

External shocks and FX adjustments

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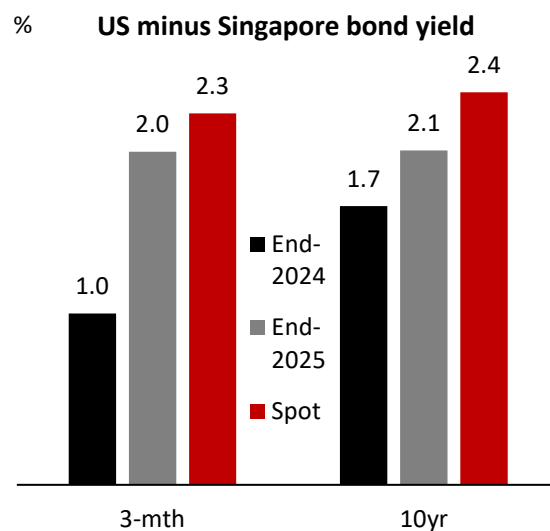
KEY DATA RELEASES AND EVENTS

- India's RBI to hold repurchase rate steady at 5.25%.
- Inflation to rise across Asia countries and Eurozone.
- Vietnam exports to grow 20.0% yoy driven by external electronic demand

CHART OF THE WEEK: USD-SGD CURVE STEEPENING

Higher inflation, worsening fiscal position, and sustained economic momentum have pushed up US government issued bond interest rates this year, with rates at the various parts of the yield curve going up by 5-30bps. Strikingly, Singapore's rates have rallied during the same period, a testament to its better fundamentals and sustained capital inflows. The gap between the 10-year bonds of the two countries stands at the widest seen in this century. Singapore's bonds have never had it this good.

- Energy shocks are driving inflation, weakening external balances, and pushing up FX volatility. CNY, IDR, INR, and JPY face distinct pressures, but broad depreciation reflects shared shocks.
- Energy import costs are lifting inflation and straining budgets and FX reserves.
- JPY is hit by low rates, slow BoJ normalisation, and rising energy import costs.
- CNY faces mixed forces: trade surplus on the upside; tariffs, property, and energy on the downside.
- IDR is under pressure despite commodities gains and BI rate hikes; more adjustment is needed.
- INR faces headwinds from trade exposure, inflation, and equity outflows.



Source: Bloomberg, DBS

COMMENTARY: External shocks and FX adjustments

Taimur Baig

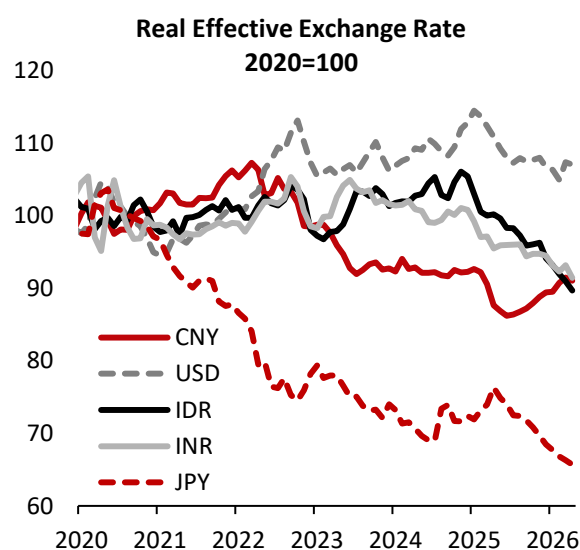
The ongoing energy shock has led to inflationary pressures to rise, current account of energy importers to worsen, budget deficits of those controlling local fuel prices to widen, and financial market volatility to rise. Particularly, bond and currency markets have been under focus as public finances and central bank reserves have been strained. The ongoing currency market developments are however not solely due to the energy shock; additional drivers play across geographies.

Take Japan, for example. The yen has been under pressure, as short-term interest rates remain too low given the burst of inflation in recent years. In real effective terms, the currency is more than 30% below where it was in 2020, good news for Japanese exporters, but bad news for imported inflation. Despite a hot equity market, capital flow has been a net negative, and the BoJ's slow move toward policy normalisation has been less than satisfactory for the markets. Add to that the ever-rising energy import bill, the yen's softness is well contextualised. Japan however needs to look at the geopolitical lens. The US, keen to improve its trade deficit, would not look kindly on a major trading partner's relentless currency depreciation.

China, also under pressure from the US to appreciate its currency, had been contrarily guiding the RMB the opposite way in recent years, although lately there has modest appreciation. Substantial reliance on energy imports notwithstanding, the burgeoning trade and current account surpluses lend readily into currency appreciation tendencies, although periods of external shock (US tariffs) and domestic headwinds (property market) dent sentiments time to time. We don't think China-US trade frictions are over, which may nudge the authorities to lean toward a stronger RMB.

Indonesia, given its commodities riches, should be a winner, benefitting from high price of industrial metals and energy. And yet, financial market investors have been lukewarm, many taking their investments out of the country. A temperamental policy environment, reliance on refined energy imports, and repressed inflation have manifested in the rupiah coming under pressure. Bank Indonesia has commenced raising the policy rate, but would likely have to go much further.

Then there is India, where the rupee has depreciated sufficiently in recent months to cause a degree of alarm among market participants. Reliance on the Middle East with respect to both imports and exports, a stock market facing selling pressure due to AI disruption, and incipient inflation pressures have caused a myriad of headwinds for the INR.



Source: BIS, DBS

Strikingly, since 2020, the cumulative real effective depreciation of the IDR, INR, and CNY are almost identical. IDR and INR are more recent entrants to the dynamic, but the picture covering this decade underscores the point that neither policy makers nor market participants need to panic. There is a common external shock at play, on top of country-specific idiosyncrasies. Some FX sell-off and some monetary tightening are par for the course, in our view.

KEY FORECASTS FOR THE WEEK

EVENT	DBS	PREVIOUS
JUN 2 (TUE)		
HONG KONG: RETAIL SALES (APR)	7.2% y/y	12.8% y/y
INDONESIA: CPI (MAY)	2.8% y/y	2.4% y/y
- EXPORTS	-1% y/y	-3.1% y/y
- IMPORTS	-6.3% y/y	1.5% y/y
- TRADE BALANCE	USD1.3bn	USD3.32bn
SOUTH KOREA: CPI (MAY)	3.0% y/y	2.6% y/y
EUROZONE: CPI (MAY)	3.2% y/y	3.0% y/y
JUN 3 (WED)		
VIETNAM: EXPORTS (MAY)	20.0% y/y	21.0% y/y
- IMPORTS	35.0% y/y	32.5% y/y
- TRADE BALANCE	-USD4.9bn	-USD3.3bn
- RETAIL SALES YOY YTD (MAY)	11.0% y/y	11.1% y/y
- CPI (MAY)	5.8% y/y	5.5% y/y
JUN 5 (FRI)		
INDIA: RBI REPURCHASE RATE	5.25%	5.25%
TAIWAN: CPI (MAY)	2.3% y/y	1.7% y/y
THAILAND: CPI (MAY)	3.3% y/y	2.9% y/y
PHILIPPINES: CPI (MAY)	8.3% y/y	7.2% y/y

CENTRAL BANK MEETINGS

Reserve Bank of India (5-Jun)

India's policy rates are at an inflection point. While the case for a tighter monetary policy is strengthening, the timing of the move is a matter of debate.

Since the April rate review, elevated oil prices have triggered a further correction in INR asset markets, with the rupee depreciating by around 3.2% since April, and a cumulative -6% yet far in CY26. Compared to the revised macro assumption of INR 94/USD in the April's Monetary Policy Report, the currency neared a record low of 97/USD earlier this month before recovering ground on a pullback in oil prices amid ceasefire hopes and speculation about potential fresh measures to support the rupee.

At the upcoming rate review, markets will weigh whether the RBI MPC (monetary policy committee) is inclined to use policy rates to defend the currency. In our view, the MPC is likely to prioritise the key mandate i.e.

inflation to decide on the path ahead, while relying on other instruments to stabilise the currency and bond markets. Headline CPI inflation is tracking the midpoint of the 2-6% target range in May, after a below consensus print in April. Fuel prices have been raised, but the cumulative increase of around 7% is measured. In the absence of significant spillovers into core inflation as yet and with inflation expectations still broadly anchored, **the central bank might reason that the second round effects are not evident at this juncture**, backing a wait-and-watch approach. **We expect the guidance to be cautious, with a pause on rates at the forthcoming meeting.**

The case to hike rates has, nonetheless, strengthened, with a higher likelihood of a shift in 2HCY26. As global rates rise, a rate hike will be needed to attract rate sensitive flows if the conflict continues. Add to this, the inflation rationale will also gain momentum amid successive pump price increases (more expected), a pickup in food, impact of prevailing heatwave conditions and rising business inflation expectations, all of which point to

mounting underlying price pressures. If CPI inflation overshoots 5% yoy in FY27 (DBSf: 4.9%), the current repo rate at 5.25% is low, suggesting a 75-100bp rate increase in 2H CY26 is warranted. We will wait to hear from the RBI MPC before revising our forecast for rest of FY27.

FORTHCOMING DATA RELEASES

South Korea

May CPI inflation is expected to edge higher to the 3.0% YoY mark, reflecting higher transportation costs amid elevated international oil prices and a weaker KRW. Core CPI inflation is also expected to rise to 2.4%, reflecting price passthrough by producers and service providers amid increased inflation expectations.

At its May 28 policy meeting, the Bank of Korea signaled a tightening bias, with the dot plot showing the base rate concentrated in the 2.75%–3.00% range over the next six months. We maintain our forecast for the BOK to raise the base rate from 2.50% to 2.75% in 3Q, possibly as early as the July meeting.

Taiwan

May inflation data is likely to show headline CPI rising above the 2% YoY threshold to around 2.3%, with core CPI also edging above 2% to approximately 2.1%. Despite government subsidies for fuel and electricity, transportation costs have risen notably since April, driven in part by higher airfares. Producer prices have also increased sharply, reflecting surging global energy and industrial material costs, which could gradually pass through to a broader range of domestic goods and services. The central bank's March policy meeting minutes indicate a tightening bias, with several board members closely monitoring inflation expectations and potential second-round effects. We expect the central bank to deliver a

modest 12.5bps policy rate hike to 2.125% in 3Q (September).

Indonesia and Philippines

We had discussed the differing inflation outcomes amongst countries in the region in [ASEAN-6 markets: Asymmetric inflation impact](#). This is likely to be reflected in Indonesia and Philippines inflation reports this week. We expect Indonesia's inflation tick up to 2.9% in April from 2.4% month before, while Philippines' might be much higher at 8.3% yoy vs 7.2% in March. Outcomes are partly policy-filtered, with differences in retail price inflation reflecting varying levels of subsidy support and pass-through mechanisms. Weather-related impact on food crops will also have varying effects on food inflation. Nonetheless, besides inflation, financial market volatility has also influenced the direction of central bank policy. We expect the BSP and BI to tighten domestic rates further this year.

Thailand

We expect Thailand's headline inflation to rise to 3.3% yoy in May 2026, exceeding the central bank's 1-3% target, and increasing from 2.9% yoy in April. Elevated domestic energy price increases remained the primary driver, in line with higher global fuel costs, amid ongoing disruptions in the Strait of Hormuz. There was likely also some cost passthrough to consumer prices as a result of higher transport and other input costs. Rising inflationary pressures have likely closed the room for further policy rate cuts. However, we think that the Bank of Thailand is also unlikely to rush into tightening monetary policy, as the inflation shock is largely supply-side driven, and occurring alongside downward growth pressures stemming from the Middle East-driven energy shock.

Vietnam

Vietnam's economic data for May 2026 likely reflected strong export growth alongside a further rise in already elevated inflation. We expect continued goods export expansion of 20.0% yoy in May, marking the third consecutive month of double-digit increase, driven by still-supportive external demand for electronics. However, there were signs of mounting upward cost pressures for export-oriented manufacturers, driven by higher prices for fuel, transport, and raw material inputs, amid ongoing disruptions in the Middle East. We expect headline inflation to rise further to 5.8% yoy in May, up from an already high 5.5% in April. Transport inflation likely edged higher, as domestic fuel prices continued to adjust upward amid elevated global prices and a weak currency. There could also have been some cost passthrough by producers to other consumer prices.

Hong Kong

Retail sales are expected to slow from 12.8% yoy in March to 7.2% in April. Higher energy prices have weighed on inbound tourism, with daily average mainland visitor arrivals decelerating from 15.9% yoy in March to 10.5% in April. Meanwhile, outbound tourism reached another monthly record high of 376k departures per day during the Easter holiday. The diffusion index also points to a similar trend. Although the real estate sub-index improved, the retail and restaurant sub-indices declined further over the period, indicating a moderation in consumer sentiment.

RECENT PUBLICATIONS

[Singapore: Growth resilience with AI tailwinds offsetting energy risks](#)

[Kopi Time E179 Energy markets with Vandana Hari](#)

[China chartbook: Dual speed growth](#)

FX: STILL MUDDLING THROUGH

Philip Wee

As we cross the threshold into June 2026, FX markets are grappling with a sharp, volatile shift in narrative. The optimistic thesis of a "muddle-through" peace deal in the Middle East remains elusive, while the macro-economic landscape is bracing for a highly anticipated institutional transition at the Fed.

All eyes are on the June 16-17 FOMC meeting, Kevin Warsh's first at the helm as Fed Chair. The market is fascinated by the tactical tightrope he must walk. On one hand, President Trump has made his preference for lower interest rates unmistakably clear. On the other hand, April's CPI inflation print ticked back up to 3.8% YoY (with whisper numbers pointing toward a breach of 4% if energy pressures sustain), forcing a massive repricing in the front end of the curve. The bond market lifted the 2Y US Treasury yield to 4.0-4.1% in mid-May, even as the futures markets cap the probability of a Fed hike at 30%.

Warsh has criticized the Fed's reliance on rigid forward guidance, viewing it as a constraint that over-promises clarity to markets and leaves policy trapped by stale data. On May 31, former Fed Chair Jerome Powell used his acceptance speech for the 2026 John F. Kennedy Profile in Courage Award to deliver a blunt, unmistakable warning about central bank independence. Powell's remarks directly highlighted an impending Supreme Court ruling, expected by late June, regarding the Trump administration's attempt to remove Fed Governor Lisa Cook over policy differences.

As the Fed navigates its internal transitions, other major central banks are facing their own tactical dilemmas. June has become a month of hawkish recalibration amid the lingering Middle East conflict, which has kept global energy costs high.

The European Central Bank is expected to deliver an insurance hike to counteract inflation driven by energy shocks. Look for the deposit facility rate to increase by 25 bps to 2.25% at its June 11 meeting and the ECB to revise up its inflation outlook. ECB President Christine Lagarde faces a tough balancing act, torn between the risk of reacting too quickly because of weak growth and the risk of reacting too late to avert another inflation surge. After hitting the year's peak of 1.2081 in late January, EUR/USD has been consolidating in a 1.14-1.18 range after Operation Epic Fury started. The DXY still needs to break below last month's 98.9-95.0 range to test the 1.18 resistance level.

USD/JPY is near 160 again, keeping markets alert for more currency interventions and a 25-bps hike to 1% by the Bank of Japan at its June 16 meeting. BOJ Governor Kazuo Ueda's keynote address on June 3 will provide the final policy cues before the rate announcement. Ueda has become more vocal about the JPY's depreciation driving up import costs, stressing that real interest rates remained historically low, two factors supporting more rate normalization.

IDR FORECAST REVISION

We have revised our forecasts for USD/IDR, now projecting to end 2026 slightly above 18,000, up from our previous estimate of 16,500. Indonesia is still in the process of damage control and has yet to fully address investor concerns regarding fiscal discipline and equity market transparency. The fiscal strains became apparent when Moody's cut Indonesia's sovereign credit outlook from stable to negative on February 5, a move mirrored by Fitch Ratings on March 4. Both agencies flagged risks associated with the larger fiscal spending and populist spending programs from President Prabowo Subianto's administration. Despite these warnings, the House of Representatives directed Bank Indonesia to steer USD/IDR lower to meet the average 16,500 level assumed in the 2026 State Budget. BI responded on May 20 with a surprise 50-bps rate hike to 5.25%, which did not prevent USD/IDR from closing May at a fresh high of 17,881. Meanwhile, the Jakarta Stock Exchange plummeted 29% ytd in the first five months of 2026, a sharp reversal from the 22% gain throughout 2025. MSCI removed six firms from its Indonesia global standard index on May 13. While Indonesian regulators have responded with reforms to strengthen market credibility, integrity, and transparency, MSCI has extended its review into June to determine whether to downgrade the country to "Frontier Market" from "Emerging Market" status.

PHP FORECAST REVISION

We have revised our USD/PHP forecasts, now projecting it to end 2026 around 62.7, up from our previous estimate of 57.8. USD/PHP first traded above 60 one month after Operation Epic Fury led to the Strait of Hormuz's closure, triggering higher energy prices and supply disruption. Given its heavy reliance on imported oil from the Gulf, the Philippine economy was hit by the return to record trade deficits and a surge in inflation. On May 22, Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona said that a PHP rate of 63.5 per USD might be okay if the decline is measured and not inflationary. CPI inflation surged to 7.2% YoY (2.6% MoM) in April from 4.1% YoY (1.4% MoM) in March, forcing the BSP to reverse February 19's 25 bps rate cut into a 25-bps hike to 4.50% on April 23. BSP sees this Friday's inflation rising to 7.1-7.9% in May, further above its 2-4% target range. However, the BSP will refrain from repeating the large 50-75 bps implemented in 2022. Back then, GDP growth was high, around 7-8%, instead of declining for three consecutive quarters to a five-year low of 2.8% YoY in 1Q26. To be fair, the economic slowdown was also hampered by administrative overhang from graft investigations that slowed public spending. In April, S&P Global Ratings revised the sovereign debt rating outlook to "Stable" from "Positive", while Fitch Ratings lowered its outlook to "Negative" from "Stable."

USD/IDR to stay firm above 17000



Sources: Bloomberg, DBS

USD/PHP rose into a higher 60-65 range



Sources: Bloomberg, DBS

RATES: WARY OF THE OIL INVENTORY DRAWDOWN

Eugene Leow

We are growing increasingly wary of the oil inventory drawdown over the past few months and the consequences if market participants suddenly decide that oil prices should be much higher even if the US-Iran conflict ends. To recap, peak market stresses occurred in late March and this is represented by the significant physical premium for crude. Since then, this premium has eroded to low single digits, dissipating market stresses in the process. Over the past few weeks, market participants were also increasingly optimistic that a deal between US and Iran can be reached, allowing the Strait of Hormuz to reopen. Accordingly, investors brought oil prices and Treasury yields lower as immediate term inflation concerns ease.

The drawdown in US all crude inventories is worrying. Much of this is driven by a drop in Strategic Petroleum Reserves, which have probably cushioned a lot of the supply crunch from the Middle East. Cushing inventories are also down to depressed levels. While the historical relationship between the inventory drawdown and higher oil prices seem to be dampened through the current conflict, we are concerned that this phenomenon is only temporary. Effectively, this becomes a matter of timing – when crude from the Middle East would flow again versus how low inventories can get – before a spike in crude prices ensue.

In the best case scenario where a meaningful amount of energy traffic resumes in the coming weeks, we think that the rebuild of inventories across many countries will mean that oil prices will be supported for some time. Oil prices may be too complacent and by extension, inflation pressures. We think that US / global yields are likely to stay supported even if a US-Iran finally gets inked.

US DOE all crude inventories



Source: Bloomberg

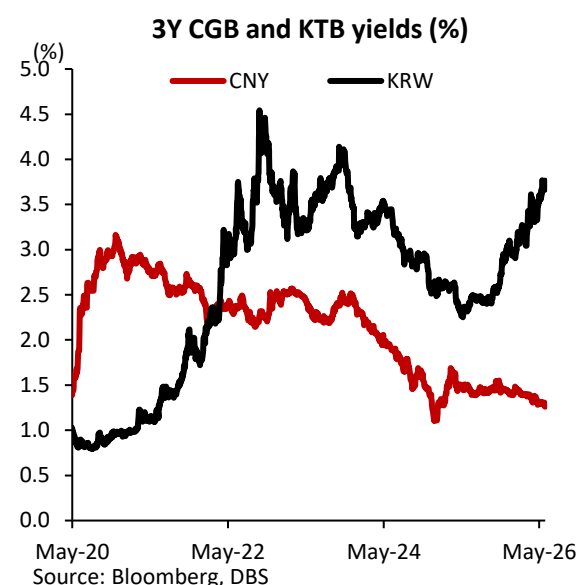
NORTH ASIA RATES: DIVERGING POLICIES AND FLOWS

Samuel Tse

CNY and KRW rates have been moving in opposite directions, with the spread between 3Y CGB and KTB recently reaching a post-GFC low of -250bps. Diverging monetary policies between the PBOC and the Bank of Korea (BOK) are the primary drivers. While the PBOC has maintained an extended pause, it continues to exhibit an easing bias. Over the past five trading days, the PBOC has injected CNY907bn through open market operations. This aims at keeping liquidity ample and buffer demand shocks stemming from higher energy prices. Subdued loan and credit demand is also exerting downward pressure on bond yields. In contrast, the BOK has adopted a more hawkish stance in response to accelerating inflation, resilient growth, and a robust asset market rally (see our note on [South Korea market](#) for more details).

However, this divergence between CGB and KTB could ease. Firstly, substantial injections from the PBOC are becoming less likely. Both 7-day (DR007 and R007) and overnight repos are now trading well below the policy repo rate of 1.40%, indicating sufficiently ample liquidity conditions. Secondly, capital inflow into China bonds has slowed since the beginning of May, as investors perceive limited room for further FX appreciation. The CNH has already strengthened from approximately 6.90 against the USD since the onset of the US-Iran conflict to 6.77 as of yesterday. Concurrently, the spread between CGBs and USTs has compressed to historical low levels. Safe-haven demand could also abate alongside a cooling of Middle East tensions.

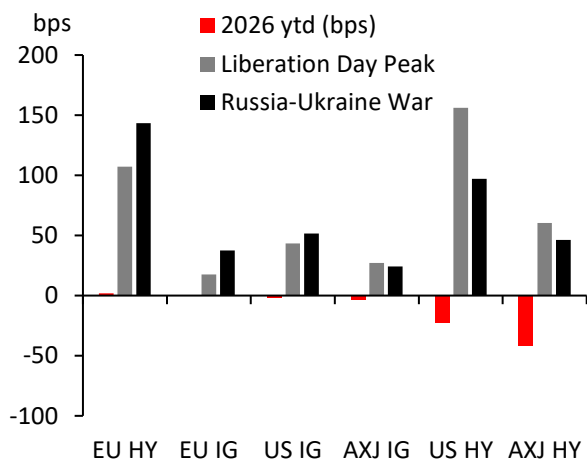
For Korea, the market may be overpricing an additional four BOK hikes over the next 12 months, particularly if the KRW stabilizes. The strengthening CNY and range-bound JPY could act as regional anchors, thereby reducing pressure for KRW depreciation to preserve export competitiveness. Contrary to the situation in China, ongoing FDI and bond inflows, partly driven by WGBI inclusion, are providing meaningful support to both the currency and bond market.



CREDIT: RESILIENCE AMID MIDDLE EAST ENERGY SHOCKS

Chang Wei Liang

2026 ytd CDS/spread change vs Liberation Day & Russia-Ukraine war peak change (bps)



Source: Bloomberg, DBS

*AXJ: DACS indices

Going forward, **US HY credit in the energy sector is particularly well-positioned for unexpected energy shocks**. Elevated oil prices and diversification from Middle East energy sources should anchor structural demand for US energy products exports, which have surged to a record in March. Upstream US shale producers have beat profit estimates in Q1, and could see USD63bn of incremental revenues this year. US downstream refiners are also reaping their strongest margins in years, as Asian refinery utilization has fallen to the low-to-mid 80% range due to feedstock supply disruptions. Despite the boom, capital discipline is likely to be maintained amid geopolitical uncertainties, which should underpin US credit quality.

Global credit markets have proved resilient to the large energy shocks emanating from disruptions in the Strait of Hormuz. Credit spreads for US, Europe, and Asia ex-Japan are either unchanged year-to-date, or have compressed in the case of US and AXJ HY credit. Sentiment is buffered by strong earnings in both US and Europe despite broader uncertainties over risks of disruptions and input price increases.

GROWTH, INFLATION, POLICY RATES & FX FORECASTS

	GDP GROWTH, % YOY				CPI INFLATION, % YOY			
	2024	2025	2026f	2027f	2024	2025	2026f	2027f
CHINA	5.0	5.0	4.5	4.0	0.2	0.0	0.5	0.8
HONG KONG	2.5	3.5	3.0	2.8	1.5	1.4	1.6	1.5
INDIA	6.7	7.8	6.5	6.4	4.9	2.2	4.5	4.2
INDIA (FISCAL YEAR) *	6.5	7.7	6.5	6.4	4.6	2.1	4.9	4.0
INDONESIA	5.0	5.1	5.1	5.1	2.3	1.9	3.2	2.2
MALAYSIA	5.1	5.2	4.7	4.2	1.8	1.4	2.0	2.0
PHILIPPINES**	5.6	4.5	4.7	5.0	3.2	1.7	6.5	4.0
SINGAPORE	5.3	5.0	2.8	2.3	2.4	0.9	2.2	2.0
SOUTH KOREA	2.0	1.0	2.6	2.0	2.3	2.1	2.6	2.1
TAIWAN	5.3	8.8	9.4	3.5	2.2	1.7	1.9	1.8
THAILAND	2.9	2.4	1.6	2.0	0.4	-0.1	2.5	1.5
VIETNAM	7.0	8.0	6.5	6.5	3.6	3.3	4.8	3.3
EUROZONE	0.7	1.5	1.0	1.2	2.3	2.2	2.7	2.1
JAPAN	-0.2	1.2	0.5	0.5	2.7	3.2	1.8	1.8
UNITED STATES***	2.8	2.0	1.5	1.7	3.0	2.7	2.5	2.5

* 2020 = Fiscal year Apr20-Mar21 ** new CPI series *** eop for CPI inflation

POLICY INTEREST RATES, EOP

	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27
CHINA*	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
INDIA	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
INDONESIA	4.75	5.25	5.50	5.75	5.75	5.75	5.75	5.75
MALAYSIA	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
PHILIPPINES	4.25	4.75	5.25	5.25	5.25	5.25	5.25	5.25
SINGAPORE**	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
SOUTH KOREA	2.50	2.50	2.75	2.75	2.75	2.75	2.75	2.75
TAIWAN	2.00	2.00	2.13	2.13	2.13	2.13	2.13	2.13
THAILAND	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
VIETNAM***	4.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00
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 STATES	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

	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27
USD/CNY	6.89	6.83	6.77	6.70	6.74	6.78	6.81	6.85
USD/HKD	7.84	7.82	7.81	7.81	7.81	7.81	7.80	7.80
USD/INR	94.8	96.7	97.1	97.4	97.8	98.2	98.6	98.9
USD/IDR	17041	17990	18060	18130	18200	18270	18340	18410
USD/MYR	4.05	3.91	3.85	3.80	3.85	3.90	3.95	4.00
USD/PHP	60.7	62.1	62.4	62.7	63.0	63.6	63.6	63.9
USD/SGD	1.29	1.27	1.26	1.25	1.26	1.27	1.27	1.28
USD/KRW	1516	1470	1435	1400	1415	1425	1440	1450
USD/THB	32.6	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	0.69	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	1.32	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	5.15	5.40	5.65	5.65	5.65	5.65	5.65
	2Y	6.31	6.50	6.60	6.60	6.60	6.55	6.55	6.50
	10Y	6.86	6.75	6.80	6.75	6.75	6.75	6.75	6.75
	10Y-2Y	55	25	20	15	15	20	20	25
Malaysia	3M KLIBOR	3.37	3.35	3.35	3.35	3.35	3.35	3.35	3.35
	3Y	3.26	3.25	3.25	3.25	3.25	3.25	3.25	3.25
	10Y	3.63	3.60	3.65	3.65	3.65	3.65	3.70	3.70
	10Y-3Y	37	35	40	40	40	40	45	45
Philippines	3M NDF implied yield	6.09	5.05	5.55	6.05	6.05	6.05	6.05	6.05
	2Y	5.42	6.00	6.10	6.20	6.25	6.30	6.35	6.35
	10Y	6.98	7.50	7.65	7.75	7.80	7.85	7.90	7.95
	10Y-2Y	156	150	155	155	155	155	155	160
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	1.30	1.35	1.35	1.45	1.50	1.50	1.50
	10Y	2.23	2.45	2.55	2.60	2.70	2.75	2.80	2.90
	10Y-2Y	82	115	120	125	125	125	130	140
China	1Y LPR	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	2Y	1.37	1.25	1.25	1.25	1.25	1.25	1.25	1.25
	10Y	1.86	1.75	1.75	1.80	1.80	1.85	1.85	1.85
	10Y-2Y	48	50	50	55	55	60	60	60
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	2.82	3.00	3.00	3.00	3.00	3.00	3.00
	3Y	3.56	3.75	3.75	3.75	3.75	3.75	3.75	3.75
	10Y	3.88	4.00	4.15	4.15	4.15	4.15	4.15	4.15
	10Y-3Y	32	25	40	40	40	40	40	40
India	3M MIBOR	7.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75
	2Y	6.37	6.25	6.30	6.30	6.35	6.35	6.35	6.35
	10Y	7.04	6.95	6.95	6.90	6.90	6.90	6.85	6.85
	10Y-2Y	67	70	65	60	55	55	50	50

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

Sources: Data for all charts and tables are from CEIC, Bloomberg and DBS Group Research (forecasts and transformations)



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