

MNI Asia Pac Weekly Macro Wrap

25 April 2025 – By Jon Cavenagh, Jaime Grant, Maxine Koster, & Gavin Stacey

JAPAN

- This week's Japan inflation data should add to the BoJ's confidence around achieving its 2% inflation target. Still, next week's BoJ meeting is likely to see the central bank firmly on hold given tariff/trade uncertainty.

AUSTRALIA

- The S&P Global flash April PMIs showed steady but moderate growth at the start of Q2 but strength was driven by the domestic economy though with global trade developments weighing on exports & confidence.
- There are high correlations between NZ and Australian CPI data and given NZ's Q1 has already been released, there are possibly trends that we can ascertain. Australia may see a pickup in goods inflation, while sticky services may moderate when its Q1 data prints on April 30.
- If the actual election result comes in close to the polls, which are currently around the 2022 outcome, then Labor could hold its small majority in the House of Representatives but trends are unlikely to be uniform across seats and the risk of a minority government remains high.

NEW ZEALAND

- NZ recorded its third merchandise trade surplus in four months in March at \$970mn up from \$392mn. Both export and import growth were robust. Trade is a bright spot in NZ's struggling economy but with a 10% tariff on goods to the US and an escalating US-China trade war the outlook is highly uncertain.

SHORT TERM RATES

- Rate expectations across the \$-bloc have remained broadly unchanged through December 2025 over the past two holiday-affected weeks.

SOUTH KOREA

- South Korean Q1 GDP printed under market expectations, with q/q at 0.2% versus 0.1% forecast, which was also the prior outcome. The y/y print was -0.1%, below the consensus forecast of flat (prior was +1.2%). This was the first q/q decline since Q2 of last year. For y/y, it was the first decline since the end of 2020. The BoK has recently noted the economic outlook had deteriorated.
- Earlier the consumer sentiment reading for April printed. It nudged up to 93.8 from 93.4. We are up from late 2024 lows sub 90.0 for the index, but for much of the prior 12 months we were above 100, so consumer confidence is still to return to these levels.
- South Korea's first 20 days exports declined in April 5.2% YoY, data from the Korea Customs Service showed. This was the largest decline since February 2024.

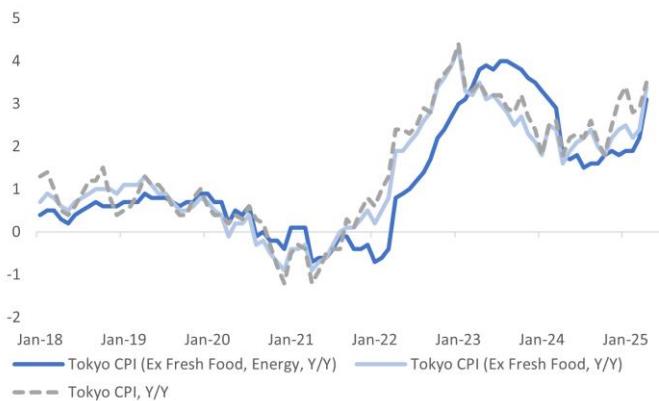
ASIA

- Bank Indonesia left rates unchanged at 5.75% as was widely expected as IDR stability remains its focus but it did retain its easing bias.
- Indonesia's March trade surplus widened to \$4.33bn, highest since November, from \$3.117bn. Q1 export growth outpaced imports. The data are too early to show any impact from the US' tariffs.

JAPAN**JAPAN DATA: Tokyo CPI Above Forecasts, Positive Signs For Services Inflation:**

Tokyo April CPI came in stronger across the board relative to market expectations. Headline printed 3.5%y/y versus 3.3% forecast and 2.9% prior. The ex fresh food measure was 3.4%y/y, (3.2% was forecast and prior 2.4%), while the ex fresh food, energy measure rose to 3.1%y/y (forecasts were at 2.8%, prior 2.2%).

- * Base effects looked to have played a role in terms of the y/y bounce, given April prints last year were sub 2%y/y across all of these measures. Still, it does signal further progress in terms of moving towards achieving the 2% inflation target sustainably, see the chart below
- * The m/m outcomes for April were all at the same pace as March or firmer, except for goods, which rose just 0.1%. Services though rose 0.3%m/m in seasonally adjusted terms for the second straight month.
- * The measure which excludes all food and energy prices rose 0.7%m/m (non-seasonally adjusted) and is back to 2% in y/y terms, from 1.1% in March.
- * Looking at the break down by sub-category, food fell 0.4%m/m (led by fresh food down 5.9%), while medical care eased -0.1%m/m. All other sub-categories were positive in the month. Utilities rose 3.3%m/m, entertainment up 1.7% and education 1.4%. Household goods were +1.5% as well.
- * Some of these strong m/m gains (education and utilities etc) may not be repeated, but the underlying trends still appear positive across most sub-categories.
- * Next week the BoJ meets, with little changed expected, but today's reading should still add to further tightening expectations for this year (particularly signs of further services related inflation). BoJ Governor Ueda hinted as much in earlier remarks, although tariff uncertainty continues to leave a cloud over the outlook.

Fig 1: Tokyo CPI Bounces Strongly In April

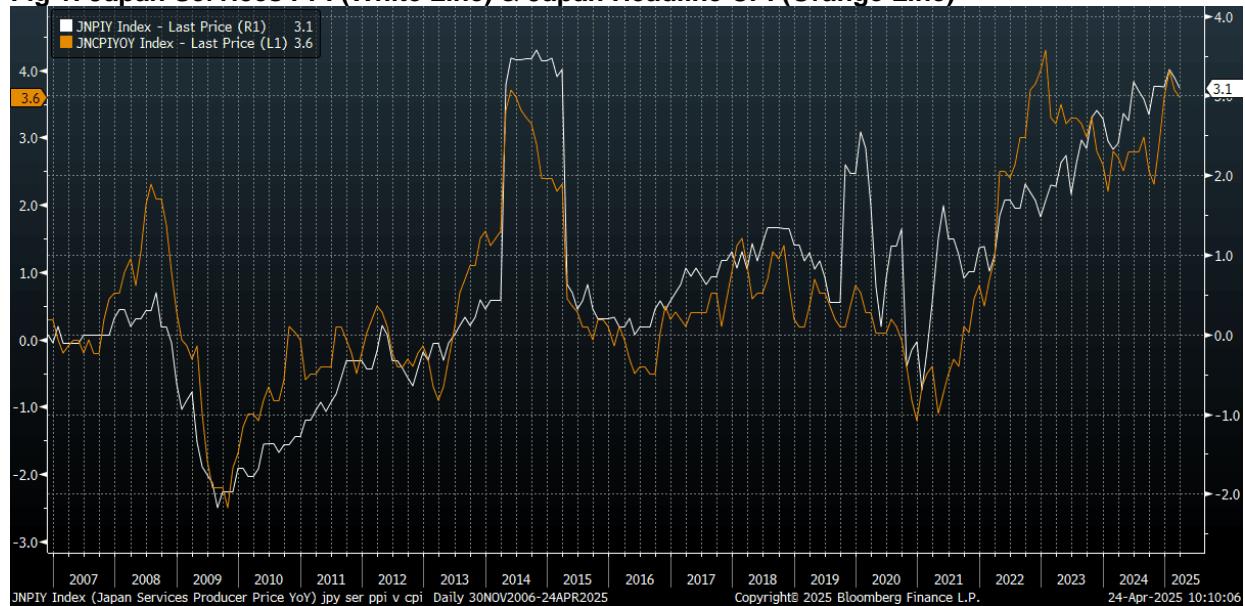
Source: MNI - Market News/Bloomberg

JAPAN: Services PPI Slightly Firmer Than Forecast, Just Off Cycle Highs

Japan's March services PPI printed slightly above expectations at 3.1% y/y, versus 3.0% consensus. The prior outcome was revised up to 3.2% y/y (from 3.0% originally reported). The monthly change was +0.7% after a 0.1% gain in February.

- The PPI for services sits just off cycle highs. The chart below plots this metric against headline CPI (which is the orange line on the chart).
- The result will not impact BOJ thinking ahead of next week's policy meeting. There is very little priced by the market for next week's meeting, with focus on the outlook, particularly the trade/tariff backdrop and what this means for Japan and global growth. Earlier headlines from the IMF pointed to a risk in delaying further hikes from the central bank.

Fig 1: Japan Services PPI (White Line) & Japan Headline CPI (Orange Line)



Source: MNI - Market News/Bloomberg

AUSTRALIA

AUSTRALIA: Q1 NZ CPI Data Suggest Australian Services Inflation Moderated

Q1 Australian CPI data is released on Wednesday April 30 and will be an important input into the May 20 RBA decision, where a rate cut is largely expected. There are high correlations between NZ and Australian CPI data and given NZ's Q1 has already been released, there are possibly trends that we can ascertain. Australia may see a pickup in goods inflation, while sticky services may moderate.

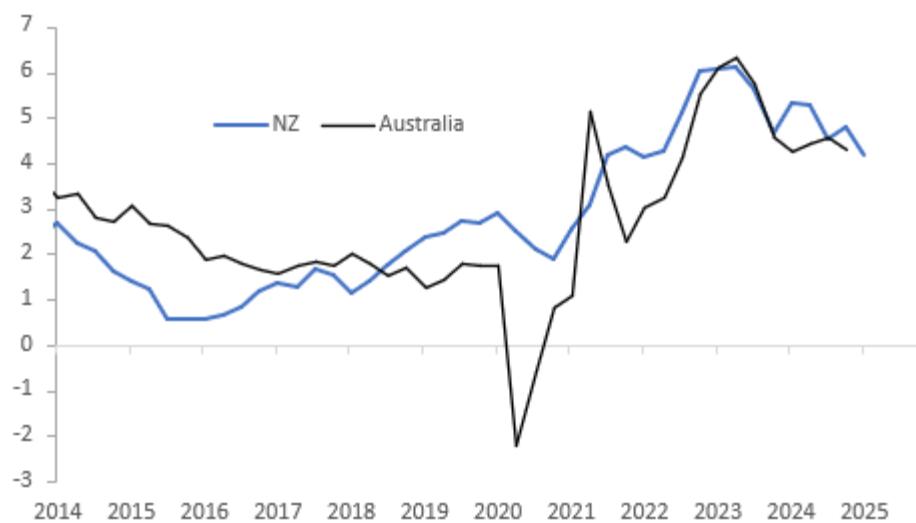
- NZ headline, non-tradeables & tradeables printed higher than expected but both headline and core were in the RBNZ's 1-3% target band at 2.5% y/y and 2.9% y/y respectively.
- With government electricity rebates continuing to reduce Australia's headline inflation, there is little to be gained by looking at NZ's trends here.
- There is a 3-year rolling correlation of around 90% between Australia/NZ underlying inflation measures. The RBNZ's sector factor model estimate of core moderated 0.1pp to 2.9% in Q1. In addition, Australia's monthly data are pointing to a moderation in quarterly trimmed mean inflation in Q1.

Australia vs NZ core CPI y/y%



Source: MNI - Market News/LSEG

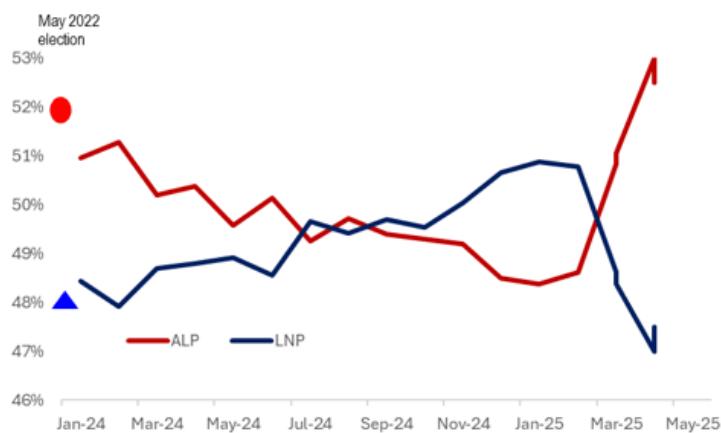
- Domestically-driven services inflation has been monitored closely for some time and the Australia/NZ correlation is also close to 90%. NZ services inflation moderated 0.6pp to 4.2% y/y and non-tradeables 0.5pp to 4.0% y/y, which is good news for Australia.
- Australia is likely to see a pickup in goods inflation, which is significantly determined by global factors. It rose to 1.4% y/y in NZ from 0.6% signalling that its disinflationary pressure is likely over, consistent with Australia's monthly goods inflation data.

Australia vs NZ services y/y%

Source: MNI - Market News/LSEG

AUSTRALIA: Minority Government Distinct Possibility As Focus On Certain Seats

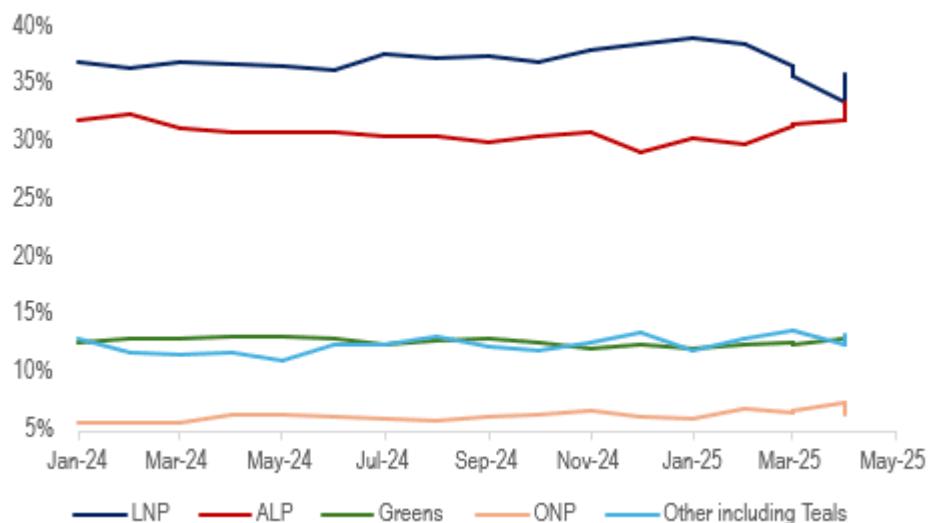
Australia holds its federal election on May 3 and as the date approaches the incumbent Labor Party (ALP) has increased its share of both the primary and 2-party preferred vote across opinion polls. If the actual result comes in close to the surveys, which are currently around the 2022 outcome, then Labor could hold its small majority in the House of Representatives but trends are unlikely to be uniform across seats and the risk of a minority government remains high.

Australia average of opinion polls - 2-party preferred %

Source: MNI - Market News/Wikipedia

- The ALP had been behind the opposition LNP in the important 2-party preferred measure (Australia has a preferential voting system) from September last year but turned that around once the election campaign officially began.
- Polls in April are showing that the ALP could achieve a primary vote of around its May 2022 33% result with a 2-party preferred possibly around 2022's 52.1%. It is difficult to ascertain if that will allow it to keep its 2 seat majority of 77 as outcomes in individual seats will be particularly important given the high number of incumbent and candidate independents as well as local issues.
- The average of recent surveys is showing that in terms of percentages the 2025 election could be very similar to 2022 with the average of the last 3 polls (Freshwater, Newspoll, Roy Morgan) showing the centre-left ALP with 34% (+1pp), centre-right LNP 36% (unchanged), Greens (+1pp), independents 13% (+3pp) and right-wing One Nation 7% (+2pp). The 2-party preferred is in line with 2022 at 52:48 to the ALP.
- The most recent Freshwater poll taken over April 14-16 showed a seat projection of ALP 68 (-9), LNP 69 (+16), Greens 1 (-3) and other 12 (-3), which is signalling a minority government but unclear of which persuasion. This poll reinforces the importance of the outcomes in individual seats.

Australia average of opinion polls - primary vote %



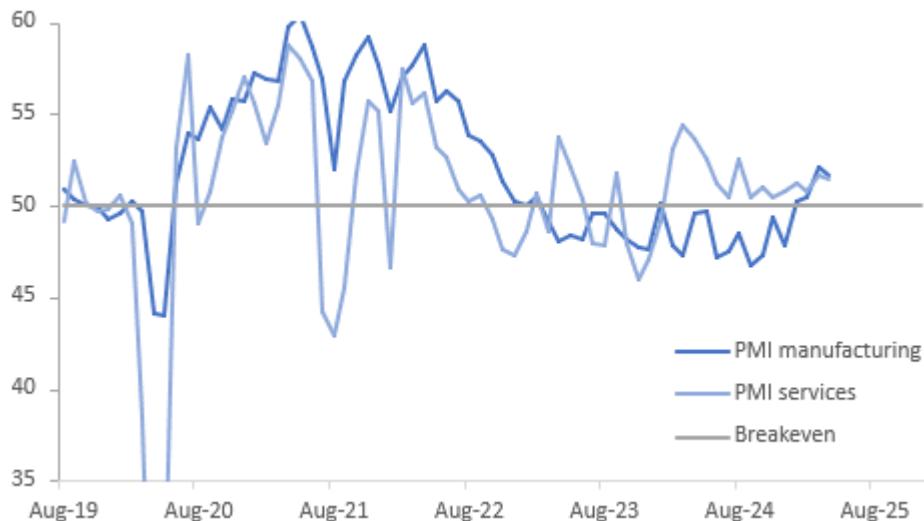
Source: MNI - Market News/Wikipedia

AUSTRALIA DATA: Exports & Confidence Impacted By Protectionism

The S&P Global preliminary April PMIs showed steady but moderate growth at the start of Q2 with the composite at 51.4 down slightly from 51.6 with services printing inline. Manufacturing activity eased slightly with the PMI at 51.7 after 52.1 in March, but the fourth consecutive month in positive territory after spending most of 2024 contracting. Strength was driven by the domestic economy though with global trade developments weighing on exports and confidence.

- Growth in new business rose in April to its fastest in two years with strength coming from services but manufacturing also saw a moderate pickup. This drove continued hiring, which remains at a 23-month high, but also the strongest rise in outstanding business in almost three years, according to S&P Global.
- Stronger demand resulted in a deterioration in the inflation picture with firms able to pass on higher costs to customers. Input inflation remains elevated driven by raw materials, energy, wages and imports due to the weaker AUD. Selling price increases rose this month with manufacturing at its fastest in more than 2 years.
- New business appears to be concentrated in the domestic economy though with exports falling for the second straight month due to increased uncertainty over US trade policy.
- Fears of a global trade war and resulting slower global growth weighed on confidence regarding the outlook with it falling to its lowest in 6 months.

Australia S&P Global PMIs



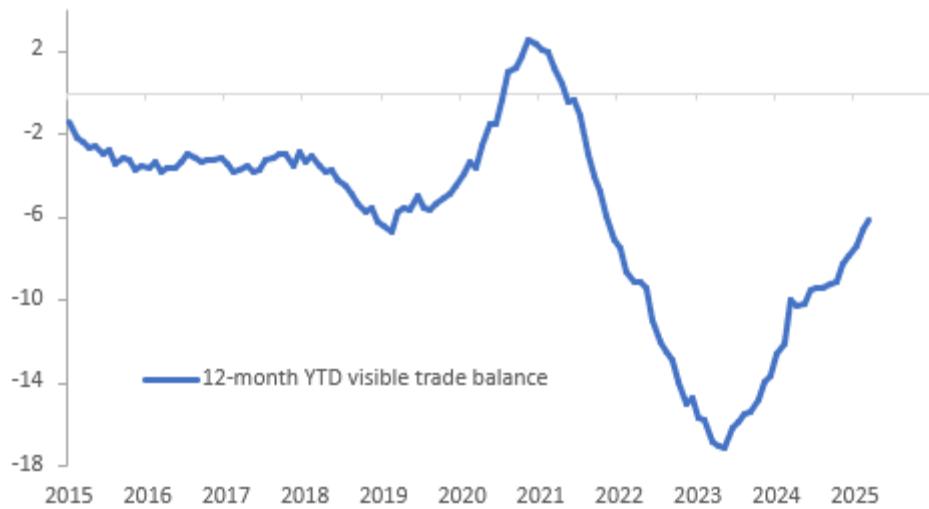
Source: MNI - Market News/Bloomberg

NEW ZEALAND

NEW ZEALAND: NZ Continues To See Strong Export Growth, Outlook Clouded

NZ recorded its third merchandise trade surplus in four months in March at \$970mn up from \$392mn. The YTD deficit narrowed to \$6.13bn from \$6.63bn. It has now declined around \$11bn since the May 2023 peak. Both export and import growth were robust last month. Trade is a bright spot in NZ's struggling economy but with a 10% tariff on goods to the US and an escalating US-China trade war the outlook is highly uncertain and likely to be negative.

NZ merchandise trade balance \$bn YTD

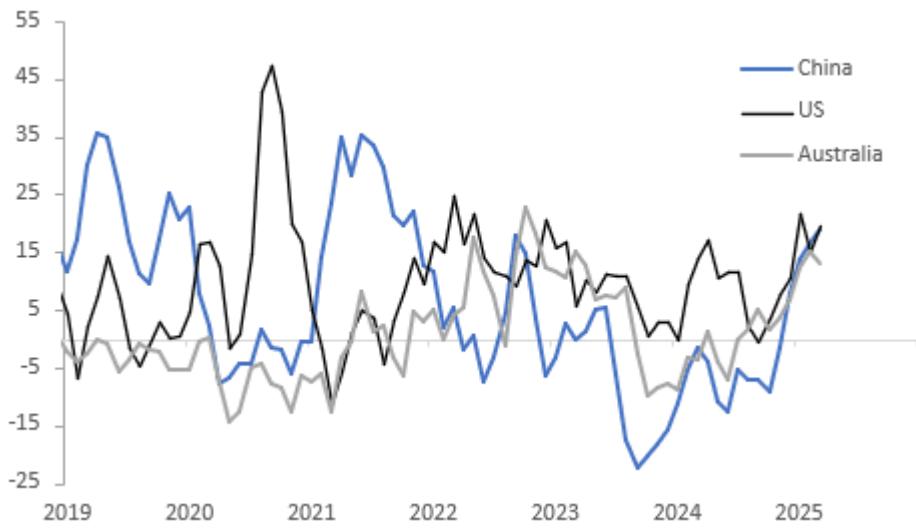


Source: MNI - Market News/LSEG

- Goods exports rose 0.6% m/m sa and 18.9% y/y with shipments strong to the two largest destinations China (+22.7% y/y) and the US (+21.8% y/y) while they were weak to Australia after a run of solid months (-0.5% y/y).
- Exports to the US have been trending higher since before Covid but they reached a new record level in March, as producers likely wanted to beat the imposition of US tariffs.

- Shipments of milk products, meat and machinery & equipment have driven the strength over the year. There was strong growth in milk products & fruit to China, while to the US it was meat.
- Imports fell 1.9% m/m sa in March but annual growth has been robust rising to 12.4%. The annual strength has been concentrated in consumer goods (+14.7% y/y) and non-transport capex (+8.3% y/y), while transport has been weak down 3% y/y, but does tend to be volatile.
- Q1 merchandise export values rose 11% q/q, while imports were up 4.1% q/q.

NZ goods exports y/y% 3-mth ma



Source: MNI - Market News/LSEG

NEW ZEALAND: Consumers Subdued But April Sentiment Rises Despite Global Events

There was a broad-based pick up in ANZ consumer confidence with it rising 5.5% to 98.3 in April boosted by another 25bp of monetary easing during the month and despite heightened global uncertainty around US trade policy. It has resumed its uptrend and printed at its highest since December. Both current and future conditions improved.

- ANZ noted that consumer inflation expectations rose 0.5pp to 4.7%, the highest since July 2023, and may have been driven by the uncertainty around tariffs. Price/cost indicators in its business survey have also begun rising again and inflation expectations have stopped moderating.
- Future conditions rose to 105.2 in April from 100.7, despite the major US tariff announcements and subsequent market volatility during the month. The series has been above the breakeven-100 mark since August. The 12-month ahead economic outlook improved 4 points but was still negative at -16%.
- Current conditions rose 6 points to 88 boosted by an 8 point rise in personal finances, likely helped by 200bp of easing in less than a year.
- The time to buy a major household item improved 5 points but remained negative at -11 signalling that private retail spending is likely to stay lacklustre.

NZ ANZ Roy Morgan consumer confidence

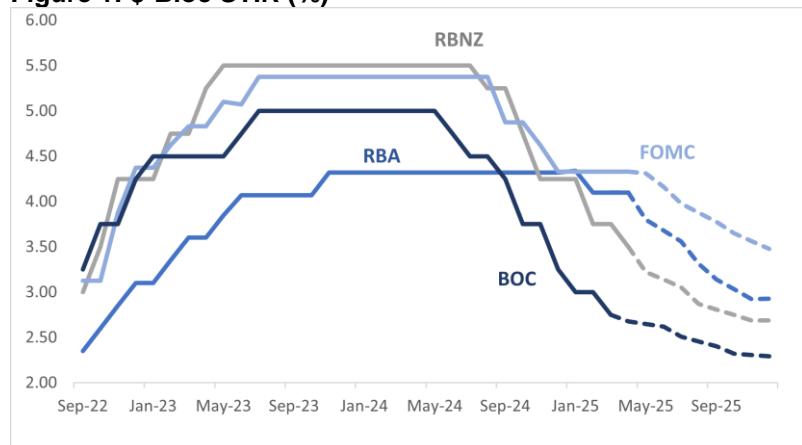
Source: MNI - Market News/LSEG

SHORT-TERM RATES \$-Bloc Markets Broadly Unchanged Over Past Two Weeks:

Rate expectations across the \$-bloc have remained broadly unchanged through December 2025 over the past two holiday-affected weeks.

- * This stability comes despite a series of key economic releases-including CPI, employment data, central bank meetings, and meeting minutes-across most \$-bloc economies.
- * The muted reaction underscores how market focus remains firmly on headlines surrounding US-China trade tensions, with macroeconomic data taking a back seat.
- * Looking ahead, the next major policy event in the \$-bloc is the Fed's May 7 meeting, with markets currently pricing in just an 8% chance of a rate cut.
- * Looking ahead to December 2025, the projected official rates and cumulative easing across the \$-bloc are as follows: US (FOMC): 3.47%, -86bps; Canada (BOC): 2.29%, -46bps; Australia (RBA): 2.93%, -117bps; and New Zealand (RBNZ): 2.69%, -81bps.

Figure 1: \$-Bloc STIR (%)



Source: MNI - Market News / Bloomberg

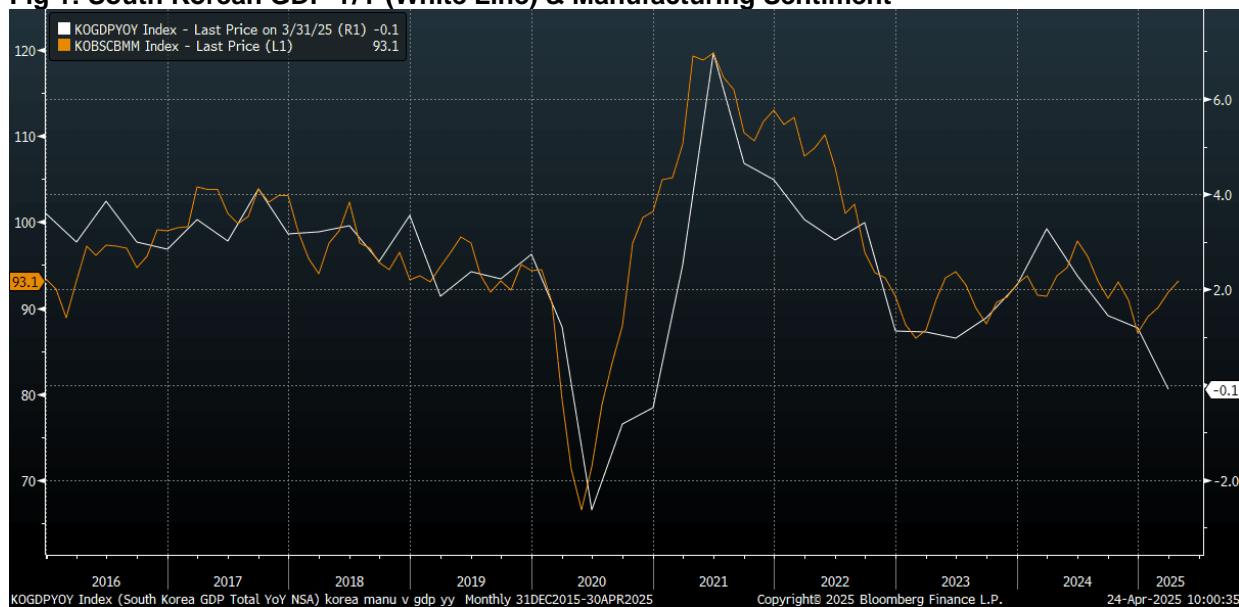
SOUTH KOREA

SOUTH KOREA: GDP Below Forecasts, Y/Y Posts First Decline Since 2020

South Korean Q1 GDP printed under market expectations, with q/q at 0.2% versus 0.1% forecast, which was also the prior outcome. The y/y print was -0.1%, below the consensus forecast of flat (prior was +1.2%). This was the first q/q decline since Q2 of last year. For y/y, it was the first decline since the end of 2020.

- In terms of the detail, private consumption was down 0.1% in Q1, after rising 0.2% in Q4 last year. Business investment fell 2.1%q/q, while exports declined by 1.1%. By industry manufacturing fell 0.8%q/q, (from +0.2% in Q4), while construction was down 1.5%q/q. Service were flat after rising 0.4% in Q4 last year.
- The BoK had earlier expected modestly positive growth for Q1, but recently noted the economic outlook had deteriorated.
- At face value, today's data will likely reinforce BoK easing expectations. Earlier we did have manufacturing and non-manufacturing sentiment readings, which both ticked up. The chart below plots the manufacturing heading reading against y/y GDP growth. It suggests we may see some GDP momentum improvement, but confidence is still sub 2024 levels. Also Q2 tariff headwinds are another factor to be mindful of, with April data hitting at further export pressure, while consumer confidence measures are also still well off 2024 levels.
- Per MIPR on BBG, the market looks for close to 2 further 25bps cuts in the next 6 months. The next BoK meeting is on May 29.

Fig 1: South Korean GDP Y/Y (White Line) & Manufacturing Sentiment



Source: MNI - Market News/Bloomberg

SOUTH KOREA: Trade Data Opens Door for BOK

- South Korea's first 20 days exports declined in April 5.2% YoY, data from the Korea Customs Service showed.
- This was the largest decline since February 2024.
- South Korea's first 20 days imports declined in April 11.8% YoY, data from the Korea Customs Service showed.
- This was the largest decline since February 2024.
- First 20 days trade deficit was US\$137m.
- First 20 days daily average exports fell 5.2% YoY.
- First 20 days chip exports rose 10.7% YoY.

- First 20 days exports to China fell -3.4% YoY.
- First 20 days exports to US fell -14.3% YoY.

SOUTH KOREA: Consumer Sentiment Edges Higher, So Do Inflation Expectations

Earlier the consumer sentiment reading for April printed. It nudged up to 93.8 from 93.4. We are up from late 2024 lows sub 90.0 for the index, but for much of the prior 12 months we were above 100, so consumer confidence is still to return to these levels.

- At face value this suggests a still tepid domestic demand backdrop. The BOK has noted this though, with its recent commentary stating that its February forecast for 2025 growth would be revised down.
- Carry over from political uncertainty, along with the trade/tariff outlook, have been headwinds for South Korean growth. The IMF revised down its 2025 growth forecasts for South Korea to 1%.
- The other focus point from this survey will be the tick up in inflation expectations. Consumers 12 month outlook rose to 2.8%, from 2.7%. We have been sticky just under this 3% level for expectations since the second half of last year.

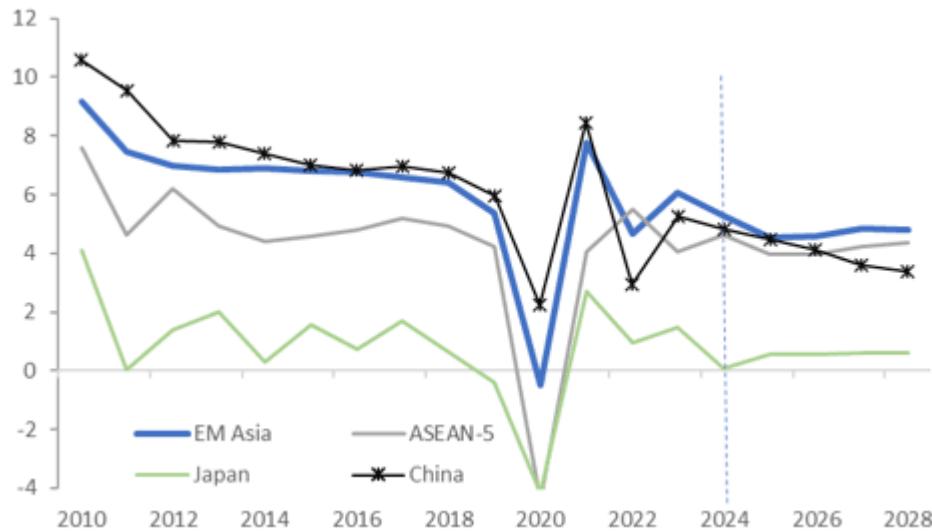
ASIA

ASIA: Asian Growth Outlook Hurt By Increased Protectionism

The IMF revised global growth lower in 2025 and 2026 in its April WEO due to increased uncertainty predominantly stemming from trade policy changes. Compared to January forecasts, developments since then are expected to lead to slower growth across DM and EM, slower global trade growth driven by developing economies and only slightly higher inflation mainly in the developed world. Being large traders, Asia stands to be one of the most negatively impacted regions.

- Growth in EM Asia has been revised down 0.6pp to 4.5% in 2025 and 0.5pp to 4.6% in 2026, both down from last year's 5.3%. ASEAN is forecast to slow to 4.0% in 2025 from 4.6% with 2026 at 3.9% but then it should then stabilise above 4% thereafter.
- In EM, Mexico is the hardest hit with growth down 1.7pp in 2025 to -0.3%.
- China has been specifically targeted by US tariffs and has retaliated resulting in duties of 145% into the US, although President Trump said that the final number should be lower. The IMF didn't expect China to achieve 5% growth this year and next in its January forecasts and now they have been revised down 0.6pp to 4.0% in 2025 and 0.5pp to 4.0% in 2026 after 5% in 2024.
- India's growth has also been revised lower but by less than China's at 6.2% (-0.3pp) and 6.3% (-0.2pp). US Vice President Vance has just visited and stated that the relationship was very important suggesting that there will be an agreement after a tariff of 26% was announced earlier this month.
- DM growth was revised down 0.5pp to 1.4% in 2025 and 0.3pp to 1.5% in 2026 after 1.8% last year. The shift was broad-based but the US saw the largest change at -0.9pp for 2025 more than Canada's 0.6pp. Japan was revised 0.5pp and 0.2pp lower resulting in lacklustre growth of 0.6% in both 2025 and 2026.

IMF Asia GDP growth outlook %



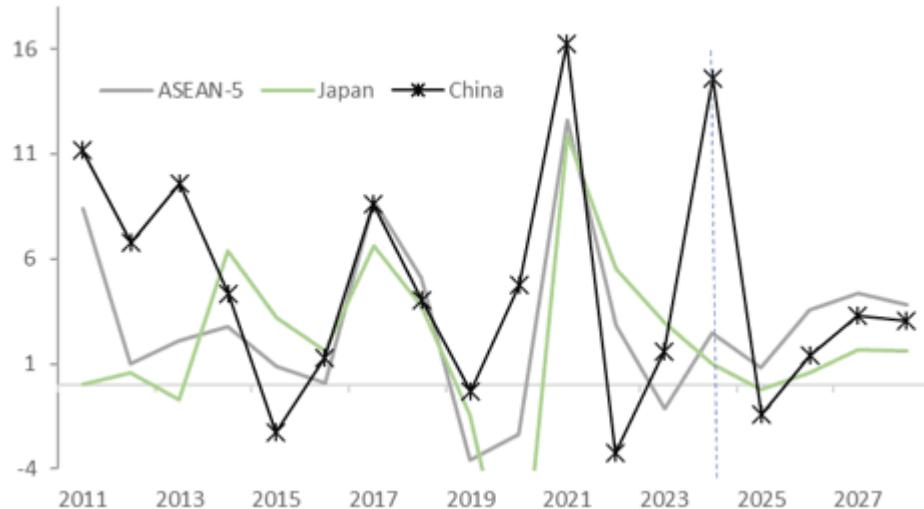
Source: MNI - Market News/IMF

ASIA: China Drives Expected Slowdown In Asian Exports, ASEAN Outlook Positive

The IMF revised down its global trade volume forecasts by 1.5pp to 1.7% in 2024 and by 0.8pp to 2.5% in 2026, with it not expected to return to 2024's 3.8% over the projected horizon to 2030 as increased trade protectionism reduces flows. Both DM and EM are likely to see a drop in export volumes but the impact is significantly greater on EM and especially Asia due to the US-China trade war.

- EM goods export volumes are forecast to moderate to 0.9% in 2025 from 6.6% in 2024 before picking up to 2.7% in 2026 with the weakness driven by Mexico and China.
- Volumes from EM Asia are forecast to contract 0.7% in 2025 after 2024's strong 11.2% recovering to only 1.4% in 2026. This is driven by China which sees a sharp slowdown from 14.6% last year to a contraction of -1.4% in 2026 and settling around only 3% thereafter.
- Mexican export volumes are expected to decline 2% this year after rising 2.8% in 2024 before recovering to a subdued 0.7% in 2026. Over 80% of its goods shipments go to the US.
- ASEAN is one group that looks to recover to export growth above 2024's. The IMF is projecting that it will slow to 0.8% in 2025 from 2.5% in 2024 but then rise to 3.6% in 2026 and 4.3% in 2027.
- DM goods export volumes are only expected to moderate to 0.7% in 2025, with Japan negative though, from 0.9% in 2024 and then rise to 1.9% in 2026.

IMF Asia goods exports outlook %



Source: MNI - Market News/IMF

INDONESIA: Trade Surplus Widens In March, Highly Exposed To China

Indonesia's March trade surplus widened to \$4.33bn, highest since November, from \$3.117bn when a narrowing had been forecast. Exports were stronger than expected rising 3.2% y/y when a 2.4% fall had been expected. Imports grew 5.3% y/y up from 2.3% in February but moderately slower than forecast. The data are too early to show any impact from the US' increased trade protectionism with the universal 10% tariff not implemented until this month.

Indonesia merchandise trade balance US\$mn vs 3-month ma



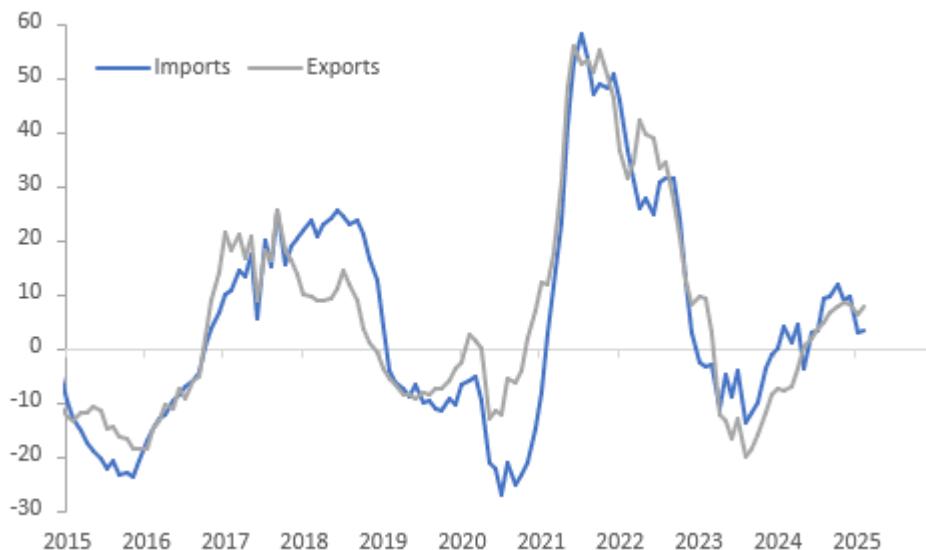
Source: MNI - Market News/LSEG

- USDIR is around 16804 today after a high of 16840 on Thursday. The fall in the pair is due to broad-based US dollar weakness (BBDXY USD index -0.7%) following comments from US President Trump that the Fed should cut rates and threats that he may replace Chairman Powell.
- The US administration announced a 32% duty on imports from Indonesia as part of the reciprocal tariff package. At this point, it has been delayed and Indonesia hasn't retaliated. It expects a deal with the US

within 60 days. Indonesia is highly exposed to China though with 24% of 2024 exports going there, while 10.6% were shipped to the US. Thus it is highly vulnerable to an unresolved US-China trade war.

- March non-oil & gas annual export growth was driven by agriculture +32.8% y/y and manufacturing +9% y/y, with shipments to all major destinations posting positive annual growth, except to India.
- Q1 nominal exports rose 6.9% y/y and imports around 1.5% y/y.

Indonesia goods exports vs imports y/y% 3-month ma



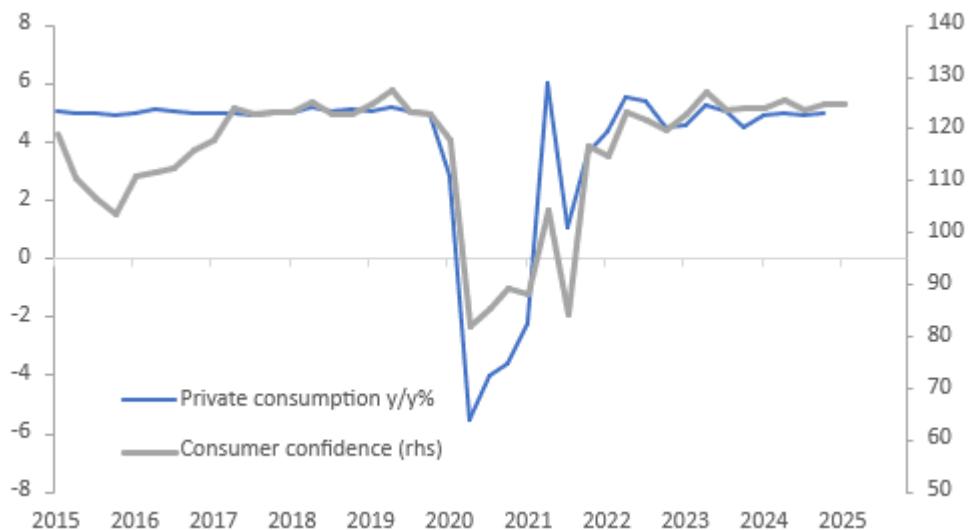
Source: MNI - Market News/LSEG

INDONESIA: Q1 Growth Steady, Monitoring For Signs In Q2 Of Slowing Activity

Bank Indonesia meets on April 23 and is widely forecast to leave rates unchanged at 5.75% given continued rupiah weakness. USIDR is over 2% higher since the last meeting in March and the rupiah has generally underperformed. USIDR is up 0.3% to 16860 today. Surveys suggest that growth in Q1 was likely steady around 5% but they did turn down in March. They will be monitored closely in Q2 for signs they are being negatively impacted by increased global trade tensions.

- BI has been supporting growth and lending with macroprudential policies for some time and may expand these if it feels it can't cut rates but the economy needs stimulus.
- While the S&P Global March manufacturing PMI moderated to 52.4 from 53.6, it signalled a pickup in growth in Q1 from Q4. Orders growth was positive including rising new foreign orders. Confidence in the outlook remains close to a 3-year high and last month seemed little affected by US trade threats. Expected growth over the year was also steady.
- Consumer confidence weakened in March though to its lowest since October and is now down 2.2% y/y, but Q1 was in line with Q4 and signals steady real consumption growth around 5%. Retail sales are showing signs of a gradual recovery, while autos remain weak and private credit growth continues to slow.

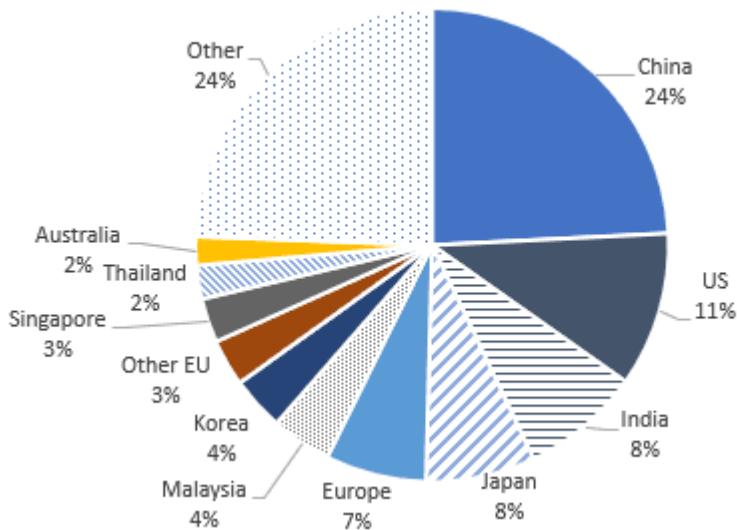
Indonesia consumer confidence vs real consumption growth



Source: MNI - Market News/LSEG

- There has been some concern over fiscal policy, which added to pressure on the rupiah this year. While there has been an increase in welfare spending, fiscal policy at this stage seems unlikely to provide stimulus as expenditure cuts have been made and lower revenues weigh on the budget.
- Indonesia's trade position is positive with the surplus rising in March to its highest since November aided by solid export growth which outpaced imports in Q1. Shipments to the US, China and Malaysia have been strong.

Indonesia merchandise exports by country % total 2024



Source: MNI - Market News/LSEG

THAILAND: Export Growth Rises As Thailand Negotiates With Major Partner The US

The Thai customs trade surplus narrowed more than expected in March to \$973mn following \$1988mn. This was despite stronger-than-expected export growth up to 17.8% y/y from 14% but imports also rose more than forecast at 10.2% y/y after 4.0% in February. The Commerce Ministry said that export growth may ease in April due to tariff worries.

Thailand customs exports vs imports y/y% 3-mth ma



Source: MNI - Market News/LSEG

- Q1 customs export growth picked up to 15.1% y/y from 10.5% in Q4, while imports slowed to 7.3% y/y from 10.5%.
- Thailand chose not to retaliate to the proposed 36% US tariff and talks are ongoing although they stalled at the start of the week. Thailand said today that it would be stricter with its certificate of origin and it has proposed to increase its imports of US commodities and reduce its own trade taxes, but the US also wants it to address baht manipulation.
- The Thai government has estimated that the US duty could reduce growth by 1pp in 2025.
- Thailand's economy is highly exposed to the US with 20% of its 2024 exports going there worth 11.4% of its GDP, only second to Taiwan in the region. Its exposure to China is a lot less but not immaterial at 12.7% of exports worth 7.2% of GDP and so its already subdued GDP growth could be impacted directly and indirectly from US trade policy.
- In Q1 Thailand ran a surplus with the US of \$10.74bn but a deficit with China of \$13.96bn.
- The baht has weakened against the greenback today with USDTHB up 0.4% to 33.57 after a low of 33.46 earlier in the session, as the USD is off its intraday low. The pair is still down 1.0% this month though and 4% since the April 9 peak of 34.98.

Merchandise exports to the US 2024 %

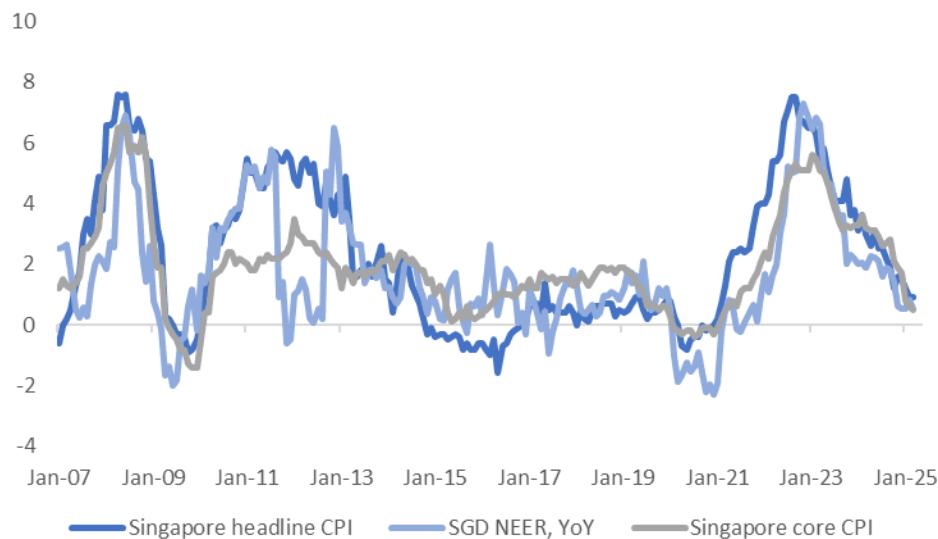


Source: MNI - Market News/LSEG

SINGAPORE: March Inflation Below Expectations, Core At Just +0.5% y/y

March inflation figures in Singapore were slightly below consensus forecasts. M/M fell -0.1%, against a 0.1% forecast, while 0.8% was the Feb outcome. In y/y terms we were 0.9%, also sub the 1.1% forecast. Core inflation printed 0.5% y/y against market expectations of a 0.7% gain. The core print fell 0.1% m/m as well.

- The detail showed clothing and footwear, household durables, transport and communication all down in m/m terms. Recreation and culture at +0.4% m/m, was the strongest sub category last month.
- In y/y terms, trends were mixed, with communication and recreation the weak points, while transport and health care were close to +2%.
- This time last year, Singapore core CPI was above 3% in y/y terms. The chart below plots this measure along with headline CPI against the SGD NEER (also y/y).
- The last MAS policy statement saw the annualized pace of SGD NEER eased but still positive. There is scope to bring this to neutral or flat at the next meeting in July, which is something supported by today's inflation data.

Fig 1: SGD NEER & Singapore Inflation Y/Y

Source: MNI - Market News/Bloomberg

INDIA: PMIs Tick Up Again In April

Indian April preliminary PMIs, per HSBC, all ticked up from March levels. The manufacturing index was 59.1, from 58.5, while service rose to 58.4 versus 58.1. This left the composite index at 60.0 from 59.5 in March.

- Manufacturing is at multi month highs, while services still have some way to go to get back to H1 2024 levels, which were closer to 61.0.
- These prints suggest a support domestic growth backdrop, at least at face value. This will be appealing at a time of trade uncertainty across the rest of the region. Since early April Indian equities have recovered sharply, while offshore outflow pressures have also eased.
- Sentiment is also likely to be aided by RBI efforts to support domestic liquidity and turn monetary policy more supportive.
- USD/INR is close to unchanged for April, with support emerging around the 85.00 level for the pair. It has outperformed CNH and IDR so far this month.

GLOBAL

US: Trump States - Has No Intention Of Firing Fed Chair Powell

A press conference has just concluded at the White House where US President Trump spoke on a number of issues. Most prominent were comments Trump made on Fed Chair Powell and the tariff/trade outlook.

- On the Fed outlook Trump stated that now was the perfect time to lower rates, as Trump spoke about the lower food and energy price backdrop since he took office.
- Trump added that he wants Fed Chair Powell not to be too late in terms of lower rates, but that if he doesn't it isn't the end. Trump added he no intention of firing Fed Chair Powell. This has been speculated recently given Trump remarks around Powell's performance.
- On tariffs Trump stated he won't play hard ball with China and that while tariffs on China are currently 145%, the final number won't be near that number (per BBG).
- If countries invest in the US they won't pay tariffs Trump added and that China and other countries will make a deal with the US, or the US will set the deal.

US: Trump On Trade Deals, Tariffs & Monetary Policy

US President Trump has delivered wide ranging comments in the oval office as he signed education related bills. Trade/tariffs and monetary policy were among the focus points.

- On a deal with China, Trump stated that it would depend on China. He stated the tariff level on China would likely be decided in the next 2-3 weeks. If a deal with China couldn't be reached then the US would set the tariff rate.
- Earlier, the FT reported ([link](#)) the Trump administration is set to soften tariffs due to be paid by US automakers on key imported components. The report centers on a "destacking" of some previously-announced tariffs, including the fentanyl duties on Chinese imports and duties on steel and aluminum. From the FT article, citing "two people with knowledge of the matter".
- Trump, via Commerce Secretary Lutnick, stated that 90 countries have contacted the US in relation to trade.
- On monetary policy, Trump stated that he believes Powell is making a mistake by not lowering interest rates, given the weaker food and energy price backdrop since he took office. When asked if had spoken to Powell, Trump stated no he hasn't, but that he may call him.
- Trump was also asked about the recent decline in tourism arrivals into the US. He stated nationalism factors could be at play, but he also spoke about the value of the dollar being high. He added that countries like Japan and China wanted to keep their FX rates cheaper versus the USD. He added he had discussed this with the leader of Japan in the past.
- Trump reiterated that the US doesn't need anything from Canada (cars, energy or lumber), but that the country is working on a trade deal with Canada.

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