Daily Treasury Outlook

Highlights

Global: There was a slew of US data overnight along with the release of the Beige book. The data included November retail sales which rose by 0.6% MoM from -0.1% in October, retail sales ex auto and gas saw flat growth of 0.4% MoM. October PPI eased to 2.8% YoY from 3.0% in September, with core PPI remaining unchanged at 2.9% YoY. Both prints were higher than expected. Existing home sales for December beat expectations rising 5.1% MoM from 0.7% in November. The Beige book noted that economic activity had "edged up further, with a slight increase in consumer spending amid otherwise mixed results". It added that "employment and wages were flat, and prices continued to rise at a modest pace." On price pressures, the increases appear uneven with higher increases in restaurant costs but manufacturers' input and output prices remaining "mostly stable recently". There was a slew of Federal Reserve speakers that came out in solidarity for Fed Chair Powell regards the issued subpoena. Specifically, Minneapolis Fed chair Neil Kashkari noted that the legal action was "really about monetary policy" and implicit pressure to cuts rates. Meanwhile, Raphael Bostic of the Altanta Fed noted that interest rates remain in restrictive territory. The fed funds futures markets have largely priced out a rate cut for the January meeting, still looking at 54.5bp in cuts for this year. US equities closed lower, along with UST yields while the DXY index traded choppily.

Closer home, the focus in Asia in on a potential election in Japan. It was reported yesterday that she could call an election when the Diet session convenes on 23 January. India's price pressures have been easing as underscored by the still benign WPI print of 0.8% YoY in December versus -0.3% in November. We continue to see room for RBI to ease its policy rate this fiscal year. The budget for FY27 will be announced on 1 February 2026. Bank Indonesia came to say that it will ensure "rupiah exchange rate moves in line with fundamental values and healthy market mechanisms" while the MoF has still not made any official statement on its commitment to keep the fiscal deficit below the 3% of GDP legal cap.

Market Watch: Bank of Korea left its policy rate unchanged as widely expected. The currency, KRW, is in focus after US Treasury Scott Bessent noted that the recent depreciation of the KRW versus USD does not align with economic fundamentals. There is a slew of November economic data from the UK, Eurozone November industrial production, India December trade balance, Philippines November remittances. From the US weekly job market data, the Jan Empire state manufacturing index and Jan Philadelphia Fed Business outlook are slated for release.

Key Market Movements

Equity	Value	% chg
S&P 500	6926.6	-0.5%
DJIA	49150	-0.1%
Nikkei 225	54341	1.5%
SH Comp	4126.1	-0.3%
STI	4812.5	0.1%
Hang Seng	27000	0.6%
KLCI	1710.9	0.2%
	Value	**% chg**
DXY	99.055	-0.1%
USDJPY	158.46	-0.4%
EURUSD	1.1644	0.0%
GBPUSD	1.3443	0.2%
USDIDR	16860	0.0%
USDSGD	1.2879	-0.1%
SGDMYR	3.1456	-0.2%
	Value	**chg (bp)**
2Y UST	3.51	-2.27
10Y UST	4.13	-4.72
2Y SGS	1.44	0.40
10Y SGS	2.18	1.59
3M SORA	1.15	-0.39
3M SOFR	3.94	-0.72
	Value	**% chg**
Brent	66.52	1.6%
WTI	62.02	1.4%
Gold	4627	0.9%
Silver	93.16	7.1%
Palladium	1832	0.1%
Copper	13189	0.2%
BCOM	115.09	0.5%

Source: Bloomberg

Major Markets

CH: Despite the high base in December 2024 caused by front-loading ahead of President Trump's inauguration, China's exports in US dollar terms once again surprised to the upside, rising 6.6% YoY in December 2025. Exports to the US declined sharply, falling 30% YoY, reflecting ongoing trade frictions and structural decoupling pressures. That said, this weakness was more than offset by robust growth in other markets. Exports to ASEAN, Latin America, and other BRICS economies rose 11.1% YoY, 9.8% YoY, and 12.0% YoY, respectively, underscoring China's continued success in market diversification.

Notably, the anticipated drag from earlier front-loaded shipments, tighter re-export controls, and RMB appreciation has so far been limited, highlighting the underlying resilience of China's export sector. On the import side, December data also surprised to the upside, driven by strong demand for semiconductors and crude oil. The import value of electronic integrated circuits surged 16.6% YoY, while crude oil imports by volume jumped 17% YoY to a record high, suggesting ongoing stockpiling activity that is likely to continue underpinning imports in the near term.

As a result, China's trade surplus in December reached a record US$114.1bn, while the full-year 2025 surplus climbed to an unprecedented US$1.19tn. In our view, the pace of trade integration between China and ASEAN has exceeded expectations and will remain a key structural support for China's external sector. Looking ahead, we expect China's exports to grow by around 3% in 2026, assuming no major global economic shock, helping the economy weather an increasingly uncertain external environment.

ID: The Energy and Mineral Resources Ministry announced that it will delay its B40 biodiesel mandate this year and postpone plans to introduce B50 (a blend of 50% palm oil-based biodiesel and 50% conventional diesel), which was previously set for the second half of 2025, citing technical constraints and funding pressures. Coordinating Economic Minister Airlangga Hartarto noted that the future move to B50 would also depend on the price gap between fossil diesel and palm oil-based fuel. The biodiesel programme will allocate 15.65mn kilolitres this year, with 7.45mn kilolitres receiving subsidies financed through levies managed by the Indonesian Estate Crop Fund Agency. Meanwhile, the government will raise crude palm oil export levies to 12.5% in March, up from the current 10%.

MY: The Home Ministry announced that revised expatriate Employment Pass rules will take effect from 1 June, extending the maximum employment duration to up to 10 years for the highest tier, allowing dependants across all categories, and raising minimum salary thresholds. The overhaul, the first since 2016, effectively doubles salary floors for most categories, with the lowest tier aligned to the current middle-tier threshold and higher tiers revised upward, as reported by The Edge. As previously outlined by the MDEC, minimum salaries are doubled across categories, with Category I set at MYR 20,000 and above, Category II at MYR 10,000–19,999, and Category III at MYR 5,000–9,999, applying to both new and renewal applications.

PH: According to a statement released by the Presidential Communications Office (PCO), the Comprehensive Economic Partnership Agreement (CEPA) between the Philippines and the UAE was signed in Abu Dhabi during the Abu Dhabi Sustainability Week 2026 Summit. The signing was witness by both President Ferdinand Marcos Jr. and UAE President Sheikh Mohamed bin Zayed Al Nahyan. The CEPA is expected to strengthen the long-term resilience of the Philippine economy by expanding trade and investment channels. In a separate statement, the Philippine Chamber of Commerce and Industry (PCCI) described the deal as a major milestone. PCCI President Perry Ferrer added that CEPA will help diversify export partners, support SMEs, and open opportunities in sectors such as food and agriculture, manufacturing, construction materials, and digital and professional services.

VN: Motor vehicle sales rose 55.8% YoY to 42.7k units in December from -14.9% (33.7k units) in November, according to data from the Vietnam Automobile Manufacturers' Association. Higher sales in passenger cars (58.6% YoY in December from -19.3% in November), commercial vehicles (58.3% from 0.1%), and hybrid vehicles (11.5% from 4.0%) have offset the still weak sales of SUVs/MPVs (-1.1% from -55.7%). Total motor vehicle sales rose 5.9% to 313.4k units in 2024.

ESG

MY: Sarawak will be introducing a carbon levy on facilities in the oil, gas and energy sectors this year as a new revenue source. The proceeds from the levy will be channelled into a dedicated Climate Change Fund to support renewable energy deployment, energy efficiency, forest conservation, grid modernisation and climate-resilience initiatives. The Sarawak government has set aside RM7mil to fund its net-zero strategy and carbon plan, study on carbon levy and carbon pricing, energy transition policy implementation programme and quantifying forest carbon stock in the state. These are part of Sarawak's efforts to achieve net-zero carbon emissions by 2050.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded higher yesterday with shorter tenors and belly tenors trading 1-2bps higher, while 10Y traded 2bps higher. Global Investment Grade spreads traded flat at 75bps and Global High Yield spreads widened by 3bps to 260bps respectively. Bloomberg Global Contingent Capital Index widened by 1bps to 228bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 61bps and Asia USD High Yield spreads tightened by 1bps to 344bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volume for APAC and DM IG market yesterday was USD1.75bn and USD7.58bn respectively.

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

- JPMorgan Chase & Co priced USD3bn of debt in two tranches.
- Bank of New York Mellon Corp/The priced USD1.55bn of debt in two tranches.
- MassMutual Global Funding II (guarantor: Massachusetts Mutual Life Insurance Co) priced USD1bn of debt in two tranches.

Among issuers under our official coverage, JPMorgan Chase Bank NA priced a USD100mn 10Y Fixed bond at 5%.

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

- ANZ New Zealand Int'l Ltd/London (guarantor: ANZ Bank New Zealand Ltd) priced USD1.5bn of debt in three tranches: a USD500mn 3Y Fixed bond at T+45bps, a USD500mn 3Y FRN at SOFR+61bps and a USD500mn 5Y FRN at SOFR+75bps.
- Sun Hung Kai & Co BVI Ltd (guarantor: Sun Hung Kai & Co Ltd) priced a USD250mn 3Y Fixed bond at 6.75%.

There was one notable issuance in the Singdollar market yesterday.

- United Overseas Bank Limited priced a SGD850mn PerpNC7 junior subordinated, fixed rate perpetual at par to yield 3%.

Mandates:

- Toyota Finance Australia Limited may issue USD-denominated 3.25Y FRN and/or 5Y FXD senior unsecured notes.
- Kuaishou Technology may issue multi-tranche offering of USD-denominated senior unsecured notes.

Equity Market Updates

US: U.S. stocks pulled back as investors rotated out of mega-cap technology, pushing the S&P 500 down 0.5%, the Nasdaq lower by 1.0%, and the Dow modestly into the red by 0.1%, leaving all three indices negative for the week. Inflation data reinforced a cautious tone, with US producer prices meeting expectations and year-over-year readings firming. Together with US consumer price readings earlier this week which also largely came in within expectations, current data offers little relief on the timing of potential rate cuts and prompted some profit-taking after recent record highs. The selloff was concentrated in growth leaders, as technology and consumer discretionary stocks lagged on weakness in major names such as Microsoft (-2.4%), NVIDIA (-1.4%), Amazon (-2.5%), and Tesla (-1.8%), while several software and app stocks posted sharp declines. Despite the pressure on headline indices, market breadth was more constructive, with equal-weighted stocks and smaller-cap indices outperforming, supported by gains in energy (+2.3%), consumer staples (+1.2%), healthcare (+0.7%), and real estate (+1.1%) as investors shifted toward more defensive and value-oriented areas. Financials were mixed following bank earnings, with credit card issuers stabilising after recent declines. Treasury yields moved lower across the curve, as markets consolidated amid broadening leadership and reduced reliance on mega-cap growth.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.055	-0.08%	USD-SGD	1.2879
USD-JPY	158.46	-0.43%	EUR-SGD	1.4998
EUR-USD	1.164	0.02%	JPY-SGD	0.8128
AUD-USD	0.668	0.00%	GBP-SGD	1.7316
GBP-USD	1.344	0.16%	AUD-SGD	0.8606
USD-MYR	4.049	-0.21%	NZD-SGD	0.7403
USD-CNY	6.973	-0.07%	CHF-SGD	1.6101
USD-IDR	16860	-0.03%	SGD-MYR	3.1456
USD-VND	26277	-0.02%	SGD-CNY	5.4134

Equity and Commodity

Index	Value	Net change
DJIA	49,149.63	-42.36
S&P	6,926.60	-37.14
Nasdaq	23,471.75	-238.12
Nikkei 225	54,341.23	792.07
STI	4,812.51	5.38
KLCI	1,710.91	2.71
JCI	9,032.58	84.28
Baltic Dry	1,608.00	-51.00
VIX	16.75	0.77

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9440	-2.26%	1M	3.6743
3M	2.0160	-0.20%	2M	3.6800
6M	2.1430	0.61%	3M	3.6679
12M	2.2500	0.04%	6M	3.6205
			1Y	3.4814

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.44 (--)	3.51(--)
5Y	1.82 (+0.01)	3.71 (-0.04)
10Y	2.18 (+0.02)	4.14 (-0.05)
15Y	2.17 (+0.02)	--
20Y	2.17 (+0.01)	--
30Y	2.26 (+0.02)	4.79 (-0.05)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.050	-5.000	-0.012	3.628
03/18/2026	-0.286	-23.600	-0.071	3.568
04/29/2026	-0.470	-18.400	-0.117	3.523
06/17/2026	-0.983	-51.400	-0.246	3.394
07/29/2026	-1.310	-32.600	-0.327	3.313
09/16/2026	-1.706	-39.700	-0.427	3.213

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.65

Commodities Futures

Energy	Futures	% chg
WTI (per barrel)	62.02	1.4%
Brent (per barrel)	66.52	1.6%
Heating Oil (per gallon)	228.19	1.9%
Gasoline (per gallon)	183.04	0.2%
Natural Gas (per MMBtu)	3.12	-8.7%

Soft Commodities	Futures	% chg
Corn (per bushel)	4.220	0.5%
Soybean (per bushel)	10.305	0.7%
Wheat (per bushel)	5.125	0.4%
Crude Palm Oil (MYR/MT)	39.500	-0.4%
Rubber (JPY/KG)	3.554	0.4%

Base Metals	Futures	% chg
Copper (per mt)	13189	0.2%
Nickel (per mt)	18694	5.7%

Precious Metals	Futures	% chg
Gold (per oz)	4627	0.9%
Silver (per oz)	93.16	7.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/15/2026 3:00	US	Fed Releases Beige Book					
1/15/2026 11:00	ID	External Debt	Nov	--	--	$423.9b	--
1/15/2026 21:30	US	BLS Releases Limited Oct. Import-Export Series with Nov. Data					
1/15/2026 21:30	US	Empire Manufacturing	Jan	1	--	-3.9	--
1/15/2026 21:30	US	Philadelphia Fed Business Outlook	Jan	-1.4	--	-10.2	--
1/15/2026 21:30	US	Initial Jobless Claims	10-Jan	215k	--	208k	--
1/15/2026 21:30	US	Initial Claims 4-Wk Moving Avg	10-Jan	--	--	211.75k	--
1/15/2026 21:30	US	Continuing Claims	3-Jan	1897k	--	1914k	--
1/15/2026 21:30	US	Import Price Index YoY	Nov	-0.20%	--	--	--
1/15/2026 21:30	US	Export Price Index YoY	Nov	--	--	--	--

Source: Bloomberg