven months as a whole, the gross gaming revenue rose by 26.8% YoY. Our full year growth forecast for Macau's gross gaming revenue was at 24%.
- Separately, starting from January 2025, Zhuhai residents can apply for a new "one-trip-per-week" visa to visit Macau. At the same time, residents possessing household registration and a residence permit for Hengqin can apply for a multiple-entry visa for unlimited travel (seven days of maximum stay period for each trip) to Macau.



Source: DSEC, DICJ, OCBC.

ASEAN: BRICS+ and potential implications

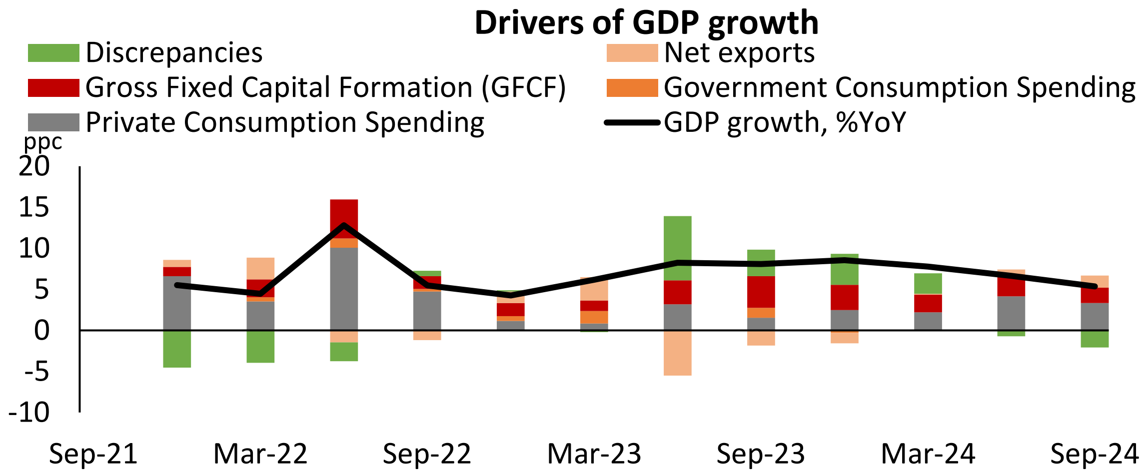
- The ASEAN economies of Malaysia, Vietnam, Indonesia and Thailand have shown an interest in joining the BRICS+ alliance. They became ‘partner countries’ of BRICS while awaiting full membership. We believe the desire to accede to the formal alliance is unlikely to waver (at for the near-term) following US President-elect Donald Trump’s suggestion of 100% tariffs on these countries should they “move away from the dollar…”.
- President-elect Trump went on to say, “we require a commitment from these countries that they will neither create a new Brics currency nor back any other currency to replace the mighty US dollar or they will face 100% tariffs and should expect to say goodbye to selling into the wonderful US economy.” As it stands, the BRICS+ is an alliance of economies at different stages of development. While the ambition is to increase trade and investment flows, the path is less clear cut.
- From an individual country perspective, there is scope for countries within the alliance to increase trading and investment relations with one another. For example, Malaysia’s export share to BRICS countries apart from Mainland China is still low suggesting room to benefit from the alliance.



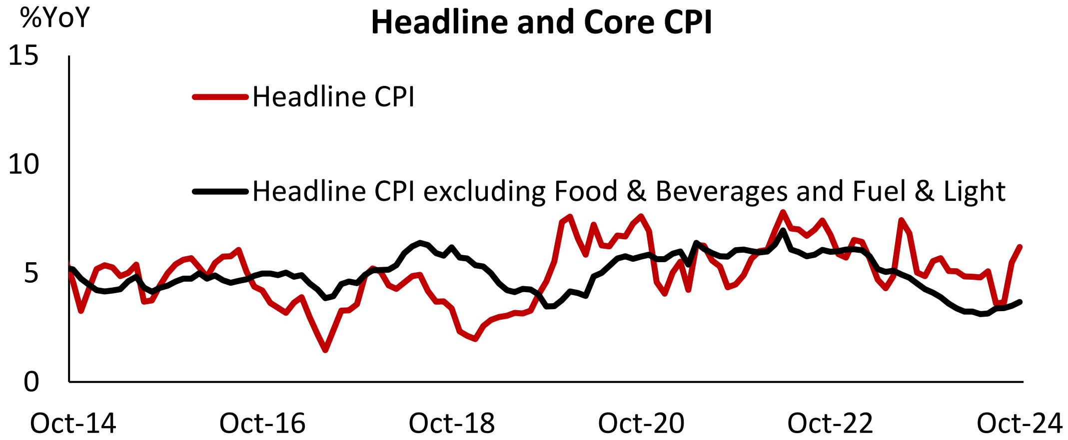
Source: CEIC, OCBC.

India: 3Q24 GDP growth shocker likely to set rate cuts in motion

- 3Q24 GDP growth was a shock, coming in at 5.4% YoY versus 6.7% in 2Q24. We had forecasted GDP growth to slow to 6.2% YoY in FY25 (April 2024 until March 2025) versus 8.2% in FY24, but the slowdown came faster-than-expected in the second quarter of the fiscal year rather than second half of the fiscal year. Notwithstanding, we maintain our FY25 GDP growth forecast of 6.2%.
- For RBI, the dilemma is real but there is a strong case building for cuts to come sooner rather than later. As we argued in our 1H25 outlook, that while headline inflation has been volatile on account of certain component such as vegetables, vegetable oils, we expect the disinflationary momentum to remain intact in the coming months. Core inflation has also largely conformed to a stabilising trend.
- The Reserve Bank of India (RBI) will be incentivised to cut sooner rather than later. We expect a 25bp cut from RBI at its 6 December meeting, followed by another 25bp cut at its 7 February meeting.



Source: CEIC; OCBC



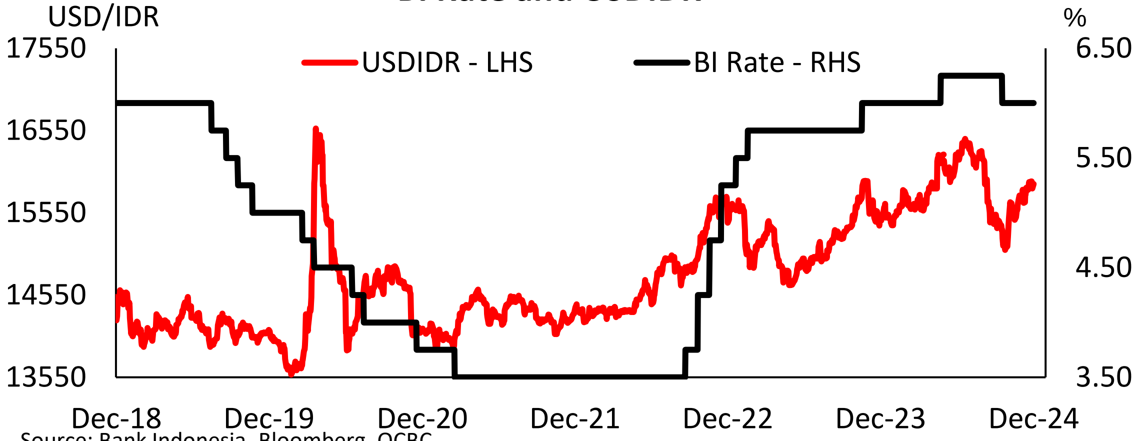
Source: CEIC; OCBC

Source: CEIC, OCBC.

Indonesia: Lower November CPI may not be enough for BI

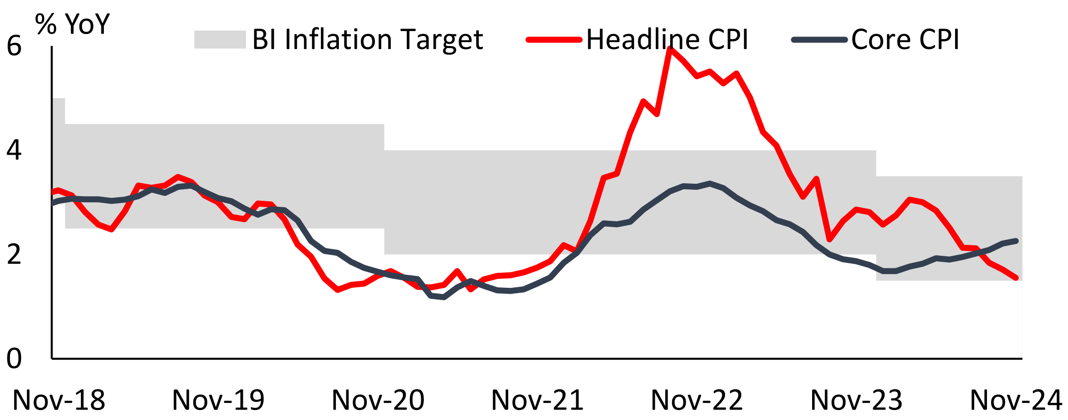
- Headline inflation eased to 1.5% YoY in November from 1.7% in October, matching expectations. This was driven by lower CPI in food, beverage & tobacco (1.7% YoY in November from 2.3% in October) and more than offset the pickup in personal care and other services CPI (7.3% from 7.1%), while the transportation CPI was unchanged at 0.0%.
- While the headline print eased to its lowest level since mid-2021, the core inflation, however, rose to a 16-month high of 2.3%, up from 2.1% in October, reflecting higher gold prices. The November print brings the October-November CPI to 1.6% YoY, down from 2.0% in 3Q24.
- Despite easing headline inflation, we expect Bank Indonesia (BI) to remain focussed on external considerations. The USD/IDR has been volatile following the US elections and BI is cognisant of risks around further IDR depreciation. Our base case is for BI to remain cautious and keep its policy rate steady at its 18 December meeting, but we see a cumulative 50bps in rate cuts in 1H25. The call for the December meeting is close and contingent on USD/IDR moves.

BI Rate and USDIDR



Source: Bank Indonesia, Bloomberg, OCBC.

Headline and core CPI

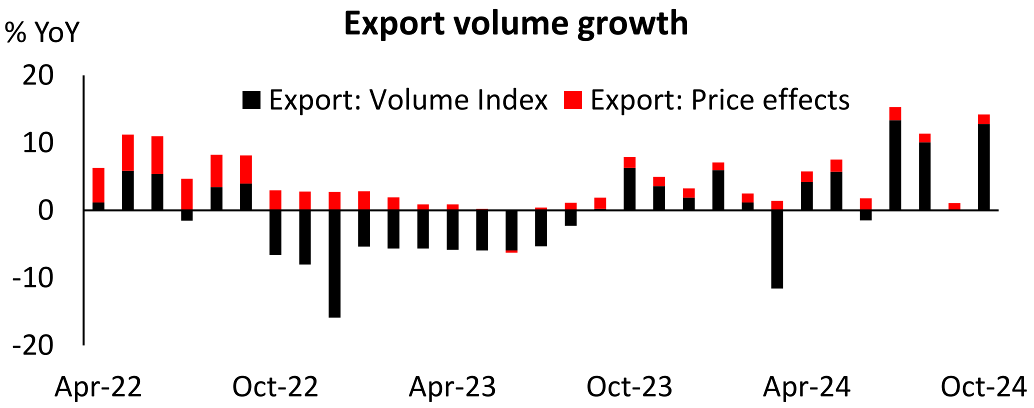


Source: Statistics Indonesia (BPS), Bloomberg, OCBC.

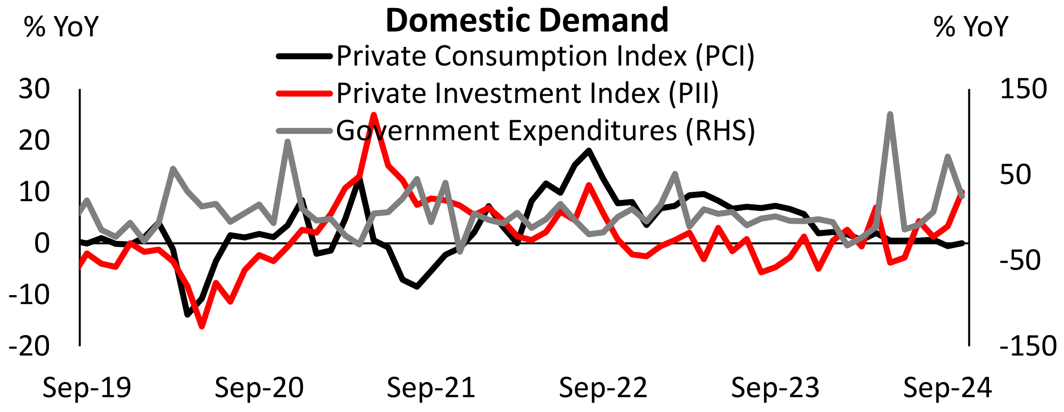
Source: Bank Indonesia, Statistics Indonesia (BPS), Bloomberg, OCBC.

Thailand: Uneven improvements continue in October

- The uneven recovery in economic growth momentum continued in October. On the external front, export and import growth improved in October versus September, along with tourist arrivals resulting a broadly stable current account surplus. On the domestic front, private sector investment spending jumped in October, but growth in private consumption spending was flat. Meanwhile, government spending stayed strong.
- We expect the economy to grow 2.6% YoY in 2024, implying a pickup in 4Q24 GDP growth to 3.5%. Much of this growth is expected to come from the digital wallet program; notwithstanding, the improvements in the October data suggests that 4Q24 started on a strong note. For 2025, we forecast GDP growth to pick up to 3.3% YoY.
- With growth momentum picking up, we expect the Bank of Thailand (BoT) to keep the powder dry in the near-term, likely leaving its policy rate unchanged at 2.25% at its 18 December meeting. Our base case remains for BoT to cut its policy rate by 25bp in 1Q25, bringing the policy rate to 2.00% by end-2025.



Source: Bank of Thailand, CEIC, OCBC.



Source: Bank of Thailand, CEIC, OCBC.

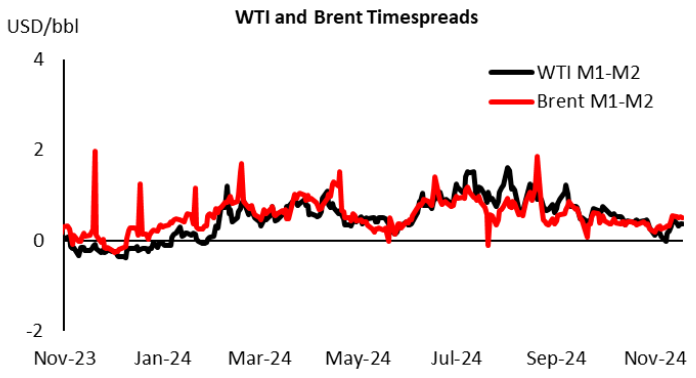
OCBC

Source: Bank of Thailand, CEIC, OCBC.

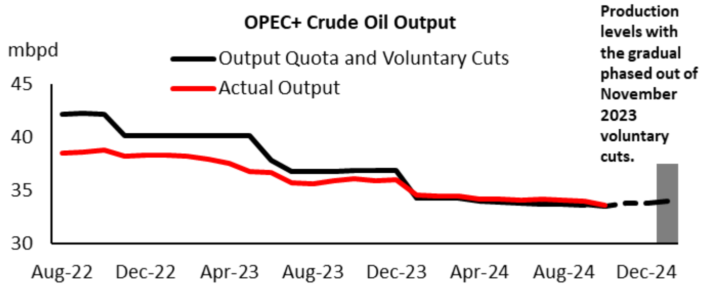
Commodities

Oil: Crude oil prices closed lower

- Crude oil benchmarks failed to hold onto the gains made in October, with WTI and Brent declining by 1.8% MoM and 0.3% MoM, respectively, to close at USD68.0/bbl and USD72.9/bbl. Geopolitical tensions in Europe, along with disruption in oil operations in the Gulf of Mexico and the North Sea, were among the factors that had supported higher oil prices. However, these gains were more than offset by factors including a stronger DXY profile, and the announcement of an Israel-Hezbollah ceasefire agreement.
- OPEC+ will hold its Joint Ministerial Monitoring Committee (JMMC) on 5 December 2024 (originally scheduled for 1 December) to assess the global oil market. Given the weakness in crude oil prices and the prospects of a supply glut next year, there is an increasing likelihood of another extension of planned production increases for 1-2 months, in our view.
- For 2024, we expect oil prices to continue to fluctuate in a tight range, with Brent averaging USD80/bbl. For 2025, global oil prices should continue to moderate, with Brent averaging USD77/bbl, as the anticipated buildup in global oil inventories is expected to constraint any upward pressure on oil prices.



Source: Bloomberg, OCBC.



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

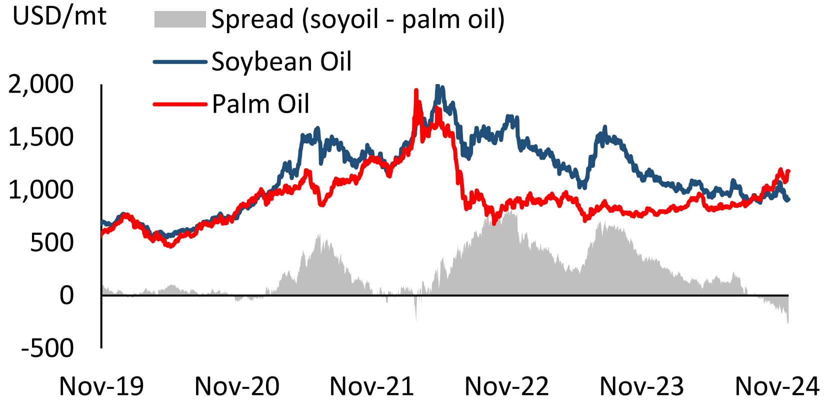
OCBC

Source: OPEC, Platts, OCBC.

CPO: Elevated prices unlikely to sustain

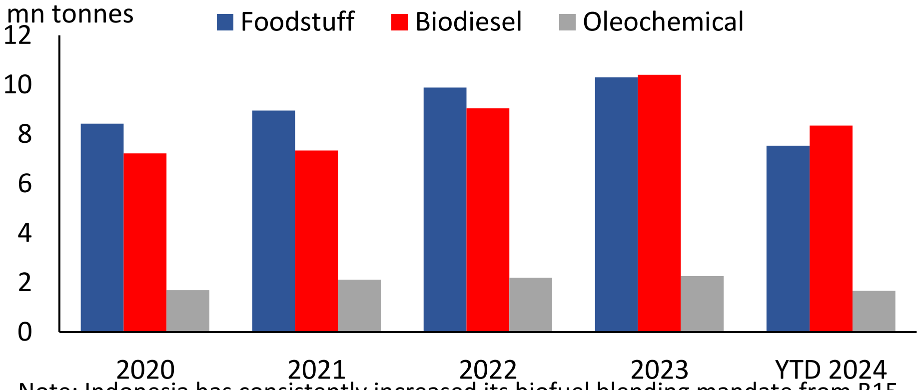
- The benchmark CPO spot price remained elevated throughout November, reaching a multi-year high of MYR5,270/mt on 11 November before easing slightly to last closed at MYR5,060/mt – a 5.3% month-to-date increase. Supply concerns, coupled with the anticipated implementation of the B40 mandate in Indonesia, continue to support elevated price levels, even as demand softens in key consuming markets following the conclusion of festive season. While we expect medium-term prices to normalize closer to the MYR4,000/mt range, the near-term prices may remain elevated. As such, there is a risk that the average 2024 CPO price could exceed our forecast of MYR4,100/mt. Notably, CPO continues to trade at rare premiums over soybean oil, reflecting a ~40% year-to-date increase in CPO price compared to a ~14% decline in the latter.
- Looking ahead to 2025, the implementation of the B40 biofuel blending mandate could reduce Indonesia's exportable palm oil by an estimated 2mn tonnes (Indonesia exported 32.2mn tonnes of palm oil in 2023), exerting additional pressure on the global CPO balance. Furthermore, ongoing elevated CPO prices may delay replanting activities, which in turn could impede productivity improvements.

Soybean Oil - Palm Oil Spread



Source: Bloomberg, OCBC calculation.

Indonesia CPO Domestic Consumption



Note: Indonesia has consistently increased its biofuel blending mandate from B15 in 2015 to B35 in 2023. Latest data as of September 2024. Source: GAPKI, CEIC,

Source: GAPKI, Bloomberg, CEIC, OCBC calculation.

FX & Rates

FX & Rates: Heavy Data Week

- **JPY Rates.** Our long-end view has been for a rate hike at the December meeting where we have penciled in a 15bp hike but do note there is a high uncertainty on the magnitude of a policy rate move should a hike be delivered. Before December BoJ meeting, key releases include October labour cash/real cash earnings, and Q4 Tankan survey. Prospects remain for the virtuous cycle between wage and prices continuing to play out.
- **DXY.** USD rebounded this week in early trade as markets speculate for a bounce back in Nov payrolls data (to be released on Fri) after hurricanes, major strike may have distorted Oct NFP (recall that the last print was a low +12k). Consensus is looking for +200k print. We cautioned that a print lower than expectations may see USD bears return. Elsewhere, tariff news serve as a constant reminder that wider tariff could soon hit when Trump comes on board officially.
- **EURUSD.** Renewed focus on political concerns in Germany and France may drag EUR lower in the near term. France's minority government may face a no-confidence vote this week due to budget clashes. French far-right leader Marine Le Pen was said to have given PM Barnier until Monday to negotiation new concessions such as raising pensions in line with inflation, cancel the initial plan to cut medical reimbursement, reduce France's contribution to EU's budget, etc. The risk of no-confidence vote may come today if PM Barnier uses constitutional powers to force a social security bill through. In Germany, far-right AfD is calling for Germany to leave the European Union, the EUR and Paris climate deal as the party prepares for early elections in Feb-2025 (there is an explicit language here to quit EU unlike its manifesto ahead of the European parliament elections). Note that Chancellor Scholz is expected to call for a vote of confidence on 11 Dec and the Bundestag will vote on 16 Dec. It serves 2 purposes – either to stabilise the government or to initiate new elections. The purpose of the vote this time is to give members of Bundestag an opportunity to decide whether to withdraw support for current Chancellor and to pave the way for early elections on 23 Feb 2025. To survive the vote, Scholz would need to receive the support of an absolute majority of 367 votes. This week brings manufacturing PMI, unemployment rate (today); services PMI, PPI (Wed); retail sales (Thu); 3Q GDP, employment (Fri).

ESG

ESG: Greater confidence in bilateral carbon market approaches post-COP29

- **Strong momentum behind Article 6.2 collaboration**:
    - Singapore and Thailand plan to work towards an Implementation Agreement on carbon credit collaboration, among other areas of collaboration including energy and food security.
    - Indonesia launched a Mutual Recognition Agreement to formalise carbon trading with Japan, which is aligned with Article 6.
    - India aims to finalise carbon deals with Japan in early 2025, followed by advancing similar discussions with other countries including South Korea and Singapore before Mar 2026.
- **Greater clarity after COP29**: There is enhanced guidance and clarity around how countries will authorise the trade of carbon credits and manage tracking registries for Article 6.2, highlighting components of authorisation that countries must carry out. The centralised carbon market under the UN (Article 6.4 mechanism) is now underpinned by mandatory safeguards for projects to protect the environment and human rights, ensuring that projects cannot proceed without the informed agreement of indigenous communities.
- **More needed to scale carbon markets**: To implement Article 6 effectively, it is important to have uniform implementation approaches for bilateral agreements between countries to harmonise approaches in the use of Article 6. Direction and clarity from governments will also be important to incentivise stakeholders to participate in Article 6 markets. The Supervisory Body, responsible for setting up the new carbon crediting mechanism under Article 6.4, has a comprehensive action plan for 2025 that includes working on methodologies and global governance structures.

OCBC

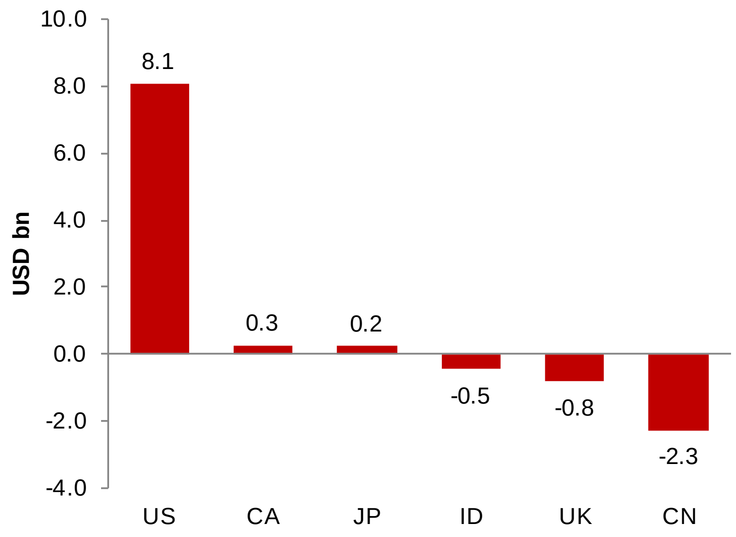
Source: Carbon Pulse, CNA

Asset Flows

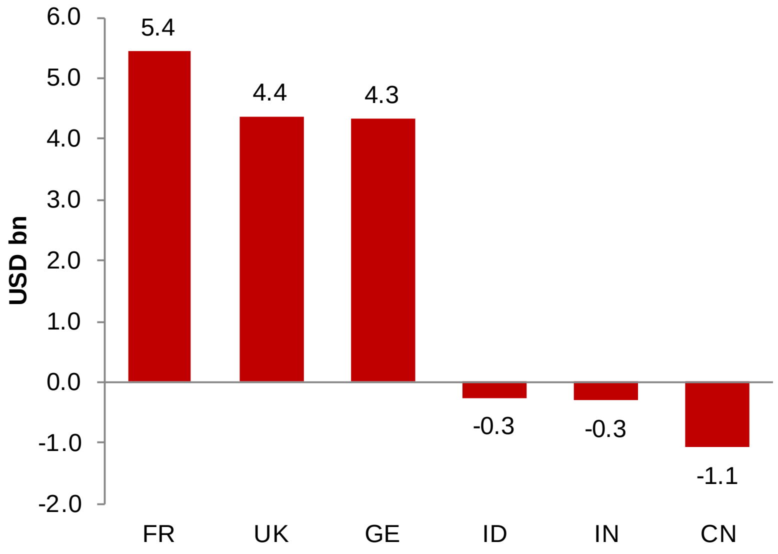
Global Equity & Bond Flows

- Global equity markets saw net inflows of $29.4bn for the week ending 27 November, an increase from the inflows of $14.5bn last week.
- Global bond markets reported net inflows of $10.3bn, an increase from last week's inflows of $9.3bn.

Equity top gainers & losers



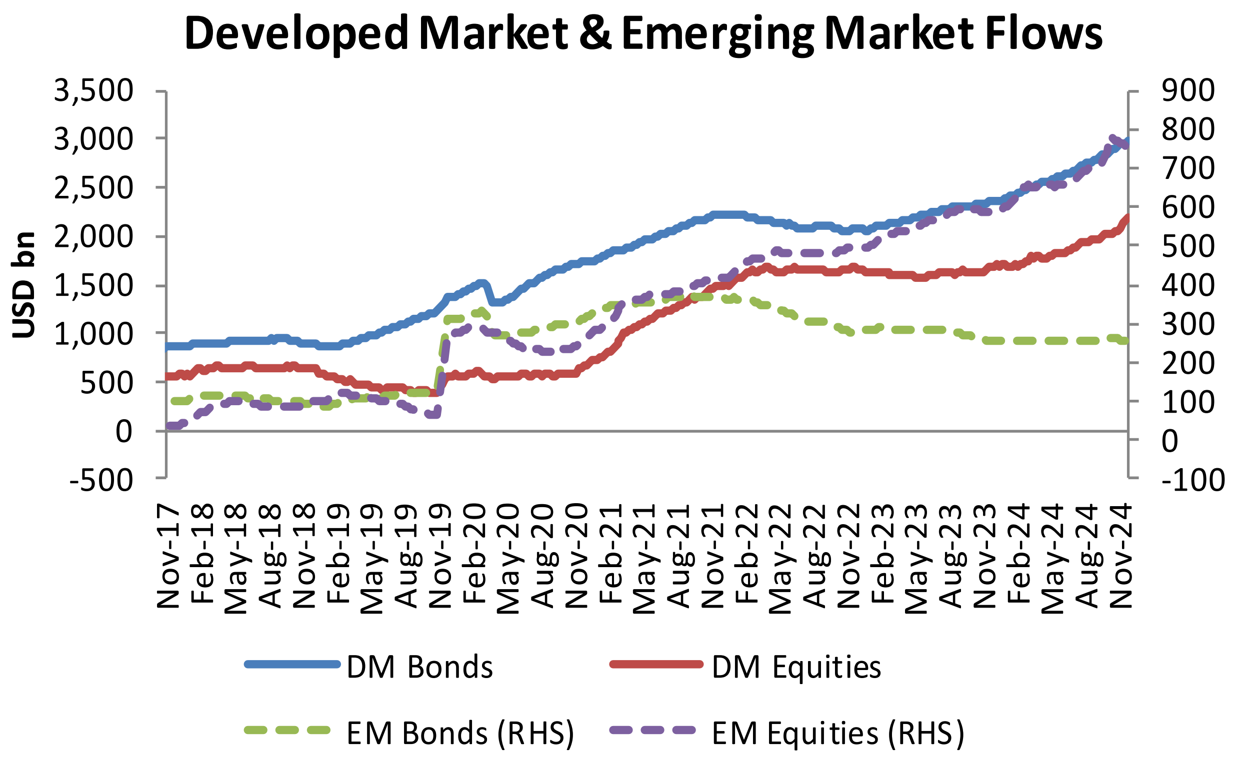
Bonds top gainers & losers



Source: OCBC, EPFR

DM & EM Flows

- Developed Market Equities ($30.9bn) saw inflows and Emerging Market Equities ($1.4bn) saw outflows.
- Developed Market Bond ($12.5bn) and Emerging Market Bond ($2.2bn) saw outflows.



Source: OCBC, EPFR

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