

Daily Treasury Outlook

Highlights

Global: Venezuela in flux. Over the weekend, news that Venezuela president Maduro was in US custody and US president Trump's declaration that the US will "run" Venezuela have unsettled market sentiments. Last Friday, the S&P500 had kicked off the new year with a modest 0.19% gain while Nasdaq lagged amid weakness in some tech names. The 10-year UST bond yield added 2bps to 4.19% amid renewed selling interest. Fed's Paulson opined that she sees "inflation moderating, the labor market stabilizing and growth coming in around 2% this year", and if "all that happens, then some modest further adjustments to the funds rate would likely be appropriate later in the year". Elsewhere, South Korean president Lee Jae Myng is visiting China for the first time since taking office and will discuss trade, economy and security.

Market Watch: Asian markets are likely to open on a somewhat cautious tone today after registering gains on Friday. Today's economic data releases kick off with the slew of Asian manufacturing PMI data, followed by Indonesia's November trade and December inflation prints, Singapore's retail sales, Vietnam's 4Q25 GDP growth and US' manufacturing ISM. For the week ahead, watch for services PMIs from US, Europe and Asia, inflation readings from Australia, Eurozone, China, Taiwan, Thailand, as well as Eurozone's consumer confidence, Malaysia's industrial production and US' initial jobless claims, Challenger job cuts, October trade, University of Michigan sentiment, and December nonfarm payrolls, unemployment rate and average hourly earnings. ECB's Villeroy, Cipollone and Lane, as well as Fed's Barkin are also speaking later this week, of which the latter may drive market expectations for the January FOMC.

Singapore: November retail sales, which is due later today, likely grew 3.9% YoY (-2.5% MoM sa) versus October's 4.5% YoY (2.3% MoM sa). Tomorrow, the S&P Global Singapore PMI is due, followed by COE premiums tender on Wednesday. Elsewhere, the manufacturing and electronics PMIs both improved in December 2025 to 50.3 and 50.9 respectively, up from 50.2 and 50.6 in November. They also marked the 5th and 7th consecutive month of expansion respectively which could bode well for the 1Q26 growth momentum. The improvements were attributable to stronger growth in new order, factory output, employment and future business indices – the latter registered the 2nd and 6th consecutive months of expansion. However, the signals from the new export orders, imports, input prices, and order backlog gauges diverged for the manufacturing and electronics sectors, suggesting that momentum for the overall manufacturing sector may be starting to lag behind the electronics industry.

| Key Market Movements | | |
|----------------------|--------|----------|
| Equity | Value | % chg |
| S&P 500 | 6858.5 | 0.2% |
| DJIA | 48382 | 0.7% |
| Nikkei 225 | 50339 | 0.0% |
| SH Comp | 3968.8 | 0.0% |
| STI | 4656.1 | 0.2% |
| Hang Seng | 26338 | 2.8% |
| KLCI | 1669.8 | -0.6% |
| | | |
| | Value | % chg |
| DXY | 98.424 | 0.1% |
| USDJPY | 156.84 | 0.1% |
| EURUSD | 1.1719 | -0.2% |
| GBPUSD | 1.3456 | 0.0% |
| USDIDR | 16725 | 0.2% |
| USDSGD | 1.286 | 0.1% |
| SGDMYR | 3.1524 | -0.2% |
| | | |
| | Value | chg (bp) |
| 2Y UST | 3.47 | 0.03 |
| 10Y UST | 4.19 | 2.37 |
| 2Y SGS | 1.49 | 0.70 |
| 10Y SGS | 2.13 | 1.03 |
| 3M SORA | 1.19 | -0.49 |
| 3M SOFR | 4.00 | -0.72 |
| | | |
| | Value | % chg |
| Brent | 60.75 | -0.2% |
| WTI | 57.32 | -0.2% |
| Gold | 4332 | 0.3% |
| Silver | 72.82 | 1.6% |
| Palladium | 1636 | 1.0% |
| Copper | 12470 | 0.4% |
| BCOM | 109.51 | -0.2% |

Source: Bloomberg

Major Markets

CH: China's manufacturing PMI rebounded more than expected to 50.1 in December, returning to expansionary territory for the first time since April 2025. Encouragingly, 16 out of 21 sectors recorded sequential improvements. In our view, the recovery was supported by still-resilient external demand alongside ongoing policy support. Both demand and supply indicators improved meaningfully. The production index rose to 51.7 from 50.0, while the new orders index recovered to 50.8 from 49.2, signalling a broad-based pickup in activity. New export orders also improved to 49.0 from 47.6, suggesting some stabilization in external demand conditions. Meanwhile, the business expectations index surged to 55.5, the highest level since March 2024, reflecting a notable improvement in forward-looking sentiment. That said, the recovery remains uneven across firm sizes. The manufacturing PMI for small enterprises slipped to 48.6 from 49.1, while PMI readings for large and medium-sized firms continued to improve. This divergence highlights the still-fragile transmission of the recovery, with smaller firms facing tighter financing conditions and weaker pricing power. By sector, the rebound in manufacturing sentiment appears to be primarily driven by high-tech industries, while traditional sectors continue to face structural and cyclical headwinds.

The non-manufacturing PMI also rebounded, rising to 50.2 from 49.5. Within this, the construction PMI jumped sharply by 3.2 points to 52.8, with the increase exceeding typical seasonal patterns. In our view, three factors contributed to this strength. First, warmer-than-usual winter temperatures in parts of southern China supported construction activity. Second, with year-end targets and the Spring Festival approaching, firms accelerated project schedules to meet deadlines. Third, stronger funding support from front-loaded fiscal resources has likely helped accelerate infrastructure project execution.

ID: The government is targeting 16–17mn foreign tourist arrivals in 2026, aiming to surpass pre-pandemic levels (16.1mn in 2019) while shifting policy emphasis toward experience-based travel. Specifically, Deputy Tourism Minister Nu Luh Puspa said future strategies will prioritize visitor experience, safety, quality, and sustainability, rather than headline arrival numbers alone. International tourist arrivals rose by 10.3% YoY to 10.3mn in the first 10 months of 2025, with a target of 15.3mn arrivals for 2025.

MY: S&P Global Malaysia Manufacturing PMI showed factory conditions ended 2025 in expansionary territory, with the PMI unchanged at 50.1 in December. The survey pointed to a strong pickup in employment for a second straight month, marking one of the fastest hiring rates on record as firms prepared for new projects and replacement needs. While new orders moderated, output conditions stabilised and business confidence for the year ahead remained historically firm, with firms expecting demand to improve in 2026. Separately, Prime Minister Anwar Ibrahim reaffirmed that the unity government remains stable and focused on economic growth and public welfare, as reported by The Edge.

PH: According to Bangko Sentral ng Pilipinas (BSP), headline inflation for December 2025 is expected to settle “within the 1.2-2.0% range”. The BSP highlighted that higher prices of major food items, “due to the lingering effects of adverse weather and strong holiday demand,” alongside higher LPG and gasoline prices have contributed to the upward price pressure in December. Meanwhile, “lower electricity prices in Meralco-serviced areas and declining kerosene and diesel prices” could partially offset 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: The constitutional referendum will be held on the same day as the general election, 8 February 2026, as confirmed by a decision published in the Royal Gazette. The government is asking voters to cast an additional ballot on whether they support drafting a new constitution to replace the current charter, following a cabinet decision signed by caretaker Prime Minister Anutin Charnvirakul on 23 December 2025. Although the caretaker government had already notified the Election Commission, the date only became official once it was formally announced in the Royal Gazette. Registration for the referendum, for voters both in and outside of Thailand, runs from 3–5 January.

ESG

Rest of the World: The Japanese government aims to tighten regulations and end financial support for large-scale solar power projects, highlighting that many solar panels are made overseas and mega-solar installations may risk damaging Japan’s natural environment. Combined with growing uncertainty surrounding offshore wind projects due to rising costs and developer withdrawals, a potential slowdown in solar farm development could further dampen the pace of renewable energy growth in Japan. Nonetheless, support for existing facilities and residential installations will continue. There is also support for the development of perovskite solar cells, which is a next-generation solar technology developed by Japan. The government will also consider expanding the scope of environmental assessments for projects such as solar projects.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower last Friday with shorter tenors and belly tenors trading flat to 1bps lower while 10Y traded 1bps lower. As per Bloomberg, oil fell and precious metals rose after the US ousted Venezuela's president, raising geopolitical tensions and risking crude supply disruptions. Rising US Treasury yields also pressured stocks, with the 10Y yield closing at 4.19%. Global Investment Grade spreads traded flat at 77bps and Global High Yield tightened by 1 bps to 267bps respectively. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 61bps and Asia USD High Yield spreads tightened by 9bps to 368bps respectively. (Bloomberg, OCBC)

New Issues:

There were no notable issuances in the Asiadollar, Singdollar and USD market last Friday.

Mandates:

- Commonwealth Bank of Australia may issue a multi-tranche 3Y Floating and/or Fixed Rate and 5Y Floating and/or Fixed Rate benchmark AUD senior unsecured medium term note.

Equity Market Updates

US: U.S. markets opened the year on a cautious note. The S&P 500 and Dow Jones Industrial Average eked out gains of 0.2% and 0.7% respectively, while the tech-heavy Nasdaq Composite ended slightly lower by 0.03%, weighed down by losses in major firms like Microsoft and Tesla. Investors showed selective enthusiasm for technology. While artificial intelligence optimism continued to boost chipmakers like Nvidia, Micron and Advanced Micro Devices, several other "Magnificent Seven" stocks slid due to concerns over valuations and disappointing fourth-quarter delivery data from Tesla. Market gains were also capped by a rise in Treasury yields, with the 10-year yield climbing to 4.20%. Market strategists noted that higher interest rates, combined with a "K-shaped" economic backdrop and potential trade policy shifts, contributed to a cautious and choppy trading environment for the start of the year.

Foreign Exchange

| | Day Close | % Change | | Day Close |
|----------------|-----------|---------------|----------------|-----------|
| DXY | 98.424 | 0.10% | USD-SGD | 1.2860 |
| USD-JPY | 156.840 | 0.06% | EUR-SGD | 1.5072 |
| EUR-USD | 1.172 | -0.23% | JPY-SGD | 0.8201 |
| AUD-USD | 0.669 | 0.34% | GBP-SGD | 1.7311 |
| GBP-USD | 1.346 | 0.01% | AUD-SGD | 0.8609 |
| USD-MYR | 4.054 | -0.16% | NZD-SGD | 0.7421 |
| USD-CNY | 6.988 | -0.11% | CHF-SGD | 1.6230 |
| USD-IDR | 16725 | 0.21% | SGD-MYR | 3.1524 |
| USD-VND | 26288 | 0.05% | SGD-CNY | 5.4373 |

SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|------------|---------|--------|-----------|----------|
| 1M | 1.9530 | 0.72% | 1M | 3.6713 |
| 3M | 2.0290 | 0.15% | 2M | 3.6646 |
| 6M | 2.1050 | -0.09% | 3M | 3.6452 |
| 12M | 2.2450 | 0.09% | 6M | 3.5774 |
| | | | 1Y | 3.4324 |

Fed Rate Hike Probability

| Meeting | # of Hikes/Cuts | % of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
|------------|-----------------|-----------------|---------------------|-----------------------------------|
| 01/28/2026 | -0.172 | -17.2 | -0.043 | 3.593 |
| 03/18/2026 | -0.535 | -36.3 | -0.134 | 3.502 |
| 04/29/2026 | -0.792 | -25.7 | -0.198 | 3.438 |
| 06/17/2026 | -1.349 | -55.7 | -0.337 | 3.298 |
| 07/29/2026 | -1.652 | -30.3 | -0.413 | 3.223 |
| 09/16/2026 | -1.974 | -32.3 | -0.494 | 3.142 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|--------------|-------------------------|---------|--------------|
| WTI (per barrel) | 57.32 | -0.2% | Corn (per bushel) | 4.375 | -0.6% |
| Brent (per barrel) | 60.75 | -0.2% | Soybean (per bushel) | 10.295 | -0.1% |
| Heating Oil (per gallon) | 211.51 | -0.3% | Wheat (per bushel) | 5.065 | -0.1% |
| Gasoline (per gallon) | 169.82 | -0.4% | Crude Palm Oil (MYR/MT) | 39.540 | -1.1% |
| Natural Gas (per MMBtu) | 3.62 | -1.8% | | | |

| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
|-----------------|----------|-------|-----------------|---------|-------|
| Copper (per mt) | 12469.50 | 0.4% | Gold (per oz) | 4332.3 | 0.3% |
| Nickel (per mt) | 16820.00 | 1.0% | Silver (per oz) | 72.8 | 1.6% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|---------------|
| DJIA | 48,382.39 | 319.10 |
| S&P | 6,858.47 | 12.97 |
| Nasdaq | 23,235.63 | -6.36 |
| Nikkei 225 | 50,339.48 | 50339.48 |
| STI | 4,656.12 | 9.91 |
| KLCI | 1,669.76 | -10.35 |
| JCI | 8,748.13 | 101.19 |
| Baltic Dry | 1,882.00 | 5.00 |
| VIX | 14.51 | -0.44 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.49 (+0.01) | 3.48(--) |
| 5Y | 1.86 (+0.02) | 3.74 (+0.02) |
| 10Y | 2.13 (+0.01) | 4.19 (+0.02) |
| 15Y | 2.22 (--) | -- |
| 20Y | 2.21 (+0.02) | -- |
| 30Y | 2.32 (--) | 4.87 (+0.03) |

Financial Spread (bps)

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

Secured Overnight Fin. Rate

| SOFR | 3.87 |
|------|------|
| | |

Economic Calendar

| Date | Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|-----------|-------|--------------|---------------------------|--------|---------|--------|---------|---------|
| 1/05/2026 | 12:00 | ID | Imports YoY | Nov | 3.61% | -- | -1.15% | -- |
| 1/05/2026 | 12:00 | ID | Exports YoY | Nov | -1.85% | -- | -2.31% | -- |
| 1/05/2026 | 12:00 | ID | Trade Balance | Nov | \$2982m | -- | \$2393m | -- |
| 1/05/2026 | 12:00 | ID | CPI YoY | Dec | 2.80% | -- | 2.72% | -- |
| 1/05/2026 | 12:00 | ID | CPI Core YoY | Dec | 2.42% | -- | 2.36% | -- |
| 1/05/2026 | 13:00 | SI | Retail Sales YoY | Nov | 4.90% | -- | 4.50% | -- |
| 1/05/2026 | 13:00 | SI | Retail Sales SA MoM | Nov | -- | -- | 2.30% | -- |
| 1/05/2026 | 16:00 | VN | CPI YoY | Dec | 3.50% | -- | 3.58% | -- |
| 1/05/2026 | 16:00 | VN | GDP YTD YoY | 4Q | -- | -- | 7.09% | -- |
| 1/05/2026 | 16:00 | VN | GDP YoY | 4Q | 7.90% | -- | 8.23% | -- |
| 1/05/2026 | 16:00 | VN | Exports YoY | Dec | 14.20% | -- | 15.10% | -- |
| 1/05/2026 | 16:00 | VN | Imports YoY | Dec | 12.40% | -- | 16.00% | -- |
| 1/05/2026 | 16:00 | VN | Trade Balance | Dec | \$500m | -- | \$1090m | -- |
| 1/05/2026 | 16:00 | VN | Industrial Production YoY | Dec | -- | -- | 10.80% | -- |
| 1/05/2026 | 16:00 | VN | Retail Sales YoY | Dec | -- | -- | 7.10% | -- |
| 1/05/2026 | 23:00 | US | ISM Manufacturing | Dec | 48.4 | -- | 48.2 | -- |

Source: Bloomberg

By Global Markets | 5 January 2026

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