Daily Treasury Outlook

Highlights

Global: Wall Street ended lower overnight as risk appetite softened, weighed partly by further signs of labour-market cooling. Initial jobless claims rose to 231k, above expectations (212k) and up from 209k, while the four-week average also edged higher (212k from 206k). Continuing claims increased slightly to 1.84 million. The JOLTS survey showed job openings falling sharply to 6.5mn in December, well below consensus and meaningfully below the 7.5mn unemployed, signalling continued normalisation in labour demand. In addition, Challenger data reinforced the softer tone, with announced layoffs surging 205% in January to 108k, alongside weak hiring intentions for January 2026. In Europe, the European Central Bank (ECB) left all key policy rates unchanged, maintaining the deposit rate at 2.00%, the main refinancing rate at 2.15%, and the marginal lending facility at 2.40%. The Governing Council reiterated that inflation is expected to stabilise at 2% over the medium term and highlighted continued resilience in the euro-area economy and noted that “it will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance.” Elsewhere, Moody’s Ratings changed its outlook on Indonesia’s sovereign credit ratings to ‘negative’ from ‘stable’. The credit rating is maintained at Baa2. S&P Global and Fitch Ratings have Indonesia’s sovereign at an equivalent rating of BBB, with a stable outlook. The main rationale for the outlook change by Moody’s is “reduced predictability and coherence in the policy making process, alongside less effective policy communication”. This has “raised risks to Indonesia’s policy credibility among investors, as reflected in increased equity and foreign-exchange market volatility”.

Market Watch: Data on tap today includes Vietnam's January inflation, trade and activity data, along with the Philippines' December unemployment rate. Later in the day, the US is scheduled to report its preliminary University of Michigan Sentiment for February. On the central bank front, ECB official Kocher and BOE's Pill are both scheduled to speak tonight.

Key Market Movements

Equity	Value	% chg
S&P 500	6798.4	-1.2%
DJIA	48909	-1.2%
Nikkei 225	53818	-0.9%
SH Comp	4075.9	-0.6%
STI	4975.9	0.2%
Hang Seng	26885	0.1%
KLCI	1731.0	-0.7%
	Value	**% chg**
DXY	97.824	0.2%
USDJPY	157.04	0.1%
EURUSD	1.1777	-0.3%
GBPUSD	1.3531	-0.9%
USDIDR	16830	0.3%
USDSGD	1.2754	0.2%
SGDMYR	3.0975	0.2%
	Value	**chg (bp)**
2Y UST	3.45	-10.28
10Y UST	4.18	-9.34
2Y SGS	1.35	-1.60
10Y SGS	2.02	-4.32
3M SORA	1.15	-0.09
3M SOFR	3.81	-0.30
	Value	**% chg**
Brent	67.55	-2.7%
WTI	63.29	-2.8%
Gold	4779	-3.7%
Silver	70.92	-19.6%
Palladium	1657	-6.3%
Copper	12903	-1.1%
BCOM	117.69	-1.0%

Source: Bloomberg

SG: December retail sales moderated from a revised 6.2% YoY pace in November to 2.7% YoY, undershooting both market consensus forecast of 7.8% YoY and our forecast of 8.2% YoY. The main drag was from petrol services stations (-9.1% YoY), food & alcohol (-7.1% YoY), wearing apparel & footwear (-1.8% YoY) and department stores (-1.7% YoY). December usually tends to be when many Singaporeans households go on year-end holidays, but the mitigating factor is the international visitor arrivals due to the seasonal festive celebrations such as Christmas. With the December data included, retail sales expanded by 2.8% YoY in 2025, which was double the 1.4% pace seen in 2024 and the highest since 2022 (10.7% YoY). This reflects the better-than-expected GDP growth registered in 2025 and underpinned by the healthy domestic labour market which supports private consumption. Looking ahead, we forecast retail sales to continue expanding by 2-3% YoY in 2026, driven by a strong pipeline of new products and experiences. The main drag was from petrol services stations (-9.1% YoY), food & alcohol (-7.1% YoY), wearing apparel & footwear (-1.8% YoY) and department stores (-1.7% YoY). December usually tends to be when many Singaporeans households go on year-end holidays, but the mitigating factor is the international visitor arrivals due to the seasonal festive celebrations such as Christmas.

Major Markets

ID: 4Q25 GDP growth exceeded expectations, growing by 5.4% YoY (Consensus: 5.1%, OCBC: 4.9%) versus 5.0% in 3Q25. For full-year 2025, GDP growth improved to 5.1% YoY from 5.0% in 2024, marking the strongest annual rate of growth since 2022. The upside surprise in 4Q25 growth was due to domestic demand conditions. Domestic final demand contributed 5.2 percentage points (pp) in 4Q25 to headline GDP growth from 4.6pp in 3Q25. This was largely underpinned by investment spending and household consumption while government spending moderated in 4Q25 versus 3Q25. Consistent with the strength in domestic demand, goods and services import growth was strong at 4.0% YoY in 4Q25 from 0.9% in 3Q25. By contrast, goods and services exports growth slowed sharply to 3.3% YoY in 4Q25 from 9.1% in 3Q25, resulting in 0.0pp contribution from net exports compared to +2.0pp contribution in 3Q25. We raise our 2026 GDP growth forecast to 5.0% from 4.8% previously given the stronger than expected 2025 outturn, higher reconstruction spending for flood affected regions particularly Sumatra and regular fiscal support for households similar to 2025. Shifts in investment policies with the creation of Danantara will likely need to show tangible outcomes into 2026 to bolster investor and business confidence. These domestic factors coincide with heightened external risks as payback from the front-loading of exports to US will likely become more obvious in 2Q26 and 3Q26.

MY: Investment, Trade and Industry Minister Johari Abdul Ghani reported that the installation of 5,624 public EV charging units nationwide represents 56% of the 10,000-unit target. This comprises 1,923 DC fast chargers and 3,701 AC chargers, with DC chargers exceeding the 1,500-unit target by 128%, while AC chargers have reached 40% of the 8,500-unit goal. He noted that the outcome supports a stronger emphasis on DC fast chargers, aligns with industry feedback on improving consumer confidence, encourages home charging due to lower costs, and continues despite challenges such as high DC installation expenses of around MYR0.2 million per unit and longer approval processes involving local authorities, the Energy Commission, and Tenaga Nasional Bhd. Separately, Malaysia and India are reportedly in the process of establishing a multi-layered framework for collaboration in the semiconductor sector, according to Reuters. India's Prime Minister Narendra Modi is scheduled to visit Malaysia over the weekend.

PH: Headline inflation rose by 2.0% YoY in January, up from 1.8% in December 2025. The main drivers of the January inflation print were primarily the 'housing, water, electricity, gas & other fuels' (3.3% YoY, from 2.5% in December) and 'restaurants & accommodation services' (4.0% from 2.4%) subcategories. This was partially offset by lower inflation in the 'food & non-alcoholic beverages' (1.1%, down from 1.4% in December), 'alcoholic beverages & tobacco' (3.1% from 3.3%), 'transport' (-0.3% from 0.3%) and 'education services' (2.8% from 3.0%) subcategories. Core CPI accelerated to 2.8% YoY, up from 2.4% in December. Looking ahead, we expect the inflation outlook in 2026 to remain benign, with headline CPI trending higher and averaging 2.5%, up from 1.7% in 2025.

TH: Headline inflation declined by 0.7% YoY in January, down from -0.3% in December 2025. The main driver was lower inflation in key categories such as 'food & non-alcoholic beverages' (0.9% YoY versus 1.5% in December), 'housing & furnishing' (-1.0% YoY versus -0.6%) and 'transport & communication' (-3.0% YoY versus -2.9%) subcategories. Meanwhile, core inflation remained broadly stable at 0.6%. Deputy Head of the Trade Policy and Strategy Office, Natiya Suchinda, stated that the ministry expects headline inflation to remain negative for the rest of 1Q26, before turning to positive from April "due to seasonal factors, as summer months tend to push up prices of fresh vegetables and fruits."

ESG

MY: The Malaysia Forest Fund (MFF) and the Global Carbon Council (GCC) have signed a Memorandum of Understanding (MoU) to strengthen cooperation on carbon markets and scale nature-based climate solutions across Malaysia. Both organisations will explore synergies that can enhance credibility and scalability of these projects, ensuring they align with national climate strategies and international best practices. The partnership will also explore opportunities of GCC's Carbon Market Infrastructure (CMI) in supporting the implementation of Malaysia's carbon markets.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1bps lower while belly tenors traded flat to 1-2bps lower and 10Y traded 1bps lower. Global Investment Grade spreads widened by 1bps to 74bps and Global High Yield spreads widened by 11bps to 277bps respectively. Bloomberg Global Contingent Capital Index widened by 8bps to 223bps. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 58bps and Asia USD High Yield spreads widened by 10bps to 349bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD4.59bn and USD8.05bn respectively.

There were three notable issuers in the DM IG market yesterday where issuers priced deals of at least USD1.0bn.

- UBS Group AG priced USD5.25bn of debt in four tranches.
- MPLX LP priced USD1.5bn of debt in two tranches.
- Citigroup Inc priced USD1bn of debt in one tranche.

There were three notable issuers in the APAC USD market yesterday where issuers priced deals of at least USD500mn.

- Mizuho Financial Group Inc priced USD1.8bn of debt in three tranches.
- CICC Hong Kong Finance 2016 MTN Ltd priced USD1.4bn of debt in two tranches.
- GLP Pte Ltd priced USD500mn of debt in one tranche.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- There were no notable mandates yesterday.

Equity Market Updates

US: Stocks endured a broad sell-off as sustained pressure in mega-cap and technology shares was no longer offset by strength elsewhere, leaving the S&P 500 (-1.2%) back in negative territory for the year and below its 50-day moving average, while the Nasdaq (-1.6%), Dow (-1.2%), Russell 2000 (-1.8%) and S&P MidCap 400 (-0.5%) also declined. Much of the focus centred on Alphabet (-0.5%), which beat earnings but outlined sizeable FY26 capital expenditure plans that raised questions about returns on investment. Although the shares recovered from early losses, weakness across other large-cap growth names dominated. Consumer discretionary (-2.6%) was the weakest major sector, with Amazon (-4.4%) and Tesla (-2.2%) under pressure, while information technology (-1.7%) remained soft despite early optimism that Alphabet's spending could benefit chipmakers and AI infrastructure firms. Semiconductor shares faded into the close and software stocks continued to slide sharply, with Microsoft (-5.0%) among the notable laggards, leaving the Vanguard Mega Cap Growth ETF down 1.9%. Unlike earlier sessions, there was little meaningful rotation into other cyclical areas: materials (-2.8%) led losses amid profit-taking, financials (-1.2%) retreated, and crypto-linked names such as Coinbase (-13.3%) and Robinhood (-9.9%) fell heavily as Bitcoin dropped around 13%, adding to intraday volatility. Only consumer staples (+0.3%) and utilities (+0.1%) posted modest gains, supported by selective earnings strength. Market volatility increased, with the VIX rising more than 16% to above 21, reflecting unsettled sentiment as Treasury yields fell across the curve in a flight to relative safety.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	97.824	0.21%	**USD-SGD**	1.2754
USD-JPY	157.04	0.11%	**EUR-SGD**	1.5019
EUR-USD	1.178	-0.25%	**JPY-SGD**	0.8119
AUD-USD	0.693	-1.01%	**GBP-SGD**	1.7249
GBP-USD	1.353	-0.90%	**AUD-SGD**	0.8834
USD-MYR	3.948	0.39%	**NZD-SGD**	0.7585
USD-CNY	6.938	-0.08%	**CHF-SGD**	1.6384
USD-IDR	16830	0.33%	**SGD-MYR**	3.0975
USD-VND	25965	-0.07%	**SGD-CNY**	5.4461

Equity and Commodity

Index	Value	Net change
DJIA	48,908.72	-592.58
S&P	6,798.40	-84.32
Nasdaq	22,540.59	-363.99
Nikkei 225	53,818.04	-475.32
STI	4,975.87	10.37
KLCI	1,731.02	-11.80
JCI	8,103.88	-42.84
Baltic Dry	1,955.00	-73.00
VIX	21.77	3.13

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9480	-0.41%	**1M**	3.6650
3M	2.0400	0.54%	**2M**	3.6483
6M	2.1710	0.46%	**3M**	3.6324
12M	2.2340	0.40%	**6M**	3.5585
			1Y	3.4011

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.35 (-0.02)	3.45(--)
5Y	1.62 (-0.04)	3.72 (-0.11)
10Y	2.02 (-0.04)	4.18 (-0.09)
15Y	2.11 (-0.03)	--
20Y	2.15 (-0.01)	--
30Y	2.21 (-0.02)	4.85 (-0.08)

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	-0.249	-24.900	-0.062	3.574
04/29/2026	-0.475	-22.600	-0.119	3.517
06/17/2026	-1.139	-66.400	-0.285	3.352
07/29/2026	-1.495	-35.600	-0.374	3.263
09/16/2026	-1.959	-46.400	-0.490	3.147

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.65

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	63.29	-2.8%	Corn (per bushel)	4.350	1.3%
Brent (per barrel)	67.55	-2.7%	Soybean (per bushel)	11.123	1.8%
Heating Oil (per gallon)	239.32	-3.1%	Wheat (per bushel)	5.353	1.6%
Gasoline (per gallon)	192.66	-2.0%	Crude Palm Oil (MYR/MT)	41.210	-0.5%
Natural Gas (per MMBtu)	3.51	1.3%	Rubber (JPY/KG)	3.363	0.0%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	12903	-1.1%	Gold (per oz)	4779	-3.7%
Nickel (per mt)	17071	-1.8%	Silver (per oz)	70.92	-19.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
2/06/2026 7:00	SK	BoP Current Account Balance	Dec	--	$18702.6m	$12236.7m	$12898.0m
2/06/2026 7:00	SK	BoP Goods Balance	Dec	--	$18853.1m	$13309.2m	$14697.1m
2/06/2026 10:05	VN	CPI YoY	Jan	3.10%	--	3.48%	--
2/06/2026 10:05	VN	Exports YoY	Jan	25.50%	--	23.80%	--
2/06/2026 10:05	VN	Imports YoY	Jan	35.50%	--	27.70%	--
2/06/2026 10:05	VN	Trade Balance	Jan	$1500m	--	-$660m	--
2/06/2026 10:05	VN	Industrial Production YoY	Jan	--	--	10.10%	--
2/06/2026 10:05	VN	Retail Sales YoY	Jan	--	--	9.80%	--
2/06/2026 11:00	ID	Foreign Reserves	Jan	--	--	$156.5b	--
2/06/2026 15:30	TH	Gross International Reserves	30-Jan	--	--	$289.4b	--
2/06/2026 15:30	TH	Forward Contracts	30-Jan	--	--	$22.8b	--
2/06/2026 21:30	CA	Full Time Employment Change	Jan	--	--	50.2k	51.4k
2/06/2026 21:30	CA	Part Time Employment Change	Jan	--	--	-42.0k	-41.3k
2/06/2026 21:30	CA	Net Change in Employment	Jan	5.0k	--	8.2k	10.1k
2/06/2026 21:30	CA	Unemployment Rate	Jan	6.80%	--	6.80%	--
2/06/2026 23:00	US	U. of Mich. Sentiment	Feb P	55	--	56.4	--

Source: Bloomberg