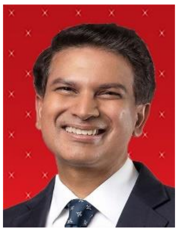
Macro Insights Weekly

Could the next Fed move be a hike?

Economics/Strategy/Rates/FX/Credit

May 4, 2026



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- *Powell's last meeting as Fed Chair won't mark the end of tensions regarding US monetary policy direction. Dataflow and political pressure could push the FOMC in opposing directions.*
- *Powell leaves FOMC chair, stays Fed governor till Jan 2028; policy decision tensions likely.*
- *Data strong: ISM upbeat, 1Q retail double-digit, GDP tracking 3%+.*
- *Inflation risks up (energy/electronics); case to hold or even lean hawkish.*
- *Base case shifts: Fed to drop dovish bias, move toward neutral—not hikes yet.*
- *Forecast: we are removing the 2026 cuts; 2027 hikes possible if growth-inflation mix stays hot.*

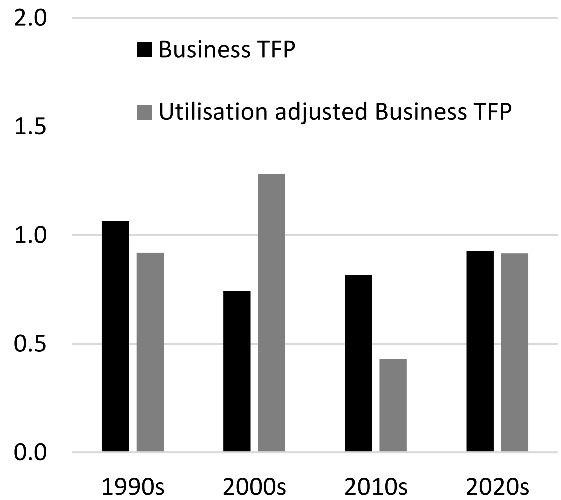
Key data release and events:

- BNM to remain on the sideline.
- Strong trade data expected out of the region.
- Inflation readings to turn hot.

Chart of the Week: AI and productivity

AI's promise is massive, but so far, the impact is largely on the revenues earned by chip manufacturers and service providers. Are companies and economies seeing a boost in productivity? It may be too early to tell, but the evidence is soft thus far. San Francisco Fed's analysis shows that current productivity trend is no different from previous decades. Particularly disappointing is the 0.2% growth during the past four quarters. Markets remain convinced and patient about AI's potential. The payoff needs to come soon.

US Total Factor Productivity Estimates



Source: San Francisco Fed, DBS

Commentary: Next Fed move a hike?

Last week's Federal Open Market Committee (FOMC) meeting to decide the course of US monetary policy was the last one under Chair Jerome Powell. He won't disappear from the scene entirely though, as he has expressed a desire to carry on as a member of the Fed Board of Governors through the expiration of his term at end-January 2028. With Powell legally allowed to be in the FOMC till then, and several other members in the 12-person FOMC aligned with his views, a contentious set of Fed meetings are ahead. This is especially likely with forthcoming Fed Chair Warsh and current Trump-appointee Miran expected to push hard for policy accommodation.

What sort of data will confront the next meeting deliberations? Consider the widely followed purchasing managers' survey released by the Institute of Supply Management. The April readings show an economy still very much on the march, with markers for production, new orders, inventories, and imports pointing to sustained demand growth. Labour market may be on the weaker side, inflation may be soaring, but economic activities are proceeding apace. Double digit retail sales growth in 1Q26 confirm this narrative. Atlanta Fed's Nowcast point to 2Q GDP tracking at 3%+.

Strong consumer spending, a flat housing market, a decent investment cycle (though concentrated in tech), booming energy exports, and substantial upside inflation risks, driven by energy and electronics prices, characterise the US economy presently. **These factors would point to keeping rates as they are, or could even justify moving into a hawkish stance in the coming months**.

We have long maintained that 2026 would be marked by at least two 25bps rate cuts, on account of incipient weakness in the labour market and likelihood of financial market correction. The latter expectation stemmed from the various stock market over-valuation estimates. Those risks remain, but are offset by the present inflationary environment and robust economic growth. **The Fed is not likely to move toward a hawkish direction soon, but removing its dovish bias and moving toward a neutral stance is on the cards, in our view**.

Short of a dramatic and concrete resolution to the ongoing US-Israel war on Iran, inflation risks are unlikely to recede in the coming months. It is conceivable that under Chair Warsh, the Fed will find a way to convince the markets that headline inflation risks should be looked through as long as core inflation markers are stable (which they are, through March). But even that shift to neutral will displease President Trump, while any talk of possible hikes could be met with major challenges to Fed independence by the president.

Once mid-term elections are over, there might be further clarity on the balance of power in Washington, which could then pave the way for more independent decision-making. While Mr. Warsh is going to be reluctant to lead the Fed to a path of rate hikes, the data may force him in that direction. Assuming growth remains strong and price pressures don't fade, 2027 could be marked by Fed rate hikes, in our view. **As for our forecasts, we will remove the rate cut calls for this year, but not yet venture into rate hike calls for next year**. Like the Fed, we would need more data for several more months before heading in that direction.

Taimur Baig

Key forecasts for the week

Event	DBS	Previous
May 4 (Mon)		
Indonesia: exports (Apr)	1.8% y/y	1.0% y/y
- imports	12.6% y/y	10.9% y/y
- trade balance	USD1.5bn	USD1.3bn
- CPI	2.8% y/y	3.5% y/y
May 5 (Tue)		
Hong Kong: GDP (1Q)	3.8% y/y	3.8% y/y
Indonesia: GDP (1Q)	5.6% y/y	5.4% y/y
Philippines: CPI (Apr)	5.8% y/y	4.1% y/y
May 6 (Wed)		
Hong Kong: retail sales (Mar)	9.4% y/y	19.3% y/y
South Korea: CPI (Apr)	2.4% y/y	2.2% y/y
Thailand: CPI (Apr)	1.5% y/y	-0.1% y/y
May 7 (Thu)		
Malaysia: BNM overnight policy rate	2.75%	2.75%
Philippines: GDP (1Q)	3.2% y/y	3.0% y/y
Taiwan: CPI (Apr)	1.6% y/y	1.2% y/y
May 8 (Fri)		
US: change in nonfarm payrolls (Apr)	150k	178k
Malaysia: industrial production (Mar)	2.5% y/y	3.1% y/y
Taiwan: export (Apr)	58.7% y/y	61.8% y/y
- import	40.5% y/y	38.3% y/y
- trade balance	USD19.3bn	USD21.3bn
May 9 (Sat)		
China: exports (Apr)	8.4% y/y	2.5% y/y
- imports	12.7% y/y	27.8% y/y
- trade balance	USD94.3bn	USD51.1bn
China: M2 (Apr)	8.5% y/y	8.5% y/y

Central bank meetings

Bank Negara Malaysia (BNM) (May 7): We expect Bank Negara Malaysia (BNM) to maintain its Overnight Policy Rate (OPR) at 2.75% for the fifth consecutive meeting on May 7. The central bank will likely reiterate that the current monetary policy stance is appropriate and supportive of the economy amid price stability. Since the previous decision in March, Malaysia's economic growth and inflation have remained resilient despite ongoing uncertainties posed by the Iran-centred Middle East conflict. March data showed continued growth in goods exports of 8.3% yoy, supported by expansion in electronics driven by global artificial intelligence (AI)-related tailwinds, and an upturn in energy shipments due to higher oil & gas prices. Headline inflation rose to 1.7% yoy in March, driven by higher energy-related costs, but remained below the long-term average of 2.0%, and was contained by fuel subsidies. We therefore see little impetus for BNM to adjust its OPR in the near term.

Forthcoming data releases

China: Exports growth is expected to accelerate from 2.5% yoy in March to 8.4% in April. China's container ship deadweight tonnage at 20 major ports rose from 3.9% YoY in March to 4.3% in April, indicating a mild improvement in trade activity, although elevated energy prices and geopolitical uncertainties continue to cloud the outlook. Meanwhile, the contraction in international cargo flights narrowed from 3.0% yoy in March to 0.6% in April. On monetary front, credit demand remains weak. Both new corporate and household medium- to long-term loans are expected to decline amid cautious borrowing sentiment and ongoing early repayments. M2 growth is expected to hold at 8.5% yoy in April. Precautionary savings remained elevated, while weakening property prices continued to erode household wealth effects. The gap between M2 and M1 growth is expected to stay apart as corporations and individuals remain hesitant to invest and spend.

Hong Kong SAR: The economy is expected to grow by another 3.8% yoy in 1Q26, supported by robust exports and private consumption. On the external front, Hong Kong's export performance in 1Q exceeded expectations. The city's domestic exports rose 32.0% yoy, reflecting broader export diversification and stronger demand for Chinese electronic goods. Meanwhile, as China's free port and re-export hub, Hong Kong has also benefited from the China–US trade truce, evidenced by a 47.5% yoy increase in exports to the US. On the domestic front, a weaker HKD has encouraged more mainland Chinese tourists to visit. Overall tourist arrivals increased by 17% yoy in 1Q. The labour market is also improving, with the unemployment rate falling to a six-month low. Meanwhile, lower interest rates have supported investment sentiment, loan growth, and capital market activity. Residential property market has entered a measured recovery, supported by lower mortgage rates. Pent-up demand is being released, while lower borrowing costs, combined with positive carry, are encouraging investors to return to the market.

South Korea: April CPI inflation is expected to edge up to 2.4% yoy, from 2.2% in March and 2.0% in Jan–Feb. Pass-through from higher imported energy and raw material costs is likely to gradually build, despite government price stabilisation measures such as fuel caps and subsidies. The April consumer confidence survey also shows inflation expectations rising to 2.9%, from 2.7% in March and 2.6% in Jan–Feb. The Bank of Korea is currently balancing inflation risks against growth concerns stemming from the Middle East conflict. If second-round inflation effects materialise and AI-driven growth remains resilient, the BOK could shift toward rate hikes in the second half of the year.

Taiwan: April trade and inflation data are forthcoming. Exports are expected to remain robust at 50–60% yoy, broadly in line with the 51.1% recorded in 1Q. Earlier export orders data showed strong growth of 65.9% in March, reinforcing sustained AI-related ICT demand, particularly from the US. With export strength offsetting higher energy import costs, the trade surplus is likely to remain solid at around USD20bn in April. On the price front, CPI inflation is expected to edge up to 1.6% in April, from 1.2% in 1Q. Upstream price pressures are beginning to build, with PPI rising 2.5% in March. Consumer confidence regarding price levels has also slipped to a six-month low in April. With inflation still below 2% and real rates remaining positive, there is no strong impetus for the central bank to hike rates at its June meeting. However, if inflation moves above 2% and second-round effects emerge, the CBC could consider tightening in 2H.

Indonesia & Philippines: Indonesia's economic momentum was resilient in 1Q26 notwithstanding domestic headwinds and the Middle East crisis. We forecast growth at a firm 5.6% yoy, supported by higher consumption due to religious festivities in the quarter, fiscal stimulus measures including the traditional THR (annual holiday allowance by employers), low base effects and firmer sentiments at the start of the year. Activity, however, softened at the tail end of the quarter due to volatility in the equity markets, and firms facing supply distortions as well as higher costs. The first quarter likely marked the peak in the growth pace, with the momentum set to moderate in the subsequent quarters as real activity could be dampened by high energy prices and pressure to consolidate fiscal finances. While inflation was high in 1Q, the YoY lift was exaggerated by base effects. April inflation is expected to ease to 2.8% yoy.

Philippines, on the other hand, slowed at the start of the year, as a weak handover from last year was likely compounded by the energy crisis given high dependence on supplies from the Middle East, we forecast growth at 3.2% YoY, slight better than 4Q25 but slower than the same time last year. While government disbursements continue to be hampered by the graft allegations, domestic firms face higher energy costs and limited supplies. Mindful of limited fuel reserves, the government declared an energy emergency in Mar26 to streamline operations and channelise supplies to key sectors, including essential services, education, healthcare etc. Despite growth risks, BSP is focused on maintaining price stability and defending the currency from depreciation pressures. More rate hikes are in the pipeline.

Thailand: We expect Thailand's headline inflation to rise to 1.5% yoy in April 2026, marking the first positive reading since March 2025. The pickup in overall price pressures mainly reflected the return of yoy increases in domestic energy prices, as the full-month impact of the diesel price cap removal late-March was felt, amid a spike in global prices stemming from the Middle East war.

Economics Team

Recent publications

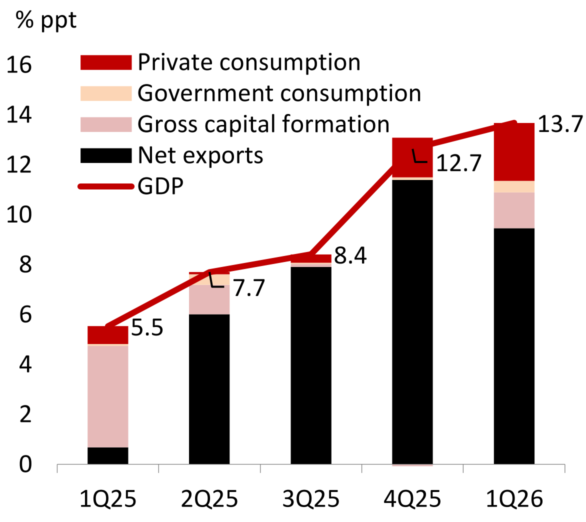
ASEAN-6: Exposure and response to the Gulf shock

The Week Ahead: Forecasts, data preview, central bank watch

Taiwan: Further GDP forecast upgrade

The AI-driven growth momentum continues to surprise on the upside. First-quarter GDP expanded 13.7% YoY, marking the second consecutive quarter of double-digit growth and accelerating from 12.7% in 4Q25. On a QoQ saar basis, growth remained exceptionally strong at 11.9%, following 23.6% in 4Q25. Net exports of goods and services remained the dominant growth driver, contributing 9.5ppt to YoY GDP growth in 1Q. Exports rose 35.3% YoY, outpacing import growth of 27.1%. Domestic demand also improved, contributing 4.2ppt to GDP growth. Private consumption rebounded 4.9% YoY, government consumption rose 3.9%, while gross capital formation increased 5.2%.

Taiwan: GDP growth breakdown



Sources: CEIC, DBS

We revise up Taiwan's 2026 GDP growth forecast to 9.4% from 7.0%, which would mark the strongest expansion since the post-GFC rebound in 2010. The AI-driven global hardware cycle is expected to remain resilient despite geopolitical tensions in the Middle East, continuing to support demand for semiconductors, servers, and broader ICT exports. Rising adoption of agentic AI is further accelerating computing demand, while policy support and corporate competition continue to drive expansion in data centers and AI infrastructure. Even with higher helium and other input costs from Middle East disruptions, leading semiconductor firms are expected to retain sufficient pricing power to pass through higher costs.

On a quarterly basis, GDP growth is likely to have peaked in 1Q and to gradually moderate thereafter. Growth should remain strong at around 10% in 2Q–3Q before easing to mid-single digits in 4Q. Non-ICT exports are likely to face increasing headwinds from a broader global demand slowdown. Meanwhile, higher energy, raw material, and logistics costs will compress corporate margins across transport, utilities, chemicals, and plastics, leading to softer investment momentum. Although administered pricing via CPC and Taipower may partially cushion pass-through, upstream cost pressures will still feed into CPI inflation, weighing on real household incomes and consumer purchasing power.

LNG supply remains a key structural constraint. Taiwan relies on LNG for around 50% of power generation, with roughly 30% of imports sourced from Qatar. Strategic storage covers about 11 days of demand. LNG shipments are secured through May, ensuring near-term stability. From June, diversification toward US LNG will begin, but US supply currently accounts for only around 10% of imports, leaving uncertainty over whether it can fully offset reduced Qatari volumes in 2H. Additional balancing measures—such as higher coal utilization and nuclear ramp-up—may be required. In a downside scenario, temporary, partial power rationing could be implemented.

Ma Tieying

FX: Transition challenges at the Fed amid "off-ramp" hopes at the Trump-Xi summit

The month of May will likely extend the USD's downward correction in April, which followed its two-month rise in February and March.

On monetary policy, Jerome Powell's decision to remain as a Fed Governor after stepping down as Fed Chair on May 15 creates an awkward situation for his successor, Kevin Warsh. Chairing his first FOMC meeting in June, **Warsh must balance President Donald Trump's demand for a rate cut with the Board of Governors' dissent against a dovish pivot** amid expectations of a short-term rise in inflation.

Unlike the Fed, the **European Central Bank and the Bank of England continued to warn against second-round inflation effects**, which should provide a structural floor for the EUR and GBP against a struggling USD. The market continues to price in an extended Fed pause for the rest of 2026 despite rate hikes from other major central banks. On May 5, the **Reserve Bank of Australia is set to deliver its third consecutive rate hike** to 4.35%, extending AUD's lead as the highest-yielding G10 currency and 2026's best-performing currency.

The USD's war-related haven appeal has waned. By utilizing the April ceasefire as a legal reset to bypass the 60-day War Powers Resolution deadline, the White House has uncoupled its strategy from immediate Congressional oversight. Treasury Secretary Scott Bessent's **"Economic Fury" initiative also suggested a transition from a political war of attrition towards economic encirclement** as the primary theatre of engagement.

Additionally, the **UAE's exit from OPEC** and the OPEC+ Alliance on May 1 **fundamentally weakened the cartel's ability to enforce price floors**. Brent crude's knee-jerk spike to a four-year high of $126.41 per barrel on April 30 reversed quickly to $108.17 on May 1. The diminishing risk of oil prices rising above $120 should also help stabilize record-low currencies such as the INR, IDR, and PHP.

A softening USD provided the opening for the Japanese authorities to pull USD/JPY out of its two-month consolidation range of 158–160, driving it **down to 156.60** by the end of April. Amid unconfirmed FX interventions to rein in the JPY's weakness, Finance Minister Satsuki Katayama warned traders to keep their smartphones with them over Japan's Golden Week holiday (April 29 to May 6). The Bank of Japan also helped by maintaining the market's momentum for a 25-bps rate hike to 1% at the June 16 meeting.

The **Trump-Xi Summit on May 14-15 in Beijing**, China, will be significant for global currencies. The CNY's appreciation, driven by the US-China tariff truces, has helped to offset the JPY's post-Liberation Day weakness, an important factor preventing a pan-Asian currency sell-off. China has made the reopening of the Strait of Hormuz and the preservation of the Iran ceasefire as urgent priorities of the summit. President **Trump launched "Project Freedom,"** which seeks to ease the US naval blockade by providing US escorts for neutral commercial vessels. **Global markets are monitoring the summit as a potential prelude to a diplomatic "off-ramp" involving China as mediator.**

Philip Wee

Rates: Reprieve amidst lower oil

Interest rates across the globe got some reprieve towards the end of last week as oil prices came off meaningfully. Brent crude briefly pushed above USD 120 / bbl (topping the period of stress seen in March), placing considerable upward pressures across government bond yields. However, this reversed as oil closed below USD 110 / bbl. There was no clear trigger for this down move in oil but we suspect that a combination of the UAE leaving OPEC (triggering oversupply worries longer term), the step up of alternative supplies of oil and optimism that a US-Iran deal may be in the offing could have contributed to this. Regardless, sentiment got a firm boost towards the end of the week as market stresses fell.

From the rates perspective, oil in the USD 90-110 / bbl probably would not be too much of a concern to the economy. Granted, some rate hikes would be needed across the DM and EM space, but the hit unto growth would be manageable, especially considering the firm set of data that got released across Korea and Taiwan. Korea's exports rose by 48% YoY while Taiwan's 1Q GDP rose by 13.7% YoY). These bell weathers clearly indicate that the tech-driven expansion still has very strong momentum. Against this backdrop, we suspect that there could be modest bull-steepening across the DM space. In Asia, there should be considerable relief on the underperformers (IndoGBs, Philippines govvies and IGBs). Lower oil prices, a weaker USD (due to oil and the BOJ's intervention to strengthen the yen) and lower DM yields should ease fears of an aggressive tightening cycle ahead. Market participants are trying to move on from the Middle East conflict and may start to keep an eye on tariff developments (Trump has threatened to up auto tariffs on EU).

G3 Rates: Lifting Yield forecasts

We have lifted our yield projections for G3 government bonds over our forecast horizon. Much of this is due to our view that military / fiscal spending will be ramped up meaningfully as governments assess the ramifications of the US-Iran conflict. Geopolitical uncertainties have already prompted the Eurozone to step up on spending over the past few years. Energy and military security worries have hit the region hard twice (Ukraine-Russia war and more recently, the Middle East conflict). With indications that Trump may not be as keen on NATO, the timeline for enhanced miliary spending (EUR 800bn) over the coming few years may need to be frontloaded or even upsized. We also note that 10Y German yields easily broke through resistance at 3% and the bias remains firmly on the upside.

Similar arguments can be made for Japan, which is already burdened with high social security and debt servicing issues. PM Takaichi is also recently pushing to revise Japan's constitution to remove the legal constraints on military expansion. Between the energy price shock and military security concerns, it does feel like more fiscal spending is needed even as the BOJ tried to keep short-term rates relatively anchored. 10Y yields would likely come under upward pressure (2.5% has already been breached). That said, we suspect that the ultras (30-40Y with yields close to 4%) are already sufficiently priced.

Fiscal concerns would likely return for USTs putting upward pressure on long end yields (Quarterly refunding will be critical to watch this week). Between tariff refunds, potential upside in spending ahead of the mid-term elections in November amidst a still-wide

Forecasts		2026	2027
US	3M SOFR OIS	3.65	3.65
	2Y	3.85	3.95
	10Y	4.50	4.65
	10Y-2Y	65.00	70.00
Eurozone	3M EURIBOR	2.20	2.20
	2Y	2.25	2.45
	10Y	3.20	3.30
	10Y-2Y	95.00	85.00
Japan	3M TIBOR	1.15	1.15
	2Y	1.30	1.50
	10Y	2.50	2.75
	10Y-2Y	120.00	125.00
Singapore	3M SORA OIS	1.20	1.20
	2Y	1.60	1.70
	10Y	2.20	2.30
	10Y-2Y	60.00	60.00
Hong Kong, SAR	3M HIBOR	2.75	2.75
	2Y*	2.85	2.95
	10Y*	3.50	3.65
	10Y-2Y	65.00	70.00

%, eop, govt bond yield for 2Y and 10Y, spread bps
*HKD swap rates
Source: DBS

budget deficit makes for some caution. Moreover, there is a decent chance that the Middle East conflict may have regalvanised interest to diversify away from USD assets, providing a second kick after Liberation Day. Aside from these dynamics, we also note that hyperscaler capex requirements (USD 700bn in 2026) would likely add a lot of duration into the market over the coming few years.

Even as stresses from the Middle East conflict eases, we doubt that there is leeway for G3 central banks to ease (our base case is for an extended Fed and ECB hold with BOJ still normalizing). We think that fiscal worries could be the next theme, triggering some repricing in the long-end of G3 curves. Our HKD rates forecasts have been tweaked accordingly. However, we kept SGD rates largely unchanged on the back of flush SGD liquidity and haven demand.

Eugene Leow

Credit: If Hormuz is a crisis, why are earnings so good?

Over 70% of the S&P500 have reported Q1 earnings and contrary to expectations, earnings are up 25% y/y, marking the fastest pace of growth since the 2021 pandemic era. The closure of the Strait of Hormuz since end February has not apparently brought any pressure to bear on US Q1 earnings, with the impact on energy prices perhaps more keenly felt by European and Asian importers. Between being a net oil producer and a beneficiary of the ongoing AI boom, **the US, as a whole, is relatively more resilient** in withstanding energy shocks stemming from the US-Iran conflict.

Nevertheless, we see risks of markets being overly sangine on these earnings, as there are sectors that are quite vulnerable to energy prices. A US budget airline has filed for bankruptcty a second time in recent years, with margins pressured by high jet fuel prices. Meanwhile, US automakers are also warning of a coming rise in expenses amouting up to USD5bn, due to increased commodity costs of aluminum and steel (and higher DRAM chip pricing). Production of commodities are being hit by high energy prices, with Mercuria warning about the largest aluminum supply shock since 2000 as smelters relocate due power constraints. The automakers' Q1 earnings boost from tariff refunds could thus be masking the threat of incipient cost pressures, which are only going to escalate the longer the Strait of Hormuz remains closed. Given these risks to the outlook, **we are cautious of exuberant credit pricing even with solid Q1 earnings**. Energy supply shocks and cost pressures will percolate in the coming months.

Chang Wei Liang

Growth, Inflation, Policy Rates & FX forecasts

	GDP growth, % YoY							CPI inflation, % YoY, ave						
	2021	2022	2023	2024	2025	2026f	2027f	2021	2022	2023	2024	2025	2026f	2027f
China	8.1	3.0	5.2	5.0	5.0	4.5	4.0	0.9	2.2	0.2	0.2	0.0	0.5	0.8
Hong Kong SAR	6.3	-3.5	3.3	2.5	3.5	3.0	2.8	1.6	1.9	2.0	1.5	1.4	1.6	1.5
India	10.3	7.2	8.7	6.7	7.8	6.5	6.4	5.1	6.7	5.7	4.9	2.2	4.4	4.2
*India (FY basis)**	*9.7*	*7.6*	*9.2*	*6.5*	*7.7*	*6.5*	*6.4*	*5.5*	*6.7*	*5.4*	*4.6*	*2.1*	*4.6*	*4.0*
Indonesia	3.7	5.3	5.1	5.0	5.1	5.3	5.1	1.6	4.2	3.7	2.3	1.9	3.2	2.2
Malaysia	3.3	9.0	3.5	5.1	5.2	4.7	4.2	2.5	3.4	2.5	1.8	1.4	2.0	2.0
Philippines	5.7	7.6	5.6	5.6	4.5	4.7	5.0	3.9	5.8	6.0	3.2	1.7	5.8	4.0
Singapore	10.1	4.0	1.5	5.3	5.0	2.8	2.3	2.3	6.1	4.8	2.4	0.9	2.2	2.0
South Korea	4.6	2.7	1.6	2.0	1.0	2.6	2.0	2.5	5.1	3.6	2.3	2.1	2.6	2.1
Taiwan	6.7	2.7	1.1	5.3	8.7	9.4	3.5	2.0	2.9	2.5	2.2	1.7	1.9	1.8
Thailand	1.6	2.6	2.2	2.9	2.4	1.6	2.0	1.2	6.1	1.2	0.4	-0.1	2.5	1.5
Vietnam	2.6	8.5	5.0	7.0	8.0	6.5	6.5	1.8	3.2	3.3	3.6	3.3	3.8	3.3
Eurozone	5.3	3.5	0.5	0.7	1.5	1.4	1.2	2.6	8.4	5.5	2.3	2.2	2.0	2.0
Japan	3.6	1.3	0.7	-0.2	1.2	0.5	0.5	-0.3	2.5	3.3	2.7	3.2	1.8	1.8
United States	6.1	2.5	2.9	2.8	2.0	1.5	1.7	4.7	8.0	4.1	3.0	2.7	2.5	2.5

*2020 represents Fiscal 21; ending Mar 21

Policy interest rates, eop

	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27
China*	3.00	3.00	3.00	2.90	2.90	2.80	2.80	2.80
India	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Indonesia	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Malaysia	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Philippines	4.25	4.75	5.00	5.00	5.00	5.00	5.00	5.00
Singapore**	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
South Korea	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Taiwan	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Thailand	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Vietnam***	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Eurozone^	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Japan	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
United State:	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75

* 1-yr Loan Prime Rate; ** 3M SORA OIS ; *** refinancing rate; ^ deposit facility rate

Exchange rates, eop

Ccy pair	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27
USD/CNY	6.90	6.83	6.77	6.70	6.74	6.78	6.81	6.85
USD/HKD	7.82	7.82	7.81	7.81	7.81	7.81	7.80	7.80
USD/INR	93.9	93.1	92.2	91.4	92.0	92.7	93.3	94.0
USD/IDR	16900	16770	16635	16500	16500	16500	16500	16500
USD/MYR	3.96	3.91	3.85	3.80	3.85	3.90	3.95	4.00
USD/PHP	60.1	59.3	58.5	57.8	58.3	58.8	59.3	59.9
USD/SGD	1.28	1.27	1.26	1.25	1.26	1.27	1.27	1.28
USD/KRW	1500	1470	1435	1400	1415	1425	1440	1450
USD/THB	32.7	32.1	31.6	31.0	31.4	31.8	32.1	32.5
USD/VND	26340	26230	26110	26000	26130	26250	26380	26500
AUD/USD	0.70	0.71	0.72	0.73	0.73	0.72	0.72	0.71
EUR/USD	1.16	1.18	1.19	1.21	1.20	1.19	1.18	1.17
USD/JPY	159	156	153	149	151	152	153	154
GBP/USD	1.34	1.36	1.39	1.41	1.40	1.39	1.38	1.37

Interest rate forecasts

		2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
US	3M SOFR OIS	3.68	3.65	3.65	3.65	3.65	3.65	3.65	3.65
	2Y	3.79	3.80	3.85	3.85	3.90	3.95	3.95	3.95
	10Y	4.32	4.30	4.40	4.50	4.55	4.60	4.65	4.65
	10Y-2Y	52	50	55	65	65	65	70	70
Japan	3M TIBOR	1.27	1.05	1.15	1.15	1.15	1.15	1.15	1.15
	2Y	1.35	1.20	1.25	1.30	1.35	1.40	1.45	1.50
	10Y	2.35	2.30	2.40	2.50	2.60	2.70	2.75	2.75
	10Y-2Y	100	110	115	120	125	130	130	125
Eurozone	3M EURIBOR	2.08	2.20	2.20	2.20	2.20	2.20	2.20	2.20
	2Y	2.62	2.10	2.20	2.25	2.30	2.35	2.40	2.45
	10Y	3.00	3.00	3.10	3.20	3.25	3.30	3.30	3.30
	10Y-2Y	39	90	90	95	95	95	90	85
Indonesia	IDR 3M OIS	4.12	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	2Y	6.31	6.20	6.10	6.00	6.00	6.10	6.20	6.20
	10Y	6.86	6.65	6.55	6.45	6.45	6.55	6.65	6.65
	10Y-2Y	55	45	45	45	45	45	45	45
Malaysia	3M KLIBOR	3.37	3.25	3.25	3.25	3.25	3.25	3.25	3.25
	3Y	3.26	3.05	3.05	3.05	3.05	3.05	3.05	3.05
	10Y	3.63	3.60	3.65	3.65	3.65	3.65	3.70	3.70
	10Y-3Y	37	55	60	60	60	60	65	65
Philippines	3M NDF implied yield	6.09	4.25	4.25	4.25	4.25	4.25	4.25	4.25
	2Y	6.03	4.50	4.50	4.50	4.50	4.50	4.75	5.00
	10Y	6.93	5.75	5.75	5.80	5.80	5.80	5.90	6.00
	10Y-2Y	90	125	125	130	130	130	115	100
Singapore	3M SORA OIS	1.16	1.20	1.20	1.20	1.20	1.20	1.20	1.20
	2Y	1.61	1.50	1.55	1.60	1.62	1.65	1.67	1.70
	10Y	2.29	2.10	2.20	2.20	2.25	2.25	2.30	2.30
	10Y-2Y	68	60	65	60	63	60	63	60
Thailand	3M BIBOR	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
	2Y	1.41	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	10Y	2.23	1.70	1.70	1.70	1.70	1.70	1.70	1.70
	10Y-2Y	82	70	70	70	70	70	70	70
China	1Y LPR	3.00	3.00	3.00	2.90	2.90	2.80	2.80	2.80
	2Y	1.37	1.30	1.25	1.20	1.20	1.15	1.15	1.15
	10Y	1.86	1.70	1.60	1.55	1.55	1.50	1.50	1.50
	10Y-2Y	48	40	35	35	35	35	35	35
Hong Kong, SAR	3M HIBOR	2.36	2.75	2.75	2.75	2.75	2.75	2.75	2.75
	2Y*	2.82	2.80	2.85	2.85	2.90	2.95	2.95	2.95
	10Y*	3.08	3.30	3.40	3.50	3.55	3.60	3.65	3.65
	10Y-2Y	26	50	55	65	65	65	70	70
Korea	3M CD	2.82	2.60	2.60	2.60	2.60	2.60	2.60	2.60
	3Y	3.56	3.30	3.20	3.20	3.20	3.20	3.25	3.30
	10Y	3.88	3.70	3.70	3.70	3.70	3.70	3.80	3.90
	10Y-3Y	32	40	50	50	50	50	55	60
India	3M MIBOR	7.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75
	2Y	6.37	5.70	5.65	5.65	5.65	5.65	5.65	5.65
	10Y	7.04	6.60	6.50	6.50	6.45	6.45	6.45	6.45
	10Y-2Y	67	90	85	85	80	80	80	80

%, eop, govt bond yield for 2Y and 10Y, spread bps, *HKD swaps

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