2025 Outlook

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Global Markets Research & Strategy | Global Markets

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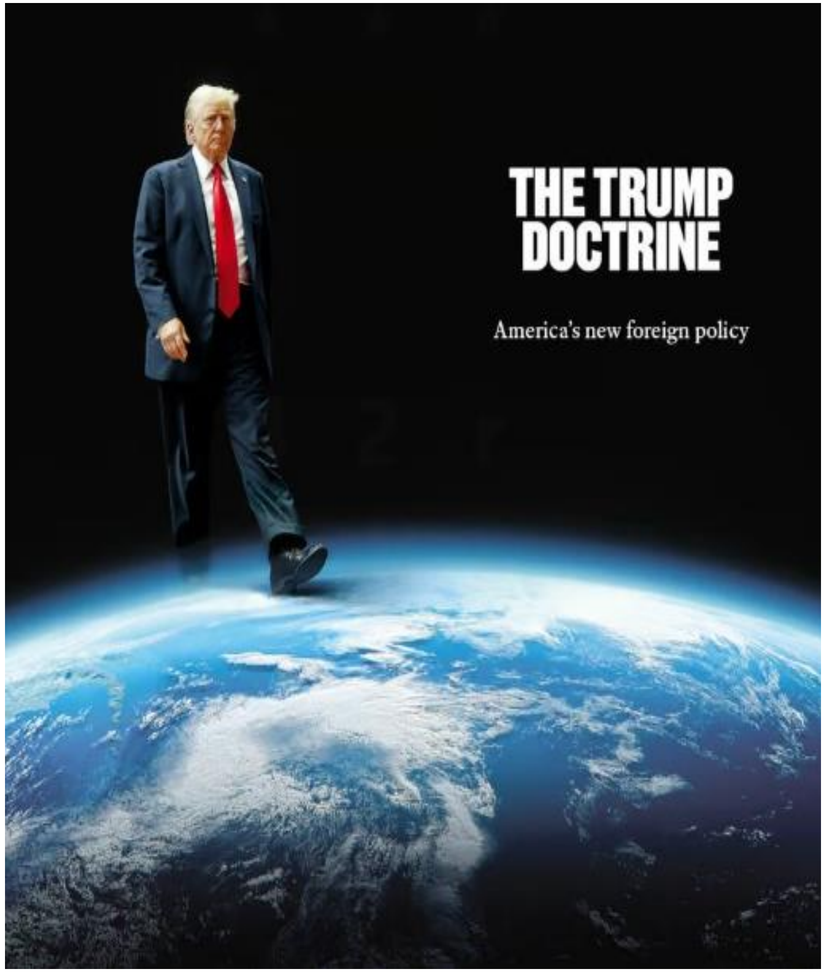
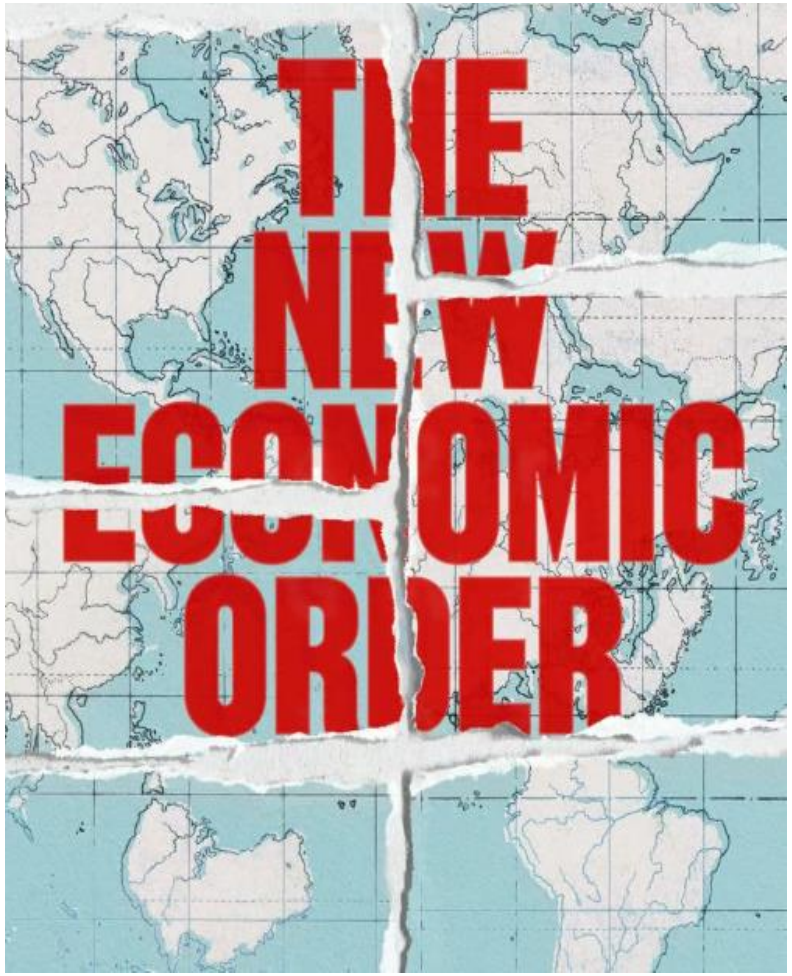
What's new?

Trump 2.0	New faces	And a new world order?





Source: Economist

Key themes in January:

- **Hawkish hold at the 17-18 December 2024 FOMC meeting**.
- **Market pricing for Fed rate cuts this year has dropped further ahead of** 28-29 January FOMC meeting.
- **US president Trump spoke** about buying Greenland, reclaiming the Panama Canal and even Canada. What is possibly at stake is sea lanes and crucial minerals (e.g. neodymium, cerium and lanthanum critical to tech sectors). He also talked about an economic emergency to implement universal tariffs. Mass deportations.
- **New US sanctions on Russian oil producers** Gazprom Neft and Surgutneftegas and 183 vessels is likely to curb supply to China and India. This is likely to push their demand to the Middle East, Africa and the Americas.
- **China grew 5.4% YoY in the last quarter of 2024**, the fastest in six quarters and bringing full-year 2024 growth to 5.0%. However, property investments contracted by the most on record and deflation persisted for a second consecutive year. Adjusting for falling prices, nominal GDP expanded only 4.2% YoY in 2024, the slowest since the late 1970s excluding Covid.
- Singapore expanded by 4% in 2024, as manufacturing rebounded in 2H24. MAS may ease monetary policy on 24 January.

TikTok

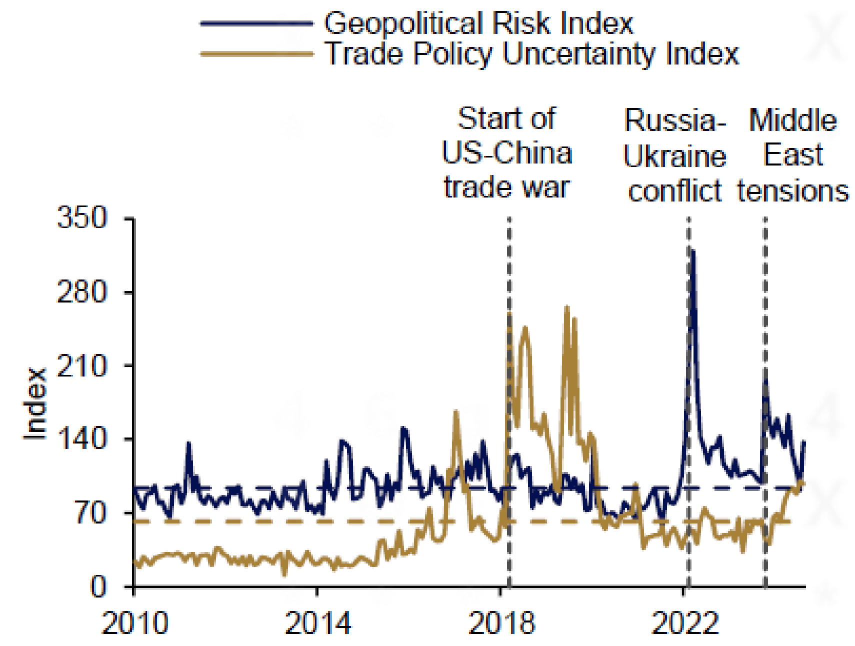
OCBC

Source: Google images, OCBC.

Why geopolitical risks matter?

Measuring Geopolitical Risk

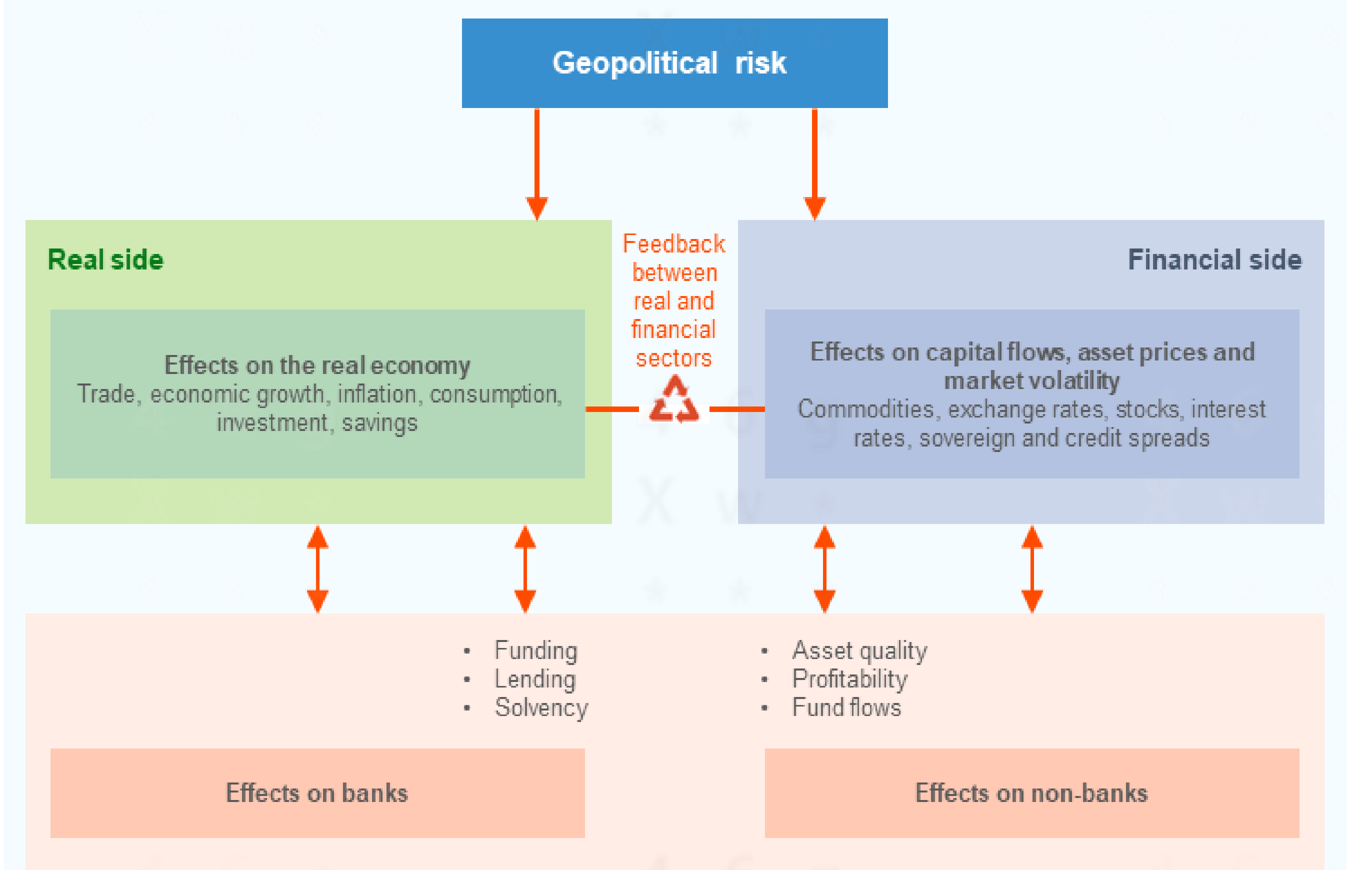
Geopolitical risk and trade policy uncertain indices[3]



Source: Caldara and Iacoviello (2022); and Caldara, Iacoviello, Molligo, Prestipino and Raffo (2020)

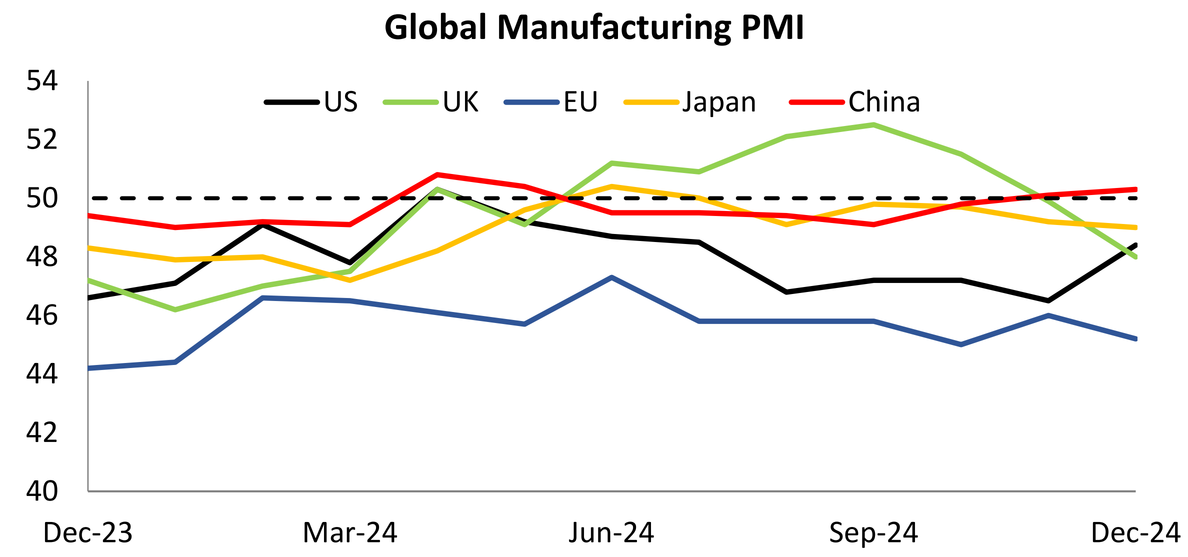
Note: Dashed lines indicate the average between 2010–19.

Transmission channels - geopolitical risk to financial stability

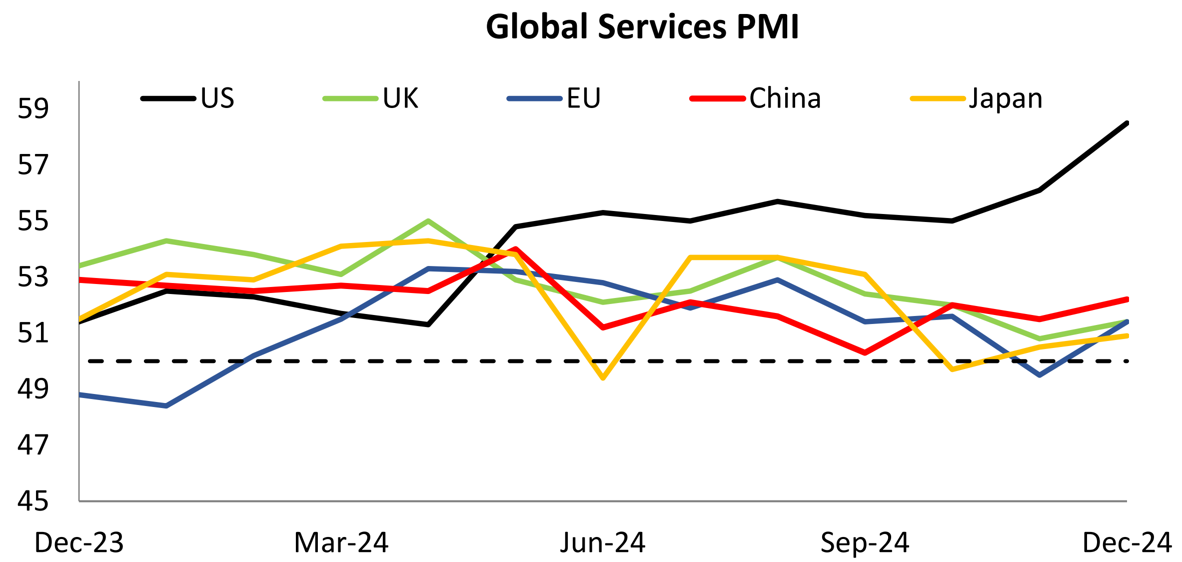


Source: ECB Financial Stability Review (May 2024)

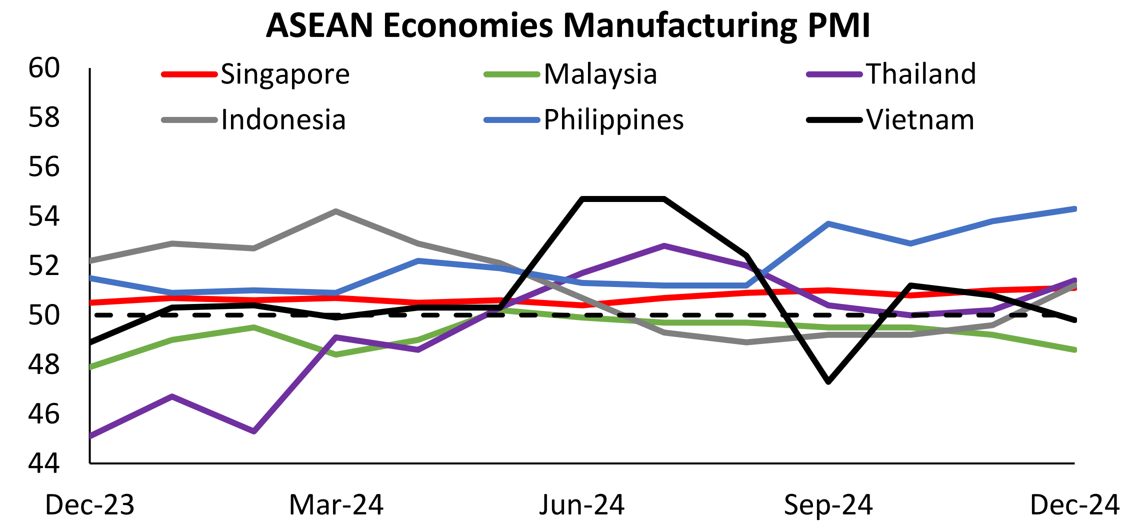
1. US exceptionalism still in play?



Source: Bloomberg, S&P Global, OCBC.



Source: Bloomberg, S&P Global, OCBC.

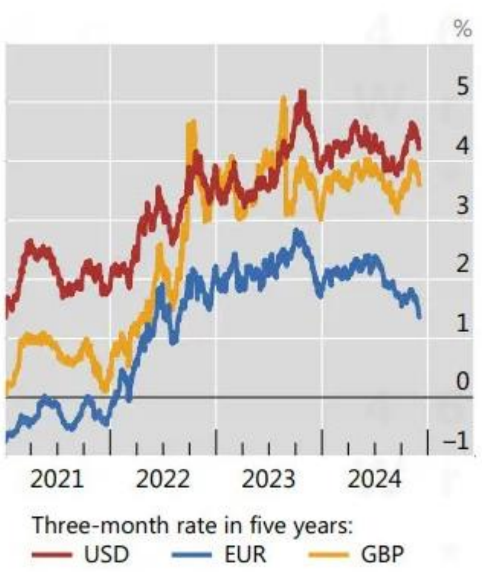


Source: Bloomberg, S&P Global, OCBC.

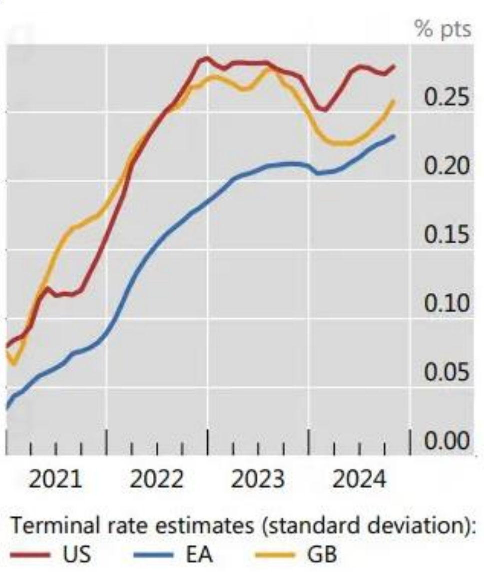
Growing divergence of market views on terminal rates:

- Growing divergence reflects:
  - Surprising resilience of economic activity to higher rates. Data dependent?
  - Inflation outlook amid elevated geopolitical tensions. Tariff impact?
  - Higher uncertainty about the speed and strength of monetary policy transmission to economic and corporate activity.
  - Policymakers' neutral rate forecasts and the need to second-guess geopolitical/political influence.

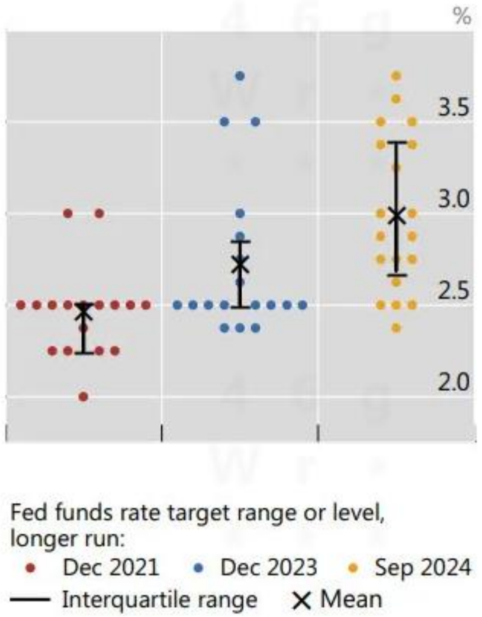
Forward rates



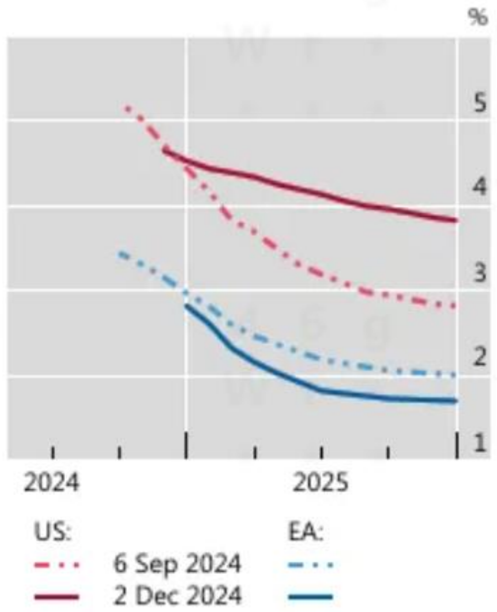
Consensus forecasters disagree more



Long-term policy rates in the US



Expectations of future monetary policy diverged



Source: BIS, OCBC.

US: Trumps four pillars in 2025 to MAGA

- 2025 has started with some fanfare, as market excitement surrounds the news report that Trump may reduce wide-ranging tariffs to just critical imports when he takes office. However, this was quickly refuted by Trump. With his inauguration day approaching on 20 January 2025, we take a look at the implications of the new Trump administration

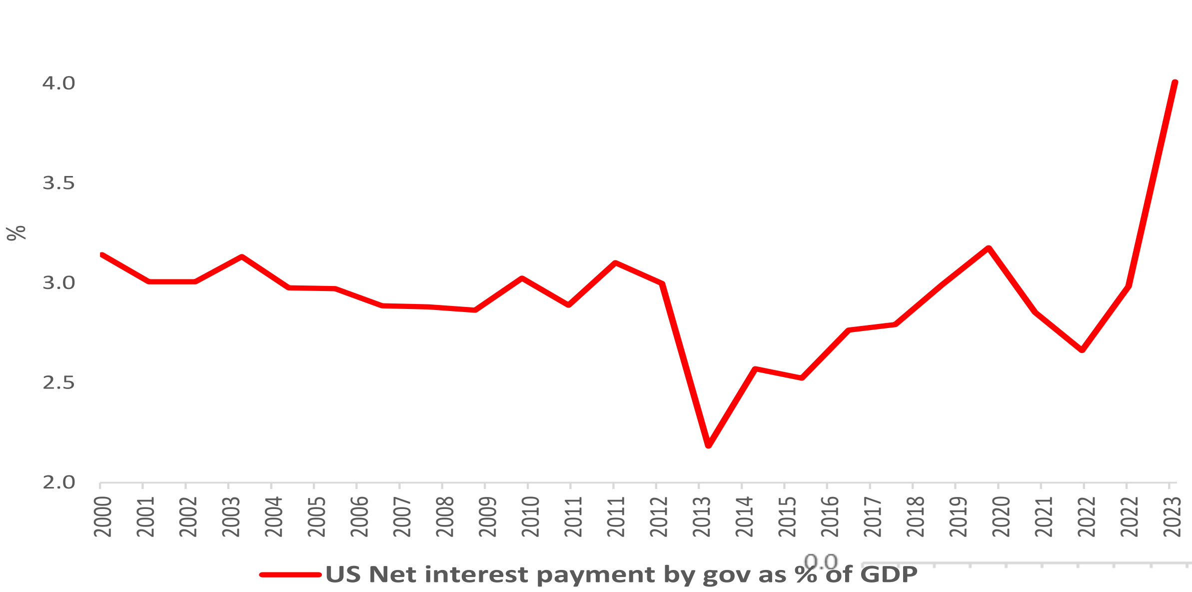
Impact of Trump's four pillars	
Trade	Tariff has been viewed as a major source of revenue to offset the impact of the tax cut. Likely inflationary and growth-negative.
Tax cuts	Positive for growth and corporate profit but again potentially inflationary.
Immigration	May not be investment relevant unless mass deportations happen in quick order.
Deregulation	Somewhat bullish for growth and potentially disinflationary. Deregulation in oil sector may lead to higher US capex and ease headline inflation with lower oil prices as supply rise.

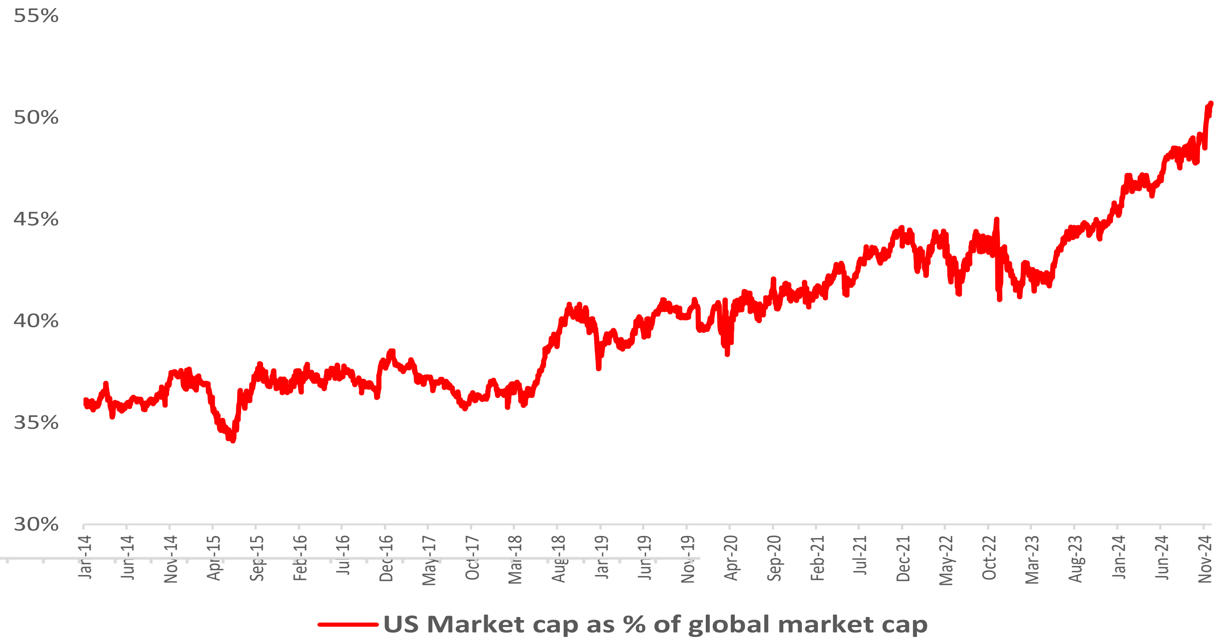
Scott Bessent 3-3-3 Philosophy

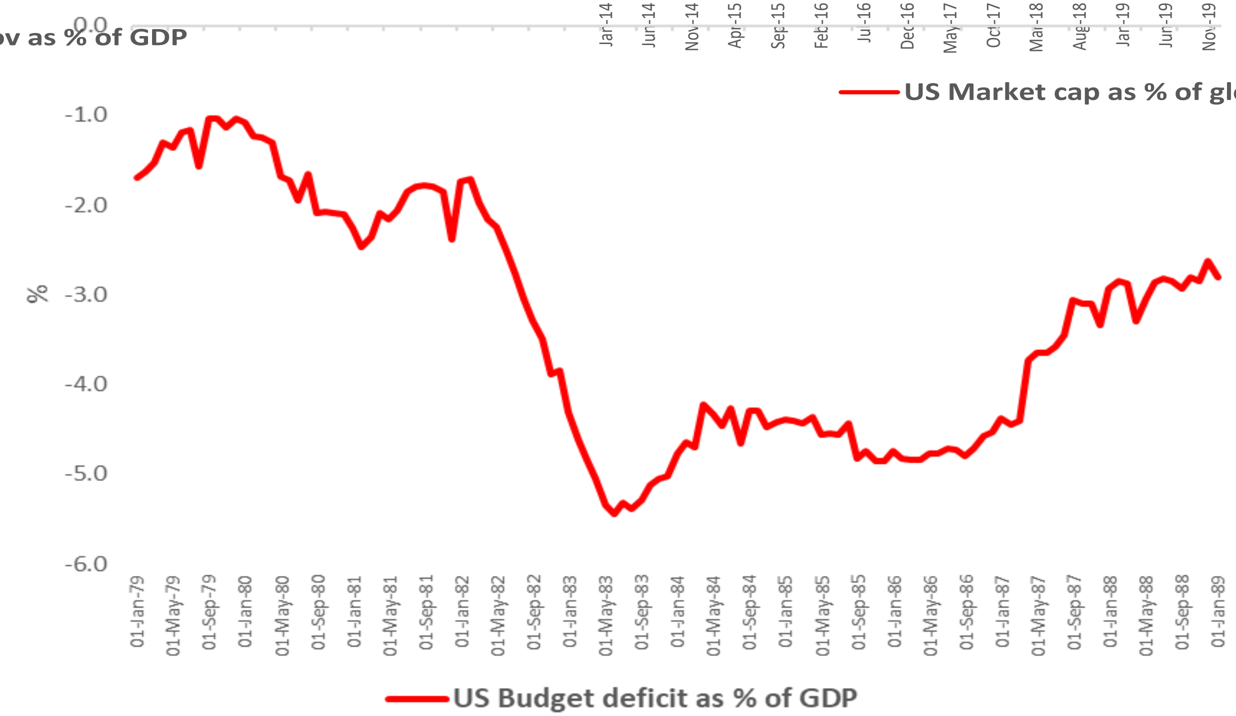
Cut the budget deficit 3% by 2028
Spark 3% economic Growth
Produce an additional 3mn barrels of oil a day
Source: Fox News

Source: Fox News, Google image, OCBC.

Trump 2.0: More vulnerable to de-risking in case of a shock?





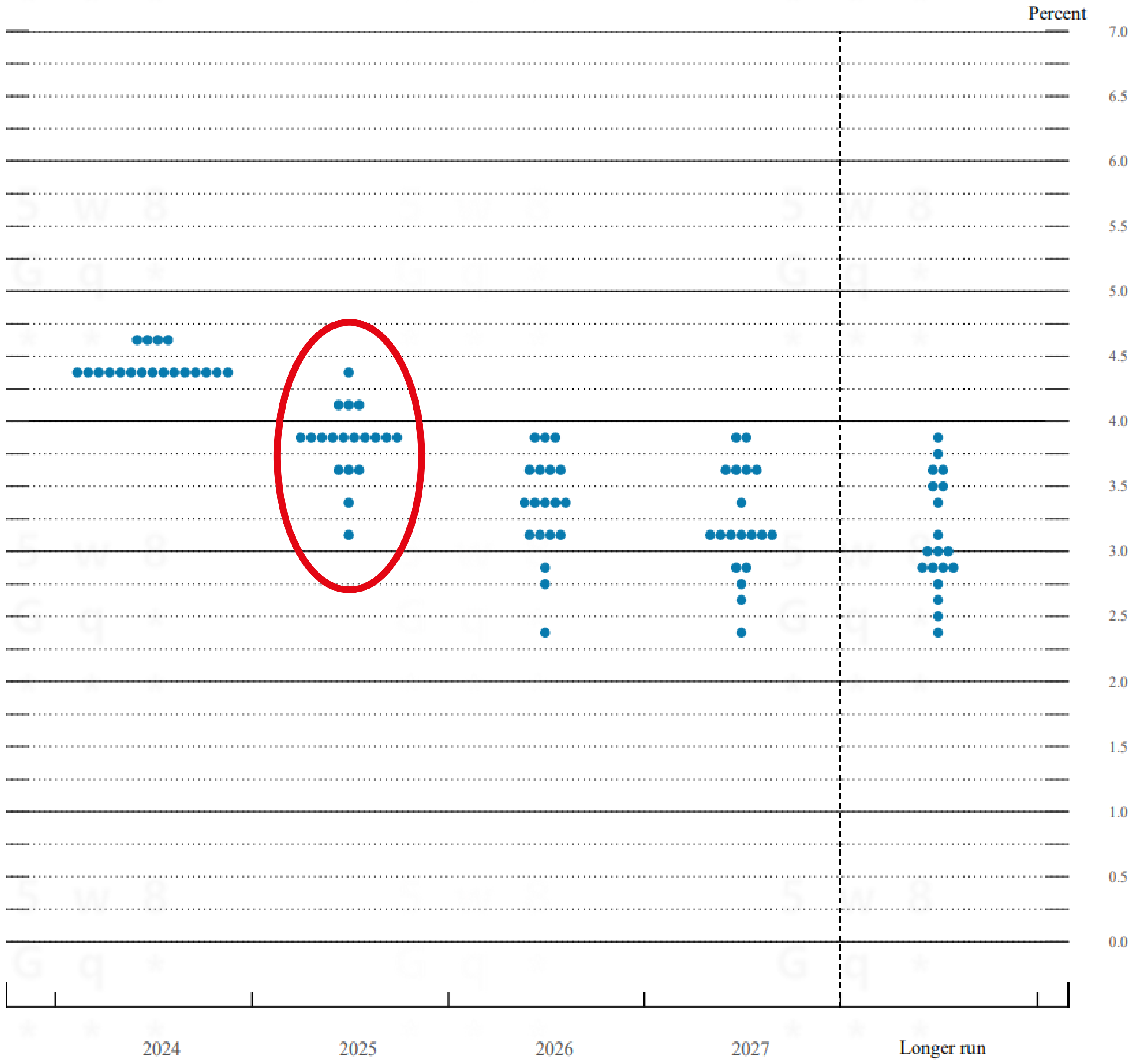


OCBC

Source: CEIC, OCBC.

US: Hawkish FOMC cut in December with likely pause in January

- At the 17-18 December 2024 meeting, the FOMC reduced interest rates by 25bps to 4.25% - 4.5%.
- The updated Summary of Economic Projections (SEP) showed that the median FOMC participant is expecting only two 25bps cuts in 2025, versus four 25bps cuts in September 2024.
- Current market pricing is less than that.



Source: Federal Reserve, OCBC

US: the Fed's outlook

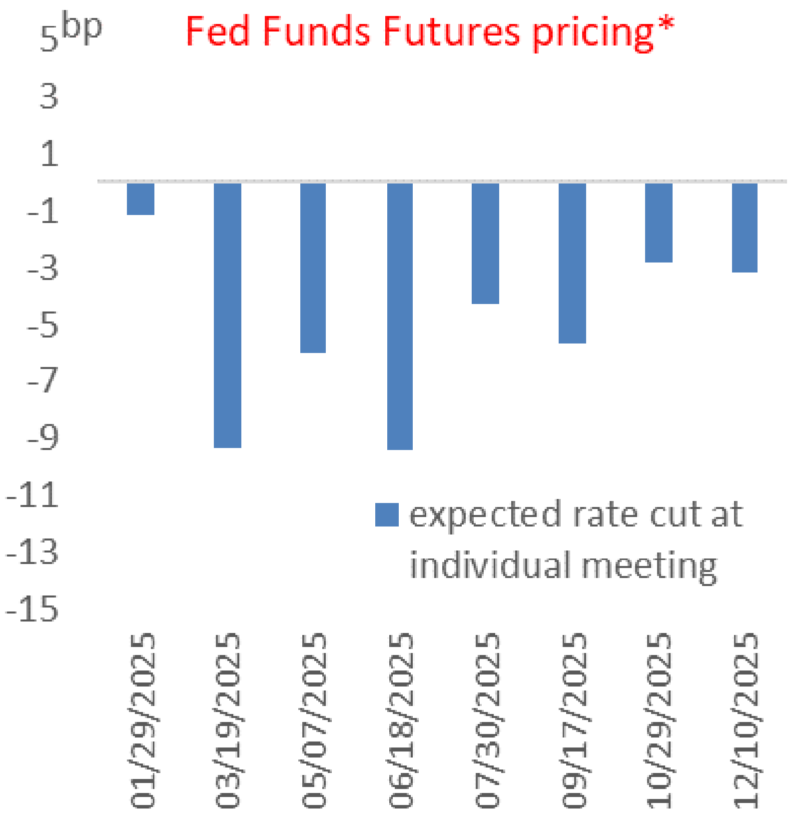
- The SEP also indicated an upward revision of 2025 GDP growth to 2.1% from 2.0%, 2025 core PCE inflation at 2.5% from 2.2%. 2025 Unemployment rate was also projected lower at 4.3% from 4.4%.
- The latest SEP suggests that Fed's economic outlook is modestly better growth but notably higher inflation.

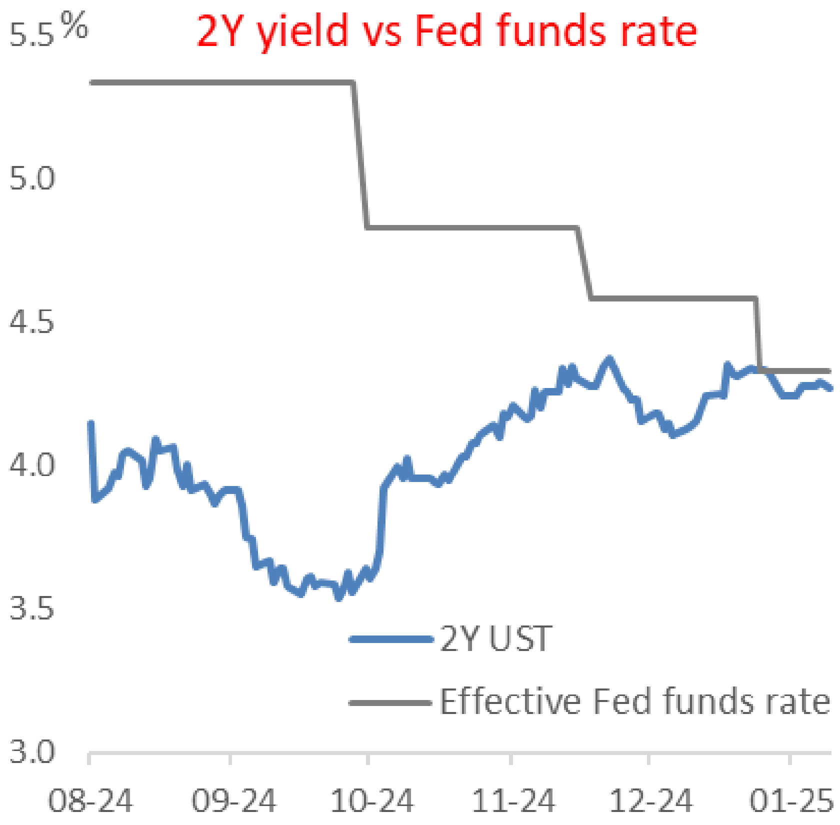
Variable	Median[1]			
	2024	2025	2026	2027
Change in real GDP	2.5	2.1	2.0	1.9
September projection	2.0	2.0	2.0	2.0
Unemployment rate	4.2	4.3	4.3	4.3
September projection	4.4	4.4	4.3	4.2
PCE inflation	2.4	2.5	2.1	2.0
September projection	2.3	2.1	2.0	2.0
Core PCE inflation[4]	2.8	2.5	2.2	2.0
September projection	2.6	2.2	2.0	2.0
Memo: Projected appropriate policy path				
Federal funds rate	4.4	3.9	3.4	3.1
September projection	4.4	3.4	2.9	2.9

Source: Federal Reserve, Bloomberg, OCBC.

US: Market reluctant to price more rate cuts

- We expect a slower pace of easing compared to the 100bps of back-to-back rate cuts that had been delivered in 2024. This is consistent with Fed stance to bring interest rates nearer a neutral level over time as current rate levels are still restrictive.
- There is a high uncertainty regarding the potential tariff impact on inflation and on economic growth.

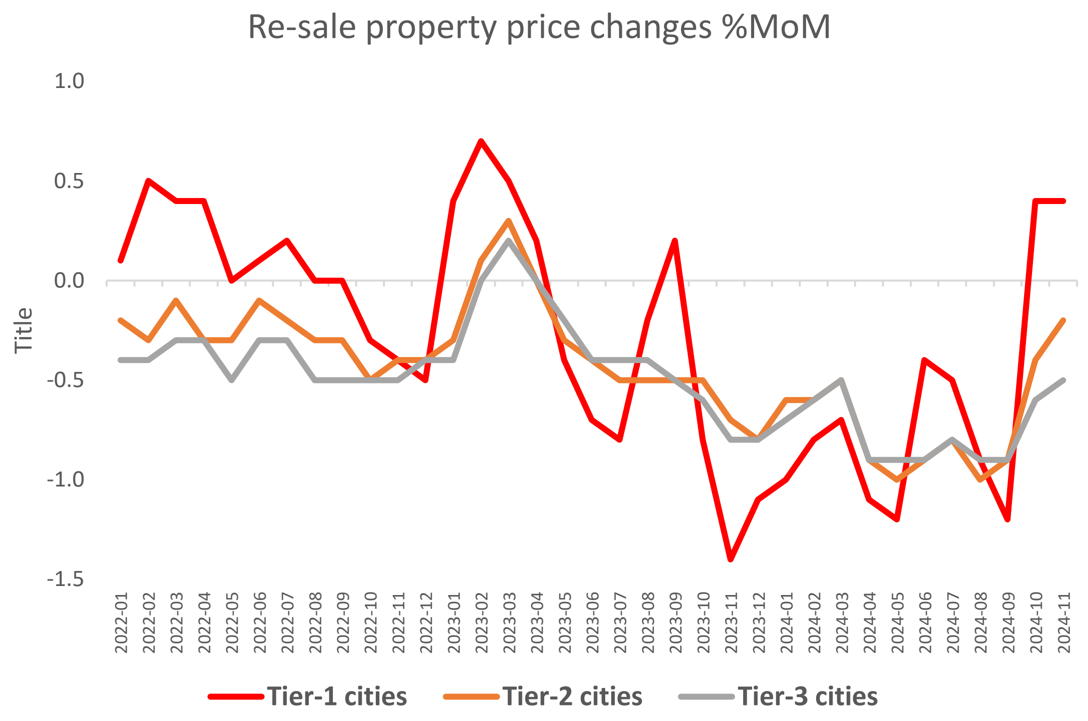


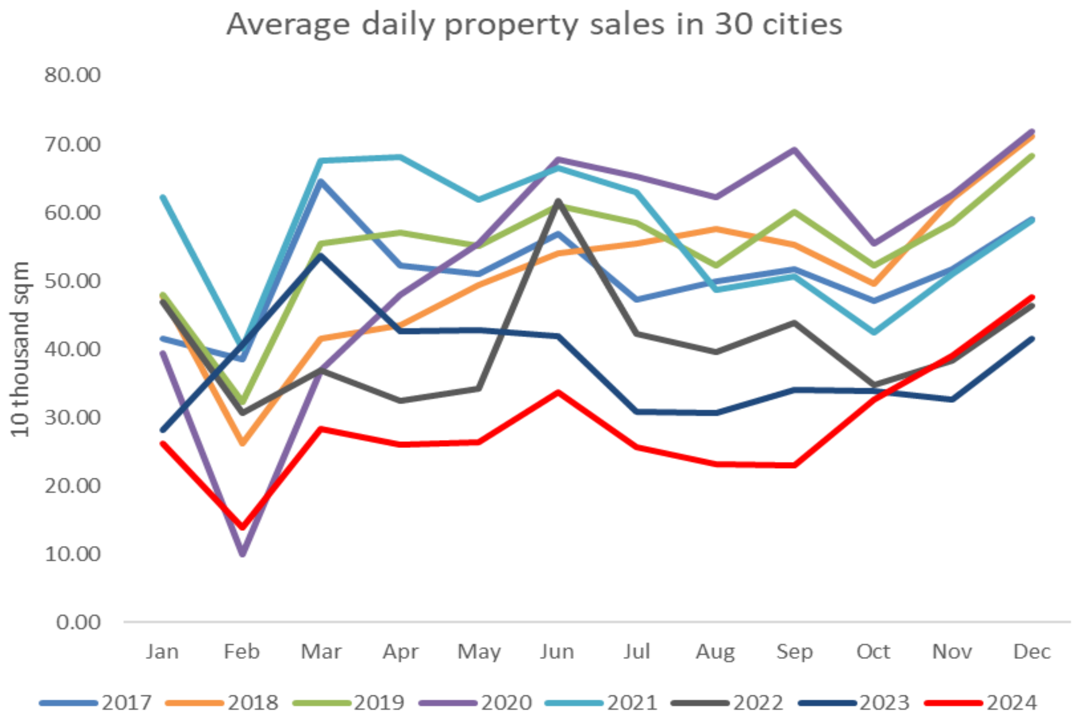


Note: *9 January 2025. Source: Bloomberg, OCBC.

2. China: initial signs of stabilization in property market

- Although China's property investment remained weak, property sales and property prices showed signs of stabilization. Property sales rebounded in November, rising 3.2% YoY, while resale property prices in tier-1 cities increased MoM for the second consecutive month, indicating gradual recovery in the sector.

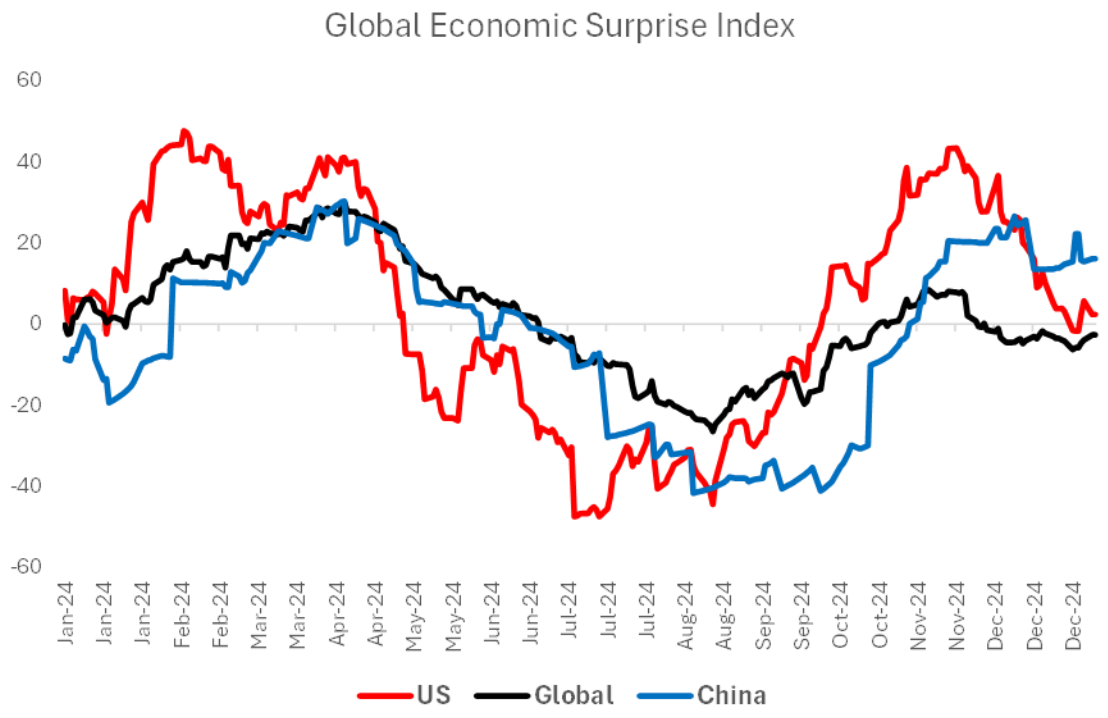


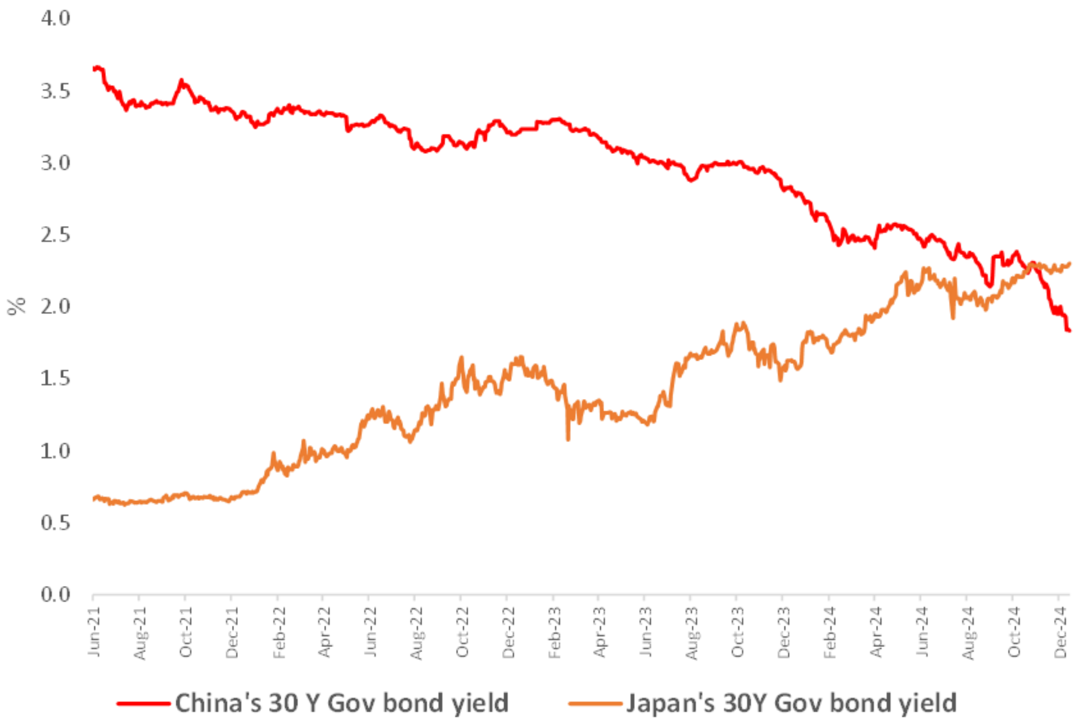


Source: Bloomberg, OCBC.

China: Reality check

- China achieved its growth target of 5%, but notable disparities in the past year have highlighted underlying challenges for the economy. Firstly, there is a disparity between economic recovery and public sentiment. Secondly, there is a disparity between property market stabilization and weak retail sales in tier-1 cities. Thirdly, there is a disparity between deflationary pressures and reflation measure.





Source: Bloomberg, OCBC.

China: New economic framework for 2025

- Despite these gaps between expectations and reality, China's intention to reflate the economy appears intact.

Five notable changes in the policy tone	
Monetary Policy	The monetary policy stance will shift to being **moderately loose**, marking a significant departure from the prudent monetary policy regime in place since 2011.
Fiscal Policy	Fiscal policy will become **more proactive**, signaling an intensification from the current proactive fiscal stance. The last instance of a more aggressive fiscal approach was during the onset of the COVID-19 pandemic when China raised its fiscal deficit target.
Counter-Cyclical Adjustments	For the first time, the policy language includes the term **"extraordinary"** to describe counter-cyclical adjustments
Property and Equity Markets	The policy explicitly mentions maintaining **stability** in both the property and **equity markets**, with the latter being included for the first time.
Consumption	The government has pledged to **significantly** enhance consumption

Source: Bloomberg, OCBC.

China: New economic framework for 2025 (continued)

Additional details from the Central Economic Working Conference
Firstly, among the nine key economic tasks for 2025, boosting consumption was given top priority. A new concept, "Special Action to Boost Consumption," was introduced, likely integrating efforts to promote consumption with improving social welfare. The focus will be on raising incomes, reducing the financial burden on low- and middle-income groups, and increasing basic pensions and healthcare fiscal subsidies.
Secondly, the meeting emphasized the "comprehensive rectification of involuntary competition" and the standardization of behaviors by local governments and enterprises.
Thirdly, the proposal to "explore and expand the macroprudential and financial stability functions of the central bank" signals a strengthened role for the PBoC in stabilizing real estate and equity markets. This move reflects the increasing importance of the central bank in supporting broader financial stability and ensuring market confidence.

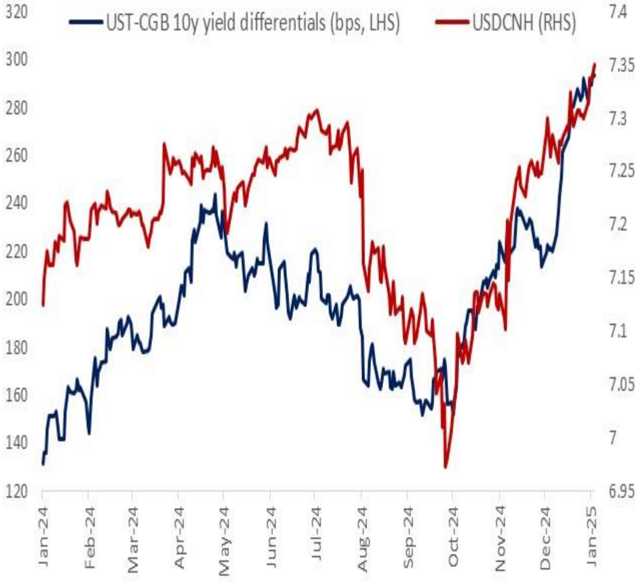
OCBC

Source: Bloomberg, OCBC.

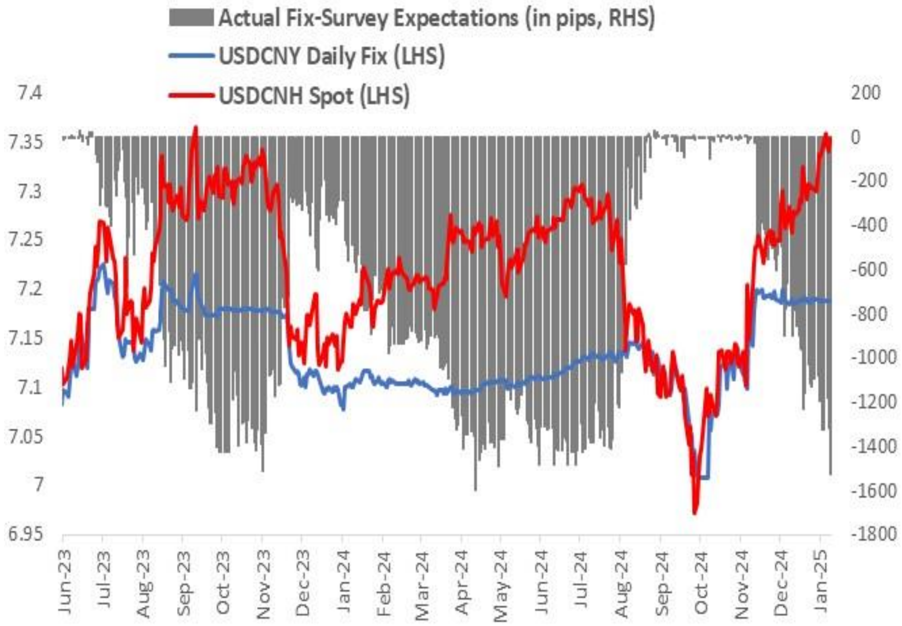
China: Depreciation remains the path of least resistance

- Due to (1) wider UST-CGB yield differentials amid expectations for further China rate cuts while Fed may potentially slow the pace of rate cut cycle; (2) uneven economic recovery in China and lack of stimulus support measures; (3) markets anticipating for further RMB softness when US tariffs are implemented.
- Recent fixing pattern and offshore PBoC bill issuance suggest that PBoC is doing whatever it takes to restrain the RMB from over-weakening. While policymakers prefer RMB stability, they cannot fight against the trend. At some point when tariff hits, we believe policymakers may allow for RMB to trade weaker.

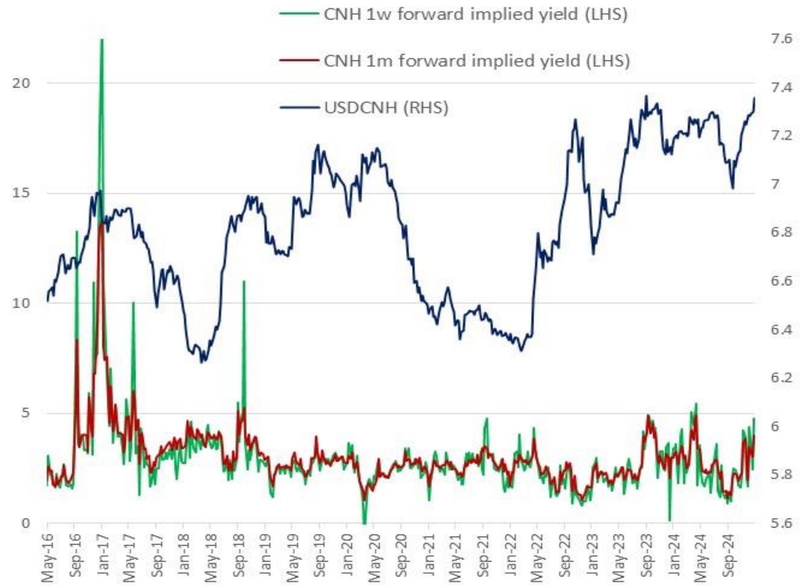
Wider UST-CGB Yield Differentials Driving USDCNH Higher



PBOC "Pegging" the Daily Fix to Manage USDCNY Onshore Expectations



Offshore Squeeze in CNH to Chase Away CNH Shorts



OCBC

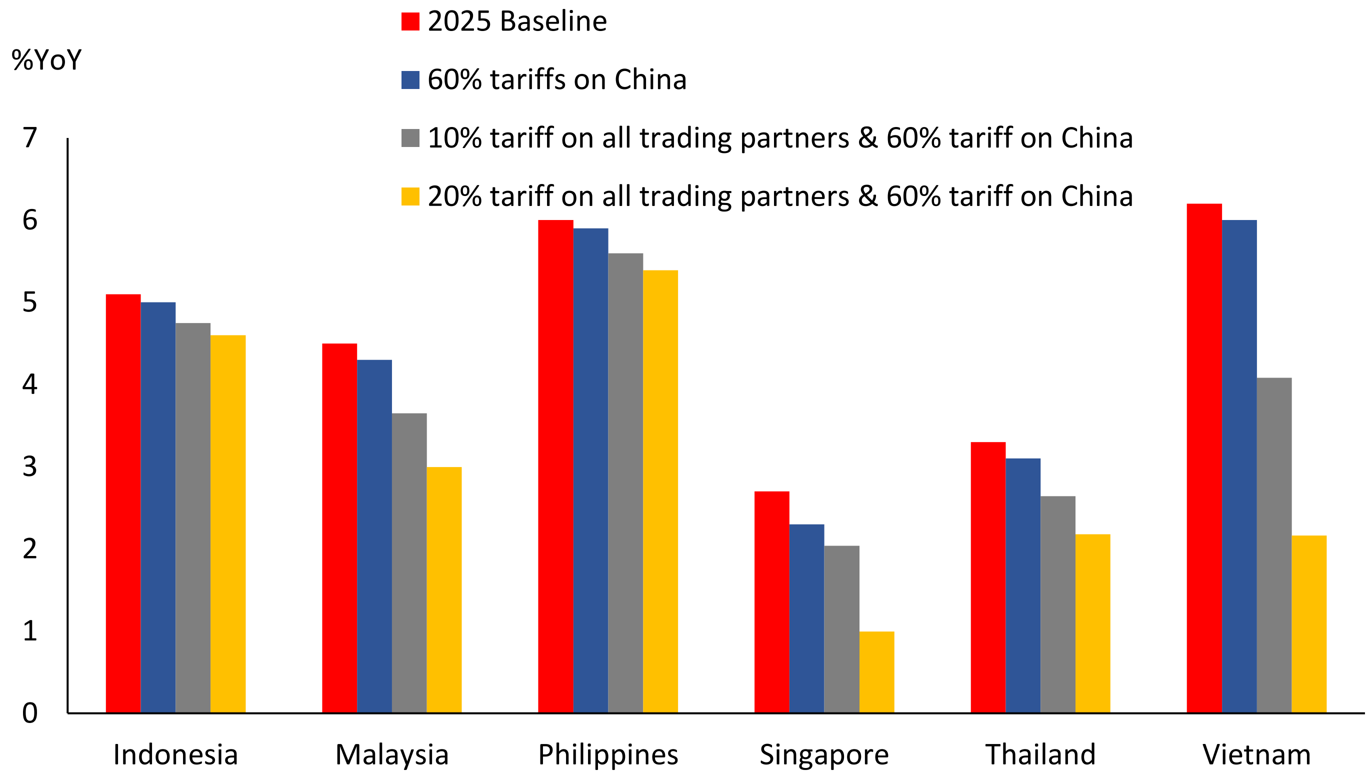
Source: Bloomberg, OCBC.

3. ASEAN: Assessing the impact of potential tariffs

- Under scenario 1, we assume a 60% tariff is imposed on China's exports to the US. Under scenarios 2 and 3, tariffs are imposed on all trading partners including ASEAN along with 60% tariffs on China's exports to the US. Under scenario 2, we assume a tariff of 10% is imposed on all US trading partners including the ASEAN countries along with a tariff of 60% on China's exports to the US. Under scenario 3, a 20% tariff is imposed on US trading partners, along with a tariff of 60% on China's exports to the USA.

- GDP growth for the ASEAN-6 region could be relatively unimpacted (0.2pp lower than our baseline of 5.0%). However, under scenarios 2 and 3, ASEAN-6 GDP growth may be lower by 0.7pp and 1.3pp, respectively. Vietnam may be the most sensitive to higher US tariffs (2-4pp lower), followed by Malaysia and Thailand. The more domestic-oriented economies of the Philippines and Indonesia could see GDP growth 0.6pp and 0.5pp lower than the baseline in the worse-case.

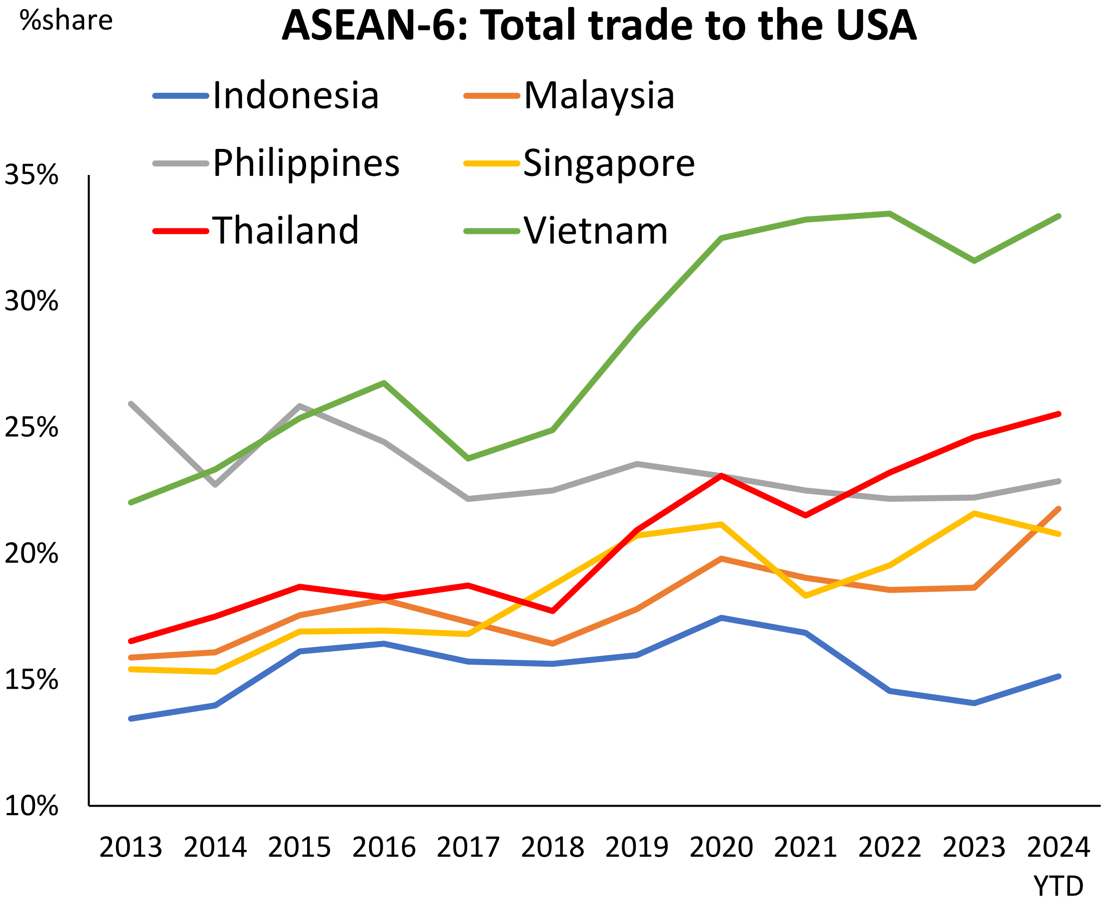
GDP growth (2025) under various scenarios



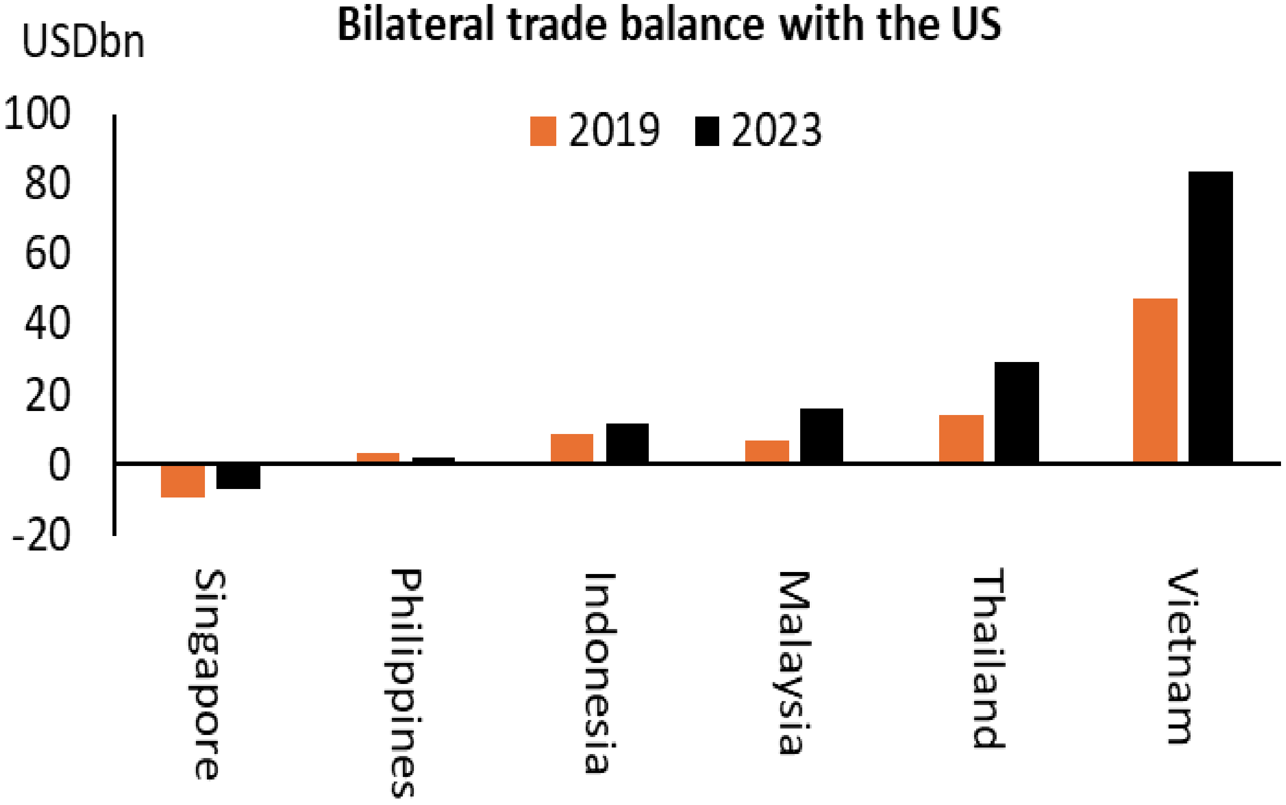
Source: CEIC, UNComtrade, OCBC.

OCBC

3. ASEAN: Who is most vulnerable?



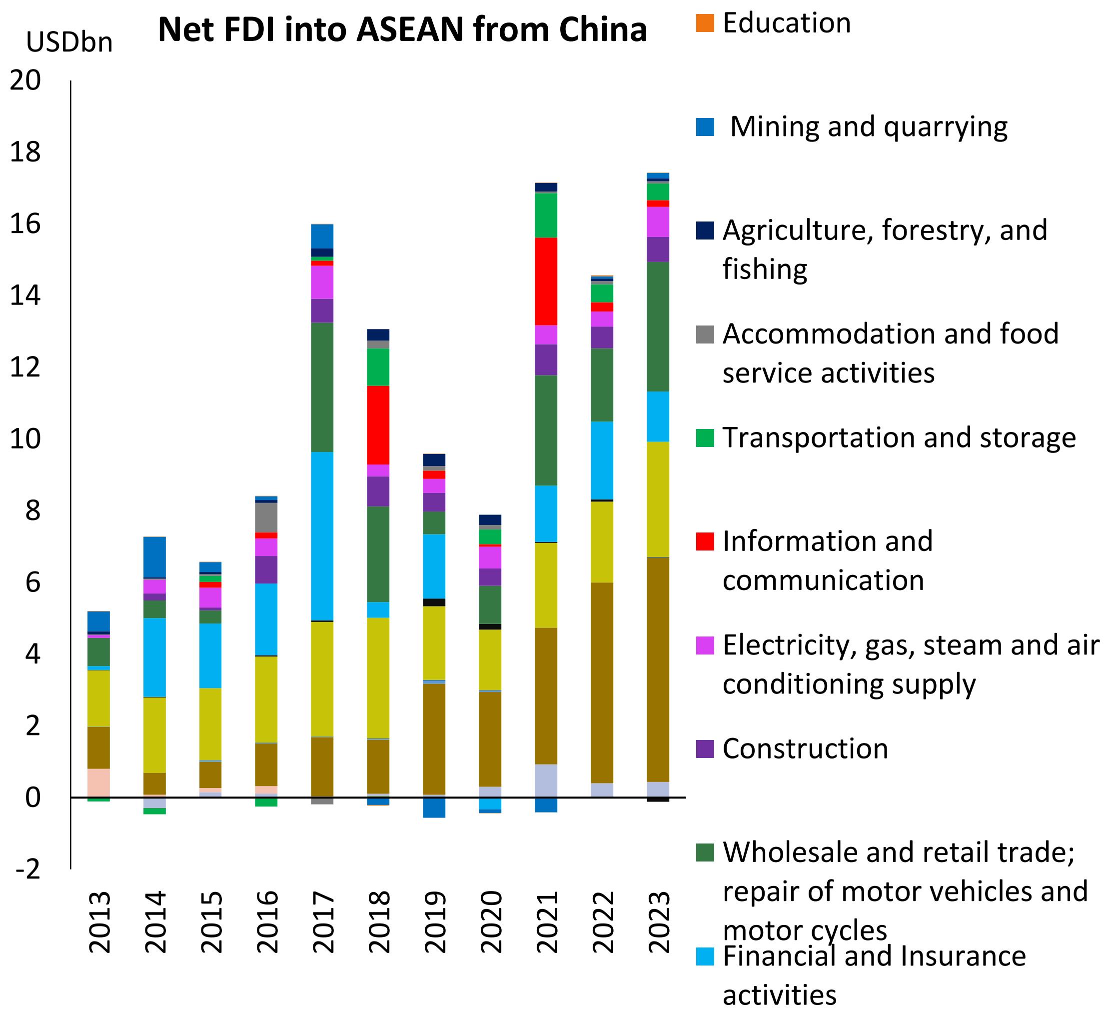
Source: CEIC, OCBC.



Source: UNComtrade; OCBC.

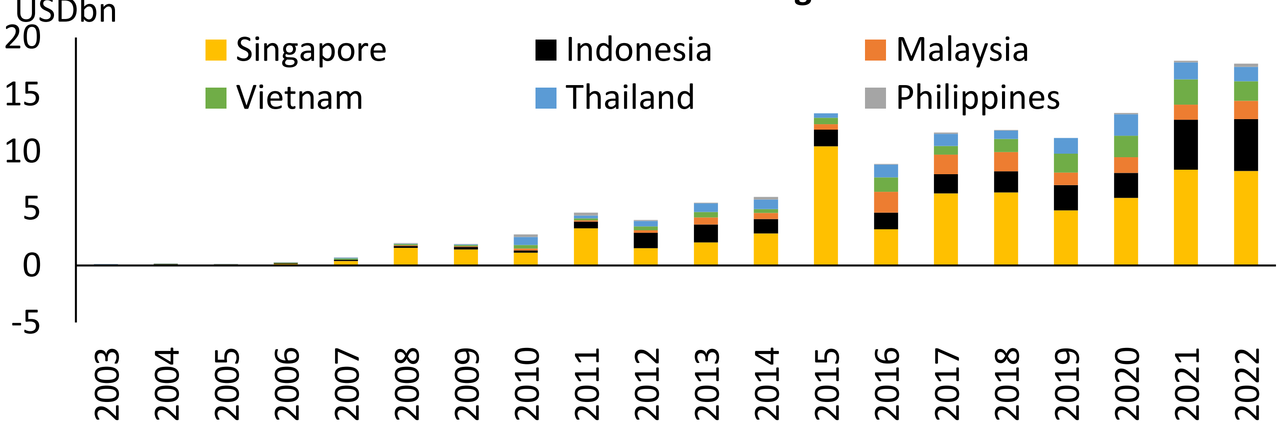
What about China+1: ASEAN-China connectivity has improved

- ASEAN was key in China's Belt and Road Initiative (BRI) launched in 2013.
- FDI inflows have diversified from infrastructure into electronics, resources and food industries. Rising FDI into manufacturing, wholesale & retail trade, finance and insurance, real estate and professional services sectors.
- Singapore has been the largest recipient of FDI from China, followed by Indonesia, Malaysia, Vietnam and Thailand. Inflows into Indonesia accounted for almost 1/3 of 2023 inflows.



Source: ASEAN Secretariat; OCBC.

China: ODI to ASEAN region



OCBC

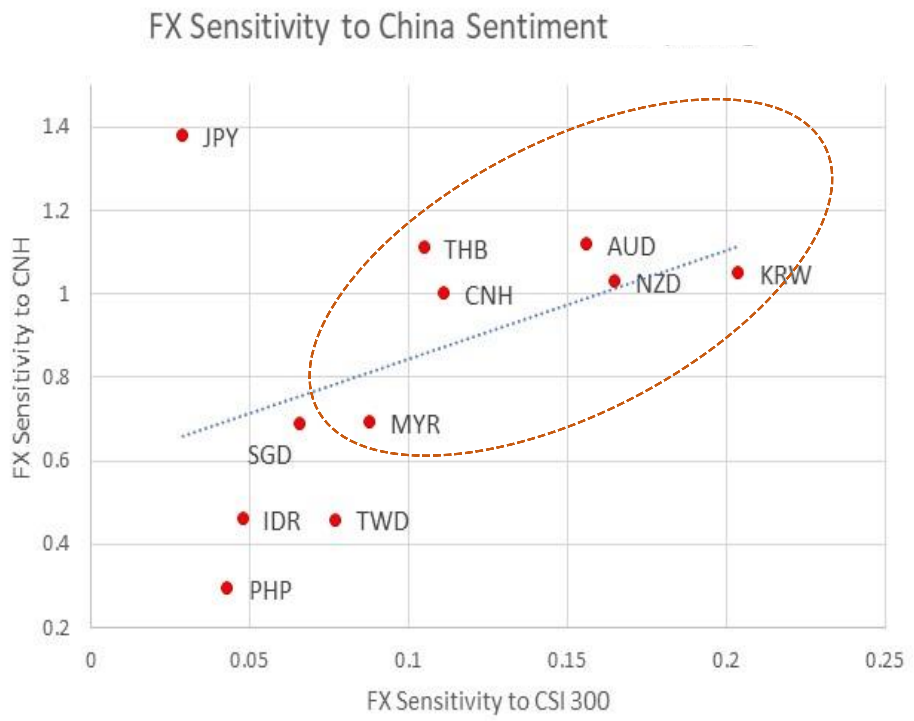
Source: CEIC, ASEAN Secretariat, OCBC.

Asian FX is dependent on tariff development and yield differentials:

- Asian FX are not only sensitive to China developments and trade war impact, but are also highly sensitive to Fed policy and UST-AXJ yield differentials. JPY, THB, KRW amongst Asian FX most sensitive to UST yields.
- If Fed continues to cut rates in 2025, US-Asia yield differentials can narrow and support of AXJ FX recovery.
- The risk here is Fed slows or halts rate cut cycle. This is likely to result in wider yield differentials, which in turn would see AXJs come under further pressure.

USD-AXJ Yield Differentials Can Drive USD/Asian FX

Asian FX Sensitivities to China Developments



Note: OLS regression over 2y weekly frequency data. Source Bloomberg, OCBC.

OCBC forecasts for ASEAN economies:

Country	GDP (% YoY)			Inflation (% YoY)		
	2023	2024	2025	2023	2024	2025
Indonesia	5.0	5.0	5.1	3.7	2.3	2.8
Malaysia	3.6	5.2	4.5	2.5	1.8	2.7
Philippines	5.5	6.0	6.0	6.0	3.2	3.0
Singapore	1.1	4.0*	2.2	4.8	2.4	2.0
Thailand	1.9	2.6	3.3	1.2	0.4	2.2
Vietnam	5.0	7.1	6.2	3.3	3.6	4.0

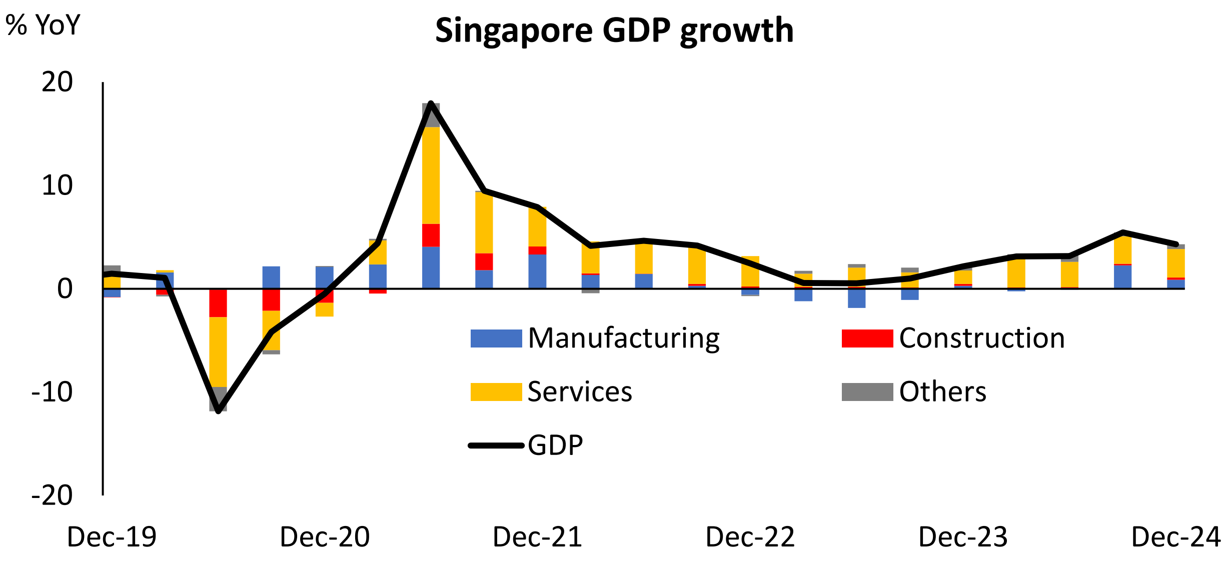
Note:*MTI Advance Estimates.

Country	Policy Rate (%)			Fiscal Deficit (% GDP)		
	2023	2024	2025	2023	2024F	2025F
Indonesia	6.00	6.00	5.50	-2.3	-2.3	-2.6
Malaysia	3.00	3.00	3.00	-5.0	-4.3	-3.5
Philippines	6.50	6.00	5.50	-6.2	-5.7	-5.3
Singapore*	3.70	3.03	2.58	-0.5	0.8	-
Thailand	2.50	2.25	2.00	-3.3	-4.3	-4.5
Vietnam	4.50	4.50	4.50	-3.5	-3.6	-3.8

Note: *3M Compounded SORA.
Source: OCBC.

4. Singapore: Strong 2024 GDP growth, but slightly slower in 2025

- The economy experienced robust 4% YoY growth in 2024, the highest rate since 2021. This was an upside surprise due to stronger-than-expected 4Q24 growth of 4.3% YoY (0.1% QoQ sa) although it was a moderation from the 5.4% YoY (3.2% QoQ sa) growth seen in 3Q24.
- The growth support was broad-based. For manufacturing and services, these figures also marked the fastest growth since 2Q22 and 4Q22, respectively, and the strongest annual growth since 2021 and 2022.
- Given the higher growth base in 2024, we revised our 2025 GDP growth forecast down from 2.7% YoY to 2.2% YoY. The official 2025 growth forecast remains at 1-3% YoY.

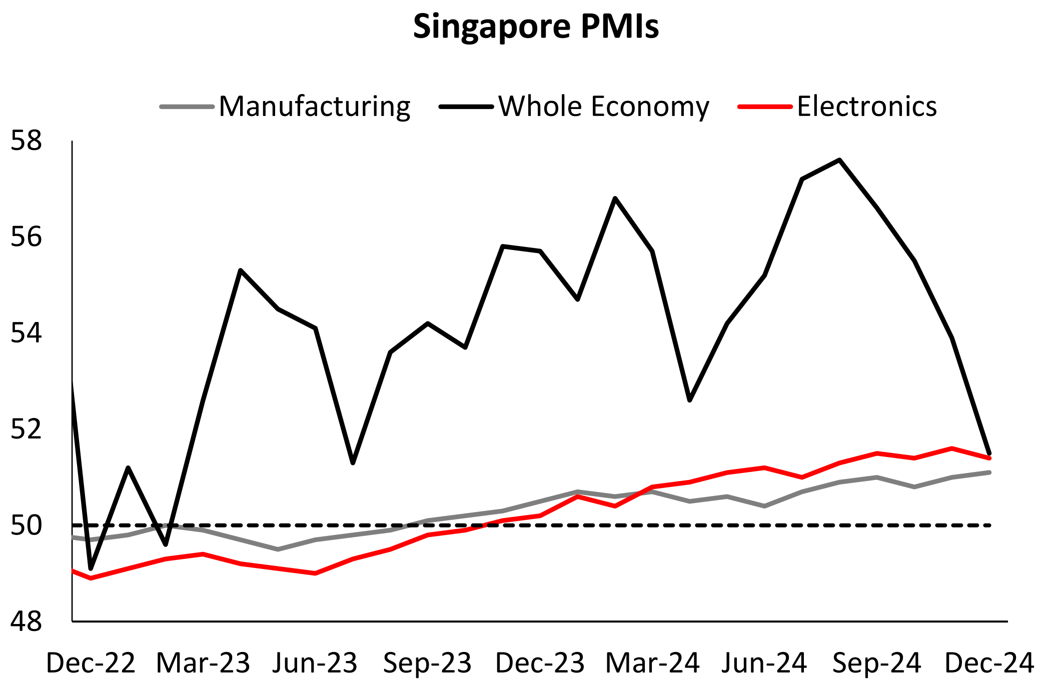


Gross Domestic Product in Chained (2015) Dollars

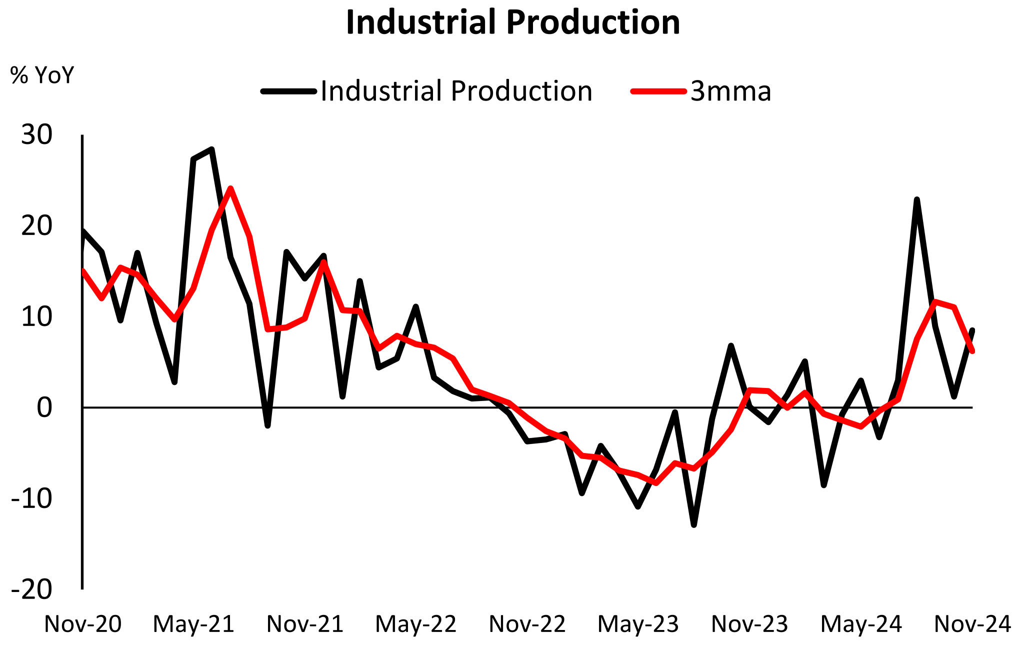
	4Q23	2023	1Q24	2Q24	3Q24	**4Q24***	**2024***
Percentage change over corresponding period of previous year							
Overall GDP	2.2	1.1	3.1	3.2	5.4	**4.3**	**4.0**
Goods Producing Industries	1.9	-2.9	-0.3	0.6	9.6	**4.4**	**3.6**
Manufacturing	1.4	-4.3	-1.1	-0.4	11.1	**4.2**	**3.5**
Construction	5.2	5.2	3.6	4.8	4.7	**5.9**	**4.8**
Services Producing Industries	2.0	2.3	4.3	3.7	4.0	**4.3**	**4.1**
Wholesale & Retail Trade and Transportation & Storage	1.0	1.4	4.0	4.1	5.2	**5.6**	**4.7**
Information & Communications, Finance & Insurance and Professional Services	3.6	2.2	5.7	5.4	4.3	**3.7**	**4.8**
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	2.0	4.3	3.0	1.0	1.4	**2.6**	**2.0**

OCBC Source: Singstat, CEIC, MTI, OCBC.

Singapore: PMI and industrial production benefitting from electronics



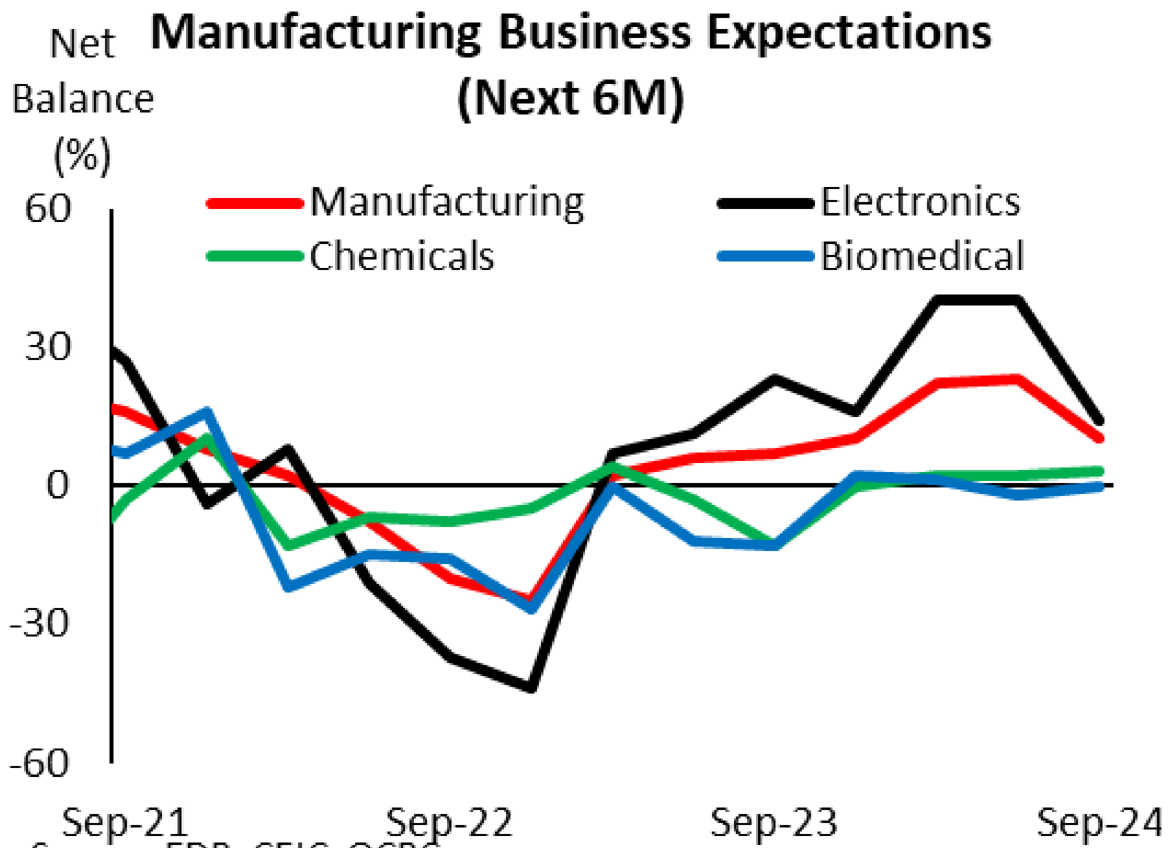
Source: S&P Global, SIPMM, OCBC.



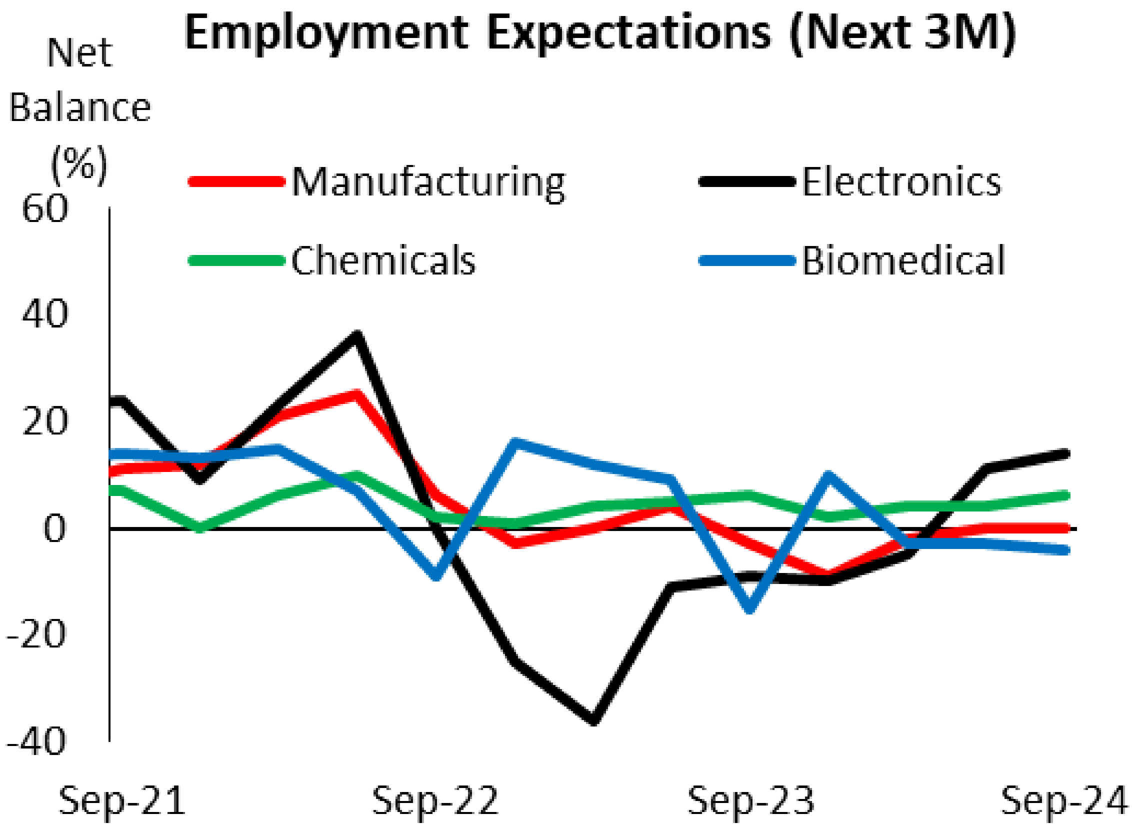
Source: EDB, Bloomberg, OCBC.

OCBC

Manufacturing business expectations:



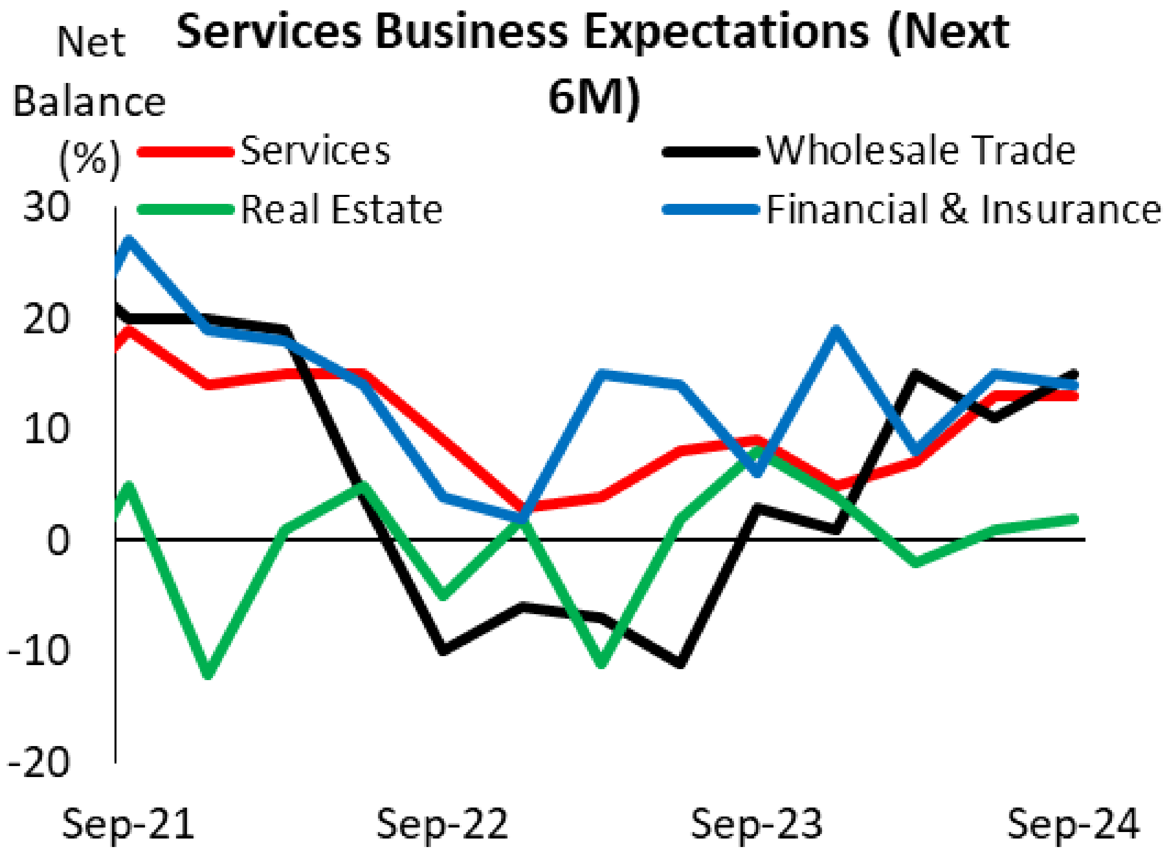
Source: EDB, CEIC, OCBC



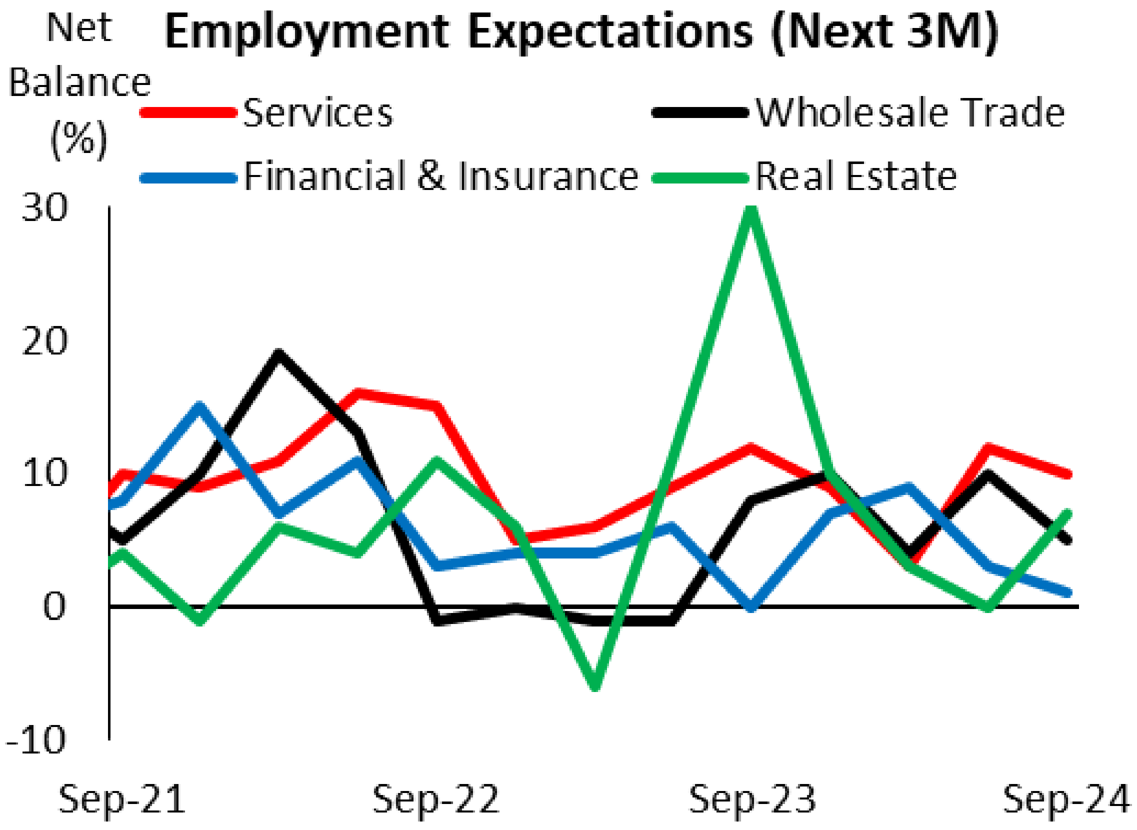
Source: EDB, CEIC, OCBC

OCBC

Services business expectations:

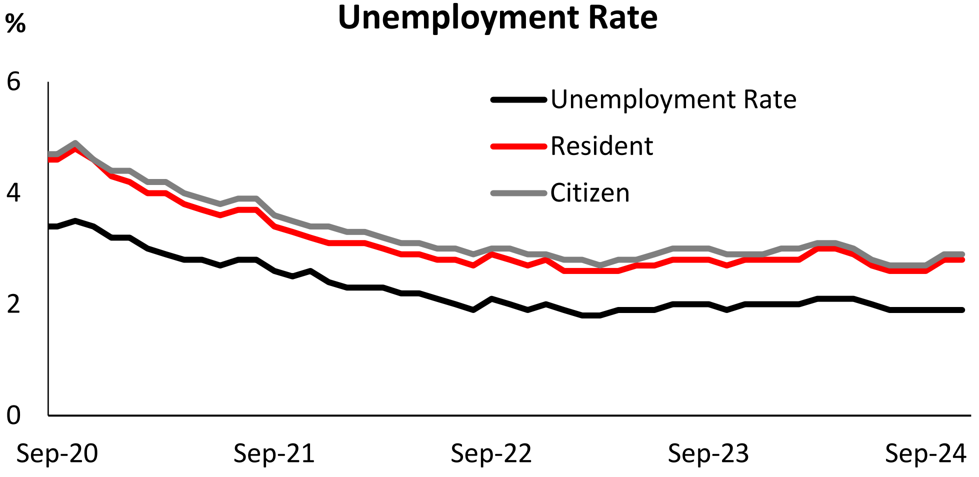


Source: DOS, CEIC, OCBC

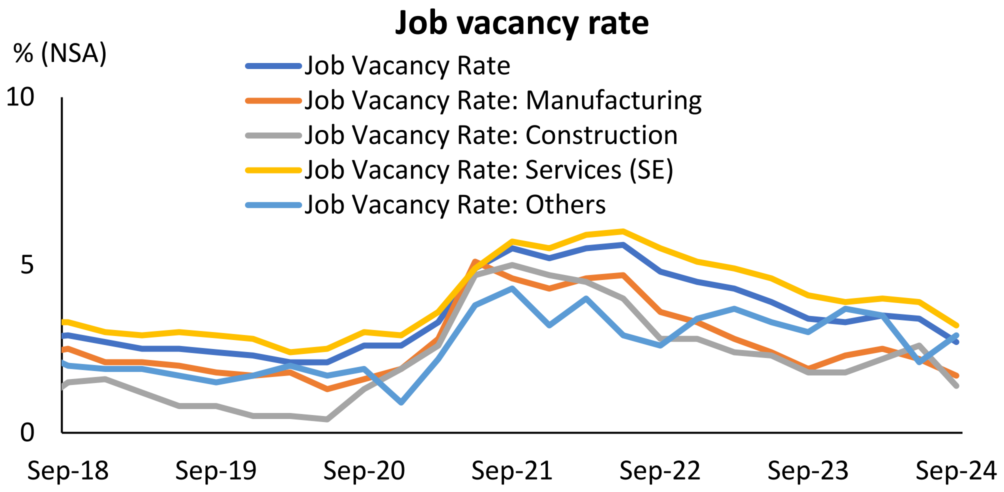


Source: DOS, CEIC, OCBC

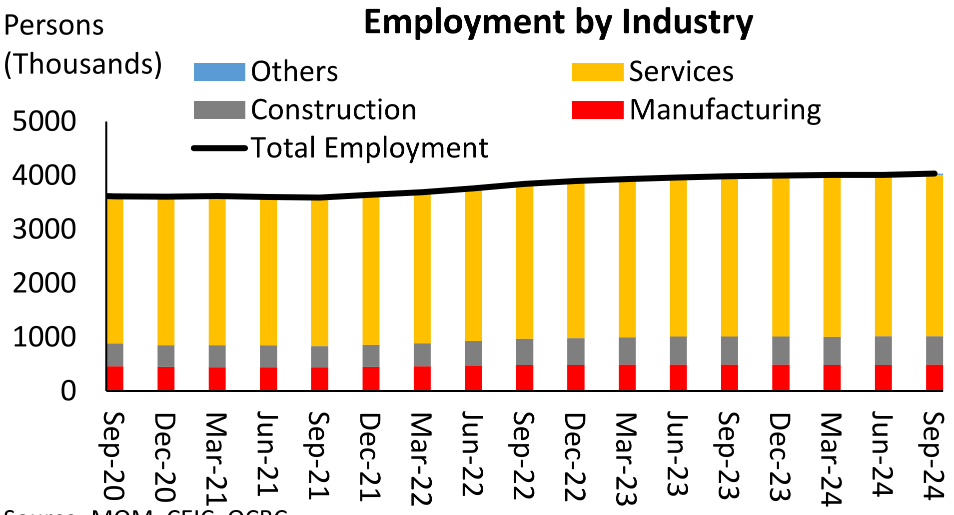
Singapore: Labour market indicators



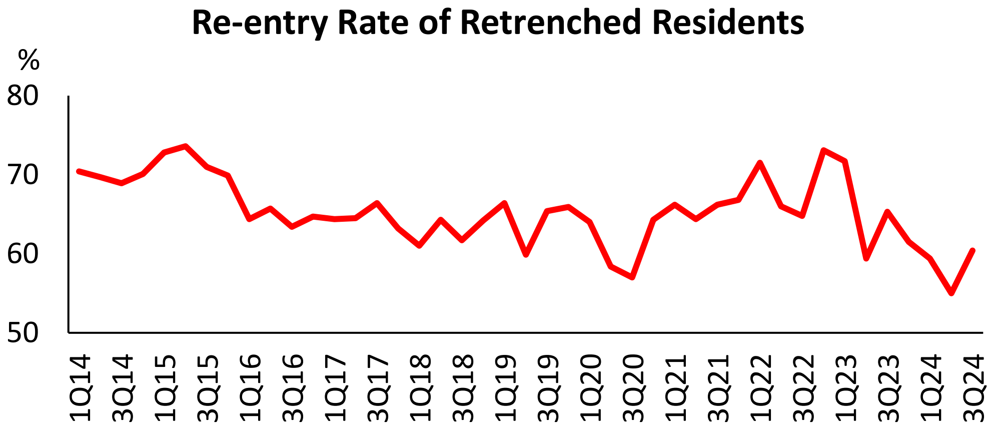
Source: MOM, CEIC, OCBC.



Source: MOM, CEIC, OCBC.



Source: MOM, CEIC, OCBC.

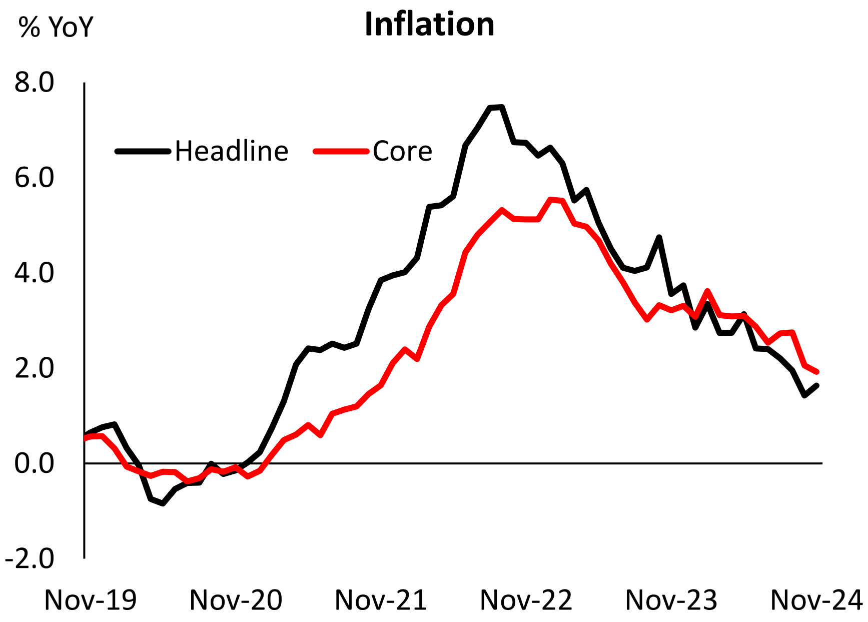


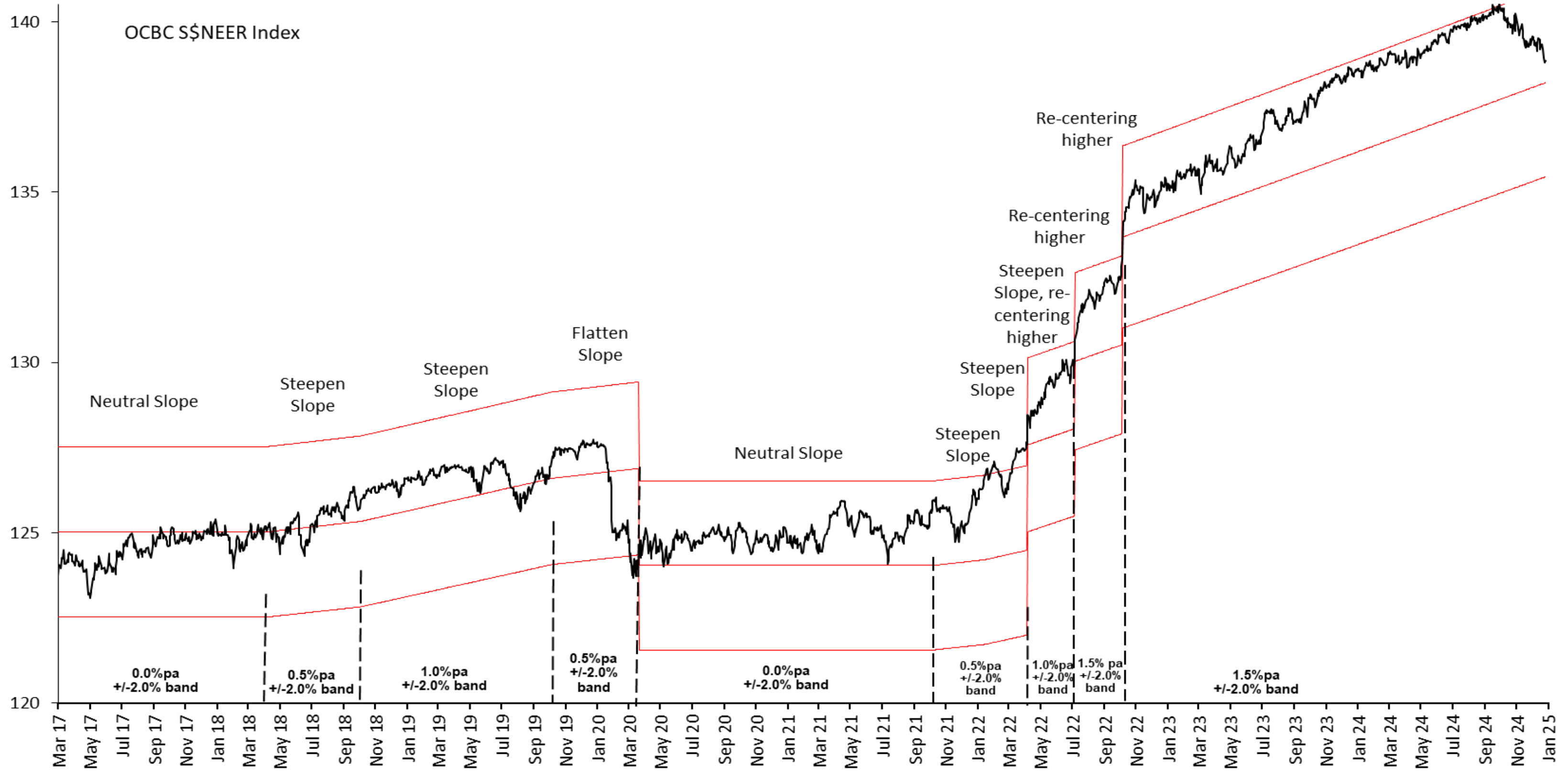
Source: Labour Market Survey, Manpower Research & Statistics Department, MOM and derived based on data from Administrative Records

OCBC Source: MOM, CEIC, OCBC

Singapore: MAS policy easing on 24 January 2025?

- The quarterly MAS monetary policy review (due by end-January) is open to an easing, possibly a slight flattening of the S$NEER slope from our estimated 1.5% pa to ~1% pa.
- Core inflation subsided to 1.9% YoY handle in November 2024 and MAS tips 1.5-2.5% YoY for 2025. Our 2025 headline and core CPI forecasts stand at 2% and 1.9% YoY respectively.
- SGD short-term interest rates may see limited downside.





OCBC

Source: CEIC, OCBC.

Singapore: Strong fiscal out turn in FY2024?

	April - November 2024	Budget 2024: MOF Estimated	Budget 2024: Run Rate / % of Budgeted	% Share
Total Operating Revenue	80899.7	108640	74.47%	
Corporate Tax	25058.9	28029	89.40%	31.0%
Income Tax	13381.3	18075	74.03%	16.5%
Witholding Tax	1229.3	2307	53.29%	1.5%
Contributions By Statutory Boards	0	308	0.00%	0.0%
Assets Taxes	3571.5	6673	53.52%	4.4%
Customs & Excise Duties (CED)	2303.8	3564	64.64%	2.8%
GST	14370.6	19394	74.10%	17.8%
Motor Vehicles Tax	1633.4	2837	57.57%	2.0%
Fees & Charges: Vehicle Quota Premiums	4135.4	4725	87.52%	5.1%
Betting Taxes	2104.3	3257	64.61%	2.6%
Stamp Duty	4061.9	5731	70.88%	5.0%
Other Taxes	5610.8	8856	63.36%	6.9%
Other Fees & Charges	2679.8	4247	63.10%	3.3%
Other Receipts	758.9	637	119.14%	0.9%

Source: Ministry of Finance, CEIC, OCBC.

Singapore: FY25 Budget hopes

- **Generous Budget 2025 expected on 18 February** given likely bumper fiscal outturn. PM Wong had highlighted in his New Year's Day message that while global inflation has moderated, price levels have still not fallen and are not yet at pre-pandemic levels, hence more targeted help is on the way for older people and lower-income groups to cope with cost-of-living increases.
- **Expectations are running high** given this is likely to be the final budget for this term of government and Singapore marks its SG60 celebrations.
- Any sticks?
- **What are your thoughts?**

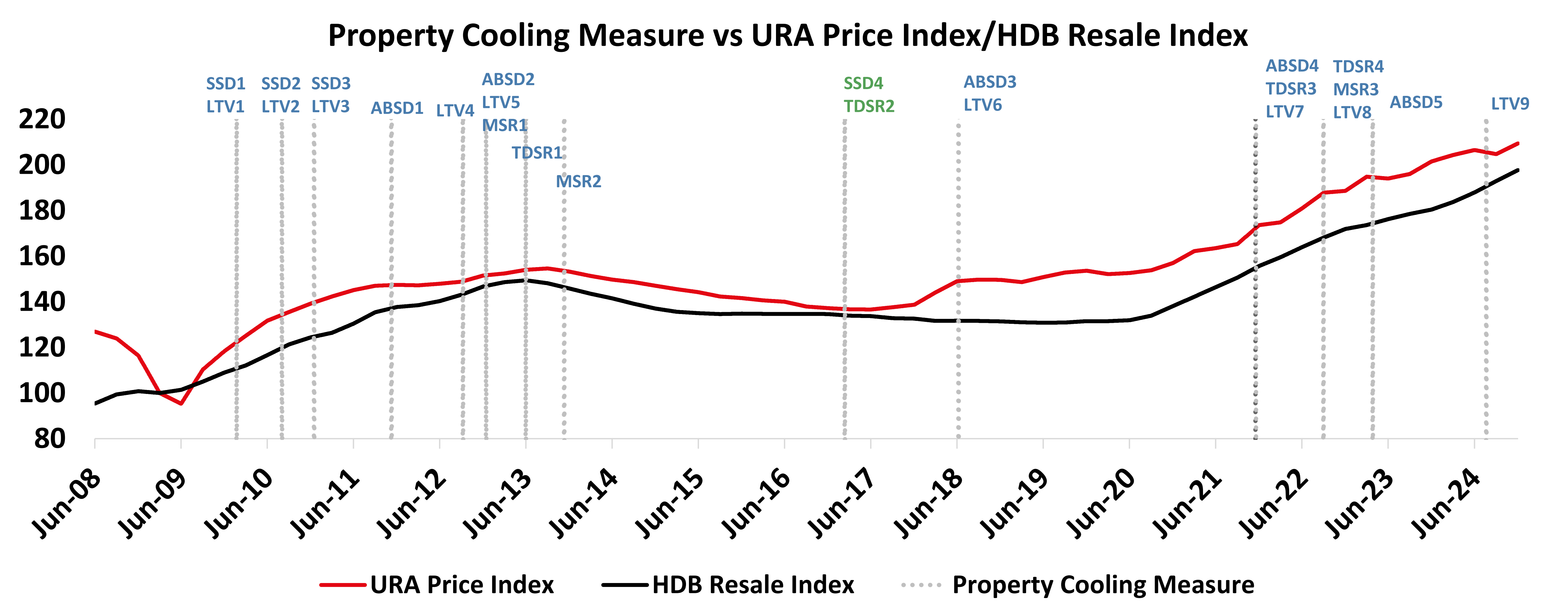
Source: MOF, OCBC.

Note: FY2024 (Estimated) are estimates from MOF.

Fiscal Year	Overall Fiscal Position S$mn	Term of Government: Accumulated Surplus / Deficit S$mn	
	January 1997 General Election		
FY1998	925		
FY1999	4884	7094	
FY2000	3983		
FY2001	-2698		
	November 2001 General Election		
FY2002	190		
FY2003	-1887		
FY2004	-106	-373	
FY2005	1485		
FY2006	-55		
	May 2006 General Election		
FY2007	7656		
FY2008	239		
FY2009	-819	12059	
FY2010	980		
FY2011	4003		
	May 2011 General Election		
FY2012	5821		
FY2013	4998	7340	
FY2014	571		
FY2015	-4050		
	September 2015 General Election		
FY2016	6125		
FY2017	10861		*SGD40bn past reserves drawn for COVID-19 responses
FY2018	3339	9603	
FY2019	845		
FY2020	-51567		
	July 2020 General Election		
FY2021	1880		
FY2022	1716		
FY2023 (Revised)	-3571	803	
FY2024 (Estimated)	778		

Property: Prices rose 3.9% in 2024, expect 2025 prices to rise 2-4%:

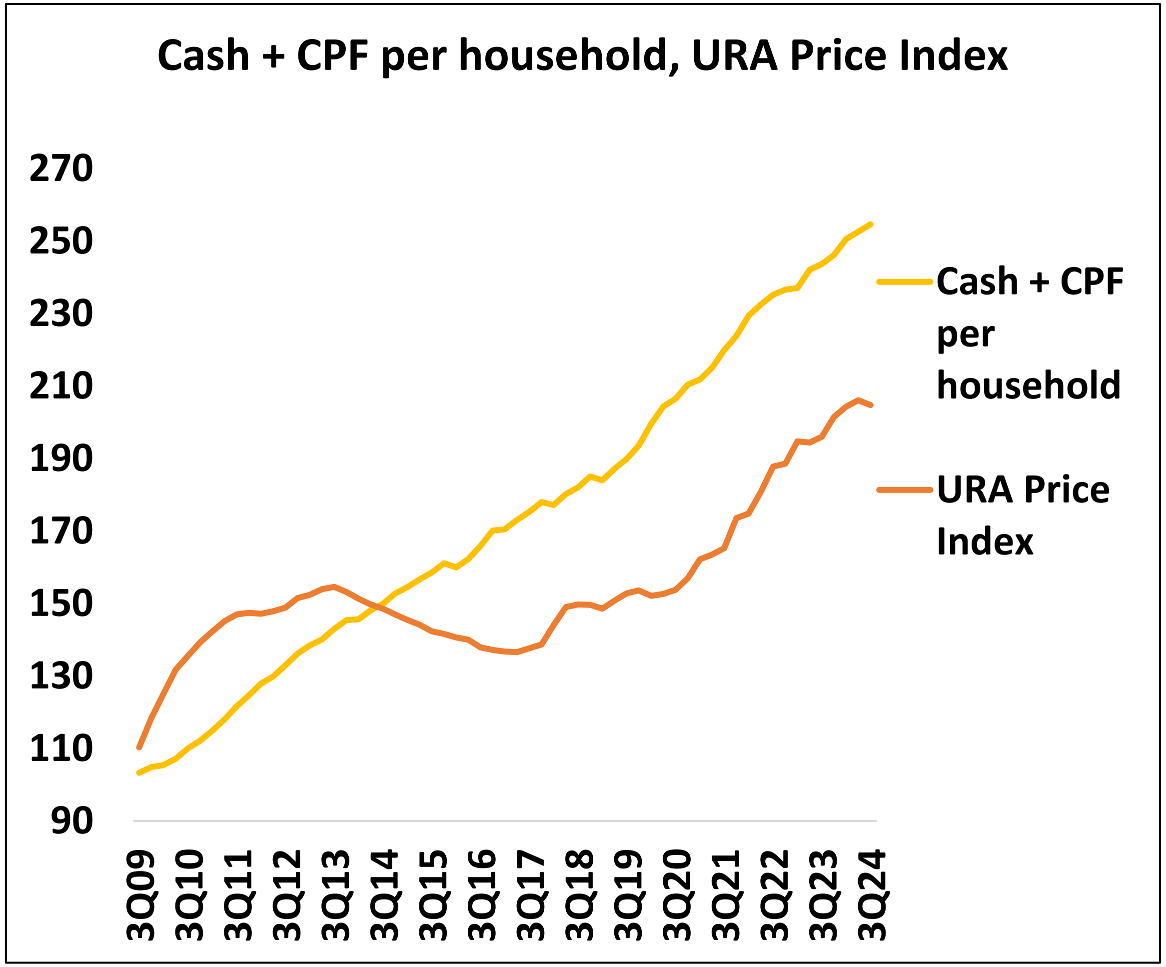
Recent cooling measures have caused only short-term blips



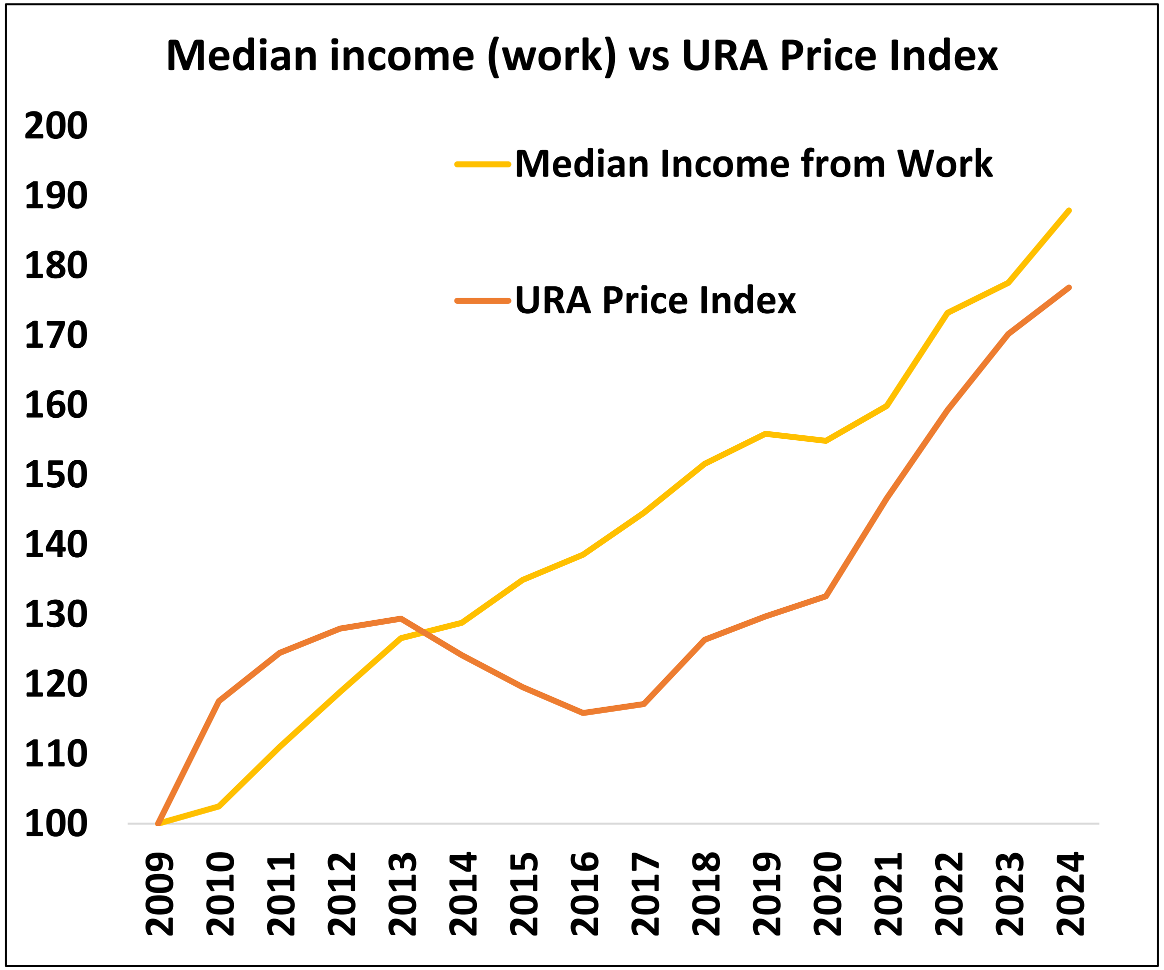
Source: URA, OCBC

Property price growth not excessive relative to wealth & income:

Recent property price growth tracks wealth growth



Recent property price growth tracks income growth

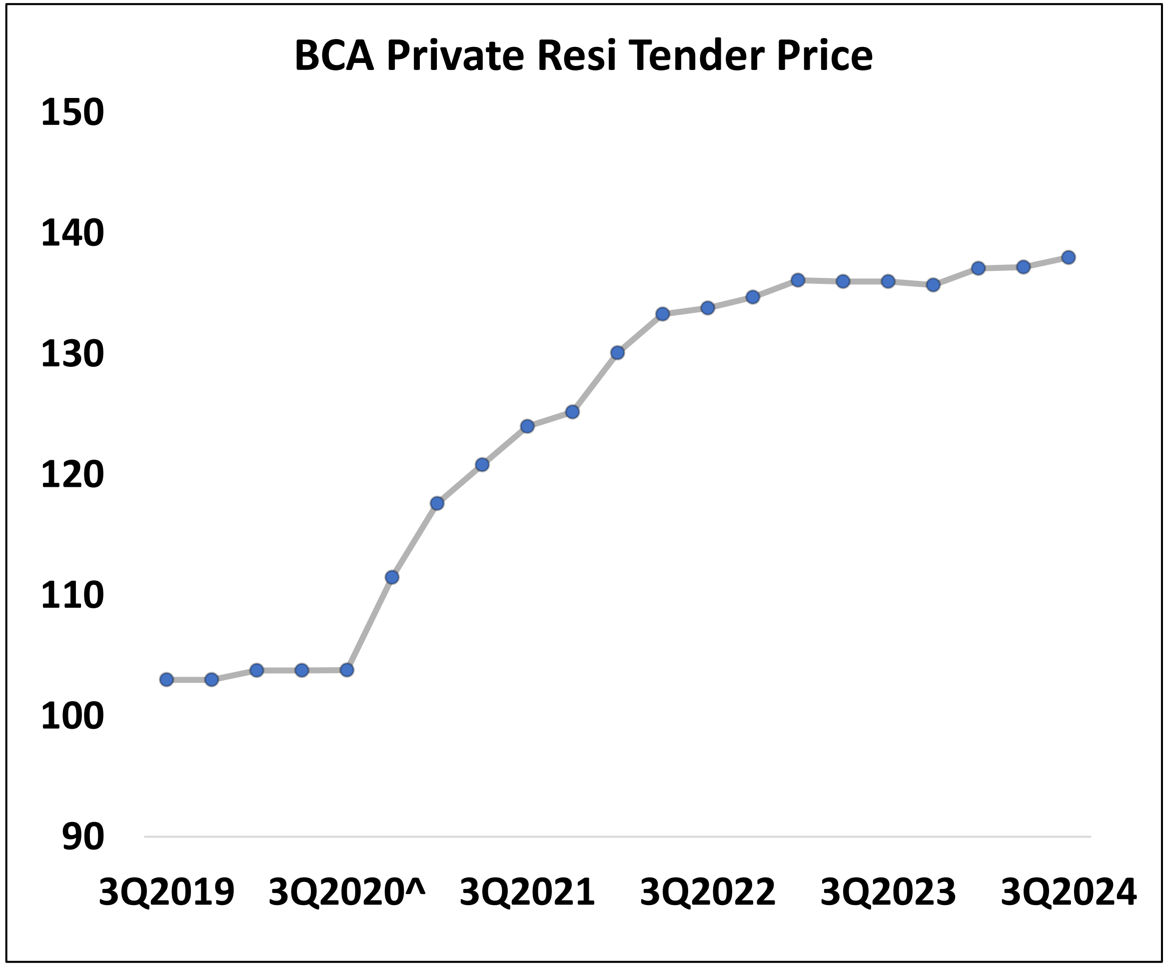


OCBC

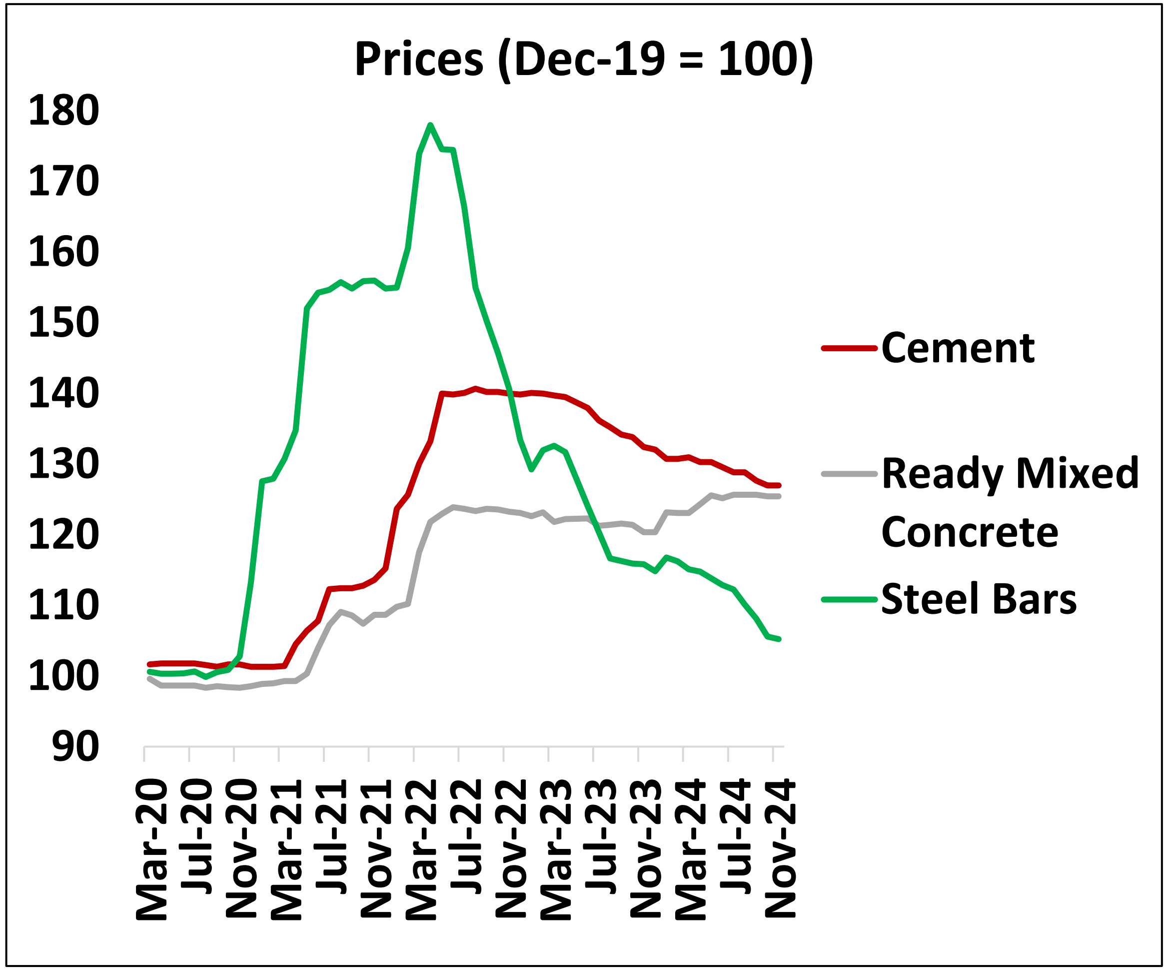
Source: Singstat, URA, OCBC

Construction costs are still rising, albeit at a slower pace:

Slower rise in tender prices

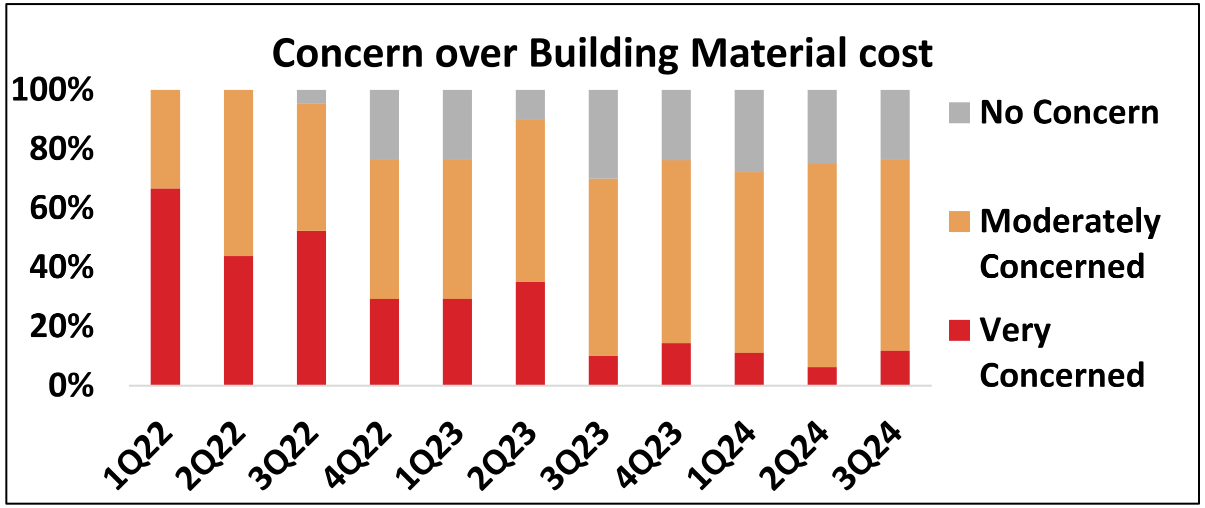


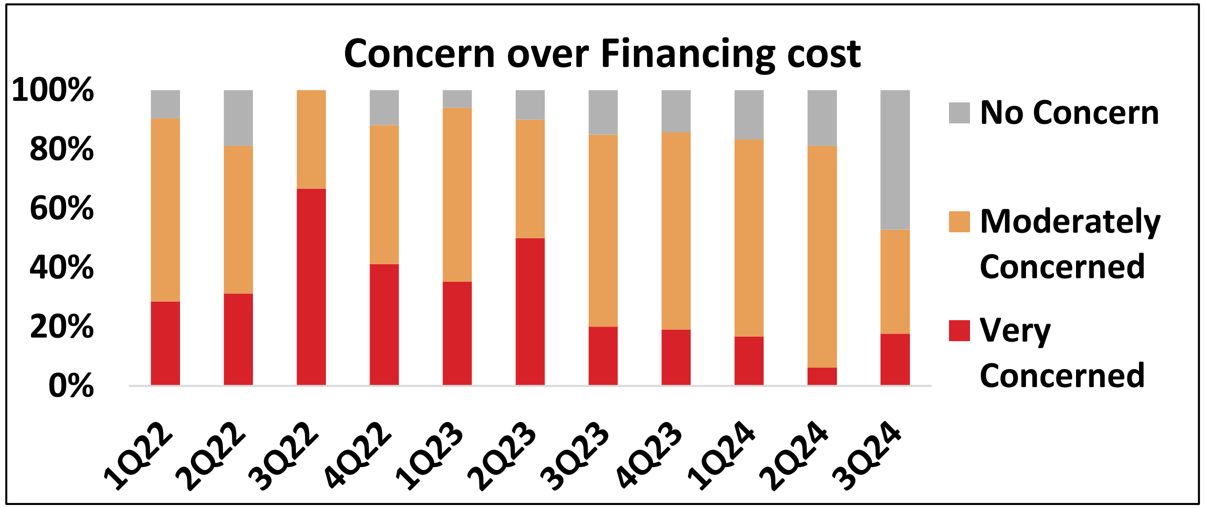
Raw material prices has stabilized

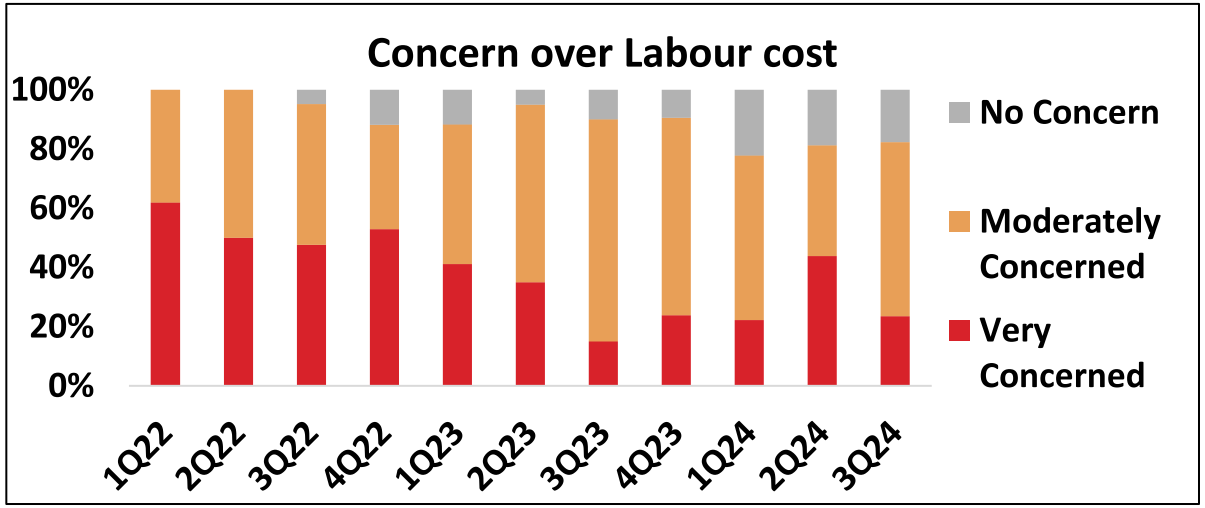


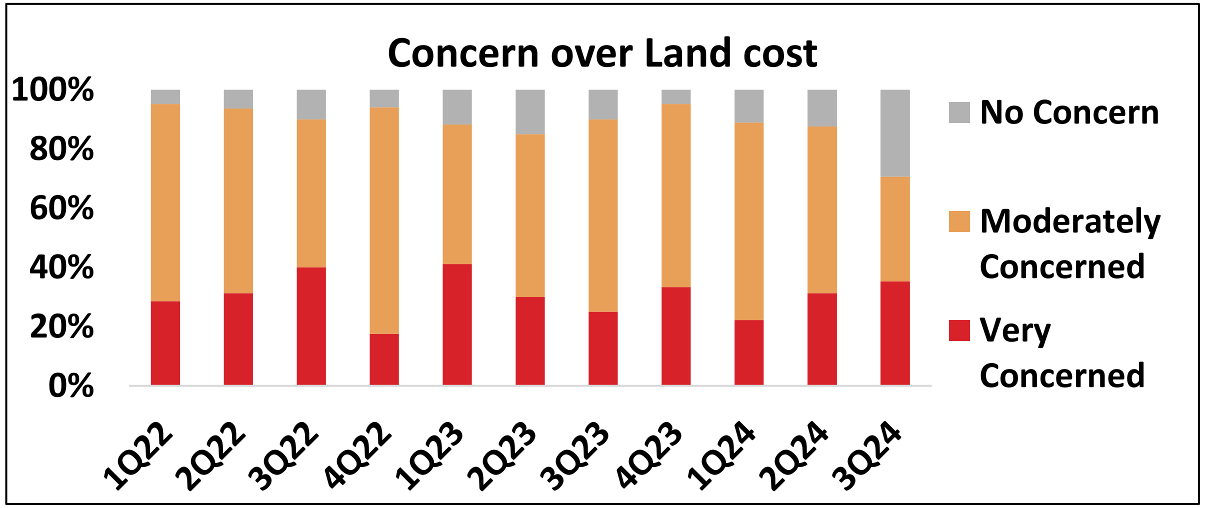
Source: URA, Bloomberg, OCBC

Cost concerns have receded significantly









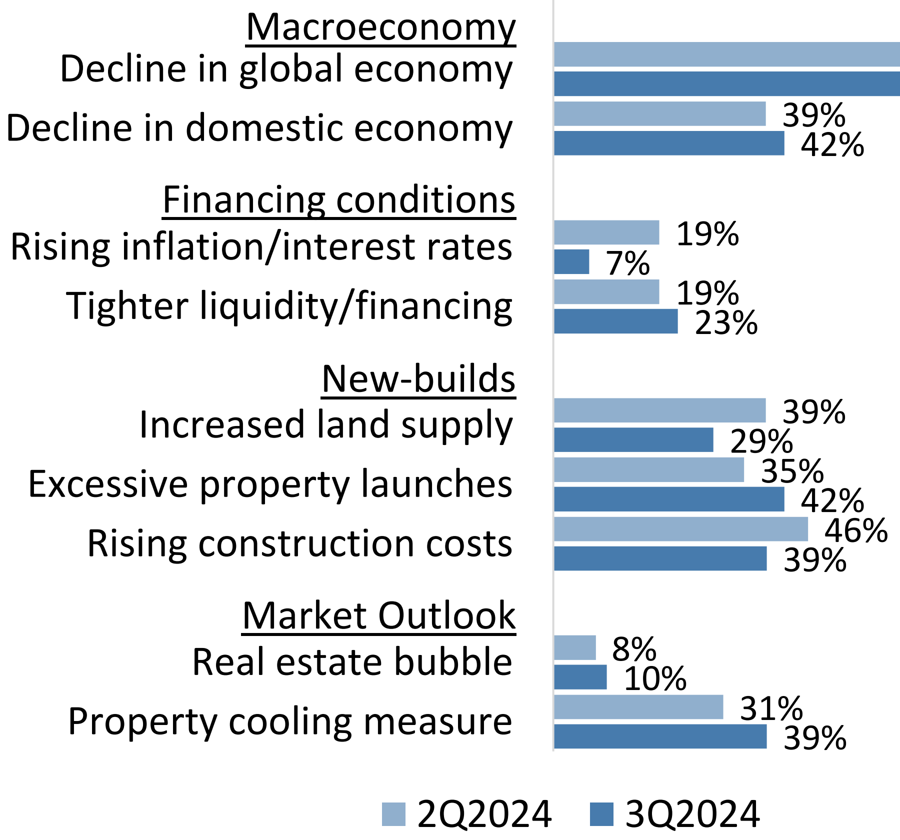
OCBC

Source: NUS Real Estate, OCBC

Developers not too concerned about price decline:

Concerned about macroeconomy, not overly concerned about property market, financing conditions eased

Potential Risks highlighted by developers



Our take

Developers still most concerned about potential economic slowdown, though less so than 1Q ago

Liquidity/financing concerns have eased

Supply is less of a risk, more of an opportunity to restock

Starting to be concerned over launches of rivals

Construction costs variability always at back of mind

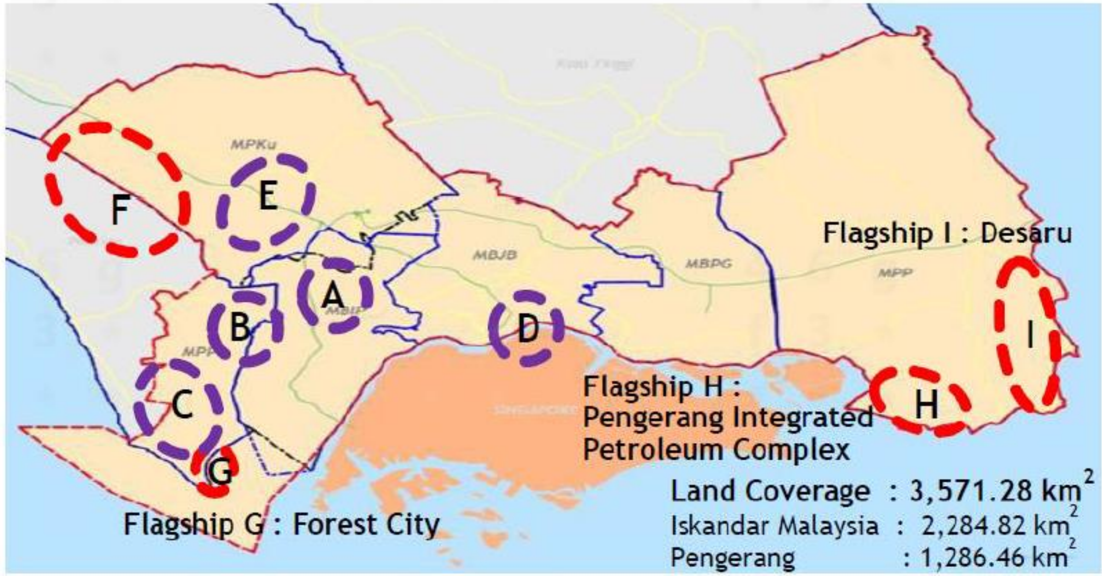
Not expecting the general property market to come off

Cautious about regulations (HDB cooling did come)

Source: NUS Real Estate, OCBC

5. Johor-Singapore Special Economics Zone: Design & target sectors

Flagship Zone incentives for sectors in JS-SEZ



3 New Proposals for Flagship Zone Areas

1. **Flagship G** - Forest City
2. **Flagship H** - Pengerang Integrated Petroleum Complex (PIPC) - *Incentive Packages under PIPC-JPDC*
3. **Flagship I** - Desaru

New priority sectors

- Aerospace
- Electrical & electronics
- Chemical
- Medical devices
- Pharmaceuticals

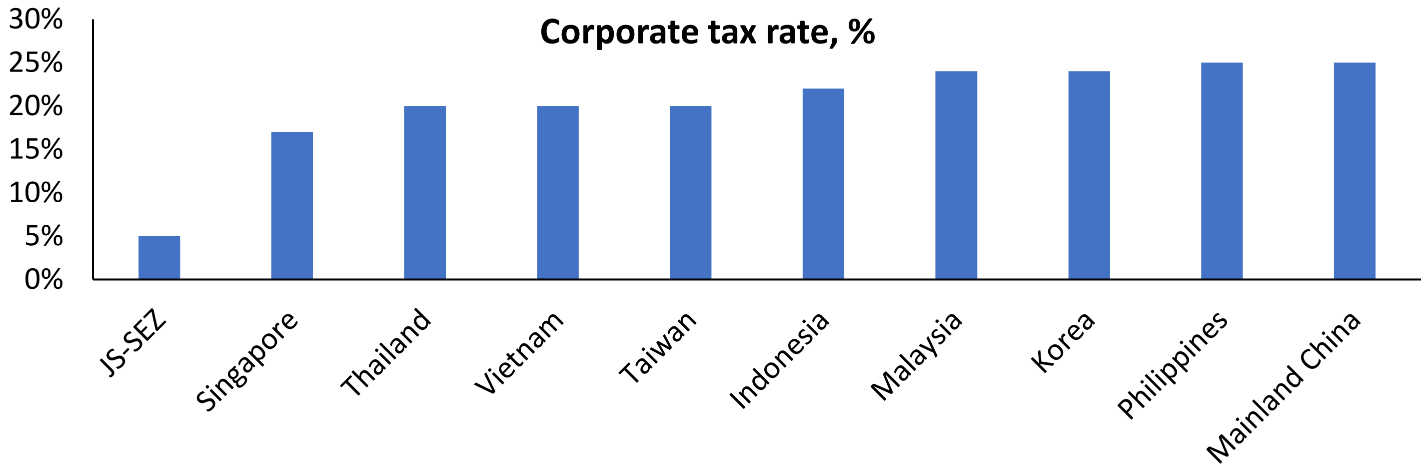
	Flagship A: JB City Centre	Flagship B: Iskandar Puteri	Flagship C: Tg. Pelepas - Tg Bin	Flagship D: Pasir Gudang	Flagship E: Senai - Skudai	Flagship F: Sedenak	Flagship G: Forest City	Flagship H: PIPC	Flagship I: Desaru
Sector(s)	• Business Services • Digital Economy • Health	• Manufacturing • Business Services • Digital Economy • Education • Health • Tourism	• Manufacturing • Energy • Logistics	• Manufacturing • Energy • Logistics	• Manufacturing • Digital Economy • Education • Logistics • Tourism	• Manufacturing • Business Services • Digital Economy • Education • Energy • Food Security • Health • Logistics • Tourism	• Financial Services *Note : Special Financial Zone (SFZ)*	• Manufacturing • Energy • Logistics	• Education • Food Security • Health • Tourism

Source: Ministry of Trade and Investments, Malaysia; OCBC.

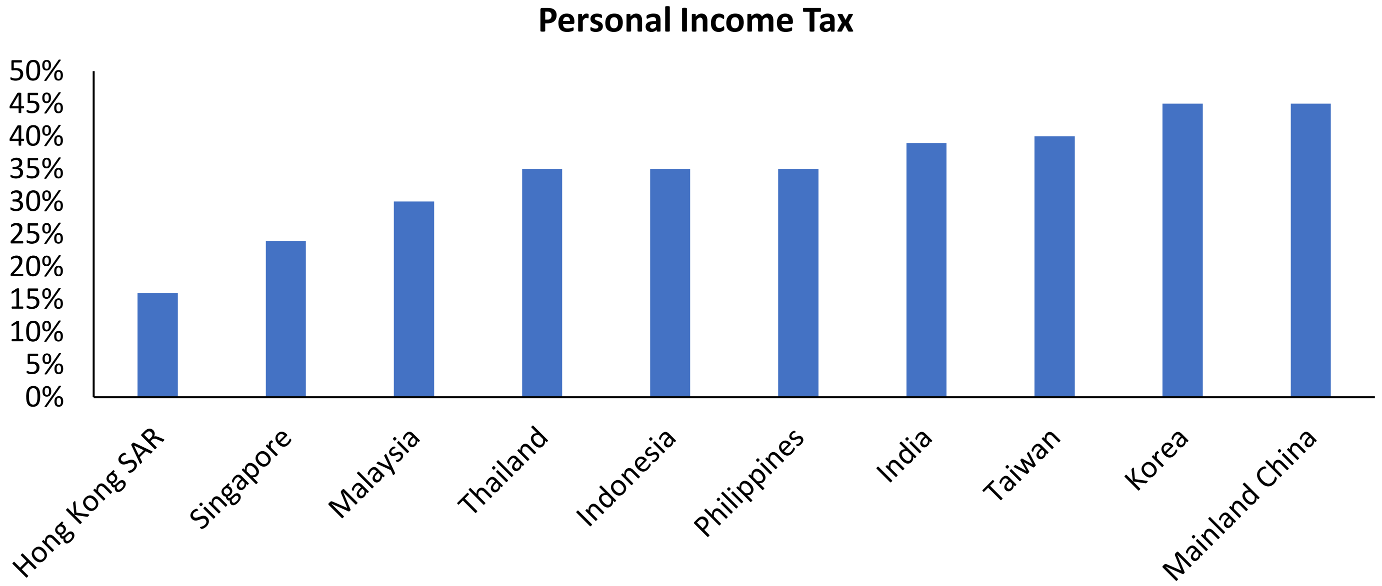
JS-SEZ: Tax incentives are competitive

- Effective 1 January 2025, companies undertaking new investments in qualifying manufacturing and services activities, such as AI and Quantum Computing Supply Chain, Medical Devices, Aerospace manufacturing and global services hub will benefit from a special tax rate of 5% for upto 15 years.
- Additional tailor-made incentives are allocated to businesses operating in certain flagship areas in JS-SEZ.
- Special tax rate for knowledge workers of 15% for 10 year for eligible knowledge workers, working in the JS-SEZ.

Source: MOF, Malaysia; OCBC.



Source: PwC; OCBC.



*Conditions apply to 'knowledge workers'. Source: PwC; OCBC.

JS-SEZ: Incentives for the Special Financial Zone

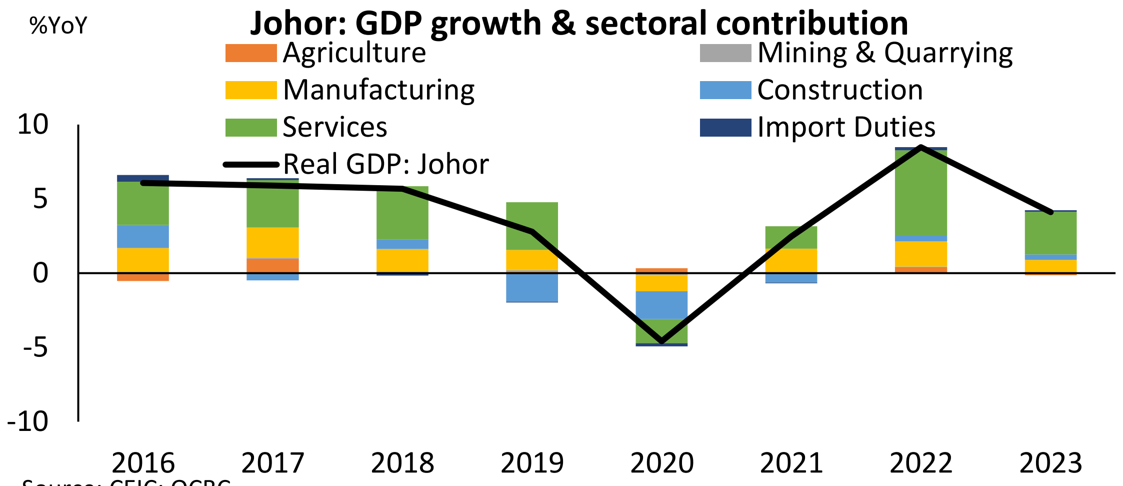
- The incentives for the Special Financial Zone (SFZ) were announced in on 20 September 2024. The incentives centre around providing competitive tax rates for businesses and individuals to attract investments and talent.
- The incentives are directed towards family wealth offices, which are being offered a 0% tax for ten years with the potential to extend it further if certain criteria are met.
- As of 24 November, 11 companies have committed to investing in the Special Financial Zone. These include some banks, which plan to officially launch within the SFZ in early 2025.

Entity	Tax rate	Notes
Family wealth offices	0%	Transaction revenue for 10 years with a potential to extend if certain criterion are met; minimum assets of MYR30mn
Corporate tax (concessionary)	0-5%	n.a.
Individual tax rate for skilled foreign workers	15%	n.a.
Financial services, fintech companies, foreign payment system operators	5%	n.a.
Other incentives include:		
Special deductions on relocation costs		
Enhanced industrial building allowances		
Withholding tax exemptions		
Relax regulations for locally incorporated foreign banks to open additional branches		
Allow flexibility in foreign exchange for offshore borrowing in foreign currency and investments in foreign currency assets.		
Source: Malaysia Star; The Edge; Straits Times; OCBC.		

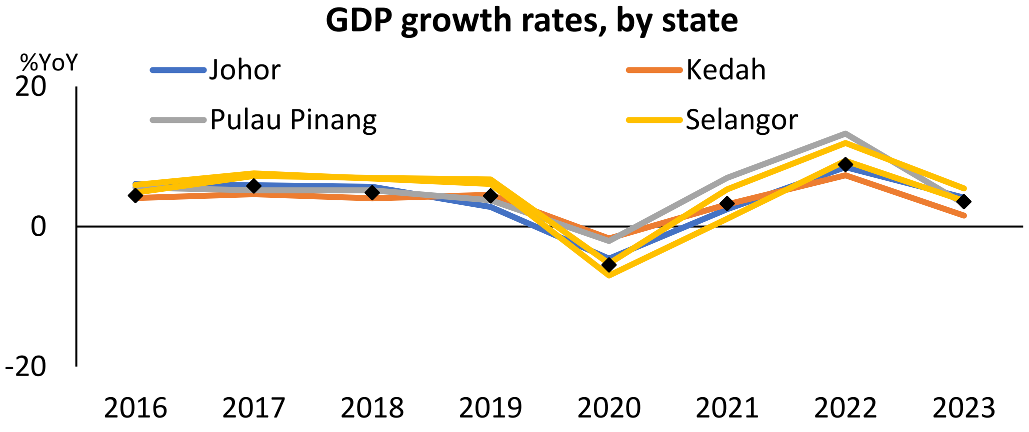
OCBC

JS-SEZ: Importance of Johor for Malaysia

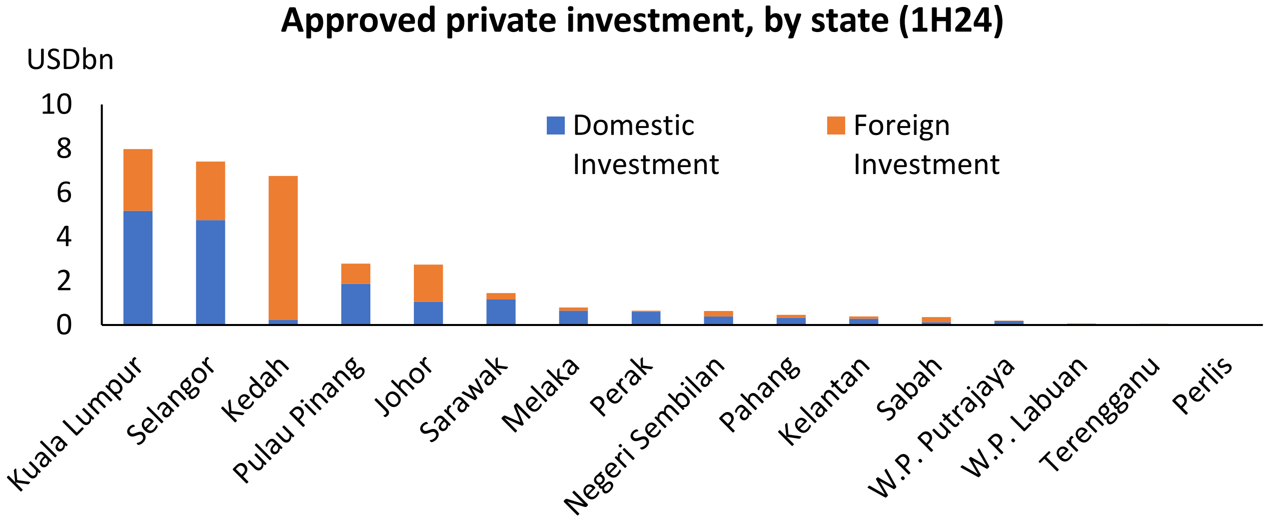
- Johor's share of Malaysia GDP has been steady at ~9.5% since 2015. The growth of Johor in recent years has been marginally higher than the national average. Johor's growth rate is expected to be 5-5.2% in 2024.
- The services sector is the biggest contributor to Johor's GDP, followed by manufacturing.
- Private sector investments into Johor have also been increasing but lag other states.



Source: CEIC; OCBC.



Source: CEIC; OCBC.



Source: MIDA; OCBC.

Key takeaways:

Risk Categories cited by at least 10% of respondents	% of citations		Impact ranking	
	April 2024	October 2024 (Δ)	April 2024	October 2024 (Δ)
Macroeconomic uncertainty (growth slowdown and inflation resurgence)	67	62 (-5)	1	1
Geopolitical risk induced by escalation of ongoing conflicts, as well as trade tensions and uncertain policies of newly elected governments	51	54 (+3)	2	2
Technology and cyber risk	51	46 (-5)	3	3
Money laundering and terrorism financing risks	25	27 (+2)	4	4
Transition and physical risks due to climate change	16	16	5	6 (↓1)
AI developments	13	11 (-2)	6	5 (↑1)

Sources: MAS estimates.

Notes: (i) Impact ranking is the aggregate of all respondents' ranking of each risk by potential impact. (ii) Both runs of the survey had response rates of 98% from 57 FIs.

OCBC

Thank you