

Daily Treasury Outlook

Highlights

Global: President Trump backed off on the threatened tariffs from 1 February with regards to the Greenland issue. He noted, following a meeting with NATO Secretary Mark Rutte, that “We have formed the framework of a future deal with respect to Greenland, and, in fact the entire Arctic region”. The tempering of US brinksmanship supported gains in US equities (S&P: +1.16%; NASDAQ: +1.18%; Dow: +1.21%), the DXY index while higher USTs were also supported by a USD13bn 20-year auction. US economic data overnight was showed construction spending for September and October combined was relatively flat in MoM terms while pending home sales for December contracted 9.3% MoM. December headline CPI for the UK edged higher to 3.4% YoY from 3.2% while core CPI was unchanged at 3.2%. Bank Indonesia left its policy rate unchanged as expected and reaffirmed its commitment to the IDR stability. BI noted that its current focus is IDR stability and that it remains open to further lowering rates given its assessment that GDP growth is below potential. However, it more a question of the timing. We expect BI will cut its policy rate by 25bp in 2Q26 and 25bp in 3Q26.

Market Watch: South Korea’s real GDP contracted by 0.3% QoQ sa in 4Q25 according to advance estimates, translating to slower growth of 1.5% YoY versus 1.8% in 3Q25. For full year 2025, the economy registered 1% growth compared to 2% in 2024. Other data releases include Australia’s December labour market data and EU January preliminary consumer confidence. Bank Negara Malaysia (BNM) meets today and is widely expected to keep its policy rate unchanged. Malaysia’s economy recorded robust growth of 4.9% in 2025 and BNM’s 2026 outlook on growth-inflation-external balance dynamics will be closely watched for any potential changes from its current broadly neutral stance.

Key Market Movements

Equity	Value	% chg
S&P 500	6875.6	1.2%
DJIA	49077	1.2%
Nikkei 225	52775	-0.4%
SH Comp	4116.9	0.1%
STI	4809.9	-0.4%
Hang Seng	26585	0.4%
KLCI	1705.8	0.4%
	Value	% chg
DXY	98.761	0.1%
USDJPY	158.3	0.1%
EURUSD	1.1685	-0.3%
GBPUSD	1.3429	-0.1%
USDIDR	16935	-0.1%
USDSGD	1.2846	0.0%
SGDMYR	3.1522	-0.3%
	Value	chg (bp)
2Y UST	3.58	-1.23
10Y UST	4.24	-4.97
2Y SGS	1.39	-2.10
10Y SGS	2.15	-1.70
3M SORA	1.14	-0.45
3M SOFR	3.89	-0.64
	Value	% chg
Brent	65.24	0.5%
WTI	60.62	0.4%
Gold	4832	1.4%
Silver	93.06	-1.6%
Palladium	1848	-1.5%
Copper	12810	0.4%
BCOM	117.39	1.2%

Source: Bloomberg

Major Markets

CH: On promoting high-quality development of the real estate sector during the 15th Five-Year Plan period, Minister of Housing and Urban–Rural Development Ni Hong outlined a clear policy framework centered on two key priorities. First, authorities will steadily advance the construction of “quality housing,” placing greater emphasis on livability, functionality, and long-term sustainability. Second, policymakers will accelerate the establishment of a new real estate development model, with a focus on systematically strengthening the underlying institutional framework across property development, financing, and sales. On the sales front, China will promote a completed-home sales model, shifting away from the traditional pre-sale system. This move aims to enhance buyer protection and transparency, ensuring a “what-you-see-is-what-you-get” purchasing experience and reducing delivery-related risks.

ID: Bank Indonesia kept its policy rate unchanged at 4.75% in its January 2026 meeting, in line with consensus and our expectations. Governor Perry Warijiyo reaffirmed BI’s focus on IDR stability and noted that BI will not “hesitate to do large interventions” to stabilise IDR. USD/IDR moved lower and closed at 16945 levels. On the fundamentals, BI noted that 4Q25 GDP growth likely improved on the back of stronger consumer demand and higher fiscal expenditures, and that it expects better economic growth of 4.9-5.7% in 2026 versus 4.7-5.5% in 2025. In addition, the central bank expects CPI inflation to remain within the 1.5-3.5% policy range while the current account deficit is forecasted with the range of 0.1-0.9% of GDP. BI also noted that the transmission of monetary policy easing needs to be ‘continuously encouraged’ and banks will need to follow through with more rapid reductions in their interest rates. BI placed emphasis on inflation, particularly core inflation, providing room for rate cuts. This is consistent with our view that inflationary pressures are re-emerging not least because of unfavourable base effects from 1Q25 but also sticky food price pressures. BI noted that the timing of future rate cuts will remain data dependent. Our base case is for BI to deliver one 25bp in 2Q26 and one 25bp cut in 3Q26. The window to ease, however, depends on IDR moves, inflation remaining target and GDP growth remaining subdued.

MY: The Ministry of Investment, Trade and Industry (MITI) said the Agreement on Reciprocal Trade (ART) does not allow external parties to override Malaysia’s laws, and requires all commitments to comply with domestic legislative and administrative processes. In a written reply to Parliament, the ministry stressed that the agreement preserves economic sovereignty, avoids forced commercial or investment obligations, and continues to protect domestic industries. The government also clarified that the ART does not affect Bumiputera policies, grant special rights to American companies, or limit the role of government-linked companies, as reported by Bernama.

PH: The deficit in the balance of payments (BOP) widened to USD827mn in December, up from a deficit of USD225mn in November. As a result, the country’s full-year BOP recorded a deficit of USD5.7bn, a sharp reversal from the USD0.6bn surplus recorded in 2024. Meanwhile, the final gross international reserves (GIR) level fell to USD110.8bn (as of end-December 2025) from USD111.3bn (as of end-November). The BSP noted that “this level of reserves remains an adequate external liquidity buffer, equivalent to 7.4 months’ worth of imports of goods and payments of services and primary

income. It covers about 3.9 times the country's short-term external debt based on residual maturity."

ESG

SG: Singapore is building nuclear capabilities and its manpower pool, alongside increasing regional interest in nuclear energy. However, rigorous safety standards and public confidence concerns are key hurdles. Singapore is studying advanced nuclear technologies such as small modular reactors (SMRs), which are already operating in Russia and China, with projects advancing in the US, Canada and the UK. SMRs require less land and are easier to scale, with more advanced safety systems than conventional reactors. Singapore is also catalysing nuclear safety cooperation among counterparts in the region, which can contribute to building regional capabilities in this space.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 1bps lower to 1bps higher while belly tenors traded 1-2bps higher and 10Y traded 1bps higher. Global Investment Grade spreads tightened by 2bps to 72bps and Global High Yield spreads tightened 7bps to 254bps respectively. Bloomberg Global Contingent Capital Index tightened by 3bps to 227bps. Bloomberg Asia USD Investment Grade spreads traded flat at 58bps and Asia USD High Yield spreads widened by 5bps to 333bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD3bn and USD7.55bn respectively.

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

- PNC Financial Services Group Inc/The priced USD3bn of debt in three tranches.
- Canadian Imperial Bank of Commerce priced USD2bn of debt in two tranches.
- US Bancorp priced a USD2.25bn of debt in two tranches.

Among issuers under our official coverage, Morgan Stanley Finance LLC (guarantor: Morgan Stanley) priced a USD100mn retap of its MS 4.83% '35s.

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

- Korea Development Bank/The priced USD3bn of debt in three tranches.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- There were no notable mandates yesterday.

Equity Market Updates

US: US equities staged a strong rebound in choppy trading, with the S&P 500, Nasdaq, and Dow each rising 1.2% to recover roughly half of the previous session's losses. Early gains followed comments from President Trump at the World Economic Forum indicating that the US would not pursue force in relation to Greenland, which lifted futures and supported broad buying at the open. Markets remained firm despite the EU putting the Turnberry Deal on hold, before a sharp but brief midday pullback led by mega-caps erased much of the advance. Sentiment improved again later in the session after President Trump said a framework for future cooperation on Greenland and the Arctic had been established with NATO's Secretary General and confirmed that planned February tariffs would not proceed, prompting another rally. All S&P 500 sectors closed higher, led by energy (+2.4%), healthcare (+1.8%), and technology (+1.0%), with semiconductors standing out and Intel (+11.7%) posting another outsized gain. Consumer discretionary (+1.6%) and communication services (+1.4%) were supported by improved performance in several mega-cap names like Tesla (+2.9%), while small and mid-cap indices outperformed once more, with the Russell 2000 gaining 2.0%. Despite elevated intraday volatility, the rebound allowed the S&P 500 to regain its 50-day moving average, while Treasury yields edged lower at the long end as investors looked ahead to further earnings updates and upcoming inflation data.

Foreign Exchange

	Day Close	% Change		Day Close
DX	98.761	0.12%	USD-SGD	1.2846
USD-JPY	158.30	0.09%	EUR-SGD	1.5010
EUR-USD	1.169	-0.34%	JPY-SGD	0.8115
AUD-USD	0.676	0.37%	GBP-SGD	1.7251
GBP-USD	1.343	-0.07%	AUD-SGD	0.8687
USD-MYR	4.048	-0.18%	NZD-SGD	0.7506
USD-CNY	6.965	0.06%	CHF-SGD	1.6145
USD-IDR	16935	-0.09%	SGD-MYR	3.1522
USD-VND	26265	0.00%	SGD-CNY	5.4236

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9810	1.17%	1M	3.6713
3M	2.0270	-0.10%	2M	3.6740
6M	2.1510	-0.19%	3M	3.6697
12M	2.2360	-1.02%	6M	3.6325
			1Y	3.5195

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	-0.189	-13.900	-0.047	3.593
04/29/2026	-0.350	-16.100	-0.087	3.553
06/17/2026	-0.802	-45.200	-0.200	3.439
07/29/2026	-1.060	-25.800	-0.265	3.375
09/16/2026	-1.449	-38.900	-0.362	3.278

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	60.62	0.5%	Corn (per bushel)	4.218	-0.5%
Brent (per barrel)	65.24	0.5%	Soybean (per bushel)	10.645	1.1%
Heating Oil (per gallon)	243.05	3.9%	Wheat (per bushel)	5.078	-0.5%
Gasoline (per gallon)	185.74	1.8%	Crude Palm Oil (MYR/MT)	41.120	1.1%
Natural Gas (per MMBtu)	4.88	24.8%	Rubber (JPY/KG)	3.430	-0.6%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12810	0.4%	Gold (per oz)	4832	1.4%
Nickel (per mt)	17996	2.2%	Silver (per oz)	93.06	-1.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	49,077.23	588.64
S&P	6,875.62	78.76
Nasdaq	23,224.82	270.50
Nikkei 225	52,774.64	-216.46
STI	4,809.88	-18.12
KLCI	1,705.81	6.75
JCI	9,010.33	-124.37
Baltic Dry	1,729.00	79.00
VIX	16.90	-3.19

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.39 (-0.02)	3.59(-)
5Y	1.76 (-0.03)	3.82 (-0.03)
10Y	2.15 (-0.02)	4.24 (-0.05)
15Y	2.16 (-0.02)	--
20Y	2.16 (-0.02)	--
30Y	2.26 (-0.02)	4.87 (-0.06)

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
1/22/2026 7:00	SK	GDP SA QoQ	4Q A	0.20%	-0.30%	1.30%	--
1/22/2026 7:00	SK	GDP YoY	4Q A	1.80%	1.50%	1.80%	--
1/22/2026 7:00	SK	GDP Annual YoY	2025 A	1.00%	1.00%	2.00%	--
1/22/2026 9:00	CH	Swift Global Payments CNY	Dec	--	--	2.94%	--
1/22/2026 16:30	HK	CPI Composite YoY	Dec	1.20%	--	1.20%	--
1/22/2026 21:30	US	GDP Annualized QoQ	3Q T	4.30%	--	4.30%	--
1/22/2026 21:30	US	Personal Consumption	3Q T	3.50%	--	3.50%	--
1/22/2026 21:30	US	GDP Price Index	3Q T	3.80%	--	3.80%	--
1/22/2026 21:30	US	Core PCE Price Index QoQ	3Q T	2.90%	--	2.90%	--
1/22/2026 21:30	US	Initial Jobless Claims	17-Jan	209k	--	198k	--
1/22/2026 23:00	US	Personal Income	Nov	0.40%	--	--	--
1/22/2026 23:00	US	Personal Spending	Nov	0.50%	--	--	--
1/22/2026 23:00	US	Real Personal Spending	Nov	0.30%	--	--	--
1/22/2026 23:00	US	PCE Price Index MoM	Nov	0.20%	--	--	--
1/22/2026 23:00	US	PCE Price Index YoY	Nov	2.80%	--	--	--
1/22/2026 23:00	US	Core PCE Price Index MoM	Nov	0.20%	--	--	--

Source: Bloomberg

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