

Daily Treasury Outlook

Highlights

Global: AI-related disruption risks continued to ripple through markets on Tuesday, with wealth management stocks coming under pressure after a tech startup launched an AI tool aimed at automating tax-strategy formulation. Investors reacted much as they have in previous episodes—by aggressively de-risking exposure to traditional advisory models. Raymond James Financial fell 8.8%, its worst session since March 2020, while Charles Schwab slid 7.4% and LPL Financial dropped 8.3%, both marking their weakest performances since April. Growing concerns that AI-powered applications could materially erode fee-based business models are increasingly spilling beyond software and into broader segments of the financial services sector.

On the macro front, U.S. retail sales data disappointed. The Census Bureau reported that headline retail sales were flat MoM in December, well below the 0.4% consensus expectation. October sales were revised down to a 0.2% MoM contraction from a previously reported 0.1% decline. By category, receipts at auto dealerships fell 0.2%, furniture and home furnishing stores declined 0.9%, and electronics and appliance store sales slipped 0.4%. Spending at food services and drinking places—the only services component in the report and a key proxy for discretionary demand—also edged down 0.1%. Core retail sales (excluding autos, gasoline, building materials and food services) declined 0.1% MoM in December, following a downwardly revised 0.2% increase in November. Taken together, the December contraction and November revision point to a loss of momentum in consumer spending toward year-end. Reflecting this softer data flow, the Atlanta Fed lowered its 4Q GDP growth estimate to 3.7% QoQ (annualized) from 4.2%. The government is scheduled to release its delayed advance estimate of 4Q GDP next week.

Market Watch: Looking ahead, while larger tax refunds may provide a modest fiscal tailwind in 1H, households are also likely to rebuild savings after the personal saving rate fell to a three-year low of 3.5%. Labor cost pressures are easing as well: wage growth slowed to 0.7% QoQ in 4Q from 0.8% in 3Q, according to the BLS, while wages rose 3.3% YoY in December—the slowest pace since 2Q21. Treasury yields declined as weaker data reignited expectations for Fed rate cuts. That said, Cleveland Fed President Beth Hammack struck a more cautious tone, noting that the Fed sees no urgency to adjust policy this year amid a “cautiously optimistic” outlook for economic activity. For today, market focus turns to the delayed U.S. January nonfarm payrolls and unemployment rate, final annual benchmark payrolls revision, alongside China’s latest inflation data.

Key Market Movements		
Equity	Value	% chg
S&P 500	6941.8	-0.3%
DJIA	50188	0.1%
Nikkei 225	57651	2.3%
SH Comp	4128.4	0.1%
STI	4964.3	0.1%
Hang Seng	27183	0.6%
KLCI	1747.5	-0.2%
	Value	% chg
DXY	96.799	0.0%
USDJPY	154.39	-1.0%
EURUSD	1.1895	-0.2%
GBPUSD	1.3643	-0.4%
USDIDR	16800	0.0%
USDSGD	1.2647	-0.1%
SGDMYR	3.1009	0.0%
	Value	chg (bp)
2Y UST	3.45	-3.31
10Y UST	4.14	-5.94
2Y SGS	1.33	-0.30
10Y SGS	1.98	0.20
3M SORA	1.15	-0.03
3M SOFR	3.79	-0.36
	Value	% chg
Brent	68.80	-0.3%
WTI	63.96	-0.6%
Gold	5025	-0.6%
Silver	80.81	-3.1%
Palladium	1712	-1.6%
Copper	13108	-0.5%
BCOM	117.74	-0.6%

Source: Bloomberg

Major Markets

CH: The People's Bank of China (PBoC) released its fourth-quarter Monetary Policy Report, which—for the first time—systematically outlines the upgrading of the fiscal-monetary coordination framework in a dedicated column. This marks a notable step toward deeper macro policy alignment and more targeted policy transmission.

At present, China's fiscal-monetary coordination operates through three main channels. First, the PBoC ensures ample market liquidity through open market operations and other instruments, thereby facilitating the smooth and efficient issuance of government bonds. Second, under a "re-lending + fiscal interest subsidy" framework, monetary and fiscal authorities jointly act on both the supply and demand sides of the credit market, improving the allocation efficiency of financial resources and enhancing policy precision. Third, through credit enhancement mechanisms such as guarantees, fiscal and monetary authorities share part of the credit and bond risk burden, helping to lift financial institutions' risk appetite and strengthen financing support for enterprises.

Looking ahead, the PBoC signaled that it will further strengthen coordination with fiscal policy, leveraging policy synergies to amplify overall effectiveness, guide private capital toward consumption and investment, and jointly support steady growth alongside structural transformation—ultimately promoting high-quality economic development. That said, given the central bank's continued emphasis on structural policy tools, the timing and likelihood of broad-based rate cuts remain uncertain and warrant close monitoring.

ID: According to Bank Indonesia's latest Retail Sales Survey, sales are estimated to accelerate by 7.9% YoY in January, up from 3.5% in the previous month. Higher sales are expected in cultural & recreation, food, drinks & tobacco and clothing categories. The survey also indicates that respondents anticipate a build-up of inflationary pressures over the next three and six months, specifically in March and June 2026, driven by "expectations of higher prices during Eid-ul-Fitr."

MY: December wholesale & retail trade rose by 7.6% YoY (November: 6.4%) to RM163.7bn. The drivers were broad based across all key sectors including wholesale trade (6.9% YoY versus 6.0% in November), retail trade (6.9% YoY versus 6.4%), and motor vehicles (12.2% YoY versus 8.0%). For 2025, the total annual sales growth was solid and broadly stable at 5.6%, compared to 5.5% in 2024.

PH: The Bangko Sentral ng Pilipinas (BSP) reported that net Foreign Direct Investment (FDI) inflows declined by 0.3% YoY (October: -39.8%) to USD897mn in November 2025. The decline in FDI net inflows was primarily driven by the decline in nonresidents' net investments in debt instruments and reinvestment of earnings. However, the decline was partially offset by growth in nonresidents' net investments in equity capital (other than reinvestment of earnings). Year-to-November 2025, net FDI inflows fell by 22.1% to USD7.1bn, with the majority of equity capital investments originated from Japan, US, Singapore and South Korea, and were mainly directed towards the 'manufacturing', 'wholesale and retail trade', and 'real estate activities' sectors.

ESG

ID: Indonesia is targeting the full operation of the national carbon market by late June 2026, with large-scale transactions expected to begin the following month. The government is working to integrate several carbon registration systems into a single national framework to improve efficiency and accountability in transaction records. The carbon market aims to provide Indonesia with a robust source of financing to support efforts in environmental protection and conservation, the energy transition and other initiatives that contribute to its climate and sustainability goals.



Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading flat to 1bps lower while belly tenors traded 1-3bps lower and 10Y traded 3bps lower. Global Investment Grade spreads widened by 2bps to 76bps and Global High Yield spreads traded flat at 267bps respectively. Bloomberg Global Contingent Capital Index widened by 2bps to 224bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 59bps and Asia USD High Yield spreads widened by 2bps to 351bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD700mn and USD11.3bn respectively.

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

- Walt Disney Co/The (guarantor: TWDC Enterprises 18 Corp) priced USD4bn of debt in four tranches.
- Cencora Inc priced USD3bn of debt in five tranches.
- Sysco Corp priced USD1.25bn of debt in two tranches.

There was one notable issuer in the APAC USD market yesterday where issuers priced deals of at least USD500mn.

- Central Nippon Expressway Co Ltd priced a USD500mn 5Y green fixed bond at MS+62bps.

There was one notable issuance in the Singdollar market yesterday.

- CDL Hospitality Real Estate Investment Trust priced a SGD100mn PerpNC5.5 variable perpetual at 4%.

Mandates:

There were no notable mandates yesterday.

Equity Market Updates

US: The major indices finished mostly lower as momentum in mega-cap and technology shares faded and afternoon selling offset earlier gains, leaving the S&P 500 down 0.3% and the Nasdaq down 0.6%, while the Dow edged up 0.1% to a third consecutive record close. Only five S&P 500 sectors advanced, with losses generally contained but concentrated in larger names. Communication services (-0.8%) and financials (-0.8%) were among the weakest, as Alphabet (-1.8%) and Meta (-1.0%) declined and major banks lagged. Consumer staples (-0.6%) also slipped following a flat December retail sales reading and mixed earnings, with Walmart (-1.8%) and Costco (-2.6%) pulling back after strong year-to-date runs and Coca-Cola (-1.5%) easing despite an earnings beat. Information technology (-0.6%) ended near session lows after early strength, as Microsoft (-0.1%), NVIDIA (-0.8%) and Apple (-0.3%) drifted lower. Meanwhile, the PHLX semiconductor index fell 0.7%, weighed down by sharp losses in memory stocks, and the Vanguard mega-cap growth ETF lost 0.4%. In contrast, utilities (+1.6%) led on broad-based gains, real estate (+1.4%) rose after the House passed housing supply legislation, and materials (+1.3%) benefited from strength in chemicals. Consumer discretionary (+0.5%) was supported by positive earnings reactions in Marriott (+8.5%) and Hasbro (+7.5%), though Amazon (-0.9%) closed slightly lower. Small- and mid-caps also surrendered early gains, with the Russell 2000 (-0.3%) and S&P MidCap 400 (-0.1%) ending the session lower. Treasury yields declined, as softer retail sales and moderating employment costs reinforced expectations of a measured policy outlook ahead of the January jobs report.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	96.799	-0.02%	USD-SGD	1.2647
USD-JPY	154.39	-0.96%	EUR-SGD	1.5046
EUR-USD	1.190	-0.16%	JPY-SGD	0.8192
AUD-USD	0.708	-0.25%	GBP-SGD	1.7255
GBP-USD	1.364	-0.37%	AUD-SGD	0.8949
USD-MYR	3.924	-0.27%	NZD-SGD	0.7643
USD-CNY	6.913	-0.12%	CHF-SGD	1.6466
USD-IDR	16800	-0.02%	SGD-MYR	3.1009
USD-VND	25889	-0.10%	SGD-CNY	5.4623

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9690	-0.15%	1M	3.6618
3M	1.9820	-0.85%	2M	3.6478
6M	2.1320	-0.93%	3M	3.6340
12M	2.2220	-0.22%	6M	3.5609
			1Y	3.4040

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	-0.223	-22.300	-0.056	3.583	
04/29/2026	-0.465	-24.200	-0.116	3.523	
06/17/2026	-1.053	-58.800	-0.263	3.376	
07/29/2026	-1.425	-37.200	-0.356	3.283	
09/16/2026	-1.899	-47.400	-0.475	3.164	

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.96	-0.6%	Corn (per bushel)	4.288	0.0%
Brent (per barrel)	68.80	-0.3%	Soybean (per bushel)	11.225	1.1%
Heating Oil (per gallon)	239.88	-0.7%	Wheat (per bushel)	5.283	-0.1%
Gasoline (per gallon)	195.92	-1.3%	Crude Palm Oil (MYR/MT)	40.380	-1.5%
Natural Gas (per MMBtu)	3.12	-0.7%	Rubber (JPY/KG)	3.450	0.0%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13108	-0.5%	Gold (per oz)	5025	-0.6%
Nickel (per mt)	17490	0.8%	Silver (per oz)	80.81	-3.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	50,188.14	52.27
S&P	6,941.81	-23.01
Nasdaq	23,102.47	-136.20
Nikkei 225	57,650.54	1286.60
STI	4,964.25	3.42
KLCI	1,747.54	-3.76
JCI	8,131.74	99.86
Baltic Dry	1,895.00	-28.00
VIX	17.79	0.43

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.33 (-)	3.45(-)
5Y	1.56 (-0.01)	3.7 (-0.04)
10Y	1.98 (-)	4.14 (-0.06)
15Y	2.07 (-0.01)	--
20Y	2.12 (-)	--
30Y	2.19 (-0.01)	4.78 (-0.07)

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.63

Economic Calendar

Date	Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
2/11/2026	7:00	SK	Unemployment rate SA	Jan	3.10%	3.00%	4.00%	3.30%
2/11/2026	8:00	SK	Exports 10 Days YoY	Feb	--	44.40%	-2.30%	--
2/11/2026	8:00	SK	Imports 10 Days YoY	Feb	--	21.10%	-4.50%	--
2/11/2026	9:30	CH	PPI YoY	Jan	-1.50%	--	-1.90%	--
2/11/2026	9:30	CH	CPI YoY	Jan	0.40%	--	0.80%	--
2/11/2026	11:00	SK	Bank Lending To Household Total	Jan	--	--	KR1173.6t	--
2/11/2026	20:00	US	MBA Mortgage Applications	6-Feb	--	--	-8.90%	--
2/11/2026	21:30	US	Change in Nonfarm Payrolls	Jan	65k	--	50k	--
2/11/2026	21:30	US	Two-Month Payroll Net Revision	Jan	--	--	-76k	--
2/11/2026	21:30	US	Change in Private Payrolls	Jan	68k	--	37k	--
2/11/2026	21:30	US	Change in Manufact. Payrolls	Jan	-7k	--	-8k	--
2/11/2026	21:30	US	Nonfarm Payrolls 3-Mo Avg Chg	Jan	--	--	-22k	--
2/11/2026	21:30	US	Average Hourly Earnings MoM	Jan	0.30%	--	0.30%	--
2/11/2026	21:30	US	Average Hourly Earnings YoY	Jan	3.70%	--	3.80%	--
2/11/2026	21:30	US	Average Weekly Hours All Employees	Jan	34.2	--	34.2	--
2/11/2026	21:30	US	Unemployment Rate	Jan	4.40%	--	4.40%	--

Source: Bloomberg

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