

## Daily Treasury Outlook

18 December 2025

### Highlights

**Global:** US equities closed Wednesday's session in the red (S&P: -1.2%; NASDAQ: -1.8%; Dow Jones: -0.5%). In contrast, crude oil benchmarks rebounded, with WTI and Brent rising by 1.2% and 1.3%, respectively, to USD55.9/bbl and USD59.7/bbl. The rebound from the lowest levels since 2021 was driven by renewed geopolitical tensions, which raised concerns over potential supply disruption. Despite progress in Russia-Ukraine peace talks, media reports indicated that the US is preparing a fresh round of sanctions targeting Russia's energy sector if Russia rejects the proposed peace plan with Ukraine. Potential measures include targeting vessels used by Russia for oil transportation and traders facilitating transactions. Additionally, escalating US-Venezuela tensions also exerted upward pressure on prices. US President Donald Trump increased pressure on Venezuelan President Nicolas Maduro and his administration by ordering a blockade of sanctioned oil tankers entering and leaving Venezuela. This follows from the recent seizure of a sanctioned oil tanker off the Venezuelan coast.

On the data front, UK headline CPI eased more-than-expected to 3.2% YoY in November (October: 3.6%). Similarly, core CPI eased more-than-expected to 3.2% YoY, down from 3.4% in October. According to the Office for National Statistics, lower headline CPI was mainly driven by "food and non-alcoholic beverages, and alcohol and tobacco divisions." The headline CPI is also the lowest level in eight months, ahead of the Bank of England's (BoE) meeting today. We expect the BoE to cut its bank rate by 25bps, in line with consensus expectations.

**Market Watch:** The economic calendar remains relatively light today, with US initial jobless claims, continuing claims and November inflation prints set to be released. On the central bank front, the CBC, BoE and ECB will announce policy decisions. We expect both the CBC and ECB to leave their policy rate unchanged, both in line with consensus expectations.

### Major Markets

**ID:** Bank Indonesia (BI) kept its policy rate unchanged at 4.75% at its 17 December meeting, in line with consensus expectations but contrary to our forecast of a 25bp cut. According to Governor Perry Warjiyo, in a press briefing, "the decision is in line with efforts to maintain the stability of the rupiah amid global uncertainty." On growth, BI maintained its projections for 2025 and 2026 at '4.7-5.5%' and '4.9-5.7%', respectively. Looking ahead, Governor Perry stated that BI "will continue to assess the room for further BI-Rate cuts, taking into account the outlook for 2026 inflation, which is expected to remain within the 2.5 ±1% target range, as well as the need to encourage higher economic growth."

#### Key Market Movements

Equity	Value	% chg
S&P 500	6721.4	-1.2%
DJIA	47886	-0.5%
Nikkei 225	49512	0.3%
SH Comp	3870.3	1.2%
STI	4575.5	-0.1%
Hang Seng	25469	0.9%
KLCI	1641.4	-0.4%
	Value	% chg
DXY	98.368	0.2%
USDJPY	155.69	0.6%
EURUSD	1.1741	-0.1%
GBPUSD	1.3376	-0.4%
USDIDR	16688	0.0%
USDSGD	1.2911	0.1%
SGDMYR	3.1651	-0.1%
	Value	chg (bp)
2Y UST	3.48	-0.41
10Y UST	4.15	0.78
2Y SGS	1.48	2.10
10Y SGS	2.21	2.93
3M SORA	1.20	0.15
3M SOFR	4.08	-0.77
	Value	% chg
Brent	59.68	1.3%
WTI	55.94	1.2%
Gold	4338	0.8%
Silver	66.27	3.9%
Palladium	1653	3.2%
Copper	11737	1.3%
BCOM	108.69	1.1%

Source: Bloomberg

**MY:** Malaysia has lowered its January 2026 crude palm oil (CPO) reference price, which lowers the export duty incurred to 9.5%, from 10% in December, according to the Malaysian Palm Oil Board (MPOB). The new reference price calculates MYR3,946.17/mt (USD966.25/mt) for January, down from December's reference price of MYR4,206.38/mt, and incurred a duty of 10%, as reported by The Edge.

**TH:** Bank of Thailand (BoT) lowered its policy rate by 25bps to 1.25% at its 17 December meeting, in line with both consensus and our expectations. The Monetary Policy Committee (MPC) voted unanimously in favour of the decision. In justifying the move, BoT explained in its press release that “the Committee assesses that, given apparent economic slowdown as well as heightened risks, monetary policy can be more accommodative to ensure that financial conditions support economic recovery and alleviate debt burden of vulnerable groups as well as enhance the effectiveness of other financial measures and government policies.” On growth, BoT maintains its 2025 forecast at 2.2%. However, it has marginally revised down its 2026 forecast to 1.5%, before recovering to 2.3% in 2027. Regarding inflation, BoT revised lowered its headline inflation forecasts “to be at -0.1, 0.3, and 1.0 percent in 2025, 2026, and 2027, respectively.” Core inflation, on the other hand, “is expected to remain stable at 0.8, 0.8, and 1.0 percent in 2025, 2026, and 2027, respectively.” Looking ahead, we expect BoT to stay on a prolonged pause in 2026. Should growth momentum deteriorate more rapidly than under our baseline and/or financial conditions tighten sharply, we do not rule out deeper rate cuts from BoT to support growth.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 4bps higher while belly tenors traded 4-5bps higher and 10Y traded 6bps higher. As per Bloomberg, China Vanke Co Ltd (“Vanke”) has announced six proposals to extend its RMB3.7bn bond due 28 December by 12 months, with a bondholders’ vote scheduled for 22 December. This announcement comes amid Vanke’s ongoing struggle to convince bondholders on an extension for its RMB2bn notes that matured on 15 December. Meanwhile, Huaxia Bank Co Ltd has agreed to extend a RMB400mn guaranteed loan to a Vanke unit for one year. In ratings, Fitch has downgraded Vanke to C from CCC- and its Hong Kong subsidiary Vanke HK to CC from CCC-. Separately, Moody’s upgraded Shanghai Electric Group Co Ltd’s ratings to Baa1 from Baa2, with the outlook revised to stable. Bloomberg Asia USD Investment Grade spreads and Asia USD High Yield spreads were unchanged at 61bps and 372bps respectively. (Bloomberg, OCBC)

### New issues:

There was one notable issuance in the Asiadollar market yesterday.

- Ganzhou Urban Investment Holding Group Co. Ltd. priced a USD66mn 3Y Sustainability, Fixed bond at par to yield 4.35%.

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

There were no notable mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close
DX	98.368	0.23%	USD-SGD	1.2911
USD-JPY	155.690	0.63%	EUR-SGD	1.5156
EUR-USD	1.174	-0.05%	JPY-SGD	0.8290
AUD-USD	0.661	-0.41%	GBP-SGD	1.7268
GBP-USD	1.338	-0.35%	AUD-SGD	0.8529
USD-MYR	4.089	0.06%	NZD-SGD	0.7454
USD-CNY	7.044	0.02%	CHF-SGD	1.6226
USD-IDR	16688	-0.02%	SGD-MYR	3.1651
USD-VND	26334	-0.02%	SGD-CNY	5.4540

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9430	0.73%	1M	3.7481
3M	2.0570	-0.72%	2M	3.7103
6M	2.1640	-0.18%	3M	3.6939
12M	2.3150	0.22%	6M	3.6136
			1Y	3.4490

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.266	-26.60%	-0.066	3.578
03/18/2026	-0.605	-33.90%	-0.151	3.493

## Equity and Commodity

Index	Value	Net change
DJIA	47,885.97	-228.29
S&P	6,721.43	-78.83
Nasdaq	22,693.32	-418.14
Nikkei 225	49,512.28	128.99
STI	4,575.48	-4.25
KLCI	1,641.44	-6.87
JCI	8,677.35	-9.12
Baltic Dry	2,204.00	11.00
VIX	17.62	1.14

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.48 (+0.02)	3.47(--)
5Y	1.9 (+0.03)	3.7(--)
10Y	2.21 (+0.03)	4.14 (+0.01)
15Y	2.32 (+0.03)	--
20Y	2.33 (+0.03)	--
30Y	2.38 (+0.02)	4.82 (+0.01)

## Financial Spread (bps)

Value	Change	
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	3.69
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	55.94	1.21%	Corn (per bushel)	4.405	0.9%
Brent (per barrel)	59.68	1.29%	Soybean (per bushel)	10.583	-0.4%
Heating Oil (per gallon)	214.95	0.98%	Wheat (per bushel)	5.063	-0.6%
Gasoline (per gallon)	169.43	0.80%	Crude Palm Oil (MYR/MT)	39.510	0.1%
Natural Gas (per MMBtu)	4.02	3.55%	Rubber (JPY/KG)	3.249	1.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	11737.00	1.25%	Gold (per oz)	4338.3	0.8%
Nickel (per mt)	14392.00	0.90%	Silver (per oz)	66.3	3.9%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
12/18/2025 18:00	EC	Construction Output MoM	Oct	--	--	-0.50%	--
12/18/2025 18:00	EC	Construction Output YoY	Oct	--	--	-0.30%	--
12/18/2025 20:00	UK	Bank of England Bank Rate	18-Dec	3.75%	--	4.00%	--
12/18/2025 21:15	EC	ECB Deposit Facility Rate	18-Dec	2.00%	--	2.00%	--
12/18/2025 21:15	EC	ECB Main Refinancing Rate	18-Dec	2.15%	--	2.15%	--
12/18/2025 21:15	EC	ECB Marginal Lending Facility	18-Dec	2.40%	--	2.40%	--
12/18/2025 21:30	US	Initial Jobless Claims	13-Dec	225k	--	236k	--
12/18/2025 21:30	US	Initial Claims 4-Wk Moving Avg	13-Dec	--	--	216.75k	--
12/18/2025 21:30	US	Continuing Claims	6-Dec	1920k	--	1838k	--
12/18/2025 21:30	US	CPI YoY	Nov	3.10%	--	--	--
12/18/2025 21:30	US	Core CPI YoY	Nov	3.00%	--	--	--
12/18/2025 21:30	US	CPI Index NSA	Nov	325.18	--	--	--
12/18/2025 21:30	US	Core CPI Index SA	Nov	332.094	--	--	--
12/18/2025 21:30	US	Real Avg Weekly Earnings YoY	Nov	--	--	--	--
12/18/2025 21:30	US	Real Avg Hourly Earning YoY	Nov	--	--	--	--
12/18/2025 21:30	US	Philadelphia Fed Business Outlook	Dec	2.3	--	-1.7	--

Source: Bloomberg

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