

Daily Treasury Outlook

Highlights

Global: US equities rebounded on Tuesday as AI-related concerns eased slightly, with investors beginning to scout for signs of a bottom in the beaten-down software segment. Sentiment improved after AI lab Anthropic unveiled several new plug-ins—targeting sectors such as investment banking and human resources—developed jointly with software partners. The announcement helped lift share prices of software names, raising the question whether the narrative may be shifting from AI disruption risk toward AI collaboration. On trade policy, the US began collecting a temporary 10% global import tariff on Tuesday, while the Trump administration signaled its intention to raise the rate to 15%.

On the macro front, the Conference Board’s US consumer confidence index rose 2.2 points to 91.2 in February. January’s reading was also revised up to 89.0 from 84.5. The improvement and upward revision are broadly consistent with the earlier rebound seen in the University of Michigan survey. That said, the labor market signals remain mixed. The share of respondents saying jobs are “hard to get” climbed to 20.6%—the highest since February 2021—from 19.0% in January. At the same time, the share viewing jobs as “plentiful” also increased to 28.0% from 25.8%. As a result, the labor market differential widened 0.6ppt to 7.4%. This dynamic continues to reflect a K-shaped economy—where resilience and softness coexist across sectors and income groups. Given the historically high correlation between the labor market differential and the unemployment rate, the modest rebound suggests no imminent deterioration in overall labor conditions, although pockets of weakness are emerging.

On the policy front, outgoing Atlanta Fed President Raphael Bostic noted that structurally higher unemployment stemming from AI deployment may not be fully offset by lower interest rates, underscoring the limits of monetary policy in addressing structural shifts. Boston Fed President Susan Collins and Richmond Fed President Thomas Barkin similarly indicated no urgency to adjust policy at this juncture. Stronger consumer data and steady Fed rhetoric have continued to push back rate-cut expectations, with futures markets now pricing in the first cut in July.

Market Watch: Looking ahead, markets will focus on President Trump’s annual State of the Union address for further clarity on tariff policy and potential geopolitical risks, including developments related to Iran. On the data front, the US calendar is relatively light. Attention will instead turn to the Euro Area’s final CPI reading for January and Germany’s 4Q GDP for additional signals on the global growth and inflation trajectory.

Key Market Movements

| Equity | Value | % chg |
|------------|--------------|-----------------|
| S&P 500 | 6890.1 | 0.8% |
| DJIA | 49175 | 0.8% |
| Nikkei 225 | 57321 | 0.9% |
| SH Comp | 4117.4 | 0.9% |
| STI | 5020.8 | -0.4% |
| Hang Seng | 26590 | -1.8% |
| KLCI | 1754.0 | -0.2% |
| | Value | % chg |
| DXY | 97.843 | 0.1% |
| USDJPY | 155.87 | 0.8% |
| EURUSD | 1.1772 | -0.1% |
| GBPUSD | 1.3489 | 0.0% |
| USDIDR | 16823 | 0.2% |
| USDSGD | 1.2671 | 0.1% |
| SGDMYR | 3.0753 | 0.0% |
| | Value | chg (bp) |
| 2Y UST | 3.46 | 2.31 |
| 10Y UST | 4.03 | -0.19 |
| 2Y SGS | 1.34 | -0.30 |
| 10Y SGS | 1.95 | -1.15 |
| 3M SORA | 1.13 | -0.61 |
| 3M SOFR | 3.75 | -0.39 |
| | Value | % chg |
| Brent | 70.77 | -1.0% |
| WTI | 65.63 | -1.0% |
| Gold | 5144 | -1.6% |
| Silver | 87.16 | -1.2% |
| Palladium | 1790 | 2.7% |
| Copper | 13167 | 2.3% |
| BCOM | 119.85 | -0.2% |

Source: Bloomberg

Major Markets

CH: According to estimates from the Data Center of the Ministry of Culture and Tourism, total domestic trips during the nine-day Lunar New Year holiday reached 596 million, an increase of 95 million compared with the eight-day holiday in 2025. Total domestic tourism spending rose to RMB 803.5 billion, up RMB 126.5 billion YoY. Both traveler numbers and aggregate spending hit record highs, in my view reinforcing the message that holiday-related consumption remains resilient despite lingering macro headwinds. That said, it is worth noting that part of the increase reflects the longer holiday period this year. Even so, the scale of spending suggests that consumer confidence has at least stabilized at the margin. On the liquidity front, the People's Bank of China (PBoC) announced that it will conduct RMB 600 billion of Medium-Term Lending Facility (MLF) operations today. With RMB 300 billion of MLF funds maturing this month, this implies a net injection of RMB 300 billion, marking the twelfth consecutive month of net MLF expansion. This underscores the central bank's clear bias toward maintaining ample liquidity and preventing an unintended tightening in financial conditions.

ID: Coordinating Economic Affairs Minister Airlangga Hartarto announced a strategic semiconductor partnership with the United States, supported by nearly USD5bn in initial investment, as reported by the Jakarta Globe. The first phase was formalized through a memorandum of understanding witnessed by President Prabowo Subianto in Washington on 18 February, involving Galang Bumi Industri, Essence Global Group, and Tynergy Technology Corp, with total projected investment expected to reach USD26.7bn. The project will cover manufacturing infrastructure, green industrial initiatives, workforce development, and joint research and development. It is expected to create around 5,000 skilled jobs, with construction set to begin at the Wiraraja Green Renewable Energy and Smart Eco Industrial Park. Separately, President Prabowo also attended the signing of a cooperation agreement between Danantara and Arm Limited in London on 23 February. The collaboration is expected to include sending 15,000 engineers to develop expertise in semiconductor design.

MY: The Manufacturing industry recorded capacity utilisation of 83.3% in 4Q25, rising 0.4 percentage points (pp) from 82.9% in 3Q25, with all sub sectors operating above 80%. Notably, improved utilisation was led by the non-metallic mineral Products, basic metal and fabricated metal products (84.9% from 84.4%), and electrical and electronic products (84.4 from 83.0), which partly offset the lower capacity utilization in the petroleum, chemical, rubber, and plastic products (81.2 from 81.8) and transport equipment & other manufacturers (84.8 from 85.5 sectors). By orientation, export-oriented industries increased to 82.5% in 4Q25 from 82.0% in 3Q25, while domestic oriented industries also edged up to 85.0% from 84.9% in the previous. For the full year, capacity utilisation averaged 82.6% in 2025, up 0.8pp from 81.8% in 2024.

TH: The Airports of Thailand (AOT) will raise the passenger service charge for outbound international travellers by 53.4% to THB1120 per person, effective from 20 June 2026. The adjustment will apply to six airports, including Suvarnabhumi, Don Mueang, and Phuket. According to AOT president Paweena Jariyathitipong, the Civil Aviation Board approved the adjustment on 3 December 2025, while the domestic fee will remain unchanged at THB130. AOT projects that the adjustment will add ~THB13bn to its revenue in fiscal year 2027, which will be used to fund projects such as the South Terminal at Suvarnabhumi Airport. Moreover, AOT reiterated that the additional revenue from higher fees is intended to reduce reliance on borrowing and strengthen its balance sheet.

ESG

ID: Indonesia's Ministry of Marine Affairs and Fisheries aims to launch its first blue carbon pilot projects on the international carbon market by 2027, leveraging Indonesia's mangrove and seagrass ecosystems. At least two pilot projects are expected to be market-ready within the next three years, considering the time required to meet the stringent demands of projects to produce high-quality carbon credits, including project preparation, validation and verification. To meet the 2027 goal, the ministry is collaborating with other institutions to finalise derivative regulations of Presidential Regulation No. 110 of 2025 by June 2026. The ministry has also identified 18 indicative sites for the Blue Carbon Reserve Zoning Plan, targeting both Specific National Strategic Areas and provincial sites.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 2bps lower to 1bps higher while belly tenors traded 1-2bps lower and 10Y traded 2bps lower. Global Investment Grade spreads widened by 1bps to 79bps and Global High Yield spreads widened by 1bps to 282bps respectively. Bloomberg Global Contingent Capital Index widened by 1bps to 224bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 61bps and Asia USD High Yield spreads tightened by 2bps to 345bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD3.95bn and USD16.4bn respectively.

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

- AbbVie Inc priced USD8bn of debt in seven tranches.
- Virginia Electric and Power Co priced USD2.1bn of debt in two tranches.
- Jacobs Solutions Inc priced USD1.3bn of debt in two tranches.
- Metlife Inc priced a USD1bn 30NC10 subordinated note.

There were three notable issuers in the APAC USD market yesterday where issuers priced deals of at least USD500mn.

- Sumitomo Mitsui Financial Group Inc priced USD1.25bn of debt in one tranche.
- Advanced Info Service PCL priced USD1bn of debt in two tranches.
- Sumitomo Corp priced USD1bn of debt in two tranches.

There was one notable issuance in the Singdollar market yesterday.

- iFAST Corp Ltd priced a SGD120mn 5Y fixed bond at 2.75%.

Mandates:

- Tohoku Electric Power Company, Incorporated may issue a 5Y senior fixed rate USD-denominated benchmark bonds.
- NTT Finance Corporation may issue USD denominated dual-listed Formosa senior unsecured notes under the Issuer's EMTN Programme.

Equity Market Updates

US: US stocks rebounded broadly, with the S&P 500 up 0.8%, the Nasdaq up 1.0% and the Dow up 0.8%, recovering much of the prior session's losses. The S&P briefly moved above its 50-day moving average but closed just below it. Buying interest returned to software after heavy selling, lifting the iShares Expanded Tech-Software Sector ETF by 1.9%, which was helped by news of new partnerships tied to Anthropic's Claude platform. Meanwhile, financials (+0.5%) stabilised as asset managers and payment names bounced, including a strong gain in PayPal (+6.7%) following reported takeover interest. Information technology (+1.2%) was supported by both software and semiconductors, with the PHLX Semiconductor Index up 1.5% and AMD (+8.8%) advancing on a multi-year AI systems agreement with Meta. Consumer discretionary (+1.6%) led the market, aided by strength in travel shares, tariff-exposed retailers, Home Depot (+2.0%) after an earnings beat, and mega-caps Tesla (+2.4%) and Amazon (+1.6%), which also contributed to a 1.1% rise in the Vanguard Mega Cap Growth ETF. Industrials (+1.2%), utilities (+1.1%) and consumer staples (+0.7%) also gained as participation broadened, while healthcare (-0.5%) lagged due to weakness in managed care stocks and energy (-0.1%) edged lower as Brent slipped to USD70.77 per barrel as of the time of writing. Small- and mid-cap indices outperformed, with the Russell 2000 climbing 1.2% and the S&P MidCap 400 rising 1.0%, signalling improved risk appetite.

Foreign Exchange

| | Day Close | % Change | | Day Close |
|---------|-----------|----------|---------|-----------|
| DXY | 97.843 | 0.14% | USD-SGD | 1.2671 |
| USD-JPY | 155.87 | 0.79% | EUR-SGD | 1.4919 |
| EUR-USD | 1.177 | -0.11% | JPY-SGD | 0.8127 |
| AUD-USD | 0.706 | 0.03% | GBP-SGD | 1.7094 |
| GBP-USD | 1.349 | -0.02% | AUD-SGD | 0.8943 |
| USD-MYR | 3.895 | 0.12% | NZD-SGD | 0.7557 |
| | | | CHF-SGD | 1.6372 |
| USD-IDR | 16823 | 0.17% | SGD-MYR | 3.0753 |
| USD-VND | 26188 | 0.46% | SGD-CNY | 5.4333 |

SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|-------|---------|--------|-------|----------|
| 1M | 1.9600 | 0.93% | 1M | 3.6697 |
| 3M | 2.0340 | 0.49% | 2M | 3.6753 |
| 6M | 2.1450 | 0.19% | 3M | 3.6692 |
| 12M | 2.2050 | 0.00% | 6M | 3.6230 |
| | | | 1Y | 3.4705 |

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 | -0.016 | -1.600 | -0.004 | 3.635 |
| 04/29/2026 | -0.165 | -14.900 | -0.041 | 3.598 |
| 06/17/2026 | -0.524 | -35.900 | -0.131 | 3.508 |
| 07/29/2026 | -0.945 | -42.100 | -0.236 | 3.402 |
| 09/16/2026 | -1.467 | -52.200 | -0.367 | 3.272 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|-------|-------------------------|---------|-------|
| WTI (per barrel) | 65.63 | -1.0% | Corn (per bushel) | 4.278 | 0.1% |
| Brent (per barrel) | 70.77 | -1.0% | Soybean (per bushel) | 11.395 | 0.5% |
| Heating Oil (per gallon) | 268.69 | 0.3% | Wheat (per bushel) | 5.675 | -0.4% |
| Gasoline (per gallon) | 197.14 | -0.9% | Crude Palm Oil (MYR/MT) | 40.170 | -0.8% |
| Natural Gas (per MMBtu) | 2.92 | -2.3% | | | |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 13167 | 2.3% | Gold (per oz) | 5144 | -1.6% |
| Nickel (per mt) | 17909 | 3.6% | Silver (per oz) | 87.16 | -1.2% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|------------|-----------|------------|
| DJIA | 49,174.50 | 370.44 |
| S&P | 6,890.07 | 52.32 |
| Nasdaq | 22,863.68 | 236.41 |
| Nikkei 225 | 57,321.09 | 495.39 |
| STI | 5,020.79 | -20.54 |
| KLCI | 1,754.01 | -3.97 |
| JCI | 8,280.83 | -115.25 |
| Baltic Dry | 2,112.00 | 69.00 |
| VIX | 19.55 | -1.46 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|-------|--------------|--------------|
| 2Y | 1.34 (-) | 3.45(-) |
| 5Y | 1.55 (-0.01) | 3.59 (+0.01) |
| 10Y | 1.95 (-0.01) | 4.03 (0) |
| 15Y | 2.05 (-0.01) | -- |
| 20Y | 2.08 (-0.01) | -- |
| 30Y | 2.15 (-0.02) | 4.69 (-0.02) |

Financial Spread (bps)

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

Secured Overnight Fin. Rate

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

Economic Calendar

| Date Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|-----------------|--------------|---|--------|--------|--------|----------|---------|
| 2/25/2026 5:00 | SK | Composite Business Survey Manufacturing | Feb | -- | 97.1 | 97.5 | -- |
| 2/25/2026 5:00 | SK | Composite Business Survey Non-Manu | Feb | -- | 92.2 | 91.7 | -- |
| 2/25/2026 10:00 | SK | Retail Sales YoY | Jan | -- | -- | 4.40% | -- |
| 2/25/2026 10:00 | SK | Department Store Sales YoY | Jan | -- | -- | 9.30% | -- |
| 2/25/2026 10:00 | SK | Discount Store Sales YoY | Jan | -- | -- | -9.00% | -- |
| 2/25/2026 11:00 | SK | Short-Term External Debt | 4Q | -- | -- | \$161.6b | -- |
| 2/25/2026 15:00 | TH | BoT Benchmark Interest Rate | 25-Feb | 1.25% | -- | 1.25% | -- |
| 2/25/2026 16:30 | HK | CPI Composite YoY | Jan | 1.20% | -- | 1.40% | -- |
| 2/25/2026 18:00 | EC | Eurozone Inflation Ticker Update | | | | | |
| 2/25/2026 18:00 | EC | CPI YoY | Jan F | 1.70% | -- | 1.70% | -- |
| 2/25/2026 18:00 | EC | CPI MoM | Jan F | -0.50% | -- | -0.50% | -- |
| 2/25/2026 18:00 | EC | CPI Core YoY | Jan F | 2.20% | -- | 2.20% | -- |
| 2/25/2026 20:00 | US | MBA Mortgage Applications | 20-Feb | -- | -- | 2.80% | -- |
| 2/25/2026 | HK | GDP Annual YoY | 2025 F | -- | -- | 3.50% | -- |
| 2/25/2026 | HK | GDP SA QoQ | 4Q F | 1.00% | -- | 1.00% | -- |
| 2/25/2026 | HK | GDP YoY | 4Q F | 3.80% | -- | 3.80% | -- |

Source: Bloomberg

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