

Daily Treasury Outlook

Highlights

Global: Friday's confidence crisis was apparently triggered by US president Trump's pick of Kevin Warsh to be next Fed chair. The S&P500 slipped 0.43% while precious metals slumped with gold losing 8.95% and silver similarly plunging 31%, registering their biggest one-day declines on record. The CME Group also raised margins on Comex gold and silver futures to 8% and 15% respectively from 6% and 11% for non-heightened risk profiles from Monday's close, with platinum and palladium futures' margin also boosted. Longer-dated UST bonds underperformed, with the 30-year up 4bps to 4.89%, as Warsh is seen as more hawkish than the other candidates, more concerned about inflation and critical of the Fed's perceived expanding mandate. The USD also saw its biggest jump since May, paring its January slide, as market concerns about central bank independence waned into the month-end. Earlier last week, the Fed had held rates as expected at 3.5-3.75%, with a 10-2 vote as two dissenters preferred cuts. On the data front, US' December PPI came in hotter than expected at 0.5% MoM (final demand) and 0.7% MoM (excluding food and energy). Elsewhere, China's official manufacturing and non-manufacturing PMIs contracted to 49.3 and 49.4 respectively in January, suggesting economic momentum has softened.

Market Watch: Asian markets are likely to open with a cautious tone today, amid concerns about the sharp correction in the metals complex. Today's economic data calendar comprises of manufacturing PMIs from Asia, Europe, UK and US' ISM, Indonesia's January trade and CPI data, and UK's Nationwide house prices. BOE's Breen and Fed's Bostic are also speaking today. For the week ahead, watch for the US Treasury quarterly borrowing estimates and JOLTS job opening data tomorrow, US' ADP employment, services ISM and services/composite PMIs on Wednesday, initial jobless claims and Challenger job cuts on Thursday, and January nonfarm payrolls, unemployment rate and average hourly earnings data (with market anticipating 68k, 4.4% and 3.6% YoY/0.3% MoM respectively, versus December's 50k, 4.4% and 3.8% YoY/0.3% MoM) and University of Michigan sentiment data, as well as Indonesia's 4Q25 GDP growth estimates on Friday. On the central bank front, RBA meets tomorrow and may be biased towards a 25bps hike to 3.85%, while the BOE and ECB meetings on 5 February but are likely to remain static at 3.75% and 2%/2.15% (deposit facility/main refinancing rate) respectively, followed by the RBI on Friday who is likely to stay on hold at 5.25%. For US corporate earnings, big tech names like Alphabet, Amazon and Meta are scheduled to report.

Key Market Movements

Equity	Value	% chg
S&P 500	6939.0	-0.4%
DJIA	48892	-0.4%
Nikkei 225	53323	-0.1%
SH Comp	4117.9	-1.0%
STI	4905.1	-0.5%
Hang Seng	27387	-2.1%
KLCI	1740.9	0.6%
	Value	% chg
DXY	96.991	0.7%
USDJPY	154.78	1.1%
EURUSD	1.1851	-1.0%
GBPUSD	1.3686	-0.9%
USDIDR	16785	0.2%
USDSGD	1.2703	0.5%
SGDMYR	3.1104	0.1%
	Value	chg (bp)
2Y UST	3.52	-3.67
10Y UST	4.24	0.42
2Y SGS	1.40	1.00
10Y SGS	2.07	-0.32
3M SORA	1.16	0.54
3M SOFR	3.84	-0.64
	Value	% chg
Brent	69.32	-0.4%
WTI	65.21	-0.3%
Gold	4894	-8.9%
Silver	85.20	-26.4%
Palladium	1713	-14.8%
Copper	13158	-3.4%
BCOM	120.70	-3.1%

Source: Bloomberg

SG: The January manufacturing and electronics PMIs due tonight are likely to sustain in the expansion territory, extending the December momentum of 50.3 and 50.9 respectively. The S&P Global Singapore PMI is due on Wednesday while the December retail sales is due on Thursday and is likely to print at 8.2% YOY (-0.4% MoM sa) versus November's 6.3% YoY (0.0% MoM sa). This would bring full-year 2025 retail sales growth to 3.3% YoY which is more than double the 1.4% seen in 2024.

Major Markets

CH: In January, both manufacturing and non-manufacturing PMIs slipped back below the 50 expansion-contraction threshold. The manufacturing PMI declined to 49.3, down 0.8ppt MoM, with the magnitude of the fall exceeding typical seasonal patterns. Within manufacturing, the production index stood at 50.6. While still marginally in expansion territory, it fell 1.1ppt MoM, reflecting not only off-season effects but also a clearer softening in demand conditions. This was corroborated by the new orders and new export orders indices, which dropped to 49.2 and 47.8 respectively, down 1.6ppt and 1.2ppt MoM. Together, these indicators suggest that demand momentum remains fragile, keeping firms cautious on capacity expansion.

ID: Energy and Mineral Resources Minister Bahlil Lahadalia said Indonesia plans to break ground on an integrated battery manufacturing project led by Zhejiang Huayou Cobalt and EVE Energy in the first half of 2026, following the signing of a framework agreement with Indonesian partners Aneka Tambang, Indonesia Battery Corporation, and Daaz Bara Lestari. The project is expected to have a total planned capacity of 30 GWh, with Huayou developing the remaining 20 GWh after LG Energy Solution completed the initial 10 GWh before exiting the project in early 2025, as reported by The Jakarta Globe. The battery value chain will span upstream facilities in East Halmahera, North Maluku, and battery cell manufacturing in West Java, with output allocated for electric vehicles and battery storage to support Indonesia's planned 100 GWh solar power programme.

MY: Bank Negara Malaysia (BNM) reported that private non-financial sector credit growth slowed to 5.3% YoY in December, down from 5.5% in November 2025. Business loan growth eased to 3.7% from 5.0%, while outstanding corporate bonds grew 6.9%, up from 5.5%. Meanwhile, household loan growth edged down marginally to 5.6% from 5.7%. The gross impaired loans ratio remained stable at 1.4% in December, while the loan loss coverage ratio (including regulatory reserves) stayed robust at 128.7%, up from 124.6% in November. Elsewhere, a call between Economy Minister Akmal Nasrullah Mohd Nasir and Singapore's Minister for National Development Chee Hong Tat emphasized the Johor-Singapore Special Economic Zone as a cornerstone of bilateral economic ties, highlighting progress from planning to implementation, along with ongoing collaboration in high-value investments, digitalisation, sustainable development, and talent development.

PH: According to Bangko Sentral ng Pilipinas (BSP), headline inflation for January is expected to settle “within the 1.4-2.2% range”. The BSP highlighted that higher prices of major food items such as rice and fish alongside higher domestic fuel costs, annual excise tax adjustments on alcohol and tobacco, increases in water and toll fees, and the depreciation of the Philippine peso have contributed to the upward price pressure in January. Meanwhile, “lower electricity charges in Meralco-serviced areas and stabilizing vegetable prices” could provide some offset to these upward price pressures. The BSP states that it will continue “to monitor domestic and international developments affecting the outlook for inflation and growth in line with its data-dependent approach to monetary policy.”

TH: Economic activity in December improved, with both domestic and external demand increasing compared to November. Within domestic demand, the improvement was broad-based, with the private consumption index, private investment index and government spending rising by 5.2% YoY, 8.6% YoY, and 21.5% YoY, respectively, up from 0.1%, 4.3% and -3.4% in November. Consistent with the increase in domestic demand, import growth remained robust at 18.0% YoY, up from 17.3% in November, while export growth strengthened to 18.1% YoY from 5.5% in November. Consequently, the trade balance shifted into a surplus of USD2.7bn, compared to a deficit of USD0.2bn in November. With the December data, our tracking estimate for 4Q25 GDP growth suggests that growth will remain soft at 1.0% YoY compared to 1.2% in 3Q25.

ESG

CH: Growth in China’s green finance sector has accelerated over the past decade and currently stands at approximately US\$6.8 trn, driven by a growing body of national policies supporting the sector. China had a record US\$140.6 bn in green bond issuance in 2025, according to Bloomberg. The growth in green financing has also supported China’s dominance in green manufacturing, including batteries, solar panels and wind turbines. In October, the PBOC and the country’s financial regulators released a new project catalogue to standardise the rules across green finance products, with the aim of enhancing market liquidity and reducing the costs of identifying eligible green projects.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded flat to higher last Friday with shorter tenors trading flat to 2bps higher while belly tenors traded 2-4bps higher and 10Y traded 4bps higher. Global Investment Grade spreads traded flat at 72bps and Global High Yield spreads widened by 2bps to 264bps respectively. Bloomberg Global Contingent Capital Index traded flat at 220bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 58bps and Asia USD High Yield spreads tightened by 1bps to 324bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market last Friday were none and USD350mn respectively.

There were no notable issuers in the DM IG, APAC USD and Singdollar market last Friday.

Mandates:

- There were no notable mandates last Friday.

Equity Market Updates

US: U.S. equities ended lower in a broadly weaker session on the last trading day of January, although losses were pared into the close. The S&P 500 fell 0.4%, the Nasdaq declined 0.9% and the Dow slipped 0.4%, while small- and mid-cap indices underperformed, extending their weekly pullbacks. Markets absorbed the nomination of former Fed Governor Kevin Warsh as the next Fed Chair with little reaction in rate expectations or Treasuries, but other pressures weighed on sentiment. A sharp reversal in precious metals, with gold down 8.9% and silver off 26.4% on Friday after their recent surge, dragged the materials sector 1.8% lower, hitting miners such as Newmont (-11.5%) and Freeport-McMoRan (-7.5%). Information technology also lagged and was down 1.3%, as the muted response to this week's mega-cap earnings continued. Microsoft (-0.7%) extended recent weakness and Apple (+0.5%) struggled for most of the session before finishing marginally higher while the PHLX semiconductor index dropped 3.9% despite isolated strength in Sandisk (+6.9%) following strong results. The Vanguard Mega Cap Growth ETF fell 0.8%, moving into negative territory for the week. Defensive areas outperformed, with consumer staples up 1.4% and healthcare 0.6% on solid earnings from names including Colgate-Palmolive (+5.9%) and Stryker (+4.3%), while energy gained 1.0% supported by Chevron's results. Consumer discretionary (-0.1%) was little changed overall, helped by a rebound in Tesla (+3.3%) amid reports of potential strategic moves involving SpaceX or xAI, and Deckers Outdoor (+19.4%) surged on robust earnings. With several major technology names, including Amazon and Alphabet, still to report, near-term direction remains closely tied to earnings outcomes.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	96.991	0.74%	USD-SGD	1.2703
USD-JPY	154.78	1.09%	EUR-SGD	1.5068
EUR-USD	1.185	-1.00%	JPY-SGD	0.8209
AUD-USD	0.696	-1.21%	GBP-SGD	1.7402
GBP-USD	1.369	-0.89%	AUD-SGD	0.8848
USD-MYR	3.945	0.41%	NZD-SGD	0.7655
USD-CNY	6.957	0.06%	CHF-SGD	1.6444
USD-IDR	16785	0.21%	SGD-MYR	3.1104
USD-VND	25949	-0.27%	SGD-CNY	5.4741

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9680	-0.81%	1M	3.6703
3M	2.0310	0.54%	2M	3.6666
6M	2.1580	0.56%	3M	3.6618
12M	2.2260	-0.09%	6M	3.6115
			1Y	3.4730

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.006	-0.600	-0.001	3.638
03/18/2026	-0.172	-17.200	-0.043	3.595
04/29/2026	-0.360	-18.800	-0.090	3.548
06/17/2026	-0.867	-50.700	-0.217	3.421
07/29/2026	-1.220	-35.300	-0.305	3.333
09/16/2026	-1.669	-44.900	-0.417	3.220

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.21	-0.3%	Corn (per bushel)	4.283	-0.6%
Brent (per barrel)	70.69	0.0%	Soybean (per bushel)	10.643	-0.7%
Heating Oil (per gallon)	273.56	5.8%	Wheat (per bushel)	5.380	-0.6%
Gasoline (per gallon)	192.28	0.1%	Crude Palm Oil (MYR/MT)	41.600	-1.4%
Natural Gas (per MMBtu)	4.35	11.1%	Rubber (JPY/KG)	3.379	0.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13158	-3.4%	Gold (per oz)	4894	-8.9%
Nickel (per mt)	17954	-2.3%	Silver (per oz)	85.20	-26.4%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	48,892.47	-179.09
S&P	6,939.03	-29.98
Nasdaq	23,461.82	-223.30
Nikkei 225	53,322.85	-52.75
STI	4,905.13	-24.90
KLCI	1,740.88	9.99
JCI	8,329.61	97.40
Baltic Dry	2,148.00	146.00
VIX	17.44	0.56

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.4 (+0.01)	3.53(-)
5Y	1.69 (-)	3.79 (-0.03)
10Y	2.07 (-)	4.25(-)
15Y	2.12 (-)	-
20Y	2.14 (-)	-
30Y	2.22 (-)	4.89 (+0.02)

Financial Spread (bps)

Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.65
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Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
2/02/2026 8:30	ID	S&P Global Indonesia PMI Mfg	Jan	--	--	51.2	--
2/02/2026 8:30	SK	S&P Global South Korea PMI Mfg	Jan	--	--	50.1	--
2/02/2026 8:30	TH	S&P Global Thailand PMI Mfg	Jan	--	--	57.4	--
2/02/2026 8:30	VN	S&P Global Vietnam PMI Mfg	Jan	--	--	53	--
2/02/2026 9:45	CH	RatingDog China PMI Mfg	Jan	50	--	50.1	--
2/02/2026 12:00	ID	Imports YoY	Dec	-0.90%	--	0.46%	--
2/02/2026 12:00	ID	Exports YoY	Dec	1.00%	--	-6.60%	--
2/02/2026 12:00	ID	Trade Balance	Dec	\$2530m	--	\$2662m	--
2/02/2026 12:00	ID	CPI YoY	Jan	3.77%	--	2.92%	--
2/02/2026 12:00	ID	CPI Core YoY	Jan	2.40%	--	2.38%	--
2/02/2026 12:00	ID	CPI NSA MoM	Jan	0.06%	--	0.64%	--
2/02/2026 15:30	TH	Business Sentiment Index	Jan	--	--	49.8	--
2/02/2026 22:45	US	S&P Global US Manufacturing PMI	Jan F	52	--	51.9	--
2/02/2026 23:00	US	ISM New Orders	Jan	--	--	47.7	47.4
2/02/2026 23:00	US	ISM Employment	Jan	46	--	44.9	44.8
2/02/2026 23:00	US	ISM Manufacturing	Jan	48.5	--	47.9	--

Source: Bloomberg

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