Daily Treasury Outlook

Highlights

Global: US stock market closed mixed, as market digested the geopolitical headlines and the patchy US economic data. S&P500 and Dow Jones refreshed new high before closing the session lower, while Nasdaq rose for the third straight session (S&P: -0.34%; Dow: -0.94%; NASDAQ: 0.16%). Housing-related and defense stocks fell as President Trump said to ban institutional investors from buying homes in US, and the defense companies to pay dividend or buy back stock. US treasury curve pivotally flattened, while dollar is trading tad firmer. Crude prices extended losses on the news that Venezuelan crude may continue its sales to US "indefinitely". Meanwhile, precious metal prices, including gold, silver and platinum, all pulled back.

US job opening declined by 303k to 7.146 million (vs consensus of 7.64 million) in November, according to the JOLTs report. Job openings rate edged down to 4.3% from that of 4.5%, while quit rate rose slightly to 2% (vs. prior at 1.9%). Layoffs rate was slightly lower at 1.1%. On a separate note, according to ADP job report, there is rebound in hiring, led by education and health services, and leisure and hospitality. Private sector employment increased by 41k jobs (vs consensus of 50k) in December and pay was up 4.4% YoY. However, US' ISM services report still suggested that economic activity in the services sector continued to expand in December. PMI beat expectation and rose to 54.4, the highest reading for the year. Also, the employment sub-index jumped back to expansionary zone at 52.

Market Watch: Asian market is likely to trade with a slightly more cautious tone today. The economic calendar in APAC mainly comprises of Japan's November labor cash earnings (+0.5% YoY vs consensus of 2.3% YoY), Australia's November trade, and Thailand's December consumer confidence. Later today, markets will watch Eurozone's November PPI and unemployment rate, Germany's November factory orders, and US' December Challenger job report, weekly jobless claims, and October trade balance.

Key Market Movements

Equity	Value	% chg
S&P 500	6920.9	-0.3%
DJIA	48996	-0.9%
Nikkei 225	51962	-1.1%
SH Comp	4085.8	0.1%
STI	4747.6	0.2%
Hang Seng	26459	-0.9%
KLCI	1676.8	0.3%
	Value	**% chg**
DXY	98.684	0.1%
USDJPY	156.76	0.1%
EURUSD	1.1675	-0.1%
GBPUSD	1.3458	-0.3%
USDIDR	16775	0.1%
USDSGD	1.2823	0.1%
SGDMYR	3.1657	0.1%
	Value	**chg (bp)**
2Y UST	3.47	0.63
10Y UST	4.15	-2.55
2Y SGS	1.48	-4.50
10Y SGS	2.23	6.71
3M SORA	1.18	0.12
3M SOFR	3.98	-0.52
	Value	**% chg**
Brent	59.96	-1.2%
WTI	55.99	-2.0%
Gold	4456	-0.9%
Silver	78.19	-3.8%
Palladium	1763	-3.5%
Copper	12900	-2.6%
BCOM	111.72	-0.9%

Source: Bloomberg

Major Markets

CH: China's FX reserves rose by US$11.5bn to US$3.36trn in December, driven largely by exchange-rate valuation gains amid a weaker US dollar index. As of end-December 2025, China's gold reserves increased to 74.15mn ounces, up 30K ounces MoM, marking the 14th consecutive month of gold purchases by the People's Bank of China—underscoring the authorities' continued diversification bias within reserve assets. On the real-economy front, container throughput at the Shanghai Port exceeded 55.06mn TEUs in 2025, setting a new historical record and ranking first globally for the 16th consecutive year, highlighting China's still-dominant position in global trade logistics despite external headwinds. Meanwhile, passenger vehicle retail sales totaled 2.296mn units in December, down 13% YoY but up 3% MoM. Within this, new energy vehicle (NEV) retail sales reached 1.387mn units, rising 7% YoY and 5% MoM, lifting NEV penetration to 60.4% of total retail sales—a clear indication that structural electrification continues to offset cyclical softness in headline auto demand.

ID: President Prabowo Subianto noted that the country's rice reserves have exceeded 3mn tons, the highest in recent records, as reported by Antara. Speaking at a cabinet retreat in West Java on Tuesday (6 January), he stated that stocks held by the state logistics agency Bulog now surpass the previous peak of around 2mn tons. President Prabowo added that his administration achieved rice self-sufficiency by the end of 2025, well ahead of the four-year target, and that he intends to extend self-sufficiency efforts beyond rice to other staples and protein sources.

MY: Prime Minister Anwar Ibrahim and President Recep Tayyip Erdogan jointly chaired the inaugural Malaysia–Türkiye High-Level Strategic Cooperation Council (HLSCC), marking a key milestone in bilateral relations. The meeting took place during PM Anwar's three-day official visit to Türkiye and followed a closed-door leaders' meeting and the signing of a joint declaration to formally establish the council. The HLSCC provides a structured platform to deepen cooperation and monitor progress across existing initiatives, as reported by The Edge. Discussions are set to span trade and investment, defence, energy, semiconductors, agriculture, health, tourism, education, and broader regional and international issues.

PH: According to the Philippine Statistics Authority (PSA), the unemployment rate eased to 4.4% in November, down from 5.0% in October (November 2024: 3.2%). Meanwhile, the labour force participation rate rose to 64.0% in November, up from 63.6% in October (November 2024: 64.6%). By economic sector, the data from the PSA showed that the largest annual increases in the number of employed persons were in the following areas: 'public administration and defense; compulsory social security', 'education', 'administrative and support service activities', 'construction', and 'information and communication'. In a statement, Department of Economy, Planning, and Development Secretary Arsenio Balisacan shared that job losses were high in areas affected by severe typhoons, which disrupted economic activity.

TH: Headline inflation declined by 0.3% YoY in December, higher than the -0.5% in November. The main drivers were higher inflation in the 'Food & Non Alcoholic Beverages' (1.5% YoY versus 0.5% in November) and 'Recreation, Reading, Education and Religion' (1.0% versus 0.7%) categories. Higher inflation in these categories more than offset lower inflation in 'Housing & Furnishing', 'Medical & Personal Care', and 'Transport & Communication' categories. Meanwhile, core inflation eased to 0.6%, down from 0.7% in November. The December figures bring the average headline CPI and core CPI for 2025 to -0.1% YoY and 0.8% YoY, respectively, compared to 0.4% and 0.6% in 2024. Looking ahead, We anticipate inflation to remain subdued in 2026, rising by 0.6% YoY, up from -0.1%.

VN: The government has tightened rules on residential land auctions by raising the required deposit to 10-50% of starting prices, up from 5-20% previously, to curb speculation and market distortion. Under Resolution 66.11/NQ-CP, effective from 6 January 2026 until 28 February 2027, winning bidders who fail to meet payment obligations will face bans of two to five years, while partial payers will be barred for six months to three years, as reported by Viet Nam News. Separately, PM Pham Minh Chinh has approved a plan to implement the Free Trade Agreement between Vietnam and Israel (VIFTA).

ESG

CH: China released a nationwide action plan aimed at promoting green consumption, forming part of the country's broader efforts to accelerate the green transition of consumption and support high-quality development. The plan outlines 20 policy measures across seven key areas to strengthen incentives for green consumption, covering sectors such as agricultural products, home appliances and accommodation services. It also promotes greener vehicle consumption by incentivising the purchase of new energy vehicles and strengthening the automotive industry chain, while also calling for building green supply chains and conducting carbon footprint assessments. From 2024 to 2025, consumers in China replaced 18.3 mn vehicles under the country's auto trade-in program, with new-energy vehicles accounting for nearly 60% of the total.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly tenors traded 3-4bps lower while 10Y traded 4bps lower. Bloomberg Global Investment Grade spreads widened by 1bps to 77bps and Bloomberg Global High Yield spreads widened by 2bps to 260bps respectively. Bloomberg Global Contingent Capital Index tightened by 2bps to 233bps. Bloomberg Asia USD Investment Grade spreads traded flat at 62bps and Asia USD High Yield spreads tightened by 7bps to 354bps respectively. (Bloomberg, OCBC)

New Issues:

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

- Banque Federative du Credit Mutuel SA priced USD2.25bn debt offering in two parts
- Daimler Truck Finance North America LLC priced USD1bn debt offering in two parts
- T-Mobile USA Inc priced USD2bn debt offering in two parts
- Toyota Motor Credit Corp priced USD2.6bn debt offering in four parts
- BNP Paribas SA priced USD1.5bn 8NC7 Snr Non-Pref Fxd-to-FRN
- Bank of Montreal priced USD1.1bn 6NC5 Fxd-to-FRN
- Cooperatieve Rabobank UA/NY priced USD1.8b debt offering in four parts

There were no notable issuances in the APAC USD and Singdollar market yesterday.

Mandates:

- Korea Housing Finance Corp may issue USD-denominated Rule 144A/3c7/Reg S senior unsecured social notes offerings with expected tenor(s) of 3Y FRN and/or 5Y FXD.
- Dubai Aerospace Enterprise DAE Ltd may issue USD-denominated Rule 144A/Regulation S senior unsecured 7Y bond.

Equity Market Updates

US: U.S. equities mostly pulled back midweek after two strong sessions, with the Dow Jones falling by 0.9%, the S&P 500 slipping 0.3% after hitting a record intraday high, although the Nasdaq edging up 0.2% due to renewed strength in mega-cap stocks. Cyclical sectors retreated, led by losses in industrials (-1.9%), materials (-1.6%), and energy (-1.2%) amid falling oil and metal prices and renewed pressure on defence stocks following President Trump's comments opposing dividends and buybacks until issues are rectified. This resulted in the iShares US Aerospace and Defence ETF and Lockheed Martin falling 1.7% and 4.8% respectively during trading hours. Broader market weakness also saw small- and mid-cap indices return part of their recent gains, while chipmakers reversed Tuesday's advance. Offsetting some of the downside, strong performances from Alphabet, Microsoft, and NVIDIA helped support technology and communication services, while healthcare outperformed on acquisition-driven gains in Eli Lilly and AbbVie. Treasury yields moved lower across the curve, reflecting a more defensive tone as markets consolidate between the holiday period and the start of earnings season.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.684	0.11%	**USD-SGD**	1.2823
USD-JPY	156.76	0.07%	**EUR-SGD**	1.4974
EUR-USD	1.168	-0.12%	**JPY-SGD**	0.8180
AUD-USD	0.672	-0.25%	**GBP-SGD**	1.7257
GBP-USD	1.346	-0.32%	**AUD-SGD**	0.8621
USD-MYR	4.058	0.27%	**NZD-SGD**	0.7402
USD-CNY	6.992	0.11%	**CHF-SGD**	1.6072
USD-IDR	16775	0.15%	**SGD-MYR**	3.1657
USD-VND	26274	-0.01%	**SGD-CNY**	5.4555

Equity and Commodity

Index	Value	Net change
DJIA	48,996.08	-466.00
S&P	6,920.93	-23.89
Nasdaq	23,584.28	37.11
Nikkei 225	51,961.98	-556.10
STI	4,747.62	7.65
KLCI	1,676.83	4.48
JCI	8,944.81	11.20
Baltic Dry	1,830.00	-21.00
VIX	15.38	0.63

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9380	-1.92%	**1M**	3.6765
3M	2.0260	-0.39%	**2M**	3.6753
6M	2.1040	0.00%	**3M**	3.6526
12M	2.2610	0.27%	**6M**	3.5883
			1Y	3.4391

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.48 (-0.04)	3.47(--)
5Y	1.86 (-0.04)	3.7 (-0.01)
10Y	2.23 (+0.07)	4.15 (-0.03)
15Y	2.22 (-0.03)	--
20Y	2.22 (-0.03)	--
30Y	2.32 (-0.03)	4.83 (-0.03)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.116	-11.600	-0.029	3.612
03/18/2026	-0.494	-37.700	-0.123	3.518
04/29/2026	-0.696	-20.300	-0.174	3.467
06/17/2026	-1.252	-55.600	-0.313	3.329
07/29/2026	-1.596	-34.400	-0.399	3.243
09/16/2026	-1.948	-35.200	-0.487	3.155

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.66

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	55.99	-2.0%	Corn (per bushel)	4.468	0.6%
Brent (per barrel)	59.96	-1.2%	Soybean (per bushel)	10.528	1.0%
Heating Oil (per gallon)	205.67	-1.3%	Wheat (per bushel)	5.180	1.5%
Gasoline (per gallon)	169.45	-0.4%	Crude Palm Oil (MYR/MT)	39.600	0.8%
Natural Gas (per MMBtu)	3.53	5.2%	Rubber (JPY/KG)	3.475	1.9%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	12900	-2.6%	Gold (per oz)	4456	-0.9%
Nickel (per mt)	17895	-3.4%	Silver (per oz)	78.19	-3.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/08/2026 11:45	TH	Consumer Confidence	Dec	--	--	53.2	--
1/08/2026 13:00	JN	Consumer Confidence Index	Dec	37.8	--	37.5	--
1/08/2026 18:00	EC	Consumer Confidence	Dec F	--	--	-14.6	--
1/08/2026 18:00	EC	PPI MoM	Nov	0.40%	--	0.10%	--
1/08/2026 18:00	EC	PPI YoY	Nov	-1.70%	--	-0.50%	--
1/08/2026 18:00	EC	Unemployment Rate	Nov	6.40%	--	6.40%	--
1/08/2026 20:30	US	Challenger Job Cuts YoY	Dec	--	--	23.50%	--
1/08/2026 20:30	US	Challenger Job Cuts Total	Dec	--	--	71321	--
1/08/2026 21:30	US	Nonfarm Productivity	3Q P	5.00%	--	3.30%	--
1/08/2026 21:30	US	Unit Labor Costs	3Q P	0.00%	--	1.00%	--
1/08/2026 21:30	US	Initial Jobless Claims	3-Jan	212k	--	199k	--
1/08/2026 21:30	US	Initial Claims 4-Wk Moving Avg	3-Jan	--	--	218.75k	--
1/08/2026 21:30	US	Continuing Claims	27-Dec	1900k	--	1866k	--
1/08/2026 21:30	US	Trade Balance	Oct	-$58.5b	--	-$52.8b	--
1/08/2026 21:30	US	Exports MoM	Oct	--	--	3.00%	--
1/08/2026 21:30	US	Imports MoM	Oct	--	--	0.60%	--

Source: Bloomberg