

# MNI Asia Pac Weekly Macro Wrap

24 July 2025 – By Jon Cavenagh, Jaime Grant, Maxine Koster, Stephen Petrie & Gavin Stacey

## JAPAN

- A trade deal has been reached between the US and Japan ahead of the August 1 deadline. Imports from Japan, including autos, will face a 15% tariff down from the 24% announced in April but higher than the current average below 5%. This lower rate is in exchange for \$550bn of Japanese investment in the US.

## AUSTRALIA

- RBA July minutes showed that the majority of members decided the best decision was to keep rates unchanged and wait for more information to be confident that inflation will “sustainably” return to the band mid-point and to be gradual and cautious, which was factored into the May forecasts. Uncertainty over the degree of restrictiveness was also a factor and one that is likely to impact future decisions.

## NEW ZEALAND

- The RBNZ’s sector factor model result for Q2 was in line with other underlying CPI measures showing that core inflation remained below the top of the 1-3% target band. Its measure of core inflation eased 0.1pp to 2.8% y/y, the lowest rate since Q2 2021, and is now only 0.1pp above headline CPI. Underlying non-tradeables also continued to moderate. Thus with activity data still lacklustre, another 25bp rate cut on August 20 seems likely.

## SHORT TERM RATES

- Interest rate expectations across dollar-bloc economies were relatively stable over the past week, with Australia and New Zealand standing out. Australian rates moved 5bps higher, while New Zealand saw a 7bps decline. U.S. and Canadian rates were little changed.

## CHINA

- Data flow has been light this past week, with China’s US Tsy holdings an onshore focus point.

## SOUTH KOREA

- South Korean data has mostly improved, with consumer sentiment at multi year highs, while Q2 GDP rebounded more than forecast.

## ASIA

- The lower Malaysia CPI vindicated the recent BNM policy easing. Next week the MAS decision in Singapore is due, with mixed viewpoints in terms of whether the central bank will ease again. Thailand selected a new BoT Governor who is expected to be more dovish.

## ASIA EQUITY FLOWS

- Taiwan inflows and a resurgent backdrop for Thailand inflows have been focus points this past week. As global equity momentum improved so too did flow momentum for the broader region.

## JAPAN

## JAPAN: Trump Announces Trade/Investment Deal With Japan, 15% Tariff Rate

US President Trump has posted via Truth Social that the US and Japan have reached a trade/investment deal. The full post is outlined below, Trump states that Japan will invest \$550bn into the US, while Japan will also open up access to cars, agriculture exports from the US. Japan will pay a 15% reciprocal tariff to US Trump notes. This is lower than the 25% rate which had been threatened. USD/JPY initially moved lower on the announcement but this was short lived.

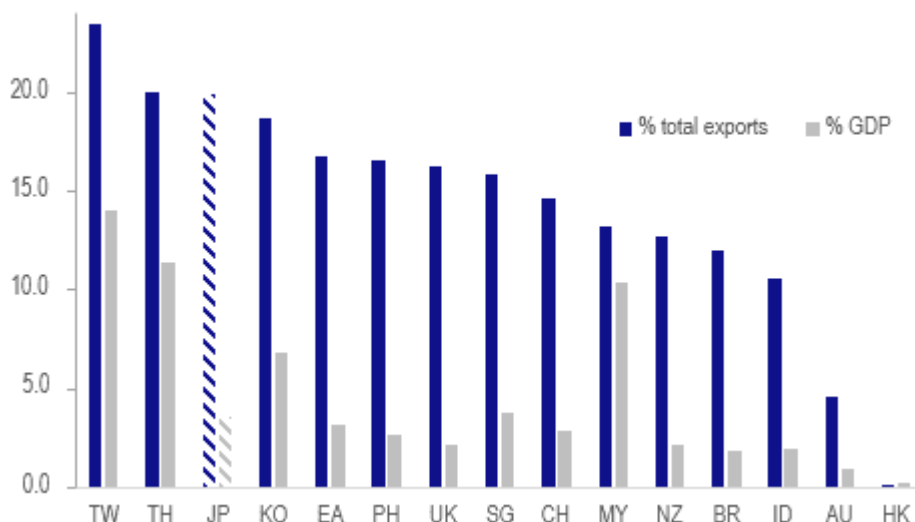
- "Donald J. Trump @realDonaldTrump: We just completed a massive Deal with Japan, perhaps the largest Deal ever made. Japan will invest, at my direction, \$550 Billion Dollars into the United States, which will receive 90% of the Profits. This Deal will create Hundreds of Thousands of Jobs — There has never been anything like it. Perhaps most importantly, Japan will open their Country to Trade including Cars and Trucks, Rice and certain other Agricultural Products, and other things. Japan will pay Reciprocal Tariffs to the United States of 15%. This is a very exciting time for the United States of America, and especially for the fact that we will continue to always have a great relationship with the Country of Japan. Thank you for your attention to this matter!"

## JAPAN: Trade Deal Relief For Japan's Vehicle Manufacturers

A trade deal has been reached between the US and Japan ahead of the August 1 deadline, which has been seen as positive by markets with the Nikkei up 2.4% but USDJPY has given up its earlier gains and is little changed at 146.64. Imports from Japan, including autos, will face a 15% tariff down from the 24% announced in April but higher than the current average below 5%. This lower rate is in exchange for \$550bn of Japanese investment in the US.

- Japan is a key US ally and so a deal was expected but the US' 2024 merchandise deficit of \$69.4bn with Japan, larger than the deficit with Canada, made it a target of President Trump's protectionism. 4.5% of 2024 US imports came from Japan, the fifth highest.
- Japan has one of the higher export shares to the US at 19.9% of total goods shipped in 2024 but at only 3.5% of GDP, it has a relatively lower impact on the economy.

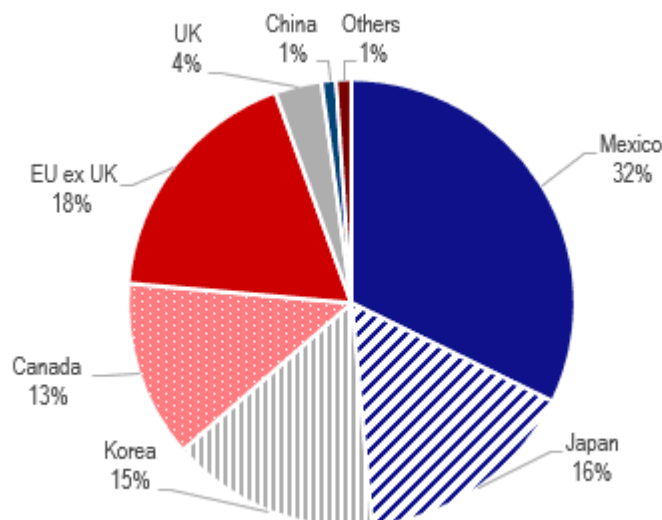
## Exports to the US (ex NAFTA) 2024 %



Source: MNI - Market News/LSEG

- However, certain sectors are highly exposed, especially autos. Japan is the second largest source of US personal vehicle & light truck imports at 16% of the total only behind Mexico's 32%, and 8% of parts. Japanese autos will now face the agreed 15% duty below the universal 25% against all vehicle imports and as a result Toyota and Mazda shares have rallied.

### US imports personal vehicles & light trucks % total 2024



Source: MNI - Market News/International Trade Administration

- Japan frontloaded shipments to the US through Q1 and Bloomberg container ship tracking data signal that continued in June ahead of the earlier July 9 deadline, but vessels departing for the US are down in July. However, the value of exports to the US fell 11.4% y/y in June after rising 10.5% y/y in February.

### JAPAN: Local Media States PM Ishiba To Resign In August

Headlines have crossed from local newspaper Mainichi that PM Ishiba will resign by the end of August. Via Rtrs: "Japan's Prime Minister Shigeru Ishiba has made up his mind to resign, Mainichi newspaper reported on Wednesday."

- Earlier PM Ishiba wouldn't be drawn on speculation around his future, stating that he would assess the US-Japan trade deal details before making any decision.
- Still, in the aftermath of the weekend upper house result, which saw the ruling LDP coalition lose its majority, Ishiba's future has been speculated on.
- His removal odds per Polymarket has remained elevated this week, but sub recent highs.
- The market reaction has been for USD/JPY to rise, testing up through 147.00 (highs were at 147.20, but we sit back near 147.00 in latest dealings) Japan equities have also rallied further.
- JGB yields are higher across the curve so far today, with focus on the 40yr debt auction in a little while. Risks around fiscal slippage for Japan will remain elevated if Ishiba resigns.

### JAPAN DATA July PMIs Mixed, Manufacturing Back Into Contraction, Services Rise:

Japan preliminary July PMIs were mixed. notably manufacturing fell to 48.8 from 50.1 in June. Services rose though to 53.5 from 51.7. This left the composite index at 51.5, unchanged from the June read.

\* For manufacturing the index back in contraction territory but still above recent lows (48.4 from March this year). In terms of the detail, output slumped to 47.6 from 51.2 in June. New orders were also down June levels.

\* Focus will be on how sentiment reacts to the recent tariff deal announcement between US and Japan, with the 15% auto tariff rate generally seen as a win. Hence today's softer manufacturing PMI read might not be sustained, or at least the start of a fresh downtrend in the sector.

\* On the services side, we are back close too earlier 2025 highs for the index.

## AUSTRALIA

### RBA: Board Cautious As Unsure How Much To Ease To Return Policy To Neutral

At its July meeting, the RBA Board decided that publishing “an unattributed record of votes” would strengthen its communication. The majority of members decided the best decision was to keep rates unchanged and wait for more information to be confident that inflation will “sustainably” return to the band mid-point and to be consistent with its previously communicated desire to be gradual and cautious, which was factored into the May forecasts. Uncertainty over the degree of restrictiveness was also a factor and one that is likely to impact future decisions.

- Three members voted to cut rates 25bp as they believed that there was “sufficient evidence” that inflation would return to the mid-point and possibly below and that subdued growth and slower wage & services inflation momentum suggested that capacity pressures were lower than in the May staff forecasts. Thus given lags, there was “less need to wait before easing policy further”.
- They noted that while US tariff outcomes appear less severe than in May, they are still likely to slow global growth. There were also concerns that market employment gains would not be strong enough to counter the slowdown in non-market.
- The argument to hold was stronger though with a desire to wait for “important” information, especially quarterly CPI and more labour market prints plus updated forecasts published at the next meeting on August 11-12.
- The economy had been developing broadly in line with expectations and some data had even been “slightly stronger”. Labour utilisation was little changed and lacklustre productivity may suggest that demand and supply growth were more in line. Also, the global outlook had improved since May.

### AUSTRALIA DATA: Westpac Lead Indicator Signals Around Trend Growth

The Westpac lead indicator for June fell 0.03% m/m following an upwardly-revised 0.05% rise. The 6-month rate, which leads detrended growth by 3 to 9 months, is hovering just above zero signalling that growth is likely to return to around trend towards year end. Westpac believes that sluggish growth and the Q2 CPI outcome on July 30 will enable the RBA to cut 25bp on August 12 but it will maintain a “gradual easing cycle”.

- The 6m/6m annualised change in the lead indicator printed at 0.03% in June down from 0.11%.
- Weaker commodity prices in AUD, consumer confidence, hours worked drove the moderation from December's +0.33%. However, the ASX, lower rates and US IP have been supportive.
- Westpac is forecasting GDP growth of 1.7% in 2025 up only slightly from 2024's 1.3%.

### Australia Westpac lead indicator vs real GDP %



Source: MNI - Market News/LSEG



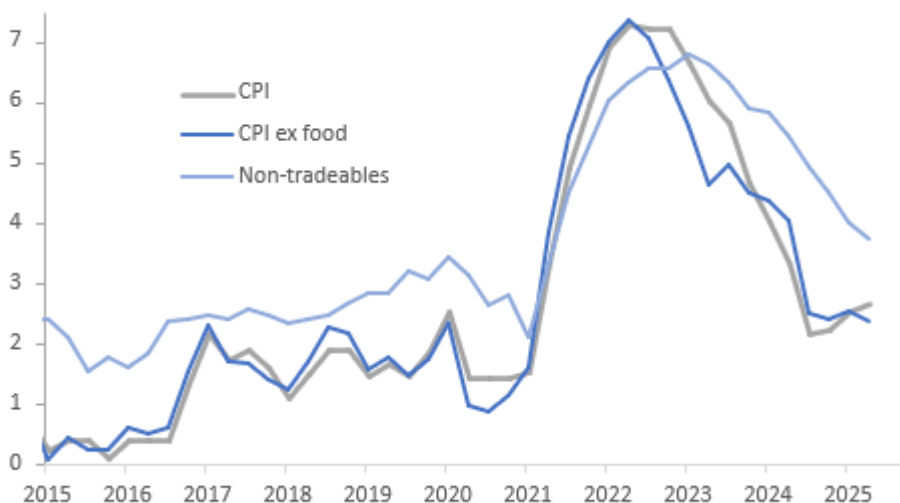
## NEW ZEALAND

### NEW ZEALAND: Inflation Low Enough For August Cut, Core Out Later Today

While Q2 NZ headline CPI picked up 0.2pp to 2.7% y/y, it was less than expected and only 0.1pp above the RBNZ's May forecast and so well within usual errors. Thus the RBNZ is likely to cut rates 25bp when it announces its decision on August 20. There was also a moderation in domestically-driven non-tradeables inflation to its lowest in four years.

- Q2 CPI rose 0.5% q/q, in line with RBNZ expectations, bringing the annual rate to 2.7% from 2.5%, the highest in a year. Higher food prices, which had been signalled by the monthly data, were a reason for the pickup as CPI ex food rose 0.2% q/q and 2.4% y/y, down from 2.5% in Q1, the lowest since Q1 2021.
- The monthly data had also flagged a strong rise in electricity prices which rose 4.9% q/q and contributed 25% of the quarterly CPI increase, according to Statistics NZ.
- Non-tradeables rose 0.7% q/q to be up 3.7% y/y after 4.0%, while tradeables rose 0.3% q/q to be up 1.2% y/y following Q1's 0.3%.
- Non-tradeables inflation was supported by the 12.2% y/y increase in local authority rates, but it will be updated in Q3 to capture July 1 rises. Rents rose 3.2% y/y, the lowest since 2021.
- RBNZ data on core inflation from its sector factor model will be released at 1300 AEST/1500 NZST today.

### NZ CPI y/y%

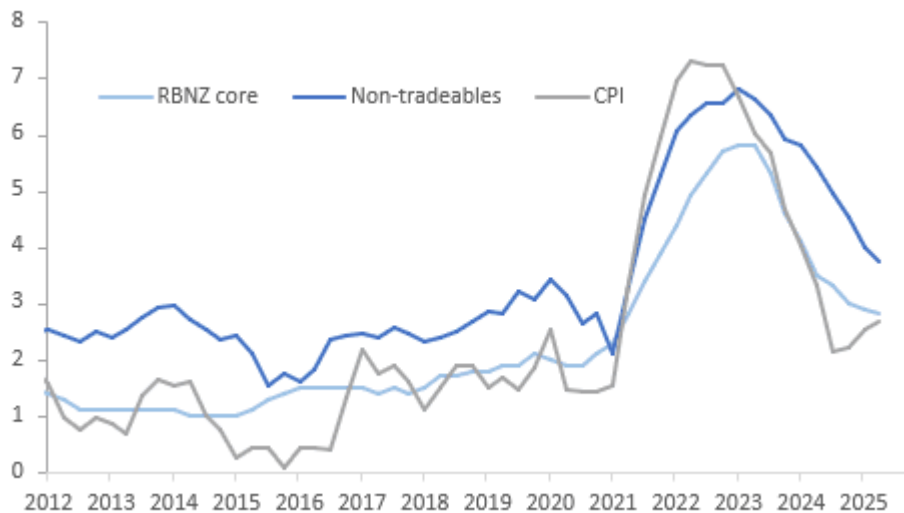


Source: MNI - Market News/LSEG

### NEW ZEALAND: RBNZ Core Inflation Measure Moderates Slightly

The RBNZ's sector factor model result for Q2 was in line with other underlying CPI measures showing that core inflation remained below the top of the 1-3% target band. Its measure of core inflation eased 0.1pp to 2.8% y/y, the lowest rate since Q2 2021, and is now only 0.1pp above headline CPI. Underlying non-tradeables also continued to moderate. Thus with activity data still lacklustre, another 25bp rate cut on August 20 seems likely coinciding with an update in staff forecasts.

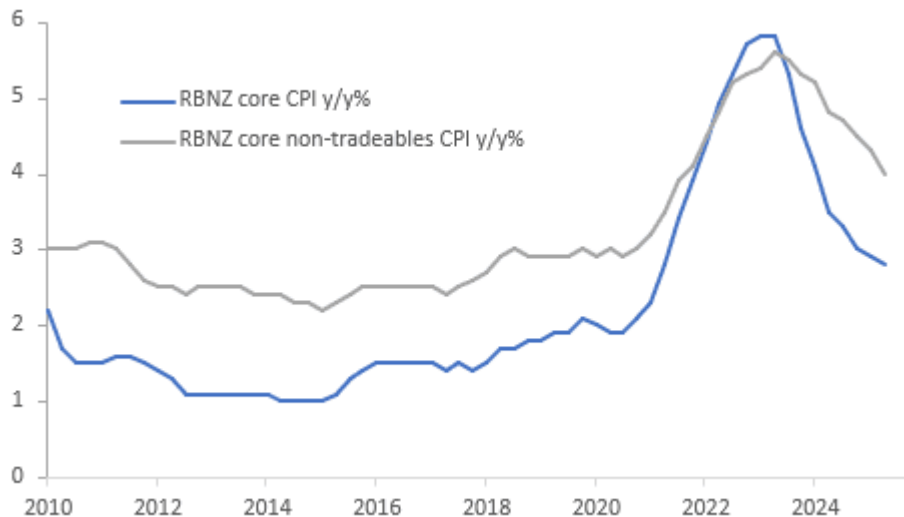
### NZ inflation y/y%



Source: MNI - Market News/RBNZ/LSEG

- The sector factor model's estimate of core non-tradeable inflation declined to 4.0% y/y in Q2 from 4.3%, the lowest in almost 4 years. The headline measure dropped 0.3pp to 3.7%.
- Underlying tradeable inflation remained very low at 0.7% y/y up slightly from Q1's 0.5%, compared to the headline at 1.2% y/y.
- Earlier today Q2 trimmed mean CPI was steady at 2.5% y/y but CPI ex food, fuel & energy ticked up 0.1pp to 2.7% y/y.

### NZ underlying inflation y/y%



Source: MNI - Market News/RBNZ

### NEW ZEALAND: Q2 Exports Fall As Shipments To US Normalise

NZ posted a small merchandise trade surplus in June of \$42mn, the fifth consecutive positive, after a downwardly-revised \$1082mn. There was a rise in the 12-month YTD deficit to \$4.37bn from \$3.93bn but it is too early to say the trade improvement has stalled. Annual import growth rose sharply last month and was not as weak as exports in Q2.

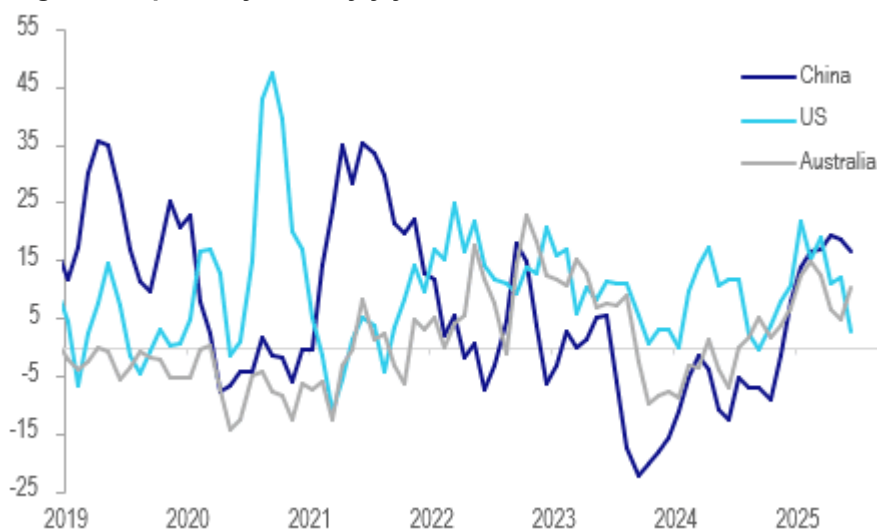
### NZ merchandise trade balance YTD \$bn



Source: MNI - Market News/LSEG

- Statistics NZ reports that Q2 goods export values fell 3.7% q/q after rising 11% in Q1, while imports fell 0.3% q/q after -3.5%.
- Goods exports rose 10.2% y/y in June but were flat on the month seasonally adjusted. After peaking in March to beat US tariff deadlines, shipment levels to the US have been normalising. After rising 21.8% y/y in April, they fell 8.8% y/y in June.
- Exports to other major trading partners were generally robust rising 10.8% y/y to China, 15.5% y/y to Australia and 32.1% y/y to Europe. However, they fell 4.7% y/y to Japan.
- Higher dairy prices helped to support June exports.
- Imports rose 4.1% m/m in June bringing annual growth to 14.8% driven by a pickup in capital goods but also a 101% y/y increase in petroleum. Consumption goods rose 11.9% y/y, while plant & equipment +13.2% y/y and transport goods +18.6% y/y (there was a 436% increase in public transit vehicles).

### NZ goods exports by country y/y%



Source: MNI - Market News/LSEG

**SHORT-TERM RATES \$-Bloc Markets Relatively Stable Over Past Week:**

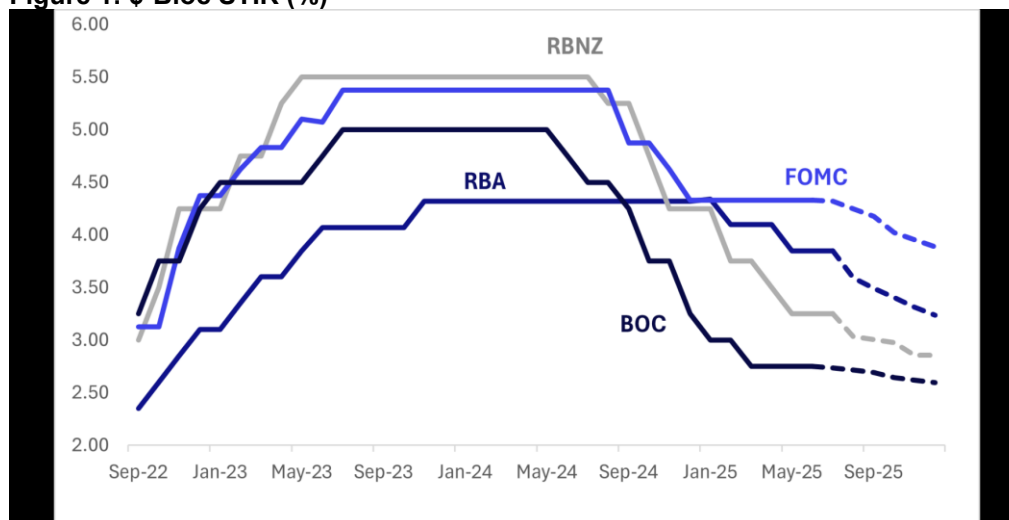
Interest rate expectations across dollar-bloc economies were relatively stable over the past week, with Australia and New Zealand standing out. Australian rates moved 5bps higher, while New Zealand saw a 7bps decline. U.S. and Canadian rates were little changed.

\* In New Zealand, Q2 CPI rose less than expected. Headline inflation increased 0.5% q/q and 2.7% y/y, slightly below the consensus forecasts of 0.6% and 2.8%, respectively. Tradeables inflation came in softer at 0.3% q/q, while non-tradeables matched expectations at 0.7% q/q.

\* The RBNZ's sectoral factor model-a key gauge of core inflation-also signalled subdued price pressures. It eased 0.1pp to 2.8% y/y in Q2, the lowest since Q2 2021, and now sits just 0.1pp above the headline rate. With domestic activity indicators still weak, the data reinforce expectations for a 25bp rate cut at the August 20 meeting, which coincides with the next update of the RBNZ's staff forecasts.

\* The next key regional events are the FOMC and BoC policy decisions on July 30, with markets assigning just a 4% and 8% probability, respectively, to a 25bp rate cut at either meeting.

\* Looking ahead to December 2025, current market-implied policy rates and cumulative expected easing are as follows: US (FOMC): 3.89%, -44bps; Canada (BOC): 2.59%, -16bps; Australia (RBA): 3.22%, -63bps; and New Zealand (RBNZ): 2.86%, -39bps.

**Figure 1: \$-Bloc STIR (%)**

Source: Bloomberg Finance LP / MNI

**CHINA****CHINA: China To Reduce UST Holdings Further**

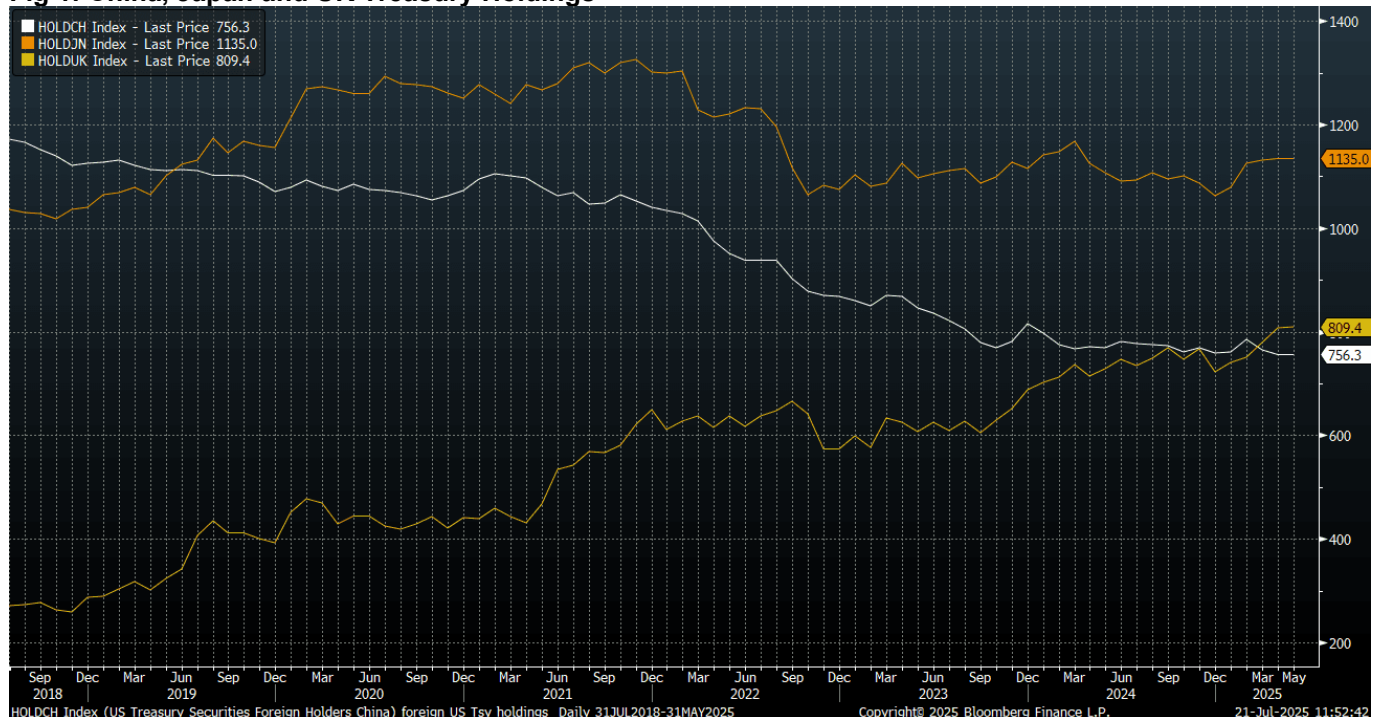
- A news article from the Government run [China Daily](#) this morning indicates that a strategic move is beginning in China, that may have profound implications for the US and their fiscal position.
- China Daily reports that it is a 'strategic necessity' for the scaling back of holdings in US Treasuries, given the declining confidence in the dollar as the reserve global currency.
- The article states that China intends to pursue a more balanced, controllable allocation of FX reserves and likely to increase its holdings of non-dollar assets, including financial instruments of Asian trading partners.
- Yu Yongding, an academic member of the Chinese Academy of Social Sciences, called for China to continue reducing US government debt holdings in an orderly manner and that in extraordinary times, extraordinary measures are called for.
- The latest Treasury holding data shows the UK taking over China as the third largest holder of US Treasury securities, see the chart below (China holdings are the white line).
- China has total holdings of USD 756.3 billion, to now rank third in largest holdings behind Japan and UK, according to US Treasury data. This shift marks a significant moment in the global financial landscape.



The last time the UK ranked ahead of China in US debt ownership was in 2000—more than two decades ago. China holdings have flatlined somewhat in recent years, after falling through much of 2021-2023.

- The Governor of the PBOC Pan Gongsheng has been clear in his assessment of the risks associated with the USD dominance and that the fiscal position of the US economy, could spill over into global markets.
- China's FX reserves recently increased to US\$3.32tn, its highest level in a decade.

Fig 1: China, Japan and UK Treasury Holdings



Source: Bloomberg Finance L.P./MNI

## CHINA: PBOC Provides Update on Foreign Ownership of Bonds

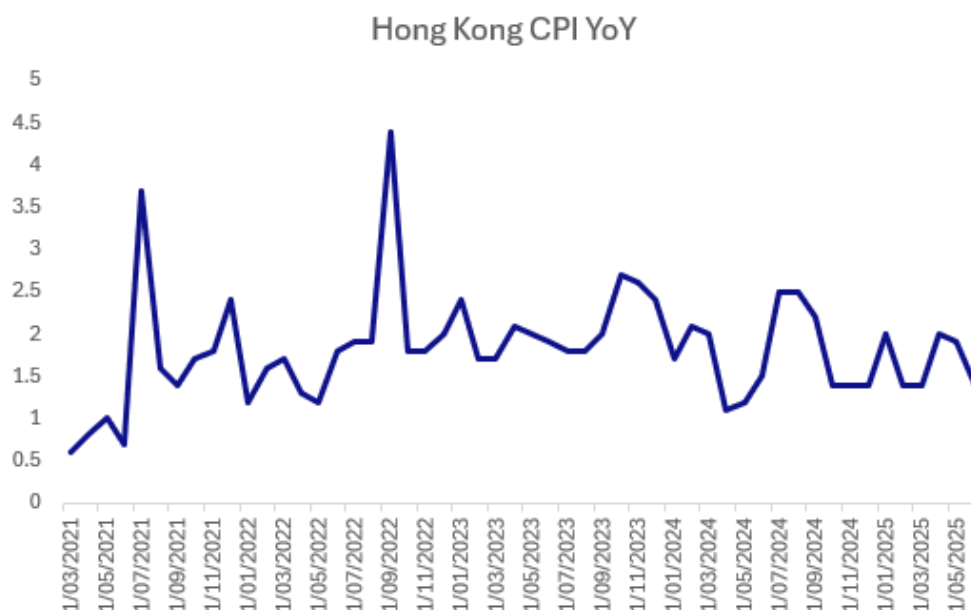
- The PBOC issued a release showing that foreign institutions held CNY4.3 trillion of bonds via the interbank market.
- This accounts for 2.5% of total 'custody volume' of bonds.
- Overseas institutions hold CNY2.1tn of CGBs, CDs CNY1.15tn, Policy Bonds CNY810bn.
- There are over 1,170 of overseas institutions who have access to the interbank market with just over 70% via Bond Connect in Hong Kong.
- The release comes days after a China Daily article suggesting that China will over time move away from investing US Treasuries.

## CHINA: China Key To Supply Chains

- China will remain a vital innovation hub and manufacturing base for foreign corporations despite global economic uncertainty, said government officials and business leaders. They noted that foreign firms are maintaining deep engagement with the Chinese market, capitalizing on their technological expertise alongside China's well-developed industrial and supply chains — a synergy that enhances operational efficiency, fosters innovation and strengthens supply chain resilience. (source [China Daily](#))
- US Treasury Secretary Scott Bessent said he will meet his Chinese counterparts in Stockholm next week for their third round of trade talks aimed at extending a tariff truce and widening the discussions. "That deal expires on Aug. 12," Bessent said on Fox Business of the scheduled end of the current trade truce between the world's two largest economies. "I'm going to be in Stockholm on Monday and Tuesday with my Chinese counterparts and we'll be working out what is likely an extension then." (source BBG)

## HONG KONG: June CPI Misses Forecasts

- Last night saw the release of Hong Kong's June consumer prices rose 1.4% YoY, missing estimates and lower than May.
- A significant drop in utilities is the main driver for the fall.
- Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in June 2025 for housing (2.8%), transport (1.9%), electricity, gas and water (1.6%), alcoholic drinks and tobacco (1.4%), meals out and takeaway food (1.4%), miscellaneous goods (1.3%), and miscellaneous services (1.0%).
- On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in June 2025 for clothing and footwear (-4.1%), durable goods (-2.5%), and basic food (-0.4%).
- Looking ahead, overall inflation should remain modest in the near term, as pressures from domestic costs and external prices should stay broadly in check.



source: Bloomberg Finance LP / MNI

## SOUTH KOREA

### SOUTH KOREA: Headline Exports Contract, Adjusted Result Better

- South Korea's first 20 days of exports for July contracted -2.2% YoY.
- Imports followed suit, falling -4.3% YoY.
- However context is needed here when assessing this release, working day differences.
- When accounting for working day differences, exports increase 4.1% YoY with an increase in autos exports of 3.9% and semi-conductors +16.5%, whilst steel exports fell -9.7% YoY.
- Tariffs are in place for autos and steel at this stage, whilst overall discussions on broader tariffs continue.
- Exports have been remarkable resilient in the context of the overall regional volatility.
- Imports overall from the US cratered, down -28.4%.
- Korea is arguably behind the curve in terms of negotiations on tariffs given they started whilst in the middle of a Presidential election. The US has planned an overall 25% tariff on all goods from August 1.

**SOUTH KOREA: PPI Up But Downward Trend Not Over**

- The June PPI rose +0.5% in June, following four successive months of declines.
- The rise will be welcome relief in an environment where factory prices throughout the region have struggled.
- However the rise may be short lived when the PPI is adjusted for working day differences.
- The sectorial breakdowns shows limited material changes from May with Agricultural and Mining flat at -1.7%, Manufacturing products lower from last month at -0.9%, Utilities flat at +4.6% and Services marginally higher at +1.3%.
- Since businesses often try to pass on their production costs to consumers, changes in the PPI tend to precede changes in the CPI. Given the small rise is likely to be driven by working day differences, it is difficult to see this leading into higher CPI for now.
- The BOK remained on hold at their meeting on July 10 and meets again on August 28th.

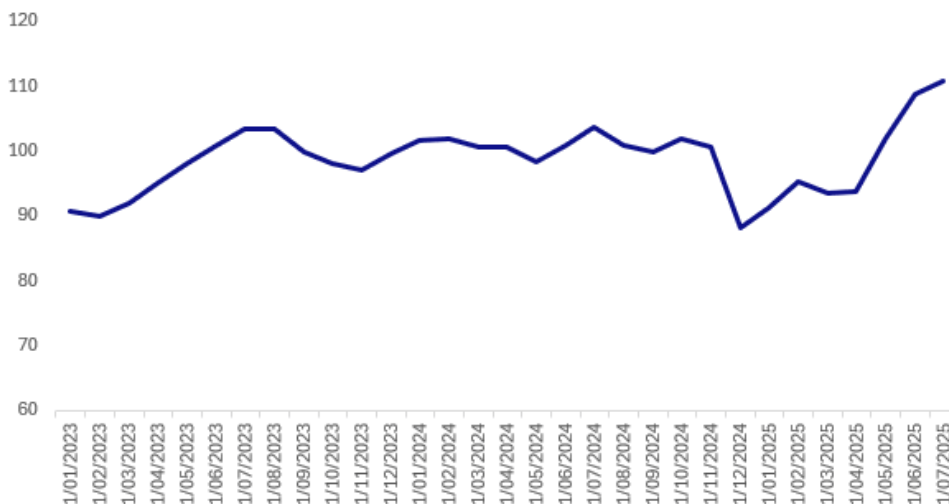
**South Korea PPI YoY**

source: Bloomberg Finance LP / MNI

**SOUTH KOREA: Koreans Responding To Policy**

- South Korea's consumers appear to be responding to the various policy measures implemented in recent weeks.
- A combination of supplementary budgets from the new government, rate cuts, cash handouts known as 'consumption coupons' all the while the KOSPI has performed well up +32.11% year to date and the Won 6% better since the wises of April.
- The Consumer Confidence rose to 110.8 from 108.7 and the highest print since 2017.
- Households' inflation expectation for next 12 months rose to 2.5%, Bank of Korea says in a [statement](#).
- Survey based on responses from 2,286 households across the nation, conducted between July 8-15: statement
- Households' inflation expectation for next 12 months rose to 2.5%.
- Over the last few weeks, the bond market has moved to take out interest rate cuts already priced in. Back in March swaps had priced in over 30bps of cuts on a 12 month forward looking basis and those cuts have all but been priced out since.

### Consumer Confidence



source: Bloomberg Finance LP / MNI

### SOUTH KOREA GDP Rebounds, Aided By Consumption/Exports, Investment Still Weak :

South Korea's q/q growth of 0.6% was just above market forecasts (0.5%), but well above the Q1 contraction of -0.2%. Q2's rise was the strongest quarterly gain since Q1 2024. In y/y terms growth rose 0.5%, against a 0.4% forecast and flat outcome in Q1.

\* In terms of the detail, Rtrs noted on the expenditure: "private consumption rose 0.5% over the quarter, while construction and facility investments each fell 1.5%, according to the Bank of Korea. Exports jumped 4.2%, led by semiconductors, after falling 0.6% in the previous quarter amid U.S. tariff uncertainty. It was the strongest quarterly performance since the third quarter of 2020."

\* The chart below plots the various expenditure outcomes for Q2 versus Q1.

\* Manufacturing rose 2.7%q/q after a 0.6% decline in Q1, but construction was down -4.4%q/q. Services rose 0.6%q/q, after falling 0.2% in Q1.

\* The data is likely to add to the BoK's wait and see approach in terms of the rate outlook. The central bank has already revised down the growth outlook, while we also recently had fresh fiscal stimulus from the government.

\* Earlier this week the consumer sentiment reading rebounded to multi year highs as well.

Fig 1: South Korean Q2 GDP Rebounds



Source: Bloomberg Finance L.P./MNI



**TAIWAN****TAIWAN: Export Orders Jump In June**

- Taiwan export orders expanded the most since February in what potentially is a bellwether for regional trade.
- Export orders rose +24.6% YoY beating estimates.
- The median estimates from economists was a rise of +23.2%.
- By region, the US saw a rise of +34.8% (down from +40.1% in May), Hong Kong and Mainland up +15.0% (from -2.4% in May), ASEAN up +41.7% (from 25.1% in May) and Japan up +38.5% (from +23.2%).
- The largest rises by product was Electronics +35.0% (from +27.7%) and Infocomm +37.4% (from +29.5%).

**ASIA****THAILAND: New BoT Governor Will Be Vitai Ratanakorn**

As expected, the new BoT Governor will be Vitai Ratanakorn, after he was endorsed for the position by the Thailand Cabinet. He will begin his term on Oct 1 of this year (for a period of 5yrs). Vitai was seen as the more dovish choice for the position, relative to the BoT Deputy Governor (Roong Mallikamas), who was also considered for the position.

- Reports point to the government wanting the central bank to shift more into line with efforts to boost the growth backdrop.

**SINGAPORE: MAS Decision Announced In July, SGD NEER Close To Top End Of Band**

Headlines crossed a short while ago that the next MAS policy announcement will be made on July 30th (which is next Wednesday). This decision comes after the last two policy meetings (Jan and Apr of this year), delivered modest easings to the monetary policy backdrop. These came via a reduced pace of SGD NEER appreciation, see the table below for a recent history of MAS decisions.

- The bias around this upcoming meeting may be for no change. The worst of a potential trade conflict for the global economy hasn't materialized yet, while local Singapore economic conditions have not been as bad as feared.
- This was signified by the recent advanced Q2 GDP print, which showed better than expected growth, which also meant the economy avoided a technical recession (after Q1 growth was negative).
- Still, the MAS may be mindful of uncertainty surrounding the outlook, while inflation pressures have generally been very muted. Note tomorrow we get June inflation figures.
- Market pricing, per the deviation from the SGD NEER from the top end of the band (using the Goldman Sachs SGD NEER index) is not suggesting fresh easing, as the NEER remains close to top end of the policy band.

**Table 1: Historical MAS Decision Outcomes**

Date	Slope	Width	Center
04/14/2025	Reduced slightly	No change	No change
01/24/2025	Reduced slightly	No change	No change
10/14/2024	No change	No change	No change
07/26/2024	No change	No change	No change
04/12/2024	No change	No change	No change
01/29/2024	No change	No change	No change
10/13/2023	No change	No change	No change
04/14/2023	No change	No change	No change
10/14/2022	No change	No change	Re-centered upwards

07/14/2022 No change	No change Re-centered upwards
04/14/2022 Increased slightly	No change Re-centered upwards
01/25/2022 Increased slightly	No change No change
10/14/2021 Increased slightly	No change No change
04/14/2021 No change	No change No change
10/14/2020 No change	No change No change
03/30/2020 Shifted to zero appreciation	No change Re-centered downwards

Source: Bloomberg Finance L.P./MNI

### INDONESIA: President Launches Co-Operatives to Spark Growth

- The number of investors in Indonesia's capital market rose to 17 million by the end of June 2025, up from 14.87 million at the end of 2024 and 12.17 million at the end of 2023, reflecting a 40 percent growth in just 18 months. Domestic retail investors continue to dominate, accounting for around 16.948 million of the total investors, as more Indonesians turn to the capital market for investment opportunities. (source [Jakarta Globe](#))
- President Prabowo launched the first of thousands of planned community cooperatives, betting on a top-down approach and billions of dollars in loans from Indonesia's state banks to spur development and food self-sufficiency in the Southeast Asian nation. Prabowo, speaking at a launch event in the central Java, said the drive would help shorten distribution chains and improve access to essential goods across Indonesia's sprawling archipelago. Economically vulnerable communities, in particular, "must have access at affordable prices," he said. (source BBG)

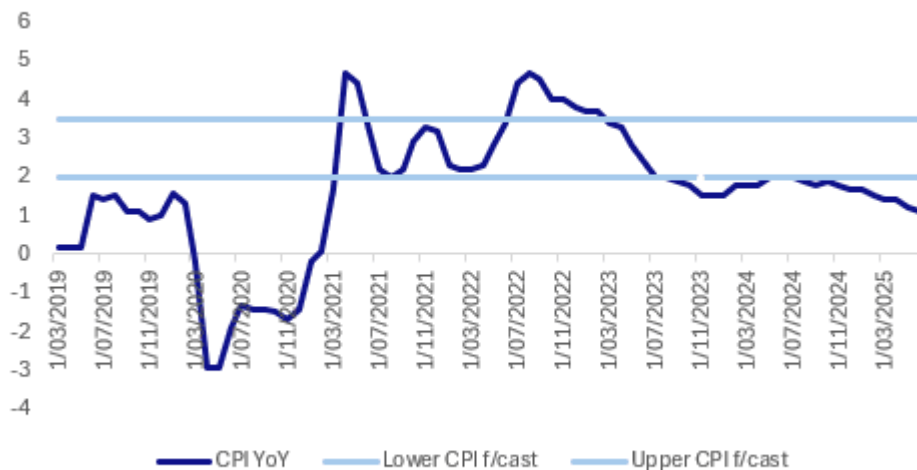
### INDONESIA: US to Reap \$50bn from Trade Deal

- The Trump administration expects that Indonesia's decision to bring down trade barriers will result in at least \$50 billion in additional market access for US goods. "Indonesia will be Open Market to American Industrial and Tech Products, and Agricultural Goods, by eliminating 99% of their Tariff Barriers," President Donald Trump said in a social media post Tuesday as his administration shared more details on the agreement, which was first announced last week. (source BBG)
- The Indonesian sovereign wealth fund has won approval for a \$10 billion unsecured revolving facility from 12 foreign banks, according to CEO Rosan Roeslani at an event in Jakarta on Tuesday. Danantara has "gained the trust of 12 banks," Roeslani says at Indonesia's energy ministry. "We just received approval and secured funding of \$10 billion." "The loan was granted without any guarantees," he adds. Since its inception, Danantara has also won commitments for about \$7 billion in investment funds in pacts with sovereign wealth funds in Qatar, China and Russia: (source BBG)

### MALAYSIA: CPI Vindicates BNM Decision

- The Central Bank (Bank Negara Malaysia)'s decision to cut rates caught many observers off guard. With economic growth remaining resilient, there seemed little reason to cut rates yet whilst the tariff situation with the US remains unresolved.
- Today's June CPI provides insight as to the BNM's thinking and ultimately vindicates the cut.
- The CPI has been moderating for some time and a further slowing of inflation today, takes the June CPI well below the bottom end of the BNM range.
- June's CPI represents the lowest print in the post COVID era and ultimately opens the door for further cuts by the BNM.
- The Malaysian bond market has been very stable in the period since the cut with the 3yr government bond steady around 3.08%.
- The potential for lower Central Bank rates could see some movement in bond yields with the potential for the 3yr to test the 3.00% level for the first time since 2021.

Malaysia CPI vs BNM Target Range



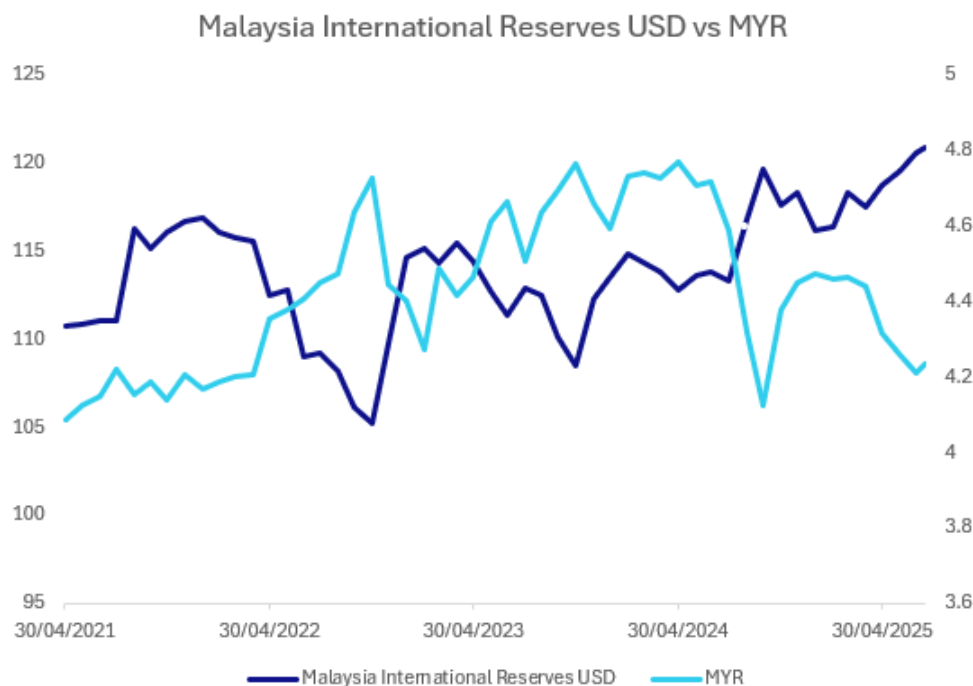
source: Bloomberg Finance LP / MNI

### MALAYSIA: Malaysia Will not bow to Pressure: Anwar

- Malaysia's economy expanded by a better-than-expected 4.5% year-on-year in the second quarter of 2025, an improvement from 4.4% in Q1 2025. This advance estimate surpassed both market consensus (4.2%) and OCBC's own forecast (3.9%), indicating a resilient first half of the year with overall growth reaching 4.4%. (source [Business Today](#))
- China imported 7.09m tons of oil from Malaysia last month, up from 40% m/m, according to figures the General Administration of Customs. (source BBG)
- Malaysia' PM Anwar has stressed that the South East Asian nation will not bow to pressure that could undermine national policies (source [BERNAMA](#))

### MALAYSIA: Foreign Reserves Up At US\$120.9bn From US\$120.6bn In June

- Malaysia's foreign reserves were \$120.9b at July 15, according to Bank Negara Malaysia in a statement released last night.
- The reserves position is sufficient to finance 4.8 months of imports of goods and services, and is 0.9 times of the total short-term external debt.
- Since the wided MYR4.50 wided at the height of the tariff threat, the Ringgit (along with its regional peers has staged a comeback, recovering to MYR4.23; below its 5-year average to suggest that for now the tariff threat has moderated for the Ringgit and the rebuild in the reserves provides sufficient flexibility for the BNM.



## INDIA: India's Share of US Imports Rises

- India's key industries' output rose 1.7% y/y in June versus revised +1.2% in May, according to the Central Statistics Office. The output of eight core infrastructure sectors, which account for two-fifths of India's industrial output, expanded in June, according to provisional data released on Monday. The production of steel, cement and refinery products recorded positive growth in June, the ministry said. Growth in May was revised to 1.2% from a provisional 0.7%, while it was 5% in June last year. The Index of Eight Core Industries measures the combined and individual output of key industries - coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity. Core sector output contributes 40.27% to the Index of Industrial Production which is due for release on July 28. (source MNI)
- India's share of US imports has increased moderately to 3.1% from 2.9% the prior year with China, Mexico and Canada all declining (source [Times of India](#))

## ASIA EQUITY FLOWS: Inflows Seen Across The Board, Thailand's Best Day Since Sep 2024:

EM Asia equity inflows were positive across the board yesterday, while Indian inflows also rebounded, see the table below. Broader equity market gains helped fuel inflow momentum, with market sentiment buoyed by the US-Japan trade deal (along with positive spill over from the surge in Japan equities).

\* Positive momentum was maintained for Taiwan inflows. July to date has now seen close to \$7bn of net inflows into local stocks from offshore investors.

\* Net inflows into South Korea also returned. This morning the Kospi is higher, above 3200, with focus on whether we can hold above this level. Local media (Chosun) reported: "South Korean government to raise ceiling on corporate tax to 25% from 24% and also increase stock transaction tax, Chosun Ilbo newspaper reports, without citing anyone." (via BBG). The plan also includes changes to taxes on dividend income.

\* Thailand's +\$139mn inflow was the strongest daily inflow since September last year. The SET index was up 2.34% yesterday, rising to 1220, near May highs for the index.

\* Inflows were positive for other parts of SEA, but of smaller magnitude.



Fig 1: Asian Market Net Equity Flows

	Yesterday	Past 5 Trading Days	2025 To Date
South Korea (USDmn)	302	961	-7158
Taiwan (USDmn)	300	1914	1029
India (USDmn)*	535	46	-8395
Indonesia (USDmn)	41	51	-3607
Thailand (USDmn)	139	335	-1992
Malaysia (USDmn)	23	19	-2836
Philippines (USDmn)	3	-2	-620
Total (USDmn)	1344	3323	-23578
* Data Up To July 22			

Source: Bloomberg Finance L.P./MNI

**GLOBAL****GLOBAL MACRO: Vessel Departures To US Normalising In July**

Bloomberg container ship tracking data show that there was an increase in the number of vessels sailing to the US from most major trading partners through June. Exporters likely frontloaded shipments ahead of the July 9 planned imposition of delayed reciprocal tariffs. While they have been postponed again to August 1, this frontloading has resulted in the start of normalisation in sailings in July and looks likely to distort H2 trade data for the US, China, Europe and other Asian countries.

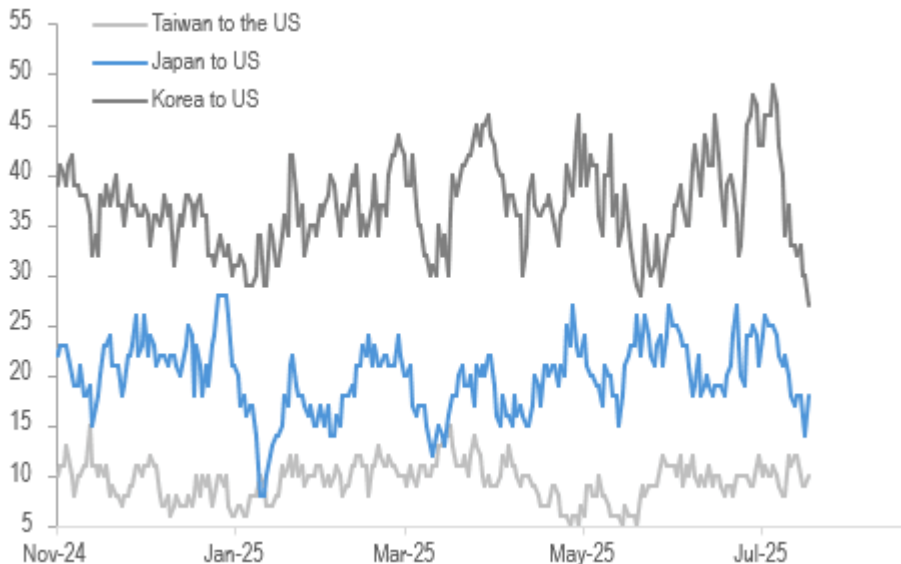
**Container ship departures to the US**

Source: MNI - Market News/Bloomberg Finance L.P.

- Departures to the US from China remain above the average number from 2023 to end January 2025. The 30-day average to July 21 was around 20 vessels more than this average. While from the EU-6 (Belgium, France, Germany, Italy, Netherlands & Spain) it was just below, but from Japan and Taiwan slightly higher and significantly higher from Korea.
- Q1 saw a sharp rise in annual growth in merchandise export values to the US from most countries in order to beat tariff deadlines. Many have seen a contraction in Q2, including China, Korea and Japan as well as

Canada & Mexico, while Taiwan remained strong up 76.4% y/y in June. ASEAN countries also continue to see robust shipments to the US.

### Container ship departures to the US

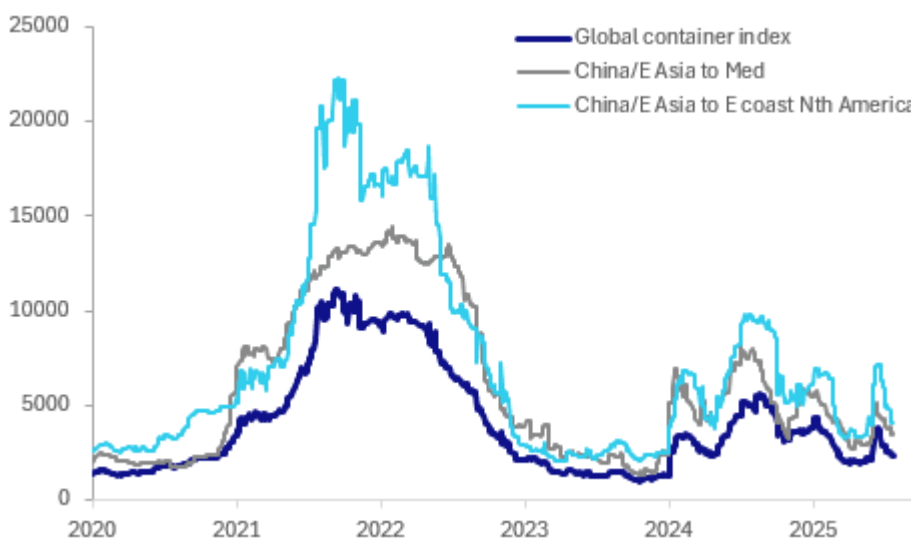


Source: MNI - Market News/Bloomberg Finance L.P.

### GLOBAL MACRO: July Sees Unwinding Of Sharp June Rise In Container Rates

Global container shipping rates have reflected the changes in demand related to US tariff deadlines but are down sharply compared to a year ago. Bloomberg container ship tracking data showed that departures were up in June ahead of the earlier July 9 deadline, but vessels departing for the US are down again in July. The tariff date was shifted to August 1.

### Global FBX container rates USD/points



Source: MNI - Market News/LSEG

- Container shipping rates spiked in June, particularly for the China/East Asia to east coast of North America route. The total rose 57.5% m/m with the latter up 77.9% m/m. In contrast, the month average for July is down 26% m/m and 32.5% m/m respectively.

- Both indices are down over 50% on the year, which should help alleviate some cost pressures. Risks to shipping in the Red Sea drove a sharp increase in H1 2024, which has now dissipated.
- While the Baltic Freight dry index (bulk commodity rates) also rose sharply in June (+25.3% m/m), it has continued to climb this month up another 6% m/m. It can be a lead indicator of global trade trends and it currently suggests that despite heightened uncertainty, it should hold up for now. Trade grew 3.8% y/y in April with exports up 4.7% y/y.

### Global trade vs Baltic Freight Index



Source: MNI - Market News/LSEG

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