Daily Treasury Outlook

Highlights

Global: US economic data overnight painted a more resilient picture of the labour market, with both initial jobless claims and continuing claims declining by 4.3% and 1.0%, respectively, to 198k (week ending 10 January) and 1.88mn (week ending 3 January). Moreover, both figures came in lower than expected. Elsewhere, the Empire State Manufacturing survey and the Philadelphia Fed Manufacturing Business Outlook Survey both rose and turned positive, reaching 7.7 and 12.6 points, respectively, up from -3.7 and -10.2 in December. Crude oil benchmarks also fell more than 4% due to easing in tensions in the Middle East. This followed from comments by US President Donald Trump signalling that he may hold off plans for a military strike on Iran after being reassured by "very important sources" in Iran that "the killing has stopped". He had earlier threatened "very strong action" against Iran if the regime executed arrested protestors. Resilient labour market data, a firmer tone in business activity, and some respite in Middle East tensions supported equity markets following back-to-back losing sessions. US equities rose on Thursday, with the broad indices of the S&P500, Dow, and Nasdaq increasing between 0.3% and 0.6% (S&P500: 0.3%; Dow: 0.6%; NASDAQ: 0.3%).

Yesterday, the PBOC announced a 25bp cut to interest rates across several structural monetary policy tools, alongside quota increases for selected facilities—effectively making these tools cheaper and more abundant. This sends a clear signal that policy remains focused on stabilizing growth and expectations. The central bank also reiterated that there remains room for further RRR and policy rate cuts, reinforcing its easing bias. Importantly, the PBOC stated it would "conduct government bond trading in a flexible manner" to ensure bonds are issued smoothly and at reasonable costs. This highlights that fiscal funding costs have become a key consideration in monetary operations. In practice, this implies the central bank is likely to manage bond yield volatility to prevent expansionary fiscal policy from being undermined by rising interest rates—effectively signaling closer monetary–fiscal coordination to support fiscal expansion.

Market Watch: This morning, Singapore NODX for December eased more-than-expected to 6.1% YoY (November: 11.5%). Meanwhile, Malaysia is set to release its advance estimates for 4Q25 and full-year 2025 GDP growth. We expect economic growth to pick up to 5.4%, up from 5.2% in 3Q25. Accordingly, the full-year 2025 GDP growth is projected at 4.8%, nearly matching the 2024 growth rate of 5.1%. Other data releases today include the January New York Fed Services Business Activity and the US December industrial production figures.

Key Market Movements

Equity	Value	% chg
S&P 500	6944.5	0.3%
DJIA	49442	0.6%
Nikkei 225	54111	-0.4%
SH Comp	4112.6	-0.3%
STI	4833.3	0.4%
Hang Seng	26924	-0.3%
KLCI	1715.2	0.2%

	Value	% chg
DXY	99.321	0.3%
USDJPY	158.63	0.1%
EURUSD	1.1609	-0.3%
GBPUSD	1.3381	-0.5%
USDIDR	16885	0.1%
USDSGD	1.2882	0.0%
SGDMYR	3.1515	0.2%

	Value	chg (bp)
2Y UST	3.56	5.44
10Y UST	4.17	3.74
2Y SGS	1.44	-0.20
10Y SGS	2.18	0.43
3M SORA	1.15	-0.25
3M SOFR	3.93	-0.74

	Value	% chg
Brent	63.76	-4.1%
WTI	59.19	-4.6%
Gold	4616	-0.2%
Silver	92.42	-0.8%
Palladium	1822	-0.5%
Copper	13106	-0.6%
BCOM	113.95	-1.0%

Source: Bloomberg

Major Markets

CH: In December, new Yuan loans totalled RMB 910bn, RMB 80bn less YoY, but still better than market expectations. New lending has now posted six consecutive months of YoY contraction, driven primarily by continued household-sector deleveraging.

Loan to household declined by RMB 91.6bn, RMB 441.6bn less YoY, marking the third consecutive month of negative growth. Both short-term and medium-to-long-term household lending contracted, underscoring ongoing weakness in consumption and the property sector. By contrast, the corporate sector showed a notable improvement. Loan to corporates increased by RMB 1.07trn, RMB 580bn more YoY, with medium-to-long-term corporate lending rising by RMB 330bn, RMB 290bn more YoY. This points to a marginal recovery in corporate financing demand, likely supported by the rollout and transmission of policy-based financial instruments.

Aggregate social financing increased by RMB 2.21trn, RMB 646.2bn less YoY, also beating market expectations. The TSF stock growth rate edged down to 8.3%, 0.2ppt lower MoM. The moderation was mainly driven by weaker government bond issuance. Government bond net financing totaled RMB 683.3bn, RMB 1.07trn less YoY, making it the largest drag on TSF growth. This largely reflects a high base effect, following the front-loaded issuance of debt-swap bonds at end-2024.

M2 growth accelerated sharply by 0.5ppt to 8.5%, while M1 growth slowed by 1.1ppt to 3.8%, widening the M2–M1 growth gap to 4.7ppt. The rebound in M2 points to ample system liquidity, but the continued weakness in M1 suggests subdued short-term corporate activity and transaction demand.

ID: Investment and Downstreaming Minister Rosan Roeslani reported that Indonesia's 2025 investment realization surpassed its IDR1,905.6trn target, reaching IDR1,931.2trn, up 12.7% YoY and generating 2.71mn jobs (up 10.4% YoY). Domestic direct investment rose sharply to IDR1,030.3trn (+26.6% YoY) from IDR814trn in 2024, while FDI amounted to IDR900.9trn. Investment outside Java accounted for 51.3% of the total, exceeding Java's share and aligning with the government's regional growth push. Downstreaming remained a key pillar, with downstream-related investment surging 43.3% YoY to IDR 584.1trn, or about 30% of total investment.

MY: Finance Minister II Amir Hamzah Azizan noted that credit guarantee schemes continue to show low risk, with the non-performing loan (NPL) ratio under Syarikat Jaminan Pembiayaan Perniagaan Bhd (SJPP) holding at around 2% despite a sharp increase in allocations under. He added that under Budget 2026, the government raised business financing guarantees to MYR30bn, including MYR10bn for Bumiputera SMEs, MYR2bn for halal SMEs, and MYR10bn combined for export-oriented and high-value industrial firms. Separately, the housing credit guarantee scheme was extended with up to MYR20bn to support over 80,000 first-time home buyers, including those with irregular incomes, as reported by The Edge.

PH: The Department of Foreign Affairs announced that Chinese nationals are allowed to enter the Philippines visa-free for 14 days. This announcement comes as the Philippines seeks to regain momentum in the recovery of its tourism sector. According to the Department of Tourism, 5.6mn foreign tourist arrivals were recorded as of 20 December 2025. Although this figure nearly matches the total visitor arrivals in 2024, which stood at 5.95mn, Chinese arrivals are still lagging in 2025 due to visa disruptions, security concerns, and reduced flight capacity on China–Philippines routes. This new measure will take effect on 16 January, as the government aims to support tourism, trade, and to facilitate closer people-to-people ties with China. The announcement applies to tourism or business trips, is non-extendable and non-convertible, and is valid only for entry through Ninoy Aquino International Airport and Mactan-Cebu International Airport. The policy will run for an initial period of one year and will be reviewed before its expiry.

ESG

Rest of the world: The EU and Britain will launch negotiations on linking their carbon emissions trading systems, which could allow UK companies to avoid the EU carbon border levy estimated to apply to 7 bn pounds worth of UK exports to the bloc. UK industries had hoped to receive a temporary exemption from the EU carbon border levy while the carbon market linkage negotiations were underway, but exemptions may only be offered after the link is complete.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded flat to higher yesterday with shorter tenors trading flat to 1bps higher while belly tenors and 10Y traded flat. Global Investment Grade spreads tightened by 1bps to 75bps and Global High Yield spreads tightened by 7bps to 253bps respectively. Bloomberg Global Contingent Capital Index tightened by 4bps to 225bps. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 60bps and Asia USD High Yield spreads tightened by 3bps to 340bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volume for APAC and DM IG market yesterday was USD3bn and USD32.1bn respectively.

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

- Goldman Sachs Group Inc/The priced USD16bn of debt in six tranches after reporting strong earnings. The amount issued (USD16bn) is the largest thus far for a Wall Street bank according to Bloomberg.
- Morgan Stanley priced USD8bn of debt in four tranches.
- Wells Fargo & Co priced USD8bn of debt in four tranches.

Among issuers under our coverage, JPMorgan Chase Bank NA priced a USD100mn 15Y FRN at 5.4%.

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

- Japan Bank for International Cooperation (guarantor: Japan) priced USD1.5bn of debt in two tranches: a USD1bn 10Y Green, fixed bond at SOFR MS+60bps (yield: 4.437%) and a USD500mn 5Y Green, fixed bond at SOFR MS+44bps (3.969%).
- Kuaishou Technology priced USD1.5bn of debt in two tranches: a USD900mn 10Y Fixed bond at 4.858% and a USD600mn 5Y Fixed bond at 4.259%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- There were no notable mandates yesterday.

Equity Market Updates

US: US equities ended the session higher but well below their intraday highs as pronounced afternoon profit-taking weighed on mega-cap technology stocks, leaving the S&P 500 and Nasdaq up 0.3% and the Dow ahead by 0.6%. Early momentum was fuelled by strong gains in semiconductors after TSMC (+4.4%) delivered an upbeat earnings outlook and reinforced expectations for sustained AI investment, lifting both chipmakers and the wider technology sector before gains faded later in the day. Comments pointing to potential steep tariffs on chip production outside the US, alongside an extended rally in the sector, contributed to the pullback, although select names such as NVIDIA (+2.1%) and KLA (+7.7%) still finished firmly higher. Sector performance was mixed, with utilities (+1.0%) and industrials (+0.9%) leading on relative resilience and a rebound in airline stocks, while financials (+0.4%) advanced after several major firms beat earnings expectations. Energy (-0.9%) lagged sharply as oil prices fell on signs of easing geopolitical tensions, and healthcare (-0.6%) weakened on company-specific setbacks. Small- and mid-cap stocks once again outperformed large caps, underscoring the ongoing shift towards broader market leadership as mega-cap growth struggles early in 2026, while Treasury yields closed mixed with pressure concentrated at the short end of the curve.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.321	0.27%	**USD-SGD**	1.2882
USD-JPY	158.63	0.11%	**EUR-SGD**	1.4955
EUR-USD	1.161	-0.30%	**JPY-SGD**	0.8120
AUD-USD	0.670	0.25%	**GBP-SGD**	1.7236
GBP-USD	1.338	-0.46%	**AUD-SGD**	0.8628
USD-MYR	4.056	0.17%	**NZD-SGD**	0.7395
USD-CNY	6.967	-0.08%	**CHF-SGD**	1.6037
USD-IDR	16885	0.15%	**SGD-MYR**	3.1515
USD-VND	26270	-0.03%	**SGD-CNY**	5.4105

Equity and Commodity

Index	Value	Net change
DJIA	49,442.44	292.81
S&P	6,944.47	17.87
Nasdaq	23,530.02	58.27
Nikkei 225	54,110.50	-230.73
STI	4,833.34	20.83
KLCI	1,715.16	4.25
JCI	9,075.41	42.82
Baltic Dry	1,566.00	-42.00
VIX	15.84	-0.91

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9400	-0.21%	**1M**	3.6700
3M	2.0160	0.00%	**2M**	3.6753
6M	2.1460	0.14%	**3M**	3.6696
12M	2.2510	0.04%	**6M**	3.6312
			1Y	3.5079

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.44 (--)	3.56(--)
5Y	1.81 (-0.01)	3.77 (+0.06)
10Y	2.18 (--)	4.16 (+0.04)
15Y	2.17 (-0.01)	--
20Y	2.16 (-0.01)	--
30Y	2.26 (-0.01)	4.79 (+0.01)

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	-0.233	-18.300	-0.058	3.582
04/29/2026	-0.370	-13.700	-0.092	3.547
06/17/2026	-0.832	-46.200	-0.208	3.432
07/29/2026	-1.110	-27.800	-0.277	3.362
09/16/2026	-1.497	-38.800	-0.374	3.266

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.64

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	59.19	-4.6%	Corn (per bushel)	4.203	-0.4%
Brent (per barrel)	63.76	-4.1%	Soybean (per bushel)	10.530	2.2%
Heating Oil (per gallon)	220.83	-3.2%	Wheat (per bushel)	5.105	-0.4%
Gasoline (per gallon)	178.38	-2.5%	Crude Palm Oil (MYR/MT)	39.500	0.0%
Natural Gas (per MMBtu)	3.13	0.3%	Rubber (JPY/KG)	3.519	-1.0%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13106	-0.6%	Gold (per oz)	4616	-0.2%
Nickel (per mt)	18569	-0.7%	Silver (per oz)	92.42	-0.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/16/2026 9:15	US	Industrial Production MoM	Dec	0.10%	--	0.20%	--
1/16/2026 9:15	US	Manufacturing (SIC) Production	Dec	-0.10%	--	0.00%	--
1/16/2026 9:15	US	Capacity Utilization	Dec	76.00%	--	76.00%	--
1/16/2026 10:00	US	NAHB Housing Market Index	Jan	40	--	39	--
1/16/2026 12:00	MA	GDP Annual YoY	2025 A	4.80%	--	5.10%	--
1/16/2026 12:00	MA	GDP YoY	4Q A	5.40%	--	5.20%	--

Source: Bloomberg

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Disclaimers

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) (the "Bank") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). The Bank and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by the Bank's or OCBC Bank's wilful default or gross negligence.

Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.