

Daily Treasury Outlook

Highlights

Global: The worst was confined to precious metal spaces, with no systematic risk selloff, nor flight to haven assets. Monday session appeared to be orderly and calmer, as investors took cues from strong manufacturing data from the U.S., the India-US trade deal and reduced tensions between the U.S. and Iran. The US equity market and the USD both caught modest tailwinds from the upside data surprise. Major stock indexes ended the session 0.54%-1.05% higher. UST yields were 4-5bps richer, with a flattening bias. Dollar extended the rebound to one-week high. Sentiment in precious metal market was also stabilising, with gold and silver bouncing off their day lows.

The Treasury's quarterly financing requirement estimate for the three months ending in March was little changed at USD530bn (vs an initial estimate of USD511bn). Separately, Trump plans to launch a USD12bn strategic critical-minerals stockpile to build supply chain resilience and cut reliance on Chinese rare earths. In Japan, poll results suggested that the ruling coalition is set to win 300 out of 465 seats in the upcoming election, clearing obstacle for PM Takaichi's fiscal expansion plan.

On data front, U.S. ISM manufacturing index rose 4.7 points to 52.6, the highest since August 2022, led by a sharp pickup in new orders and employment components. Meanwhile, other sub-indexes all rose amid strong demand. On the other hand, China's RatingDog PMI edged up to 50.3 (vs. consensus at 50.0) in January, buoyed by increases in employment and output sub-indexes.

Market Watch: Market awaits the RBA decision due today. It currently prices 71% chances of 25bp hike, in view of the resilient labour market and stronger-than-expected 4Q inflation data. Today's economic calendar comprises of New Zealand and Australia's December building permits, South Korea's January CPI, Japan's January monetary base, and Hong Kong December retail sales. The release of Friday's nonfarm payrolls report is delayed, due to partial government shutdown, and other key indicators are also at risk of delay.

Key Market Movements

| Equity | Value | % chg |
|------------|--------|----------|
| S&P 500 | 6976.4 | 0.5% |
| DJIA | 49408 | 1.1% |
| Nikkei 225 | 52655 | -1.3% |
| SH Comp | 4015.7 | -2.5% |
| STI | 4892.3 | -0.3% |
| Hang Seng | 26776 | -2.2% |
| KLCI | 1740.9 | 0.0% |
| | Value | % chg |
| DXY | 97.632 | 0.7% |
| USDJPY | 155.63 | 0.5% |
| EURUSD | 1.1791 | -0.5% |
| GBPUSD | 1.3666 | -0.1% |
| USDIDR | 16790 | 0.0% |
| USDSGD | 1.2722 | 0.1% |
| SGDMYR | 3.1024 | -0.3% |
| | Value | chg (bp) |
| 2Y UST | 3.57 | 4.92 |
| 10Y UST | 4.28 | 4.19 |
| 2Y SGS | 1.39 | -0.70 |
| 10Y SGS | 2.07 | -0.01 |
| 3M SORA | 1.15 | -0.57 |
| 3M SOFR | 3.82 | -1.72 |
| | Value | % chg |
| Brent | 66.30 | -4.4% |
| WTI | 62.14 | -4.7% |
| Gold | 4661 | -4.8% |
| Silver | 79.27 | -7.0% |
| Palladium | 1722 | 0.6% |
| Copper | 12892 | -2.0% |
| BCOM | 115.10 | -4.6% |

Source: Bloomberg

SG: The manufacturing and electronics PMIs printed at 50.5 and 51.1 respectively in January, with the former reaching its highest level since March 2025 while the latter matched its January 2025 reading. The January PMI readings marked a strong start to 2026 and an improvement from the December readings of 50.3 and 50.9, attributable to stronger expansions in new orders, new exports, and factory output. The bullish manufacturing and electronics PMI readings are also supported by the Business Expectations Survey for Manufacturing, which recorded a net weighted 11% of firms expecting improved conditions in 1H26. This optimism is led by the electronics cluster, where a net weighted 33% indicated a positive business outlook for the next six months on the back of sustained AI-related demand. In particular, the semiconductor segment was the most optimistic, with a net weighted 41%. Conversely, the chemicals cluster was the most pessimistic, with a net weighted 17% of firms anticipating a weaker business outlook, weighed down by the petroleum segment amid macroeconomic uncertainties dampening refining demand and margins. The biggest challenges cited by manufacturing firms were price competition from overseas competitors and political or economic conditions abroad, including geopolitical tensions and tariff uncertainties.

Major Markets

CH: Shanghai has launched a pilot programme to purchase existing (second-hand) homes for conversion into government-subsidised rental housing, with Pudong New Area, Jing'an District and Xuhui District selected as the first batch of pilot districts. The initial acquisitions will prioritise units with appropriate layouts, efficient design, mature surrounding amenities and convenient transport connectivity, with the policy objective of better matching rental housing supply to the jobs-housing balance needs of talent across different industries. Meanwhile, secondary home markets in major cities showed early signs of stabilisation in January. Beijing and Shanghai recorded approximately 15,000 and 23,000 second-hand transactions, respectively, both up more than 20% YoY. Shenzhen saw transactions reach around 5,000 units, rising 16% MoM and 7% YoY, suggesting a tentative improvement in market activity.

ID: The trade data for December 2025 surprised to the upside. Exports grew by 11.6% in December versus -6.6% in November, significantly exceeding expectations (Consensus: 1.0%; OCBC: -0.8%). The was driven by a strong rebound in non-oil and gas (non-O&G) exports to 13.7% YoY in December from -5.1% in November. Meanwhile, oil and gas (O&G) exports remained weak at -18.1% YoY, compared with -32.9% in November. Import growth was similarly strong, rising 10.8% YoY in December compared with 0.5% in November. On a quarterly basis, export growth eased to 0.8% YoY in 4Q25 from 9.0% in 3Q25, while imports improved to 3.1% from -1.8%. This suggests that the contribution for net goods exports to GDP growth could worsen for 4Q25 compared to 3Q25. On the inflation front, headline CPI rose by 3.5% YoY in January 2026 from 2.9% in December 2025. The increase was largely attributable to a significant base effect from utility prices, reflecting last year's electricity tariff discounts of up to 50% for households with electricity capacity of 2,200VA or below during the period. Looking ahead, we see headline CPI remaining elevated in 1Q26, which along with IDR depreciation pressures, will likely limit BI's ability to ease near-term. Next print to watch is 4Q25 GDP on Thursday (5 February 2026).

MY: S&P Global reported that Malaysia's manufacturing PMI rose to a 20-month high of 50.2 in January 2026, up from 50.1 in December 2025, marking the third consecutive monthly improvement in manufacturing conditions. The survey noted that the improvement was supported by a renewed rise in production and stabilising new factory orders, while the ringgit's appreciation led to the first decline in input costs since May 2020 and kept output price increases modest. In addition, business sentiment on output rebounded in January, underpinned by expectations of new contracts and signs of improving demand conditions. Separately, the government approved a proposal to limit the prime minister's term to 10 years, aiming to strengthen accountability and democracy, with constitutional amendments to be tabled in Parliament, The Edge reported.

PH: President Ferdinand Marcos Jr. met with Mitsubishi Corp President and CEO Katsuya Nakanishi on 2 February to encourage expanded investment support for the government's railway and subway projects. President Marcos Jr. shared that their discussions covered potential investments aimed at accelerating the completion of subway and rail completion, creating jobs, and scaling up wind energy projects in the provinces. He added that these efforts could also help strengthen digital services, making daily transactions more convenient for Filipinos. Officials present included Executive Secretary Ralph Recto, Ayala Corp. Chairman Jaime Augusto Zobel, Trade Secretary Maria Cristina Roque, and Presidential Communications Secretary Dave Gomez.

ESG

SG: Singapore and Rwanda have launched an application call for carbon credit projects under their Implementation Agreement on carbon credits cooperation. This marks Singapore's fourth call for project applications, following earlier calls under bilateral Implementation Agreements with Ghana, Peru and Bhutan. Authorised projects will unlock additional carbon mitigation projects in Rwanda and advance both countries' climate ambitions through targeted financing. These projects can generate carbon credits aligned with Article 6 of the Paris Agreement, which can be used by Singapore-based carbon tax-liable companies to offset up to 5% of their taxable emissions. Demand for Article 6 carbon credits is expected to increase as Singapore's carbon tax rises, with companies in hard-to-abate sectors turning to levers to reduce their residual emissions.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded flat to lower yesterday with shorter tenors trading 1bps lower while belly tenors traded flat to 1bps lower and 10Y traded flat. Global Investment Grade spreads tightened by 1bps to 71bps and Global High Yield spreads tightened by 3bps to 261bps respectively. Bloomberg Global Contingent Capital Index tightened by 3bps to 217bps. Bloomberg Asia USD Investment Grade spreads traded flat at 58bps and Asia USD High Yield spreads widened by 16bps to 340bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DMIG market yesterday were 600mn and USD27.6bn respectively.

There were two notable issuers in the DMIG market yesterday where issuers priced deals of at least USD1.0bn.

- GE Vernova Inc priced USD2.6bn of debt in three tranches.
- Oracle Corporation priced USD25bn of debt in eight tranches.

There were no notable issuers in the APAC USD and Singdollar market yesterday

Mandates:

- There were no notable mandates yesterday.

Equity Market Updates

US: US equities began the week with broad gains, recovering from last week's softer close as the Dow rose 1.1%, the S&P 500 added 0.5% and the Nasdaq gained 0.6%, while small- and mid-cap indices advanced around 1%. The tone was generally risk-on despite weakness in other asset classes, including further declines in gold and silver, a sharp weekend pullback in cryptocurrencies, and a drop in oil prices amid signs of possible US-Iran negotiations. Energy was the weakest S&P 500 sector, down 2.0%, reflecting lower crude prices, and Robinhood (-9.6%) fell sharply alongside crypto assets. Encouraging economic data helped underpin sentiment, with the ISM Manufacturing Index unexpectedly rising to 52.6 in January, signalling a return to expansion and supporting expectations for growth. Cyclical and higher-beta areas outperformed, with the PHLX semiconductor index up 1.7% and strong rebounds in industrials (+1.3%) and financials (+1.0%), including gains in Caterpillar (+5.1%), major airlines benefiting from lower fuel costs, and Visa (+3.7%). Consumer staples led sector gains, up 1.6%, as Walmart (+4.1%) and Costco (+3.0%) advanced. Information technology (+0.5%) finished mid-pack: Apple (+4.0%) rallied following last week's earnings, while Microsoft (-1.6%) and Nvidia (-2.9%) declined. Utilities (-1.5%) and real estate (-1.1%) also lagged. In fixed income, Treasuries weakened, with yields rising across the curve as equities moved onto firmer footing ahead of another heavy week of earnings.

Foreign Exchange

| | Day Close | % Change | | Day Close |
|---------|-----------|----------|---------|-----------|
| DX | 97.632 | 0.66% | USD-SGD | 1.2722 |
| USD-JPY | 155.63 | 0.55% | EUR-SGD | 1.5001 |
| EUR-USD | 1.179 | -0.51% | JPY-SGD | 0.8176 |
| AUD-USD | 0.695 | -0.23% | GBP-SGD | 1.7387 |
| GBP-USD | 1.367 | -0.15% | AUD-SGD | 0.8840 |
| USD-MYR | 3.945 | 0.41% | NZD-SGD | 0.7632 |
| USD-CNY | 6.945 | -0.17% | CHF-SGD | 1.6318 |
| USD-IDR | 16790 | 0.03% | SGD-MYR | 3.1024 |
| USD-VND | 26016 | 0.26% | SGD-CNY | 5.4563 |

SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|-------|---------|--------|-------|----------|
| 1M | 1.9680 | -0.81% | 1M | 3.6715 |
| 3M | 2.0310 | 0.54% | 2M | 3.6691 |
| 6M | 2.1580 | 0.56% | 3M | 3.6644 |
| 12M | 2.2260 | -0.09% | 6M | 3.6248 |
| | | | 1Y | 3.5001 |

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 | -0.086 | -8.600 | -0.022 | 3.615 |
| 04/29/2026 | -0.255 | -16.900 | -0.064 | 3.572 |
| 06/17/2026 | -0.705 | -45.000 | -0.176 | 3.460 |
| 07/29/2026 | -1.035 | -33.000 | -0.259 | 3.378 |
| 09/16/2026 | -1.469 | -43.400 | -0.367 | 3.269 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|--------|----------------------|---------|-------|
| WTI (per barrel) | 62.14 | -4.7% | Corn (per bushel) | 4.258 | -0.6% |
| Brent (per barrel) | 66.30 | -6.2% | Soybean (per bushel) | 10.603 | -0.4% |
| Heating Oil (per gallon) | 235.98 | -13.7% | Wheat (per bushel) | 5.278 | -1.9% |
| Gasoline (per gallon) | 185.14 | -3.7% | Rubber (JPY/KG) | 3.363 | -0.5% |
| Natural Gas (per MMBtu) | 3.24 | -25.7% | | | |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 12892 | -2.0% | Gold (per oz) | 4661 | -4.8% |
| Nickel (per mt) | 16827 | -6.3% | Silver (per oz) | 79.27 | -7.0% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|------------|-----------|------------|
| DJIA | 49,407.66 | 515.19 |
| S&P | 6,976.44 | 37.41 |
| Nasdaq | 23,592.11 | 130.29 |
| Nikkei 225 | 52,655.18 | -667.67 |
| STI | 4,892.27 | -12.86 |
| KLCI | 1,740.88 | 9.99 |
| JCI | 7,922.73 | -406.88 |
| Baltic Dry | 2,148.00 | 146.00 |
| VIX | 16.34 | -1.10 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|-------|--------------|--------------|
| 2Y | 1.39 (-0.01) | 3.57(-) |
| 5Y | 1.67 (-0.01) | 3.83 (+0.05) |
| 10Y | 2.07 (-) | 4.27 (+0.04) |
| 15Y | 2.14 (+0.01) | -- |
| 20Y | 2.15 (+0.01) | -- |
| 30Y | 2.23 (-) | 4.91 (+0.04) |

Financial Spread (bps)

| Value | Change | |
|-------|--------|----|
| TED | 35.36 | -- |

Secured Overnight Fin. Rate

| | |
|------|------|
| SOFR | 3.68 |
|------|------|

Economic Calendar

| Date Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|-----------------|--------------|---|--------|--------|--------|---------|---------|
| 2/03/2026 4:00 | US | US Treasury Quarterly Borrowing Estimates | | | | | |
| 2/03/2026 7:00 | SK | CPI MoM | Jan | 0.40% | 0.40% | 0.30% | -- |
| 2/03/2026 7:00 | SK | CPI YoY | Jan | 2.00% | 2.00% | 2.30% | -- |
| 2/03/2026 7:00 | SK | CPI Ex Food and Energy YoY | Jan | 1.90% | 2.00% | 2.00% | -- |
| 2/03/2026 15:45 | FR | CPI EU Harmonized MoM | Jan P | -0.20% | -- | 0.10% | -- |
| 2/03/2026 15:45 | FR | CPI EU Harmonized YoY | Jan P | 0.60% | -- | 0.70% | -- |
| 2/03/2026 15:45 | FR | CPI MoM | Jan P | -0.10% | -- | 0.10% | -- |
| 2/03/2026 15:45 | FR | Budget Balance YTD | Dec | -- | -- | -155.4b | -- |
| 2/03/2026 15:45 | FR | CPI YoY | Jan P | 0.60% | -- | 0.80% | -- |
| 2/03/2026 16:30 | HK | Retail Sales Value YoY | Dec | 7.90% | -- | 6.50% | -- |
| 2/03/2026 16:30 | HK | Retail Sales Volume YoY | Dec | 6.60% | -- | 4.40% | -- |
| 2/03/2026 23:00 | US | JOLTS Report Delayed by Government Shutdown | | | | | |

Source: Bloomberg

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