



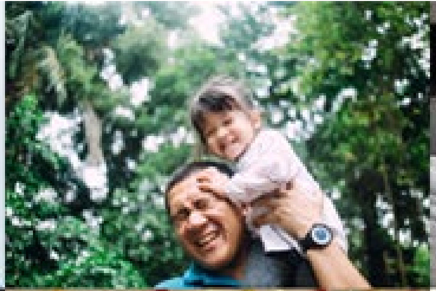


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Live more,
Bank less

Macro Insights Livestream – August 2026

Economic imperative and policy measures

Taimur Baig, PhD, Chief Economist
Mo Ji, PhD, Chief China Economist
Radhika Rao, Senior Economist

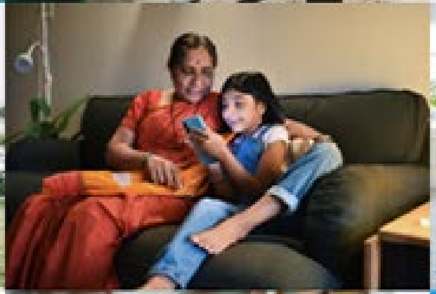






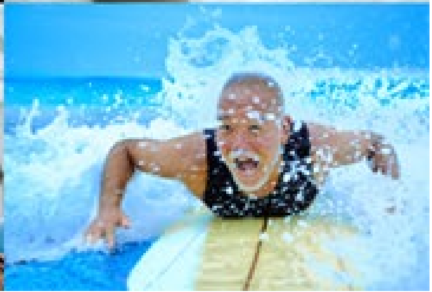










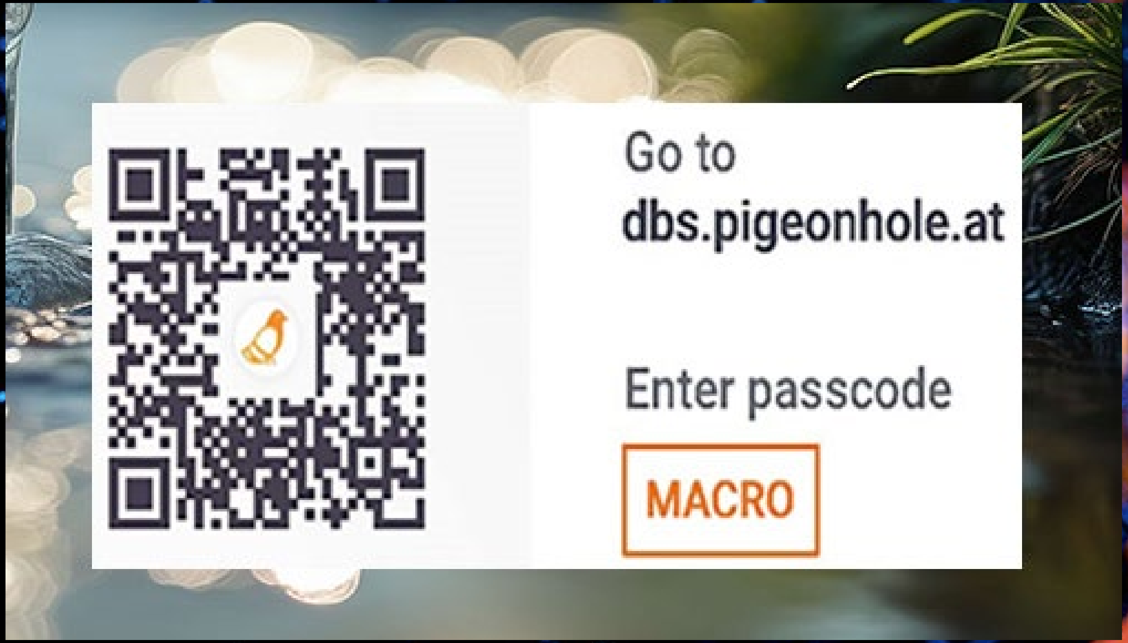
Outline

- **Japan's macro dynamic and yen**
  Taimur Baig

- **China K-shape economy**
  Mo Ji

- **Regional overview, India & Indonesia weather geopolitics**
  Radhika Rao

Your questions



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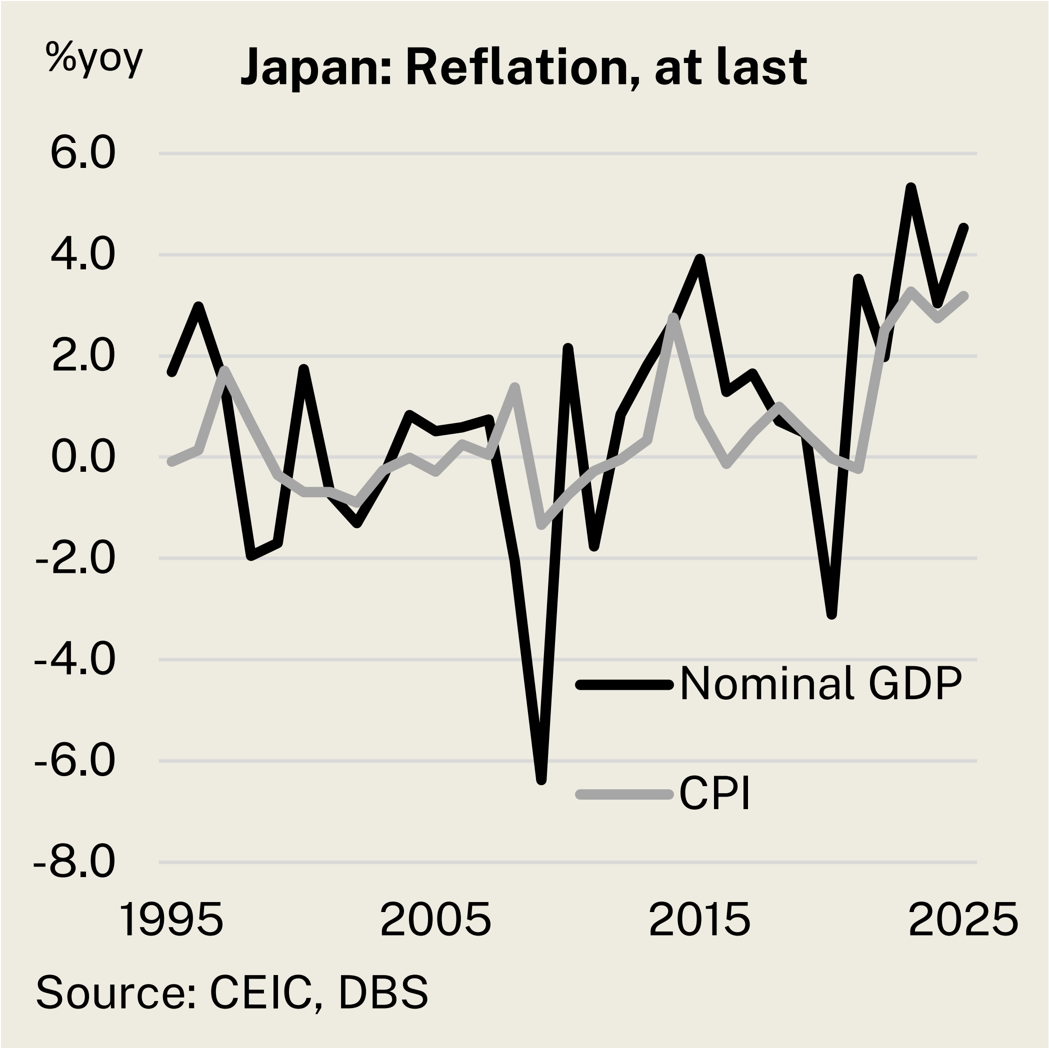
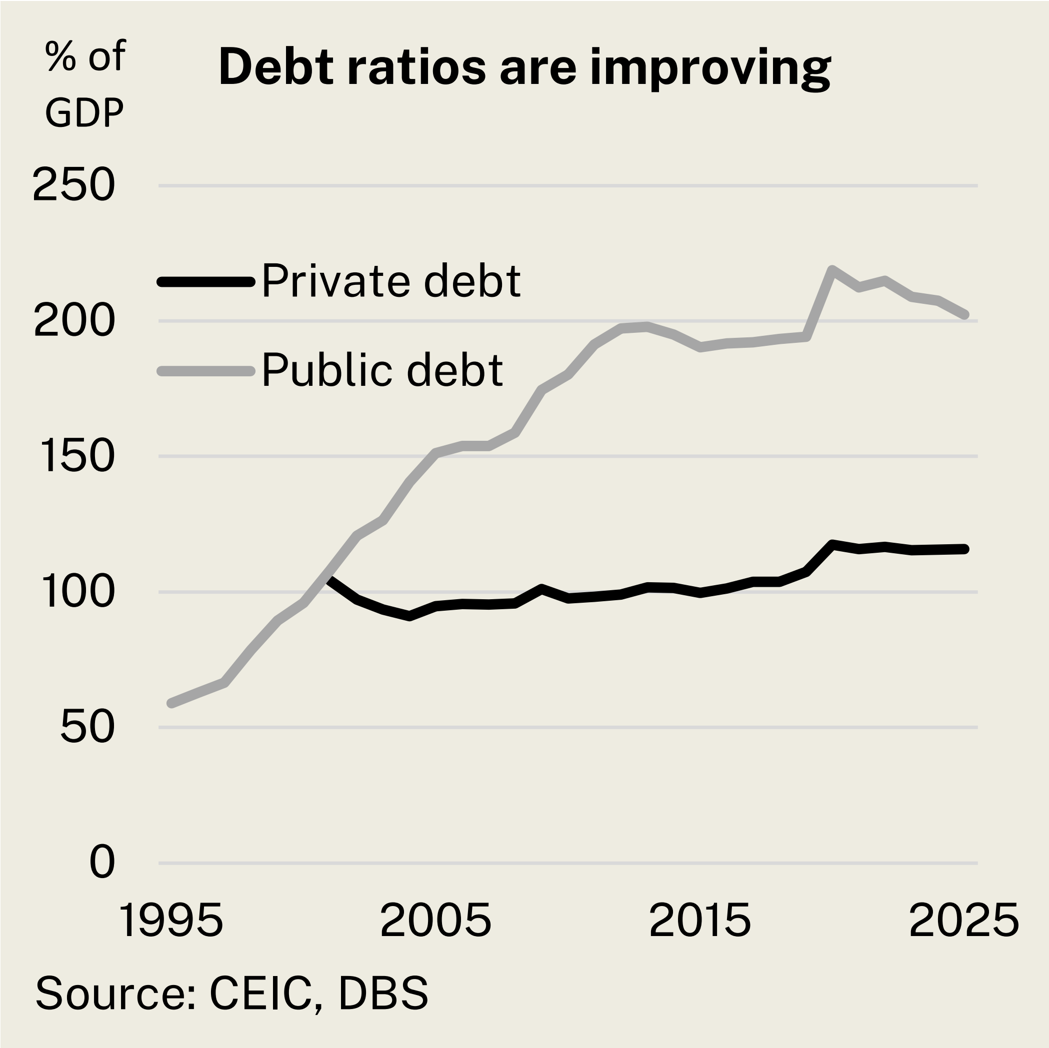
Japan: Trade


USD bn
Exports to China is the most dynamic
200
150
100
50
+17%
+1%
+8%
2015-26
2025-26
China
EU
US
Source: CEIC, DBS

Japan: Price developments



Japan: Debt developments



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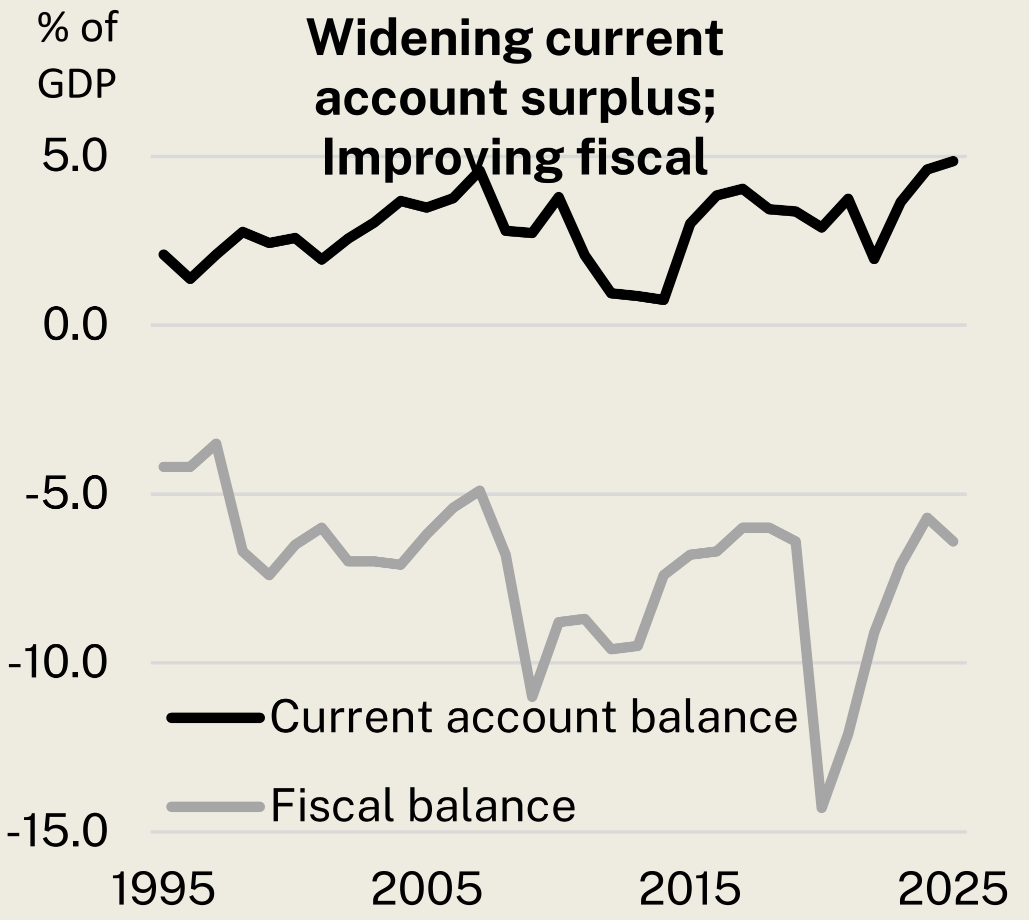
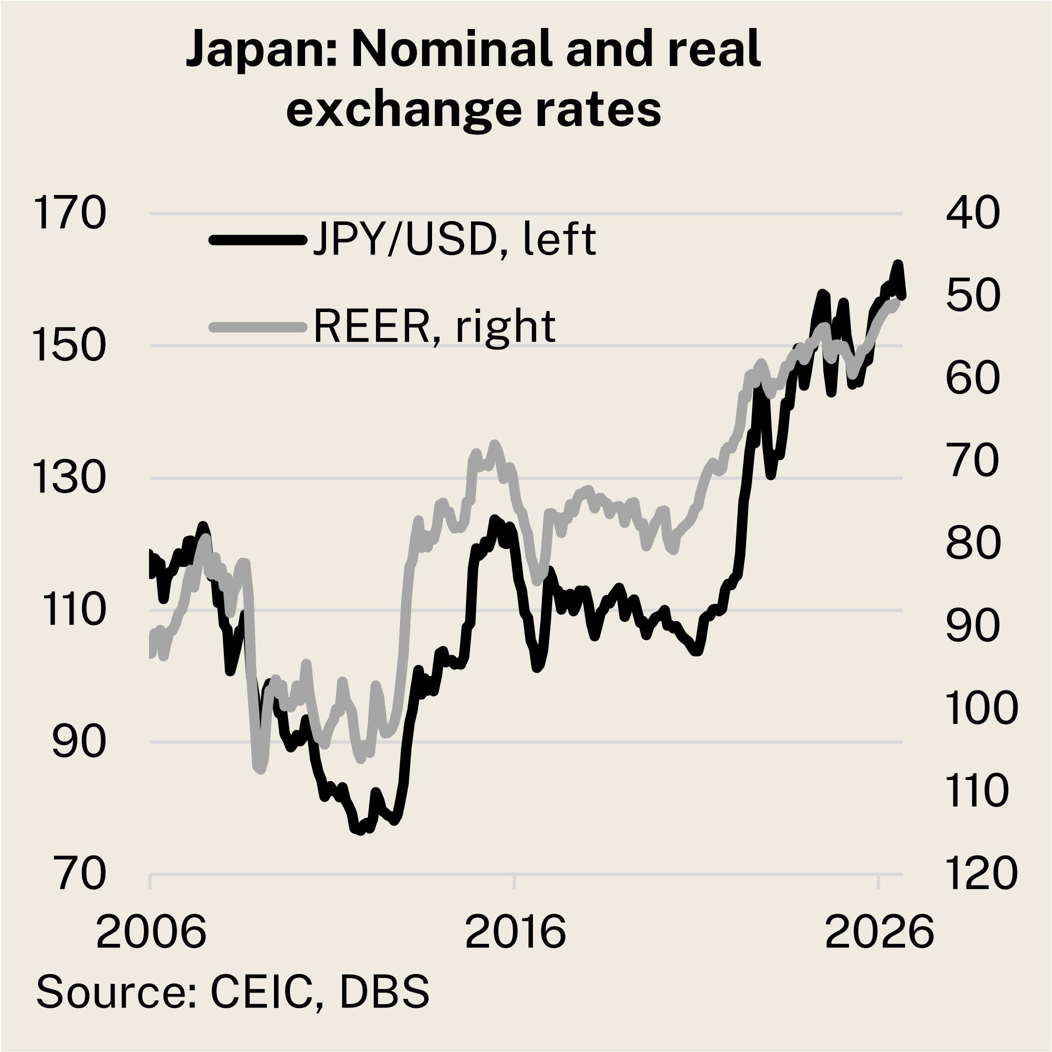
Japan: One surplus and one deficit

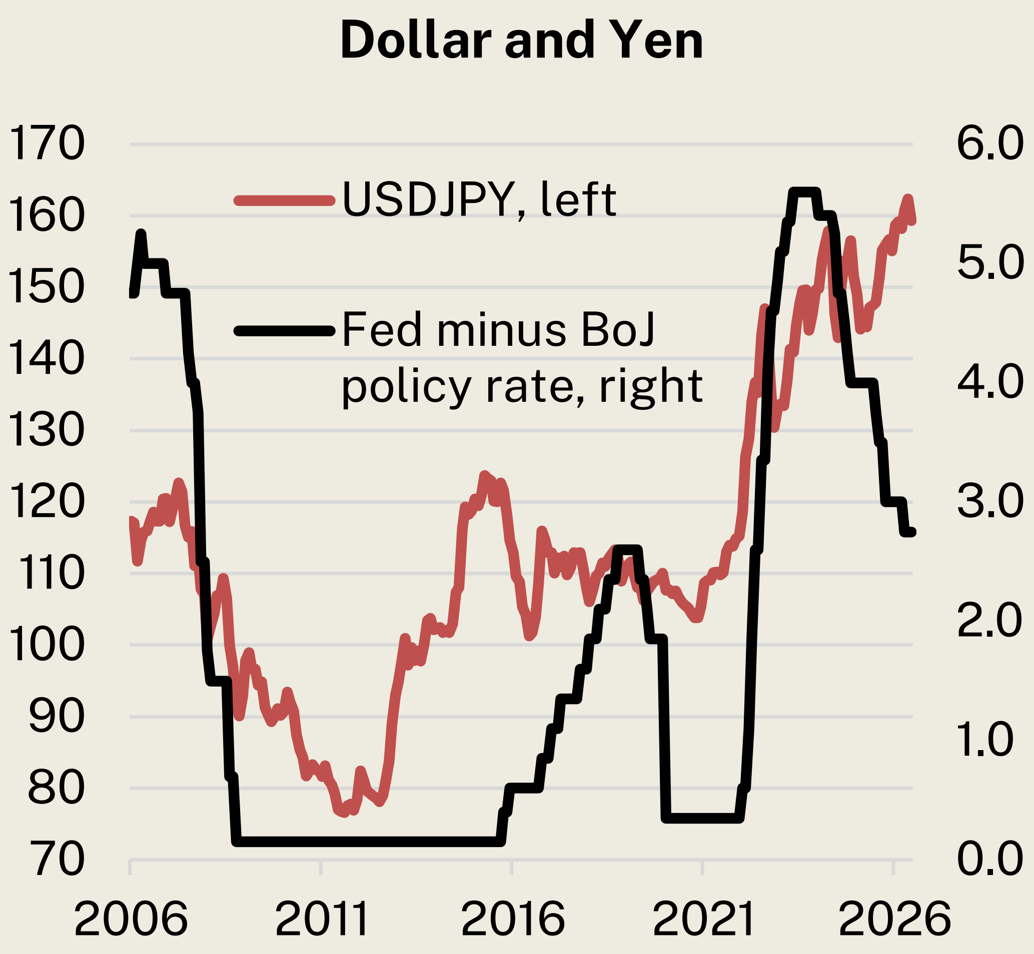


Source: CEIC, DBS

Japan: Yen considerations



Japan: Rates dynamic



Source: Bloomberg, CEIC, DBS

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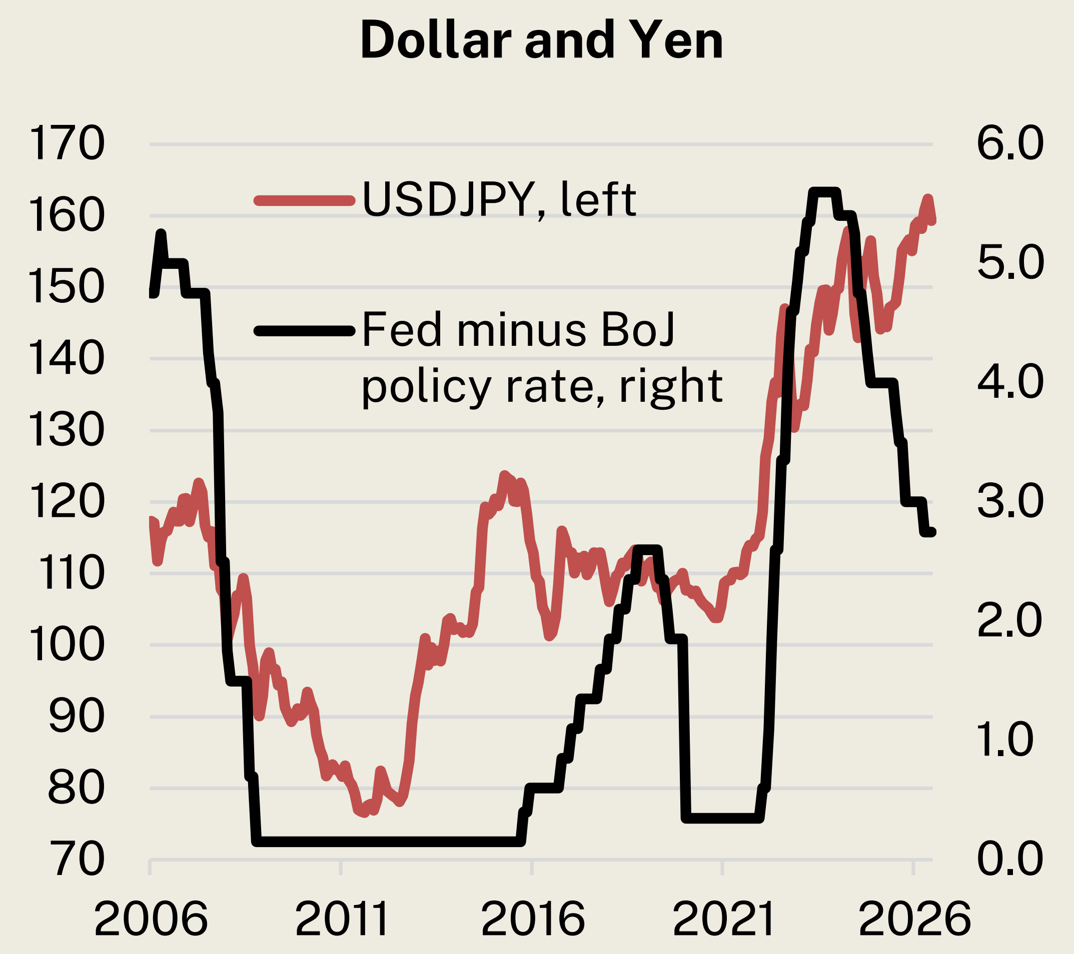
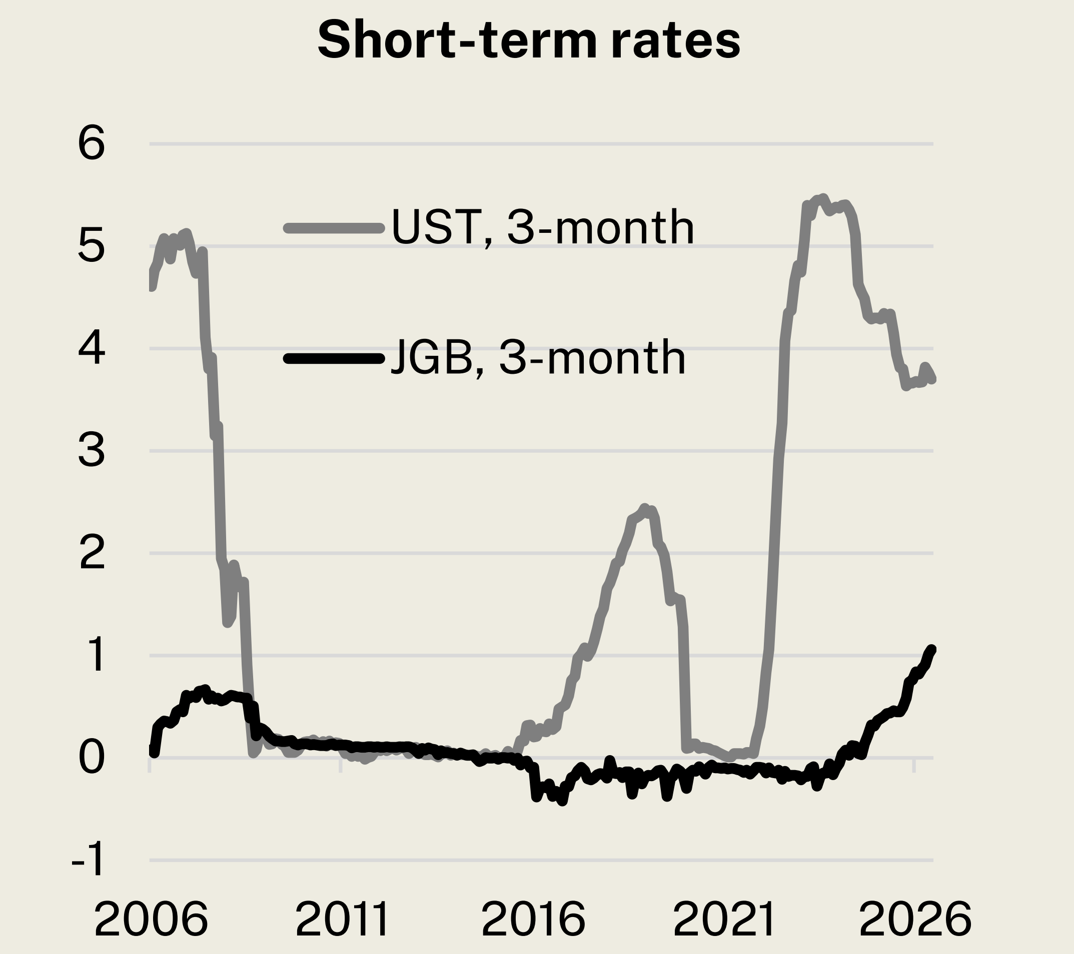
Japan: Rates dynamic

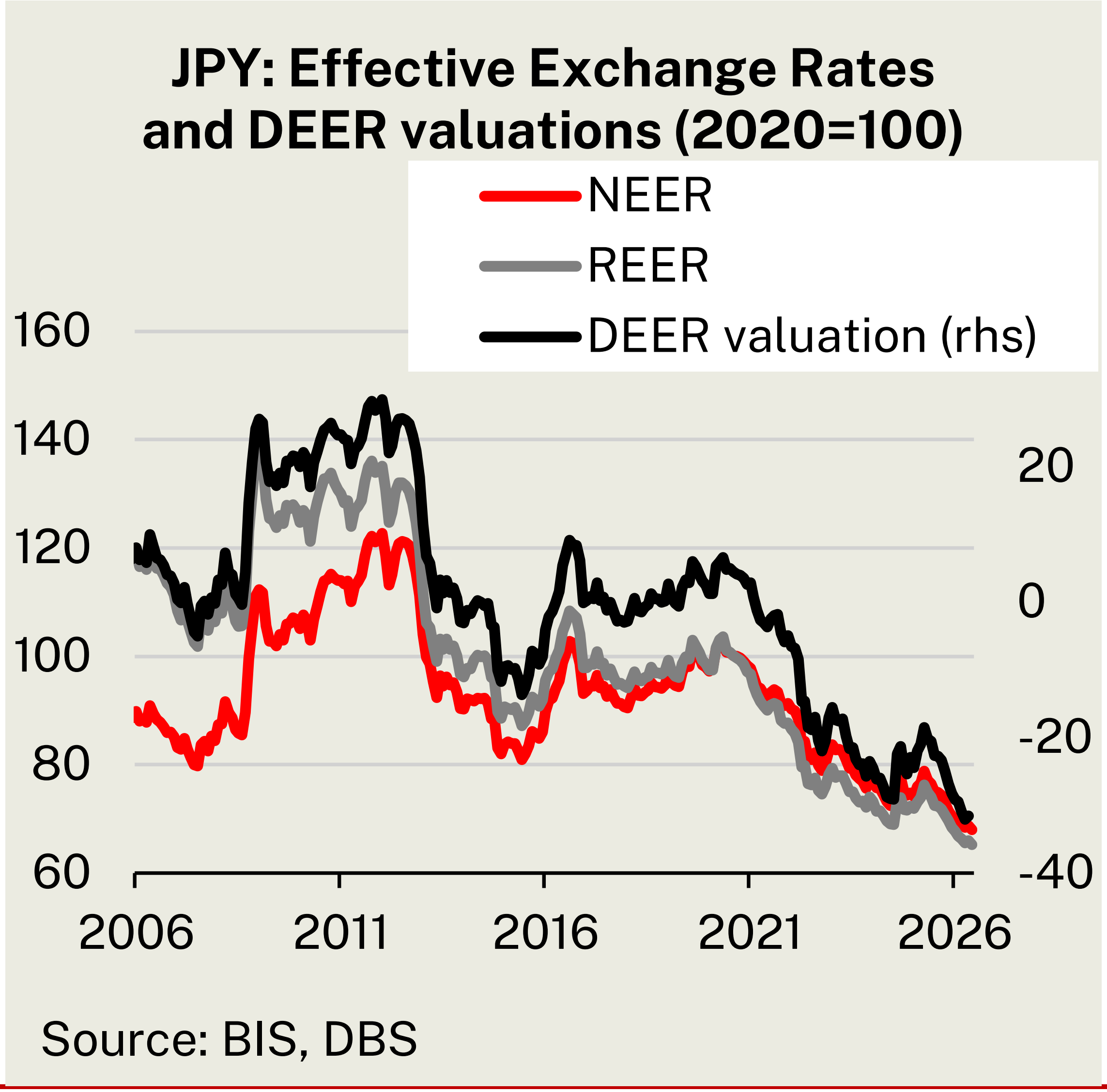


Source: Bloomberg, CEIC, DBS

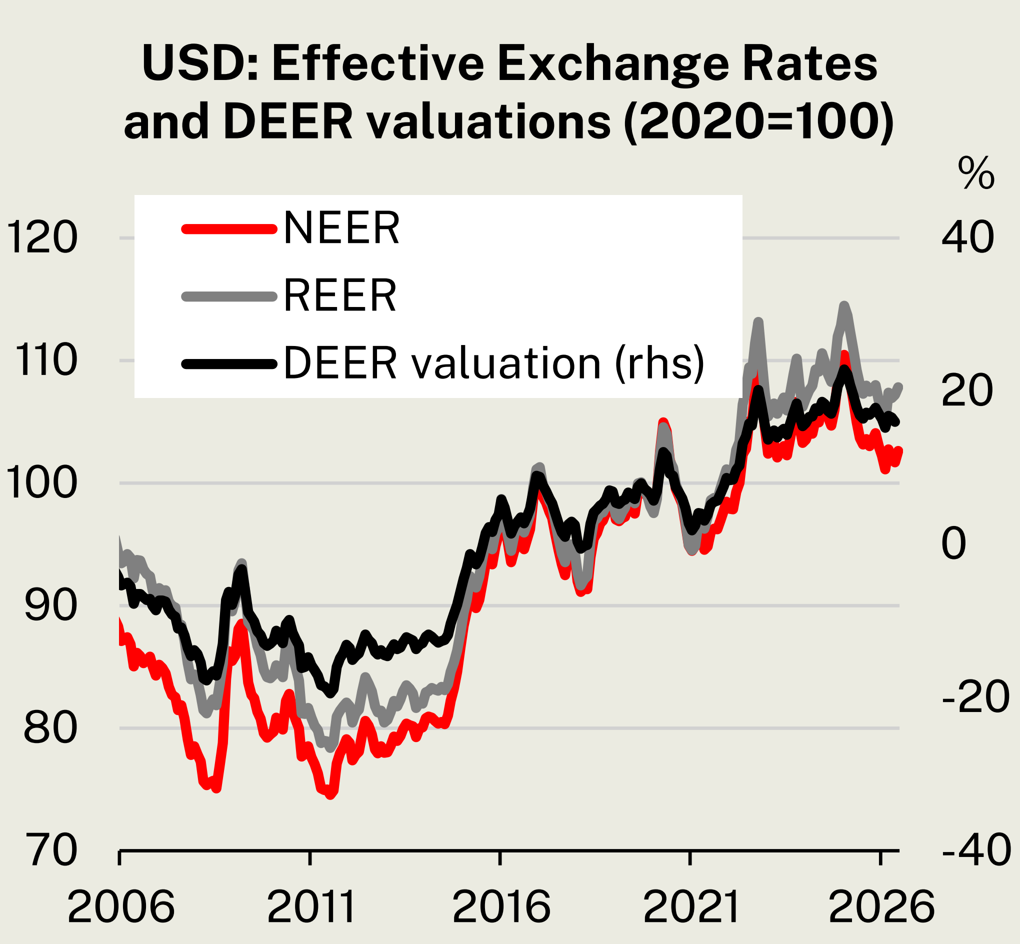


Source: Bloomberg, CEIC, DBS

Japan: Yen valuation

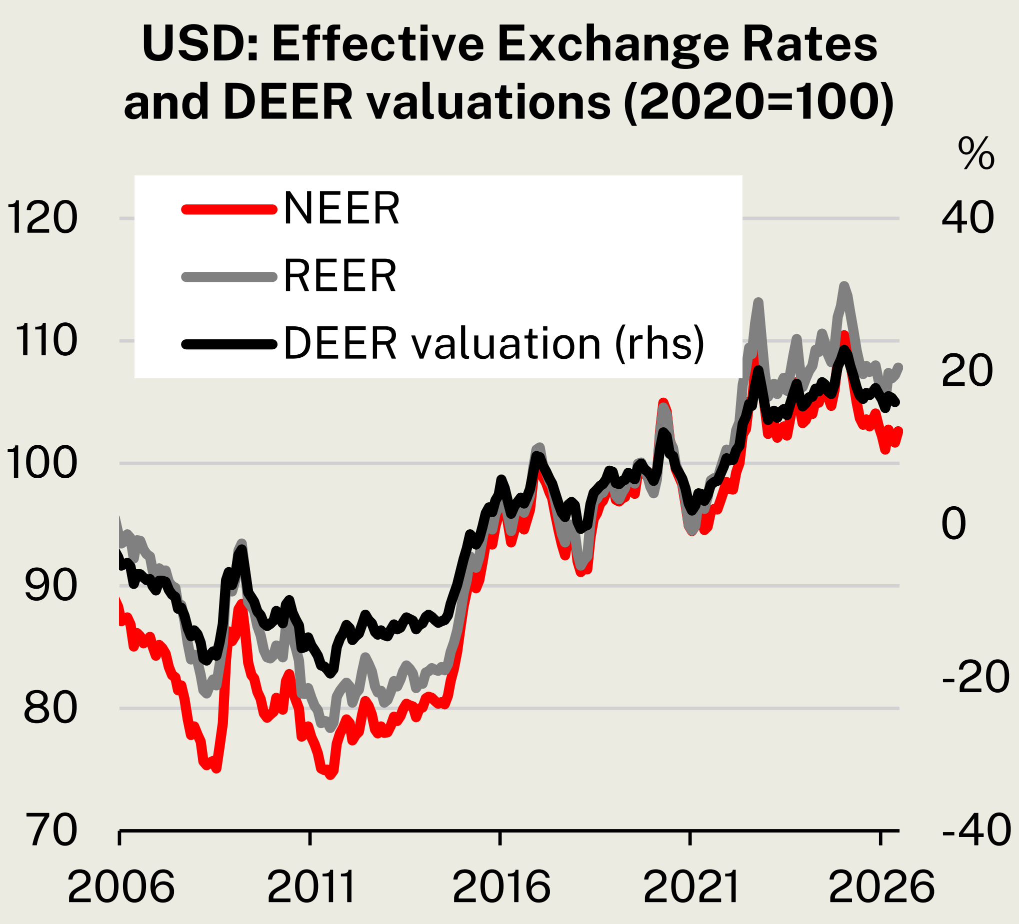


Japan: Rates dynamic

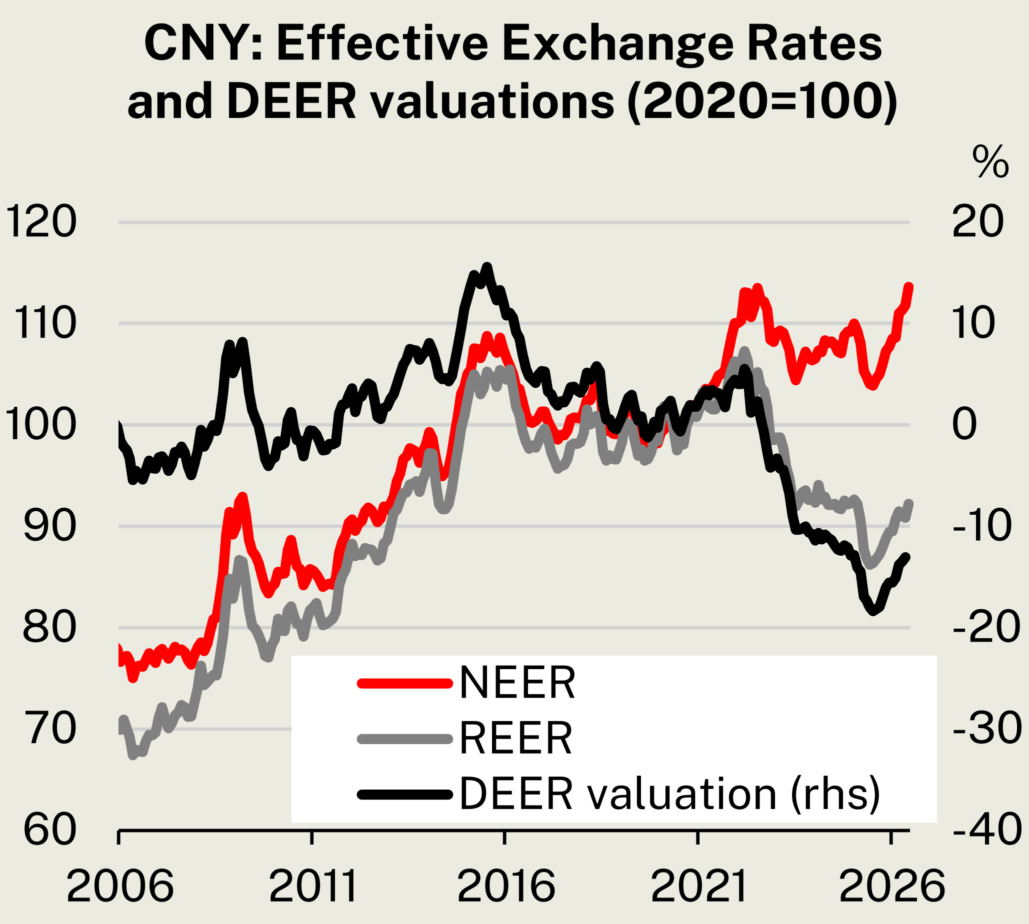


Source: BIS, DBS

USD and CNY valuations



Source: BIS, DBS



Source: BIS, DBS

Japan: Macro forecasts

Key forecasts	2023	2024	2025	2026F	2027F
Real GDP growth, % YoY	0.7	-0.2	1.2	0.5	0.5
CPI inflation, % YoY, ave	3.3	2.7	3.2	1.8	1.8
M2 growth, % YoY	2.3	1.2	1.7	2.2	2.0
Current account, % of GDP	3.6	4.6	4.9	4.3	3.9
Fiscal balance, % of GDP*	-7.1	-5.7	-6.4	-6.2	-6.0
BOJ rate	-0.1	0.25	0.75	1.25	1.50

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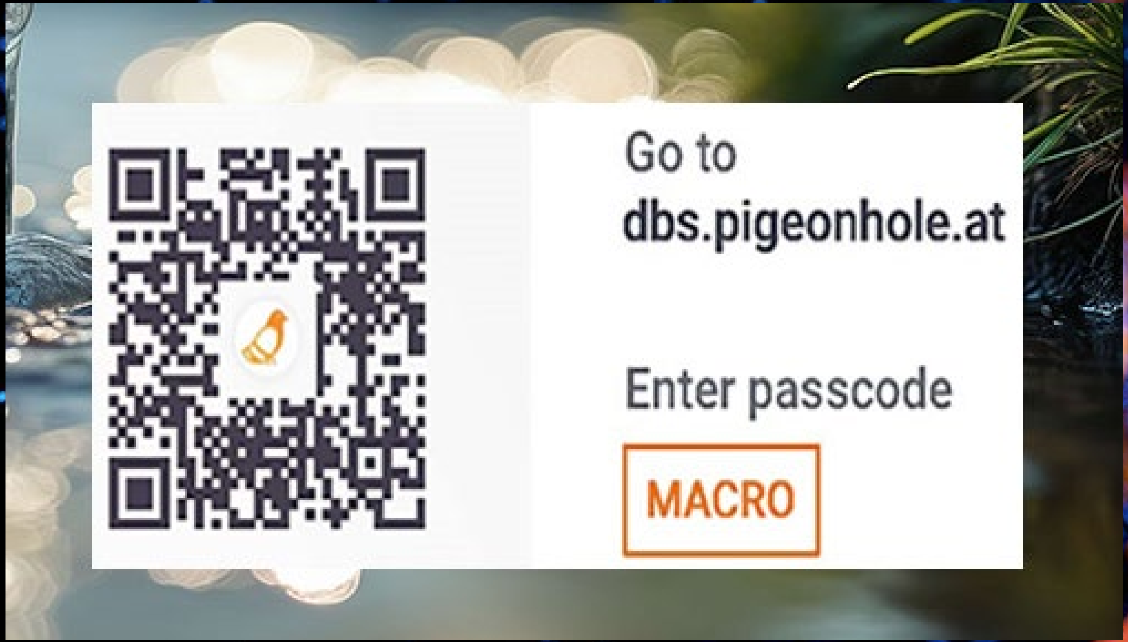

China: K-shape economy

Regional-K	Corporate-K	Household-K	Productivity-K	Sector-K
Coastal, exports hub, innovation hub	Large SOEs Leading Tech	High income urban Tech, engineering	Corporates with AI and automation	High-tech advanced manufacturing high value-added exports
Inland with weak fiscal	SMEs with weak financing	Middle and lower income Young graduates	Corporates with intensive labour	Property, retail sales, traditional infrastructure, low value-added manufacturing & exports

Source: DBS

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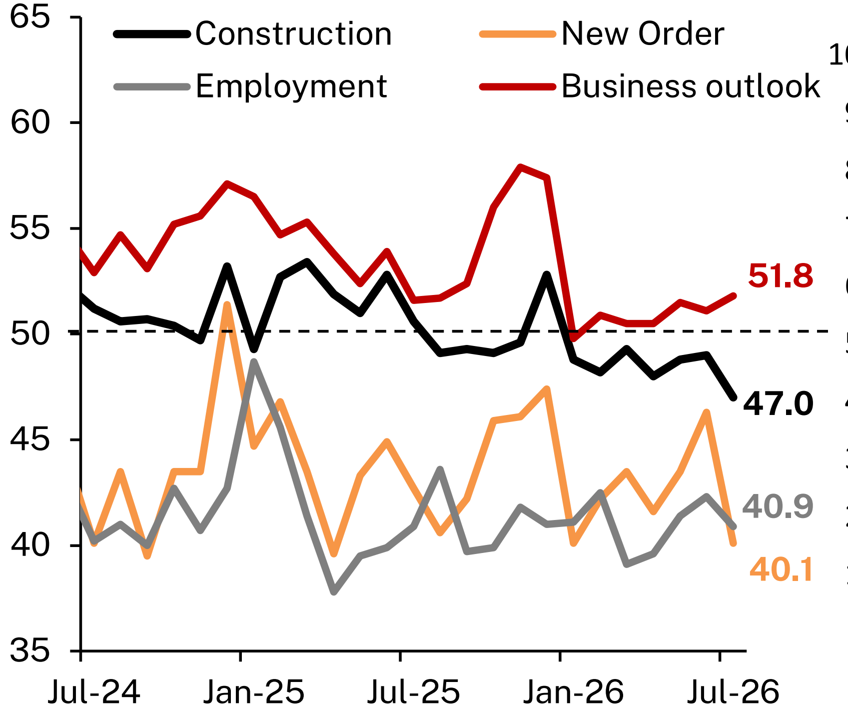
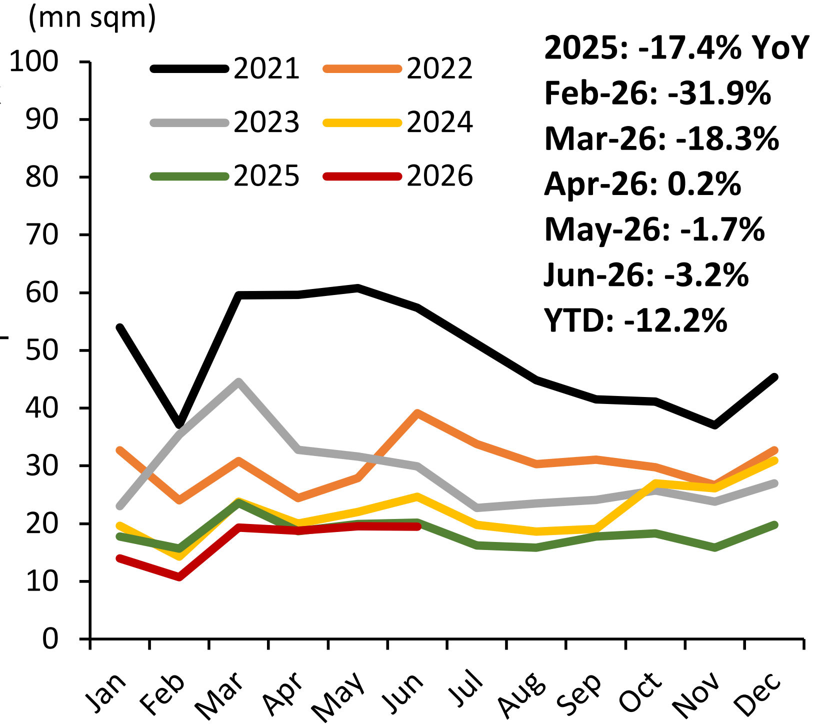
China: Construction and property activities remain weak

Construction PMI



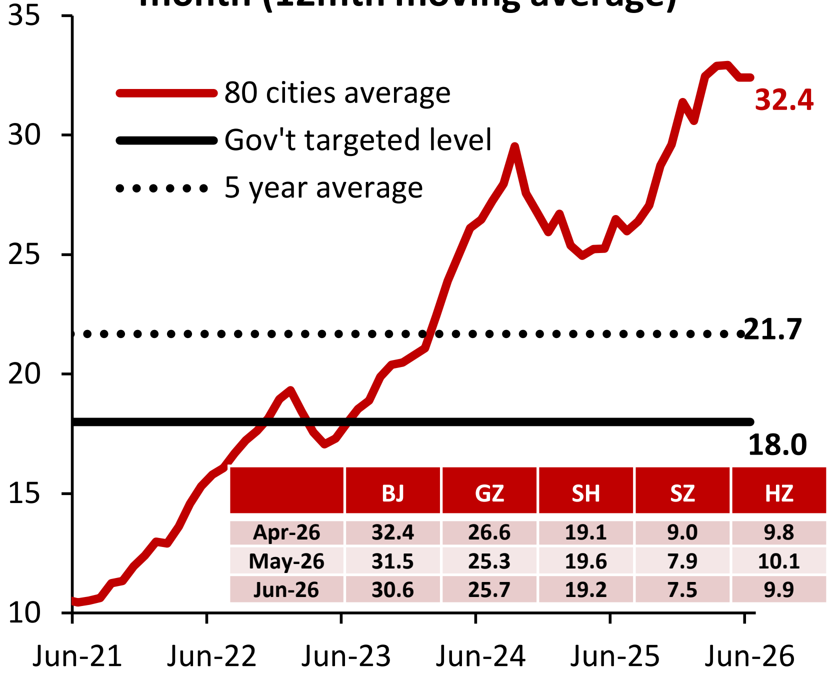
Source: CEIC, DBS

Primary market sales in 300 cities



Source: CRIC, DBS

Residental inventory turnover in 80 cities by month (12mth moving average)



	BJ	GZ	SH	SZ	HZ
Apr-26	32.4	26.6	19.1	9.0	9.8
May-26	31.5	25.3	19.6	7.9	10.1
Jun-26	30.6	25.7	19.2	7.5	9.9

Source: CRIC, DBS

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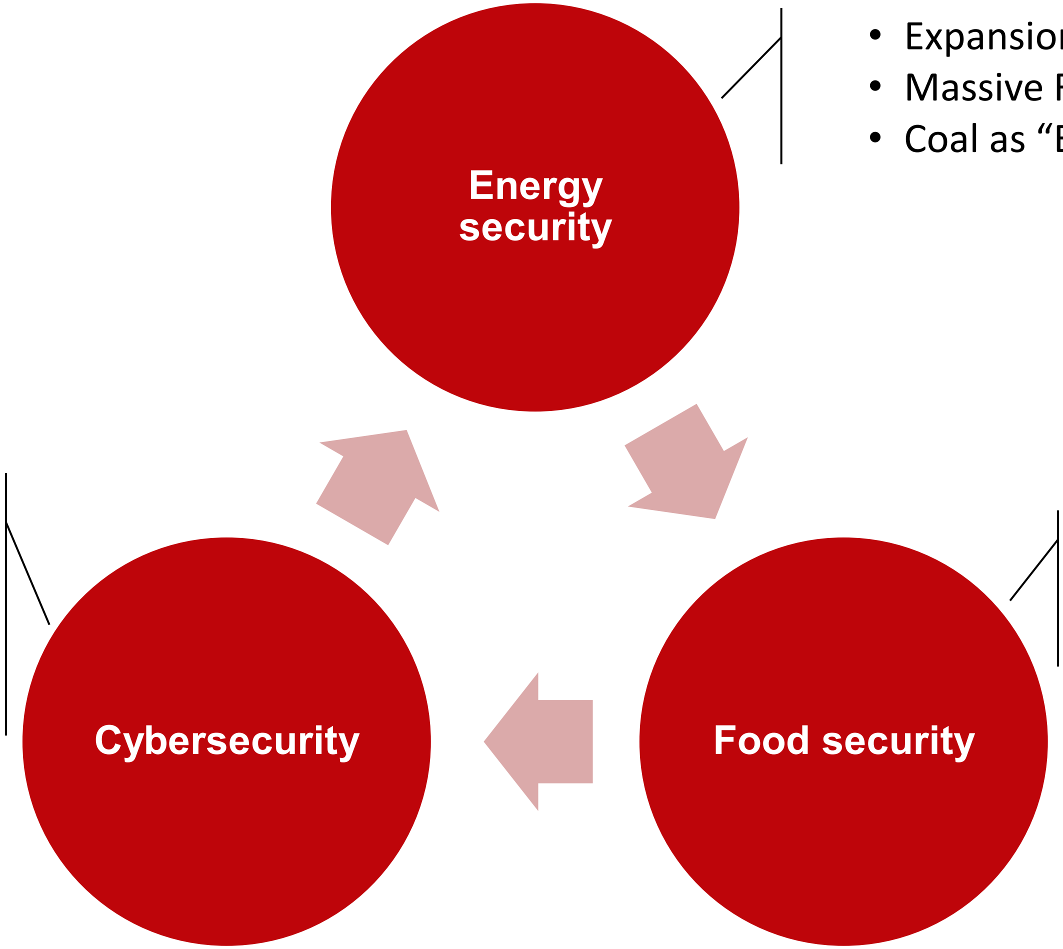
China growth engine #1: Energy, food & cyber security



- Expansion of Strategic Oil & Gas Reserves
- Massive Renewable Energy Buildout
- Coal as “Energy Security Buffer”

- Farmland “Red Line” Policy
- Soybean Self-Sufficiency Push
- Strategic Pork Reserves

- IT Application Innovation / Domestic Tech Replacement
- Semiconductor Self-Reliance
- Data Security & Cyber Regulation

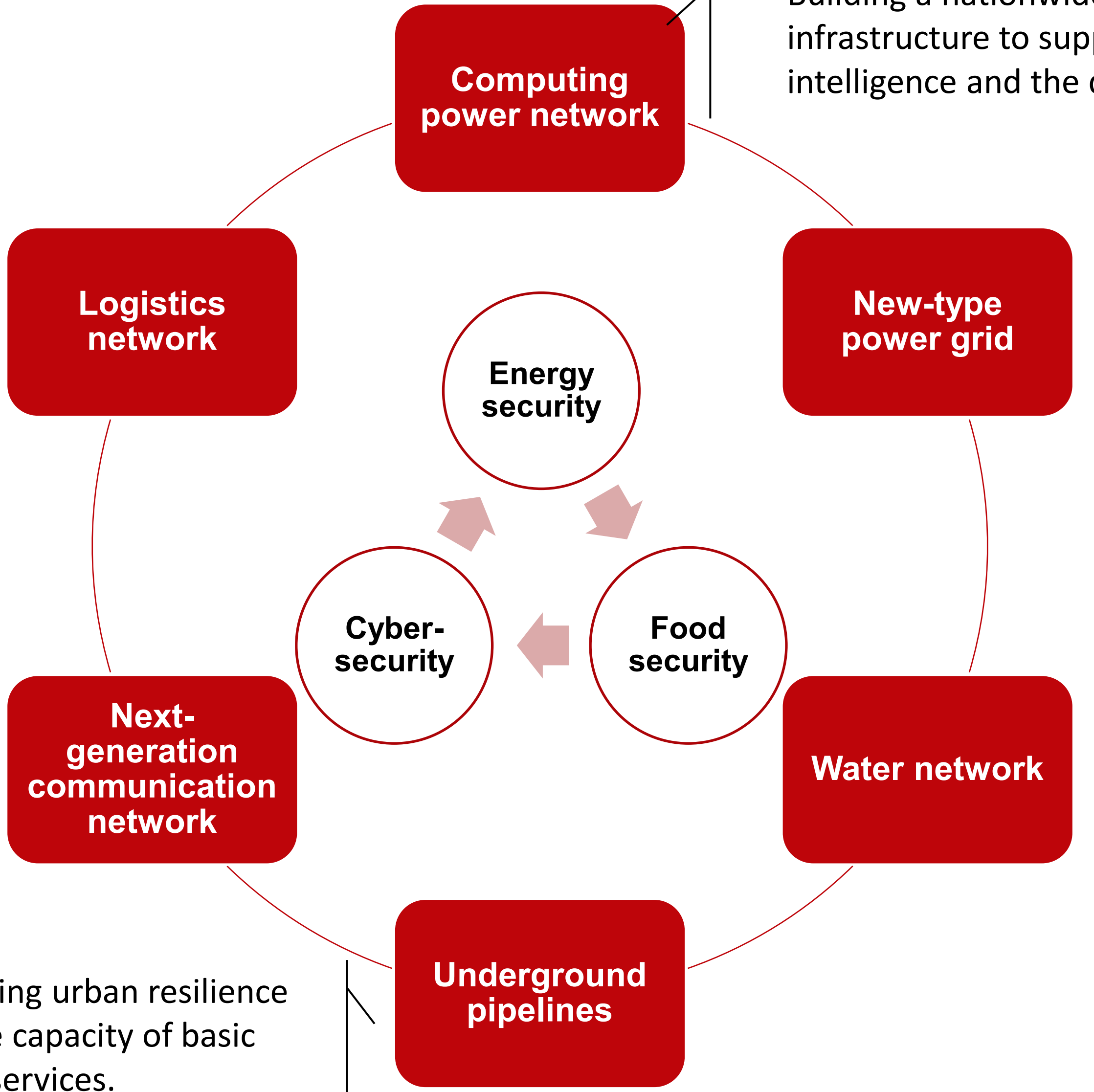
Source: DBS

China growth engine #2: Six networks

Building a nationwide integrated computing infrastructure to support artificial intelligence and the digital economy.

Upgrading modern logistics capabilities and reducing economy-wide logistics costs.

Adapting to the energy transition while enhancing energy allocation efficiency and security.



Includes 5G-A/6G, satellite networks, optical networks, and the Internet of Things (IoT).

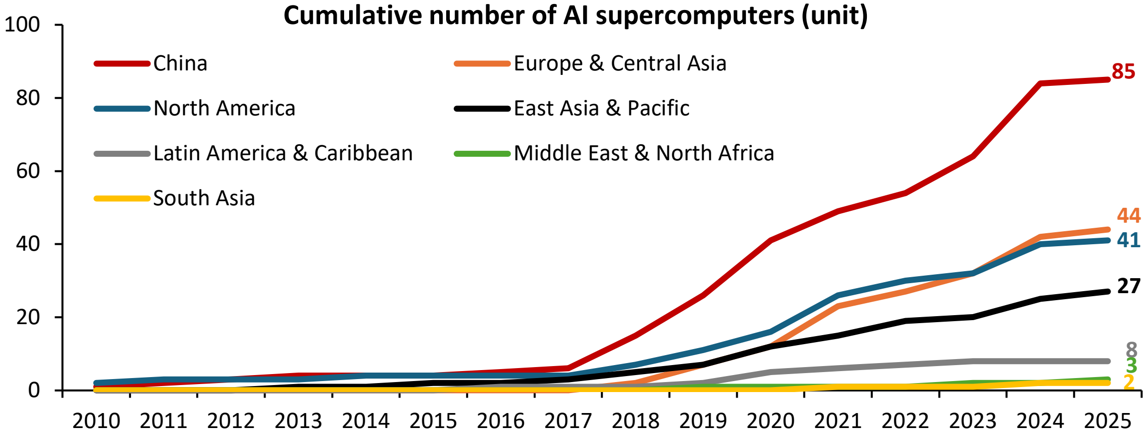
Development of water conservancy infrastructure

Enhancing urban resilience and the capacity of basic public services.

Source: DBS

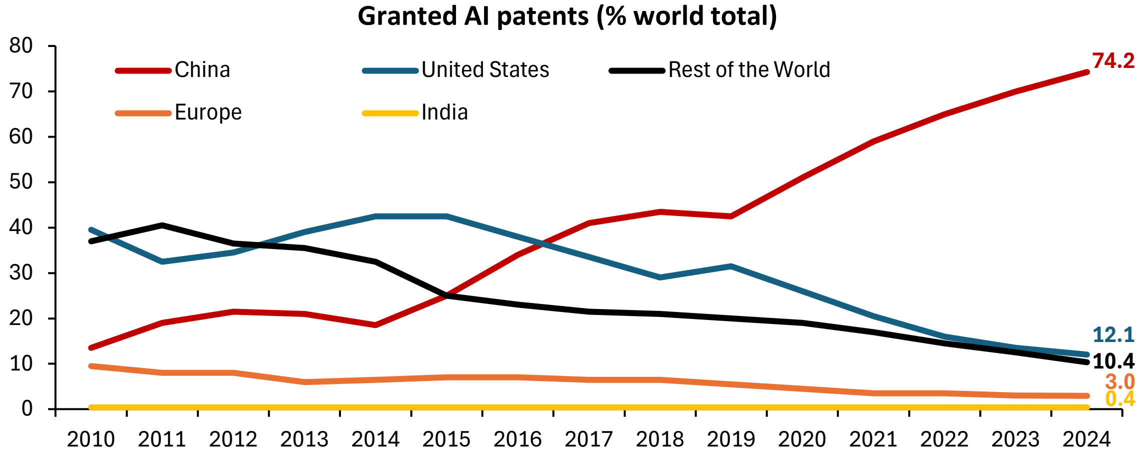
China growth engine #3: Technology advancement

China owns the most AI supercomputers



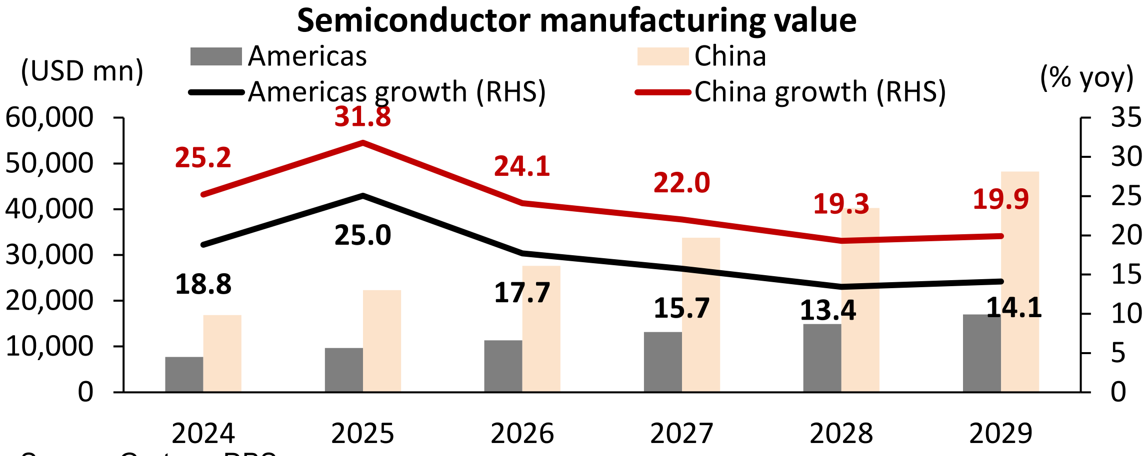
Source: Epoch AI, DBS

China leads in AI patents



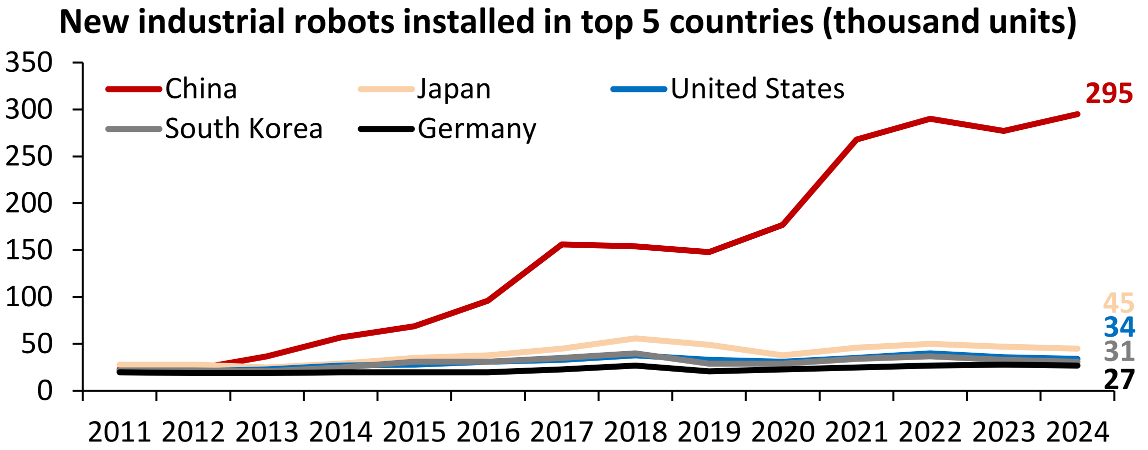
Source: Epoch AI, DBS

China leads in chips manufacturing



Source: Gartner, DBS

China leads in robotics production and adoption



Source: IFR, DBS

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OUTLINE

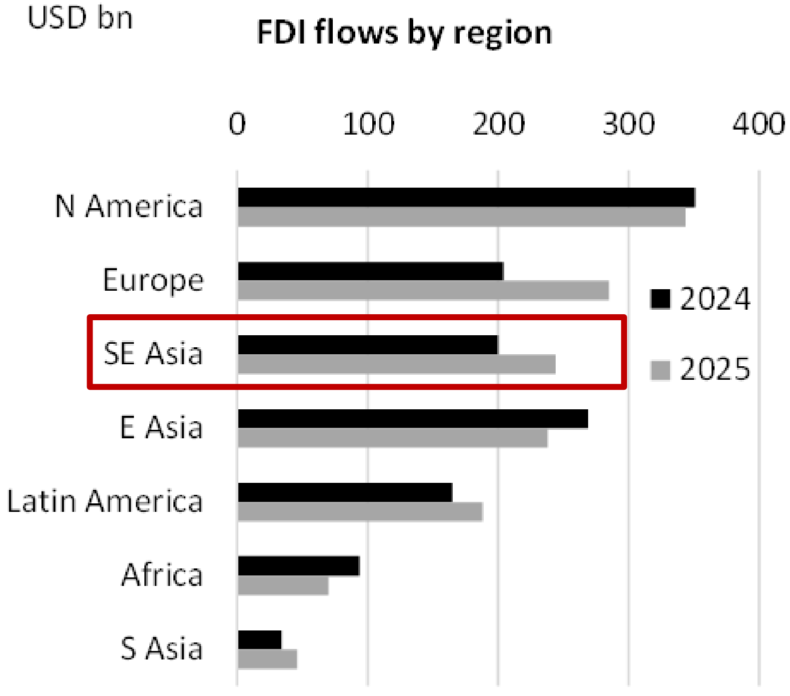
BACKDROP	*Strong exports, firm FDI = better growth than previously assumed*
INDIA	*Stabilising after geopolitical shock = economy and markets*
INDONESIA	*Challenging 1H but counting on a stable 2H26*

BACKDROP – Regional dynamics

Exports

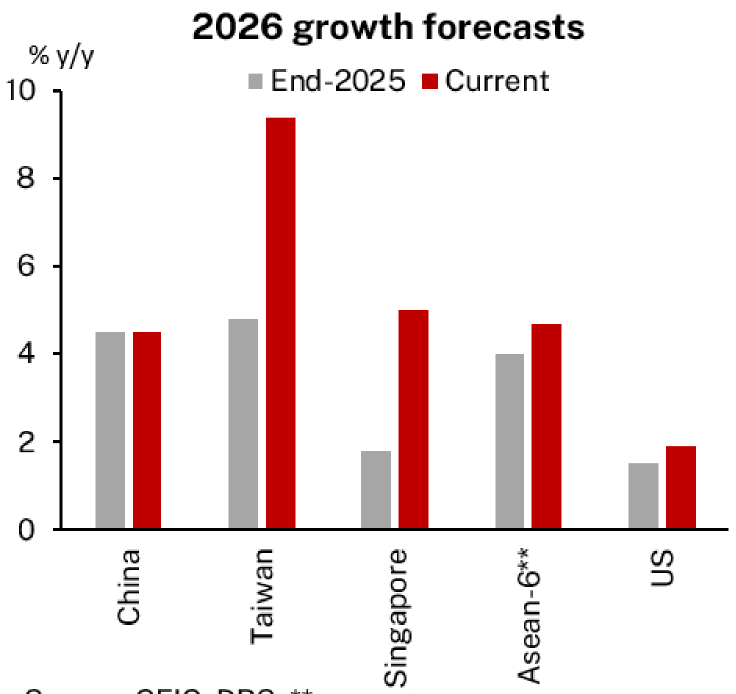
Source: CEIC, DBS

Strong FDI beat



Source: United Nations, DBS

Upward growth projections



Source: CEIC, DBS; ** average

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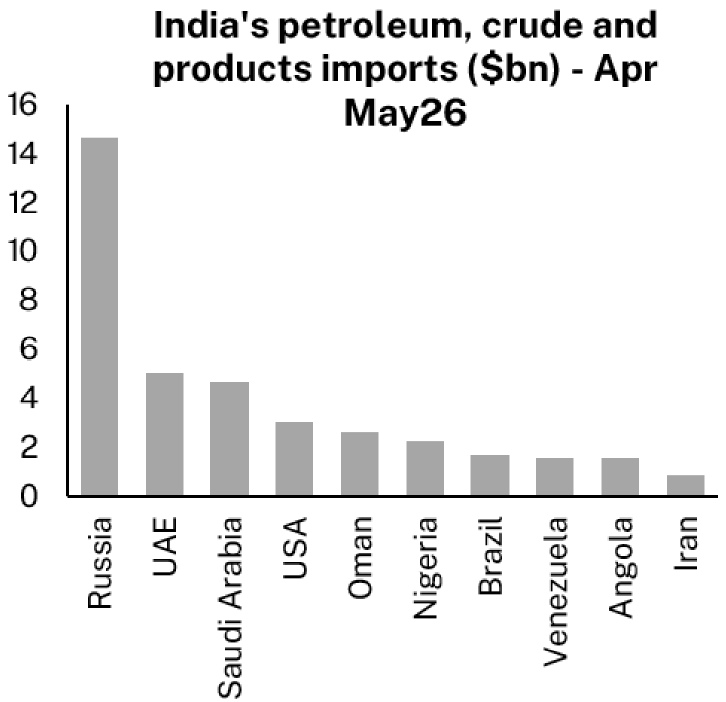
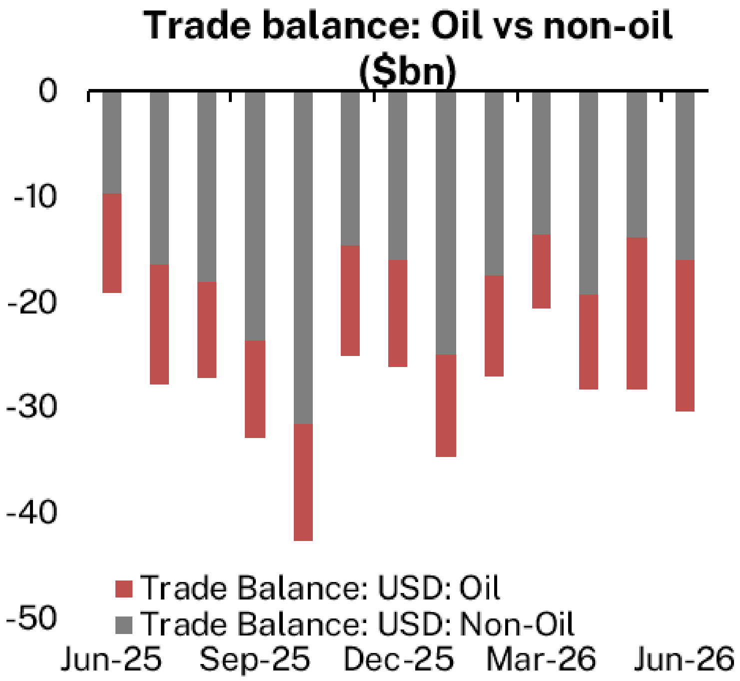
INDIA: How has the economy fared in midst of geopolitical tensions?

Diversified fuel sources



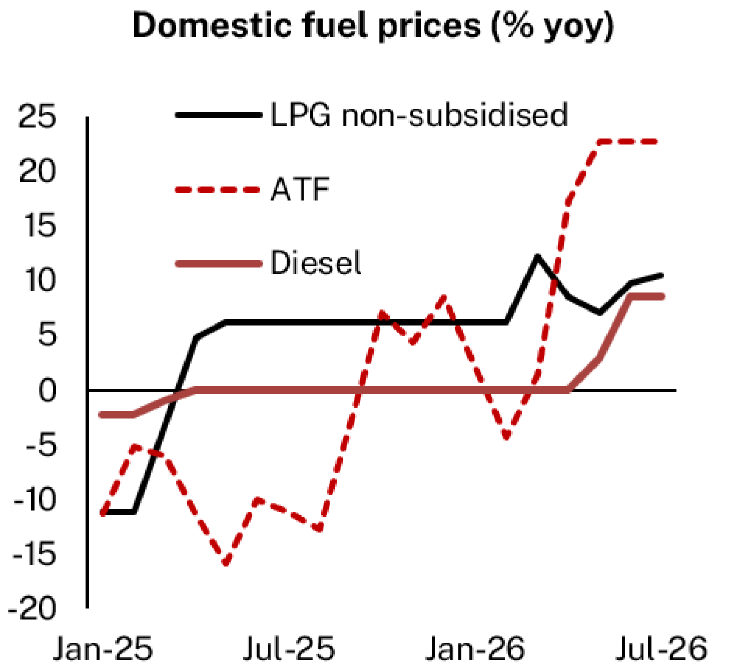
Source: Commerce Ministry, DBS

Wider trade deficit



Source: CEIC, DBS

Build-up in inflationary pressures



Source: CMIE, DBS

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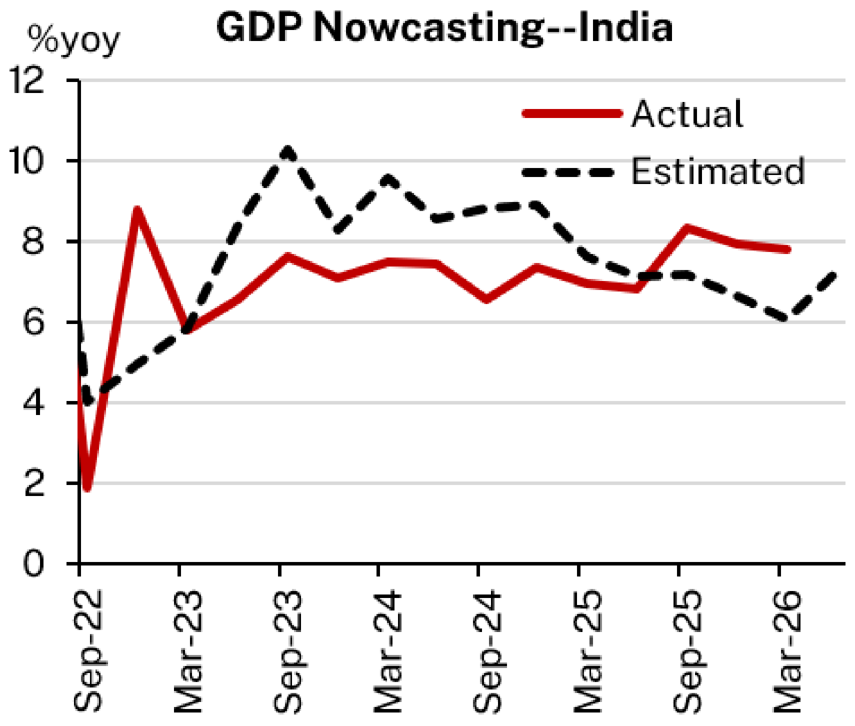
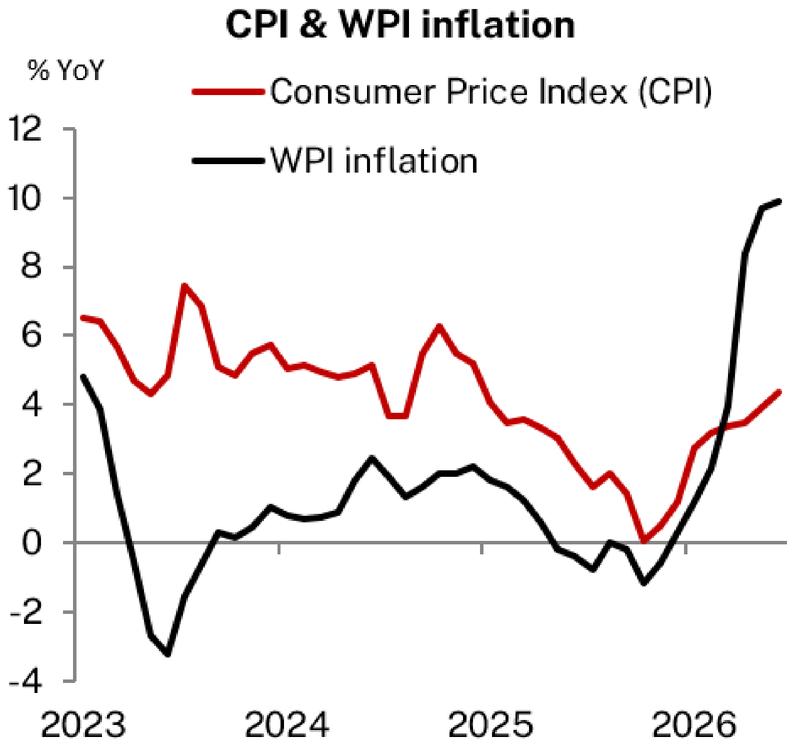
INDIA: Growth-inflation mix – what is the core view?

Apr-Jun26 growth is likely to top 7% despite geopolitics



Source: CEIC, DBS

Inflation is inching up



Source: CEIC, DBS

Measures to boost inflows

FPI inflows

- *Expansion of FAR securities*
- *FPI liberalisation*

Non-resident deposits/ investments

- *FCNR (B) - Facility under which full hedging costs*
- *Boost investment inflows from non-residents*

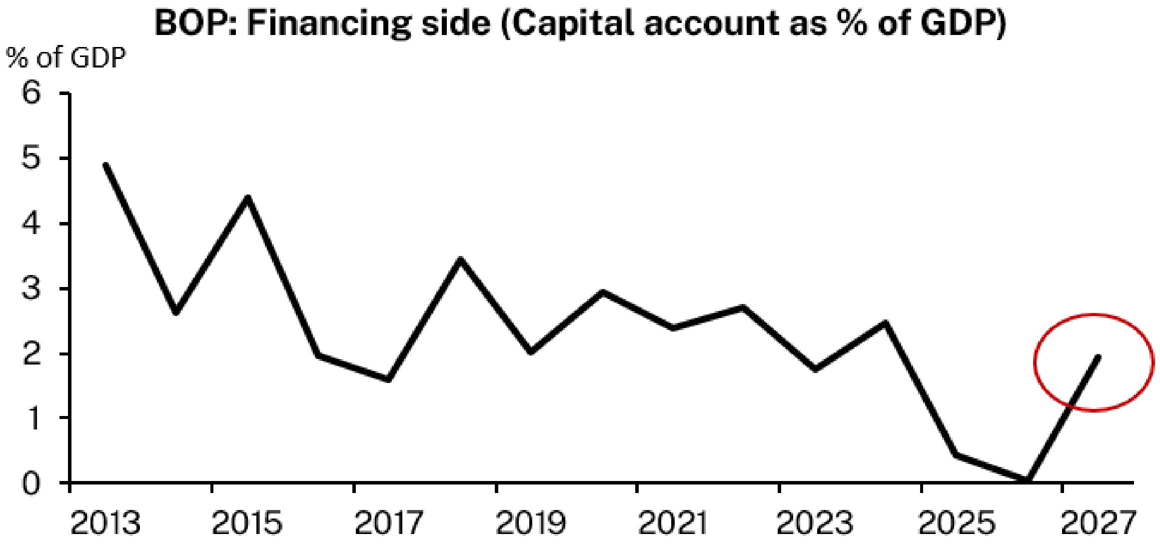
ECBs

- *Concessional forex swap – ECBs for PSUs*

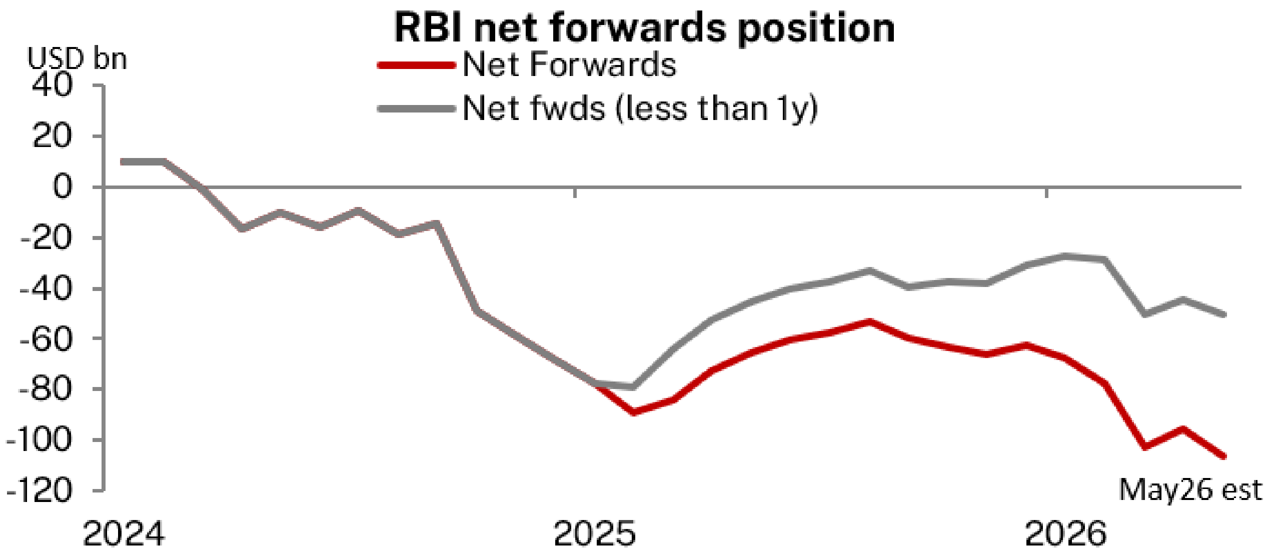
Trade flows

- *Export realisation timeline*

INDIA: Risks on external balance have subsided



Source: GOI, RBI, CEIC, DBS



Source: RBI, CEIC, DBS

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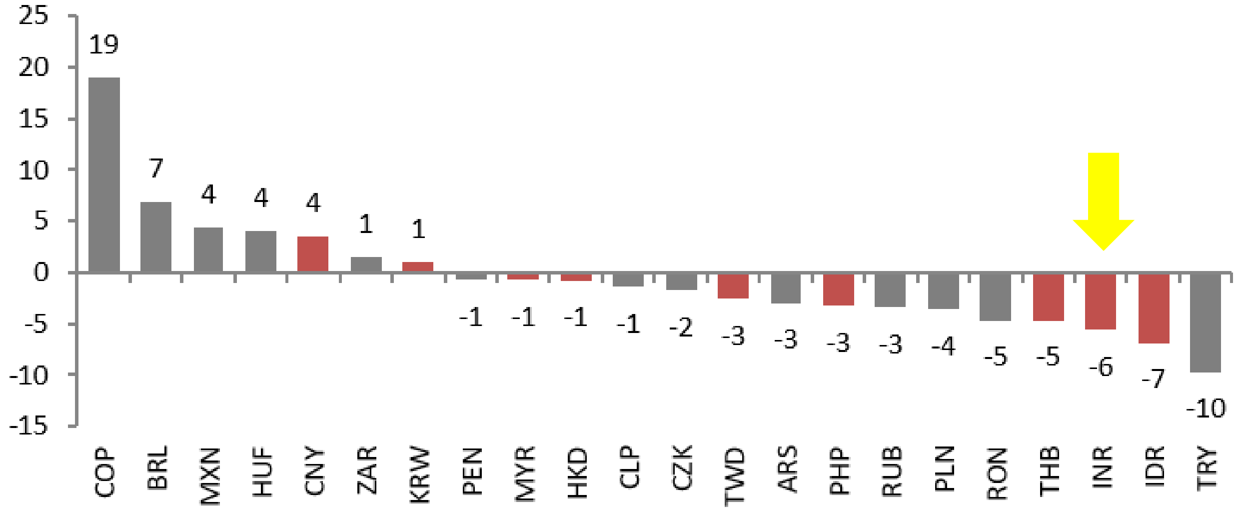
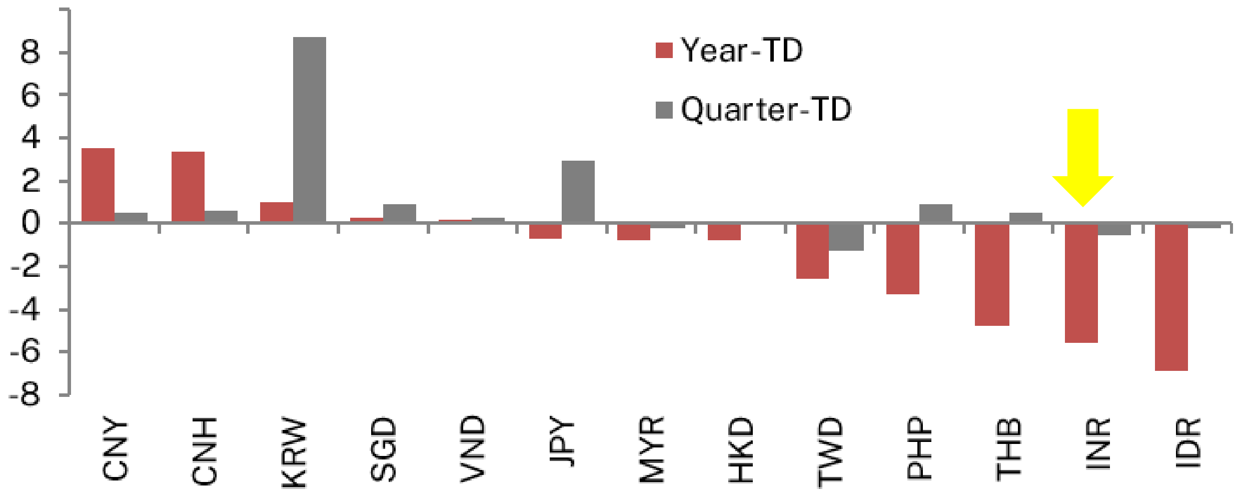
INDIA: Have the financial markets stabilised?

EM: FX performance vs regional currencies (% change vs USD - YTD 2026)



Source: Bloomberg, DBS

Asia: FX performance vs regional currencies (% change vs USD)



Source: Bloomberg, DBS

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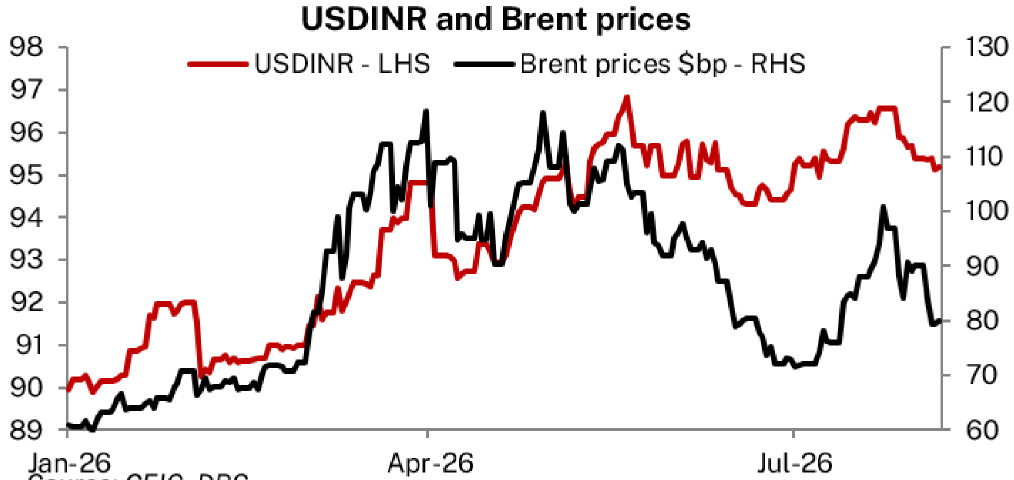
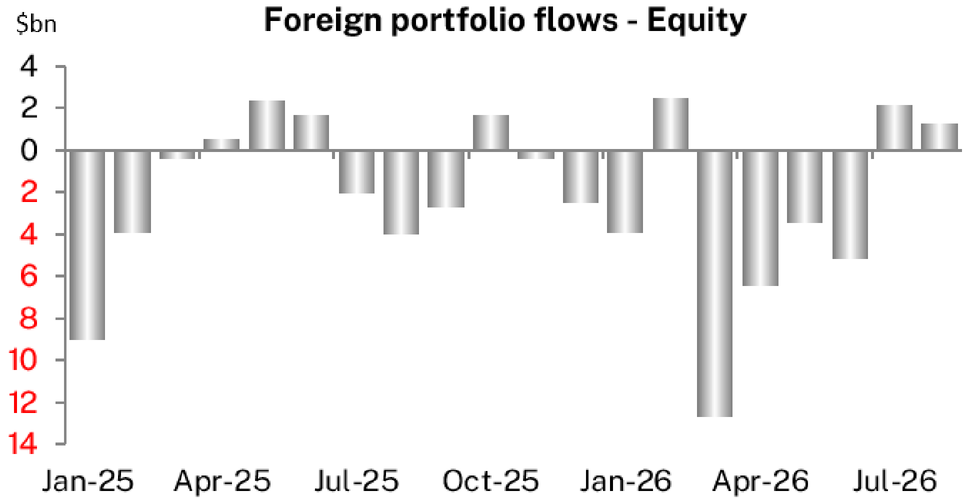


Source: CEIC, DBS



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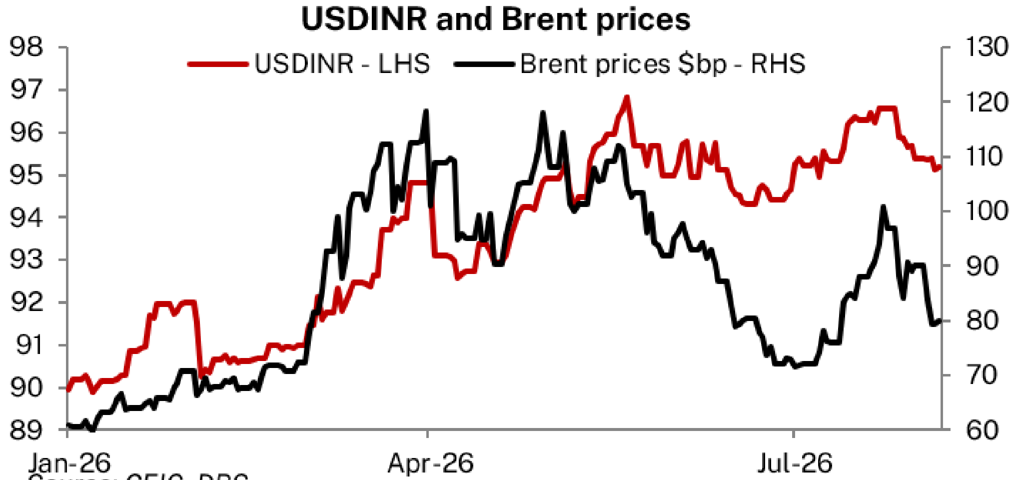
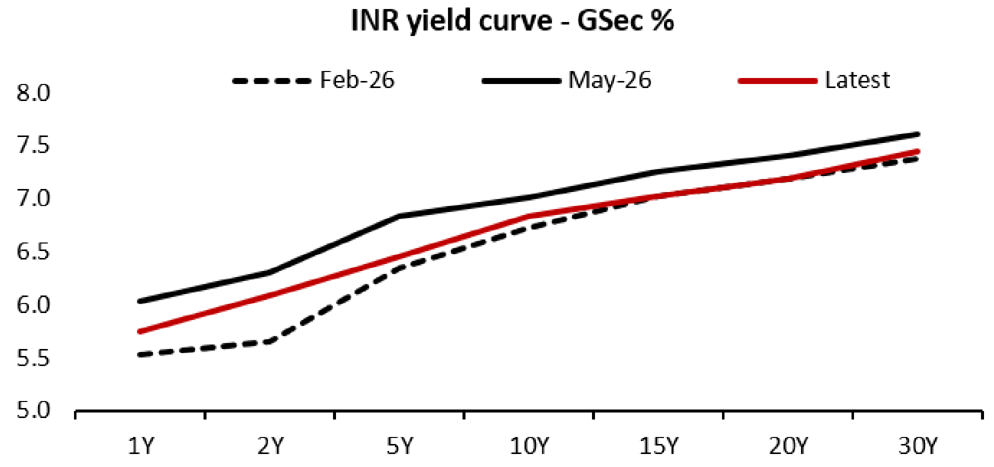


Source: CEIC, DBS



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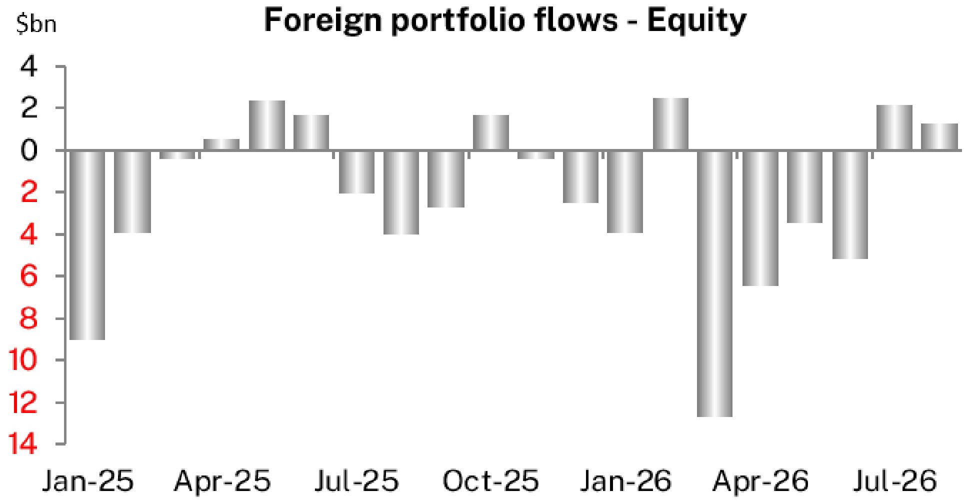

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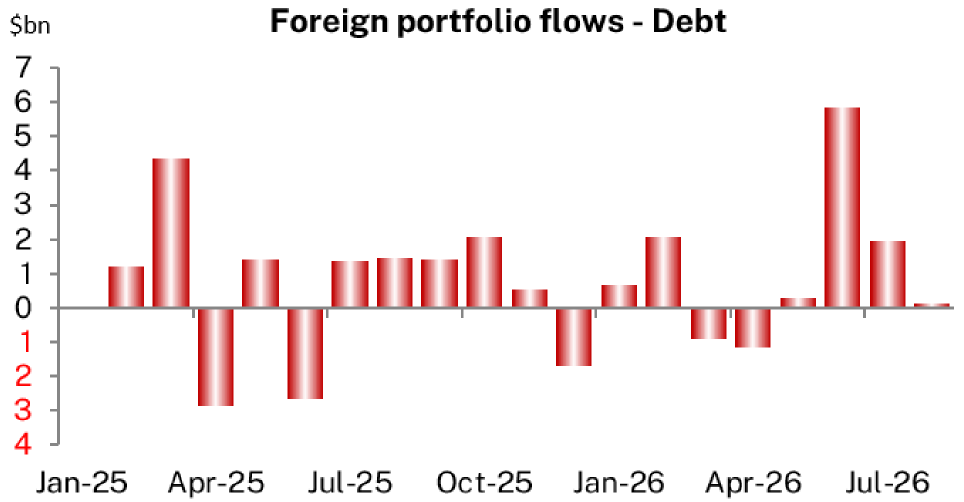

Source: CEIC, DBS

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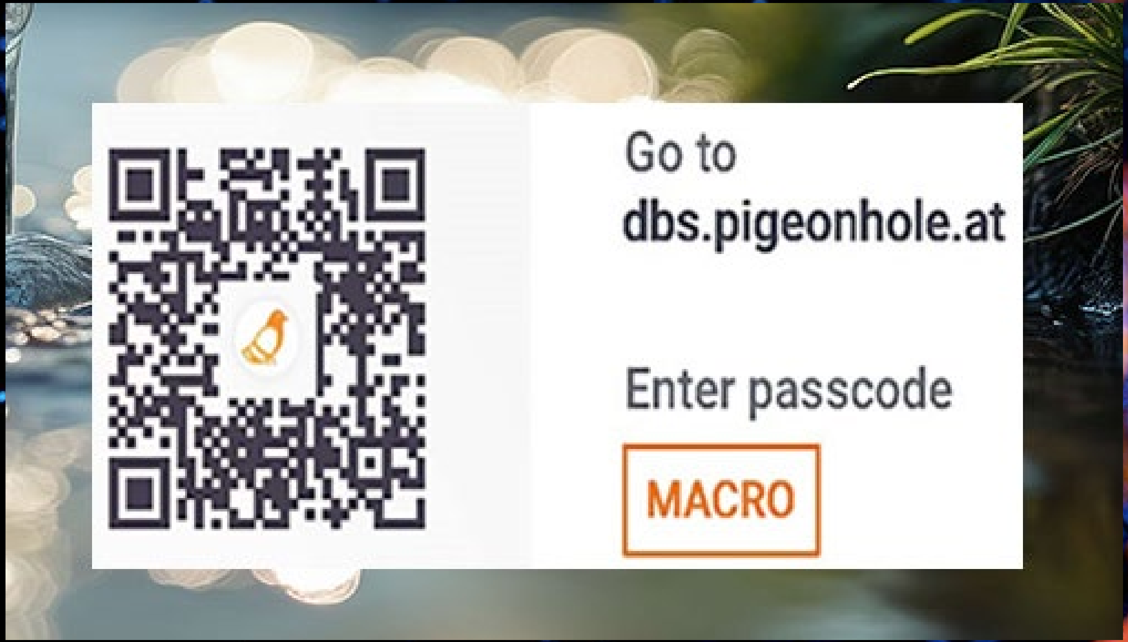

INDONESIA:

How is 2H26 likely to fare?

Governance structure

Fiscal/ Ratings

S&P affirmed ratings, negative outlook by others to stay

Decision making centralisation

Sceptical financial markets

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New BI Governor, fiscal outlook?

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Export agency DSI, bigger role for state investment agency etc

Decision making centralisation

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INDONESIA:

How is 2H26 likely to fare?

Checks & balance, independence of institutions

Governance structure

Fiscal/ Ratings

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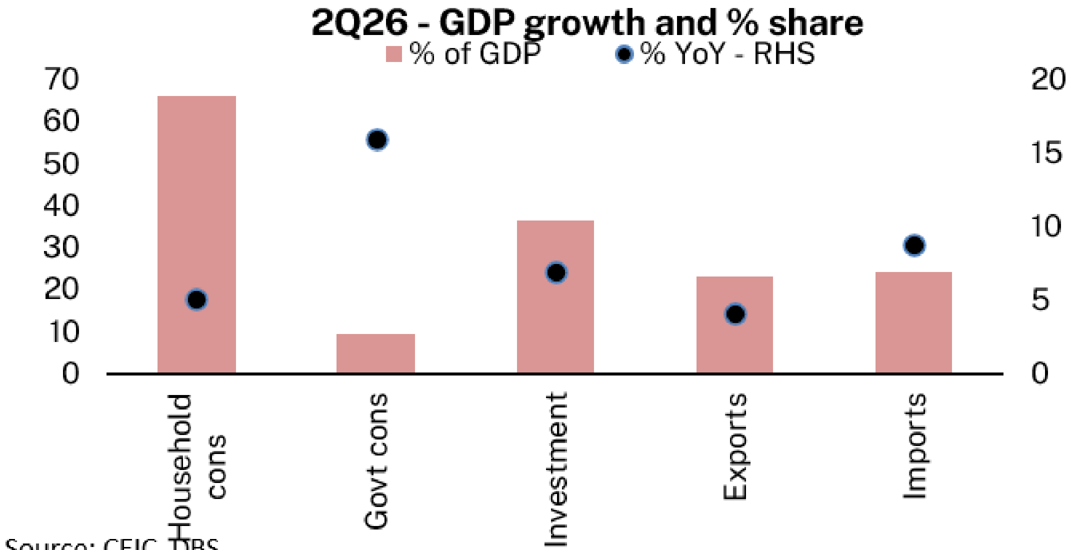
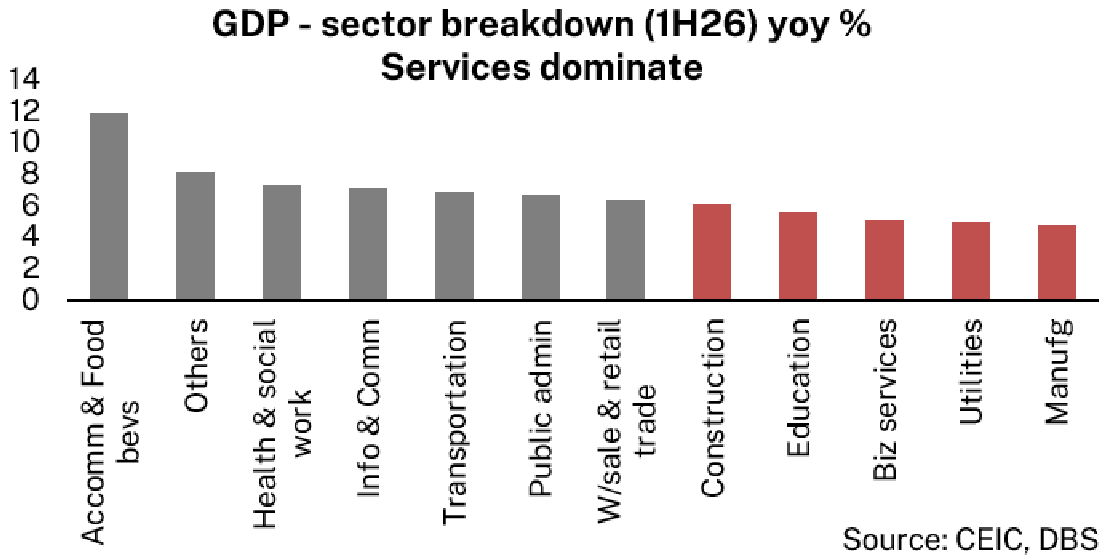
New BI Governor, fiscal outlook?

INDONESIA: Growth-Inflation Backdrop



Source: CEIC, DBS



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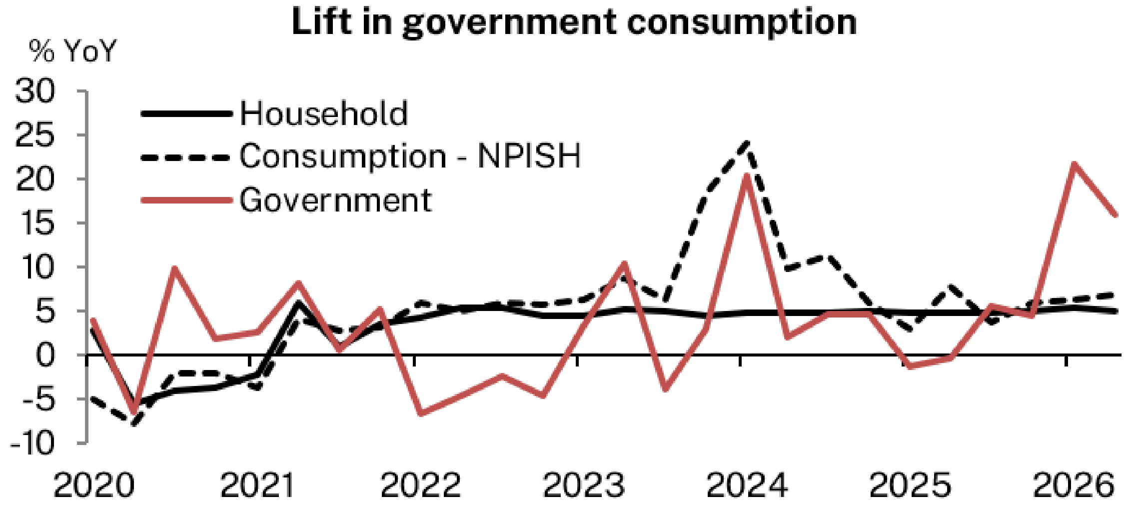
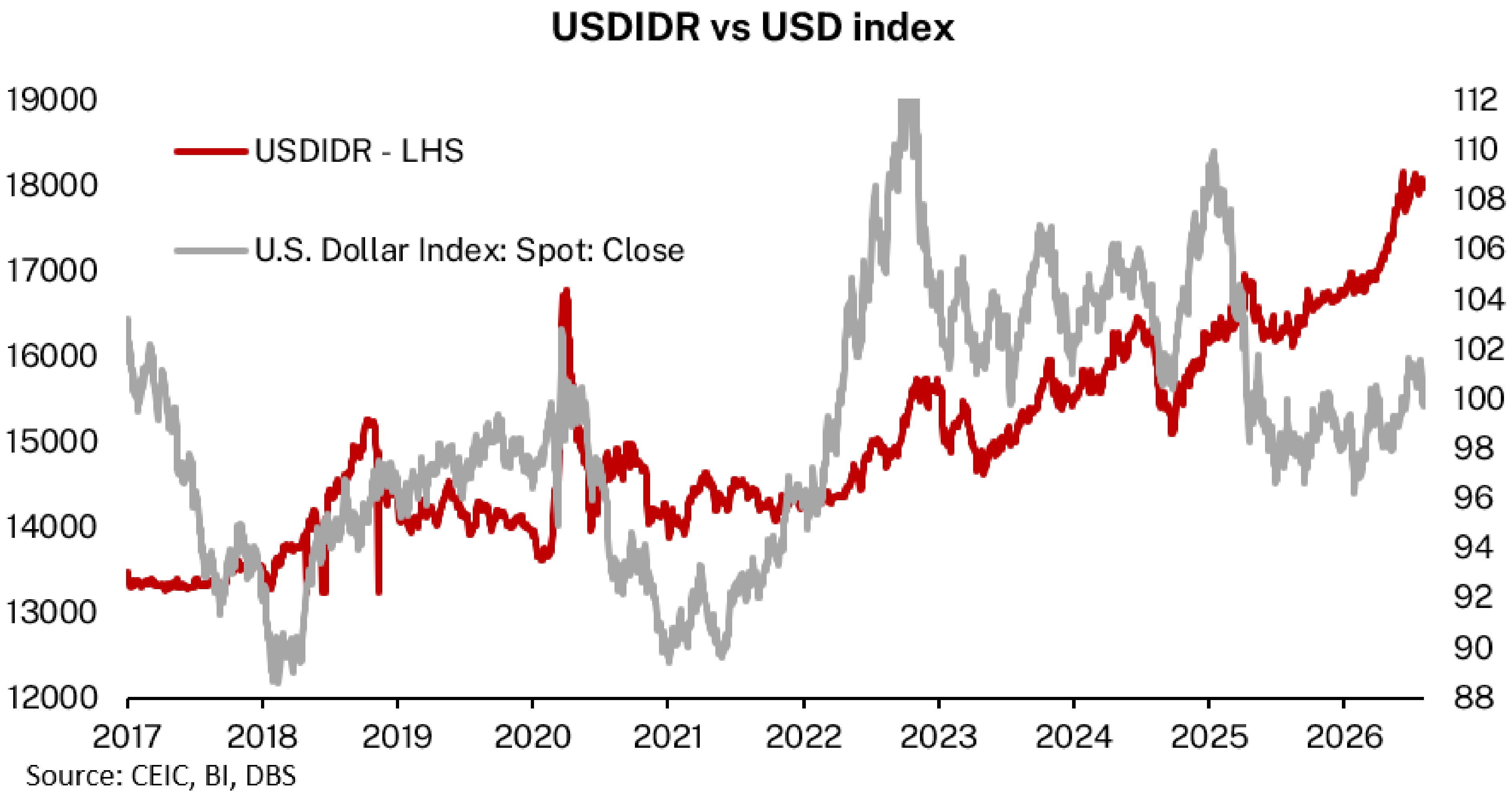
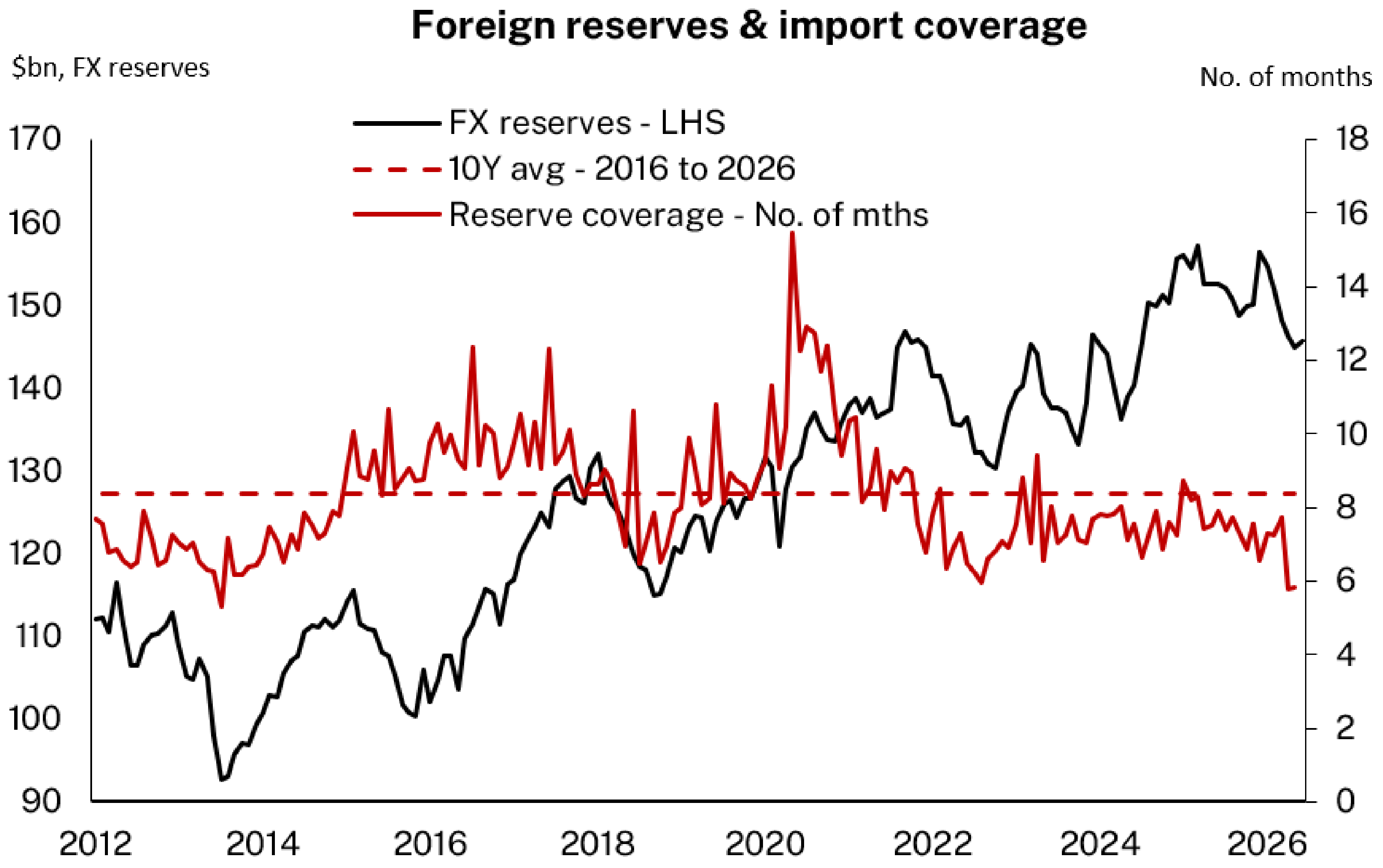


Source: CEIC, DBS

Flows & Markets

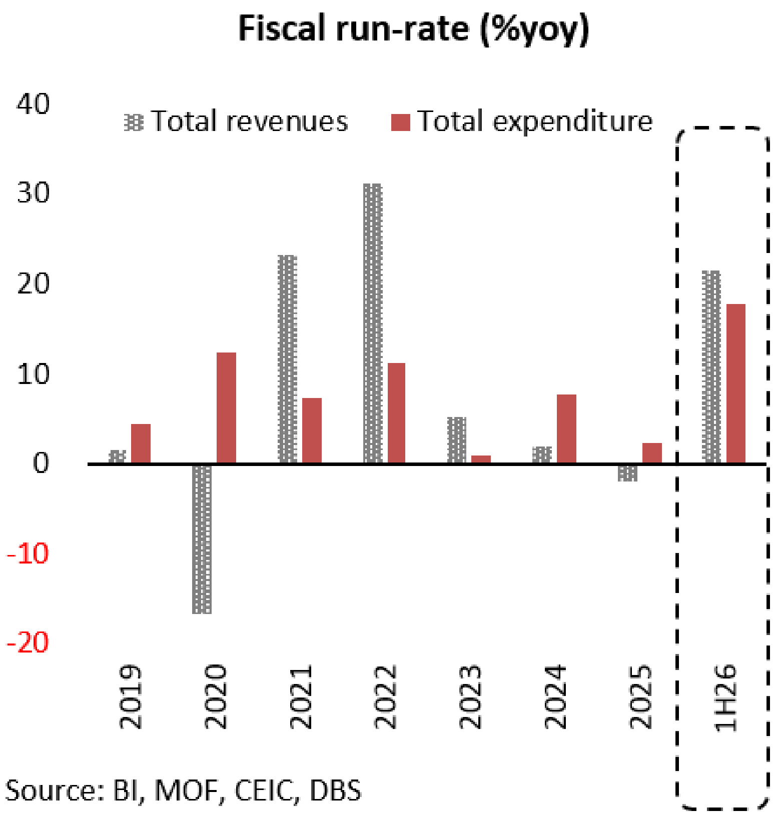


Flows & Markets

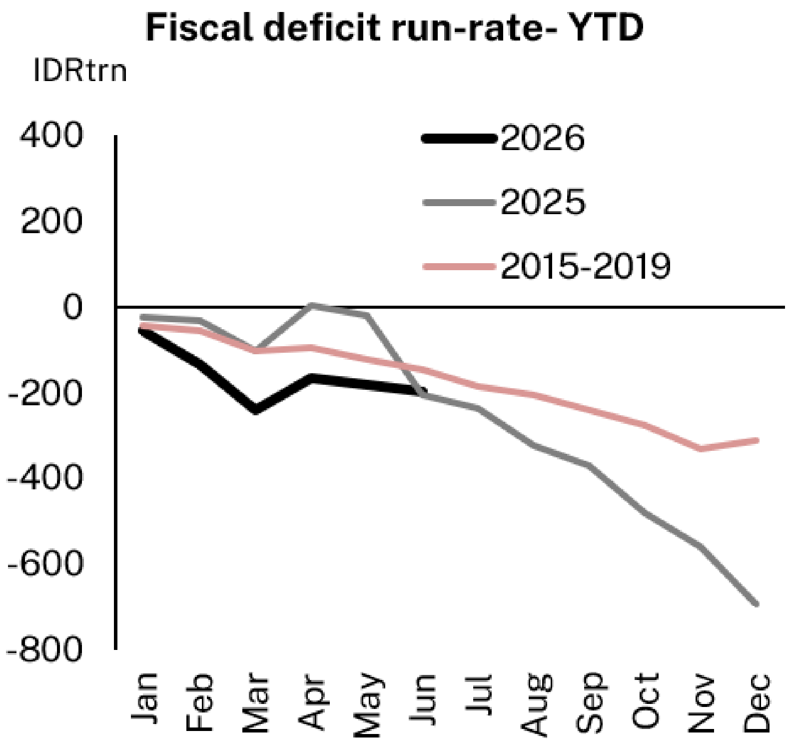


Source: CEIC, DBS

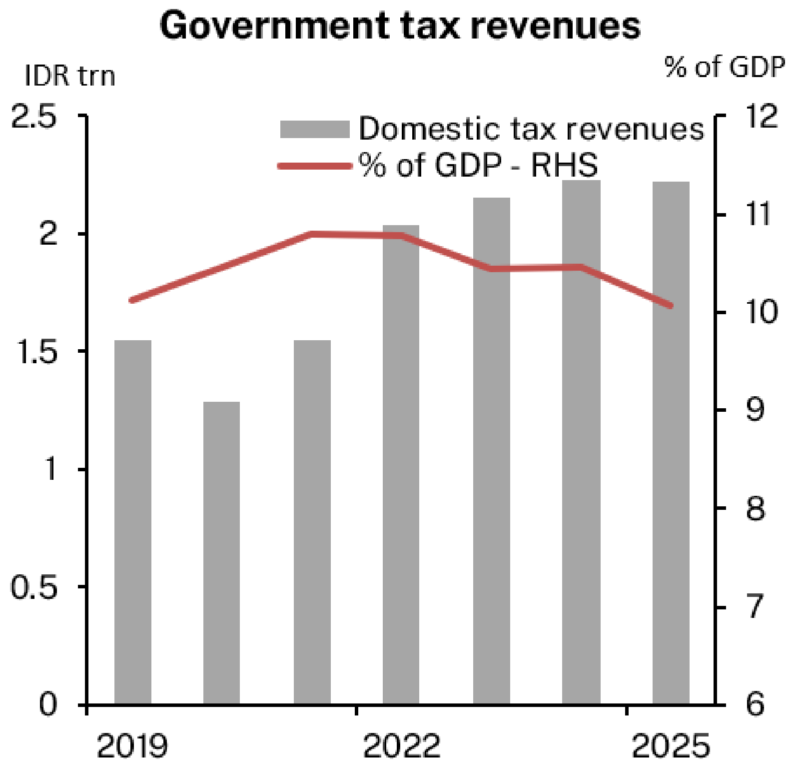
INDONESIA: Rating downgrade risks?



Source: BI, MOF, CEIC, DBS



Source: BI, Bloomberg, CEIC, DBS



Source: MOF, CEIC, DBS

Contingent liabilities

Reserves adequacy

Independent institutions

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In summary

- *Growth in India/ Indonesia & Asean-6 at large is likely to fare better than earlier assumed*
- *Peak of policy tightening risks have passed.*
- *Through this choppiness, there are bright spots in the region, especially SEAsia.*
- *Region is benefiting from China+1 and Taiwan+1 flows*
- *Key risks: Return in ME tensions, El Nino, US Fed rate odds*

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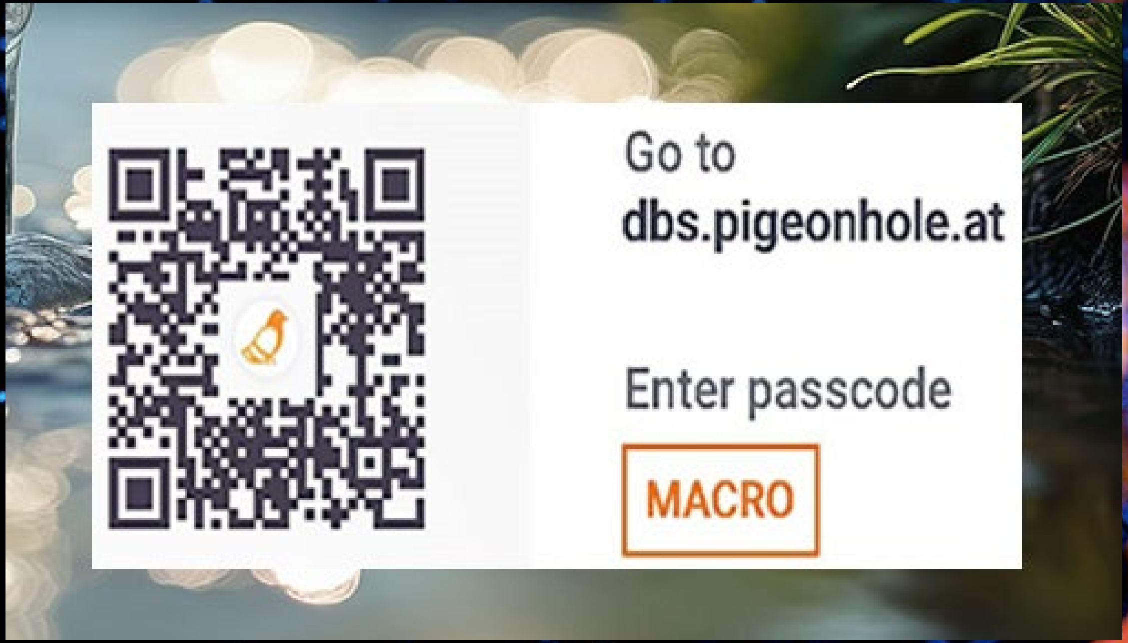
Your questions



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