

Daily Treasury Outlook

Highlights

Global: The Republican led House voted to pass the government funding package to end the partial government shutdown on Tuesday, with President Trump signing the bill on Wednesday. This bill allows funding for the Pentagon, Education, Treasury, Labour and State departments through to the end of the fiscal year. There is a two-week measure to keep the Department of Homeland Security funded. Meanwhile, the economic data overnight was mixed. On the one hand, ADP employment change was lower than expected, with the private sector adding 22k jobs in January from a downwardly revised 37k in December. This data will hold more sway considering the January non-farm payroll release is postponed to 11 February. On the other hand, the January ISM Services Index held steady at 53.8 from December, but with lower readings on the employment and new orders sub-indices. The prices paid component continued to rise to 66.6 in January from 65.1 in December. US equities closed mixed, with S&P (-0.5%) and the tech-heavy NASDAQ (-1.51%) lower and Dow Jones (+0.53%) slightly higher. The DXY index was slightly firmer while UST yields were lower at the front-end of the curve but edged higher for the 30-year.

Market Watch: For the Eurozone, the preliminary readings for headline and core CPI prints for January were lower at 1.7% YoY and 2.2% YoY from 2.0% and 2.3%, respectively. This is consistent with ECB's view of broadly manageable inflation amid a stabilising growth dynamic for the region. ECB, which meets later today, is likely to keep its policy rate unchanged. Bank of England also meets today, with consensus looking for no change. The data calendar during Asian hours is heavy with Australia's December trade data, Thailand and Philippines January CPI, Indonesia's 4Q25 GDP and Singapore's December retail sales slated for release. Other data releases include Eurozone's December retail sales, US January challenger job cuts, US weekly labour market data and US December JOLTS opening.

Key Market Movements

Equity	Value	% chg
S&P 500	6882.7	-0.5%
DJIA	49501	0.5%
Nikkei 225	54293	-0.8%
SH Comp	4102.2	0.8%
STI	4965.5	0.4%
Hang Seng	26847	0.0%
KLCI	1742.8	-0.3%

	Value	% chg
DXY	97.616	0.2%
USDJPY	156.86	0.7%
EURUSD	1.1807	-0.1%
GBPUSD	1.3654	-0.3%
USDIDR	16775	0.1%
USDSGD	1.2726	0.2%
SGDMYR	3.0925	0.0%

	Value	chg (bp)
2Y UST	3.55	-1.64
10Y UST	4.27	0.80
2Y SGS	1.37	-2.10
10Y SGS	2.06	-2.22
3M SORA	1.15	-0.06
3M SOFR	3.81	-0.25

	Value	% chg
Brent	69.46	3.2%
WTI	65.14	3.1%
Gold	4965	0.4%
Silver	88.18	3.5%
Palladium	1769	1.1%
Copper	13045	-3.2%
BCOM	118.84	0.9%

Source: Bloomberg

Major Markets

ID: Coordinating Minister for Economic Affairs Airlangga Hartarto said Indonesia has invited Malaysia to collaborate on developing a new generation of semiconductor technology, citing Malaysia's more advanced experience in the semiconductor ecosystem. Speaking at the 2026 Indonesia Economic Summit in Jakarta on Tuesday (3 Feb), he said the new generation chip market remains open for cooperation, with Indonesia seeking Malaysian support in technology development, human capital capacity building, and simultaneous progress across startup ecosystems, industrial transformation, and computing chip development. Separately, a draft regulation from the Indonesia Stock Exchange would require listed companies with over one year of trading to raise their free float to 15%, up from 7.5%. Minimum free float for IPOs would also increase to 15%–25% depending on market capitalization, compared with the current 10%–20%. Regulators aim to finalize and implement the rules by March.

MY: The Ministry of Investment, Trade and Industry (MITI) noted that the Agreement on Reciprocal Trade (ART) with the United States will only enter into force after both countries exchange written notices confirming completion of internal ratification processes. It also noted that the ART will take effect within 60 days of the notification exchange or on another mutually agreed date, adding that the agreement signed on 26 October 2025 has yet to be implemented as negotiations and requests for written assurances are ongoing, The Edge reported. The ministry added that a comprehensive review of ART clauses is being conducted to ensure implementation aligns with the Federal Constitution, national development policies, domestic laws, and the country's international commitments, including free trade agreements.

TH: The Joint Standing Committee on Commerce, Industry and Banking has kept its 2026 growth outlook unchanged, expecting the Thai economy to expand by 1.6–2.0%, amid political uncertainty and a likely export slowdown following last year's high base. The business group also maintained its forecast for exports to decline between 0.5–1.5%, citing a strong performance in 2025 and the strength of the Thai baht. The US has imposed a 19% tariff on Thai goods exported to the US, similar to that applied to most countries in the ASEAN region. However, concerns remain over possible additional scrutiny of goods transhipped via Thailand. Additionally, FTI chairman Kriengkrai Theinnukul cautioned about economic growth risks, "with risks also coming from a potentially delayed budget for the 2027 fiscal year."

ESG

Rest of the world: The UK government published an Advanced Nuclear Framework to stimulate investment in pioneering nuclear technology, in efforts to power the AI boom and grow its economy with clean energy. Project developers can use the Advanced Nuclear Framework to submit proposals to join the pipeline from March this year, which will then be assessed by experts in government and Great British Energy-Nuclear according to key criteria such as technology status, developer capability and financing plans. Nuclear investment in the UK remained stable at USD4.6bn in the last few years according to BloombergNEF, accounting for 13% of nuclear investment globally. While scheduling delays and cost overruns have caused uncertainty about new large reactors in Western markets, anticipated data center demand is prompting increased interest in advanced nuclear technologies like small modular reactors. As the demand for clean energy intensifies, the Advanced Nuclear Framework provides clarity and momentum for advanced nuclear projects in the UK.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-4bps higher while belly tenors traded flat to 3-4bps lower and 10Y traded 5bps lower. Global Investment Grade spreads widened by 1bps to 73bps and Global High Yield spreads widened by 3bps to 266bps respectively. Bloomberg Global Contingent Capital Index widened by 1bps to 215bps. Bloomberg Asia USD Investment Grade spreads traded flat at 57bps and Asia USD High Yield spreads widened by 1bps to 339bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD885.5mn and USD2.07bn respectively.

There were no notable issuers in the DM IG market yesterday where issuers priced deals of at least USD1.0bn.

Among issuers under our official coverage, there were two notable issuers in the DM IG market.

- Wells Fargo Bank NA priced a USD200mn 5Y FRN at SOFR+62.5bps.
- Citigroup Inc priced a USD118.6mn 30Y subordinated zero coupon bond at 6.11%.

There was one notable issuer in the APAC USD market yesterday where issuers priced deals of at least USD500mn.

- CDBL Funding 1 (guarantor: CDB Aviation Lease Finance Designated Activity Co, Keepwell and Asset Purchase Deed Provider: China Development Bank Financial Leasing Co. Ltd) priced a USD500mn 5Y fixed bond at T+50bps.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- Central Nippon Expressway Company Limited may issue USD-denominated 5Y fixed or float rate green bonds.

Equity Market Updates

US: Stocks delivered another split performance midweek, echoing Tuesday's rotation theme as persistent weakness in technology and mega-cap names dragged on the S&P 500 (-0.5%) and especially the Nasdaq (-1.5%), while the Dow Jones (+0.5%) benefited from strength in more cyclical and defensive areas. The Dow briefly flirted with fresh record highs, even as the S&P 500 dipped below its 50-day moving average before recovering to close just above that technical level. The Nasdaq, however, remained below its own 50-day average and slipped into negative territory for the year. The information technology sector fell 1.9%, deepening its year-to-date decline, with semiconductors again at the centre of the pressure. The PHLX Semiconductor Index dropped 4.4%, led by a steep post-earnings selloff in AMD (-17.3%) despite solid results and upbeat guidance, while NVIDIA (-3.4%) also declined. Apple (+2.6%) and Microsoft (+0.7%) showed relative resilience, but software shares extended recent losses, and the broader mega-caps weighed on communication services (-1.7%) and consumer discretionary (-1.2%), with Alphabet (-2.2%) sliding ahead of earnings. The Vanguard Mega Cap Growth ETF fell 1.4%, underscoring continued leadership erosion within growth stocks. In contrast, the equal-weighted S&P 500 rose 0.9%, outperforming the cap-weighted index as seven sectors advanced. Energy (+2.3%) led for a second straight session, supported by a sharp rebound in oil prices amid renewed geopolitical tensions involving US-Iran negotiations. Materials (+1.8%) built on prior gains, while healthcare (+1.2%) rebounded strongly on earnings-driven advances in Eli Lilly (+10.4%) and Amgen (+8.2%). Real estate (+1.5%) and financials (+0.8%) also participated in the rotation, reflecting broad-based interest outside of tech. Small-caps lagged, with the Russell 2000 edging lower by 0.9%, though mid-caps posted gains, with the S&P MidCap 400 up by 0.7%. Overall, the session reinforced the ongoing tug-of-war between pressured tech leadership and steady rotational flows into other sectors, leaving the near-term market direction dependent on upcoming mega-cap earnings results.

Foreign Exchange

	Day Close	% Change		Day Close
DX	97.616	0.18%	USD-SGD	1.2726
USD-JPY	156.86	0.71%	EUR-SGD	1.5028
EUR-USD	1.181	-0.10%	JPY-SGD	0.8112
AUD-USD	0.700	-0.33%	GBP-SGD	1.7374
GBP-USD	1.365	-0.31%	AUD-SGD	0.8906
USD-MYR	3.932	0.01%	NZD-SGD	0.7637
USD-CNY	6.944	0.08%	CHF-SGD	1.6370
USD-IDR	16775	0.09%	SGD-MYR	3.0925
USD-VND	25984	-0.07%	SGD-CNY	5.4539

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9560	-0.15%	1M	3.6688
3M	2.0290	0.35%	2M	3.6632
6M	2.1610	0.32%	3M	3.6571
12M	2.2250	0.32%	6M	3.6162
			1Y	3.4919

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	-0.109	-10.900	-0.027	3.612
04/29/2026	-0.265	-15.600	-0.066	3.572
06/17/2026	-0.725	-46.000	-0.181	3.457
07/29/2026	-1.055	-33.000	-0.264	3.375
09/16/2026	-1.513	-45.800	-0.378	3.260

Equity and Commodity

Index	Value	Net change
DJIA	49,501.30	260.31
S&P	6,882.72	-35.09
Nasdaq	22,904.58	-350.61
Nikkei 225	54,293.36	-427.30
STI	4,965.50	21.41
KLCI	1,742.82	-5.44
JCI	8,146.72	24.12
Baltic Dry	2,028.00	-96.00
VIX	18.64	0.64

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.37 (-0.02)	3.56(-)
5Y	1.65 (-0.02)	3.83(-)
10Y	2.06 (-0.02)	4.28 (+0.01)
15Y	2.14 (-0.02)	--
20Y	2.17 (-0.02)	--
30Y	2.23 (-0.02)	4.92 (+0.02)

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)	65.14	3.1%	Corn (per bushel)	4.295	0.2%
Brent (per barrel)	69.46	3.2%	Soybean (per bushel)	10.923	2.5%
Heating Oil (per gallon)	247.00	2.5%	Wheat (per bushel)	5.268	-0.4%
Gasoline (per gallon)	196.52	3.5%	Crude Palm Oil (MYR/MT)	414.10	0.0%
Natural Gas (per MMBtu)	3.47	4.7%	Rubber (JPY/KG)	3.363	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13045	-3.2%	Gold (per oz)	4965	0.4%
Nickel (per mt)	17379	-0.4%	Silver (per oz)	88.18	3.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
2/05/2026 9:00	PH	CPI YoY 2018=100	Jan	1.80%	--	1.80%	--
2/05/2026 9:00	PH	CPI NSA MoM 2018=100	Jan	0.50%	--	0.90%	--
2/05/2026 11:30	TH	CPI YoY	Jan	-0.35%	--	-0.28%	--
2/05/2026 11:30	TH	CPI NSA MoM	Jan	0.04%	--	0.04%	--
2/05/2026 11:30	TH	CPI Core YoY	Jan	0.60%	--	0.59%	--
2/05/2026 12:00	ID	GDP QoQ	4Q	0.65%	--	1.43%	--
2/05/2026 12:00	ID	GDP Annual YoY	2025	5.05%	--	5.03%	--
2/05/2026 12:00	ID	GDP YoY	4Q	5.10%	--	5.04%	--
2/05/2026 20:30	US	Challenger Job Cuts YoY	Jan	--	--	-8.30%	--
2/05/2026 20:30	US	Challenger Job Cuts Total	Jan	--	--	35553	--
2/05/2026 21:30	US	Initial Jobless Claims	31-Jan	212k	--	209k	--
2/05/2026 21:30	US	Initial Claims 4-Wk Moving Avg	31-Jan	--	--	206.25k	--
2/05/2026 21:30	US	Continuing Claims	24-Jan	1850k	--	1827k	--
2/05/2026 23:00	US	JOLTS Job Openings	Dec	7250k	--	7146k	--
2/05/2026 23:00	US	JOLTS Job Openings Rate	Dec	--	--	4.30%	--
2/05/2026 23:00	US	JOLTS Quits Level	Dec	3102k	--	3161k	--

Source: Bloomberg

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