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Asia Macro Strategy Mid-Year Outlook

Drawing the Current Account Line

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AXJ currencies could recover in 2H26 if oil upside risks are reduced, as exports continue to be supported by the industrial super-cycle. Risks for AXJ yields still skew to the upside given rising inflation, growth support from the capex cycle, and regional central banks moving toward rate hikes.

Key Takeaways

- We think the 2H26 outlook for AXJ FX and rates markets will be driven by the interplay between oil prices and the industrial super-cycle.
- A pricing out of oil upside risks allows AXJ FX/rates to rally initially, but oil prices staying elevated still impacts current/fiscal accounts and inflation.
- In FX, we see KRW, TWD, SGD, and MYR outperforming INR, IDR, and PHP based on their exposure to oil and the industrial cycle, as well as domestic fundamentals.
- In rates, we see CNY, SGD, and MYR rates outperforming, while PHP, INR, and KRW rates underperform based on inflation, growth, and policy dynamics.
- We suggest long SGD/INR, pay 5-year INR NDOIS, pay 5-year HKD versus USD IRS, and 1s5s THB NDTHOR steepener.

Asia Macro Strategy

AXJ | Industrial Tailwinds After Oil Fog Clears

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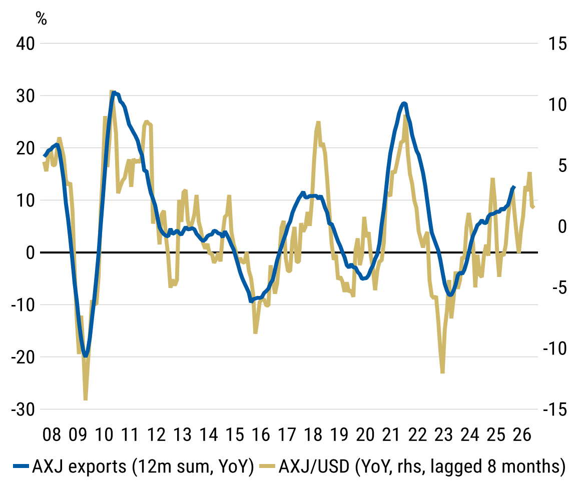
FX: Moderate recovery led by exporters

We project a moderate recovery in AXJ currencies in 2H26 amid DXY USD weakness, strong Asia exports supported by the industrial super-cycle, and an improving carry profile. The recovery should be led by KRW, SGD, MYR, and TWD, while currencies of current account deficit economies (INR, IDR, and PHP) may underperform.

Exhibit 1: We expect AXJ currencies to recover in 2H26 as oil prices ease

	12-May-26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27
USD/CNY	6.80	6.78	6.72	6.75	6.77	6.80	6.77	6.75
USD/HKD	7.83	7.81	7.79	7.77	7.81	7.80	7.79	7.78
USD/IDR	17529	17300	17150	17100	17200	17400	17111	16826
USD/INR	95.6	94.0	93.0	93.5	94.2	95.0	93.8	92.7
USD/KRW	1494	1450	1430	1420	1430	1440	1418	1397
USD/MYR	3.93	3.89	3.83	3.80	3.83	3.86	3.86	3.87
USD/PHP	61.5	60.3	59.8	59.6	60.0	60.5	60.0	59.4
USD/SGD	1.272	1.260	1.240	1.230	1.240	1.250	1.266	1.282
USD/THB	32.4	31.9	31.4	31.2	31.6	31.9	31.8	31.8
USD/TWD	31.5	31.2	30.7	30.5	30.8	31.0	30.7	30.4
DXY	98	97	95	96	98	99	99	99

Exhibit 2: The capex cycle should continue to underpin Asia export strength and FX recovery



We see AXJ FX and rates markets being driven by two key themes in 2H26: 1) the trajectory for oil prices; and 2) the industrial super-cycle.

The path for oil prices remains uncertain: Our oil strategists' base case is that oil exports via the Strait of Hormuz will resume from June, although oil prices may stay elevated at ~US$100-110/barrel through 3Q26 and ease only to US$90/barrel by year-end due to operational and logistical challenges.

This has two effects on AXJ currencies: First, the reopening of the Strait should allow AXJ currencies to rally as markets price out risks of severe disruptions to Asia economic activity from energy supply shortages. Second, oil prices staying elevated implies that there could still be an impact on economies' energy trade balances and hence current account balances.

In our view, currencies that: 1) are fundamentally more exposed to energy and food disruptions; 2) have underperformed recently since the start of the Middle East tensions; and 3) historically do well when US real yields and inflation breakevens decline alongside strong equities, may outperform initially.

Exhibit 3: PHP and IDR have underperformed lately

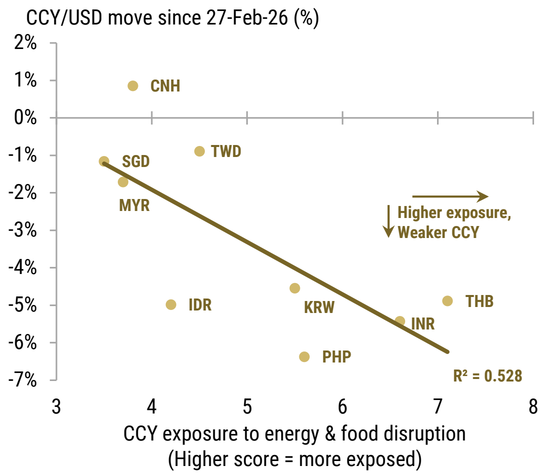
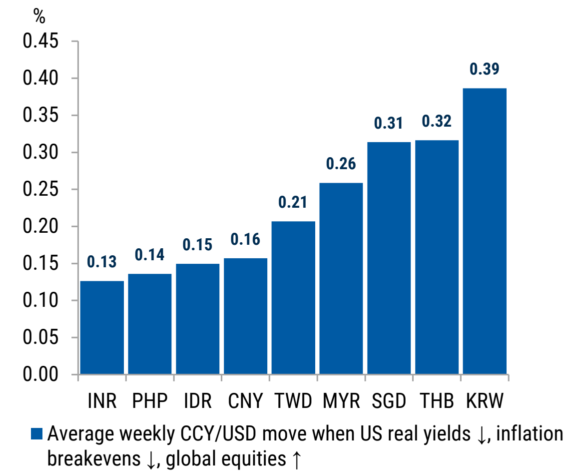


Exhibit 4: KRW, THB, and SGD outperformed when risk appetite was strong and US real yields & inflation breakevens fell



Based on these metrics, KRW and THB could benefit the most from an easing in oil price concerns, while CNH may appreciate to a lesser extent (Exhibit 3 and Exhibit 4). INR and PHP could also outperform initially on a relief rally given their recent underperformance and high exposure to energy disruptions, but the current account dynamics are less supportive of sustained gains.

Current account dynamics: Our economists see India's current account deficit widening the most among AXJ economies this year, moving from the latest print of -0.4% of GDP (as of 4Q25) to -1.5% of GDP by year-end (Exhibit 5). The Philippines' current account deficit is currently the largest in Asia and also faces meaningful widening pressure.

Exhibit 5: AXJ current account balances may weaken, led by India and Thailand

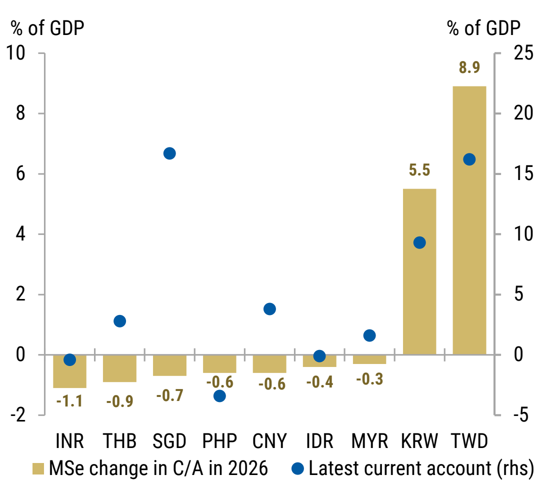


Exhibit 6: TWD, SGD, MYR, KRW, and THB see tailwinds from the industrial cycle

	AI-enabling products exports (% of GDP)	Energy transition-related products exports (% of GDP)	Overall goods exports (% of GDP)
INR	0.4%	0.3%	11.5%
IDR	0.4%	0.3%	19.3%
CNY	3.4%	0.7%	19.5%
PHP	7.1%	0.4%	17.7%
THB	9.6%	2.9%	58.7%
KRW	10.3%	0.9%	37.8%
MYR	30.3%	2.6%	79.4%
SGD	36.2%	1.3%	93.7%
TWD	38.8%	1.0%	73.1%

Industrial cycle helps to cushion the drag on current account: The current account dynamics is an interplay between higher energy prices and the industrial super-cycle that can gain momentum once geopolitical tensions ease.

Indeed, our economists expect the current account surpluses of Korea and Taiwan to grow even amid persistently elevated oil prices as they benefit the most from the upswing in the capex cycle along with China (see Asia Economics Mid-Year Outlook: The industrial super-cycle is outweighing the energy shock, May 12, 2026).

Besides KRW, TWD, and CNH, MYR and SGD could also benefit from the industrial cycle based on the size of their exports of AI-enabling products, energy-transition-related products, arms, and overall exports relative to GDP (Exhibit 6), which capture the themes underpinning the capex cycle. Meanwhile, INR, IDR, and PHP see less tailwinds from this theme.

Combining the two themes, KRW, TWD, MYR, and SGD could outperform in 2H26, in our view, assuming that oil prices gradually ease. CNH should also benefit from the industrial cycle via exports, but gains may be more moderate given its low beta, elevated CFETS levels and still-soft domestic demand.

INR, IDR, and PHP could also see a relief rally if/when the Strait of Hormuz reopens, but they may underperform on a relative basis over time given limited tailwinds from the industrial cycle and widening current account deficits.

Exhibit 7: Historically, hiking taxes on gold imports had limited impact on changing the USD/INR trend

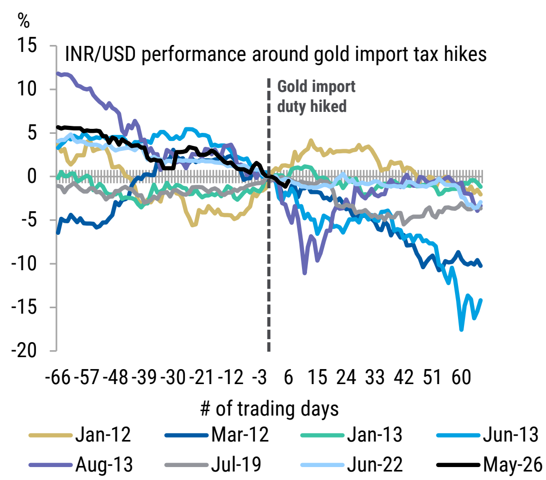
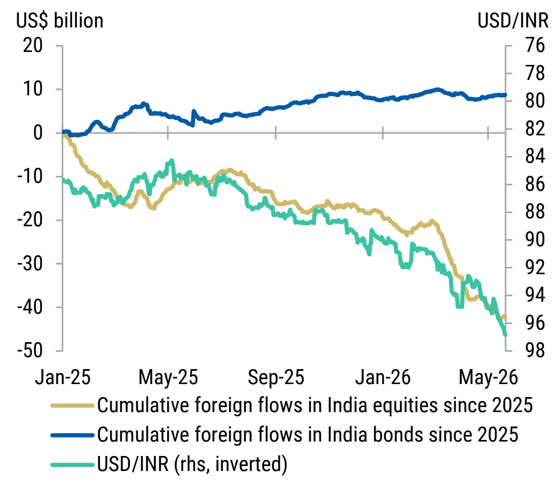


Exhibit 8: INR has depreciated despite local bonds seeing inflows from foreign investors



In line with this, we stay long SGD/INR: The India authorities have been coming up with measures to support INR, e.g., by increasing import taxes on gold and silver, limiting duty-free gold imports, and considering a reduction in taxes on foreigners' bond investments.

Based on historical experience and recent flow dynamics, though, the measures announced so far may not be sufficient to help INR appreciate in a sustained manner (Exhibit 7 and Exhibit 8). In 2H26, INR also faces pressure from a seasonally wider trade deficit and rising inflation.

Some of the potential measures that are reportedly under discussion could be effective in easing INR depreciation if implemented, in particular raising USD through a deposit scheme for non-resident Indians.

The intensity of the measure matters, though. In December 2024, the interest rate ceiling on Foreign Currency Non-Resident Account (FCNR(B)) deposits was raised, but it had a limited impact on INR. This was unlike in 2013, when the availability of swap windows for banks to swap USDs from FCNR(B) deposits into INR at a concession rate helped to stabilise INR, along with USD weakness.

Given the lack of details and limited clarity on whether/when these measures could potentially be rolled out, we stay long SGD/INR for now while being attentive to any potential new policy announcements.

Rates: Continued upside risk for yields

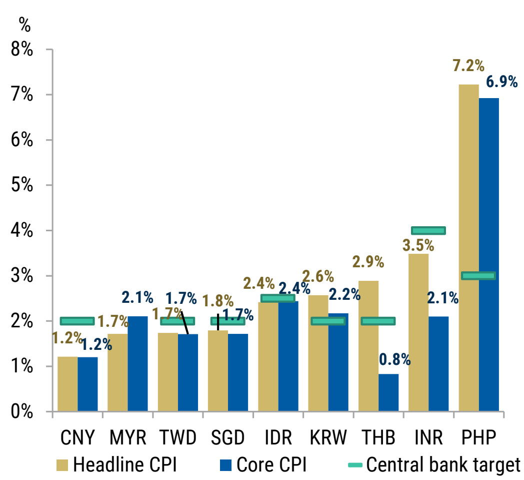
We see AXJ yields continuing to rise in 2H26 against a backdrop of higher inflation, a growth recovery supported by the capex cycle, risks of wider fiscal deficit from higher energy prices, and regional central banks moving towards rate hikes.

Oil trajectory also has a two-stage effect on AXJ rates: Similar to FX, AXJ rates could see a relief rally should the Strait of Hormuz re-open as the risk of substantially higher oil prices are priced out. However, with oil prices staying elevated, it could still put upward pressure on bond yields over time, either via higher inflation or via risks of larger fiscal deficits if fiscal subsidies are used to mitigate the oil pass-through to CPI.

Korea, Philippines, and India yields face more upside pressure from inflation: Currently, Korea and the Philippines are the only economies in Asia which see headline and core inflation above their central bank targets (Exhibit 9).

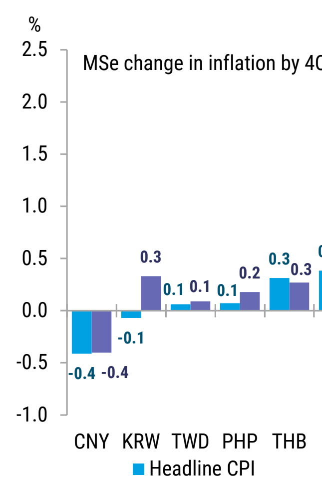
By year-end, though, India and Singapore could join this group based on our economists' projections, with inflation in these two economies likely rising the most by year-end (albeit with India's partly due to base effects) (Exhibit 10). Meanwhile, inflation in China may be more moderate.

Exhibit 9: Inflation in the Philippines and Korea are above their central bank targets



explicit inflation target.

Exhibit 10: Inflation in India and Singapore may face more upward pressure



At the same time, the industrial cycle should help to support growth, particularly in export-oriented economies like Korea and Taiwan. Korea and Singapore screen as economies which see more growth support from the industrial cycle and higher inflation pressures, suggesting that there could be more scope for monetary policy tightening expectations to build in these markets.

Our economists see most central banks in the region delivering rate hikes over 2026-27, with most scope for hikes in the Philippines, Korea, India, and Indonesia (Exhibit 11). The exceptions to this hiking trend are China and Thailand.

Historically, yields peak only after the hiking starts: Markets are already pricing in more rate hikes than our economists anticipate and have room to come down should the Strait of Hormuz re-open. However, expectations of hikes may rebuild as the industrial cycle gains momentum and oil prices stays elevated. Historical experience suggests that yields typically peak only after the start of the hiking cycle (Exhibit 12).

Therefore, we believe that the broader trend is still towards higher AXJ yields in 2H26, led by the Philippines, Korea, and India, given higher inflationary pressures and local central banks reacting to the inflation pressures. Korea's underperformance is supported as well by strong growth.

Meanwhile, China, Singapore, and Malaysia rates could outperform relatively: China rates should remain range-bound amid low inflation and a lack of fresh monetary/fiscal stimulus. Singapore rates can be supported by market expectations of monetary policy tightening with inflation rising and reduced growth downside risks if the Strait of Hormuz reopens. Meanwhile, a shallow rate hike cycle in Malaysia can help limit the upside for local yields.

Exhibit 11: Market pricing of monetary policy is more hawkish than we expect

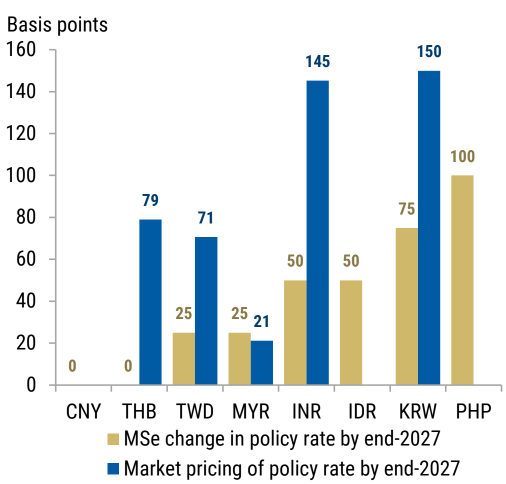


Exhibit 12: Yields historically peak only after the rate hikes start

	Hiking cycle start	Peak in yields 1y1y / 2y	Peak in yields 10y	Hiking cycle end
China	03-Feb-17	10-May-17	23-Nov-17	22-Mar-18
India	19-Mar-10	4-May-11	14-Nov-11	25-Oct-11
	19-Sep-13	19-Aug-13	19-Aug-13	15-Jan-14
	6-Jun-18	4-Oct-18	11-Sep-18	1-Aug-18
	4-May-22	16-Jun-22	16-Jun-22	8-Feb-23
Indonesia	14-May-18	6-Sep-18	16-Oct-18	12-Nov-18
	22-Aug-22	30-Apr-24	26-Oct-22	22-Apr-24
Korea	9-Jul-10	7-Feb-11	3-Jul-08	10-Jun-11
	30-Nov-17	30-Jan-18	15-May-18	30-Nov-18
	26-Aug-21	26-Sep-22	21-Oct-22	13-Jan-23
Thailand	14-Jul-10	26-Jul-11	14-Jul-11	15-Aug-11
	19-Dec-18	8-Oct-18	9-Oct-18	19-Dec-18
	10-Aug-22	16-Jun-22	20-Oct-23	27-Sep-23
Malaysia	4-Mar-10	9-Feb-11	17-Jan-11	5-May-11
	10-Jul-14	29-Sep-15	28-Jan-14	10-Jul-14
	25-Jan-18	10-May-18	30-May-18	25-Jan-18
	11-May-22	9-May-22	09-May-22	3-May-23
Philippines	31-Jul-14	21-Dec-15	4-Mar-14	11-Sep-14
	10-May-18	22-Oct-18	22-Oct-18	15-Nov-18
	19-May-22	3-Nov-23	10-Nov-22	26-Oct-23

We continue to suggest paying 5-year INR NDOIS on dips given the continued normalisation in inflation over the coming months towards the RBI's 4% target, with risks skewed to the upside given elevated oil prices and forecasts of a weaker monsoon season.

Our economists also see potential fiscal slippage of ~0.3-0.5% of GDP from the 4.3% fiscal deficit target for FY27. INR depreciation pressure may also bias yields to the upside, either from risks of tighter liquidity or from raising the probability of earlier rate hikes.

We also maintain 1s5s THB NDTHOR steepener given the BoT has signalled that it will keep policy rate on hold for as long as possible and there are signs of more proactive fiscal policy with the extra THB 400 billion borrowing plan.

Our excess term premia model, which estimates the fair value of the curve based on the policy rate gap, inflation volatility, and US term premia, also suggests that the 1s5s curve still has room to steepen (Exhibit 13). We extend the target to 80bp and tighten the stop to 40bp.

In addition, we suggest paying 5-year HKD versus USD IRS with a target of -35bp and a stop of -90bp. HKD liquidity conditions may tighten over the coming months as the dividend season for Hong Kong-listed companies begins in June (Exhibit 14) and liquidity seasonally tightens into year-end.

This may allow the strong HKD bond issuance trend to start having more impact on the rates market. The improving Hong Kong property market could also help loan growth to continue picking up. We choose the 5-year point to improve the carry profile.

Exhibit 13: The 1s5s THB curve is still flatter than suggested by our excess term premia model

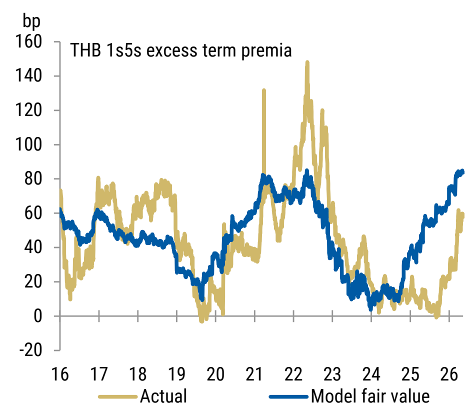
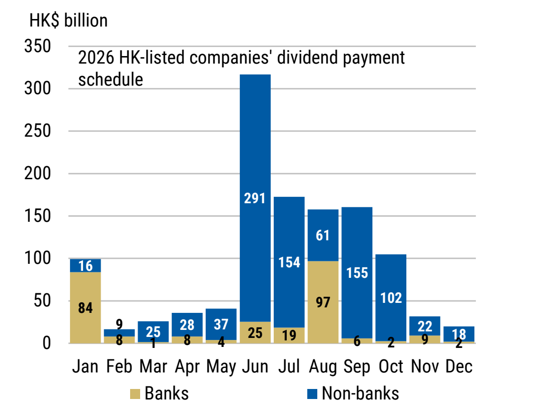


Exhibit 14: Hong Kong companies' dividend season starting in June could help tighten HKD liquidity



are estimates.

- **Trade idea: Maintain long SGD/INR at 75.22 with a target of 77.50 and a trailing stop of 72.00**
- **Trade idea: Maintain pay 5-year INR NDOIS limit order at 6.30% with a target of 6.90% and a stop of 6.00%**
- **Trade idea: Maintain 1s5s THB NDTHOR steepener at 71bp with a target of 80bp and a trailing stop of 40bp**
- **Trade idea: Maintain pay 5-year HKD versus USD IRS at -72bp with a target of -35bp and a stop of -90bp**

Views by Market

China

We see USD/CNH heading lower towards ~6.70 in 2H26 as USD weakens and China's trade balance remains strong with exports supported by the industrial cycle. The RMB gains may be moderate though as exporters' FX conversion ratios are already at the top end of the range in recent years, the CFETS basket is at elevated levels and is positively correlated with USD, which we expect to weaken, and the PBOC is unlikely to deploy currency appreciation to address structural growth imbalances given still-soft domestic demand.

We see China rates outperforming its peers by staying largely range-bound. Upside pressure on yields may be constrained by still-soft domestic demand, keeping China's inflation pressures relatively lower (Exhibit 10) and suggesting limited prospects of rate hikes. At the same time, strong export growth may limit the downside for yields. There is also a lack of impulse from policy, as our economists do not expect further monetary or fiscal easing for the rest of the year.

Exhibit 15: China exporters' FX conversion ratio is at the top end of the range seen in recent years (~70%)

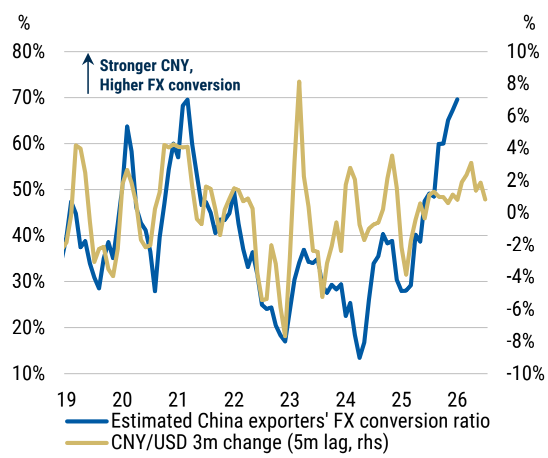


Exhibit 16: Inflationary pressures are not broad-based

China inflation (YoY, %)	Apr-26	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25
Headline CPI	**1.2**	**1**	**1.3**	**0.2**	**0.8**	**0.7**
Core CPI	**1.2**	**1.1**	**1.8**	**0.8**	**1.2**	**1.2**
Food, tobacco, liquor & dining out	-0.8	0.4	1.4	-0.2	0.8	0.3
Clothing	1.5	1.6	1.9	1.9	1.7	1.9
Household articles & services	1.4	1.5	2.8	2.6	2.2	2.1
Healthcare & personal articles	2.2	1.9	1.9	1.7	1.8	1.6
Transport & communication	4.6	0.9	-0.7	-3.4	-2.6	-2.3
Recreation, education & culture articles	1.3	1.1	2	0	0.9	0.8
Residence	-0.2	-0.2	-0.2	-0.1	-0.2	0

India

INR may continue to face downside pressure in 2H26: INR could see a relief rally in the event that the Strait of Hormuz reopens, but after that the risks may be tilted to the downside for the currency. India's current account deficit still faces widening pressure from oil prices staying elevated and unfavourable seasonality in 2H26. Capital flows may remain soft, and inflation should rise over the coming months, weighing on nominal FX valuations. INR also sees less tailwinds from the industrial super-cycle.

We are, however, attentive to potential policy measures to support INR. Any measures that can help to attract equity inflows on a more sustained basis, or the introduction of an attractive FCNR deposit scheme could have the potential to alter the outlook for the currency.

In line with this, we continue to see upside risks for India yields: While any potential easing in oil prices could help India rates to rally in the first instance, it could provide an opportunity to pay. Our economists project both headline and core inflation to rise to the upper band of the RBI's target range by year-end, and see risks of a ~0.3-0.5% of GDP slippage from the FY27 budgeted fiscal deficit target of 4.3%. INR remaining weak could also increase risks of an earlier/bigger rate hike and keep liquidity risks tilted to the tighter side.

Exhibit 17: FDI inflows have been weak and portfolio inflows have turned into outflows

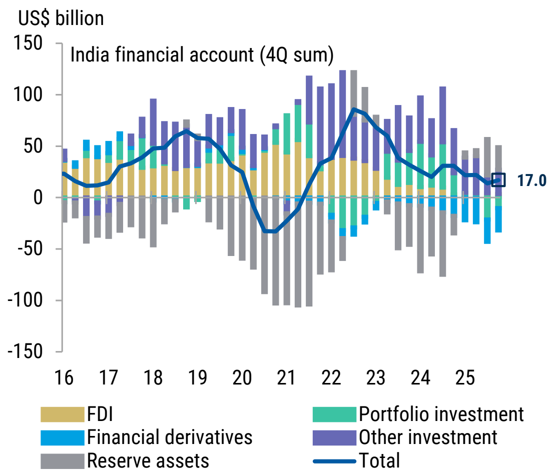
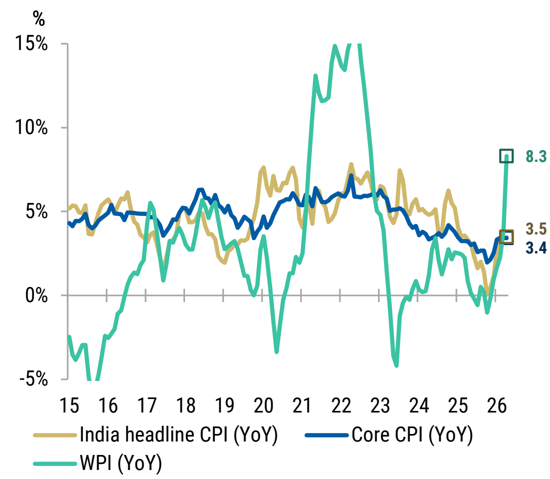


Exhibit 18: Inflation should rise over the coming months



Indonesia

IDR could recover in 2H26 with USD weakness, but may gain less than peers as the current account deficit widens moderately and it sees fewer tailwinds from the industrial super-cycle. Portfolio flows have also been weak and may remain so until there is an improvement in the macro outlook, e.g., from a pickup in the pace of policy reform. BI's FX stabilisation efforts could, however, help to smooth the downside for the currency.

IndoGB yields may see modest upside: Yields may face upside pressure from: 1) the potential for more rate hikes as BI focuses more on promoting currency stability; 2) investor concerns about fiscal pressures if oil prices stay elevated; and 3) a moderate rise in inflation. That said, the official sector has been conducting bond buybacks and long-end bond purchases to stabilise the bond market, and policymakers have repeatedly committed to the 3% of GDP fiscal deficit limit, which may help to limit the rise in yields.

Exhibit 19: Indonesia's portfolio flows have been weak

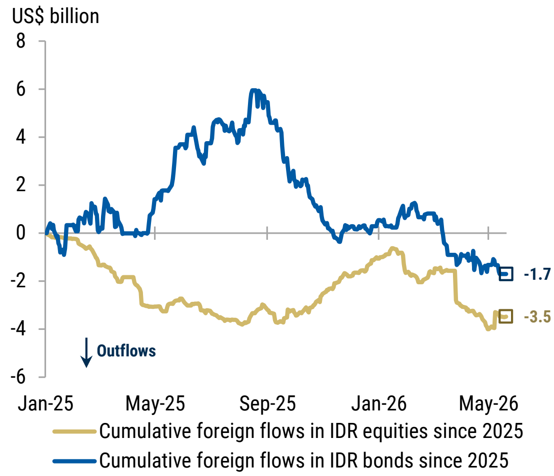
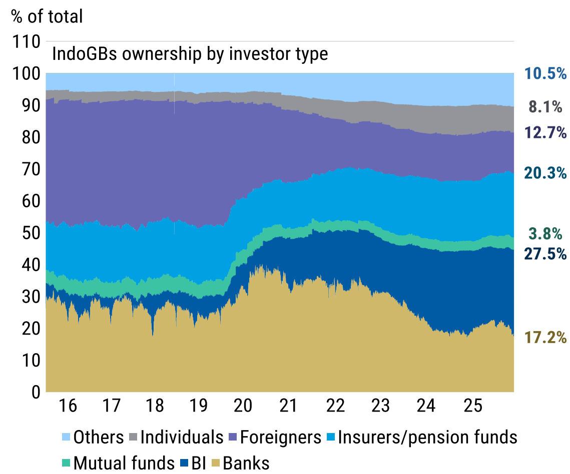


Exhibit 20: BI, mutual funds, and insurers/pension funds' bond ownership have increased



Korea

KRW has potential to outperform if/when the Strait of Hormuz re-opens given its high beta and cheap valuations. Domestic fundamentals are also supportive: 1) Korea's current account surplus is likely to continue expanding to a new high with tailwinds from the industrial cycle; 2) NPS's foreign investments may not weaken KRW to the same extent as before given its higher FX hedge ratio; 3) Outflows from Korea retail investors have eased; and 4) Our equity strategists see further upside for KOSPI.

We continue to see upside risks for Korea yields as inflation is already above the BoK target and may remain so into year-end. Growth is also supported by the industrial cycle, and the fiscal policy stance leans expansionary, with potential for a second supplementary budget in 2H26. While markets are already pricing in ~150bp of BoK rate hikes by end-2027, more than our economists' expectation of 75bp, yields in the past peaked only after rate hikes started.

Exhibit 21: Equities are the key source of capital outflows from Korea

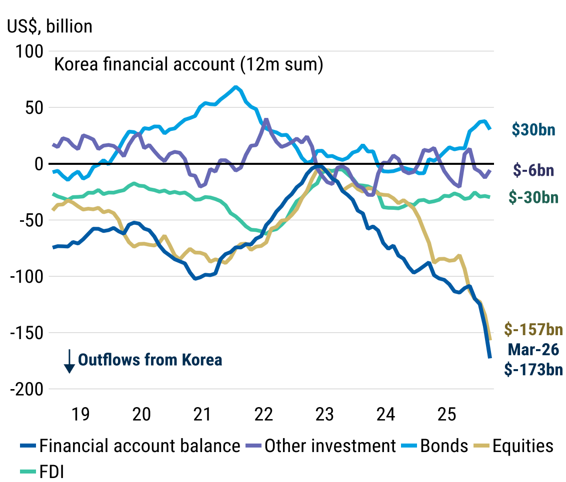


Exhibit 22: Rate hike pricing historically peaks after the start of the hiking cycle

Taiwan

TWD could outperform as it is one of the main beneficiaries of the industrial super-cycle. The bulk of lifers' reduction in FX hedge ratios, which could put upward pressure on USD/TWD, may be behind us given that their hedge ratios have fallen meaningfully to 45% as of March 2026 (Exhibit 23).

From here, foreign equity investors' flows may become more important for the currency. Our constructive outlook for the AI theme bodes well for foreign inflows into Taiwan equities and hence TWD. Furthermore, the CBC's recent focus on imported inflation also provides scope for TWD appreciation. Carry for TWD is also positive, which is relatively attractive in the Asia context.

Exhibit 23: Taiwan exporters' FX conversion ratio has picked up slightly since April 2025

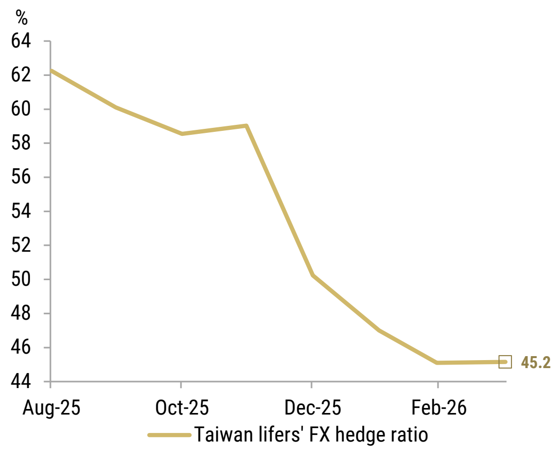
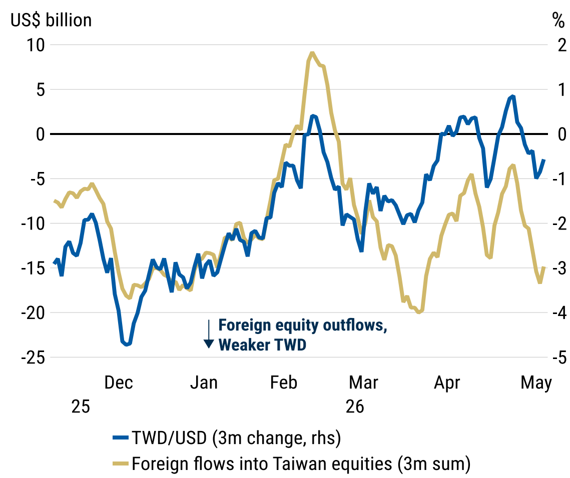


Exhibit 24: TWD is positively correlated with foreign investor flows in Taiwan equities



Singapore

Constructive on SGD: In our base case of a gradual easing in oil prices after a reopening of the Strait of Hormuz, SGD could gain from rising market expectations of monetary policy tightening against a backdrop of rising inflation, strong export growth, and reduced growth downside risks. In the risk scenario of a permanent risk premium for oil prices, SGD could also outperform relatively given its safe-haven characteristic. We estimate the MAS's current policy setting points to S$NEER appreciating 1% per annum.

Singapore rates could outperform relatively as SGD FX outperforms and domestic liquidity conditions remain easy. Despite the upside risks to inflation, MAS net bill issuance has been largely flat since November 2025, which helps to keep Singapore yields low. Our US rates strategists' expectation of lower US yields later in the year should also be conducive for SGD rates to rally.

Exhibit 25: We estimate S$NEER is close to but not yet at the top end of the MAS policy band

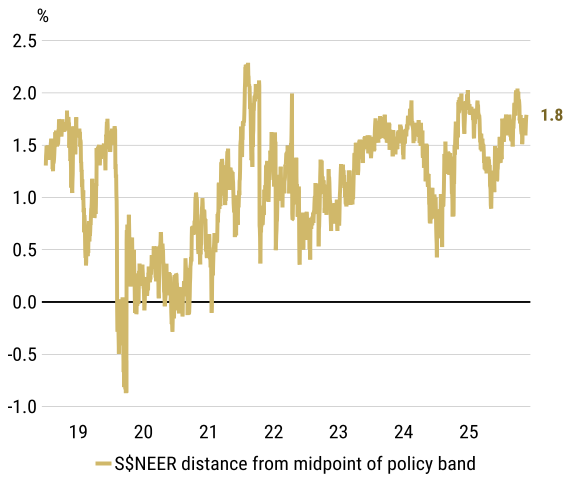
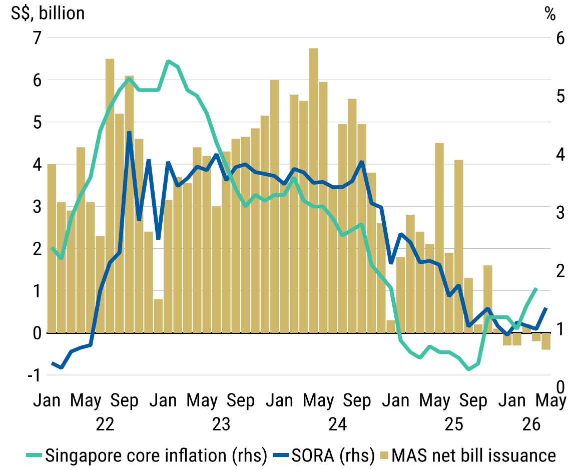


Exhibit 26: MAS net bill issuance has been low despite rising inflation



Hong Kong

We see USD/HKD heading lower in 2H26 alongside yield differentials: HKD liquidity may tighten in the coming months as dividend payments from Hong Kong-listed companies ramp up from June and liquidity seasonally tightens into year-end. This may allow the trend of strong HKD-denominated bond issuance seen to start having more impact on liquidity and the rates market. The improving Hong Kong property market could also help loan growth to continue picking up.

Exhibit 27: Dividend payments by Hong Kong-listed companies start picking up from June

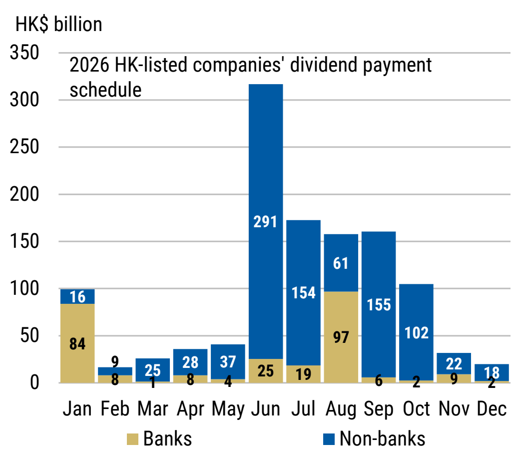
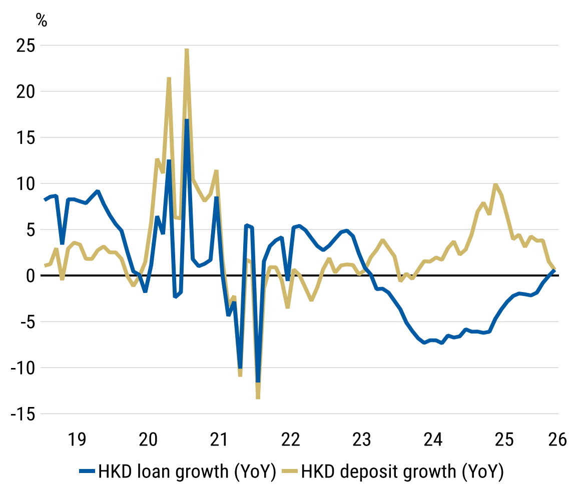


Exhibit 28: HKD loan growth has been gradually improving



are estimates.

Thailand

We see scope for THB to appreciate if/when the Strait of Hormuz re-opens as it has underperformed recently with its exposure to high energy prices and has a high beta to USD weakness. In this scenario, THB could also benefit from a recovery in gold prices as US yields head lower. Domestically, the growth outlook has also improved with coordinated monetary and fiscal policy accommodation.

We continue to see upside for Thai yields in the belly and long-end of the curve as inflation is likely to continue rising, there are signs of fiscal policy turning more proactive, and the BoT has signalled keeping rates on hold for as long as possible in the current environment where inflation is driven higher due to supply-side factors. This should help the curve to steepen, supported as well by valuations, as suggested by our excess term premia model.

Exhibit 29: THB could benefit more from an easing in oil prices via its beta to USD and gold

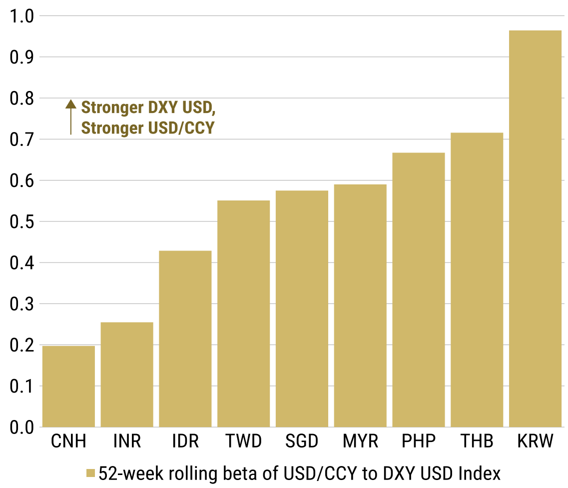
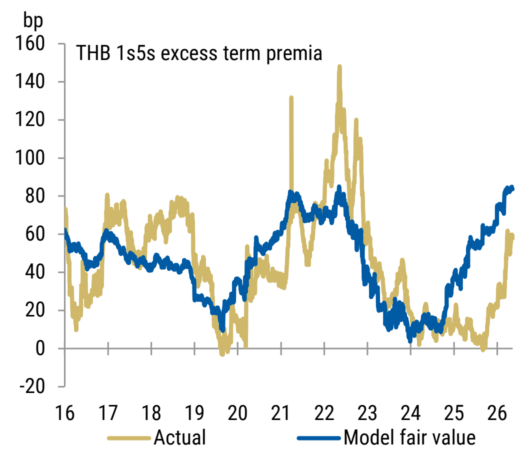


Exhibit 30: Our excess term premia model suggests that the curve still has room to steepen



Malaysia

We see MYR continuing to be one of the outperformers in the region as it screens as one of the main beneficiaries from the industrial cycle, with high exposure to both exports of AI-enabling products and energy-transition-related products. Malaysia has been gaining market share in global exports, and capital inflows have also been healthy, with FDI inflows staying robust and portfolio flows improving.

We see Malaysia rates outperforming in the region as well: On the one hand, yields may be supported by robust growth, rising inflation, and BNM potentially being the next central bank in the region to start tightening policy in 3Q26. However, our economists expect the hiking cycle to be shallow with just one hike to 3.00%. In the past decade, the highest policy rate seen was 3.25%. This modest hiking cycle may limit the extent to which yields can rise.

Exhibit 31: FDI and portfolio flows have been supportive for MYR

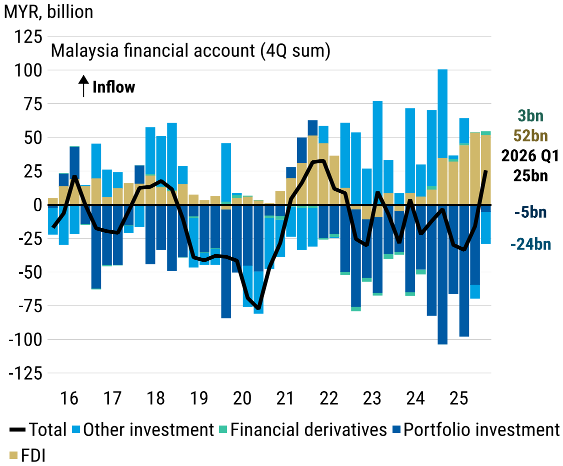
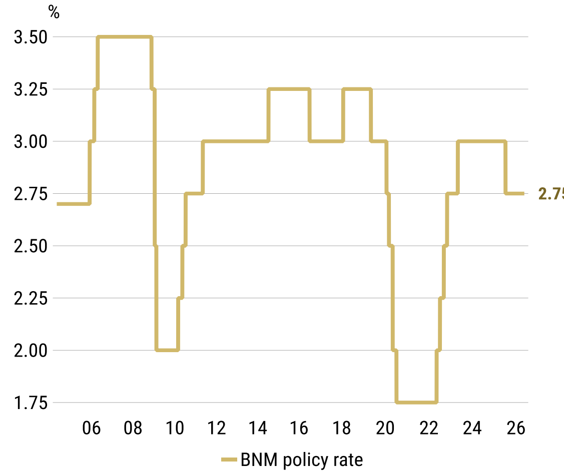


Exhibit 32: Relatively shallow hiking cycle for BNM



The Philippines

PHP may underperform within Asia as its current account deficit is the largest in the region and faces widening pressure, while its carry is the lowest among the current account deficit currencies. The Philippines economy is one of the most exposed to high energy prices and is already facing stagflationary risks with GDP growth at 2.8%Y in 1Q26, while April inflation is at 7.2%Y. Growth in remittances has also been slowing.

RPGBs may remain under pressure as inflation stays high, with the pass-through of oil to domestic gasoline prices being the highest in Asia. Our economists project another 100bp of rate hikes from the BSP, the most within the region, with scope for more/faster tightening. As the current account deficit widens, higher yields may be needed to attract more foreign funding.

Exhibit 33: PHP has limited yield cushion

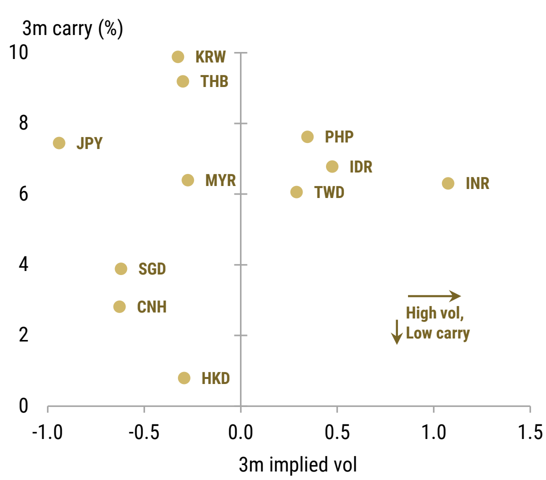
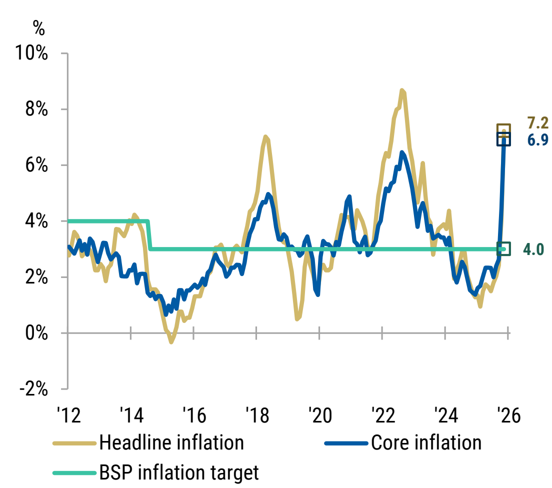


Exhibit 34: Inflation has risen sharply



Valuation Methodology and Risks

Below you will find a list of our current trade ideas, entry levels, entry dates, rationales, and risks.

Exhibit 35: Valuation methodology and risks

Trade	Date	Entry Level	Target	Stop	Rationale	Risks
Pay 5-year HKD vs USD IRS	15-May-26	-77	-35	-90	We expect HKD liquidity to tighten over the coming months as the dividend season for HK-listed companies begins in June and liquidity seasonally tightens into year-end. This may allow the strong HKD bond issuance trend to start having more impact on the rates market. The improving Hong Kong property market could also help loan growth to continue picking up. We choose the 5-year point to improve the carry profile.	HKD liquidity remains ample.
1s5s THB NDTHOR steepener	25-Feb-26	33	80	40	We like positioning for steepeners in Thailand. Front-end rates should be anchored by monetary policy staying on hold, as inflation was low heading into the oil price rally and the BoT has said it will keep rates on hold for as long as possible to support growth. Oil-driven inflation should thus drive yields in the belly and long-end of the curve higher. Prospects of more active fiscal policy could also help the curve to steepen.	A lack of monetary and fiscal easing to support growth.
Pay 5-year INR NDOIS (limit order)	16-Jan-26	6.30	6.90	6.00	We see room for India yields to rise as higher oil prices puts further upward pressure on inflation, which was already normalising ahead of the oil move, and may also increase risks of a larger fiscal deficit. Forecasts for a weaker monsoon season may also present upside risks to inflation. FX smoothing operations by the central bank could tighten liquidity. Our economists also see risks of slippage from teh FY27 fiscal deficit target.	Significantly lower oil prices.
Long SGD/INR	27-Mar-26	73.5	77.5	72.0	SGD could outperform relatively if oil prices continue rising given its safe-haven characteristics. In a de-escalation scenario, SGD could also gain from USD weakness and monetary policy tightening expectations. Meanwhile, INR is more exposed to energy and food disruptions. While INR may see a relief rally in a de-escalation scenario, the sustainability could be challenged by rising inflation and a lack of meaningful foreign equity inflows.	Significantly lower oil prices.

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