

Forecasts, data preview, central bank watch

July 3, 2026

KEY DATA RELEASES AND EVENTS NEXT WEEK

- Inflation numbers are likely to reflect remnant fuel and cost-push pressures
- We expect Malaysia's BNM to remain on an extended pause.
- Taiwan's trade figures are expected to reaffirm the resilience of the AI cycle.



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KEY FORECASTS FOR THE COMING WEEK

Event	DBS	Previous
Jul 6 (Mon)		
Thailand: CPI (Jun)	2.6% y/y	2.8% y/y
Jul 7 (Tue)		
Philippines: CPI (Jun)	6.6% y/y	6.8% y/y
Taiwan: CPI (Jun)	2.4% y/y	2.2% y/y
July 9 (Thu)		
China: CPI (Jun)	1.4% y/y	1.2% y/y
Malaysia: BNM overnight policy rate	2.75%	2.75%
Malaysia: Industrial production (May)	10.5% y/y	8.2% y/y
Taiwan: exports (Jun)	47.2% y/y	51.7% y/y
- imports	45.9% y/y	54.9% y/y
- trade balance	\$18.3bn	\$17.9bn

The Week Ahead covers the key data releases and central bank events of the coming week, collating our macro forecasts.

CENTRAL BANK MEETINGS

Bank Negara Malaysia (BNM) (9 Jul)

We expect BNM to maintain its Overnight Policy Rate (OPR) at 2.75% for the sixth consecutive decision in July. The central bank will likely reiterate that its monetary policy stance remains supportive of economic growth while preserving price stability. Since its previous decision in May, geopolitical risks have eased following the de-escalation of US-Iran tensions helped by the interim peace deal reached in June. The Malaysian economy remained resilient, with trade serving as a key bright spot, as electrical & electronics exports continued to benefit from the global artificial intelligence-driven upcycle, alongside sustained domestic demand. While headline inflation edged up to 2.0% yoy in May, it has remained contained and broadly in line with its long-term average. The recent decline in global crude oil prices should alleviate inflationary pressures and reduce fiscal pressures. Policymakers continue to rely on ongoing measures, including the Qualified Resident Investor (QRI) programme and engagements with government-linked entities, to encourage capital inflows and support the currency, suggesting that adjustments to interest rates are unlikely in the near term.

FORTHCOMING DATA RELEASES

China

The CPI is expected to accelerate from 1.2% YoY in May to 1.4% in June. Higher energy prices are gradually translating into consumer prices despite the price band mechanism. Notably, domestic oil prices within the PPI baskets have been soaring by double-digits since the war began. That said, the stress appears to have peaked from June onwards. Global oil prices have already returned to pre-war levels since late-June alongside the

ceasefire. Meanwhile, tepid domestic demand curbs the overall inflation momentum. Retail sales have seen their first YoY contraction since COVID in May, and income prospects remain subdued. The still-weak property market is weighing on consumption sentiment through a negative wealth effect.

Taiwan

June trade and inflation data are forthcoming. Trade figures are expected to reaffirm the resilience of the AI cycle. Exports are projected to grow by nearly 50% yoy in June, broadly in line with the 51.7% increase recorded in May. The strength reflects robust AI-related demand for advanced chips and servers, alongside elevated global semiconductor prices amid supply-demand imbalances. In real terms, however, export growth is expected to remain more moderate at around 30% yoy.

Inflation data are likely to reinforce expectations of monetary tightening. Headline CPI is projected to accelerate to 2.4% yoy in June from 2.2% in May, marking the second consecutive month above the 2% mark. Although oil prices have eased, cost pass-through from upstream producers to downstream manufacturers and retailers is expected to persist, reflecting the cumulative increase in energy, shipping, and raw material costs since Middle East tensions escalated in March. The central bank maintained a mildly hawkish policy bias at its June meeting, and we continue to expect a 12.5bps policy rate hike in December.

Philippines

We expect Philippines' inflation to moderate to 6.6% y/y in Jun26 from 6.8% in May, but stay above the 2-4% policy target. Price pressures likely slowed on the back of a decline in global oil benchmarks (consequently domestic pump prices) and easing food (rice, meat etc.). Part of this downward adjustment is, however, likely to be offset by higher staple perishables and utilities.

These cost push pressures might also receive a hand from demand-led forces as the country's Labour Secretary announced a record 12% increase in the minimum wages of Manila workers, executed in two tranches, in July 2026 and January 2027, to compensate for a weakening purchasing power due to elevated inflation. With headline inflation still above the BSP target and demand-side forces likely to underpin readings, we maintain our call for the BSP to hike rates further in 2H26.

Thailand

We expect Thailand's headline inflation to moderate slightly to 2.6% yoy in June 2026, from 2.8% yoy in May. This likely reflected easing global and domestic energy price pressures following the de-escalation of US-Iran tensions. The Bank of Thailand is likely to continue looking through the transitory, supply-side-driven increase in inflation, with little impetus to adjust interest rates amid uneven and low economic growth.

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	1.2	1.5
HONG KONG	2.5	3.5	3.0	2.8	1.5	1.4	1.6	1.5
INDIA	6.7	7.8	6.8	6.4	4.9	2.2	4.5	4.2
INDIA (FISCAL YEAR) *	6.5	7.7	6.8	6.4	4.6	2.1	4.9	4.0
INDONESIA	5.0	5.1	5.1	5.1	2.3	1.9	3.6	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	4.3	3.0	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	3.1	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	1.9	1.7	3.0	2.7	3.5	3.0

* 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	5.75	6.00	6.00	6.00	6.00	6.00	6.00
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	3.00	3.00	3.00	3.00	3.00
TAIWAN	2.00	2.00	2.00	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	4.50	4.50	4.50	4.50	4.50	4.50	4.50
EUROZONE^	2.00	2.25	2.50	2.50	2.50	2.50	2.50	2.50
JAPAN	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.50
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	6.79	6.75	6.70	6.74	6.78	6.81	6.85
USD/HKD	7.84	7.84	7.83	7.83	7.83	7.83	7.83	7.83
USD/INR	94.8	94.7	93.4	93.9	94.4	95.0	95.5	96.1
USD/IDR	17041	17907	17760	17600	17660	17730	17790	17860
USD/MYR	4.05	4.08	4.02	3.95	4.00	4.05	4.10	4.15
USD/PHP	60.7	61.3	60.4	60.6	60.7	60.9	61.1	61.3
USD/SGD	1.29	1.29	1.28	1.27	1.28	1.29	1.29	1.30
USD/KRW	1516	1549	1470	1485	1500	1515	1530	1545
USD/THB	32.6	33.2	32.7	32.0	32.5	33.0	33.5	34.0
USD/VND	26340	26310	26290	26290	26430	26570	26710	26850
AUD/USD	0.69	0.69	0.70	0.71	0.70	0.70	0.69	0.69
EUR/USD	1.16	1.14	1.15	1.17	1.16	1.15	1.14	1.13
USD/JPY	159	163	156	151	153	154	155	157
GBP/USD	1.32	1.33	1.34	1.36	1.35	1.34	1.33	1.32

RATES FORECASTS

		2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
US	3M SOFR OIS	3.68	3.75	3.65	3.65	3.65	3.65	3.65	3.65
	2Y	3.79	4.16	3.85	3.85	3.90	3.95	3.95	3.95
	10Y	4.32	4.45	4.40	4.50	4.55	4.60	4.65	4.65
	10Y-2Y	52	29	55	65	65	65	70	70
Japan	3M TIBOR	1.27	1.41	1.45	1.50	1.55	1.75	1.75	1.75
	2Y	1.35	1.39	1.55	1.70	1.80	1.90	1.90	1.90
	10Y	2.35	2.72	2.65	2.70	2.70	2.70	2.75	2.75
	10Y-2Y	100	133	110	100	90	80	85	85
Eurozone	3M EURIBOR	2.08	2.32	2.70	2.70	2.70	2.70	2.70	2.70
	2Y	2.62	2.53	2.55	2.60	2.65	2.70	2.70	2.70
	10Y	3.00	2.86	3.10	3.20	3.25	3.30	3.30	3.30
	10Y-2Y	39	33	55	60	60	60	60	60
Indonesia	IDR 3M OIS	4.12	6.45	5.90	5.90	5.90	5.90	5.90	5.90
	2Y	6.31	7.21	6.90	6.85	6.80	6.75	6.75	6.70
	10Y	6.86	7.16	7.00	6.95	6.90	6.90	6.90	6.90
	10Y-2Y	55	-5	10	10	10	15	15	20
Malaysia	3M KLIBOR	3.37	3.45	3.35	3.35	3.35	3.35	3.35	3.35
	3Y	3.26	3.26	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	4.94	5.55	6.05	6.05	6.05	6.05	6.05
	2Y	5.42	6.08	6.10	6.20	6.25	6.30	6.35	6.35
	10Y	6.98	6.90	7.65	7.75	7.80	7.85	7.90	7.95
	10Y-2Y	156	82	155	155	155	155	155	160
Singapore	3M SORA OIS	1.16	1.16	1.20	1.20	1.20	1.20	1.20	1.20
	2Y	1.61	1.58	1.55	1.60	1.62	1.65	1.67	1.70
	10Y	2.29	2.04	2.20	2.20	2.25	2.25	2.30	2.30
	10Y-2Y	68	45	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	1.14	1.35	1.35	1.45	1.50	1.50	1.50
	10Y	2.23	2.04	2.55	2.60	2.70	2.75	2.80	2.90
	10Y-2Y	82	90	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	1.73	1.75	1.80	1.80	1.85	1.85	1.85
	10Y-2Y	48	48	50	55	55	60	60	60
Hong Kong, SAR	3M HIBOR	2.36	2.97	2.75	2.75	2.75	2.75	2.75	2.75
	2Y*	2.82	3.43	2.85	2.85	2.90	2.95	2.95	2.95
	10Y*	3.08	3.45	3.40	3.50	3.55	3.60	3.65	3.65
	10Y-2Y	26	2	55	65	65	65	70	70
Korea	3M CD	2.82	2.92	3.10	3.20	3.20	3.20	3.20	3.20
	3Y	3.56	3.70	3.60	3.75	3.75	3.75	3.75	3.75
	10Y	3.88	4.07	4.20	4.25	4.25	4.25	4.25	4.25
	10Y-3Y	32	37	60	50	50	50	50	50
India	3M MIBOR	7.25	6.61	6.75	6.75	6.75	6.75	6.75	6.75
	2Y	6.37	5.99	6.30	6.30	6.35	6.35	6.35	6.35
	10Y	7.04	6.75	6.95	6.90	6.90	6.90	6.85	6.85
	10Y-2Y	67	76	65	60	55	55	50	50

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