# Daily Treasury Outlook

## Highlights

**Global**: Risk-off sentiment dominated on Monday, as market participants braced for upcoming US-Iran talks and more tariff related uncertainties following US Supreme Court decision. Tensions are heightened in the Middle East despite ongoing negotiations, as the US continued to amass military material in the region, potentially for use in a targeted strike against Iran. On a separate note, Trump Administration is reportedly considering new national-security tariffs on half a dozen industries. All major US equity indices ended the day in the red. US treasuries rallied and dollar weakened moderately.

Germany's IFO business climate index unexpectedly rose to 88.6 in February (vs. consensus at 88.3), while both the current assessment (at 86.7) and expectation indexes (at 90.5) also surprised to the upside. Combined with the latest PMI readings last week, data showed solid footing for the German economy in early part of the year. Meanwhile, US' factory orders declined 0.7% MoM in December 2025, in line with market consensus, largely reflecting lower commercial aircraft orders. Factory orders excluding transportation rose 0.4% MoM, slightly above consensus. Chicago Fed national activity index bounced back from negative territory to 0.18 in January, above the consensus at 0.01.

**Market Watch:** Japanese market and onshore market in China resume today. Asian markets are likely to trade with a more cautious tone this morning. The next focus is China's 1Y and 5Y LPR which are expected to stay unchanged. France's February manufacturing confidence, US' February Conference Board consumer confidence, December FHFA house price index, and latest ADP weekly employment change are on tap today.

**SG:** Headline CPI rose by 1.4% YoY from 1.2% in December 2025, in line with consensus and our expectations (Consensus and OCBC: 1.4%). In contrast, core inflation eased to 1.0% YoY, down from 1.2% in December 2025. We anticipate that 1Q26 headline and core CPI will likely average around 1.4% YoY and 1.2% YoY, respectively. MAS's assessment of inflation risks remains similar to the previous month, with two-sided risks. Looking ahead, we expect that MAS will likely remain static at the April MPS to observe a few more months of inflation data before committing to a tightening move down the road.

**Key Market Movements**

| Equity | Value | % chg |
|---|---|---|
| S&P 500 | 6837.8 | -1.0% |
| DJIA | 48804 | -1.7% |
| Nikkei 225 | 56826 | 0.0% |
| SH Comp | 4082.1 | 0.0% |
| STI | 5041.3 | 0.5% |
| Hang Seng | 27082 | 2.5% |
| KLCI | 1758.0 | 0.3% |

| | Value | % chg |
|---|---|---|
| DXY | 97.706 | -0.1% |
| USDJPY | 154.65 | -0.3% |
| EURUSD | 1.1785 | 0.0% |
| GBPUSD | 1.3492 | 0.1% |
| USDIDR | 16794 | -0.5% |
| USDSGD | 1.2663 | -0.1% |
| SGDMYR | 3.0744 | 0.0% |

| | Value | chg (bp) |
|---|---|---|
| 2Y UST | 3.44 | -4.01 |
| 10Y UST | 4.03 | -5.17 |
| 2Y SGS | 1.34 | -0.80 |
| 10Y SGS | 1.96 | 0.18 |
| 3M SORA | 1.13 | -0.92 |
| 3M SOFR | 3.75 | -0.94 |

| | Value | % chg |
|---|---|---|
| Brent | 71.49 | -0.4% |
| WTI | 66.31 | -0.3% |
| Gold | 5227 | 2.3% |
| Silver | 88.20 | 4.2% |
| Palladium | 1743 | -0.3% |
| Copper | 12869 | -0.7% |
| BCOM | 120.03 | 0.3% |

Source: Bloomberg

## Major Markets

**ID:** The government is looking to broaden its rice exports in Saudi Arabia through retail chains. This follows the early success of its first export of Hajj rice. President Director of Perum Bulog, Ahmad Rizal Ramdhani, said that market exploration in Saudi Arabia shows strong interest in Indonesian rice not only for Hajj but also for commercial and Umrah markets. He revealed that two major retailers, BinDawood and Lulu, have expressed interest in stocking Indonesian rice for the local market. Bulog plans to expand its presence in stages, with a key focus on ensuring smooth delivery of Hajj rice while maintaining a steady supply and consistent quality.

**MY:** According to the Department of Statistics (DOSM), labour productivity per hour rose by 4.9% YoY to RM46.3 per hour in 4Q25. As a result, labour productivity per hour increased by 3.7% YoY in 2025, compared to 2.1% in the previous year. Labour productivity per employment also strengthened, rising by 4.4% in 4Q25 to RM26,765 per person, as employment growth increased by 1.8% to 17.1 million. By sector, agriculture saw productivity per hour increased by 5.5% to RM26.5 per hour in 4Q25, despite slightly lower total hours worked. Mining & quarrying recorded a slower 5.1% gain in productivity per hour to RM579.1 (3Q25: 9.7%; RM522.4 per hour), amid a decline in hours worked. In the manufacturing sector, productivity per hour worked rose by 6.4% to RM61.9 per hour, supported by broad-based gains led by food-related and electronics subsectors, although the 'transport equipment, other manufacturing and repair' subsector lagged. Construction delivered the strongest performance, with productivity per hour remained broadly stable at 10.3% (3Q25: 10.2%; RM23.0 per hour), while productivity per hour in the services sector rose by 4.0%.

**TH:** January customs trade data exceeded consensus expectations, with export growth accelerating to double-digit figures of 24.4% YoY (consensus: 8.2%), up from 16.8% in December. Similarly, import growth rose by 29.4% YoY (consensus: 10.5%) compared to 18.8% in December. This marked the sixth consecutive month of double-digit increases. Consequently, the customs trade deficit widened to USD3.3bn (December: USD352mn). On the customs export front, the surge was primarily driven by strong shipments in 'principle manufacturing products' (29.8% YoY versus 20.3%), reflecting an ongoing upcycle in electronics. This more than offset lower shipments in 'agricultural products' and 'agro industrial products'. Front-loading of exports to the US remain strong, with exports increasing by 43.1% YoY versus 54.3% in December. Even so, trade diversification continues as the Ministry of Commerce has highlighted its intention to fast-track FTA negotiations with the EU, South Korea, and Canada to diversify export reliance away from the US.

## ESG

**Rest of the world:** Silver price increases have contributed to the rising cost of manufacturing solar panels, with prices increasing by 7-15% over the last 12 months. Due to the high cost of silver, solar panel producers are intensifying efforts to replace silver with alternatives such as copper. With copper trading at around 0.5% of the price of silver, there is potential for cost reductions from this switch. However, copper does not match up to silver in in terms of electrical conductivity, performance and resistance.

## Credit Market Updates

**Market Commentary:**
The SGD SORA OIS curve traded lower yesterday with shorter, belly and 10Y tenors trading 1bps lower. Global Investment Grade spreads widened by 2bps to 78bps and Global High Yield spreads widened by 10bps to 281bps respectively. Bloomberg Global Contingent Capital Index widened by 2bps to 223bps. Bloomberg Asia USD Investment Grade spreads traded flat at 60bps and Asia USD High Yield spreads widened by 3bps to 347bps respectively. (Bloomberg, OCBC)

**New Issues:**
The total issuance volumes for APAC and DM IG market yesterday were USD550mn and USD30.85bn respectively.

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

- Abbott Laboratories priced USD20bn of debt in eight tranches.
- Banco Bilbao Vizcaya Argentaria SA priced USD2.5bn of debt in three tranches.
- Vertiv Holdings Co priced USD2.1bn of debt in four tranches.

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

**Mandates:**

- The Government of Mongolia may issue USD-denominated 6Y senior unsecured bonds.
- Mirae Asset Securities Co., Ltd. may issue a USD-denominated fixed rate senior unsecured dual-listed Formosa bond offering with expected tenor(s) of 3Y and/or 5Y.
- Advanced Info Service PCL may issue a USD-denominated 5Y FXD and/or 10Y FXD senior notes.

## Equity Market Updates

**US:** US stocks fell sharply, with the S&P 500 down 1.0%, the Nasdaq 1.1% and the Dow 1.7%, leaving the S&P back below its 50-day moving average and in negative territory for the year. Small- and mid-cap indices declined even more, reflecting a broad risk-off tone, with the Russell 2000 and S&P MidCap 400 down 1.6% and 1.8% respectively. Sentiment was unsettled by renewed trade uncertainty after President Trump raised the Section 122 global tariff rate to 15% and signalled further measures against countries revisiting trade agreements, while reports suggested Congress may not extend the tariffs beyond 150 days. Consumer discretionary shares (-2.2%) were among the weakest, particularly import-reliant retailers and travel-related names, and mega-cap stocks including Tesla (-2.9%) and Amazon (-2.3%) also retreated, pushing the Vanguard Mega Cap Growth ETF down 1.3%. Information technology (-1.1%) was pressured by heavy losses in software, with Microsoft (-3.2%) a notable laggard and the iShares Expanded-Tech Software ETF down 4.8% amid ongoing concerns about AI-related disruption, which also saw IBM (-13.2%) recording a steep fall on the automation-related news. Weakness spread to asset managers and payments companies, while industrials (-1.4%) also declined. In contrast, defensive sectors outperformed, with consumer staples (+1.5%), healthcare (+1.2%) and utilities (+0.7%) attracting rotational interest. Walmart (+2.3%) and Eli Lilly (+4.9%) posted solid gains, while Novo Nordisk (-16.5%) fell sharply after weaker drug results. Bitcoin slipped below USD65k, adding to the volatile backdrop. The broader risk off saw treasury yields declining across the curve as investors moved towards safer assets.

**Foreign Exchange**

| | Day Close | % Change | | Day Close |
|---|---|---|---|---|
| **DXY** | 97.706 | -0.09% | **USD-SGD** | 1.2663 |
| **USD-JPY** | 154.65 | -0.26% | **EUR-SGD** | 1.4925 |
| **EUR-USD** | 1.179 | 0.01% | **JPY-SGD** | 0.8187 |
| **AUD-USD** | 0.706 | -0.35% | **GBP-SGD** | 1.7084 |
| **GBP-USD** | 1.349 | 0.09% | **AUD-SGD** | 0.8935 |
| **USD-MYR** | 3.890 | -0.33% | **NZD-SGD** | 0.7542 |
| | | | **CHF-SGD** | 1.6344 |
| **USD-IDR** | 16794 | -0.47% | **SGD-MYR** | 3.0744 |
| **USD-VND** | 26068 | 0.38% | **SGD-CNY** | 5.4576 |

**Equity and Commodity**

| Index | Value | Net change |
|---|---|---|
| **DJIA** | 48,804.06 | -821.91 |
| **S&P** | 6,837.75 | -71.76 |
| **Nasdaq** | 22,627.27 | -258.80 |
| **Nikkei 225** | 56,825.70 | -642.13 |
| **STI** | 5,041.33 | 23.73 |
| **KLCI** | 1,757.98 | 5.15 |
| **JCI** | 8,396.08 | 124.32 |
| **Baltic Dry** | 2,043.00 | 24.00 |
| **VIX** | 21.01 | 1.92 |

**SOFR**

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|---|---|---|---|---|
| **1M** | 1.9420 | 0.62% | **1M** | 3.6737 |
| **3M** | 2.0240 | 0.00% | **2M** | 3.6780 |
| **6M** | 2.1410 | 0.19% | **3M** | 3.6730 |
| **12M** | 2.2050 | 0.32% | **6M** | 3.6250 |
| | | | **1Y** | 3.4592 |

**Government Bond Yields (%)**

| Tenor | SGS (chg) | UST (chg) |
|---|---|---|
| **2Y** | 1.34 (-0.01) | 3.45(--) |
| **5Y** | 1.57 (--) | 3.58 (-0.06) |
| **10Y** | 1.96 (--) | 4.04 (-0.05) |
| **15Y** | 2.06 (--) | -- |
| **20Y** | 2.1 (--) | -- |
| **30Y** | 2.17 (--) | 4.71 (-0.02) |

**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 | -0.026 | -2.600 | -0.007 | 3.632 |
| 04/29/2026 | -0.185 | -15.900 | -0.046 | 3.592 |
| 06/17/2026 | -0.597 | -41.200 | -0.149 | 3.489 |
| 07/29/2026 | -1.025 | -42.800 | -0.256 | 3.382 |
| 09/16/2026 | -1.586 | -56.100 | -0.397 | 3.242 |

**Financial Spread (bps)**

| | Value | Change |
|---|---|---|
| **TED** | 35.36 | -- |

**Secured Overnight Fin. Rate**

| | |
|---|---|
| **SOFR** | 3.66 |

**Commodities Futures**

| **Energy** | **Futures** | **% chg** | **Soft Commodities** | **Futures** | **% chg** |
|---|---|---|---|---|---|
| WTI (per barrel) | 66.31 | -0.1% | Corn (per bushel) | 4.275 | 0.0% |
| Brent (per barrel) | 71.49 | -0.4% | Soybean (per bushel) | 11.343 | -0.3% |
| Heating Oil (per gallon) | 267.82 | 3.6% | Wheat (per bushel) | 5.695 | -0.7% |
| Gasoline (per gallon) | 198.92 | -0.4% | Crude Palm Oil (MYR/MT) | 40.510 | -0.3% |
| Natural Gas (per MMBtu) | 2.99 | -2.0% | | | |

| **Base Metals** | **Futures** | **% chg** | **Precious Metals** | **Futures** | **% chg** |
|---|---|---|---|---|---|
| Copper (per mt) | 12869 | -0.7% | Gold (per oz) | 5227 | 2.3% |
| Nickel (per mt) | 17283 | -0.4% | Silver (per oz) | 88.20 | 4.2% |

Source: Bloomberg, Reuters
(Note that rates are for reference only)

## Economic Calendar

| Date Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 2/24/2026 5:00 | SK | PPI YoY | Jan | -- | 1.90% | 1.90% | -- |
| 2/24/2026 5:00 | SK | Consumer Confidence | Feb | -- | 112.1 | 110.8 | -- |
| 2/24/2026 9:00 | CH | 5-Year Loan Prime Rate | 24-Feb | 3.50% | 3.50% | 3.50% | -- |
| 2/24/2026 9:00 | CH | 1-Year Loan Prime Rate | 24-Feb | 3.00% | 3.00% | 3.00% | -- |
| 2/24/2026 15:00 | MA | Foreign Reserves | 13-Feb | -- | -- | $126.9b | -- |
| 2/24/2026 21:15 | US | ADP Weekly Employment Change | 7-Feb | -- | -- | 10.250k | -- |
| 2/24/2026 21:30 | US | Philadelphia Fed Non-Manufacturing Activity | Feb | -6.8 | -- | -4.2 | -- |
| 2/24/2026 23:00 | US | Conf. Board Consumer Confidence | Feb | 87.1 | -- | 84.5 | -- |
| 2/24/2026 23:00 | US | Conf. Board Present Situation | Feb | 115.8 | -- | 113.7 | -- |
| 2/24/2026 23:00 | US | Conf. Board Expectations | Feb | 68.6 | -- | 65.1 | -- |
| 2/24/2026 23:00 | US | Wholesale Inventories MoM | Dec F | 0.20% | -- | 0.20% | -- |
| 2/24/2026 23:00 | US | Wholesale Trade Sales MoM | Dec | 0.20% | -- | 1.30% | -- |
| 2/24/2026 23:30 | US | Dallas Fed Services Activity | Feb | -- | -- | 2.7 | -- |

*Source: Bloomberg*

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