

Daily Treasury Outlook

Highlights

Global: US equities ended Tuesday modestly lower, led by declines in financial stocks, as markets continued to digest President Trump's proposal to impose a one-year 10% cap on credit card interest rates. On the earnings call, JPMorgan CEO Jamie Dimon cautioned that such a cap would ultimately hurt consumers, as banks would be forced to curtail credit supply. He warned that reduced access to credit could have unintended macro consequences.

On the data front, U.S. CPI rose 0.3% MoM in December, driven primarily by shelter costs (+0.4% MoM) and food prices, which surged 0.7% MoM—the largest monthly increase since October 2022. Within food, beef prices remained a key pressure point: steak prices jumped 3.1% MoM, translating into a sharp 17.8% YoY increase. Food away from home also rose 0.7% MoM, the strongest gain since October 2022, despite Trump's partial rollback of agricultural tariffs. Overall, food prices increased 3.1% YoY in December. Core CPI rose 0.2% MoM in December, in line with estimates. It is worth noting that core inflation readings from September to November were affected by the 43-day government shutdown, which disrupted price collection in October. Headline CPI rose 2.7% YoY, while core CPI increased 2.6% YoY. Given strong seasonal effects in January, inflation readings are likely to remain elevated in the near term, limiting the Fed's room for any imminent rate cuts.

Separately, news of a criminal investigation involving Fed Chair Powell renewed concerns over Federal Reserve independence, reinforcing the diversification case away from U.S. assets for some investors. Commenting on the issue, Dimon noted that "this is probably not a great idea," warning that it could ultimately raise inflation expectations and push interest rates higher. That said, global central banks rallied behind Powell, with a group of central bank chiefs issuing a joint statement expressing full solidarity with the Federal Reserve and its Chair. Markets will continue to closely monitor developments surrounding Fed independence.

In the January Global Economic Prospects report, the World Bank revised up its 2026 global growth forecast to 2.6% YoY from its June 2025 projection, although this still represents a slight slowdown from 2.7% YoY in 2025. The upward revision reflects stronger-than-expected U.S. growth, with U.S. GDP now projected to accelerate to 2.2% in 2026 from an estimated 2.1% in 2025. In contrast, China's growth is expected to moderate to 4.4% in 2026 from 4.9% in 2025, while eurozone growth is forecast to slow to 0.9% from 1.4%, largely due to the drag from U.S. tariffs.

Market Watch: Looking ahead, markets will focus on China's December trade data, alongside U.S. retail sales and PPI prints. In addition, a court ruling on tariffs could be issued as early as Wednesday, representing another potential market catalyst.

Key Market Movements		
Equity	Value	% chg
S&P 500	6963.7	-0.2%
DJIA	49192	-0.8%
Nikkei 225	53549	3.1%
SH Comp	4138.8	-0.6%
STI	4807.1	0.8%
Hang Seng	26848	0.9%
KLCI	1708.2	0.8%
	Value	% chg
DXY	99.134	0.3%
USDJPY	159.14	0.6%
EURUSD	1.1642	-0.2%
GBPUSD	1.3422	-0.3%
USDIDR	16865	0.2%
USDSGD	1.2887	0.2%
SGDMYR	3.1528	-0.2%
	Value	chg (bp)
2Y UST	3.53	-0.19
10Y UST	4.18	0.40
2Y SGS	1.44	-0.90
10Y SGS	2.16	-1.70
3M SORA	1.16	-0.51
3M SOFR	3.94	-0.62
	Value	% chg
Brent	65.47	2.5%
WTI	61.15	2.8%
Gold	4587	-0.2%
Silver	86.95	2.2%
Palladium	1830	-1.5%
Copper	13164	-0.3%
BCOM	114.47	0.6%

Source: Bloomberg

Major Markets

ID: IKN Authority (OIKN) head Basuki Hadimuljono stated that President Prabowo Subianto has reaffirmed the government's commitment to the continued development of Nusantara (IKN) in East Kalimantan as a national strategic project, following the president's first official working visit to the future capital. The visit underscored that the IKN programme extends beyond physical infrastructure, also placing strong emphasis on human capital development, as reflected in President Prabowo's visit to the Taruna Nusantara High School campus, as reported by Antara. The president also reviewed progress at the Nusantara State Palace to ensure that essential facilities and infrastructure for effective governance are being adequately prepared.

MY: Malaysia Digital Economy Corporation (MDEC) announced that the government will revise the minimum salary thresholds for expatriates' Employment Passes (EP) across all categories, effective 1 June 2026. The adjustment will be implemented under the purview of the Ministry of Home Affairs. The revised framework doubles the minimum salary for Category I passes to MYR 20,000 and above, raises Category II to MYR 10,000–19,999, and increases Category III to MYR 5,000–9,999. All new and renewal EP applications submitted from that date will be required to meet the updated thresholds.

TH: According to the Ministry of Finance, US President Donald Trump's recent threat to impose a 25% tariff on goods from countries "doing business" with Iran is unlikely to impact Thailand's trade sectors, as bilateral trade volumes with Iran are relatively limited. Nevertheless, Thai officials have urged domestic businesses to scrutinise shipment routes and payment channels to avoid any potential links to Iran that could result in supply chain disruptions with the US. Thailand's bilateral trade with Iran stood at USD208mn in 2024, representing about 0.03% of Thailand's total trade value. Meanwhile, major Thai firms such as Siam Cement Group and PTT Exploration and Production Plc have already exited their investment projects in Iran, suggesting long-standing caution. The Ministry of Finance and the Ministry of Commerce are currently seeking further clarity on the proposed 25% tariff.

VN: Google plans to begin developing and manufacturing high-end Pixel smartphones in Vietnam this year, according to Reuters citing a Nikkei Asia report. The shift will see new product introduction (NPI) activities for the Pixel, Pixel Pro, and Pixel Fold move to Vietnam, while development of the lower-end Pixel A series remains in China. NPI is a critical stage covering process development, verification, and refinement ahead of mass production, and Google already undertakes large-scale assembly and some verification work in Vietnam.

ESG

Rest of the world: France and Italy are seeking to temporarily postpone or suspend the levy for fertilisers from the European Union's Carbon Border Adjustment Mechanism (CBAM), saying an exemption is needed to protect struggling European farmers. Farmers are already struggling with weak cereal crop prices and higher costs due to tariffs on Russian fertiliser imports. While postponing or suspending the levy for fertilisers would ease costs for farmers in Europe, it could impact Europe's fertiliser producers which the CBAM was meant to support by preventing them from being undercut by cheaper imports from countries with weaker climate regulations.



Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading flat to 2bps lower, while belly tenors and 10Y traded flat. Global Investment Grade spreads tightened by 1bps to 75bps and Global High Yield spreads traded flat at 257bps respectively. Bloomberg Global Contingent Capital Index traded flat at 227bps. Bloomberg Asia USD Investment Grade spreads traded flat at 60bps and Asia USD High Yield spreads widened by 1bps to 345bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volume for APAC and DM IG market yesterday was none and USD6.6bn respectively.

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

- Midcap Financial Issuer Trust priced USD3.14bn of debt in seven tranches.
- Jefferies Financial Group Inc priced a USD1.5bn 10Y Fixed bond at T+43bps.
- Atlas Warehouse Lending Company, L.P. priced USD1.25bn in two tranches: a USD500mn retap of the ATWALD 4.625% '28s at T+100bps and a USD750mn 7Y Fixed bond at T+135bps.

There were no notable issuances in the APAC USD market yesterday.

There were three notable issuances in the Singdollar market yesterday.

- Housing & Development Board (HDB) priced a SGD1.2bn 10Y Fixed bond at 2.471%.
- Aspial Lifestyle Ltd priced a SGD25mn retap of the MSFSSP 5.1% '29s at 5.1%.
- Fraser and Neave Ltd priced a SGD125mn 7Y Fixed bond at 2.6%.

Mandates:

- Woori Bank may issue USD-denominated senior unsecured sustainability notes with expected tenor(s) of 3Y and/or 5Y.
- Sun Hung Kai & Co Ltd may issue USD-denominated 3Y senior unsecured notes.

Equity Market Updates

US: US equities edged lower after pulling back from recent record highs, with the Dow falling 0.8% and the S&P 500 and Nasdaq slipping modestly by 0.2% and 0.1% respectively as economic data and early earnings failed to reignite momentum. December CPI largely matched expectations, offering little new insight on the policy outlook and leaving forecasts for the next Fed rate cut anchored around mid-2026. Financials weighed most heavily on the market following a mixed earnings report from JPMorgan (-4.2%) and continued pressure on banks and credit card companies tied to President Trump's call for a temporary cap on card interest rates, such as Visa (-4.5%) and Mastercard (-3.8%). Consumer discretionary stocks also lagged as declines in Amazon and Tesla offset boarder gains, while several mega-cap technology names like Microsoft (-1.4%) softened despite strength in semiconductors, where AMD (+6.4%) and Intel (+7.3%) rallied on analyst upgrades. Offsetting some of the weakness, defensive areas such as consumer staples and utilities advanced, and energy led the market higher as oil prices jumped on escalating geopolitical tensions involving Iran. Overall, the session reflected consolidation rather than a shift in trend, with investors now looking ahead to producer inflation data and additional bank earnings for the next potential catalyst.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.134	0.28%	USD-SGD	1.2887
USD-JPY	159.14	0.63%	EUR-SGD	1.5005
EUR-USD	1.164	-0.21%	JPY-SGD	0.8095
AUD-USD	0.668	-0.43%	GBP-SGD	1.7294
GBP-USD	1.342	-0.32%	AUD-SGD	0.8611
USD-MYR	4.058	-0.15%	NZD-SGD	0.7391
USD-CNY	6.978	0.07%	CHF-SGD	1.6086
USD-IDR	16865	0.19%	SGD-MYR	3.1528
USD-VND	26281	0.03%	SGD-CNY	5.4161

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9890	0.91%	1M	3.6775
3M	2.0200	0.05%	2M	3.6863
6M	2.1300	0.66%	3M	3.6740
12M	2.2490	-0.09%	6M	3.6300
			1Y	3.4945

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	3.632
03/18/2026	-0.264	-23.600	-0.066	3.573
04/29/2026	-0.448	-18.400	-0.112	3.527
06/17/2026	-0.940	-49.300	-0.235	3.404
07/29/2026	-1.248	-30.700	-0.312	3.328
09/16/2026	-1.640	-39.200	-0.410	3.229

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	61.15	2.8%	Corn (per bushel)	4.198	-0.4%
Brent (per barrel)	65.47	2.5%	Soybean (per bushel)	10.233	-0.9%
Heating Oil (per gallon)	223.84	3.9%	Wheat (per bushel)	5.105	-0.1%
Gasoline (per gallon)	182.65	1.8%	Crude Palm Oil (MYR/MT)	39.650	-0.4%
Natural Gas (per MMBtu)	3.42	0.3%			

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13164	-0.3%	Gold (per oz)	4587	-0.2%
Nickel (per mt)	17681	-1.2%	Silver (per oz)	86.95	2.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	49,191.99	-398.21
S&P	6,963.74	-13.53
Nasdaq	23,709.87	-24.03
Nikkei 225	53,549.16	1609.27
STI	4,807.13	40.35
KLCI	1,708.20	12.76
JCI	8,948.30	63.58
Baltic Dry	1,659.00	-29.00
VIX	15.98	0.86

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.44 (-0.01)	3.53(--)
5Y	1.81 (-0.01)	3.75(--)
10Y	2.16 (-0.02)	4.18(--)
15Y	2.16 (-0.02)	--
20Y	2.16 (-0.02)	--
30Y	2.25 (-0.01)	4.84 (+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
1/14/2026	10:00	CH	Exports YoY	Dec	3.10%	--	5.90%	82.3529
1/14/2026	10:00	CH	Imports YoY	Dec	0.90%	--	1.90%	78.4314
1/14/2026	10:00	CH	Trade Balance	Dec	\$114.35b	--	\$111.68b	80.3922
1/14/2026	10:00	CH	Exports YoY CNY	Dec	--	--	5.70%	47.0588
1/14/2026	10:00	CH	Imports YoY CNY	Dec	--	--	1.70%	45.098
1/14/2026	10:00	CH	Trade Balance CNY	Dec	--	--	800.00b	41.1765
1/14/2026	20:00	US	MBA Mortgage Applications	9-Jan	--	--	0.30%	90.7285
1/14/2026	21:30	US	PPI Final Demand MoM	Nov	0.20%	--	--	92.7152
1/14/2026	21:30	US	PPI Ex Food and Energy MoM	Nov	0.20%	--	--	70.1987
1/14/2026	21:30	US	PPI Final Demand YoY	Nov	2.70%	--	--	74.1722
1/14/2026	21:30	US	PPI Ex Food and Energy YoY	Nov	2.70%	--	--	69.5364
1/14/2026	21:30	US	Retail Sales Advance MoM	Nov	0.50%	--	0.00%	94.0397
1/14/2026	21:30	US	Retail Sales Ex Auto MoM	Nov	0.40%	--	0.40%	65.8278
1/14/2026	21:30	US	Current Account Balance	3Q	-\$238.0b	--	-\$251.3b	73.5099
1/14/2026	23:00	US	Existing Home Sales	Dec	4.22m	--	4.13m	87.4172
1/14/2026	23:00	US	Existing Home Sales MoM	Dec	2.20%	--	0.50%	54.3046

Source: Bloomberg

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