

Daily Treasury Outlook

Highlights

Global: US economic data overnight painted more a resilient picture of labour market conditions. Challenger job cuts reduced by 8.3% YoY in December versus 23.5% in November. Companies announced 35,553 job cuts versus 71,321 in November, the lowest since July 2024. The official release noted that “While December is typically slow, this coupled with higher hiring plans, is a positive sign after a year of high job cutting plans.” In December, employers planned to hire 10,496 persons, this is the highest since December 2022. The DXY index gained, US equities traded in a range bound (S&P: +0.01%; NASDAQ: -0.44%; Dow: +0.55%) while UST yields were higher on the day but closed below intra-day highs. US President Donald Trump announced that he is directing Fannie Mae and Freddie Mac to purchase USD200bn in mortgage bonds. Treasury Secretary Scott Bessent noted that the successor to Jerome Powell as US Federal Reserve Chairperson could be decided this month. The candidates in the running remain National Economic Council Director Kevin Hassett and former Fed Governor Kevin Warsh, current Governor Christopher Waller and BlackRock Inc. executive Rick Rieder. There could also be a potential decision from the US Supreme Court on President Trump’s tariffs which he imposed invoking the International Emergency Economic Powers Act. According to a court filing, and as reported by Bloomberg, US customs authorities had collected tariffs tied to Trump’s use of the emergency powers law from more than 301,000 importers across 34mn goods entering the country as of 10 Dec 2025. Global oil prices rallied overnight, with Brent closing at USD61.99/barrel.

Market Watch: Economic data today includes China’s December CPI and PPI, Malaysia’s November industrial production, Germany November industrial production and trade balance, Eurozone November retail sales and the closely watched US December non-farm payroll figures. Fed’s Kashkari and ECB’s Lane are slated to speak today.

Key Market Movements

Equity	Value	% chg
S&P 500	6921.5	0.0%
DJIA	49266	0.6%
Nikkei 225	51117	-1.6%
SH Comp	4083.0	-0.1%
STI	4739.1	-0.2%
Hang Seng	26149	-1.2%
KLCI	1669.6	-0.4%
	Value	% chg
DXY	98.934	0.3%
USDJPY	156.87	0.1%
EURUSD	1.1660	-0.1%
GBPUSD	1.3439	-0.1%
USDIDR	16793	0.1%
USDSGD	1.2847	0.2%
SGDMYR	3.1626	-0.1%
	Value	chg (bp)
2Y UST	3.49	1.86
10Y UST	4.17	1.97
2Y SGS	1.46	-2.10
10Y SGS	2.21	-2.13
3M SORA	1.18	-0.15
3M SOFR	3.97	-0.54
	Value	% chg
Brent	61.99	3.4%
WTI	57.76	3.2%
Gold	4478	0.5%
Silver	77.00	-1.5%
Palladium	1790	1.6%
Copper	12721	-1.4%
BCOM	111.37	-0.3%

Source: Bloomberg

Major Markets

CH: On January 8, four government agencies—the Ministry of Industry and Information Technology (MIIT), the National Development and Reform Commission (NDRC), the State Administration for Market Regulation (SAMR), and the National Energy Administration (NEA)—jointly announced that they had recently convened a high-level symposium on the power and energy storage battery industry. The meeting explicitly targeted irrational industry behaviors, including blind capacity expansion and cut-throat price competition. The coordinated and intensified actions across multiple regulators underscore a more decisive implementation of the policy directives laid out at the Central Economic Work Conference. Notably, the Conference called for the formulation of a regulation to accelerate the building of a unified national market, while elevating the deep rectification of so-called “involution-style” competition to a core reform priority for 2026. Taken together, the latest regulatory move signals that policy guidance is now translating into concrete, cross-agency enforcement at the sector level.

ID: The fiscal deficit widened to 2.9% of GDP in 2025, up from 2.3% of GDP in 2024, exceeding the government’s target of 2.78% of GDP and coming close to the legal fiscal deficit ceiling of 3% of GDP. The wider deficit was driven by weaker revenue growth (IDR2,756.3trn, -3.3% YoY and 96.2% of the budgeted amount), even as expenditures (IDR3,451.4trn, +2.7% YoY and 97.8% of the budgeted amount) undershot the full-year target. For 2026, the fiscal deficit target is 2.68% of GDP. Achieving this will depend on higher revenue mobilization amid still-elevated expenditure outlays. We do not rule out the risk of fiscal slippage. With the fiscal impulse expected to be contractionary to neutral, the onus to support growth will fall on monetary policy. However, Bank Indonesia will need to be opportunistic in finding a sweet spot to cut rates this year, given IDR depreciation pressures.

MY: Prime Minister Anwar Ibrahim noted that Malaysia and Turkiye have agreed to strengthen strategic industrial cooperation, combining Turkiye capabilities in defence, aerospace and nuclear technology with Malaysia’s strengths in energy, semiconductors and the electrical and electronics sector. Speaking in Istanbul, PM Anwar also highlighted artificial intelligence and high technology as key areas for joint development, supported by deeper private-sector partnerships and joint investments, as reported by The Edge. He noted that closer industrial linkages could lift bilateral trade and investment while facilitating technology transfer and regional market expansion.

TH: The Consumer Confidence Index (CCI) fell to 51.9 in December, down from 53.2 in November. This marks the first decline in four months, with the drop being broad-based across the sub-indices of ‘economic situation’ (45.5 versus 46.8 in November), ‘income’ (60.5 versus 61.9 in November), and ‘job’ (49.8 versus 50.9 in November). According to the University of the Thai Chamber of Commerce, the decline in confidence can be attributed to factors such as the dissolution of parliament and concerns over the impact of the border conflict with Cambodia on the Thai economy.

VN: Nguyen Tri Duc, Chief of the Office of the Ministry of Construction, said Vietnam exceeded its expressway development target for the 2021–25 period, with total expressway length reaching 3,803km by end-2025, well above the 3,000km goal. Speaking at a government press briefing, he noted that 3,345km of main expressway routes are operational or technically open, including the completed North–South Expressway linking Cao Bang to Ca Mau, as reported by Viet Nam News.

ESG

CH: An increasing number of China’s clean power players and investors could expand their footprint in Southeast Asia this year, riding on the momentum of increased efforts to turn the ASEAN Power Grid (APG) into a reality. With increased demand for subsea high-voltage cables for APG projects, Chinese cable manufacturers may also invest in the region, alongside multilateral development banks such as Asian Infrastructure Investment Bank (AIIB) that could play a prominent role in financing APG projects. There will be a need to navigate infrastructure constraints, conflicting political priorities and complex local regulations and licensing requirements.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-4bps lower while belly tenors and 10Y traded 5bps lower. Global Investment Grade spreads traded flat at 77bps and Global High Yield spreads tightened by 2bps to 258bps respectively. Bloomberg Global Contingent Capital Index tightened by 3bps to 230bps. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 61bps and Asia USD High Yield spreads tightened by 6bps to 348bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volume for APAC and DM IG market yesterday was USD1.6bn and none 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, Societe Generale SA priced a USD1bn PerpNC10 Junior Subordinated Variable note at par to yield 7.125%.

There were three notable issuances in the APAC USD market yesterday.

- Thaioil Treasury Center Company Limited (guarantor: Thai Oil PCL) priced a USD600mn PerpNC5.25 Subordinated Fixed at 99.967 to yield 6.1%.
- Korea Housing Finance Corp priced USD500mn of 3Y FRN at SOFR+49bps and a USD500mn 5Y Fixed bond at 99.05 to yield 4.087%.
- SJM International Limited priced USD540mn 5NC2 at par to yield 6.5%.

There was one notable issuance in the Singdollar market yesterday.

- Credit Agricole SA priced a SGD400mn 6NC5 senior non-preferred at par to yield 2.75%.

Mandates:

- There were no notable mandates yesterday.

Equity Market Updates

US: U.S. markets finished mixed as strength across most sectors was offset by a notable pullback in technology, leaving the Dow up 0.55%, the S&P 500 flat, and the Nasdaq down 0.44%. Leadership broadened again toward cyclical areas, with the energy sector jumping more than 3% as oil prices rebounded, while consumer discretionary stocks advanced on upbeat economic data that boosted homebuilders and supported gains in Amazon and Tesla. Despite that, overall mega-cap growth slipped as information technology dragged, led by renewed weakness in semiconductors and losses in NVIDIA and several memory chip names. Health care was the only other S&P 500 sector to decline, pressured by pharma and biotech stocks, while consumer staples rallied on strong earnings and sales updates from Constellation Brands and Costco. Industrials also found support, particularly defence names, after President Trump called for a more than 50% increase in military spending to USD1.5t by 2027. Small- and mid-cap stocks outperformed, reclaiming recent losses and extending their early-year lead, as investors positioned for a firm economic outlook in 2026 ahead of key jobs data and a pending Supreme Court decision on tariffs. Meanwhile, Treasury yields rose, with the 10-year yield climbing to 4.18%, as bonds gave back the prior session's gains.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.934	0.25%	USD-SGD	1.2847
USD-JPY	156.87	0.07%	EUR-SGD	1.4978
EUR-USD	1.166	-0.13%	JPY-SGD	0.8190
AUD-USD	0.670	-0.33%	GBP-SGD	1.7268
GBP-USD	1.344	-0.14%	AUD-SGD	0.8606
USD-MYR	4.062	0.10%	NZD-SGD	0.7391
USD-CNY	6.985	-0.10%	CHF-SGD	1.6084
USD-IDR	16793	0.11%	SGD-MYR	3.1626
USD-VND	26270	-0.02%	SGD-CNY	5.4321

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9410	0.15%	1M	3.6727
3M	2.0320	0.30%	2M	3.6718
6M	2.1030	-0.05%	3M	3.6510
12M	2.2590	-0.09%	6M	3.5945
			1Y	3.4513

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.138	-13.800	-0.035	3.608
03/18/2026	-0.438	-30.000	-0.110	3.533
04/29/2026	-0.638	-20.000	-0.160	3.483
06/17/2026	-1.195	-55.700	-0.299	3.343
07/29/2026	-1.518	-32.300	-0.380	3.263
09/16/2026	-1.870	-35.200	-0.468	3.175

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	57.76	3.2%	Corn (per bushel)	4.460	-0.2%
Brent (per barrel)	61.99	3.4%	Soybean (per bushel)	10.470	-0.5%
Heating Oil (per gallon)	211.95	3.1%	Wheat (per bushel)	5.180	0.0%
Gasoline (per gallon)	176.03	3.9%	Crude Palm Oil (MYR/MT)	39.850	0.6%
Natural Gas (per MMBtu)	3.41	-3.3%	Rubber (JPY/KG)	3.487	0.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12721	-1.4%	Gold (per oz)	4478	0.5%
Nickel (per mt)	17155	-4.1%	Silver (per oz)	77.00	-1.5%

Equity and Commodity

Index	Value	Net change
DJIA	49,266.11	270.03
S&P	6,921.46	0.53
Nasdaq	23,480.02	-104.26
Nikkei 225	51,117.26	-844.72
STI	4,739.07	-8.55
KLCI	1,669.57	-7.26
JCI	8,925.47	-19.34
Baltic Dry	1,776.00	-54.00
VIX	15.45	0.07

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.46 (-0.02)	3.49(--)
5Y	1.85 (-0.02)	3.73 (+0.02)
10Y	2.21 (-0.02)	4.17 (+0.02)
15Y	2.2 (-0.01)	--
20Y	2.21 (-0.01)	--
30Y	2.3 (-0.02)	4.84 (+0.01)

Financial Spread (bps)

Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.65
------	------

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/09/2026 9:30	CH	PPI YoY	Dec	-2.00%	--	-2.20%	--
1/09/2026 9:30	CH	CPI YoY	Dec	0.80%	--	0.70%	--
1/09/2026 12:00	MA	Industrial Production YoY	Nov	5.30%	--	6.00%	--
1/09/2026 12:00	MA	Manufacturing Sales Value YoY	Nov	--	--	6.30%	--
1/09/2026 18:00	EC	Retail Sales YoY	Nov	1.60%	--	1.50%	--
1/09/2026 18:00	EC	Retail Sales MoM	Nov	0.10%	--	0.00%	--
1/09/2026 21:30	US	Two-Month Payroll Net Revision	Dec	--	--	--	--
1/09/2026 21:30	US	Change in Nonfarm Payrolls	Dec	70k	--	64k	--
1/09/2026 21:30	US	Change in Private Payrolls	Dec	75k	--	69k	--
1/09/2026 21:30	US	Change in Manufact. Payrolls	Dec	-5k	--	-5k	--
1/09/2026 21:30	US	Nonfarm Payrolls 3-Mo Avg Chg	Dec	--	--	22k	--
1/09/2026 21:30	US	Average Hourly Earnings MoM	Dec	0.30%	--	0.10%	--
1/09/2026 21:30	US	Average Hourly Earnings YoY	Dec	3.60%	--	3.50%	--
1/09/2026 21:30	US	Unemployment Rate	Dec	4.50%	--	4.60%	--
1/09/2026 21:30	US	Labor Force Participation Rate	Dec	62.40%	--	62.50%	--
1/09/2026 23:00	US	U. of Mich. Sentiment	Jan P	53.5	--	52.9	--

Source: Bloomberg

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Disclaimers

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) (the "Bank") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). The Bank and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by the Bank's or OCBC Bank's wilful default or gross negligence.

Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.