

Daily Treasury Outlook

Highlights

Global: Wall Street closed higher across the board overnight. Risk sentiment remained constructive, driven partly by rally in energy stocks and renewed optimism surrounding artificial intelligence and large-cap technology companies. This positive momentum persisted despite heightened geopolitical tensions involving Venezuela. In a notable geopolitical development, the Danish Prime Minister Mette Frederiksen stated that any potential US attack on Greenland would signify the end of NATO, underscoring the sensitivity of international alliances in the current environment. On the macroeconomic front, data releases were relatively subdued. The latest ISM Manufacturing Survey for December indicated continued contraction in the US goods sector, with the index registering 47.9, down slightly from 48.2 in November. Key subcomponents such as new orders (47.7 from 47.4) and employment (44.9 from 44.0) remained weak. Meanwhile, input cost pressures stayed elevated, with the index at 58.5, consistent with the previous month, with several respondents cited tariffs as a contributing factor to these cost pressures.

Market Watch: Data on tap today includes the Philippines' December inflation print. Later in the day, the US, UK, and eurozone are scheduled to report their final December Services and Composite PMI figures. On the central bank front, Fed officials Barkin and Miran will speak tonight.

Singapore: November retail sales accelerated to 6.3% YoY (0.0% MoM sa), up from a downwardly revised 4.4% in October, and exceeded consensus expectations of 4.9%. Excluding motor vehicles, retail sales rose 5.8% YoY, up from 3.7% in October. Recreational goods sales were a major contributor at 13.9% YoY, while other key performing segments included 'Watches & Jewellery (13.1%)', 'Cosmetics, Toiletries & Medical Goods (11.4%)', 'Motor Vehicles (10.4%)', among others. Conversely, lower sales were observed in the 'Petrol Service Stations (-6.7%)' and 'Food & Alcohol (-3.1%)' categories. As a result, the November figure brings retail sales growth to 2.8% YoY for the first eleven months of 2025. The full-year 2025 retail sales growth forecast is likely to accelerate to ~3.5%, exceeding the 1.4% recorded in 2024.

Key Market Movements

Equity	Value	% chg
S&P 500	6902.1	0.6%
DJIA	48977	1.2%
Nikkei 225	51833	3.0%
SH Comp	4023.4	1.4%
STI	4680.5	0.5%
Hang Seng	26347	0.0%
KLCI	1680.3	0.6%
	Value	% chg
DXY	98.270	-0.2%
USDJPY	156.38	-0.3%
EURUSD	1.1722	0.0%
GBPUSD	1.3542	0.6%
USDIDR	16740	0.1%
USDSGD	1.2827	-0.3%
SGDMYR	3.1624	0.3%
	Value	chg (bp)
2Y UST	3.45	-2.25
10Y UST	4.16	-2.95
2Y SGS	1.50	1.20
10Y SGS	2.13	0.65
3M SORA	1.18	-0.60
3M SOFR	3.99	-1.41
	Value	% chg
Brent	61.76	1.7%
WTI	58.32	1.7%
Gold	4449	2.7%
Silver	76.59	5.2%
Palladium	1717	4.9%
Copper	12992	4.2%
BCOM	111.78	2.1%

Source: Bloomberg

Major Markets

ID: Exports contracted by 6.6% YoY in November, significantly underperforming regional peers, registering contractions in exports for October and November 2025. The drivers of the weakness were broad-based across oil & gas and non-oil & gas exports. Within this, exports across agriculture, manufacturing and mining contracted sharply in November versus October. Meanwhile, import growth picked up modestly to 0.5% YoY in November versus -1.2% in October, albeit remaining anaemic. By end-use, consumer goods (-1.8% YoY versus -1.9% in October) and raw materials (-3.6% YoY from -5.2% in October) remained weak while capital goods imports rose by 17.3% in November from 15.2% in October. The trade surplus widened to USD2.7bn in November from USD2.4bn in October. On the inflation front, headline CPI picked up to 2.9% YoY in December from 2.7% in November. This is still within BI's 1.5-3.5% inflation target range. Core inflation was unchanged at 2.4% YoY in December. For full year 2025, headline CPI averaged 1.9%. Looking ahead, we expect headline CPI to average 2.7% YoY in 2026 implying higher inflation in the coming months. The data mix underscores the challenges for central bank. BI will need to be opportunistic in finding a sweet spot to cut rates this year. BI noted it will still look for room to lower the policy rate at its 17 December meeting. Our baseline is for BI to deliver a cumulative 50bp in rate cuts in the current easing cycle.

MY: The government has extended the service tax exemption for construction contracts signed before 1 July 2025 by another year, making it valid until 30 June 2027. Eligible contracts that do not contain reviewable clauses can enjoy a total exemption period of two years. In a statement, the Ministry of Finance said that PM Datuk Seri Anwar Ibrahim approved these sales and service tax policy decisions. The statement added that the construction of religious buildings (e.g., suraus, mosques, temples, churches, and shrines) remains exempt, as it has been since 1 July 2025. This latest measure accompanies additional measures taking effect on 1 January 2026, aimed at supporting businesses and easing consumer cost pressures.

PH: President Ferdinand Marcos Jr. signed the PHP6.8trn 2026 national budget, promising tighter safeguards, and highlighting a new rule barring politicians from distributing government aid. He also trimmed the controversial unprogrammed appropriations by vetoing PHP92.5bn, leaving PHP150.9bn and retaining only three of the ten items — support to foreign-assisted projects with loan agreements expected to be finalized during the year, risk management provisions for unforeseen contingencies, and the revised Armed Forces of the Philippines modernization program. Funding for the Department of Public Works and Highways was also sharply reduced amid the flood-control controversy. In contrast, education received the largest share of allocation, followed by sizeable allocations for health and agriculture.

TH: According to the Tourism and Sports Ministry, Thailand received 32.9mn foreign visitors in 2025, down 7.2% from 2024. Consequently, revenue from international tourists declined by 4.7% to THB1.5trn, with the largest source markets being Malaysia, followed by China and India. The weakness in foreign tourist arrivals was partly offset by domestic tourism, with Thais making more than 200mn trips, up 2.7% from 2024. As a result, this generated THB1.2trn, a 3.7% increase from 2024. For 2026, the Tourism Authority of Thailand is targeting 36.7mn foreign arrivals and 205mn domestic trips, aiming to raise travel frequency and spending to boost revenue by ~7% to THB2.8trn.

VN: The economy expanded 8.5% YoY in 4Q25 from 8.3% in 3Q25, defying consensus expectations for a slight slowdown (7.7% YoY). The acceleration was primarily driven by industry (9.7% YoY vs 9.1%), construction (9.0% vs 8.9%), and services (8.8% vs 8.4%), which offset a modest easing in agriculture, forestry, and fisheries (4.0% vs 4.2%). The strong 4Q25 performance brought 2025 GDP growth to an average of 8.0% from 7.1%, broadly in line with the government's target. Authorities are aiming for 10% growth in 2026. The strength in manufacturing was also reflected in trade data. Exports surged 23.8% YoY in December, up from 15.1% in November, while imports rose 39.1% vs 28.9% in the previous month, despite the implementation of US tariffs. Nonetheless, we expect the impact of easing in export frontloading to become more pronounced in 2026. We expect 2026 GDP growth of 7.5%, which implies a modest slowdown compared to 8.0% in 2025. This is still below the government's target of 10%

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded flat to lower yesterday with shorter tenors and belly tenors trading flat to 1bps lower while 10Y traded flat. Global Investment Grade spreads traded flat at 77bps and Global High Yield spreads tightened by 6bps to 261bps respectively. Bloomberg Global Contingent Capital Index widened by 1bps to 235bps. Bloomberg Asia USD Investment Grade spreads and Asia USD High Yield spreads remained unchanged at 62bps and 368bps respectively. (Bloomberg, OCBC)

New Issues:

There were three notable issuances in the Asiadollar market yesterday from two issuers.

- BOC Aviation Ltd priced a USD500mn 7Y fixed bond at T+67bps to yield 4.375%.
- Export-Import Bank of India priced USD1.0bn of debt in two tranches: a USD500mn 10Y Fixed Bond at T+85bps (Reoffer price 99.93 to yield 5.009%) and a USD500mn 30Y Fixed Bond at T+95bps (Reoffer price 99.321 to yield 5.798%).

There were several notable issuances in the USD market yesterday led by financials including:

- UBS Group AG priced USD3bn of Additional Tier 1 capital in two tranches: a USD1.5bn PerpNC5 to yield 6.625% and a USD1.5n PerpNC10 to yield 7.00%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- SJM International Limited (guarantor: SJM Holdings Limited) may issue USD-denominated senior notes.
- Export-Import Bank of Korea may issue a USD-denominated SEC-registered senior unsecured notes offering with expected tenors of 3-year FXD (green notes) and/or FRN, 5-year FXD and 10-year FXD.
- MITSUBISHI HC FINANCE AMERICA LLC (guarantor: Mitsubishi HC Capital Inc) may issue 5Y USD-denominated 144A/Reg.S fixed rate senior unsecured notes.
- CLIFFORD CAPITAL ASSET FINANCE PTE. LTD. may issue 3Y senior unsecured USD-denominated notes and CLIFFORD CAPITAL CREDIT SOLUTIONS PTE. LTD. may issue 5Y senior unsecured USD-denominated notes.
- Resona Bank Ltd may issue 5Y senior unsecured fixed rate USD-denominated benchmark bonds.

Equity Market Updates

US: US markets closed on Monday with solid gains with the S&P 500 higher by 0.6%, the DJIA by 1.2%, and the Nasdaq Composite by 0.7%. Outperformance was noted across cyclical stocks, with energy up 2.7%, financials by 2.2% and consumer discretionary by 1.9%. Energy was among the top performing stocks, with names like Halliburton and Chevron climbing 7.8% and 5.1% respectively during the trading session. This comes amidst speculation of a potential US role in rebuilding Venezuelan oil infrastructure. Financials were also stronger from major banks and crypto-related names, while Amazon and Tesla supported consumer discretionary stocks. In contrast, information technology was a laggard, closing down by 0.2% despite continued strength in semiconductors as several mega-cap tech names like Apple and Nvidia weighed on the group. Small and mid caps generally outperformed large caps and market breadth also improved with advancers beating decliners by more than 2 to 1.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.270	-0.16%	USD-SGD	1.2827
USD-JPY	156.380	-0.29%	EUR-SGD	1.5035
EUR-USD	1.172	0.03%	JPY-SGD	0.8202
AUD-USD	0.671	0.31%	GBP-SGD	1.7373
GBP-USD	1.354	0.64%	AUD-SGD	0.8614
USD-MYR	4.072	0.44%	NZD-SGD	0.7427
USD-CNY	6.989	0.01%	CHF-SGD	1.6208
USD-IDR	16740	0.09%	SGD-MYR	3.1624
USD-VND	26271	-0.06%	SGD-CNY	5.4497

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9530	0.72%	1M	3.6737
3M	2.0290	0.15%	2M	3.6682
6M	2.1050	-0.09%	3M	3.6466
12M	2.2450	0.09%	6M	3.5764
			1Y	3.4229

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.183	-18.3	-0.046	3.592
03/18/2026	-0.546	-36.3	-0.137	3.502
04/29/2026	-0.783	-23.7	-0.196	3.443
06/17/2026	-1.349	-56.7	-0.337	3.301
07/29/2026	-1.683	-33.3	-0.421	3.217
09/16/2026	-2.035	-35.2	-0.509	3.129

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	58.32	1.7%	Corn (per bushel)	4.445	1.6%
Brent (per barrel)	61.76	1.7%	Soybean (per bushel)	10.473	1.7%
Heating Oil (per gallon)	214.28	1.3%	Wheat (per bushel)	5.125	1.2%
Gasoline (per gallon)	172.00	1.3%	Crude Palm Oil (MYR/MT)	39.500	-0.1%
Natural Gas (per MMBtu)	3.52	-2.6%			
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12991.50	4.2%	Gold (per oz)	4449.2	2.7%
Nickel (per mt)	17003.00	1.1%	Silver (per oz)	76.6	5.2%

Equity and Commodity

Index	Value	Net change
DJIA	48,977.18	594.79
S&P	6,902.05	43.58
Nasdaq	23,395.82	160.19
Nikkei 225	51,832.80	51832.80
STI	4,680.50	24.38
KLCI	1,680.32	10.56
JCI	8,859.19	111.06
Baltic Dry	1,882.00	5.00
VIX	14.90	0.39

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.5 (+0.01)	3.46(--)
5Y	1.88 (+0.02)	3.7 (-0.04)
10Y	2.13 (+0.01)	4.17 (-0.03)
15Y	2.22 (--)	--
20Y	2.22 (+0.01)	--
30Y	2.32 (+0.01)	4.86 (-0.02)

Financial Spread (bps)

Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.75
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Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/06/2026 8:30	HK	S&P Global Hong Kong PMI	Dec	--	51.9	52.9	--
1/06/2026 8:30	SI	S&P Global Singapore PMI	Dec	--	54.1	55.4	--
1/06/2026 9:00	PH	CPI YoY 2018=100	Dec	1.40%	1.80%	1.50%	--
1/06/2026 9:00	PH	CPI NSA MoM 2018=100	Dec	0.50%	0.90%	0.20%	--
1/06/2026 13:00	IN	HSBC India PMI Composite	Dec F	--	--	58.9	--
1/06/2026 13:00	IN	HSBC India PMI Services	Dec F	--	--	59.1	--
1/06/2026 17:00	EC	HCOB Eurozone Services PMI	Dec F	52.6	--	52.6	--
1/06/2026 17:00	EC	HCOB Eurozone Composite PMI	Dec F	51.9	--	51.9	--
1/06/2026 17:30	UK	S&P Global UK Services PMI	Dec F	52.1	--	52.1	--
1/06/2026 17:30	UK	S&P Global UK Composite PMI	Dec F	52.1	--	52.1	--
1/06/2026 22:45	US	S&P Global US Services PMI	Dec F	52.9	--	52.9	--
1/06/2026 22:45	US	S&P Global US Composite PMI	Dec F	--	--	53	--

Source: Bloomberg

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