

MNI Asia Pac Weekly Macro Wrap

26 September 2025 – By Jon Cavenagh, Jaime Grant, Maxine Koster, Stephen Petrie & Gavin Stacey

JAPAN

- Tokyo CPI was below forecasts, back to 2.5% y/y, while real July wage gains were revised back into negative territory. Sep PMIs were softer on the manufacturing side. Koizumu remains the market favourite to become the next Prime Minister.

AUSTRALIA

- The headline August CPI print was 3.0% y/y, against a 2.9% market consensus and 2.8% July outcome. The trimmed mean was 2.6% y/y, after printing 2.7% in July (there is no consensus estimate for this outcome).
- RBA Governor's Bullock testimony before parliament covered a lot of ground, but didn't much light on the broader monetary policy outlook. Most notably since the August meeting, domestic data have been broadly in line with or slightly stronger than expectations.

NEW ZEALAND

- The NZ government has appointed Sweden's Anna Breman, Riksbank's first deputy governor, to be the new RBNZ governor. Breman will start the position on Dec 1 of this year. Current acting RBNZ Governor Hawksey will remain in the position until then.

SOUTH KOREA

- South Korea consumer sentiment eased of recent cycle highs. First 20-days exports for Sep were impacted by seasonal holiday timing.

ASIA

- Indonesia's House of Representatives on Tuesday passed the 2026 State Budget Law in a plenary session attended by Finance Minister Purbaya. Malaysia's CPI for August was marginally up at +1.3%, versus +1.2% in July.

ASIA EQUITY FLOWS

- Following periods of inflows, regional flows have turned negative over the last week, although South Korea and Indonesia recorded positive inflows for the past 5 days.

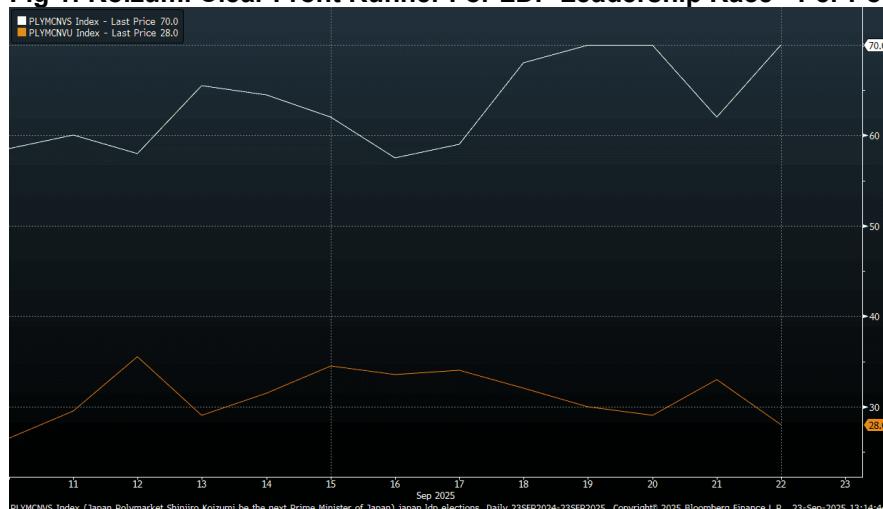
JAPAN

JAPAN: Koizumi Still Seen As Favorite For LDP Leadership Race

Earlier headlines crossed from Japan LDP leadership candidates. Notably from Takaichi we got, via Rtrs, "JAPANESE PM CONTENDER TAKAICHI: WILL USE TAX REVENUES TO FUND TAX CUT, SPENDING FOR STEPS TO COMBAT RISING PRICES BUT IF NECESSARY, SHOULD ISSUE BONDS.

- This fits with Takaichi's known fiscal expansion viewpoint. Still, she sits well down per Polymarket odds, last around 28, off recent highs.
- Koizumi continues to lead, last at highs of 70 (since the LDP election was called a few weeks ago), see the chart below (Koizumi odds are the white line, Takaichi the orange line). Still, Takaichi remains the top pick among onshore opinions.
- Koizumi noted earlier: KOIZUMI: MUST BE MINDFUL OF NEED FOR FISCAL DISCIPLINE, BUT ACHIEVING SOLID ECONOMIC GROWTH IS BASIS FOR GUIDING SOUND FISCAL POLICY - [RTRS]"
- His remarks are more in line with a status quo fiscal outcome, although changes can't be ruled out.
- The JGBs 2/30s curve has flattened of late, last +225bps, we were around +245bps in early September. Nevertheless, the 2/30 curve remains near its steepest since 2005.
- The LDP election is scheduled for Oct 4.

Fig 1: Koizumi Clear Front Runner For LDP Leadership Race - Per Polymarket



Source: Polymarket/Bloomberg Finance L.P./MNI

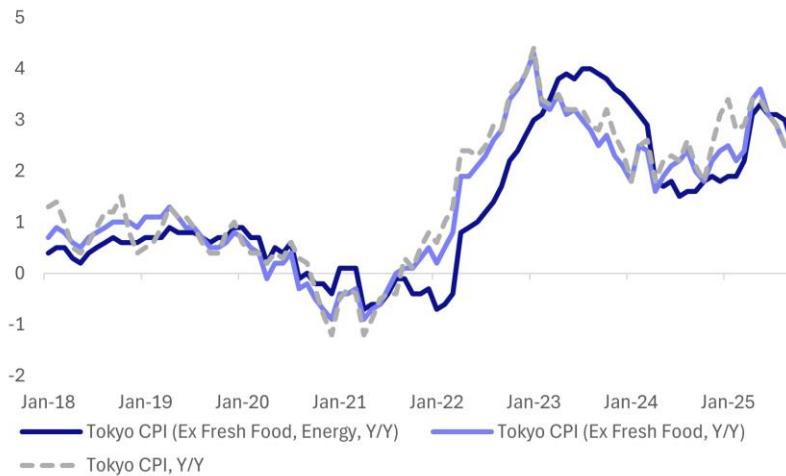
JAPAN DATA: Tokyo CPI Below Forecast, Likely Adding To BoJ Wait & See Approach:

Tokyo Sep CPI was noticeably weaker than forecast. All three inflation measures - headline, core ex fresh food, and core ex fresh food and energy, printed at 2.5%y/y. Expectations were in the 2.8-2.9% region. The core ex fresh food, energy measure was 3.0%y/y in August, so this is a noticeable slowdown. The chart below shows all three measures, which now sit comfortably off recent highs.

- * In m/m terms, the headline measure fell 0.1%m/m, while ex fresh food was down 0.2% and the measure which also excludes energy fell by 0.3% in the month. Goods prices rose 0.2%m/m, but services fell by 0.4% (which has been and remains a BoJ watch point).
- * The measure which excludes all food and energy fell by 0.7% in the month, although this is not seasonally adjusted.
- * Looking at the sub sectors, drags came from utilities, -1.6%m/m (although the Aug fall was 5.1%). Entertainment fell by 2.6%m/m, after a 2.2% gain in Aug. Transport was down 0.7%m/m, while household goods fell by 0.6%.
- * Food was up 0.6%m/m, with fresh food +3.3%, while clothing and footwear rose 3.3%.
- * BBG notes: "The Tokyo government's move to expand free daycare and lower water costs exerted a drag on the index, while energy prices pushed up the index due to year-on-year comparisons exaggerated by utility subsidies."
- * Still, in y/y terms, only 3 categories have a pace above 2% y/y (food at 6.1%, clothing at 4.0% and transport at 3.2%).

* The data likely adds to the case for the BoJ to maintain a wait and see approach around policy in the near term.

Fig 1: Tokyo Sep CPI Trends Softer Than Expected



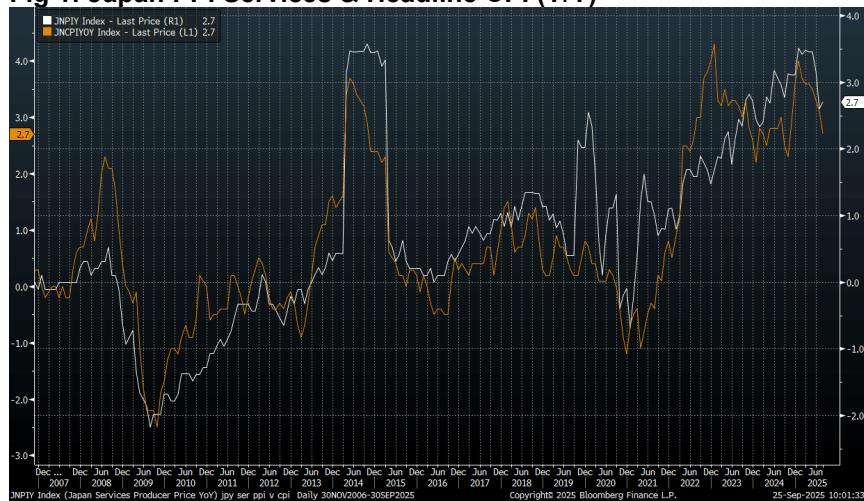
Source: Bloomberg Finance L.P./MNI

JAPAN DATA: PPI Services Softer Than Forecast, Moving In Line With Headline CPI

The Japan August PPI service print came in below expectations, printing at 2.7% y/y against a 2.9% forecast. Note that the July outcome was revised down to 2.6% y/y (originally reported at 2.9%). In m/m terms the services PPI was up 0.2%, same as the July outcome. This is up from June's -0.2% m/m, while April saw a 0.8% rise.

- The chart below plots the services PPI (white line) against headline CPI (orange line) (both in y/y terms). Today's PPI outcome brings it more into line with recent CPI outcomes, with the CPI tending to lead this recent period of softness in y/y momentum.
- Prices for services with high labour-cost ratios rose 3.3% y/y, unchanged from July, while those with low labor cost ratios climbed 2.2%, up from 1.7%.
- Via our Tokyo policy team: BOJ officials judge services prices continue to rise as companies pass on labour and distribution costs, though the pace lacks momentum. They remain focused on corporate price revisions due from October onward.

Fig 1: Japan PPI Services & Headline CPI (Y/Y)



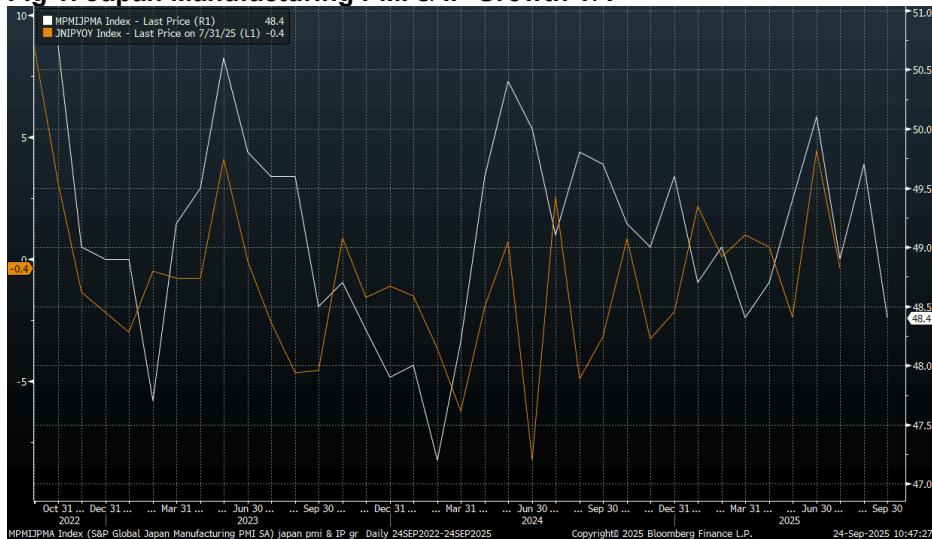
Source: Bloomberg Finance L.P./MNI

JAPAN DATA: Manufacturing PMI Dips In September, Services Holds Up

Japan's preliminary S&P PMIs for September were below the August outcomes. Manufacturing printed at 48.4, versus 49.7 in August. The services print was 53.0, against a 53.1 prior. The composite fell to 51.1 versus 52.0 in August.

- The manufacturing print is back to lows from March of this year. We did get close to 47.0 for the index in Q1 of 2024. The detail showed output down to 47.3 from 49.8 in August. New orders were also down in the month. The US manufacturing PMI fell for Sep as well, although remains at much higher outright levels (52.0).
- The chart below plots the manufacturing PMI and Japan IP growth (y/y). If we stay at current levels for the PMI it implies some downside risks for IP growth.
- On the services side for Japan, we remain at elevated levels. There remains a decent wedge between the manufacturing and services PMIs.

Fig 1: Japan Manufacturing PMI & IP Growth Y/Y



Source: S&P/Bloomberg Finance L.P./MNI

JAPAN DATA: Offshore Investors Continue To Cut Back On Japan Equity Holdings:

The standout from Japan's weekly flow update (to Sep 19, last Friday) was further net selling by offshore investors of local stocks. We have now seen net selling by these investors in 4 out of the last 5 weeks. We have seen nearly 5trln in net selling over this period. This follows a very strong period of net inflows, dating back to the start of April this year. Indeed, including the most recent outflows, net inflows since the start of April still stand at +6.6trln. Japan equities remain firmly higher for Sep, but momentum has slowed somewhat in terms of recent trends. Offshore investors added to local bonds last week, but only very modestly.

* In terms of Japan outbound flows, we saw continued net buying of overseas bonds by local investors. In the past four weeks we have seen just under 4trln in net buying of overseas bonds. The focus will be on whether this trend continues for this week, given global bond returns are off recent highs (as US Tsy yields have rebounded somewhat).

* Local investors also bought overseas equities but in very modest size.

Table 1: Japan Offshore Weekly Investment Flows

Billion Yen	Week ending Sep 19	Prior Week
Foreign Buying Japan Stocks	-1747.5	-2032.8
Foreign Buying Japan Bonds	53.3	1188.6
Japan Buying Foreign Bonds	817.2	1479.7
Japan Buying Foreign Stocks	16.7	29.7

Source: Bloomberg Finance L.P./MNI

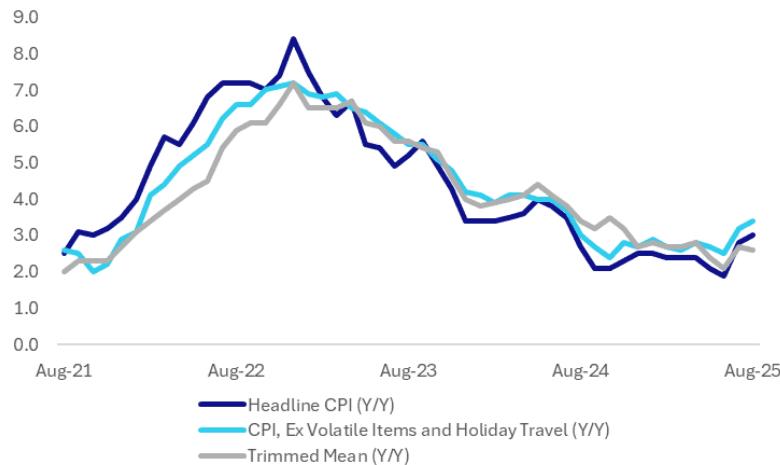
AUSTRALIA

AUSTRALIA DATA: August CPI Headline Up To 3%Y/Y, Trimmed Mean Eases To 2.6%

The headline August CPI print was 3.0%y/y, against a 2.9% market consensus and 2.8% July outcome. The trimmed mean was 2.6% y/y, after printing 2.7% in July (there is no consensus estimate for this outcome).

- The chart below plots the CPI monthly y/y trends, including the ABS's ex volatile items and holiday travel measure. We are comfortably up from earlier 2025 lows, even for the trimmed mean (though it ticked down from July levels).
- The ABS notes, "The largest contributors to annual inflation were Housing (+4.5 per cent), Food and non-alcoholic beverages (+3.0 per cent), and Alcohol and tobacco (+6.0 per cent)."
- 4 out of the 11 sub categories have a y/y pace under 2.0%. Transportation is the weakest at 0.4%y/y, but August saw the first rise in 7 months. Recreation prices shifted down to 1%y/y from 2.6% in July.
- The ABS added: "Annual Housing inflation was 4.5 per cent to August, up from 3.6 per cent to July, reflecting increases in Electricity costs. Electricity costs rose 24.6 per cent in the 12 months to August. In monthly terms, electricity costs fell 6.3 per cent in August 2025. The fall in costs this month was driven by NSW and ACT, with households in those States receiving their first payments of the extended Commonwealth Energy Bill Relief Fund (EBRF) rebates."
- Whilst the RBA will continue to place more weight on the quarterly CPI (we get the new comprehensive monthly series towards the end of Nov, for the Oct reference period), today's data will reinforce some caution for the central bank around further easing. It is likely to firm the no change stance next week (although market pricing has priced in very little chance of a move).
- The Q3 CPI print is out on Oct 29, with the RBA outcome on Nov 4. The central bank is forecasting trimmed mean at 2.6%y/y by year end. Any meaningful upside threat to that may trim easing prospects (either ahead of year end or for 2026).

Fig 1: Australia Monthly CPI Y/Y Trends, Up From Recent Lows



Source: ABS/MNI

AUSTRALIA: Q3 CPI Data Add Uncertainty To Monetary Policy Outlook

The RBA decision is announced next Tuesday 30 September and we believe that it will maintain its caution and keep rates at 3.6%. It continues to focus on quarterly CPI as the monthly series are not yet complete (first full one to be published for October on 26 November but will take time for seasonal factors to be determined). July & August trimmed mean printed at 2.7/2.6% respectively suggesting that Q3 was similar to Q2's 2.7%. Thus, as in July the RBA is likely to wait for the quarterly CPI on 29 October before deciding to ease.

- NAB no longer expects cuts in November and February and believes the current 3.6% is the trough. It estimates that August CPI implies Q3 trimmed mean will rise 0.9-1.0% q/q, above RBA projections and the top of its band annualised. The strong rise in core services is a concern.

- ANZ notes that after the August CPI there are now upside risks to its Q3 0.7% q/q trimmed mean CPI forecast. It also says that this with the consumption recovery and Q3 CPI around RBA expectations may mean that "the case for lower interest rates may end up less compelling than market pricing suggests". ANZ expects rates on hold in September with the last cut for now in November.
- JP Morgan estimates that Q3 CPI data suggest headline rose 1.1% q/q and trimmed mean 0.9% and as a result it expects the RBA to pause after easing in November but risks are skewed towards lower rates in 2026 given the global environment.
- CBA points out the stronger rise in market services and that the RBA will be watching it. CBA sees upside risks to its 0.7% q/q & 2.6% y/y Q3 trimmed mean projection but is forecasting a November cut, although doesn't think it is "a done deal", after unchanged rates in September.

RBA: Data Since Aug Meeting In Line Or Stronger Than Expected

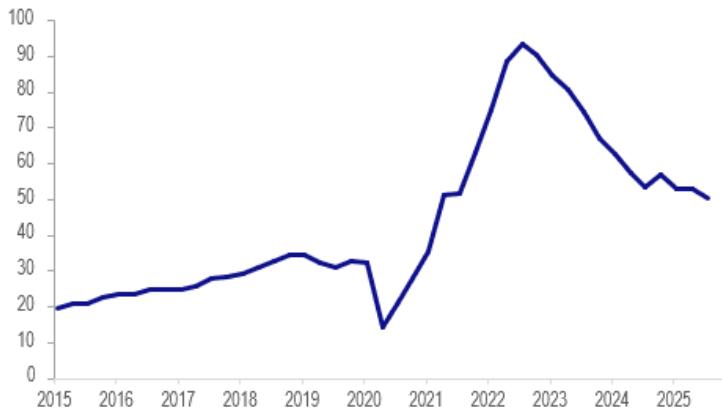
RBA Governor's Bullock testimony before parliament covered a lot of ground, but didn't much light on the broader monetary policy outlook. Most notably since the August meeting, domestic data have been broadly in line with or slightly stronger than expectations. Still, the overall economic outlook remains clouded by uncertainty. This suggests little risks of a policy shift at next week's RBA meeting, although market pricing remains close to flat.

- In today's testimony to the House of Representatives Standing Committee on Economics, RBA Governor Bullock stated that the RBA expects recent interest rate cuts to support household and business spending. Household consumption growth is expected to continue as real incomes rise.
- The RBA noted not to read too much into the recent jobs data (which was weaker than market forecasts). Labour market conditions are near full employment, though unemployment has risen slightly since the last meeting, with some tightness remaining.
- The RBA also welcomed the new monthly CPI, which will print in Nov (for the Oct reference period), but it will still rely on the quarterly inflation update, particularly as the monthly CPI takes time to bed down from analytical stand point.

AUSTRALIA DATA: Vacancies Signal Gradual Labour Market Easing

Job vacancies continued to normalise in Q3 but the pace has slowed implying a gradual easing in labour market conditions. In the 3 months to August they fell 2.7% q/q after rising 2.8% q/q to May but are now down only 1.5% y/y after -2.8% and -16.9% y/y in Q3 2024. The level is in line with February's.

- The Q3 decline drove a moderation in the ratio of vacancies-to-unemployed to 50.5% down 2.6pp on the quarter but almost 43pp since the August 2022 peak and the lowest since the pandemic. It remains over 12pp above the historical average though.
- The weakness was due to the private sector which fell 3.4% q/q while public vacancies rose 2.2% q/q, the fourth consecutive quarterly increase.
- The decline was fairly broadbased with the ABS reporting that vacancies fell in 11 out of 18 industries in the 3 months to August. Other services and financial services were the weakest while retail and wholesale saw solid rises.

Australia vacancies/unemployed %

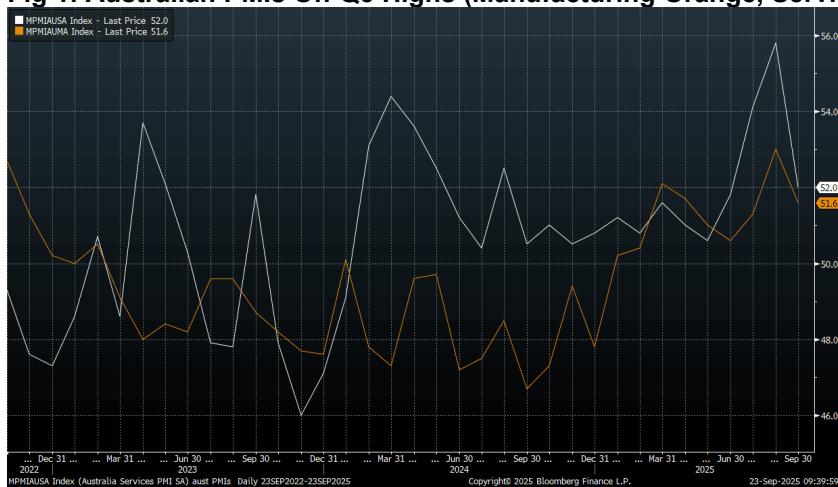
Source: MNI - Market News/LSEG

AUSTRALIA DATA: September PMIs Off Recent Highs, But Q3 Average Higher

Australian preliminary PMIs for September fell from their August levels. The manufacturing print came in at 51.6, from 53.0, while services were at 52.0 from 55.8 in August (see the chart below). This saw the composite PMI come in at 52.1 from 55.5.

- Despite the pullback in the Sep PMIs, the average readings for Q3 were still above those seen in both Q2 and Q1 of this year. For manufacturing, the Q3 average was just under 52.0 (Q2 average was 51.1), while for service the Q3 average was 54, against a 51.1 Q2 average.
- In terms of the detail, for manufacturing output fell to 52.9 from 53.8, while new orders were also down for the month. On the services side, employment eased down to 53.3 from 53.7 prior (per BBG).
- These come ahead of next week's RBA decision. The RBA Governor appeared before parliament yesterday, noting that data outcomes since the last policy meeting in August had been either as expected or slightly firmer.
- Note tomorrow we get August monthly CPI.

Fig 1: Australian PMIs Off Q3 Highs (Manufacturing Orange, Services White)



Source: Bloomberg Finance L.P./MNI

NEW ZEALAND**RBNZ: Anna Breman, From Riksbank, To Be New Governor From Dec 1**

The NZ government has appointed Sweden's Anna Breman to be the new RBNZ governor. Breman will start the position on Dec 1 of this year. Current acting RBNZ Governor Hawksey will remain in the position until then. Note

the last RBNZ policy meeting for 2025 will be held on Nov 26, so the first policy meeting that Breman will be part of is the Feb 18 2026 OCR.

- Breman comes from the Sweden Central Bank, Riksbank, where she is currently First Deputy Governor. Per her bio: "Anna Breman took up the post of Deputy Governor of the Riksbank on 1 December 2019 with a term of office of six years. Ms Breman was appointed First Deputy Governor of the Riksbank with effect from 2 September 2022, and until her period of office expires on 30 November 2025. Anna holds a PhD in Economics and has previously been chief economist and global head of macro research at Swedbank. She has also worked at the Swedish Ministry of Finance, the World Bank and as a researcher in the United States."

NEW ZEALAND: Westpac's Employment Confidence Index Up, But Still Near Cycle Lows

Westpac reported earlier: "The Westpac-McDermott Miller Employment Confidence Index rose by 1.1 points to 89.9 in the September quarter. Confidence in the labour market has effectively remained unchanged over the past year, and remains close to the lows seen after the first Covid lockdown in 2020."

- This largely mirrors the trends we have seen in y/y employment growth in NZ. The last Q2 print came in at -0.9% y/y, not far up from recent cyclical lows. Note the Q3 data for the labour market isn't out until early November.
- Last week's disappointing Q2 GDP reaffirmed the softer economic backdrop, although the NZ government and RBNZ expect better trends for the second half of the year.
- Westpac notes: "While economic activity is expected to gradually firm over the coming year, the jobs market and wage growth look set to remain soft for some time yet. We're forecasting the unemployment rate will nudge higher to 5.3% through the latter part of the year." Note the Q2 print came in at 5.2%, which is around 2020 Covid related highs.
- Note today the NZ government is also expected to announce a new RBNZ Governor. Market RBNZ pricing has the OCR rate closer to 2.40% by year end (current is 3.00%).

NEW ZEALAND: ANZ Consumer Sentiment Rises, But Still Sub Recent Highs :

The ANZ New Zealand consumer sentiment index rose 2.8% in Sep, putting the index back up to 94.6 (from 92.0 in Aug). The improvement will be welcome, but we still sit off recent highs from late 2024. The chart below plots the sentiment index (the orange line) against the household consumption measure (q/q) from NZ's national accounts. So even after today's rise, it doesn't suggest a significant change to the broader consumer spending backdrop.

* In terms of the detail, the outlook for the economy 1yr ahead was -23, from -20 in Aug. For 5yrs ahead, the outlook improved to +6, from +3 prior. Buying a major household item was -11, versus -12 in Aug.

* Via BBG, ANZ post the release: ""Our view continues to be that the release of Q2 GDP marked peak pessimism. Easier monetary policy is starting to feed through, and we expect the economy to put in a markedly improved performance over the next 12 months than the last - though that isn't saying a lot."

Fig 1: NZ ANZ Consumer Confidence Against Q/Q Household Consumption Growth



Source: ANZ/Bloomberg Finance L.P./MNI

CHINA

CHINA: Electricity Consumption Records Steady Growth

- China's electricity consumption, a key barometer of economic activity, continued its steady growth in August, according to data from the National Energy Administration on Tuesday. The country's total power use increased 5 percent year on year to nearly 1.02 trillion kilowatt-hours last month, according to the data. (source [Xinhua](#))
- Intelligent and high-end manufacturing is taking the spotlight in China, with innovations ranging from new energy vehicles and smart robots to advanced photovoltaics and energy storage equipment. The 2025 World Manufacturing Convention, which is being held from Saturday to Tuesday in Hefei of east China's Anhui Province, is bringing these frontier achievements together for global participants. "Anhui is focusing on a broad swathe of cutting-edge and emerging industries, including smart manufacturing, biomedicine, electric vehicles and renewable energy, which are areas of collaboration that the American business community can be a part of," said Noah Fraser, senior vice president of China operations at the US-China Business Council (USCBC), at a sideline event of the convention. (source [Xinhua](#))

CHINA: New Policy To Support Emerging Industry

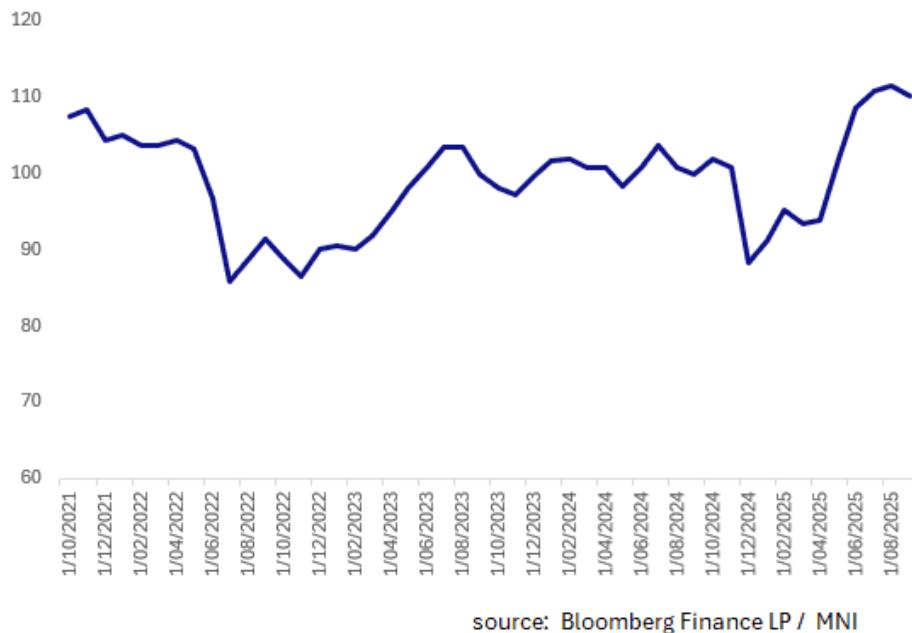
- China is expected to roll out a new policy-driven financing tool with an initial scale of 500 billion yuan(\$70b) this month, primarily for investments that support emerging industries and boost domestic demand, (source: the [Securities Times](#))
- China called on its companies doing business in the US to avoid extending their price wars there — a sign that Beijing is eager to maintain a fragile trade truce reached with Washington. Commerce Minister Wang Wentao made the comments in a meeting in New York on Tuesday with representatives from 10 Chinese firms in industries such as e-commerce, telecommunications and auto parts, the ministry said in a statement. Wang said China and the US "have reached a series of important consensus results after several rounds of economic and trade consultations" and it was hoped that businesses understood the situation and "respond positively." He also called on them to "oppose internal and external involution," referring to intense competition sparked by excess capacity that forces people to overwork despite diminishing returns. (source [BBG](#))

SOUTH KOREA

SOUTH KOREA DATA: Consumer Confidence Steadies

- After hitting 7-Yr highs in August of 111.4, South Korea's Consumer Confidence for September's moderation to 110.1 seems somewhat expected.
- Fueled by the stabilization of politics, BOK rate reductions, surety of US tariffs and the removal of changes to CGT for stock holdings, the consumer in Korea has reacted very positively in surveys.
- Released by the BOK, the survey showed that households' inflation expectation for next 12 months fell to 2.5%,
- The survey is based on responses from 2,277 households across the nation, conducted between September 9th to 16th.

South Korea Consumer Confidence Survey by BOK

**SOUTH KOREA: South Korea Exports Give Warning Sign For Global Trade**

The earlier first 20-days of September trade data for South Korea flashed a warning sign for global trade growth (albeit with caveats on the data). The chart below plots the daily average of the first 20-days export growth in y/y terms against global trade volumes, also in y/y terms.

- The daily average which takes into account differences in working days between years, fell to -10.6% y/y in Sep, the weakest print since late 2023. The last time we were this soft global trade volumes was also in negative territory.
- Arguably the result may not surprise the market too much, given higher tariff levels are expected to weigh on trade growth as we progress towards the end of 2025.
- Also via BBG: "Monday's trade data show a larger-than-usual gap between seasonally adjusted and unadjusted figures because of the shifting Chuseok holidays... The real question is how much momentum can be sustained after the Chuseok holidays."
- The headline figure was much stronger at +13.5% y/y for the first 20-days of Sep.
- This will be a watch point for the local authorities, given President Lee is keenly focused on boosting growth. More broadly, given South Korea's key role in global supply chains, the data will be watched for signs of broader trends in the global trade outlook.

Fig 1: South Korea First 20-days Exports Y/Y (Daily Average) and Global Trade Volumes Y/Y

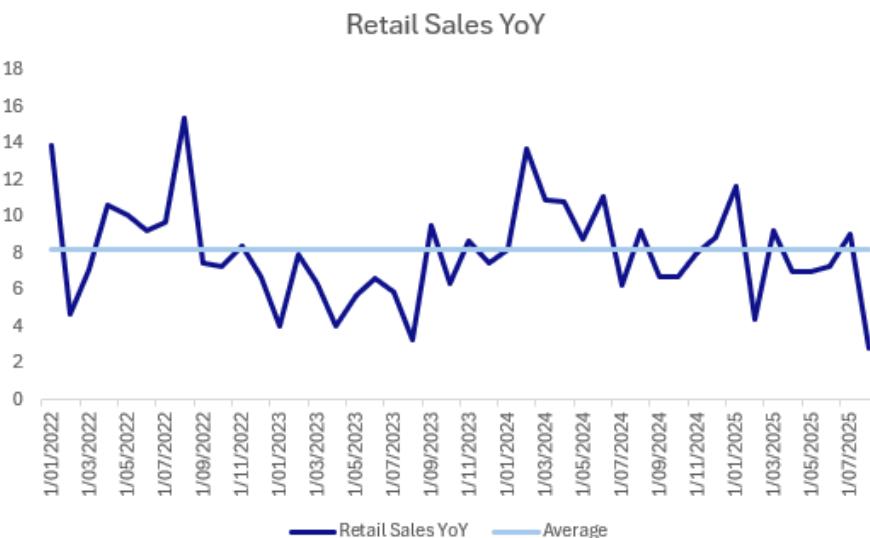
Source: Bloomberg Finance L.P./MNI

SOUTH KOREA: Industry Minister Focuses on Export Momentum

- The industry ministry said Monday it will do its "utmost" to maintain Korea's export momentum amid global trade uncertainties, noting the government will faithfully implement support measures for local companies affected by U.S. tariffs. (source [Korea Times](#))
- Korea saw the steepest hike in tariffs imposed on its exports to the United States among major trading partners of the U.S. in the second quarter of 2025, data showed Sunday, following Washington's new trade policy. (source [Korea Times](#))

SOUTH KOREA: Retail Sales Decline In August

- Following the moderation of consumer confidence, further data out today from Korea confirmed this further.
- The expansion in retail sales YoY at +3.7% was down from July's 9.1% and the weakest monthly expansion for five years.
- South Korea's department store sales rose +2.8% YoY in August versus +5.1% in July, according to the Ministry of Trade, Industry and Energy.
- Discount store sales contracted -15.6% YoY compared to -2.4% in July



source: Bloomberg Finance LP / MNI

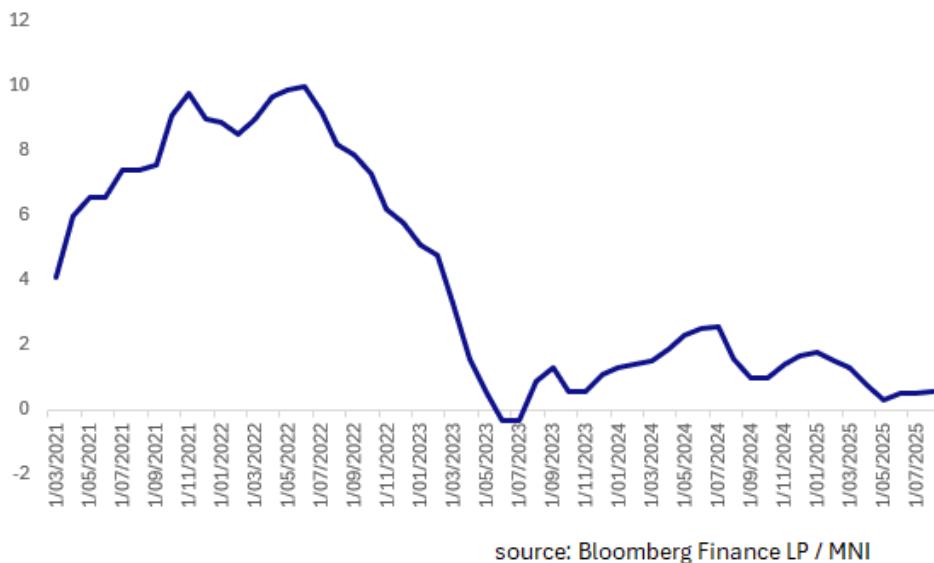
SOUTH KOREA: Tax Revenue Forecast To Rise

- Korea's financial system remains stable, but persistent expectations of rising home prices could fuel financial imbalances, the central bank said Thursday. "The country's financial system generally remains stable, supported by the resilience of sound financial institutions and strong external payment capacity. But expectations of rising housing prices in Seoul persist, causing concerns about financial imbalances," the Bank of Korea (BOK) said in its report on financial stability. (source [Korea Times](#))
- Korea's tax revenue is expected to rise 9.9 percent from a year earlier in 2025 but fall short of the government's initial projection, the finance ministry said Thursday. The government expects to collect an estimated 369.9 trillion won (\$263.7 billion) in taxes this year, up 33.4 trillion won from 2024, according to a tax revenue re-estimation by the Ministry of Economy and Finance. (source [Korea Times](#))

SOUTH KOREA: PPI Up +0.6% YoY, Down for the Month

- South Korea's August PPI rose marginally to +0.6% YoY (from +0.5% in July).
- The monthly figure however declined -0.1%.
- Manufacturing prices remained flat month on month whilst agriculture, forestry and marine were up +3.4% MoM.
- Electricity, water and gas was unchanged from July whilst services declined -0.4%.
- This is a common theme seen throughout the region where producer's pricing power is limited, with downward pressure on output prices.

South Korea PPI YoY



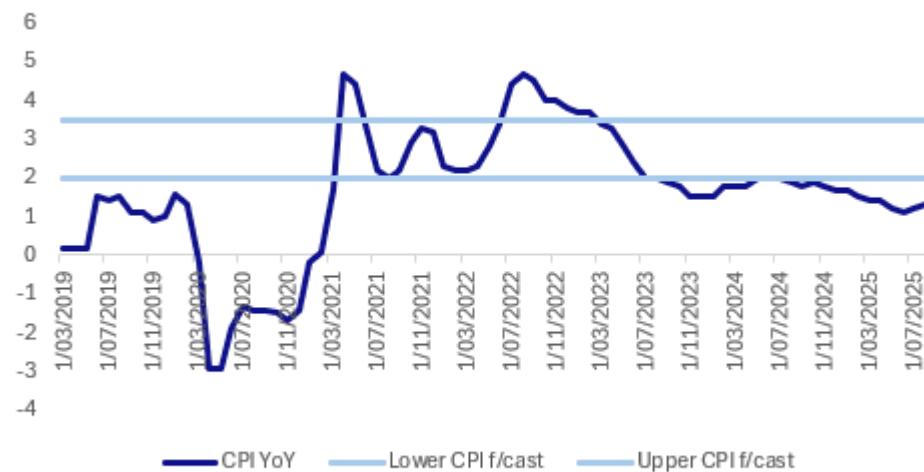
source: Bloomberg Finance LP / MNI

ASIA

MALAYSIA: CPI Steady in August

- Malaysia's CPI for August was marginally up at +1.3%, versus +1.2% in July.
- Core inflation rose +2.0% YoY, Housing +1.2% YoY and some services showing very modest increases.
- According to the BNM: Inflation Likely To Trend At Manageable Level Of 2.0-3.5 Percent In 2025 compared to an average of 1.8 per cent in 2024.
- The BNM does not meet again until November 6th. There is very little priced into the MGS curve in terms of rate cuts, only -10bps over the next 12 months.

CPI YoY vs BNM Forecast Range



source: Bloomberg Finance LP / MNI

MALAYSIA: Leading Index Moderates

- Malaysia's Leading Index (LI) annual growth moderated in July 2025, declining 0.5 per cent to 114.3 points from 114.9 points in the same month last year, the Department of Statistics Malaysia (DOSM) said. (source [The Star](#))
- Patent filings in ASEAN have surged by 70 per cent over the past decade, underscoring rapid growth in intellectual property (IP), driven by the significant rise in innovations among member states. (source [The Star](#))

INDONESIA: FinMin's 5 Priority Strategies

- Finance Minister Purbaya has outlined five priority strategies under a "quick win" program to accelerate economic growth and lift state revenue, which remains under pressure. The measures include a targeted stimulus package, tighter enforcement against major tax delinquents, improved law enforcement coordination, IT system upgrades, and a crackdown on illegal cigarettes. (source [Jakarta Globe](#))
- Indonesia is working on non-fiscal incentives to offset the impact of the global minimum tax or GMT so the country remains attractive to foreign investors. Southeast Asia's biggest economy has implemented an internationally agreed-upon minimum corporate tax of 15 percent for large corporations as stated by an accord backed by at least 130 countries. The policy aims to prevent big companies from shifting profits and tax revenues to low-tax economies, while also ending the race to the bottom in corporate taxation. The tax applies to multinationals with consolidated global revenues of at least 750 million euros (\$885 million). (source [Jakarta Globe](#))

INDONESIA: New Budget Passed

- The Indonesian government and the European Union (EU) have signed the Indonesia–EU Comprehensive Economic Partnership Agreement (IEU-CEPA), aimed at boosting the labor market and supporting micro, small, and medium enterprises (MSMEs). (source [Antara](#))
- The House of Representatives on Tuesday passed the 2026 State Budget Law in a plenary session attended by Finance Minister Purbaya. The budget foresees a wider fiscal deficit than this year but is intended to serve as a tool to achieve the government's short- and medium-term development goals, while also acting as a buffer for low-income households against economic shocks. (source [Jakarta Globe](#))

INDONESIA: New Scheme to Encourage FX Repatriation

- Indonesia's Communications and Digital Ministry (Komdigi) will maintain its 2026 budget ceiling at Rp8 trillion (\$488 million), which will primarily fund ongoing digital infrastructure projects and basic operational costs, a senior official said on Friday. (source [Antara](#))
- Indonesia is preparing a new market-based incentive scheme to encourage citizens to repatriate U.S. dollar savings held abroad, Finance Minister Purbaya said Friday, outlining one of his first major policy priorities since taking office. Speaking after meeting President Prabowo Subianto at the presidential palace in Jakarta, Purbaya said the program is expected to be rolled out within a month. He added that the measures will not be compulsory but will instead provide attractive incentives for Indonesians to keep their dollar funds domestically. (source [Jakarta Globe](#))

INDONESIA: VAT Relief for Housing

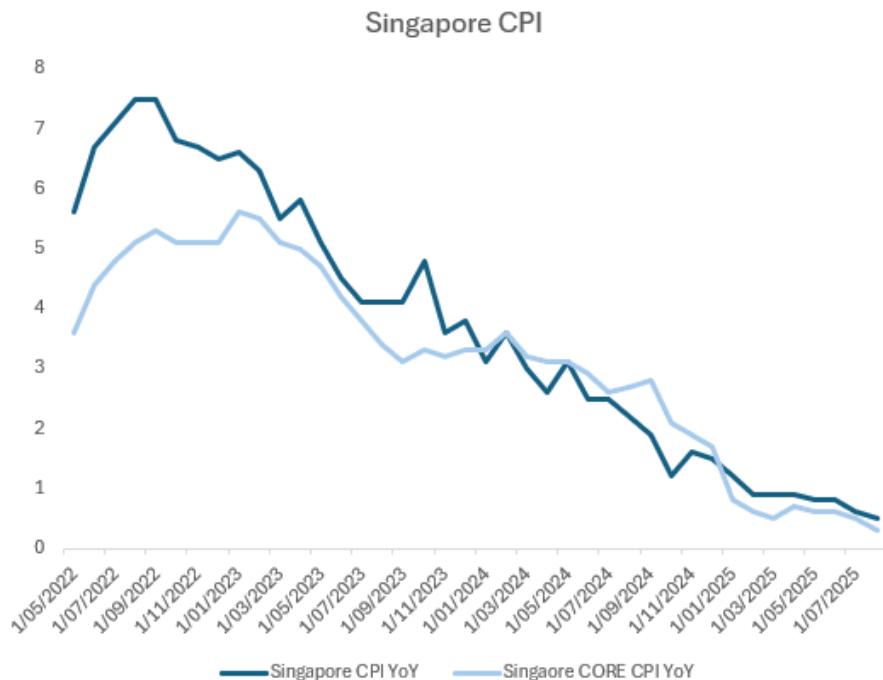
- Indonesia will continue covering 100 percent of value-added tax (VAT) on housing purchases from January through December next year as part of efforts to support growth and strengthen the property sector, the finance ministry said on Wednesday. (source [Antara](#))
- The Indonesian sovereign wealth fund INA and the Canadian government-owned export credit agency EDC recently inked a partnership worth around \$594 million that aimed to attract investments to Jakarta's strategic sectors. (source [Antara](#))

THAILAND: Exports Moderate As Imports Jump

- Thailand's August exports rose +5.8% YoY, missing estimates and significantly lower than July.
- Imports were up strongly by +15.8%, from +5.1% in July.
- The resulting trade deficit of USD\$ -1,964m was the biggest since April.

**SINGAPORE: Singapore CPI A Bellwether For The Regional Inflation Fight**

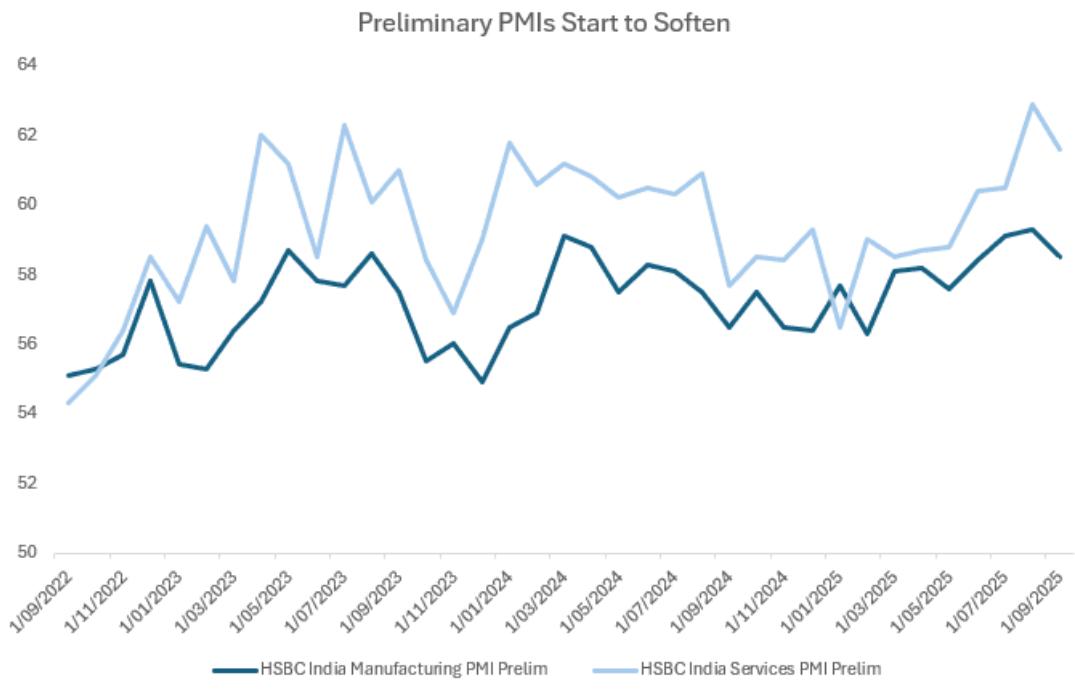
- As arguably the most open economy in the region, for some market observers Singapore is sometimes used as a bell weather.
- Today's release of the August CPI data for Singapore therefore may suggest that the region has done a good job in taming inflation.
- August CPI YoY was +0.50%, from +0.60% in July.
- August Core CPI YoY was +0.30% from 0.50% prior.



source: Bloomberg Finance LP / MNI

INDIA: Preliminary PMIs Show First Sign Of Moderating

- PMIs in India have been seemingly bullet proof, despite the threat of US tariffs hanging over that economy.
- Outperforming regional peers, PMI Manufacturing and Services had reached new highs in August.
- However the preliminary September results have showed the first signs of weakness, coming off from August's highs.
- PMI Manufacturing (prelim) came in at 58.5, from 59.3 prior.
- PMI Services (prelim) came in at 61.6, from 62.9.
- In context these PMIs remain much higher than regional peers and the softening does not ring any alarm bells.
- Nevertheless, the tariff threat remains, particularly following India's continued purchase of Russian oil and these results could represent the beginning of a period of moderating data.



source: Bloomberg Finance LP / MNI

INDIA: Key Military Purchase Could Bypass US

- India is weighing French-made engines for its fighter jets as talks over joint manufacturing with the US move at a sluggish pace, according to senior officials in New Delhi familiar with the matter. New Delhi is in talks with Paris-based Safran SA over the engines, the officials said, asking not to be identified as the discussions are still private. They did not clarify whether India would buy these engines or seek to jointly produce them. (source [BBG](#))
- The Goods and Services Tax (GST) reforms will ease retail prices and boost consumption in the country, the Reserve Bank of India (RBI) said in an article on Wednesday. Starting September 22, the government has introduced a two-slab structure of 5 per cent and 18 per cent, abolishing the earlier four-rate tax regime. "The landmark GST reforms should progressively result in a sustained positive impact through significant gains in ease of doing business, lower retail prices and strengthening of consumption growth drivers," RBI's 'State of the Economy' article published in September bulletin said. (source [BBG](#))

INDIA: GST Cut Comes Into Effect

- Indian public sector oil companies are facing a \$1.4-billion question: how to repatriate their dividend income that has been piling up in Russia for over three years now? The Indian government and the companies have been attempting to find a resolution, but success has so far eluded them. While they are confident that the money is safe, as dividends from their investment in Russian oil assets are being deposited at regular intervals in the companies' accounts in an Indian bank in Moscow, they have been unable to access and use it. (source [India Express](#))
- India's Prime Minister Narendra Modi said the reduction in consumption taxes that comes into effect Monday will bolster household incomes and businesses, spurring the nation's economic growth. The cuts in the Goods and Services Tax "will accelerate India's growth story," Modi said in a televised address to the nation Sunday. "It will make businesses and investments more attractive." Earlier this month, India overhauled the complex GST regime by cutting taxes on most items of everyday use, premiums on insurance policies and vehicles. The new rates, that come into effect on Sept. 22, will tax most items at either 5% or 18% rate. The tax reduction is also aimed at boosting consumer spending as the nation's economy faces headwinds from US President Donald Trump's punishing 50% tariffs. (source [BBG](#))

ASIA EQUITY FLOWS: Weekly Flows Overall Negative:

Following periods of inflows, regional flows have turned negative over the last week with South Korea the only exception.

- * South Korea: Recorded inflows of +\$178m yesterday, bringing the 5-day total to +\$280m. 2025 to date flows are +\$ 627m. The 5-day average is +\$56m, the 20-day average is +\$249m and the 100-day average of +\$116m.
- * Taiwan: Had outflows of -\$206m yesterday, with total outflows of -\$873 m over the past 5 days. YTD flows are positive at +\$7,969m. The 5-day average is -\$175m, the 20-day average of +\$377m and the 100-day average of +\$233m.
- * India: Had outflows of -\$210m as of the 24th, with total outflows of -\$532m over the past 5 days. YTD flows are negative -\$15,824m. The 5-day average is -\$106m, the 20-day average of -\$152m and the 100-day average of -\$35m.
- * Indonesia: Had outflows of -\$60m yesterday, with total inflows of +\$444m over the prior five days. YTD flows are negative -\$3,274m. The 5-day average is +\$89m, the 20-day average -\$14m and the 100-day average -\$2m.
- * Thailand: Recorded inflows of +\$26m yesterday, with inflows totaling -\$115m over the past 5 days. YTD flows are negative at -\$2,725m. The 5-day average is -\$23m, the 20-day average of -\$17m and the 100-day average of -\$10m.
- * Malaysia: Recorded outflows yesterday of -\$53m, totaling -\$49m over the past 5 days. YTD flows are negative at -\$3,733m. The 5-day average is -\$10m, the 20-day average of -\$15m and the 100-day average of -\$10m.
- * Philippines: Recorded inflows of +\$10m yesterday, with net inflows of +\$125m over the past 5 days. YTD flows are negative at -\$600m. The 5-day average is +\$25m, the 20-day average of +\$4m the 100-day average of -\$3m.

	Yesterday	Past 5 Trading Days	2025 To Date
South Korea (USDmn)	178	280	- 627
Taiwan (USDmn)	-206	-873	7,969
India (USDmn)*	-210	-532	- 15,824
Indonesia (USDmn)	-60	444	- 3,274
Thailand (USDmn)	26	-115	- 2,725
Malaysia (USDmn)	-53	-49	- 3,733
Philippines (USDmn)	10	125	- 600
Total	-289	-834	21,504

* as of 24 SEPT

Source: Bloomberg Finance L.P / MNI

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