

Daily Treasury Outlook

Highlights

Global: After Venezuela, market attention is shifting to Iran next. US president Trump has warned of “hitting them very hard” if the Iranian regime starts killing protestors, whereas Tehran has also warned the US and Israel against any intervention. The US labour market added fewer than expected jobs at 50k in December, with the two-month net revision at -76k, while the unemployment rate dipped from a revised 4.5% to 4.4% and the average hourly earnings rose 3.8% YoY (0.35 MoM). The University of Michigan sentiment index improved from 52.9 in December to 54.0 in January, aided by both current and expectations gauges, while the 5-10 year inflation gauge accelerate from 3.2% to 3.4%. Friday also saw the S&P500 posting gains of 0.65% to the second record highs this year, bringing weekly gains to 1.6%, while the 10-year UST bond yield finished around 4.18% ahead of the anticipated FOMC rate pause later this month.

Market Watch: Asian markets may open on a slightly cautious tone today, while monitoring the Iran developments and the Supreme Court ruling on US president Trump’s tariffs which is expected by end of this week. Today’s economic calendar comprises India’s December CPI and Eurozone’s Sentix investor confidence. ECB’s Guindos and Villeroy, as well as Fed’s Bostic, Barkin and Williams are also speaking today. G7 finance ministers are also meeting in Washington to discuss rare earths. For the week ahead, key to watch will be the US December inflation data (with both headline and core inflation tipped at 0.3% MoM), PPI, retail sales (due Wednesday and may show a 0.4% gain in November excluding autos) and the Fed’s Beige Book, as well as China’s December trade data and 4Q25 GDP, and Germany’s CPI. A slew of Fed speakers including Paulson, Miran, Kashkari, Bostic, Williams Schmid and Bowman are also on tap before the external communications blackout kicks in from 17 January onwards. On the central bank front, watch for BOK’s monetary policy decision on 15 January where a hold at 2.5% is anticipated. US corporate earnings season also kicks off with JPMorgan tomorrow, followed by Morgan Stanley, Goldman Sachs and TSMC on Thursday.

SG: December NODX due on Friday is likely to rise 9.1% YoY (-3.9% MoM sa) versus November’s 11.6% YoY (6.6% MoM sa).

Key Market Movements

Equity	Value	% chg
S&P 500	6966.3	0.6%
DJIA	49504	0.5%
Nikkei 225	51940	1.6%
SH Comp	4120.4	0.9%
STI	4744.7	0.1%
Hang Seng	26232	0.3%
KLCI	1686.5	1.0%
	Value	% chg
DX	99.133	0.2%
USDJPY	157.89	0.7%
EURUSD	1.1637	-0.2%
GBPUSD	1.3404	-0.3%
USDIDR	16805	0.1%
USDSGD	1.2874	0.2%
SGDMYR	3.1656	0.1%
	Value	chg (bp)
2Y UST	3.53	4.40
10Y UST	4.17	-0.19
2Y SGS	1.46	-0.20
10Y SGS	2.20	-0.75
3M SORA	1.18	-0.24
3M SOFR	3.97	-0.57
	Value	% chg
Brent	63.34	2.2%
WTI	59.12	2.4%
Gold	4510	0.7%
Silver	79.86	3.7%
Palladium	1823	1.8%
Copper	12998	2.2%
BCOM	112.13	0.7%

Source: Bloomberg

Major Markets

CH: In December, China's CPI rose by 0.1ppt to 0.8% YoY, marking the highest reading since March 2023. On a MoM basis, CPI rebounded from -0.1% to +0.2%, broadly in line with seasonal patterns. The upside surprise in December was driven mainly by firmer food prices and select core consumer goods, while energy prices continued to exert a drag. Food prices increased by 1.1% YoY, accelerating by 0.9ppt from November. Within food, fresh vegetable prices surged 18.2% YoY, reflecting weather-related and seasonal factors, while pork prices remained the key drag, falling 14.6% YoY. Core CPI was unchanged at 1.2% YoY, remaining above 1% for the fourth consecutive month and underscoring a gradual improvement in underlying price dynamics. Notably, gold jewelry prices jumped 68.5% YoY, providing a meaningful boost to core goods inflation.

For full-year 2025, headline CPI was broadly flat relative to 2024, marking the lowest inflation outcome since 2009. The weakness was primarily driven by subdued food and energy prices. By contrast, core CPI rose 0.7% YoY, broadly in line with the average pace seen in recent years. Supported by government subsidy and replacement programs, prices of household appliances and communication equipment increased over the year, while the global surge in gold prices pushed jewelry inflation above 40% YoY on average.

Looking ahead, we expect core CPI to continue underpinning a gradual recovery in headline inflation. Support should come from the ongoing appliance and communication equipment replacement programs, alongside persistently elevated gold and jewelry prices, even as energy inflation remains subdued.

ID: The consumer confidence index (CCI) eased marginally to 123.5 in December, down from 124.0 in November, as lower readings were recorded in both the present situation index (111.4 vs. 111.5) and the expectations index (135.6 vs. 136.6). Within the former, improvements in employment conditions (106.5 vs. 103.7) were offset by weaker readings in income (120.2) and durable goods purchases (107.6). Notably, softer readings in expected business conditions (130.8 vs. 133.8) weighed on the latter. The December print brings the CCI to an average of 122.9 in 4Q25, up from 116.7 in 3Q24.

MY: Industrial production (IP) growth slowed to 4.3% YoY in November from 6.0% in October, coming in below expectations. The moderation was driven by weaker mining output (2.3% YoY from 5.8%) and a slowdown in manufacturing growth (4.9% from 6.5%), while electricity production picked up to 2.7% YoY from 1.8%. Within manufacturing, which accounts for around 68% of total IP, the slowdown was relatively broad-based, with softer production in food, textiles, petroleum and non-metallic products, as well as electrical and electronics (E&E). E&E output growth nevertheless remained resilient at 10.8% YoY, albeit slower than October's 13.4%. Despite the softer November print, growth momentum into year-end remains firm. Our tracking estimate puts 4Q25 GDP growth at 5.4%, supported by solid IP growth averaging 5.1% in October–November and resilient services activity, particularly in wholesale and retail trade and motor vehicle sales. This would lift full-year 2025 GDP growth to 4.8%, at the upper end of the government's 4.0–4.8% target range. Looking ahead, growth is expected to moderate in 2026 for cyclical rather than

structural reasons, with our GDP growth forecast at a more conservative 3.8% YoY.

PH: The Department of Agriculture expects the Philippines to import between 3.6mn-3.8mn metric tons of rice in 2026, as local output is projected to remain unchanged while demand rises in tandem with population growth. Agriculture Secretary Francisco Tiu Laurel Jr. said this estimate assumes 2026 production will match 2025 levels. Data from the Bureau of Plant Industry revealed that rice imports fell 30% to 3.4mn metric tons in 2025, down from 4.8mn metric tons in 2024. Secretary Laurel Jr. shared that the Department of Agriculture plans to broaden the P20-per-kilo rice program under the ongoing food security emergency to curb price spikes, allowing households to purchase up to 10kg per month. He also added that the 2026 budget allocates PHP10bn for the rice subsidy program, along with an additional PHP4bn in unused funds from 2025.

TH: The Ministry of Commerce is urging Thai businesses to tap into India's supply chains, particularly in green construction, real estate and e-commerce. Commerce Minister Suphatee Suthumpun met with Tata Group executives in Mumbai on 8 January to discuss concrete collaboration that would connect Thai businesses with Indian companies and Tata's platforms. The discussions also explored roles for Thai suppliers in Tata's e-commerce and construction-related operations, as well as potential co-production opportunities in Thailand to export building materials and affordable housing solutions to India. Additionally, the Ministry of Commerce requested Tata CLiQ to feature more Thai goods such as jewellery, apparel and home décor, with ongoing discussions with the Gem and Jewellery Institute of Thailand to showcase Thai jewellery brands.

ESG

Rest of the world: The Trump Administration has suspended US support for several international and UN entities through an executive order. This includes the UN Framework Convention on Climate Change and the scientific Intergovernmental Panel on Climate Change, which conflict with US national interests in oil, gas and mining development. This move raises questions on legal implications as it is unclear whether the president can unilaterally withdraw from the treaty that has been ratified by a majority of the Senate. This escalates the US rejection of climate diplomacy under the Trump administration, adding uncertainty to the global momentum towards achieving global climate goals.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher last Friday with shorter tenors trading 1-2bps higher while belly tenors traded 2bps higher and 10Y traded 3bps higher. Global Investment Grade spreads tightened by 1bps to 76bps and Global High Yield spreads tightened by 1bps to 256bps respectively. Bloomberg Global Contingent Capital Index tightened by 4bps to 227bps. Bloomberg Asia USD Investment Grade spreads traded flat at 60bps and Asia USD High Yield spreads tightened by 2bps to 346bps respectively. (Bloomberg, OCBC)

New Issues:

There was no notable issuance in either the APAC or DMIG markets last Friday.

There was also no notable issuance in the Singdollar market last Friday.

Mandates:

- There were no notable mandates last Friday.

Equity Market Updates

US: U.S. equities closed the first full week of 2026 at fresh highs, with the S&P 500 rising 0.7% to another record, the Nasdaq gaining 0.8%, and the Dow advancing 0.5%. Trading began cautiously as investors absorbed a mixed December jobs report that showed slightly softer nonfarm payroll growth but improving unemployment and wage trends, easing recession concerns while pushing expectations for the next rate cut further into midyear. As confidence in the economic outlook strengthened, buying broadened across the market, lifting nine of eleven S&P 500 sectors. Technology led the advance on a sharp rebound in semiconductor stocks, with the PHLX semiconductor index up 2.7%, while consumer discretionary surged 1.1% as homebuilders rallied following new government support for mortgage markets and encouraging housing data, even as some retailers lagged on tariff-related uncertainty. Materials and utilities also outperformed on higher precious metal prices and a notable power agreement, respectively, while health care and financials were the only sectors to decline. Small- and mid-cap stocks again edged out large caps, reinforcing the theme of expanding leadership. Overall, markets enter the new year with strong momentum, though upcoming inflation data and earnings reports loom as key tests, while Treasury yields finished the week mixed as rate-cut expectations were reassessed.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.133	0.20%	USD-SGD	1.2874
USD-JPY	157.89	0.65%	EUR-SGD	1.4975
EUR-USD	1.164	-0.20%	JPY-SGD	0.8154
AUD-USD	0.669	-0.18%	GBP-SGD	1.7252
GBP-USD	1.340	-0.26%	AUD-SGD	0.8609
USD-MYR	4.073	0.25%	NZD-SGD	0.7379
USD-CNY	6.978	-0.09%	CHF-SGD	1.6065
USD-IDR	16805	0.07%	SGD-MYR	3.1656
USD-VND	26266	-0.02%	SGD-CNY	5.4216

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9710	0.56%	1M	3.6784
3M	2.0190	-0.59%	2M	3.6850
6M	2.1160	0.09%	3M	3.6714
12M	2.2510	0.18%	6M	3.6250
			1Y	3.4895

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.050	-5.000	-0.012	3.628
03/18/2026	-0.306	-25.600	-0.077	3.563
04/29/2026	-0.490	-18.400	-0.122	3.518
06/17/2026	-1.004	-51.400	-0.251	3.389
07/29/2026	-1.310	-30.600	-0.327	3.313
09/16/2026	-1.693	-38.300	-0.423	3.217

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.12	2.4%	Corn (per bushel)	4.458	-0.1%
Brent (per barrel)	63.34	2.2%	Soybean (per bushel)	10.485	0.1%
Heating Oil (per gallon)	213.50	0.7%	Wheat (per bushel)	5.173	-0.1%
Gasoline (per gallon)	178.06	1.2%	Crude Palm Oil (MYR/MT)	39.500	-0.9%
Natural Gas (per MMBtu)	3.17	-7.0%	Rubber (JPY/KG)	3.481	-0.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12998	2.2%	Gold (per oz)	4510	0.7%
Nickel (per mt)	17703	3.2%	Silver (per oz)	79.86	3.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	49,504.07	237.96
S&P	6,966.28	44.82
Nasdaq	23,671.35	191.33
Nikkei 225	51,939.89	822.63
STI	4,744.66	5.59
KLCI	1,686.54	16.97
JCI	8,936.75	11.28
Baltic Dry	1,688.00	-30.00
VIX	14.49	-0.96

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.46 (-)	3.53(-)
5Y	1.83 (-0.01)	3.75 (+0.02)
10Y	2.2 (-0.01)	4.17 (0)
15Y	2.19 (-0.01)	-
20Y	2.19 (-0.03)	-
30Y	2.28 (-0.02)	4.81 (-0.02)

Financial Spread (bps)

Value	Change	
TED	35.36	-

Secured Overnight Fin. Rate

SOFR	3.64
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Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/09/2026-1/13/2026	VN	Domestic Vehicle Sales YoY	Dec	--	--	-14.90%	--
1/09/2026-1/15/2026	CH	Aggregate Financing CNY YTD	Dec	35295.0b	--	33390.0b	--
1/09/2026-1/15/2026	CH	New Yuan Loans CNY YTD	Dec	16161.7b	--	15360.0b	--
1/09/2026-1/15/2026	CH	Money Supply M2 YoY	Dec	8.00%	--	8.00%	--
1/09/2026-1/15/2026	CH	Money Supply M1 YoY	Dec	3.90%	--	4.90%	--
1/09/2026-1/15/2026	CH	Money Supply M0 YoY	Dec	--	--	10.60%	--
1/11/2026-1/15/2026	ID	Local Auto Sales	Dec	--	--	74253	--
1/11/2026-1/18/2026	CH	FDI YTD YoY CNY	Dec	--	--	-7.50%	--
1/12/2026 8:00	SK	Exports 10 Days YoY	Jan	--	--	17.30%	--
1/12/2026 8:00	SK	Imports 10 Days YoY	Jan	--	--	8.00%	--
1/12/2026 8:01	UK	S&P Global, KPMG and REC UK Report on Jobs					
1/12/2026 8:30	AU	ANZ-Indeed Job Advertisements MoM	Dec	--	--	-0.80%	--
1/12/2026 8:30	AU	Household Spending YoY	Nov	5.50%	--	5.60%	--
1/12/2026 8:30	AU	Household Spending MoM	Nov	0.60%	--	1.30%	--
1/12/2026 17:30	EC	Sentix Investor Confidence	Jan	-5.6	--	-6.2	--
1/12/2026 18:30	IN	CPI YoY	Dec	1.60%	--	0.71%	--

Source: Bloomberg

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