Daily Treasury Outlook

Highlights

Global: The DXY index dropped further during the US session, further pressured by comments from President Trump stating that he is not concerned with the decline of the USD. Specifically, he said the "dollar is doing great". The UST yield curve steepened as short-term fell and longer-term yields rose while US equities ended the session mixed (S&P: +0.4%; NASDAQ: +0.9%; Dow: -0.8%). Gold hit an all-time high of USD5187.38/ounce but has since come off slightly. The data releases overnight were limited in its significance, with the FHFA house price index rising 0.6% MoM in November from 0.4% in October. The Richmond Fed manufacturing index was -6 for January 2026 versus -7 in December 2025. The January Conference Board consumer confidence index declined to 84.5 from 94.2 in December. The chances of a partial government shutdown have increased in recent days following heightened tensions in the US state of Minnesota. Senate Democrats are rallying to oppose a bill that will fund the Department of Homeland Security. The House of Representatives voted on 22 January to send a USD1.2trn spending package to the Senate. The bill needs 60 votes to overcome the filibuster and pass the Senate. The Republicans hold a 53-47 majority in the Senate. If the bill fails to pass the Senate, a partial government shutdown for some agencies loom from 12:01 a.m. ET Saturday.

Market Watch: The focus for tonight will be the US Federal Reserve meeting. The FOMC is widely expected to keep its policy rate unchanged, but the tone of the statement and Fed Chair Powell's press conference will be watched very closely. Other data releases today include Australia's December CPI, which will be watched closely ahead of RBA's 3 February meeting. Philippines 4Q25 agriculture output, South Korea December retail sales and India December industrial production. Bank of Canada also meets tonight and is expected to leave its policy rate unchanged.

Key Market Movements

Equity	Value	% chg
S&P 500	6978.6	0.4%
DJIA	49003	-0.8%
Nikkei 225	53334	0.8%
SH Comp	4139.9	0.2%
STI	4923.0	1.3%
Hang Seng	27127	1.4%
KLCI	1771.3	1.6%
	Value	**% chg**
DXY	96.217	-0.8%
USDJPY	152.21	-1.3%
EURUSD	1.2041	1.4%
GBPUSD	1.3849	1.2%
USDIDR	16766	-0.1%
USDSGD	1.2613	-0.7%
SGDMYR	3.1200	-0.2%
	Value	**chg (bp)**
2Y UST	3.57	-1.69
10Y UST	4.24	3.19
2Y SGS	1.38	-2.10
10Y SGS	2.07	0.31
3M SORA	1.15	0.22
3M SOFR	3.85	-0.73
	Value	**% chg**
Brent	67.57	3.0%
WTI	62.39	2.9%
Gold	5180	3.4%
Silver	112.08	8.0%
Palladium	1932	-1.5%
Copper	13007	-1.5%
BCOM	121.37	-0.1%

Source: Bloomberg

Major Markets

ID: The Financial System Stability Committee expects the economy to grow by 5.4% in 2026, supported by stronger domestic demand despite rising global financial market volatility and persistent geopolitical and trade tensions. The committee added that global conditions remain challenging due to the lagged impact of U.S. import tariffs, fragile supply chains, elevated U.S. Treasury yields, and a narrower scope for Federal Reserve rate cuts. Meanwhile, growth in Japan, China, and India is expected to slow amid weaker domestic demand and exports. Finance Minister Purbaya Yudhi Sadewa said domestic growth will be underpinned by coordinated policies across KSSK institutions, as well as improved investment through Danantara Indonesia.

MY: Deputy Investment, Trade and Industry Minister Sim Tze Tzin said Malaysia's total trade is expected to grow by 3% to 5% this year after reaching a record MYR3.1trn in 2025, despite geopolitical uncertainties and technological disruptions. Total trade grew 6.3% YoY in 2025, easing from 9.2% in 2024 (MYR2.9trn), with exports increasing 6.5% to a record MYR1.6trn from 5.8% growth in 2024, and imports rising 6.2% (MYR1.5trn) from 13.1% in 2024. Deputy Minister Sim added that the ministry will intensify export promotion, pursue additional bilateral trade agreements, including signing the Malaysia–South Korea FTA by mid-year, and strengthen competitiveness through digitalisation, industrial upgrading, and skills development.

PH: December trade data exceeded expectations, with exports growth accelerating by 23.3% YoY (consensus: 19.2%), up from an upwardly revised 21.6% in November. Similarly, import growths improved to 7.1% YoY (consensus: 2.0%) compared to an upwardly revised 2.3% in November. As a result, the trade deficit narrowed to USD3.5bn, down from a deficit of USD4.0bn in November. Higher shipments of 'total agro products', 'forest products', 'petroleum products', and 'manufactures' more than offset lower shipments in 'mineral products'. By destination, exports to the US remain robust at 14.3% YoY (November: 19.9%), marking three consecutive months of double-digit growth. For the full year 2025, exports and imports accelerated to 15.2% YoY and 4.7% YoY, up from -0.5% and 1.1%, respectively, in 2024.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded flat to lower yesterday with shorter tenors trading 1bps lower while belly tenors traded flat to 1bps lower and 10Y traded flat. Global Investment Grade spreads traded flat at 72bps and Global High Yield spreads widened by 1bps to 256bps respectively. Bloomberg Global Contingent Capital Index tightened by 2bps to 218bps. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 57bps and Asia USD High Yield spreads tightened by 2bps to 329bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD4bn and USD5.4bn respectively.

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

- Fedex Freight Holding Co Inc priced USD3.7bn of debt in four tranches.
- Royal Bank of Canada priced a USD1bn of Additional Tier 1 capital instrument.

Among issuers under our official coverage, Barclays Bank PLC priced a USD100mn 2Y fixed bond at 3.14%.

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

- Macquarie Bank Ltd priced USD1.7bn of debt in two tranches.
- Perusahaan Perseroan Persero PT Perusahaan Listrik Negara priced USD1.5bn of debt in two tranches.
- Hongkong Electric Finance Ltd (guarantor: Hongkong Electric Co Ltd/The) priced a USD500mn 10Y fixed bond at 4.824%.

There were no issuances in the Singdollar market yesterday.

Mandates:

- There were no notable mandates yesterday.

Equity Market Updates

US: US markets finished mixed as investors worked through another heavy round of earnings and positioned ahead of results from several large technology firms, with strength in tech lifting the S&P 500 to a fresh record close and driving a 0.9% gain in the Nasdaq, while the Dow fell 0.8% due to weakness in select index heavyweights. Overall, information technology (+1.4%) led the market, supported by gains in Apple (+1.1%) Microsoft (+2.2%) and NVIDIA (+1.1%), alongside a broader rebound in semiconductor stocks, while large-cap growth stocks continued to outperform as investors gravitated back towards the market's biggest names. Utilities (+1.3%) and energy (+1.0%) also advanced, with utilities benefiting from seasonal demand expectations and energy supported by a 3% rise in Brent futures due to a winter storm in the US. In contrast, healthcare (-1.7%) was the clear laggard, weighed down by sharp declines in major insurers following updated guidance on Medicare reimbursement rates, with losses in UnitedHealth (-19.6%) dragging on the Dow. Elsewhere, financials (-0.7%) edged lower on mixed earnings reactions, while other sectors saw only modest moves as overall breadth improved later in the session. The Russell 2000 (+0.3%) posted a small gain and mid-caps were flat, underscoring a continued preference for large-cap stocks. With several mega-cap earnings due imminently and the Federal Reserve decision scheduled for the following day, markets remain focused on whether forthcoming results and guidance can sustain momentum now that the S&P 500 has returned to record territory.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	96.217	-0.85%	**USD-SGD**	1.2613
USD-JPY	152.21	-1.28%	**EUR-SGD**	1.5198
EUR-USD	1.204	1.36%	**JPY-SGD**	0.8278
AUD-USD	0.701	1.36%	**GBP-SGD**	1.7449
GBP-USD	1.385	1.24%	**AUD-SGD**	0.8836
USD-MYR	3.954	-0.29%	**NZD-SGD**	0.7615
USD-CNY	6.955	0.01%	**CHF-SGD**	1.6548
USD-IDR	16766	-0.08%	**SGD-MYR**	3.1200
USD-VND	26139	-0.21%	**SGD-CNY**	5.5074

Equity and Commodity

Index	Value	Net change
DJIA	49,003.41	-408.99
S&P	6,978.60	28.37
Nasdaq	23,817.10	215.74
Nikkei 225	53,333.54	448.29
STI	4,923.02	62.09
KLCI	1,771.25	27.18
JCI	8,980.23	4.90
Baltic Dry	1,780.00	18.00
VIX	16.35	0.20

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9390	-1.02%	**1M**	3.6725
3M	2.0380	0.00%	**2M**	3.6700
6M	2.1560	-0.05%	**3M**	3.6654
12M	2.2470	0.18%	**6M**	3.6212
			1Y	3.4956

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.38 (-0.02)	3.56(--)
5Y	1.71 (+0.01)	3.83 (+0.01)
10Y	2.07 (--)	4.23 (+0.03)
15Y	2.08 (+0.01)	--
20Y	2.1 (+0.02)	--
30Y	2.21 (+0.01)	4.85 (+0.06)

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	-0.177	-14.900	-0.044	3.595
04/29/2026	-0.328	-15.100	-0.082	3.558
06/17/2026	-0.827	-49.900	-0.207	3.433
07/29/2026	-1.118	-29.100	-0.279	3.360
09/16/2026	-1.569	-45.100	-0.392	3.247

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)	62.39	2.9%	Corn (per bushel)	4.265	-0.4%
Brent (per barrel)	67.57	3.0%	Soybean (per bushel)	10.673	0.5%
Heating Oil (per gallon)	264.62	3.0%	Wheat (per bushel)	5.233	0.1%
Gasoline (per gallon)	186.52	2.5%	Crude Palm Oil (MYR/MT)	41.820	0.2%
Natural Gas (per MMBtu)	6.95	2.3%	Rubber (JPY/KG)	3.345	-4.6%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13007	-1.5%	Gold (per oz)	5180	3.4%
Nickel (per mt)	18169	-1.9%	Silver (per oz)	112.08	8.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/28/2026 10:00	SK	Retail Sales YoY	Dec	--	--	4.20%	--
1/28/2026 10:00	SK	Department Store Sales YoY	Dec	--	--	12.30%	--
1/28/2026 10:00	SK	Discount Store Sales YoY	Dec	--	--	-9.10%	--
1/28/2026 11:30	TH	Car Sales	Dec	--	--	51044	--
1/28/2026 15:30	ID	Bloomberg Jan. Indonesia Economic Survey					
1/28/2026 20:00	US	MBA Mortgage Applications	23-Jan	--	--	14.10%	--
1/28/2026 22:45	CA	Bank of Canada Rate Decision	28-Jan	2.25%	--	2.25%	--

Source: Bloomberg

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