

## Daily Treasury Outlook

### Highlights

**Global:** Another session of risk-off. US equities closed lower on the day (S&P: -1.57%; NASDAQ: -2.03%; Dow: -1.34%) as technology related stocks remained under pressure from the questions around the durability of the AI story. The UST curve bull flattened. The Fed funds futures are pricing in 59.7bp in rate cuts for this year. On the political front, Kevin Warsh, nominated Fed Chair successor, has been asked by Senators on “whether the President pushed him, implicitly or explicitly, to serve as his loyal Chair on the Board”. This follows previous statements by President Trump suggesting that Kevin Warsh would have been passed on had he suggested rate hikes. Meanwhile, the Department of Homeland Security will likely face a shutdown starting Saturday after the Senate failed to pass a funding bill and headed for a recess. On the data front, initial jobless claims for the week of 7 February came in marginally higher than expected at 227k versus expectations of 223k but continued to decline from 232k in the previous week. Continuing claims for week of 31 Jan were higher at 1862k from 1841k in the previous week. Existing home sales declined by 8.4% MoM in January after rising 4.4% in December. Closer home, the larger-than-expected FY2025 fiscal surplus of \$15.1bn (1.9% of GDP) is a testament to Singapore’s financial robustness while the projected FY26 fiscal surplus of \$8.5 bn (1.0% of GDP) demonstrates Singapore’s commitment to fiscal prudence and preserves some fiscal buffer in an unpredictable global environment. Meanwhile, India’s farmers are protesting the US-India trade deal despite the authorities stating on previous occasions that the dairy and poultry sectors are not included. The US released a revised factsheet to soften the language on the US-India trade deal.

**Market Watch:** The data releases slated for today include Malaysia’s 4Q25 GDP growth data – we expect it to be upwardly revised to 5.9% YoY from the advance estimate of 5.7% given the solid December activity data. There are clear upside risks to our 2026 GDP growth forecast of 3.8%. The second estimate of Eurozone 4Q25 GDP will be released tonight, with consensus expecting no change from the advance estimates. The preliminary data for 4Q25 Eurozone employment change will also be released. For the US, the January CPI will be watched closely following the upside surprise to January non-farm payroll numbers. China’s January aggregate financing, new yuan loans, M2 growth are also slated for release.

**SG:** Titled “Securing Our Future Together in a Changed World” PM Lawrence Wong’s Budget 2026 hit a lot of high notes and checked many wishlist boxes for households, workers and businesses. Despite widespread expectations for a balanced fiscal budget in FY26, the overall fiscal position surprised with an \$8.5bn surplus (1.0% of GDP). This follows a larger-than-expected FY25 fiscal outturn of \$15.1bn (1.9% of GDP), which is even higher than our forecast for \$12.3 bn (1.6% of GDP). A conservative and fiscally prudent footing for Budget 2026 leaves considerable dry fiscal powder on the table to potentially support the economy in case downside growth risks materialise.

### Key Market Movements

Equity	Value	% chg
S&P 500	6832.8	-1.6%
DJIA	49452	-1.3%
Nikkei 225	57640	0.0%
SH Comp	4134.0	0.0%
STI	5016.8	0.6%
Hang Seng	27033	-0.9%
KLCI	1750.9	-0.3%
	Value	% chg
DXY	96.925	0.1%
USDJPY	152.74	-0.3%
EURUSD	1.1871	0.0%
GBPUSD	1.3622	0.0%
USDIDR	16818	0.2%
USDSGD	1.2626	0.0%
SGDMYR	3.0963	-0.2%
	Value	chg (bp)
2Y UST	3.46	-5.40
10Y UST	4.10	-7.43
2Y SGS	1.34	0.40
10Y SGS	1.98	-1.06
3M SORA	1.14	-0.14
3M SOFR	3.78	-0.39
	Value	% chg
Brent	67.52	-2.7%
WTI	62.84	-2.8%
Gold	4922	-3.2%
Silver	75.28	-10.7%
Palladium	1623	-5.9%
Copper	12876	-2.2%
BCOM	117.07	-1.5%

Source: Bloomberg

## Major Markets

**CH:** In January, China's passenger vehicle retail sales fell to 1.544mn units, down 13.9% YoY, reflecting still-cautious consumer sentiment at the start of the year. Retail sales of new energy vehicles (NEVs) declined more sharply to 596k units, down 20% YoY. That said, the external leg remains a bright spot. NEV exports surged to 286k units, up 103.6% YoY, accounting for 49.6% of total passenger vehicle exports.

Separately, ahead of the holiday season, multiple local governments moved to curb what they termed "involution-style" competition in the food delivery sector. Cities including Xinyang and Nanyang (Henan), Bengbu (Anhui), Shantou (Guangdong), Wenchang (Hainan), and Liaoyang (Liaoning) issued notices requiring platforms to halt low-quality, low-price destructive competition, and explicitly prohibiting malicious subsidies and predatory pricing. From a policy signaling perspective, this reflects a broader regulatory preference for stabilizing profit margins and improving industry order, rather than allowing excessive price wars to erode long-term sustainability.

**ID:** Coordinating Minister for Economic Affairs Airlangga Hartarto said President Prabowo Subianto will visit the United States in mid-February to sign a reciprocal tariff agreement and attend the Board of Peace summit on 19 February. He noted that Indonesia currently faces a 19% import tariff from the US, reduced from 32% in earlier talks, and that both sides are awaiting completion of the draft deal. State Secretary Minister Prasetyo Hadi said negotiations reached the final legal drafting stage during meetings in Washington, D.C., on 12-19 January 2026, as reported by Antara. Under the agreement, Indonesia will expand market access for US products and address non-tariff barriers, while the US will grant tariff exemptions for commodities not produced domestically, including palm oil.

**MY:** Finance Minister II Datuk Seri Amir Hamzah Azizan said nearly 2mn Malaysians have redeemed the MYR100 Sumbangan Asas Rahmah cash assistance as of Tuesday (17 January), involving almost MYR200mn in funds. He noted that the strong take up reflects positive reception and smooth system operations, with no reports of long queues, and noted improvements from last year alongside expanded eligible categories including frozen food items, as reported by The Edge. Separately, the Ministry of Natural Resources and Environmental Sustainability (NRES) plans to establish 200 low carbon zones nationwide by 2030, with 70 local authorities already implementing solutions and Malaysia committing under its NDC 3.0 to reduce greenhouse gas emissions by 15 to 30mn tonnes of carbon dioxide equivalent by 2035.

**TH:** The Consumer Confidence Index (CCI) rose to 52.8 in January versus 51.9 in December. The improvement was broad-based across the sub-indices of 'economic situation' (46.4 versus 45.5 in January), 'income' (61.6 versus 60.5), and 'job' (50.5 versus 49.8). According to the University of the Thai Chamber of Commerce, this improvement can be attributed to easing cross-border tensions with neighbouring Cambodia and optimism surrounding the new government. Looking ahead, UTCC President Thanavath Phovichai noted that household spending is expected to remain cautious during the first quarter as consumers await clarity on the new administration's economic policies and political stability.

## ESG

**SG:** PM Wong highlighted at Budget 2026 that if global climate momentum weakens, the tax rate by 2030 could be on the lower end of the S\$50 – S\$80 range per tonne. Singapore already has the highest carbon tax in Asia at S\$45/tCO<sub>2</sub>e this year, and will assess the carbon tax trajectory in light of international developments to ensure long-term resilience and competitiveness. The country is actively pursuing efforts to diversify its energy mix, with hydrogen, geothermal energy and nuclear energy.

## Credit Market Updates

### Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 3-4bps lower while belly tenors traded 4-5bps lower and 10Y traded 5bps lower. Global Investment Grade spreads widened by 1bps to 76bps and Global High Yield spreads widened by 11ps to 277bps respectively. Bloomberg Global Contingent Capital Index widened by 2bps to 225bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 59bps and Asia USD High Yield spreads widened by 5bps to 347bps respectively. (Bloomberg, OCBC)

### New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD450mn and USD4.45bn respectively.

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

- Royal Caribbean Cruises Ltd priced USD2.5bn of debt in two tranches.
- Citadel Finance LLC (guarantors: Citadel Wellington LLC, KGSF Offshore Holdings Ltd, Citadel Kensington Global Strategies Fund II Ltd) priced USD1.25bn of debt in two tranches.

Among issuers under our official coverage, there was one notable issuer in the DM IG market.

- Citigroup Global Markets Inc (guarantor: Citigroup Inc) priced USD100mn in one tranche.

There were no notable issuers in the APAC USD and Singdollar markets yesterday.

### Mandates:

There were no notable mandates yesterday.

## Equity Market Updates

**US:** US equity markets suffered a broad-based selloff on Thursday, with the S&P 500 falling 1.6% to 6,832.76, the Nasdaq plunging 2.0% to 22,597.15, and the Dow declining 1.3% to 49,451.98. The slide marked the third consecutive day of losses, and the largest single-day drop since 20 January. The downturn was triggered by disappointing results from Cisco Systems, which tumbled 12% after issuing soft full-year revenue guidance of USD61.2b–USD61.7b, well below consensus expectations of US\$63.9b, reviving fears around the durability of AI-driven profits. Apple led losses among mega-cap names, falling 5.0% and weighing most heavily on the S&P 500. Other major tech stocks retreated, where Amazon fell 2.2%, Meta dropped 2.8%, Tesla declined 2.6%, Nvidia slipped 1.6%, and Microsoft and Alphabet each lost 0.6%. The broad-based weakness underscored mounting investor anxiety over the disruptive impact of AI across industries. Information technology was the worst-performing sector, alongside declines in energy, financials and consumer discretionary. Only three sectors posted gains, utilities, consumer staples and real estate, as investors rotated into defensives. Of the 503 stocks in the S&P 500, 343 declined and 160 advanced. Small- and mid-cap indices underperformed, with the Russell 2000 down 2.0% and the S&P MidCap 400 falling 1.4%. Treasury yields fell sharply as investors sought safety in bonds, with long-dated Treasuries posting their best day in months and the 10-year yield easing to 4.10%. Markets now look ahead to Friday's critical January CPI inflation report, which looms large over investor sentiment.

## Foreign Exchange

	Day Close	% Change		Day Close
DX	96.925	0.09%	USD-SGD	1.2626
USD-JPY	152.74	-0.34%	EUR-SGD	1.4989
EUR-USD	1.187	-0.01%	JPY-SGD	0.8268
AUD-USD	0.709	-0.52%	GBP-SGD	1.7199
GBP-USD	1.362	-0.04%	AUD-SGD	0.8952
USD-MYR	3.903	-0.34%	NZD-SGD	0.7620
USD-CNY	6.902	-0.15%	CHF-SGD	1.6414
USD-IDR	16818	0.21%	SGD-MYR	3.0963
USD-VND	25965	-0.13%	SGD-CNY	5.4670

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9940	0.91%	1M	3.6646
3M	1.9940	0.66%	2M	3.6624
6M	2.1080	-0.28%	3M	3.6543
12M	2.2310	0.18%	6M	3.5953
			1Y	3.4334

## 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	-0.093	-9.300	-0.023	3.616
04/29/2026	-0.285	-19.200	-0.071	3.568
06/17/2026	-0.807	-52.200	-0.202	3.437
07/29/2026	-1.205	-39.800	-0.301	3.338
09/16/2026	-1.733	-52.800	-0.433	3.206

## Equity and Commodity

Index	Value	Net change
DJIA	49,451.98	-669.42
S&P	6,832.76	-108.71
Nasdaq	22,597.15	-469.32
Nikkei 225	57,639.84	-10.70
STI	5,016.76	32.18
KLCI	1,750.85	-5.54
JCI	8,265.35	-25.61
Baltic Dry	1,958.00	76.00
VIX	20.82	3.17

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.34 (--)	3.46 (--)
5Y	1.56 (-0.01)	3.66 (-0.08)
10Y	1.98 (-0.01)	4.1 (-0.07)
15Y	2.08 (--)	--
20Y	2.11 (-0.01)	--
30Y	2.17 (-0.01)	4.74 (-0.07)

## Financial Spread (bps)

Value	Change	
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	3.65
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	62.84	-2.8%	Corn (per bushel)	4.313	0.9%
Brent (per barrel)	67.52	-2.7%	Soybean (per bushel)	11.373	1.2%
Heating Oil (per gallon)	239.27	-2.0%	Wheat (per bushel)	5.525	2.8%
Gasoline (per gallon)	191.59	-3.2%	Crude Palm Oil (MYR/MT)	39.780	-0.6%
Natural Gas (per MMBtu)	3.22	1.8%	Rubber (JPY/KG)	3.450	#DIV/0!
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12876	-2.2%	Gold (per oz)	4922	-3.2%
Nickel (per mt)	17428	-2.5%	Silver (per oz)	75.28	-10.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
2/13/2026 5:00	SK	Export Price Index YoY	Jan	--	7.80%	5.50%	5.00%
2/13/2026 5:00	SK	Import Price Index MoM	Jan	--	0.40%	0.70%	0.90%
2/13/2026 5:00	SK	Import Price Index YoY	Jan	--	-1.20%	0.30%	0.50%
2/13/2026 9:30	CH	New Home Prices MoM	Jan	--	--	-0.37%	--
2/13/2026 9:30	CH	Used Home Prices MoM	Jan	--	--	-0.70%	--
2/13/2026 11:00	SK	Money Supply L SA MoM	Dec	--	--	0.40%	--
2/13/2026 11:00	SK	Money Supply M2 SA MoM	Dec	--	--	0.00%	--
2/13/2026 15:30	TH	Gross International Reserves	6-Feb	--	--	\$289.6b	--
2/13/2026 15:30	TH	Forward Contracts	6-Feb	--	--	\$22.5b	--
2/13/2026 21:30	US	Annual Revisions: CPI					
2/13/2026 21:30	US	CPI MoM	Jan	0.30%	--	0.30%	--
2/13/2026 21:30	US	Core CPI MoM	Jan	0.30%	--	0.20%	--
2/13/2026 21:30	US	CPI YoY	Jan	2.50%	--	2.70%	--
2/13/2026 21:30	US	Core CPI YoY	Jan	2.50%	--	2.60%	--
2/13/2026 21:30	US	CPI Index NSA	Jan	325.514	--	324.054	--
2/13/2026 21:30	US	Core CPI Index SA	Jan	332.78	--	331.86	--

Source: Bloomberg

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