

# MNI Asia Pac Weekly Macro Wrap

13 Feb 2026 – By Jon Cavenagh, Jaime Grant, Stephen Petrie & Gavin Stacey

## JAPAN

- Markets digested the prior weekend election result, with Japan assets mostly rallying in response, supported by rhetoric around the fiscal/bond issuance outlook and further jawboning on FX markets. Data wise, real household earnings remained negative, while import prices continued to rise. If the yen rebound persists, we could see imported inflation pressures moderate. USD/JPY remains above our simple fair value estimate. The yield curve is notably flatter.

## AUSTRALIA

- Australia survey data ticked down, more so for consumer sentiment. Household spending growth moderated but from a high level (in y/y terms). The RBA expects the labour market to remain tight in the near term. The cash rate outlook remains data dependent but the central bank vowed to do what it takes to get inflation back to target.

## NEW ZEALAND

- The PMI edged lower for January, but is still suggesting a firming growth backdrop. Inflation expectations are edging higher, but from a low base. This is unlikely to shift thinking around next week's RBNZ outcome, but focus will likely be on when the tightening cycle is expected to kick off.

## SHORT TERM RATES

- Interest-rate expectations across the \$-bloc over the past week, looking out to December 2026, have been little changed.

## CHINA

- China inflation was below forecasts in Jan, but the PPI edged up in y/y terms (albeit still in negative territory). Calls for monetary support remain evident, while local yields have drifted lower. Home prices remain in decline in m/m terms.

## SOUTH KOREA

- Rising short end yields aren't going unnoticed by the authorities, but given bond issuance trends, 3yr yields may remain elevated.

## ASIA

- Singapore upgraded its 2026 growth outlook, raising MAS tightening risks for 2026. Malaysian growth was also firm into end 2025.

## ASIA EQUITY FLOWS

- Tech related plays saw a surge in net inflows ahead of the lunar new year next week. Taiwan was the standout. Thailand saw strong inflow momentum post the election result as well.

## JAPAN

### JAPAN Honda- BoJ Board Spots Don't Need To Be Filled With Reflationists - Rtrs:

Headlines have crossed from Rtrs after an interview with Etsuro Honda, an economic advisor to Japan PM Takaichi (Honda was also an economic advisor to former Japan PM Abe). Honda states that there is scope for the BoJ to raise rates this year, but the next move is unlikely to come in March. Via Rtrs: "While acknowledging the chance of another rate hike this year, Honda said the BOJ will likely avoid raising rates in March as it needs to scrutinise the impact of its hike in December." Yen may have seen some negative spill over on this headline. USD/JPY is back to 153.30, versus earlier lows of 152.67, although broader cross asset also look a little better, with gold, silver and US equity futures all up from earlier lows. March BoJ hike odds, per OIS pricing, look a touch lower, but haven't got above 30% in recent sessions.

\* Honda also stated that upcoming BoJ board vacancies don't need to be filled by reflationists, as the country has exited deflation. Via RTRs: "I don't necessarily think they need to be reflationists who are proposing powerful monetary easing," Honda said, when asked who should be chosen as new BOJ board members."

\* Honda added that he thinks Takaichi understands that the economy is in a different phase from the Abe era.

\* This is important in the context that Japan officials, including Takaichi, were stating late last year the country hadn't exited deflation. This is likely to reaffirm market viewpoints that the government may not push back on further BoJ policy normalization in 2026.

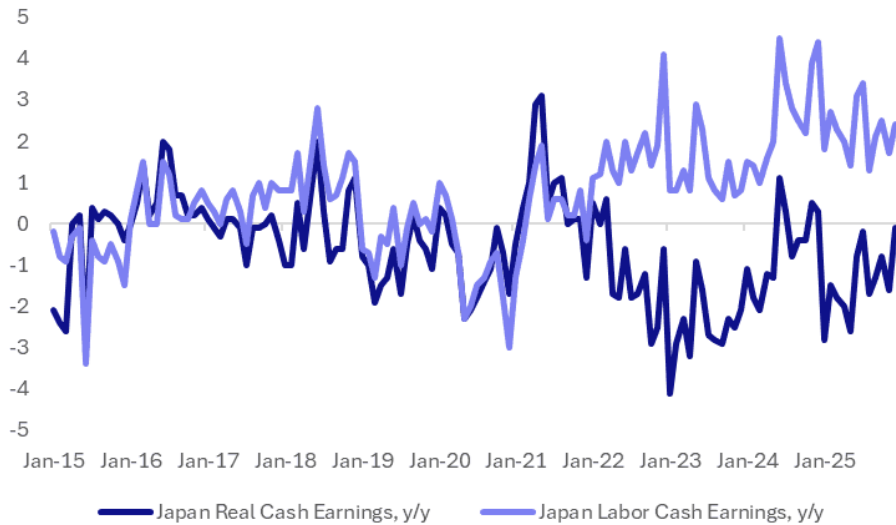
\* Rtrs added: "Sources have told Reuters the government is set to submit to parliament as early as February 25 a nominee to replace Asahi Noguchi, whose term ends on March 31. Another board member, Junko Nakagawa, will also see her term expire at the end of June. Nominees must be approved by both chambers of parliament."

### JAPAN DATA: Headline Earnings Miss, But Positive Revisions/Outlook An Offset

Japan Dec labour earnings data was weaker than forecast, but positive revisions to Nov, helped offset this headline disappointment. Nominal earnings rose 2.4% y/y, (versus 3.2% forecast), but Nov was revised up to 1.7% versus an initial reported gain of 0.5%. Real earnings were -0.1%/y/y against a 0.8% forecast and revised Nov fall of -1.6% (originally reported as -2.8%). Bonus payments rose 2.6%/y/y, after a -1.5% fall in Nov, likely helping the headline result.

- The chart below plots real and nominal cash earnings in y/y terms. The nominal earnings metric remains volatile but holding at firmer averages compared to 2022-2023, but this is merely offsetting stronger inflation outcomes to leave real wages struggling to assert a positive trend. Still, view our policy team - real wages are likely to return to positive territory in coming months as the year-on-year rise in headline CPI slows, partly reflecting government measures.
- On a same sample basis, cash earnings rose 2.0%/y/y, versus 3.0% forecast and 1.1% prior (revised up from 0.9%). Scheduled full time pay rose 2.1%/y/y (2.2% forecast and 2.2% prior). These metrics are comfortably off cycle highs.

Fig 1: Nominal & Real Labour Earnings Y/Y



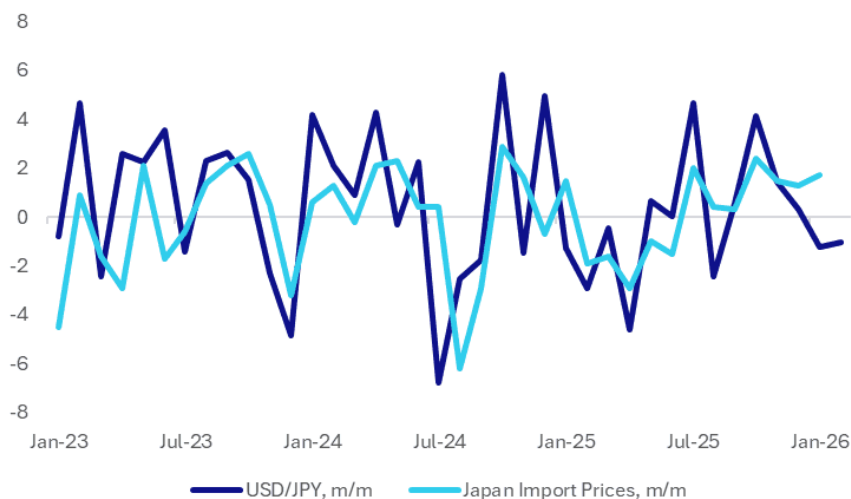
Source: Bloomberg Finance L.P./MNI

**JAPAN DATA: Yen Rise Could Curb Rising Import Prices, But Y/Y May Stay Positive**

Japan import prices rose, in m/m terms, for the seventh straight month in Jan. The chart below plots USD/JPY m/m changes against import prices m/m. USD/JPY fell m/m in Jan and if current levels hold to the end of Feb, we will also see a m/m decline for this month. This may help curb upside momentum in monthly import price rises, or at least bring us back closer to flat. Such trends are likely to remain a key BoJ focus point through 2026, as it decides around the timing of its next hike.

- In y/y terms import prices are +0.5%, well up from the July 2025 low of -10.6%. Given the negative y/y base effects through the first half of 2025 it will likely require sharp m/m falls in coming months to not see y/y import price momentum rise. For a given level of global commodity prices, this is likely to require further strong gains in yen versus the USD.

Fig 1: USD/JPY M/M & Japan Import Prices M/M



Source: Bloomberg Finance L.P./MNI

**JPY: USD/JPY Correction Lower Continues, But Still Above Simple Fair Value**

USD/JPY continues to correct lower, last near 153.90/95, earlier we had fresh lows in the pair (153.84) back to the end of Jan. The run higher in USD/JPY in lead up to the weekend election continues to be unwound. Plotted below is USD/JPY versus our simple fair value estimate, which is written off US-JP 2yr swap rate differentials and global equities. The fair value estimate is lower, last under 151.00. We have see the 2yr spread continue to narrow, last under +200bps, which is lows back to the first part of 2022. Global equities are up from recent lows, but aren't showing a strong upward trend at this stage. The recent low in the fair value estimate was 149.3, which reflected a combination of softer global equities and lower swap rate differentials.

- The wedge between current spot levels and the fair value estimate is back to around 1.95%, the narrowest since Jan 27. We have seen a fairly persistent wedge between spot and fair value since Nov last year.
- Some premium appears to be coming out of the so called Takaichi trade (the tendency for a weaker yen, JGBs, stronger equities, although local Japan equities are performing strongly), with comments from the PM around responsible fiscal management (lowering debt to GDP etc) and wanting to build trust with the market has no doubt helped both JPY and JGB sentiment.
- Our policy team also noted - Takaichi, whose coalition secured a two-thirds supermajority in Sunday's general election, maintains that decisions on raising borrowing costs rest with the BOJ, despite her strong mandate to tackle the cost-of-living crisis.
- Softer US data outcomes, ahead of tonight's US NFP print, have also helped US-JP downside yield momentum. US yields have fallen sharply in recent sessions, so is a poor NFP print already priced in to some extent? Perhaps, but the longer term trends around US-JP yield differentials look skewed lower.
- Our FX technical team notes important support on the downside: 152.10 Low Jan 27 and the bear trigger.

**Fig 1: Spot USD/JPY Versus Simple Fair Value Estimate**



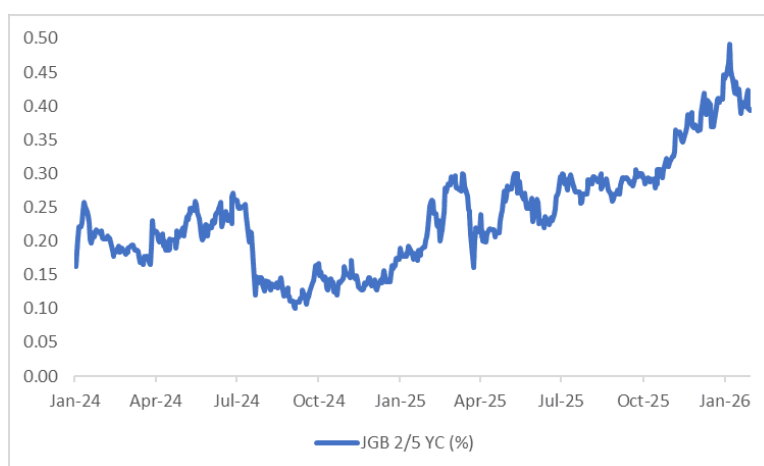
Source: Bloomberg Finance L.P./MNI

**JGBS: Yield Curve Breaking Flatter As Fiscal Concerns Fade**

JGB futures are stronger, +20 compared to settlement levels, but at session lows.

- The Japan Jan PPI was in line with market forecasts.
- Cash US tsys are slightly richer in today's Asia-Pac session after yesterday's post-payrolls sell-off.
- Cash JGBs have bull-flattened, with yields 1-9bps lower across benchmarks.

- After reaching a record steepness in mid-January, the 2/40 yield curve is now testing the lower bound of the well-defined range that has contained price action since mid-year.
- Since late last year, steepening has been most pronounced in the 2/5 segment, leaving the 5-year sector relatively unattractive on the curve. Into the recent election, expectations of fiscal expansion under a Takaichi administration implied heavier debt supply, reinforcing pressure on intermediates.
- In recent days, however, those fiscal concerns appear to have moderated following Prime Minister Sanae Takaichi's historic election victory.
- Notably, while the 2/5 segment has flattened, it is the 5/40 curve which has broken through the bottom of the range it has traded in since June last year.
- Swap rates are flat to 5bps lower, with a flatter curve.
- Tomorrow, the local calendar will see Weekly International Investment Flow data alongside an Auction for Enhanced-Liquidity 5-15.5 YR and BOJ Board Member Tamura Speech in Kanagawa.



Source: Bloomberg Finance LP

### JAPAN DATA Offshore Investors Sell Bonds Ahead Of Election, Equity Inflows Up:

Last week saw the first week of net outflows from local Japan bonds by offshore investors since the end of 2025. Compared to earlier Jan inflows, the outflow was modest though and cumulative net inflows 2026 to date still sit near 4.75trln. This of course came ahead of last weekend's Japan election. The price action in JGBs this week has been encouraging amid assurances around the fiscal/bond issuance outlook and expectations that the government won't stand in the way of BoJ policy normalization. The 10yr JGB is around 2.20%, while longer dated yields continue to correct of Jan highs (30yr back to 3.41%). Focus will be on whether we see further foreign interest come into this space for this past week.

\* Offshore interest in Japan equities continues, with a further firm inflow last week. This takes the consecutive weeks of net buying of Japan stocks to seven. Given the break higher in local stock indices this week, that trend may well have continued.

\* In terms of Japan outbound flows, we saw local investors selling offshore bonds. Since the start of the year cumulative outflows in this space have been close to flat. Global bond returns have picked up this week amid the US Tsy yield retreat.

\* Local investors continued to buy offshore stocks, albeit in more modest size compared to the prior week.

**Table 1: Japan Weekly Offshore Investment Flows**

Billion Yen	Week ending Feb 6	Prior Week
Foreign Buying Japan Stocks	543.2	494.6
Foreign Buying Japan Bonds	-464.1	2081.1
Japan Buying Foreign Bonds	-365.7	713.7
Japan Buying Foreign Stocks	162.7	454.6

Source: Bloomberg Finance L.P./MNI

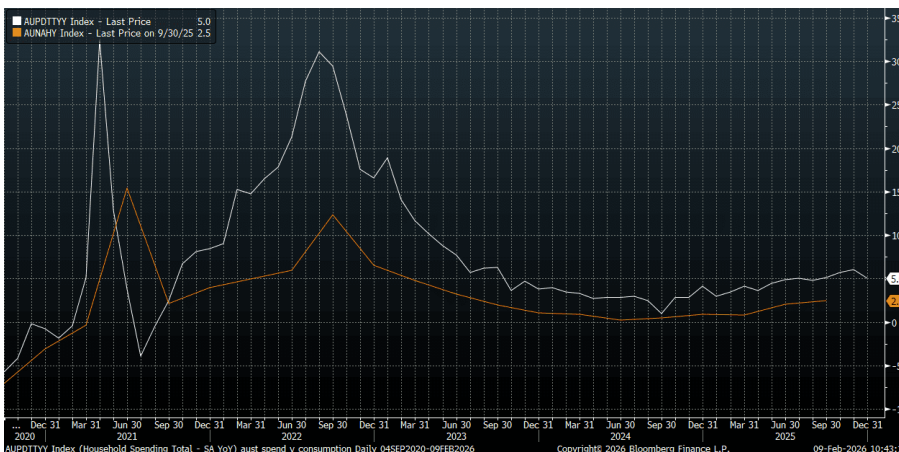
**AUSTRALIA:**

**AUSTRALIA DATA: Household Spending Dips, But Looks To Be Payback From Strong Run**

Australia Dec household spending fell 0.4% m/m, after a 1.0% gain in Nov and against a market forecast of a 0.1% rise. In y/y terms we rose 5.0%, also below the 5.8% forecast and revised 6.0% gain for Nov. This was the first fall in m/m spending since March 2024. It also follows strong gains in Oct, up 1.4% and Nov 1.0%. Hence some payback is not a surprise, even if it was bigger than the market expected.

- The ABS noted: "Household spending declined in December. We saw high spending in October and November, which had major sales and cultural events boost spending. 'The fall in December indicates that households brought forward purchases during sales events in October and November.' This is likely to temper bearish expectations this is the Dec print is start of a softer trend around household spend.
- The RBA will be watching for signs of impact around its recent rate hike, although sentiment gauges will be the first watch point on this front.
- The chart below plots the household spending measure, y/y (the white line), against the national accounts consumption measure, which is only up to date for Q3 of last year.
- The sharpest falls in Dec were in clothing & footwear and household equipment. These categories recorded strong Oct, Nov gains.

**Fig 1: Australia Household Spending Y/Y & National Accounts Consumption Measure**



Source: Bloomberg Finance L.P./MNI

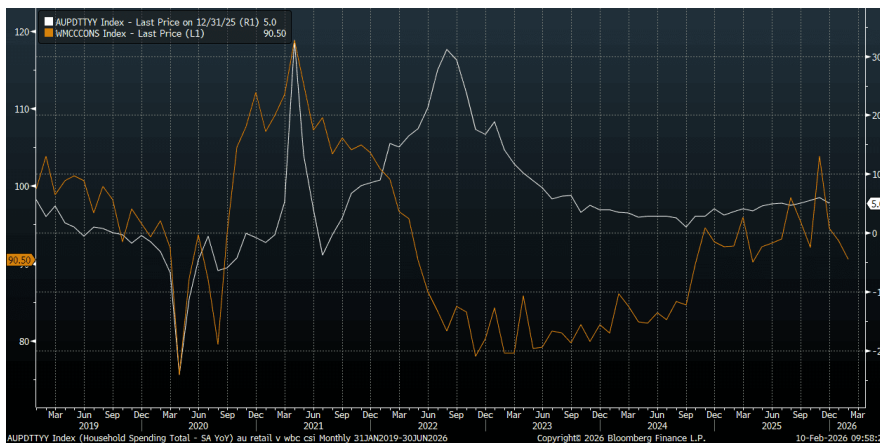
**AUSTRALIA DATA: Consumer Sentiment Falls, Household Spending May Soften Further**

The Feb Westpac Consumer Sentiment Index print fell 2.6% to 90.5 (from 92.9). This puts the index back close to lows from 2025, and comfortably off Nov highs of 103.8. The index spent a lot of late 2022 to late 2024 in a rough

80-85 region, so we remain above these levels. The chart below plots the consumer sentiment reading against the Australian household spending measure, y/y (which came yesterday and moderated to 5%/y/y). The m/m correlation between the two series' is soft but the general trends can follow each other. Spending started to improve as sentiment lifted late in 2024 from very depressed levels. The move off recent highs for sentiment points to some downside risks in household spending, but arguably the RBA needs this to aid the return of inflation to target.

- Westpac notes in terms of today's result: "Muted response compared to previous rate hikes. Current conditions and medium term outlook weaken; year-ahead views stable. Over 80% expect interest rates to rise further in the next 12 months."
- It adds: "The RBA has already signalled that the volatility of the new monthly CPI means it will continue to focus more closely on the quarterly price data, particularly for trimmed mean inflation. With the next quarterly update due in late April likely to show inflation still uncomfortably high, this points to the next 25bp rate hike coming in May."

Fig 1: Westpac Consumer Sentiment Index & Household Spending Y/Y



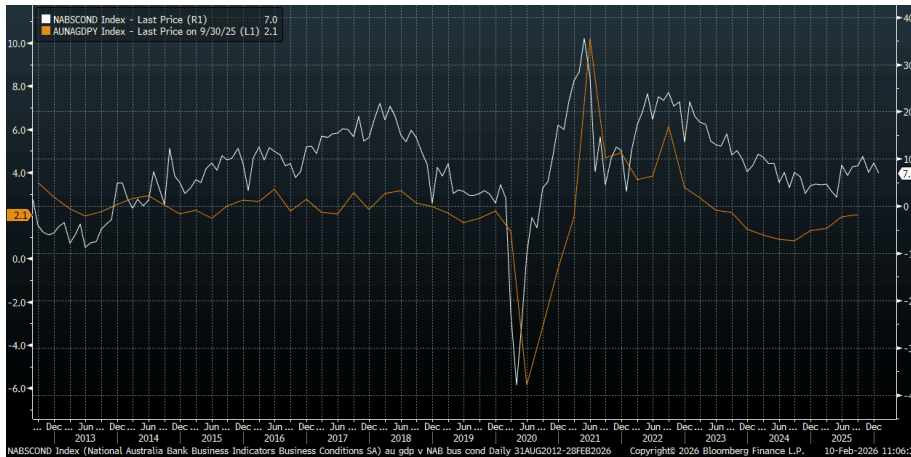
Source: Westpac/Bloomberg Finance L.P./MNI

**AUSTRALIA DATA: Business Conditions Ease, Trend Steady, Labour Costs Lower**

The Australia Jan NAB business survey saw conditions moderate to +7 from +9 in Dec last year. Business Confidence was at +3 for Jan, slightly up from a revised +2 reading for Dec last year. The conditions index, which has a reasonably relationship with GDP y/y (see the chart below, the NAB conditions index is the the white line), has largely gone sideways since the middle of last year. It is still suggesting better y/y growth momentum, but to be confident in expecting growth beyond +3%/y/y.

- We might need to see the conditions index trending above +10 for a number of months. This is not what the latest RBA projections show. The central bank has GDP y/y edging up to 1.8% in Q4 last year before slowing to 1.6%/y and then staying there for the rest of the forecast horizon.
- The longer average for y/y growth is around 2.3%, but the RBA projections imply a need for softer growth momentum to aid the inflation return to target.
- In terms of the detail of the NAB survey, the trading and profitability sub-indices eased. Employment was steady at +5, while labour costs moderated to 1.3% from 1.7% prior. This is a soft result and looks to be the weakest since 2021.

**Fig 1: Australian NAB Business Conditions Index & Australian GDP y/y**



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

### RBA - Labour Mkt Expected To Remain Tight - Jan Jobs Data Feb 19

RBA Hunter's speech today focuses on defining full employment. See the full speech at this link. Hunter stated: “The recent acceleration of demand growth beyond our estimate of trend, at a time when the economy is already showing signs of being capacity constrained, means we expect the labour market will remain tight and inflation will remain above target for some time, as outlined in our recent Statement. Moving forward, we’ll be closely assessing capacity pressures in the economy and conditions in the labour market, and this will help us assess the extent to which the recent rise in inflation is temporary; and, in turn, inform our advice to the Monetary Policy Board about the outlook in inflation.”

- Earlier today, RBA Governor Bullock stated: "Our models' estimate of NAIRU have risen a bit, but we don't take a model approach only, we also use a bit of judgment," she said, noting the most recent set of forecasts showed how the Bank considered full employment." and "...has lifted its NAIRU estimate by around 10 basis points to 4.6%, Governor Michele Bullock told a Senate estimates hearing Thursday.
- The current unemployment rate is 4.1%. The next jobs print is due on Feb 19 (next Thursday).
- The labour market data will be important to gauge capacity constraints, but inflation will be the deciding factor around further RBA tightening. Governor Bullock is not committing to a pre-determined outlook, but given the starting point for headline/trimmed mean inflation, we are likely to need to see meaningful downside surprises to prevent further hikes.

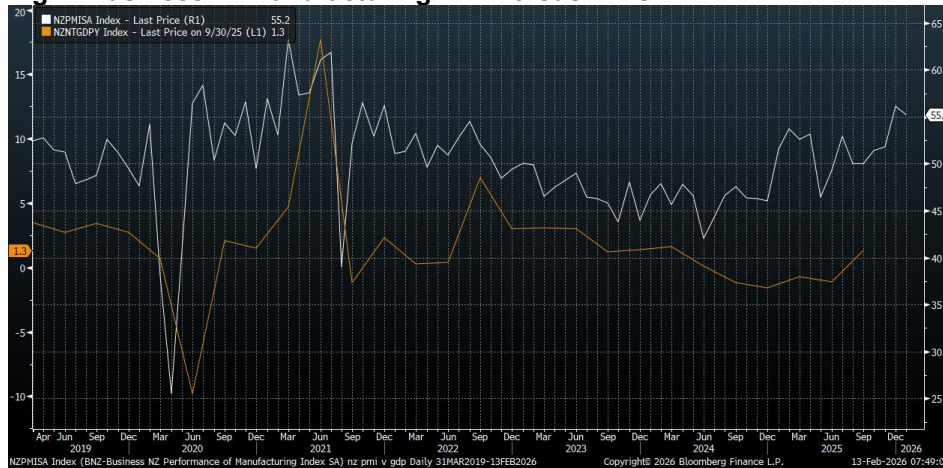
## NEW ZEALAND

### NEW ZEALAND PMI Off Dec Highs But Still Pointing To Firm Growth Outlook:

The BusinessNZ manufacturing PMI eased slightly in Jan, but maintained the bulk of the improvement we saw late last year. We printed at 55.2, versus 56.1 in Dec (the 56.1 read was the highest print since late 2021). The Jan outcome is still pointing to supportive cyclical conditions, the chart below plots the headline PMI reading versus the NZ GDP y/y. The sub indices moved off Dec highs, with new orders at 56.4, versus 59.9 prior. The employment index printed at 52.9 (versus 53.7 prior), but we are above 2025 lows.

\* BNZ noted, via BBG: "The January PMI provides further evidence that the economy has finally turned the corner. It is consistent with our forecasts and a breadth of indicators suggesting decent economic growth".

Fig 1: BusinessNZ Manufacturing PMI Versus NZ GDP Y/Y



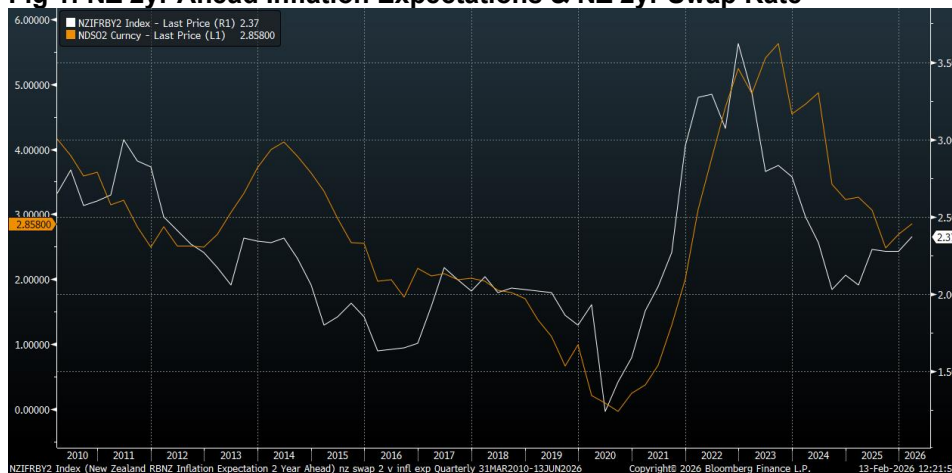
Source: Bloomberg Finance L.P./MNI

**NEW ZEALAND Inflation Expectations Edge Up But From Low Levels :**

New Zealand 2yr ahead inflation expectations rose to 2.37% (for the Q1 print) from 2.28% prior. This is highs back to Q1 2024 for the print, but the trend rise has been very modest over this period. The trough in 2yr ahead inflation expectations was near 2.0% in the second half of 2024, and we remain well off end 2022 highs of 3.62%. The chart below plots the 2yr ahead inflation expectations versus the NZ 2yr swap rate (which is the white line). 1yr ahead inflation expectations posted a firmer rise to 2.59% from 2.39%, but likewise remain well off end 2022 highs (just above 5.0%). The data point to an edging up in inflation expectations, but not a pace that is likely to alarm the RBNZ around the need to shift rates higher in the near term (the RBNZ meets next Wed, Feb 18).

\* The 5yr and 10yr inflation expectations edged a little higher to around 2.30%. The cash rate expectation was at 2.58% for 1yr ahead, versus 2.31% prior.

Fig 1: NZ 2yr Ahead Inflation Expectations & NZ 2yr Swap Rate



Source: Bloomberg Finance L.P./MNI

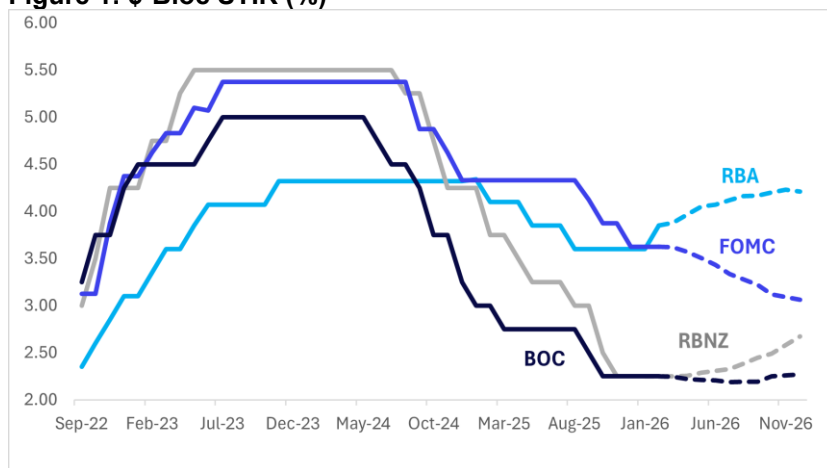
**SHORT-TERM RATES**

[STIR] \$-Bloc Pricing Little Changed Over Past Week:

Interest-rate expectations across the \$-bloc over the past week, looking out to December 2026, have been little changed.

- \* The key data release across the \$-bloc over the past week was Wednesday's release of Non-Farm Payrolls. Nonfarm payrolls growth was far stronger than expected in January at 130k (cons 65k) after negligible two-month revisions of -17k (mainly in Nov). Private payrolls saw a larger beat, both with the 172k (68k cons) in January but with also a two-month revision of +49k (fairly evenly split over Dec and Nov).
- \* The Household survey showed a stronger labor market than expected, with the unrounded unemployment rate of 4.283% not just below the consensus of 4.4% and 4.375% prior, but also the lowest since July.
- \* Today sees the release of January CPI data.
- \* The next major regional policy event is the RBNZ meetings on 18 February. No tightening is priced for February, while December 2026 assigns 43bps.
- \* Looking ahead to December 2026, current market-implied policy rates expected are as follows: US (FOMC): 3.07%, -56bps; Canada (BOC): 2.27%, +2bps; Australia (RBA): 4.12%, +27bps; and New Zealand (RBNZ): 2.67%, +42bps.

Figure 1: \$-Bloc STIR (%)



Source: Bloomberg Finance LP / MNI

**CHINA**

**CHINA: CPI Misses With LNY Distortions**

- CPI YoY in January rose just 0.2%, missing the consensus forecast of 0.4% and down from 0.8% in December. The MoM edged up 0.2%, matching the December pace but falling short of the 0.3% forecasts. Core CPI slowed to 0.8% YoY, down from 1.2% driven by base effects and food prices.
- PPI remained negative, reflecting continued pressure on industrial profitability. Down 1.4% YoY, it was an improvement over December's 1.9% decline. However this is the 40th consecutive month of declines, reflecting weak domestic demand and overcapacity in manufacturing.
- Calls for monetary policy intervention remain with the PBOC pledging in its latest quarterly report to employ "flexible and efficient" cuts to interest rates and RRR to maintain an accommodative financial environment emphasizing a deepening coordination with fiscal policy to lower financing costs and boost domestic demand, according to Shanghai Securities News. Undoubtedly expectations will grow ahead of the National People's Congress in March.
- China bond futures are up modestly, the 10-Yr up +.06 at 108.53 and the 2-Yr flat at 102.47. The 2-Yr NDIRS has broken below major moving averages and could test the December lows.
- CGB 10-Yr is modestly lower in yield at 1.80% following liquidity injections this morning during the OMO.
- Look for further liquidity support ahead of the LNY and the 10-Yr to test below 1.80% .

CNY 2-Yr NDIRS vs 20, 50, 100 and 200-day EMA

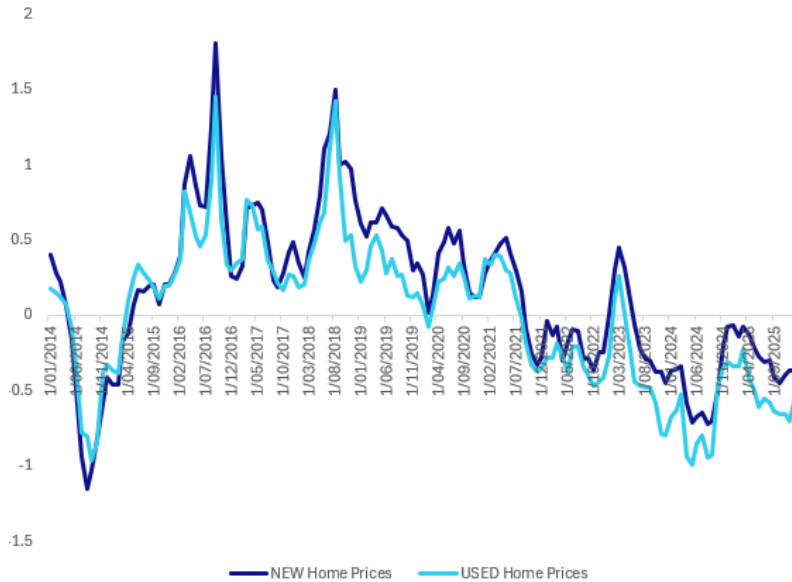


source: Bloomberg Finance LP / MNI

### CHINA No Let Up in Property Declines :

- \* January property price data showed no let up in the fall of new and used prices, marking almost 3-years of declines.
- \* New home prices declined -0.37% MoM in January, with Shanghai flat and Beijing down -0.30%.
- \* New homes have now declined -3.3% YoY, accelerating from the December release of -3.05%
- \* Used home prices declined -0.54% in January, less than December but down -6.2% YoY, from -6.07 in Dec.
- \* Whilst overall sentiment remains weak, some major cities saw a jump in sales of used properties. In Shenzhen, transactions reached a 10-month high in January, suggesting that lower prices are finally starting to tempt some buyers back into the market.
- \* Reports surfaced this week suggest the Shenzhen government is considering a rescue package to prevent a default by China Vanke. According to stories in Reuters and Macao News which report that local authorities are drafting a package worth approximately 80 billion yuan (\$11.58 billion) The preliminary plan reportedly includes a CNY20bn share placement to inject immediate liquidity into the developer. This move follows specific central government guidance aimed at preventing further defaults among state-backed developers as the property sector remains under severe strain.
- \* Investors look ahead to the upcoming party meeting in March for the next steps in policy to support the economy.

China New + Used Property Prices MoM

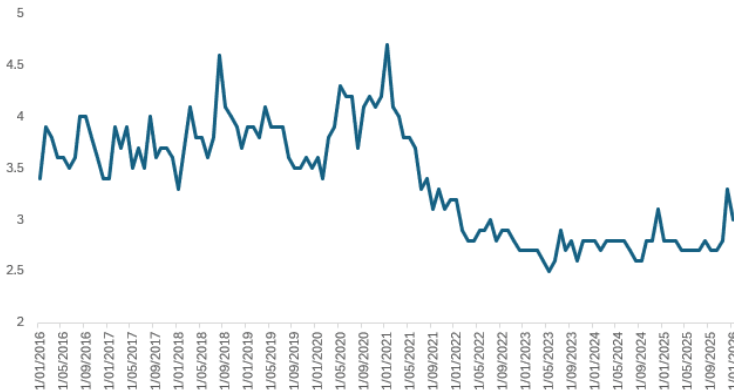


**SOUTH KOREA**

**SOUTH KOREA: Unemployment Drops, Details Show Mixed Picture**

- South Korea's unemployment rate fell to 3.0% in January, down from 3.3% in December. While the rate itself improved, the overall labor market showed signs of slowing, posting its weakest job growth in 13 months.
- The number of unemployed persons stood at 1.21 million, an 11.8% increase compared to the previous year with the youth unemployment rate rising to 6.8%.
- New applicants for job-seeking benefits rose by 8.0% year-on-year to 201,000 in January, primarily driven by the health, welfare, and business service sectors.
- The economy added only 108,000 jobs year-on-year, the smallest gain since December 2024, led by health and social welfare services (+185,000) and transportation/storage (+71,000), whilst manufacturing sector shed 23,000 jobs, its 19th consecutive month of decline, whilst construction fell for the 21st straight month, losing 20,000 jobs.
- The headline result is enough to support a further hold from the BOK but look for a policy response from the government to boost employment in the first half of the year.

South Korea Unemployment Rate SA



source: Bloomberg Finance LP / MNI

**SOUTH KOREA Yields Track Global Leads, 3Yr Yields to Remain Elevated :**

\* As JGB futures open strong again Friday, SK bond futures have followed the lead higher and have gained for four days straight.

\* Earlier this week we noted momentum for yields on the upside was firm but value demand might emerge in a risk off scenario or directional change in JGBs. See here post from the start of the week

<https://www.mnimarkets.com/articles/near-term-bias-for-higher-as-valuations-looking-attractive-177060777752>

\* 10-Yr bond futures are up +.37 at the open as equity sentiment appears heavy for the day ahead.

\* SK government officials have commented on SK bond yields (specifically 3-Yr) in recent day suggesting its is 'just market forces'.

\* From a Feb 9 high of 3.27% the KTB 3-Yr yield has declined -14bps in recent days currently near 3.13%

\* Yields in the 1-3 year maturities have been impacted by vast issuance by the government in the first 6 weeks of the year. The turn lower is driven by correlations to JGBs which are rallying given the easing of fiscal concerns.

\* The issuance in the front seems set to continue, putting a floor under yields. We see cause of 3% as a natural floor in the 3-Yr thanks to global leads, but ultimately yields to stay elevated due to government bond issuance.

**ASIA**

**SINGAPORE: 2026 GDP Forecast Upgrade Adds To MAS Tightening Risks**

The final Q4 GDP print for Singapore saw y/y upward revisions to 6.9% (initial estimate was 5.7%, while the market forecast was 6.5%). In q/q terms we printed 2.1%, against an initial 1.9% outcome, but this was below the 2.6% market consensus. Full year growth was 5.0%, after a 4.4% outcome for 2024. The authorities have raised the 2026 growth forecast to 2-4% from 1-3%. Today's outcomes will likely add, at the margin, to market tightening expectations for the MAS in H1 2026.

- The consensus expectation is for growth to be 2.7% in 2026. The past decade has seen annual growth average just over 3.3%.
- The detail for the Q4 print showed very strong conditions in manufacturing, 18.8%y/y, while all sub-industry categories saw positive y/y growth. In q/q terms, retail and transport saw modest falls (after gains in Q3). Manufacturing rose 8.4% in q/q terms, while finance gained 5.4%.
- For USD/SGD (currently near 1.2660), broader downside risks prevail, with moves towards the 20-day EMA capping the upside for now (around 1.2735/40), see the chart below. Downside focus will be on retest under 1.2600, which marked late Jan lows. Broader risk trends look more stable, albeit with a slightly softer start in Tuesday trade.
- The SGD NEER is around -0.38% from the top end of the band, per Goldman Sachs estimates. Given MAS tightening risks, dips are likely to remain supported for this index.

Fig 1: USD/SGD Versus Key EMAs



Source: Bloomberg Finance L.P./MNI

**MALAYSIA GDP Beat Gives Ringgit a Boost:**

- \* As the Malaysian growth outlook goes from strength to strength, so to does the Ringgit.
- \* Against expectations of 4Q expansion of +5.7%, the Malaysian economy grew +6.3% in the 4Q according to today's release. Against a government target for 2026 of 4 - 4.5% the 4Q result could see upward revisions coming.
- \* Growth was broad-based across major sectors: Manufacturing grew by 6.1% (up from 4.1% in 3Q), driven by electrical and electronic (E&E) products and food processing. Construction maintained double-digit growth at 11.0%, supported by non-residential and specialized construction activities. Services expanded by 6.3%, led by wholesale and retail trade, as well as tourism and agriculture saw a marked improvement to 5.4% due to higher oil palm production.
- \* Despite moving higher earlier in the day, USDMYR has moved lower post the release by -.0035 to be near 3.8980 / 3.9025 and daily gains for the Ringgit of +.09% and near 8 year lows for the cross.
- \* The last time USDMYR was sub 3.90 was back in 2018 when GDP expanded +4.7% for the year.

**ASIA EQUITY FLOWS:**

**[ASIA STOCKS] SK, Taiwan Inflows Surged Ahead Of LNY, Thailand +\$1bn Last 5 days:**

We saw nearly \$4bn in combined net inflows into South Korean and Taiwan markets on Thursday, per BBG tracking of exchange data, see the table below. Taiwan remains the standout with just over \$6bn in net inflows over the past 5 trading days, while South Korea continues to claw back recent outflow pressures. The tech equity backdrop faltered in US markets overnight, amid AI concerns and its impact on the software outlook. Still, tech

equities outside of the US have outperformed so far this year. The Kospi is holding up in aggregate so far today, up around 0.80%, holding above 5560. Per the NBUY function on BBG, we have seen \$354mn in net outflows from local stocks though. Note that South Korean markets are closed for the first 3 days of next week, Taiwan markets are out all of next week.

- \* Elsewhere, India's positive inflow momentum persists, although this was only up to date as of Wednesday. Flow momentum may have struggled given headline equity indices have rolled over since.
- \* Indonesian outflows persist, albeit away from recent extremes, but struggling for any positive momentum even as the JCI index has stabilized.
- \* Thailand continues to enjoy strong positive inflow momentum, with the local SET index tracking towards 1450, fresh highs since late 2024.

**Table 1: Asian Markets Net Equity Flows**

	Yesterday	Past 5 Trading Days	2026 To Date
South Korea (USDmn)	2014	813	-4031
Taiwan (USDmn)	1837	6035	4976
India (USDmn)*	344	1031	-1394
Indonesia (USDmn)*	-31	-88	-773
Thailand (USDmn)	340	1153	1532
Malaysia (USDmn)	26	175	405
Philippines (USDmn)	-2	40	279
<b>Total (USDmn)</b>	<b>4527</b>	<b>9159</b>	<b>992</b>

\* Data Up To Feb 11

Source: Bloomberg Finance L.P./MNI

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