Market Watch
As of August 2025

What's Been Happening

Global
In August 2025, Indonesia experienced widespread protests and riots, marking one of the most significant waves of civil unrest in recent decades. The demonstration were primarily driven by economic grievances, including rising living costs, unemployment, and perceived governmental insensitivity. The unrest began on 25th August 2025, in Jakarta, sparked by a proposed housing allowance of 50 million rupiah (approximately USD3,075) per month for members of parliament, an amount vastly exceeding the average monthly wage. The situation intensified on 28th August, when a police vehicle struck and killed 21-year-old motorcycle taxi driver Affan Kurniawan during a protest. This incident galvanized public outrage, leading to nationwide demonstration and violent clashes with security forces. Protesters targeted government buildings, looted politicians' residences, and engaged in acts of arson. At least six individuals lost their lives, and numerous others were injured. Following this incident, the Jakarta Composite Index plummeted by up to 3.6% on 31st August, reflecting investor concerns over political instability. Additionally, the Indonesian rupiah weakened by 0.9% against USD, prompting the central bank to intervene and stabilize the currency.

In an effort to quell the unrest, President Prabowo Subianto announced the revocation of the controversial housing allowance for lawmakers and imposed a moratorium on their overseas trips. Additionally, he authorized a firm response to acts of vandalism and looting, labeling such actions as "treason" and "terrorism". The government also deployed military forces to secure key locations and prevent further violence.

US
In July 2025, the US economy showed signs of slowing, with job growth weakening to 73,000 new positions, unemployment steady at 4.2%, and wages rising modestly. Inflation remained elevated, with Consumer Price Index (CPI) up 2.7% year-on-year, while GDP growth slowed to around 1.5%, and consumer spending growth eased (rose by 0.5%). The Federal Reserve maintained interest rates at 4.25%-4.50%. Political tensions, including President Trump's criticism of the Fed and attempts to influence its leadership, raised concerns about the central bank's independence.

UK
The UK economy showed signs of moderations amid ongoing inflationary pressures in July. The CPI rose to 3.8%, driven by higher food and energy costs. The manufacturing sector contracted, reflected in the S&P Global UK Manufacturing PMI falling to 47.3 in August, while the services sector remained relatively resilient, with the Services PMI at 53.6. The labor market faced challenges, with unemployment at 4.7%, employment decreasing by 164,000 year-on-year, and wage growth lagging behind inflation. In response to these conditions, the Bank of England cut its benchmark interest rate from 4.25% to 4.0% in early August to support economic activity.

Singapore
As of July 2025, Singapore's economy showed resilience, with Q2 GDP growing 4.4% year-on-year, surpassing earlier estimates of 4.3%, and quarter-on-quarter expansion of 1.4% reversing the Q1 contraction. Key drivers included wholesale trade, manufacturing, finance & insurance, and transportation & storage. Inflation remained subdued, with core inflation at 0.6% and headline inflation at 0.8%. The Monetary Authority of Singapore maintained its policy stance, keeping the exchange rate-based policy band unchanged after easing twice this year.

Global Benchmark Rates

	As of 29 August 2025	As of 30 July 2025
US (The Federal Reserve)	4.50%	4.50%
UK (Bank of England)	4.00%	4.25%
MAS 3 month	1.55%	1.73%

FX Rates

	As of 29 August 2025	1 WK (%)	1 MTH (%)	YTD (%)
USD/SGD	1.2840	0.20	(1.09)	(6.00)
EUR/SGD	1.5008	(0.05)	1.28	6.11
GBP/SGD	1.7338	0.03	1.13	1.40
AUD/SGD	0.8397	0.93	0.68	(0.71)
NZD/SGD	0.7569	0.66	(0.98)	(0.93)
CAD/SGD	0.9341	0.78	(0.31)	(1.62)
JPY/SGD	0.8731	0.11	1.42	0.51
CHF/SGD	1.6037	0.31	0.36	6.49
HKD/SGD	0.1647	0.49	(0.42)	(6.37)
SAR/SGD	0.3422	0.20	(1.10)	(5.86)
MYR/SGD	0.3037	(0.39)	(0.10)	(0.56)
AED/SGD	0.3496	0.20	(1.08)	(6.00)

FX News

The US Dollar Index regained ground toward 98.50, supported by safe-haven demand and a sharp rise in Treasury yields, even as markets remain almost fully priced for a 25bps Fed rate cut at the September 17 FOMC meeting. A US court ruling that most Trump-era tariffs were unconstitutional reignited fiscal worries, pushing the 30-year Treasury yield to its highest since July and triggering a broad bond sell-off across the US and Europe. Volatility in rates and equities underpinned near-term dollar resilience, with investors also awaiting Friday's nonfarm payrolls report for confirmation of Fed policy direction.

Sterling was among the hardest-hit majors, sliding over 1% to 1.3375 as UK 30-year gilt yields spiked to levels not seen since 1998. Fiscal credibility concerns ahead of the Autumn Budget and expectations of substantial tax hikes weighed heavily on sentiment. Political pressure in Japan similarly left the yen vulnerable, as the resignation of LDP secretary-general Hiroshi Moriyama heightened speculation over Prime Minister Ishiba's leadership. USD/JPY rose toward 149.00, with traders rebuilding short positions after the BoJ signaled little urgency for further tightening despite services PMI strength.

Elsewhere, the euro softened toward 1.1650 despite firmer August inflation data, with widening US-German yield spreads driving the pair. The Australian dollar held near 0.6520 after Q2 GDP growth of 0.6% and stronger Chinese PMI figures, while the kiwi lagged around 0.5860 amid risk-off flows. Commodity FX stayed on the back foot, with USD/CAD steady above 1.38 despite stable oil, while the Swiss franc remained firm on safe-haven demand. In Asia, the Singapore dollar traded broadly unchanged under steady MAS policy, and the PBoC guided the yuan weaker, setting the daily fix at 7.1108 versus 7.1089 previously.

FX Outlook

The USD bias remains tilted firmer as markets price in an imminent Fed cut, but elevated long-end yields and global fiscal stress keep dips supported. Key US data on jobs and inflation will set the tone, while major central bank meetings across Europe and Asia add to volatility risk.

In G10, EUR is still driven by yield spreads rather than ECB action, with upside capped near 1.18 unless US data soften materially. GBP is the clear laggard, pressured by surging gilt yields and fiscal doubts ahead of the autumn Budget. JPY remains vulnerable as political uncertainty clouds the BoJ outlook, though a later hike this year is still possible. Commodity FX is mixed: AUD and NZD find support from stronger China data and resilient Aussie GDP, while CAD trades heavy above 1.38 on weaker growth and rising cut expectations.

In Asia/EM, CNY stability hinges on the PBoC's firm daily fix, limiting USD/CNY upside near 7.12. INR is choppy around the 88 level as RBI leans against volatility, with oil prices still the main swing factor. SGD holds steady under MAS's unchanged stance, while broader regional FX direction is likely to follow the USD. Overall, the dollar retains a tactical edge, with only softer US labor data seen as a catalyst for a broad pullback.

Outlook

US

The US economy in 2025 is projected to grow moderately, with GDP rising around 1.5%, while the labor market shows signs of cooling and unemployment remains steady at 4.2%. Inflation continues to be a concern, expected to reach approximately 3.9% by year-end. To support economic activity, the Federal Reserve is likely to implement two to three rate cuts, including an anticipated 25 basis-point reduction at its September meeting. Ongoing tariffs and political pressures on the Fed pose risks to economic stability, prompting businesses to adopt a cautious stance and leaving consumer sentiment reflective of growing concern over the broader economic outlook.

UK

The UK economy is expected to grow modestly in 2025, with GDP projected to increase around 1.2% by year-end, supported by easing trade tensions and cautious fiscal measures. Inflation remains a concern, with the Bank of England forecasting around 4% in September, though a return to the 2% target is expected by 2027. Fiscal policy remains under review, with the government addressing a projected GBP20 billion shortfall while balancing investment and reforms.

Singapore

Singapore's economic outlook for 2025 has improved as the Ministry of Trade and Industry (MTI) upgraded its GDP growth forecast to 1.5%-2.5%, up from the earlier 0.0%-2.0%, citing stronger-than-expected performance in 1H 2025. The International Monetary Fund (IMF) also projects a 2.0% real GDP growth for Singapore in 2025. Inflation is expected to remain subdued at 1.3%, reflecting low tradable inflation and increasing economic slack. Despite these challenges, Singapore's strong policy framework and substantial fiscal space provide a foundation for navigating the uncertain global economic landscape.

Source: Bloomberg and Reuters