

Daily Treasury Outlook

Highlights

Global: Wall Street ended mixed overnight, with gains led by the tech-heavy Nasdaq, while the S&P 500 briefly crossed the 7,000 marks for the first time before easing and closed -0.01% at 6,978. Meanwhile, the US dollar rebounded after Treasury Secretary Scott Bessent reaffirmed Washington's "strong dollar policy" and said the administration "absolutely not" intervening in the currency market or strengthening the Japanese yen. The Federal Open Market Committee left the federal funds rate unchanged at 3.50%–3.75%, as expected, while Governors Christopher Waller and Stephen Miran dissented in favour of a 25bp cut. The Fed noted solid economic activity, moderating job gains, and early signs of stabilisation in unemployment, while inflation remains somewhat elevated. Chair Jerome Powell signals that the Fed is in no hurry to cut rates, emphasising the need to balance risks to its dual mandate amid heightened uncertainty. Elsewhere, geopolitical tensions also remained in focus. US President Trump warned Iran that "time is running out" to reach a deal to avert potential US military action, noting that a naval fleet is prepared for an operation "like with Venezuela, it is, ready, willing, and able to rapidly fulfil its mission, with speed and violence, if necessary."

Market Watch: This morning, MAS maintained its policy band at its January monetary policy review. MAS also revised higher its headline and core inflation forecast to 1-2%, from 0.5-1.5% previously. MAS noted that "On average over 2026, core inflation momentum is expected to come in at a pace that is slightly below trend. CPI-All Items inflation would additionally reflect subdued accommodation costs with the continued pass through of weaker housing rental growth of the past year." Data on tap today includes the Philippines' 4Q25 and 2025 GDP print, with our house view expecting growth to ease further to 3.5% YoY from 3.9% in 3Q25. Later in the day, the US will release its November trade data. Elsewhere, ECB Cipollone will speak tonight.

Key Market Movements

| Equity | Value | % chg |
|------------|--------|----------|
| S&P 500 | 6978.0 | 0.0% |
| DJIA | 49016 | 0.0% |
| Nikkei 225 | 53359 | 0.0% |
| SH Comp | 4151.2 | 0.3% |
| STI | 4909.3 | -0.3% |
| Hang Seng | 27827 | 2.6% |
| KLCI | 1756.5 | -0.8% |
| | Value | % chg |
| DXY | 96.446 | 0.2% |
| USDJPY | 153.41 | 0.8% |
| EURUSD | 1.1954 | -0.7% |
| GBPUSD | 1.3808 | -0.3% |
| USDIDR | 16706 | -0.4% |
| USDSGD | 1.2629 | 0.1% |
| SGDMYR | 3.1099 | -0.3% |
| | Value | chg (bp) |
| 2Y UST | 3.57 | -0.19 |
| 10Y UST | 4.24 | 0.00 |
| 2Y SGS | 1.37 | -1.50 |
| 10Y SGS | 2.04 | -2.84 |
| 3M SORA | 1.15 | 0.07 |
| 3M SOFR | 3.85 | -0.68 |
| | Value | % chg |
| Brent | 68.40 | 1.2% |
| WTI | 63.21 | 1.3% |
| Gold | 5417 | 4.6% |
| Silver | 116.70 | 4.1% |
| Palladium | 2054 | 6.3% |
| Copper | 13087 | 0.6% |
| BCOM | 122.89 | 1.2% |

Source: Bloomberg

Major Markets

ID: The Jakarta Composite Index (IHSG) sank as much as 8%, triggering a trading halt, before closing down 7.3% on Wednesday (28 January), after MSCI raised concerns about “investability issues” and data transparency in the index. MSCI said it would pause adjustments to Indonesian securities due to opaque ownership structures and concerns over coordinated trading. The index provider stated that if insufficient progress on transparency is achieved by May 2026, it will reassess Indonesia’s market accessibility, sparking fears of a possible downgrade from emerging-market to frontier-market status. The Indonesia Stock Exchange said it is working with MSCI to improve data transparency.

MY: Producer Price Index declined by 2.7% YoY in December 2025, extending the 1.8% contraction recorded in November. By sector, Agriculture, forestry and fishing fell by 12.1% YoY in December from -9.7% in November, led by a 19.6% drop in perennial crops, while Mining declined by 8.8% YoY from -7.2% due to weaker natural gas and crude petroleum extraction. Similarly, manufacturing PPI contracted by 1.3% YoY from -0.6%, amid lower refined petroleum product prices. In contrast, Electricity and gas PPI was steady at 4.1% YoY, while Water supply increased by 10.9% YoY from 10.1%. On a full-year basis, PPI fell by 2.0% in 2025, reversing the 0.3% increase in 2024.

TH: The Fiscal Policy Office (FPO) trimmed its 2025 GDP forecast to 2.2%, down from the previous estimate of 2.4%. According to Director-General Vinit Visessuvanapoom, the downgrade was due to the growth slowdown in 3Q25, which was further exacerbated by refinery shutdowns that affected the manufacturing sector. However, growth is expected to improve in 4Q25 as consumption support measures (e.g. “Khon La Khrueng Plus” co-payment and “Tiew Dee Mee Kuen” tax-deduction schemes) and accelerated budget disbursement supported economic activity. For 2026, the FPO maintained its growth forecast of 2.0%. This growth will be supported by the tourism sector, with foreign tourist arrivals expected to increase by 7% YoY to 35.5mn, while private investment is projected to rise by 3.2%, supported by projects approved by the Board of Investment. Regarding inflation, the FPO expects it to remain subdued, rising by 0.3% in 2026, up from -0.1% in 2025. Meanwhile, the FPO anticipates the current account surplus to widen to 2.8% in 2025, before narrowing to 2% in 2026.

ESG

ID: The Indonesian government is set to launch a roadmap for decarbonisation in the transportation sector in May 2026. It will outline the government's medium- and long-term strategic measures to reduce carbon emissions across the transportation sector. Several priority efforts include accelerating the drafting and enactment of regulations for the development of the Trans-Sumatra, Trans-Kalimantan, and Trans-Sulawesi railway networks. In efforts to decarbonise air transport, the Coordinating Ministry for Infrastructure and Regional Development is also preparing a presidential regulation on the implementation of sustainable aviation fuel. The use of carbon offset mechanisms within transportation subsectors was highlighted as a complementary tool to support the achievement of national decarbonisation targets.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-3bps lower while belly tenors traded 3-4bps lower and 10Y traded 2bps lower. Global Investment Grade spreads tightened by 1bps to 71bps and Global High Yield spreads widened by 1bps to 257bps respectively. Bloomberg Global Contingent Capital Index tightened by 1bps to 217bps. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 56bps and Asia USD High Yield spreads tightened by 3bps to 326bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were only USD104.5mn in total.

There were no notable issuers in the DM IG, APAC USD and Singdollar markets yesterday.

Mandates:

- Dalian Wanda Commercial Management Group Co., Ltd. may issue USD-denominated senior offering.
- Muthoot Finance Limited may issue USD-denominated senior secured bond offering with 4.5 years door to door tenor and 4 years weighted average life.

Equity Market Updates

US: US equities ended the session little changed as investors digested an uneventful January Federal Reserve meeting and positioned ahead of a heavy slate of mega-cap earnings. The S&P 500 and Dow finished flat, while the Nasdaq edged 0.2% higher, having briefly pushed to another intraday record early in the day before trading settled into a narrow range. The Fed left interest rates unchanged as expected, and Chair Powell's comments largely reinforced the view that policy decisions will remain data-dependent, offering no new signals to shift market expectations. Sector moves were modest, with energy (+0.7%) leading on firmer oil prices and information technology (+0.6%) providing support at the index level, driven by strong gains in semiconductor stocks. Seagate (+19.1%) and Intel (+11.0%) posted outsized advances, helping lift the semiconductor index, while NVIDIA (+1.6%) also outperformed on reports of regulatory approval in China. By contrast, consumer discretionary (-0.7%) and real estate (-0.9%) lagged, weighed down by weakness in several large-cap names, and healthcare (-0.8%) continued to underperform. Momentum in mega-caps eased after several strong sessions, with investors largely standing aside ahead of earnings from Microsoft, Meta and Tesla after the close. Smaller-cap stocks remained soft, as both the Russell 2000 (-0.5%) and mid-caps declined. In fixed income, Treasury yields edged slightly higher following the Fed decision, reflecting a steady policy backdrop rather than any shift in outlook.

Foreign Exchange

| | Day Close | % Change | | Day Close |
|---------|-----------|----------|---------|-----------|
| DX | 96.446 | 0.24% | USD-SGD | 1.2629 |
| USD-JPY | 153.41 | 0.79% | EUR-SGD | 1.5092 |
| EUR-USD | 1.195 | -0.72% | JPY-SGD | 0.8231 |
| AUD-USD | 0.704 | 0.43% | GBP-SGD | 1.7436 |
| GBP-USD | 1.381 | -0.30% | AUD-SGD | 0.8893 |
| USD-MYR | 3.920 | -0.85% | NZD-SGD | 0.7653 |
| USD-CNY | 6.948 | -0.09% | CHF-SGD | 1.6431 |
| USD-IDR | 16706 | -0.36% | SGD-MYR | 3.1099 |
| USD-VND | 26076 | -0.24% | SGD-CNY | 5.4937 |

SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|-------|---------|--------|-------|----------|
| 1M | 1.9440 | 0.26% | 1M | 3.6690 |
| 3M | 2.0390 | 0.05% | 2M | 3.6690 |
| 6M | 2.1540 | -0.09% | 3M | 3.6640 |
| 12M | 2.2490 | 0.09% | 6M | 3.6226 |
| | | | 1Y | 3.5011 |

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 | -0.139 | -13.900 | -0.035 | 3.603 |
| 04/29/2026 | -0.280 | -14.100 | -0.070 | 3.568 |
| 06/17/2026 | -0.774 | -49.400 | -0.193 | 3.444 |
| 07/29/2026 | -1.070 | -29.600 | -0.268 | 3.370 |
| 09/16/2026 | -1.478 | -40.800 | -0.370 | 3.268 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|-------|-------------------------|---------|-------|
| WTI (per barrel) | 63.21 | 1.3% | Corn (per bushel) | 4.300 | 0.8% |
| Brent (per barrel) | 68.40 | 1.2% | Soybean (per bushel) | 10.750 | 0.7% |
| Heating Oil (per gallon) | 266.61 | 0.8% | Wheat (per bushel) | 5.360 | 2.4% |
| Gasoline (per gallon) | 189.23 | 1.5% | Crude Palm Oil (MYR/MT) | 41.980 | 0.4% |
| Natural Gas (per MMBtu) | 7.46 | 7.3% | Rubber (JPY/KG) | 3.391 | 1.4% |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 13087 | 0.6% | Gold (per oz) | 5417 | 4.6% |
| Nickel (per mt) | 18270 | 0.6% | Silver (per oz) | 116.70 | 4.1% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|------------|-----------|------------|
| DJIA | 49,015.60 | 12.19 |
| S&P | 6,978.03 | -0.57 |
| Nasdaq | 23,857.45 | 40.35 |
| Nikkei 225 | 53,358.71 | 25.17 |
| STI | 4,909.34 | -13.68 |
| KLCI | 1,756.49 | -14.76 |
| JCI | 8,320.56 | -659.67 |
| Baltic Dry | 1,999.00 | 219.00 |
| VIX | 16.35 | 0.00 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|-------|--------------|-----------|
| 2Y | 1.37 (-0.01) | 3.57(-) |
| 5Y | 1.66 (-0.05) | 3.83(-) |
| 10Y | 2.04 (-0.03) | 4.25(-) |
| 15Y | 2.09 (+0.01) | -- |
| 20Y | 2.09 (-) | -- |
| 30Y | 2.2 (-0.01) | 4.87(-) |

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 |
|-----------------|--------------|---------------------------------------|--------|----------|--------|----------|---------|
| 1/29/2026 3:00 | US | FOMC Rate Decision (Upper Bound) | 28-Jan | 3.75% | 3.75% | 3.75% | -- |
| 1/29/2026 3:00 | US | FOMC Rate Decision (Lower Bound) | 28-Jan | 3.50% | 3.50% | 3.50% | -- |
| 1/29/2026 3:00 | US | Fed Interest on Reserve Balances Rate | 29-Jan | 3.65% | 3.65% | 3.65% | -- |
| 1/29/2026 3:00 | US | Fed Reverse Repo Rate | 29-Jan | -- | 3.50% | 3.50% | -- |
| 1/29/2026 10:00 | PH | GDP YoY | 4Q | 3.70% | -- | 4.00% | -- |
| 1/29/2026 10:00 | PH | GDP SA QoQ | 4Q | 0.90% | -- | 0.40% | -- |
| 1/29/2026 10:00 | PH | GDP Annual YoY | 2025 | 4.60% | -- | 5.60% | -- |
| 1/29/2026 12:00 | TH | Mfg Production Index ISIC NSA YoY | Dec | -0.40% | -- | -4.24% | -- |
| 1/29/2026 12:00 | TH | Capacity Utilization ISIC | Dec | -- | -- | 55.49 | -- |
| 1/29/2026 21:30 | US | Nonfarm Productivity | 3Q F | 4.90% | -- | 4.90% | -- |
| 1/29/2026 21:30 | US | Unit Labor Costs | 3Q F | -1.90% | -- | -1.90% | -- |
| 1/29/2026 21:30 | US | Initial Jobless Claims | 24-Jan | 205k | -- | 200k | -- |
| 1/29/2026 21:30 | US | Initial Claims 4-Wk Moving Avg | 24-Jan | -- | -- | 201.50k | -- |
| 1/29/2026 21:30 | US | Continuing Claims | 17-Jan | 1850k | -- | 1849k | -- |
| 1/29/2026 21:30 | US | Trade Balance | Nov | -\$44.0b | -- | -\$29.4b | -- |
| 1/29/2026 21:30 | US | Exports MoM | Nov | -1.70% | -- | 2.60% | -- |

Source: Bloomberg

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