

Daily Treasury Outlook

Highlights

Global: Global equities extended their rally on Tuesday, with major U.S. and European indices climbing to fresh record highs. Chip stocks led gains on renewed optimism around AI-related investment and earnings prospects. Meanwhile, market reaction to reports surrounding President Trump's planned acquisition of Greenland remained muted. The White House confirmed that President Trump is discussing a range of options, including potential military involvement. Separately, the U.S. Supreme Court indicated on Tuesday that it could issue rulings as early as Friday on cases argued this term, which may include challenges related to Trump-era tariffs.

On the macro front, Eurozone inflation eased more than expected in December across major economies. In Germany, harmonized CPI moderated to 2.0% YoY from 2.6% YoY in November, while France's harmonized CPI edged lower to 0.7% YoY from 0.8% YoY. The sharper-than-expected disinflation was largely driven by lower energy prices, slowing wage growth, weak manufacturing activity, and continued declines in producer and import prices. Composite PMI readings across major Eurozone economies softened in December, with resilient services activity partially offsetting ongoing manufacturing contraction. Nevertheless, policymakers have appeared relatively unconcerned about inflation undershooting target in the near term, and the ECB continues to show little appetite for further rate cuts.

In China, the People's Bank of China outlined its key work priorities for 2026, reiterating its commitment to flexibly and efficiently deploy a broad set of monetary policy tools, including RRR cuts and interest rate reductions, to maintain reasonably ample liquidity. The central bank also emphasized further refinement of structural monetary policy instruments to improve their precision and effectiveness in supporting key sectors and economic weak spots. In addition, the PBoC plans to strengthen financial market monitoring indicators and explore the establishment of a macro-prudential management framework for financial markets, aimed at better containing systemic risks and safeguarding financial stability.

Market Watch: Looking ahead, today's focus will be on U.S. labour market data, including ADP employment and JOLTS job openings. The U.S. will also release the delayed October durable goods orders, which should provide additional insight into underlying capex momentum.

Key Market Movements		
Equity	Value	% chg
S&P 500	6944.8	0.6%
DJIA	49462	1.0%
Nikkei 225	52518	1.3%
SH Comp	4083.7	1.5%
STI	4740.0	1.3%
Hang Seng	26710	1.4%
KLCI	1672.4	-0.5%
	Value	% chg
DXY	98.580	0.3%
USDJPY	156.65	0.2%
EURUSD	1.1689	-0.3%
GBPUSD	1.3501	-0.3%
USDIDR	16750	0.1%
USDSGD	1.2805	-0.2%
SGDMYR	3.1628	0.0%
	Value	chg (bp)
2Y UST	3.46	1.24
10Y UST	4.17	1.18
2Y SGS	1.53	2.20
10Y SGS	2.16	2.81
3M SORA	1.18	-0.16
3M SOFR	3.98	-0.49
	Value	% chg
Brent	60.70	-1.7%
WTI	57.13	-2.0%
Gold	4495	1.0%
Silver	81.27	6.1%
Palladium	1827	6.4%
Copper	13238	1.9%
BCOM	112.69	0.8%

Source: Bloomberg

Major Markets

ID: The government will roll out waste-to-energy projects across 34 cities and regencies facing severe waste emergencies, prioritising areas generating more than 1,000 tonnes of waste per day, according to State Secretary Prasetyo Hadi. The facilities aim to ease environmental and public health pressures while contributing to national electricity supply. The initiative forms part of 18 national strategic projects scheduled to start in 1Q26, with a combined investment value of IDR600tn (USD35.8bn). Separately, the government will also begin coal gasification projects to produce dimethyl ether, using low-calorie coal to reduce reliance on imported LPG.

MY: Bank Negara Malaysia (BNM) will expand support for MSME financing by allocating an additional MYR2.5bn through banks and financial institutions, with a clear focus on first-time borrowers, lifting the total size of BNM's Fund for SMEs to MYR34.9bn. This builds on MYR32.4bn of concessional financing already provided, mainly to viable micro and small enterprises facing financing constraints. To broaden impact, BNM will progressively shift towards a guarantee-based model, targeting up to MYR10bn in guaranteed SME loans to improve credit access for new and smaller businesses.

PH: Headline CPI rose by 1.8% YoY in December, up from 1.5% in November 2025. The main driver of the December inflation print was food, driven by higher CPI on green vegetables, corn and frozen fish while rice prices continued to contract. Utilities CPI eased to 2.5% YoY from 2.9% in November, along with transportation CPI (0.3% from 1.7% in November) reflecting lower retail fuel prices. Core CPI was unchanged at 2.4%. The December figure brings the average headline CPI and core CPI for 2025 to 1.7% YoY and 2.4%, respectively, compared to 3.2% YoY and 3.0% in 2024. Heading into 2026, we expect headline CPI to pick up and average 2.5%. With inflation rising, albeit modestly, our baseline is for BSP to remain on hold through 2026.

TH: Border tensions between Thailand and Cambodia reignited following media reports that a Thai soldier was wounded by a mortar strike from Cambodia. PM Anutin Charnvirakul demanded an immediate clarification from Cambodia over the alleged breach of the ceasefire agreement. Both parties reported ongoing consultations, with Cambodia reiterating its commitment to "respect and implement the terms of peace accords between Cambodia and Thailand."

ESG

Rest of the World: The EU Commission will allow more energy-intensive industries to receive compensation to offset the costs of meeting EU emissions rules, as it seeks to prevent carbon leakage. Carbon leakage refers to a phenomenon where companies relocate production to countries outside the EU with more lax environmental regulations. Due to pressure from industries and some member nations, the EU has broadly moved to ease the burden of legislation aimed at tackling climate change to ensure that European companies remain competitive. Challenges have also been exacerbated by rising emission costs in recent years, which put more sectors at risk of carbon leakage than before. The list of industrial sectors eligible for compensation under the EU ETS has been expanded to include 20 new sectors, including the manufacture of organic chemicals and certain activities in the ceramic, glass and battery sectors.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1-2bps higher while belly tenors traded 2-3bps higher while 10Y traded 4bps higher. Global Investment Grade spreads tightened by 1bps to 76bps and Global High Yield spreads tightened by 3bps to 258bps respectively. Bloomberg Global Contingent Capital Index traded flat at 235bps. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 61bps and Asia USD High Yield spreads tightened by 6bps to 361bps respectively. (Bloomberg, OCBC)

New Issues:

There were a number of notable issuances in the APAC USD market yesterday.

- Swire Properties MTN Financing Ltd (guarantor: Swire Properties) priced a USD500mn 5Y Green fixed bond at T+57.5bps (Reoffer price 99.791 to yield 4.297%).
- Clifford Capital Asset Finance Pte. Ltd. and Clifford Capital Credit Solutions Pte. Ltd. (guarantor: The Government of Singapore) priced a USD500mn 3Y Fixed bond at T+32bps (Reoffer price par to yield 4.037%).
- Resona Bank Ltd priced a USD300mn 5Y Fixed bond at T+57bps (Reoffer price par to yield 4.286%).
- Agricultural Bank of China Ltd/New York priced a USD600mn 5Y FRN bond at SOFR+45.
- CAS Capital No. 2 Limited (guarantor: CAS Holding No 1 Ltd) priced a USD675mn PerpNC5.25 Fixed at 99.965 to Yield 6.25%.

There were a number of notable issuances by one issuer in the DM IG market yesterday, including the following.

- Broadcom Inc priced USD4.5bn of debt in four tranches: a USD750mn 5Y Fixed bond at T+60bps, a USD1.25bn 7Y Fixed bond at T+70bps, a USD1.25bn 10Y Fixed bond at T+78bps and a USD1.25bn 30Y Fixed bond at T+88bps.
- Orange SA priced USD6bn of debt in five tranches: a USD750mn 3Y Fixed bond at T+50bps, a USD1.25bn 5Y Fixed bond at T+70bps, a USD1.5bn 7Y Fixed bond at T+85bps, a USD2bn 10Y Fixed bond at T+95bps and a USD500mn 30Y Fixed bond at T+100bps.

There was one notable issuance in the Singdollar market yesterday.

- Standard Chartered PLC priced SGD750mn of SGD-denominated Additional Tier 1 capital PerpNC5.5 at Par to Yield of 4.3%.

Mandates:

- SK Battery America, Inc. (guarantor: Kookmin Bank) may issue USD-denominated 3Y fixed rate senior unsecured green bond.
- Thai Oil Public Company Limited may issue USD-denominated 144A/REGS Subordinated Perpetual Securities PerpNC5.25.
- POSCO may issue USD-denominated 144A/REGS in 5Y fixed rate and/or floating rate notes and/or 10Y fixed rate notes.

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Equity Market Updates

US: Wall Street closed higher overnight, with broad-based gains lifting the S&P 500 (+0.6%) and the Dow Jones Industrial Average (+1.0%) to fresh record highs. Memory and storage technology stocks advanced after Nvidia CEO Jensen Huang, speaking at the Consumer Electronics Show in Las Vegas, outlined developments including a new layer of storage technology. Investors are looking ahead to more reliable economic data as the impact of the record 43-day US federal government shutdown fades. Key upcoming releases include the job openings and labour turnover survey on Wednesday and the December jobs report on Friday. Meanwhile, oil prices declined as investors weighed expectations of ample global supply against ongoing uncertainty surrounding Venezuelan crude output.

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Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.580	0.32%	USD-SGD	1.2805
USD-JPY	156.65	0.17%	EUR-SGD	1.4969
EUR-USD	1.169	-0.28%	JPY-SGD	0.8173
AUD-USD	0.674	0.36%	GBP-SGD	1.7289
GBP-USD	1.350	-0.30%	AUD-SGD	0.8627
USD-MYR	4.047	-0.61%	NZD-SGD	0.7407
USD-CNY	6.984	-0.07%	CHF-SGD	1.6091
USD-IDR	16750	0.06%	SGD-MYR	3.1628
USD-VND	26276	0.02%	SGD-CNY	5.4531

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9760	1.18%	1M	3.6762
3M	2.0340	0.25%	2M	3.6695
6M	2.1040	-0.05%	3M	3.6500
12M	2.2550	0.45%	6M	3.5875
			1Y	3.4376

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed	
				Funds Rate	
01/28/2026	-0.183	-18.300	-0.046	3.598	
03/18/2026	-0.526	-34.400	-0.132	3.512	
04/29/2026	-0.723	-19.600	-0.181	3.463	
06/17/2026	-1.301	-57.800	-0.325	3.318	
07/29/2026	-1.613	-31.200	-0.403	3.240	
09/16/2026	-1.970	-35.700	-0.493	3.151	

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	57.13	-2.0%	Corn (per bushel)	4.440	-0.1%
Brent (per barrel)	60.70	-1.7%	Soybean (per bushel)	10.420	-0.5%
Heating Oil (per gallon)	208.30	-2.8%	Wheat (per bushel)	5.105	-0.4%
Gasoline (per gallon)	170.06	-1.1%	Crude Palm Oil (MYR/MT)	39.280	-0.6%
Natural Gas (per MMBtu)	3.35	-4.9%	Rubber (JPY/KG)	3.410	-0.3%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13238	1.9%	Gold (per oz)	4495	1.0%
Nickel (per mt)	18524	8.9%	Silver (per oz)	81.27	6.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	49,462.08	484.90
S&P	6,944.82	42.77
Nasdaq	23,547.17	151.35
Nikkei 225	52,518.08	685.28
STI	4,739.97	59.47
KLCI	1,672.35	-7.97
JCI	8,933.61	74.42
Baltic Dry	1,851.00	-31.00
VIX	14.75	-0.15

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.53 (+0.02)	3.46(-)
5Y	1.91 (+0.03)	3.71 (+0.01)
10Y	2.16 (+0.03)	4.17 (+0.01)
15Y	2.25 (+0.03)	--
20Y	2.25 (+0.03)	--
30Y	2.34 (+0.02)	4.86 (+0.02)

Financial Spread (bps)

Value	Change
TED	--

Secured Overnight Fin. Rate

SOFR	3.70
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Economic Calendar

Date	Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/07/2026	9:00	PH	Unemployment Rate	Nov	--	--	5.00%	--
1/07/2026	11:30	TH	CPI YoY	Dec	-0.30%	--	-0.49%	--
1/07/2026	11:30	TH	CPI Core YoY	Dec	0.70%	--	0.66%	--
1/07/2026	16:00	SI	Automobile COE Open Bid Cat B	7-Jan	--	--	115102	--
1/07/2026	16:00	SI	Automobile COE Open Bid Cat A	7-Jan	--	--	109501	--
1/07/2026	16:00	SI	Automobile COE Open Bid Cat E	7-Jan	--	--	119000	--
1/07/2026	16:30	HK	Foreign Reserves	Dec	--	--	\$429.4b	--
1/07/2026	17:00	SI	Foreign Reserves	Dec	--	--	\$400.02b	--
1/07/2026	18:00	EC	CPI Core YoY	Dec P	2.40%	--	2.40%	--
1/07/2026	18:00	EC	CPI Estimate YoY	Dec P	2.00%	--	2.10%	--
1/07/2026	18:30	IN	GDP Financial Year Estimate YoY	2026 A	7.50%	--	6.50%	--
1/07/2026	21:15	US	ADP Employment Change	Dec	50k	--	-32k	--
1/07/2026	23:00	US	ISM Services Index	Dec	52.2	--	52.6	--
1/07/2026	23:00	US	JOLTS Job Openings	Nov	7600k	--	7670k	--
1/07/2026	23:00	US	Factory Orders	Oct	-1.20%	--	0.20%	--

Source: Bloomberg

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