

Daily Treasury Outlook

Highlights

Global: Market jitters about JPY intervention. Friday's sharp moves in USDJPY coupled with chatter about the New York Fed and BOJ checking rates prompted speculation of intervention, reminiscent of the 1985 Plaza Accord, albeit the BOJ had kept its policy rate steady last week. The S&P500 closed mildly higher by 0.03% on Friday after a tumultuous week that was whipsawed by Greenland concerns and tariff threats against selected European nations. In particular, Intel shares tumbled after a larger than expected quarterly loss. The 10-year UST bond yield also hovered around 4.2% even amid market speculation of foreign unloading of UST bonds and as precious metals like gold and silver saw fresh highs. Meanwhile, US president Trump also threatened 100% tariffs on Canada if the latter makes a trade deal with China. This came after Mark Carney's speech at Davos drew market attention for calling smaller countries to band together against the economic coercion of "great powers", which in turn could potentially stymie the USMCA review. Elsewhere, Fitch upgraded Turkey's outlook from stable to positive while keeping its long-term foreign currency rating at BB-, citing higher reserves and lower risk of policy easing.

Asian markets are likely to range trade today while awaiting the FOMC meeting mid-week. Today's economic data calendar comprises of Germany's IFO business climate and US' preliminary November durable goods orders. ECB speakers include Nagel and Kocher today. For the week ahead, monitor China's December industrial profits, US' ADP employment and a Conference Board consumer confidence tomorrow, Australia's December CPI on Wednesday, Philippines' 4Q25 GDP growth, Eurozone's economic confidence and US' initial jobless claims and trade data on Thursday, Japan's January CPI, and 4Q25 GDP growth estimates from Hong Kong, Macau, Taiwan and Germany on Friday.

Market Watch: For central banks, watch for Bank of Canada on Wednesday (likely to be static at 2.25%) and FOMC on Thursday (likely to also be unchanged at 3.5-3.75% but the economic assessment, particularly growth, labour market and inflation, will be key and Fed chair Powell is also likely to be asked about central bank independence). On the corporate earnings front, watch for Meta, Apple, Tesla and Microsoft, as well as Caterpillar, Boeing, GM and Verizon. US president Trump may also announce his Fed chair candidate soon.

SG: December industrial production due today will likely show a moderation of 7.2% YoY (-11.3% MoM sa), versus November's 14.3% YoY (-10.2% MoM sa). This implies the advance 4Q25 manufacturing and GDP growth estimates of 15% YoY and 5.7% respectively will be likely revised higher to 16.8% and 6.1%, bringing full year 2025 GDP growth to 4.9%. For the monetary policy review on Thursday, MAS may keep the slope, band and width unchanged for the third consecutive meeting as core inflation held steady at 1.2% YoY in December. Also, MAS may upgrade its 2026 headline and core inflation forecasts from 0.5-1.5% to 1-2% to account for the tighter manpower situation, fading base effects of rebates and subsidies, sticky asset price inflation such as COEs and private residential home prices which illustrates steady private consumption demand.

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Key Market Movements

Equity	Value	% chg
S&P 500	6915.6	0.0%
DJIA	49099	-0.6%
Nikkei 225	53847	0.3%
SH Comp	4136.2	0.3%
STI	4891.5	1.3%
Hang Seng	26750	0.4%
KLCI	1720.0	0.2%
	Value	% chg
DXY	97.599	-0.8%
USDJPY	155.7	-1.7%
EURUSD	1.1828	0.6%
GBPUSD	1.3643	1.1%
USDIDR	16822	-0.4%
USDSGD	1.2727	-0.6%
SGDMYR	3.1317	-0.4%
	Value	chg (bp)
2Y UST	3.59	-1.18
10Y UST	4.23	-1.97
2Y SGS	1.42	1.60
10Y SGS	2.13	-0.74
3M SORA	1.14	0.01
3M SOFR	3.88	-0.67
	Value	% chg
Brent	65.88	2.8%
WTI	61.07	2.9%
Gold	4987	1.0%
Silver	103.19	7.2%
Palladium	2018	5.5%
Copper	13115	2.8%
BCOM	119.58	1.6%

Source: Bloomberg

Major Markets

ID: Danantara Indonesia's chief investment officer, Pandu Sjahrir, said the sovereign wealth fund expects to invest up to USD14.0bn this year using dividends from businesses it already owns, up from about USD8.0bn committed last year. He said Danantara has issued bonds to support funding and plans a second, smaller issuance of its Patriot bonds within the next one to two months, subject to investor demand, according to Reuters. He added that Danantara plans to allocate around half of this year's investments to public markets mainly in Indonesia, while prioritising renewable energy, digital infrastructure, healthcare, food security, and improvements in governance standards.

MY: The Leading Index grew 0.2% YoY in November 2025, easing from 3.4% in October, signalling steady but moderating growth momentum, according to the Department of Statistics Malaysia (DOSM). DOSM noted that the "economy is expected to continue expanding in the near future, albeit at a softer pace with domestic demand remains as the backbone of growth. Nevertheless, external uncertainty poses potential downside risks that could weigh on Malaysia's overall economic prospects." Nonetheless, Leading Index growth remained relatively firm, averaging 1.8% YoY in October to November 2025 compared with 0.1% in 3Q25. Similarly, Coincident Index growth, which reflects current economic conditions, eased to 2.1% YoY in November from 2.7% in October 2025.

PH: According to BSP Governor Eli Remolona Jr., the BSP will not automatically defend any particular exchange-rate level and could allow the peso to drift toward the 60 level, as long as the move is orderly and not overly volatile. He noted that the peso has recently traded in the 59-60 range, pressured by a stronger USD, cautious risk sentiment, and uncertainty over the timing of major central banks' policy rate cuts. On monetary policy, Governor Remolona stated that even one additional rate cut in the current easing cycle remains uncertain and will be decided on a meeting-by-meeting basis, depending on incoming data. Since it began easing in August 2024, the BSP has reduced its policy rate by a cumulative 200 basis points to 4.50%.

TH: December customs export growth exceeded expectations, accelerating by 16.8% YoY (consensus: 8.0%), up from 7.1% in November. Similarly, customs import growths improved to 18.8% YoY (consensus: 15.0%) compared to 17.6% in November. As a result, the customs trade deficit narrowed to USD352mn, down from a deficit of USD2.7bn in November. Specifically, on the customs export front, the surge was driven by strong shipments in 'agro industrial products' (+6.8% YoY versus -2.3% in November) and 'principal manufacturing products' (20.3% YoY versus 12.2%) which more than offset lower shipments in 'agricultural products' and 'mineral products and fuel'. For the full year 2025, customs exports and imports accelerated to 12.9% YoY, up from 5.5% and 5.9%, respectively, in 2024. According to the Ministry of Commerce, "exports are expected to expand at a slower pace in 2026 from more tangible effect of existing and new US tariff measures, as well as changes to global trade order from heightened geopolitical tensions." The ministry forecast outbound shipments to be between -3.1% and +1.1%.

VN: Vietnam's Communist Party unanimously reappointed To Lam as general secretary for another five-year term at the conclusion of its five-yearly congress in Hanoi last week, with the party central committee voting 180 out of 180 in his favour. Separately, Vietnam is set to elevate its partnership with the European Union during European Council President António Costa's visit to Hanoi on 29 January. The upgrade is expected to expand collaboration in areas such as technology, energy and critical minerals.

ESG

Rest of the world: Wind and solar power generated more electricity than fossil fuels in the EU for the first time last year, highlighting the EU's continued shift towards low-carbon energy despite geopolitical headwinds. A 19% increase in solar capacity drove the record output from renewables, which offset reduced hydropower generation caused by drought. Renewables and nuclear power supplied 71% of EU's electricity mix last year, with solar now providing more than one-fifth of electricity in some countries including Hungary, Spain and the Netherlands. Coal's share of EU's electricity mix also fell to a record low of 9.2%. Despite strong growth in renewables, challenges pertaining to grid infrastructure constraints and limited transmission capacity would need to be addressed to reduce curtailment of wind and solar generation.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded flat to lower last Friday with shorter tenors trading flat to 1bps lower while belly tenors traded 2-3bps lower and 10Y traded 4bps lower. Global Investment Grade spreads widened by 1bps to 72bps and Global High Yield spreads widened by 6bps to 248bps respectively. Bloomberg Global Contingent Capital Index traded flat at 220bps. Bloomberg Asia USD Investment Grade spreads traded flat at 57bps and Asia USD High Yield spreads tightened by 2bps to 330bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market last Friday were USD350mn and USD1.95bn respectively.

There was one notable issuer in the DM IG market last Friday where issuers priced deals of at least USD1.0bn.

- Huntington Bancshares Inc/OH priced USD1.75bn of debt in two tranches.

Among issuers under our official coverage, Goldman Sachs Finance Corp International Ltd (guarantor: Goldman Sachs Group Inc/The) priced a USD200mn 10Y fixed bond at 5.13%.

There were no notable issuers in the APAC USD market last Friday where issuers priced deals of at least USD500mn.

There was one notable issuance in the Singdollar market last Friday.

- Emirates NBD Bank PJSC priced a SGD40mn 2Y unsecured, fixed bond at 1.94%.

Mandates:

- Hanuman Wind Power Limited may issue USD-denominated senior secured fixed rate green bonds.

Equity Market Updates

US: US equities finished a volatile week on a mixed and relatively subdued note, with the S&P 500 ending broadly flat, the Nasdaq rising 0.3% and the Dow falling 0.6%, as strength in several large-cap stocks offset weaker overall market breadth. Seven of the eleven S&P 500 sectors closed higher, led by materials (+0.9%) on gains in container and packaging names, while consumer discretionary (+0.7%) and information technology (+0.5%) also advanced on solid mega-cap support, notably from Microsoft (+3.4%) even as semiconductor stocks lagged following weaker guidance from Intel. In contrast, financials (-1.4%) were the weakest sector after a sharp decline in Capital One (-7.6%) weighed on sentiment, while industrials (-0.8%), healthcare (-0.6%) and utilities (-0.4%) also moved lower amid a modest rotation back towards the large cap stocks. Despite more sectors rising than falling, underlying breadth was softer this week, with declines outpacing advances and smaller-cap indices underperforming, as both the Russell 2000 (-1.8%) and S&P Mid Cap 400 (-1.0%) recorded notable losses. Overall, resilience in the market's heaviest constituents helped limit downside ahead of a key week for earnings, particularly from several major technology names, while US Treasury yields edged slightly lower across the curve.

Foreign Exchange

	Day Close	% Change		Day Close
DX	97.599	-0.77%	USD-SGD	1.2727
USD-JPY	155.70	-1.71%	EUR-SGD	1.5047
EUR-USD	1.183	0.62%	JPY-SGD	0.8175
AUD-USD	0.689	0.79%	GBP-SGD	1.7359
GBP-USD	1.364	1.05%	AUD-SGD	0.8776
USD-MYR	4.007	-0.77%	NZD-SGD	0.7572
USD-CNY	6.963	-0.09%	CHF-SGD	1.6309
USD-IDR	16822	-0.37%	SGD-MYR	3.1317
USD-VND	26243	-0.11%	SGD-CNY	5.4669

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9590	-0.41%	1M	3.6745
3M	2.0380	0.39%	2M	3.6745
6M	2.1570	0.37%	3M	3.6703
12M	2.2430	1.22%	6M	3.6331
			1Y	3.5173

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.028	-2.800	-0.007	3.633
03/18/2026	-0.166	-13.900	-0.042	3.598
04/29/2026	-0.328	-16.100	-0.082	3.558
06/17/2026	-0.745	-41.700	-0.186	3.453
07/29/2026	-1.068	-32.300	-0.267	3.373
09/16/2026	-1.451	-38.300	-0.363	3.277

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	61.07	2.9%	Corn (per bushel)	4.305	1.5%
Brent (per barrel)	65.88	2.8%	Soybean (per bushel)	10.678	0.4%
Heating Oil (per gallon)	242.85	2.6%	Wheat (per bushel)	5.295	2.7%
Gasoline (per gallon)	185.10	1.9%	Crude Palm Oil (MYR/MT)	41.280	-0.3%
Natural Gas (per MMBtu)	5.28	4.6%	Rubber (JPY/KG)	3.505	0.9%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13115	2.8%	Gold (per oz)	4987	1.0%
Nickel (per mt)	18756	4.2%	Silver (per oz)	103.19	7.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	49,098.71	-285.30
S&P	6,915.61	2.26
Nasdaq	23,501.24	65.22
Nikkei 225	53,846.87	157.98
STI	4,891.45	63.13
KLCI	1,719.99	2.85
JCI	8,951.01	-41.17
Baltic Dry	1,762.00	1.00
VIX	16.09	0.45

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.42 (+0.02)	3.59(-)
5Y	1.75 (+0.02)	3.82 (-0.02)
10Y	2.13 (-0.01)	4.21 (-0.02)
15Y	2.14 (-)	-
20Y	2.13 (-0.01)	-
30Y	2.24 (-0.01)	4.81 (-0.01)

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
1/26/2026 13:00	JN	Tokyo Condominiums for Sale YoY	Dec	--	--	-14.40%	--
1/26/2026 13:00	JN	Leading Index CI	Nov F	--	--	110.5	--
1/26/2026 13:00	JN	Coincident Index	Nov F	--	--	115.2	--
1/26/2026 21:30	US	Chicago Fed to Release Oct. and Nov. National Activity Index					
1/26/2026 21:30	US	Chicago Fed Nat Activity Index	Nov	-0.2	--	-0.21	--
1/26/2026 21:30	US	Durable Goods Orders	Nov P	3.80%	--	-2.20%	--
1/26/2026 21:30	US	Durables Ex Transportation	Nov P	0.30%	--	0.10%	--
1/26/2026 21:30	US	Cap Goods Orders Nondef Ex Air	Nov P	0.30%	--	0.50%	--
1/26/2026 21:30	US	Cap Goods Ship Nondef Ex Air	Nov P	0.30%	--	0.80%	--
1/26/2026 23:30	US	Dallas Fed Manf. Activity	Jan	-8.6	--	-10.9	--

Source: Bloomberg

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