

Daily Treasury Outlook

Highlights

Global: Concerns about political interference in monetary policy was reignited, as Department of Justice threatened Fed with criminal charges over building renovation projects. Fed Chair Powell described legal action as “administration's threats and ongoing pressure”. This has drawn considerable pushbacks from former Fed chairs, treasury secretaries, and Republican lawmakers. However, it did not morph into a broader “sell America” trade the market saw April last year. S&P 500 and Dow set another record highs, supported by tech and consumer staples sectors. US long-term treasury yields rose, while dollar weakened across board. Gold and silver spiked to new highs, while crude prices were also at eight-week high. Separately, the US is reportedly nearing a trade deal with Taiwan which would cut tariff rate to 15% and secure major new investments from Taiwan’s semiconductor manufacturer. Meanwhile, President Trump said the US will impose a 25% tariff on any country doing business with Iran, effective immediately.

On data front, Eurozone’s Sentix investor confidence improved further to -1.8 in January, beating consensus at -5. Australia’s November household spending grew at an accelerated pace of 6.3% YoY, while January’s Westpac consumer confidence fell 1.7% MoM to 92.9. Japan’s November trade balance and current account balance both beat market expectations at 625 billion and 3.14 trillion yen respectively.

Market Watch: Today, Asian market is likely to trade with an upbeat tone today. Market will watch for Japan PM Takaichi’s potential call for a snap lower-house election as Japan market returns from holiday. Given her high approval rating, it likely increases her ruling Liberal Democratic Party’s seat count and cementing an aggressive fiscal stance. Later today, market will watch US’ December CPI (with both headline and core inflation tipped at 0.3% MoM), October new home sales and December NFIB small business optimism.

Key Market Movements		
Equity	Value	% chg
S&P 500	6977.3	0.2%
DJIA	49590	0.2%
Nikkei 225	51940	0.0%
SH Comp	4165.3	1.1%
STI	4766.8	0.5%
Hang Seng	26608	1.4%
KLCI	1695.4	0.5%
	Value	% chg
DXY	98.862	-0.3%
USDJPY	158.14	0.2%
EURUSD	1.1667	0.3%
GBPUSD	1.3465	0.5%
USDIDR	16833	0.2%
USDSGD	1.2858	-0.1%
SGDMYR	3.1590	-0.2%
	Value	chg (bp)
2Y UST	3.53	0.22
10Y UST	4.18	0.99
2Y SGS	1.44	-1.30
10Y SGS	2.18	-1.81
3M SORA	1.16	-1.34
3M SOFR	3.95	-1.72
	Value	% chg
Brent	63.87	0.8%
WTI	59.50	0.6%
Gold	4598	2.0%
Silver	85.10	6.6%
Palladium	1858	1.9%
Copper	13210	1.6%
BCOM	113.80	1.5%

Source: Bloomberg

Major Markets

CH: China's A-share market kicked off the new year on a strong footing. The Shanghai Composite surged to a decade high, underscoring the sharp improvement in market sentiment. Trading activity was exceptionally robust, with total A-share turnover reaching a record CNY 3.64 trillion yesterday. Northbound flows were equally active, with turnover hitting CNY 398.98 billion—the third-highest level on record—highlighting strong participation from offshore investors and renewed confidence in China equities.

ID: Bank Indonesia's latest Retail Sales Survey points to resilient consumption momentum heading into year-end. Retailers expect the real sales to grow by 4.4% YoY in December 2025, supported by spare parts and accessories, food, beverages and tobacco, cultural and recreational goods, as well as automotive fuel. This follows a stronger-than-expected 6.3% YoY rise in November, on firmer food, drinks & tobacco as well as car spare parts & accessories. On prices, respondents anticipate higher inflation pressures around February 2026, amid Ramadan-related demand, before easing by May 2026.

MY: Crude palm oil (CPO) production growth accelerated to 23.1% YoY, reaching 1.83mn tonnes in December, up from 19.4% (1.9mn tonnes) in November. Meanwhile, palm oil stockpiles rose by 78.5% YoY to 3.05mn tonnes in December, marking the highest level since late 2018. For 2025, total CPO production reached 20.3mn tonnes, up 4.9% from the previous year, marking the highest annual growth since 2017.

PH: According to a press release from the BSP, the Monetary Board has approved the extension of existing regulatory incentives that allow banks to boost lending to qualified green and sustainable projects. Introduced in 2023 under BSP Circular No. 1185, the measure allows banks to exceed the 25% Single Borrower's Limit by up to an additional 15% for eligible sustainable projects and permit funds raised from sustainable bond offerings to be fully deployed without the usual 3% reserve requirement. The incentives will remain in effect for two more years starting 6 January 2026 to maintain momentum in scaling up sustainable finance. The BSP expects the extension to continue supporting financing for areas such as renewable energy, water and wastewater systems, clean transportation, and climate-resilient infrastructure, in line with national climate and development plans. Meanwhile, the BSP is also "looking into the recalibration of risk weights for climate resilience-focused financing", and "exploring blended finance mechanisms, with government agencies, development partners, and the private sector, to help de-risk sustainable and climate-resilient projects and broaden investor participation."

ESG

Rest of the world: Industrial plants in Hanoi have come under renewed pressure to scale back their operations as the air quality index exceeded 200, posing significant health risks for communities. Vietnam's Ministry of Health earlier this week urged power, steel and chemical plants to cut their output. Apart from industrial production, authorities have also identified transportation, construction activities and the burning of garbage and agricultural residue as the main sources of air pollution in Hanoi. To curb this, partial bans will be imposed on gasoline-powered motorbikes in downtown areas from mid-2026 and this will gradually expand to fossil-fuel-powered cars.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors, belly tenors and 10Y trading 1bps lower. Global Investment Grade spreads traded flat at 76bps and Global High Yield spreads widened by 1bps to 257bps respectively. Bloomberg Global Contingent Capital Index traded flat at 227bps. Bloomberg Asia USD Investment Grade spreads traded flat at 60bps and Asia USD High Yield spreads tightened by 2bps to 344bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volume for APAC and DM IG markets yesterday were USD2.65bn and USD7.0bn respectively per Bloomberg and OCBC estimates.

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

- Energy Transfer LP priced USD3bn of debt in three tranches: a USD1bn 5Y Fixed bond at T+83bps, a USD1bn 10Y Fixed bond at T+118bps and a USD1bn 30Y Fixed bond at T+148bps.
- Vistra Operations Co LLC priced USD2.25bn of debt in two tranches: a USD1bn 5Y Fixed bond at T+95bps and a USD1.25bn 10Y Fixed bond at T+120bps.
- National Bank of Canada priced USD1.75bn of debt in two tranches: a USD1.25bn 3NC2 Fxd-to-FRN bond at T+63bps and a USD500mn 3NC2 FRN at SOFR+77bps.

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

- SK Battery America Inc (guarantor: Kookmin Bank) priced a USD1bn 3Y Green fixed bond at T+72bps.
- POSCO Holdings Inc priced USD700mn of debt in two tranches: a USD400mn 5Y Fixed bond at T+75bps and a USD300mn 10Y Fixed bond at T+90bps.
- CSI Mtn Ltd priced a USD650mn 5Y FRN at SOFR+60bps.

There was one notable issuance in the Singdollar market yesterday.

- AIMS APAC REIT priced a SGD150mn PerpNC5 Fixed perpetual at par to yield 4.1%.

Mandates:

- There were no notable mandates yesterday.

Equity Market Updates

US: U.S. equities posted modest gains after rebounding from early weakness, with the S&P 500 and Dow closing at fresh record highs (both +0.2%) and the Nasdaq also finishing higher (+0.3%). Markets initially slipped following headlines that Federal Reserve Chair Jerome Powell is under a Justice Department probe, reviving concerns about the Fed's independence, but the pullback proved short-lived as buyers stepped back in by midday. Financials (-0.8%) were the main drag after President Trump called for a cap on credit card interest rates, sending major lenders and card issuers like American Express (-4.2%) and Citigroup (-3.0%) lower, while the energy sector also lagged (-0.7%) despite firmer oil prices. Strength elsewhere more than offset those pressures, led by consumer staples (+1.4%), and materials (+0.7%) which came on the back of record gold prices that lifted mining stocks. Technology also contributed to the recovery, supported by continued gains in memory and semiconductor names, while industrials advanced on renewed demand for defense stocks tied to geopolitical uncertainty. Small- and mid-cap indices extended their early-year outperformance, underscoring the market's resilience as investors look ahead to key inflation data that could shape expectations for future rate cuts.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.862	-0.27%	USD-SGD	1.2858
USD-JPY	158.14	0.16%	EUR-SGD	1.5001
EUR-USD	1.167	0.26%	JPY-SGD	0.8130
AUD-USD	0.671	0.36%	GBP-SGD	1.7313
GBP-USD	1.347	0.46%	AUD-SGD	0.8629
USD-MYR	4.064	-0.22%	NZD-SGD	0.7421
USD-CNY	6.973	-0.07%	CHF-SGD	1.6123
USD-IDR	16833	0.17%	SGD-MYR	3.1590
USD-VND	26272	0.02%	SGD-CNY	5.4245

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9710	0.56%	1M	3.6805
3M	2.0190	-0.59%	2M	3.6856
6M	2.1160	0.09%	3M	3.6721
12M	2.2510	0.18%	6M	3.6262
			1Y	3.4932

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	-0.262	-21.200	-0.066	3.574
04/29/2026	-0.470	-20.800	-0.117	3.523
06/17/2026	-0.941	-47.100	-0.235	3.405
07/29/2026	-1.250	-30.900	-0.312	3.328
09/16/2026	-1.643	-39.300	-0.411	3.229

Equity and Commodity

Index	Value	Net change
DJIA	49,590.20	86.13
S&P	6,977.27	10.99
Nasdaq	23,733.90	62.55
Nikkei 225	51,939.89	822.63
STI	4,766.78	22.12
KLCI	1,695.44	8.90
JCI	8,884.72	-52.03
Baltic Dry	1,688.00	-30.00
VIX	15.12	0.63

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.44 (-0.01)	3.53(--)
5Y	1.82 (-0.02)	3.76 (+0.01)
10Y	2.18 (-0.02)	4.17 (+0.01)
15Y	2.18 (-0.01)	--
20Y	2.17 (-0.01)	--
30Y	2.26 (-0.02)	4.82 (+0.02)

Financial Spread (bps)

Value	Change
TED	35.36

Secured Overnight Fin. Rate

SOFR	3.64
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.50	0.6%	Corn (per bushel)	4.215	-5.4%
Brent (per barrel)	63.87	0.8%	Soybean (per bushel)	10.330	-1.5%
Heating Oil (per gallon)	215.44	0.9%	Wheat (per bushel)	5.113	-1.2%
Gasoline (per gallon)	179.38	0.7%	Crude Palm Oil (MYR/MT)	39.800	0.8%
Natural Gas (per MMBtu)	3.41	7.6%	Rubber (JPY/KG)	3.481	#DIV/0!

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13210	1.6%	Gold (per oz)	4598	2.0%
Nickel (per mt)	17888	1.0%	Silver (per oz)	85.10	6.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/13/2026	19:00	US	NFIB Small Business Optimism	Dec	99.2	--	99	--
1/13/2026	21:15	US	ADP Weekly Employment Change	27-Dec	--	--	--	--
1/13/2026	21:30	US	CPI MoM	Dec	0.30%	--	--	--
1/13/2026	21:30	US	Core CPI MoM	Dec	0.30%	--	--	--
1/13/2026	21:30	US	CPI YoY	Dec	2.70%	--	2.70%	--
1/13/2026	21:30	US	Core CPI YoY	Dec	2.70%	--	2.60%	--
1/13/2026	21:30	US	CPI Index NSA	Dec	324.169	--	324.122	--
1/13/2026	21:30	US	Core CPI Index SA	Dec	332.065	--	331.068	--
1/13/2026	21:30	US	Real Avg Hourly Earning YoY	Dec	--	--	0.80%	--
1/13/2026	21:30	US	Real Avg Weekly Earnings YoY	Dec	--	--	0.80%	--
1/13/2026	23:00	US	Census Releases Sept.-Oct. New Home Sales Reports on Jan. 13					
1/13/2026	23:00	US	New Home Sales	Oct	715k	--	--	--
1/13/2026	23:00	US	New Home Sales MoM	Oct	-10.60%	--	--	--
1/13/2026	PH		Bank Lending YoY	Nov	--	--	10.20%	--
1/13/2026	PH		Bank Lending Net of RRP YoY	Nov	--	--	10.30%	--
1/13/2026	PH		Money Supply M3 SRF YoY	Nov	--	--	8.30%	--

Source: Bloomberg

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