

Daily Treasury Outlook

Highlights

Global: US president Trump announced 10% tariffs on eight European nations, including Denmark, Norway, Sweden, Germany, France, the Netherlands, Finland and the UK, from February 1, and to raise it to 25% in June unless a deal is reached for the “complete and total purchase of Greenland”. This latest move is using the IEEPA, of which a Supreme Court ruling is due soon, and is also likely to stalemate the US trade deal with the EU. The EU accounted for around 20% of total US imports. On Friday, the S&P500 edged down 0.06% after market increasingly priced out Kevin Hassett as the next Fed chairman, leaving the race open between Christopher Waller, Kevin Warsh and Rick Rieder, which suggested that aggressive rate cuts may not be on the cards. The 10-year UST bond yield rose 5bps to 4.22%. Separately, US president Trump wants countries to contribute at least US\$1 bn to get a permanent spot on his new Board of Peace which he will chair and appears to be an alternative to the UN.

Market Watch: Asian markets are likely to open on a more cautious tone today, while assessing the anticipated EU response to Trump’s tariff threat, especially whether it will use the anti-coercion mechanism that allows action that could include appropriating property from companies, albeit this would require a qualified majority in the European council with 55% of member votes and supported by member states representing at least 65% of the total EU population. Today’s economic data calendar kicks off with China’s 4Q25 GDP growth, December new and used home prices, retail sales, industrial production, FAI, property investments and jobless rate, as well as Eurozone’s final December CPI. For the week ahead, watch for China’s 1- and 5-year LPR fixings, Malaysia’s December CPI and trade data, and US’ ADP employment data tomorrow, UK’s CPI/PPI/RPI and BI rate decision on 21 January (likely to be static at 4.75%), South Korea’s 4Q25 GDP growth, US’ core PCE data and BNM rate decision on Thursday (likely to also be static at 2.75%), and last but not least, the slate of manufacturing and composite PMIS as well as BOJ rate decision on Friday (target rate is likely to be unchanged at 0.75%). EU’s Lagarde, Villeroy, Nagel etc are also scheduled to speak at Davos this week. US corporate earnings, including J&J, Netflix, P&G etc, are likely to garner attention from market watchers.

SG: The next tender for COE premiums is on 21 January, followed by the December CPI on Friday – headline and core inflation are tipped at 1.0% YoY (headline) and 1.2% (core).

Key Market Movements

Equity	Value	% chg
S&P 500	6940.0	-0.1%
DJIA	49359	-0.2%
Nikkei 225	53936	-0.3%
SH Comp	4101.9	-0.3%
STI	4849.1	0.3%
Hang Seng	26845	-0.3%
KLCI	1712.7	-0.1%
	Value	% chg
DXY	99.393	0.1%
USDJPY	158.12	-0.3%
EURUSD	1.1598	-0.1%
GBPUSD	1.3380	0.0%
USDIDR	16885	0.0%
USDSGD	1.2889	0.1%
SGDMYR	3.1500	0.0%
	Value	chg (bp)
2Y UST	3.59	2.19
10Y UST	4.22	5.35
2Y SGS	1.44	0.40
10Y SGS	2.19	0.63
3M SORA	1.15	0.12
3M SOFR	3.92	-0.58
	Value	% chg
Brent	64.13	0.6%
WTI	59.44	0.4%
Gold	4596	-0.4%
Silver	90.13	-2.5%
Palladium	1803	-1.0%
Copper	12803	-2.3%
BCOM	113.59	-0.3%

Source: Bloomberg

Major Markets

CH: December FX settlement data suggest that a key factor underpinning the RMB last month was a rising willingness—particularly among exporters—to sell foreign currency. The willingness to sell foreign currency rose sharply to 69% in December from 61% in November. Interestingly, this improvement in conversion willingness was not accompanied by higher trading activity: daily FX trading volumes declined in December, while onshore foreign-currency deposits continued to rise, increasing to US\$884.99bn from US\$880.98bn in November. This divergence suggests that corporates are still accumulating foreign-currency assets despite a higher propensity to sell, implying that there remains further upside potential for conversion willingness. In our view, this residual buffer should continue to provide near-term support for the RMB, even in the absence of a material pickup in FX trading volumes.

ID: President Prabowo Subianto is on an overseas trip to London and Davos, where he will meet UK Prime Minister Keir Starmer to discuss strategic cooperation, including economic and maritime ties, and hold an audience with King Charles III on environmental and conservation issues. President Prabowo will then attend the World Economic Forum in Switzerland on 22 January, delivering a keynote address and engaging with global CEOs, as reported by Antara. Separately, the Ministry of Marine Affairs and Fisheries is preparing to facilitate fish processing units to secure zero-percent export tariffs for tuna and skipjack exports to Japan, under the amended Indonesia-Japan Economic Partnership Agreement (IJEPA).

MY: The economy expanded more than expected, growing by 5.7% YoY in 4Q25 versus 5.2% in 3Q25 (Consensus and OCBC: 5.4%), according to advance estimates. The drivers were broad based across all key sectors including manufacturing (6.0% YoY in 4Q25 versus 4.1% in 3Q25), services (5.4% versus 5.0%), construction (11.9% versus 11.8%) and agriculture (5.1% versus 0.4%). Mining and quarrying growth slowed to 1.1% YoY versus 9.7% in 3Q25. For 2025, GDP growth was solid at 4.9%, easing only slightly from 5.1% in 2024. We maintain our conservative 2026 GDP growth forecast of 3.8% YoY compared to 4.8% in 2025. Our GDP growth profile suggests that the weakness in growth will be gradual to 3.9% YoY in 1H26 and 3.8% in 2H26. We see slower economic growth being driven by mainly a payback from frontloading of exports to the US through 2025 as well as modestly slower investment spending. With fiscal policy supported likely targeted, we do expect monetary policy to remain nimble. We are comfortable with our forecast for another 25bp rate cut from BNM this year, likely in 2Q26.

PH: The Philippine logistics sector increased its cargo throughput by 7% in 2025, reaching 308.5mn metric tons, supported by stronger domestic trade despite global uncertainties. Domestic cargo throughput rose by 9% to 114.09mn metric tons as industries purchased more raw materials, particularly construction inputs, petroleum products, and raw goods. Meanwhile, foreign cargo traffic remained resilient amid higher US tariffs, rising by 5% to 194.4mn metric tons. Overall, Philippine ports handled over 8mn TEUs in container traffic, while vessel calls increased by 7% to more than 660,000, as port expansion projects boosted capacity. In addition, roll-on/roll-off traffic accelerated to 13% to

12.8mn vehicles, with the Philippine Ports Authority expecting this to rise further by another 6% in 2026.

TH: According to acting Finance Minister Ekniti Nitithanprapas, Thailand is ready to accelerate its shift to a low-carbon economy after the cabinet approved a Climate Change Bill. He noted that the bill would provide the legal foundation for a carbon tax and a national emissions trading system. The bill is expected to be enacted following the formation of a new government after the 8 February general elections. Once in force, it will help attract large-scale investment into clean energy, renewables, and the use of carbon credits. Nevertheless, investments into clean-energy infrastructure will require substantial funding, prompting the government to propose a dedicated clean-energy infrastructure fund, initially backed by EGAT and the Metropolitan and Provincial electricity authorities. Minister Ekniti said that the fund would ease the financing burden on the three agencies and limit public debt.

VN: General Secretary To Lam and Prime Minister Pham Minh Chinh attended the groundbreaking of the country's first semiconductor chip manufacturing plant in Ha Noi last Friday (16 Jan), launched by the Viettel Group. The facility aims to establish a complete domestic semiconductor ecosystem by 2030, covering all production stages including chip fabrication, and will support industries like aerospace, telecommunications, and automotive. The project also focuses on technology transfer, infrastructure development, and talent training, targeting 50,000 chip design engineers by 2030 and a workforce of 100,000 by 2040.

ESG

SG: Ahead of Budget 2026, the Singapore Business Federation (SBF) and PwC Singapore outlined key priorities for the Government to consider in shaping the 2026 fiscal Budget. On decarbonisation, they are calling for the set-up of a carbon transition council to develop industry best practices and road maps, and for the Government to extend the Enterprise Financing Scheme – Green beyond 31 Mar. This is especially relevant amid the 80% increase in Singapore's carbon tax from \$25/tCO₂e last year to \$45/tCO₂e this year. The provision of transitory allowances to the industry is expected to continue this year, to support business competitiveness and mitigate the risk of carbon leakage.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 1bps lower while belly tenors and 10Y traded flat. Global Investment Grade spreads tightened by 1bps to 74bps and Global High Yield spreads tightened by 2bps to 251bps respectively. Bloomberg Global Contingent Capital Index tightened by 3bps to 222bps. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 58bps and Asia USD High Yield spreads tightened by 12bps to 328bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volume for APAC and DM IG market last Friday was none and USD100mn respectively.

There were no notable issuers in the DM IG market last Friday where issuers priced deals of at least USD1.0bn. Among issuers under our official coverage, JPMorgan Chase Bank NA priced a USD100mn 10Y Fixed bond at 5%.

There were no notable issuers in the APAC USD market last Friday where issuers priced deals of at least USD500mn.

There were no notable issuances in the Singdollar market last Friday.

Mandates:

There were no notable mandates last Friday.

Equity Market Updates

US: U.S. equities ended the week quietly, with the S&P 500 (-0.1%), Nasdaq (-0.1%) and Dow (-0.2%) all slipping modestly and failing to secure weekly gains amid a lack of clear catalysts. Market performance was mixed, with limited sector-level conviction, although real estate (+1.2%) stood out as the strongest area on Friday and for the week. Early support from technology (+0.1%) faded once again, as solid advances in semiconductor stocks were offset by continued weakness in software, leaving the sector little changed overall. Industrials (+0.7%) held firm on strength in power-related names, while financials (+0.1%) edged higher following a positive earnings update from PNC (+3.8%) and a rebound in credit card stocks. Health care (-0.8%) and communication services (-0.7%) lagged, weighed down by subdued defensive demand and renewed weakness in Alphabet (-0.9%), contributing to a difficult week for mega-cap growth stocks. Smaller-cap shares were mixed, with the Russell 2000 marginally higher and mid-caps lower. With trading subdued and policy commentary failing to alter rate-cut expectations, attention now turns to the upcoming flow of economic data and earnings to determine whether market momentum can re-emerge, while Treasury yields finished the week higher, reflecting continued pressure at the longer end of the curve.

Foreign Exchange

	Day Close	% Change		Day Close
DX	99.393	0.07%	USD-SGD	1.2889
USD-JPY	158.12	-0.32%	EUR-SGD	1.4945
EUR-USD	1.160	-0.09%	JPY-SGD	0.8153
AUD-USD	0.668	-0.24%	GBP-SGD	1.7245
GBP-USD	1.338	-0.01%	AUD-SGD	0.8615
USD-MYR	4.058	0.04%	NZD-SGD	0.7414
USD-CNY	6.970	0.05%	CHF-SGD	1.6047
USD-IDR	16885	0.15%	SGD-MYR	3.1500
USD-VND	26272	0.01%	SGD-CNY	5.4061

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9850	0.81%	1M	3.6692
3M	2.0330	0.35%	2M	3.6745
6M	2.1430	0.09%	3M	3.6684
12M	2.2480	-0.22%	6M	3.6319
			1Y	3.5225

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	-0.232	-18.300	-0.058	3.582
04/29/2026	-0.390	-15.700	-0.097	3.543
06/17/2026	-0.832	-44.200	-0.208	3.432
07/29/2026	-1.080	-24.800	-0.270	3.370
09/16/2026	-1.448	-36.800	-0.362	3.278

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.44	0.4%	Corn (per bushel)	4.248	1.1%
Brent (per barrel)	64.12	0.6%	Soybean (per bushel)	10.578	0.5%
Heating Oil (per gallon)	223.76	1.3%	Wheat (per bushel)	5.180	1.5%
Gasoline (per gallon)	178.52	0.1%	Crude Palm Oil (MYR/MT)	40.260	1.9%
Natural Gas (per MMBtu)	3.10	-0.8%	Rubber (JPY/KG)	3.514	-0.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12803	-2.3%	Gold (per oz)	4596	-0.4%
Nickel (per mt)	17578	-5.3%	Silver (per oz)	90.13	-2.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	49,359.33	-83.11
S&P	6,940.01	-4.46
Nasdaq	23,515.39	-14.63
Nikkei 225	53,936.17	-174.33
STI	4,849.10	15.76
KLCI	1,712.74	-2.42
JCI	9,075.41	42.82
Baltic Dry	1,567.00	35.00
VIX	15.86	0.02

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.44 (--)	3.59 (--)
5Y	1.81 (+0.01)	3.82 (+0.05)
10Y	2.19 (+0.01)	4.22 (+0.05)
15Y	2.18 (+0.01)	--
20Y	2.18 (+0.01)	--
30Y	2.27 (+0.01)	4.84 (+0.04)

Financial Spread (bps)

Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.66
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Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
1/19/2026 9:30	CH	New Home Prices MoM	Dec	--	--	-0.39%	--
1/19/2026 9:30	CH	Used Home Prices MoM	Dec	--	--	-0.66%	--
1/19/2026 10:00	CH	GDP YoY	4Q	4.50%	--	4.80%	--
1/19/2026 10:00	CH	GDP YTD YoY	4Q	5.00%	--	5.20%	--
1/19/2026 10:00	CH	GDP SA QoQ	4Q	1.10%	--	1.10%	--
1/19/2026 10:00	CH	Retail Sales YoY	Dec	1.00%	--	1.30%	--
1/19/2026 10:00	CH	Retail Sales YTD YoY	Dec	--	--	4.00%	--
1/19/2026 10:00	CH	Industrial Production YoY	Dec	5.00%	--	4.80%	--
1/19/2026 10:00	CH	Industrial Production YTD YoY	Dec	--	--	6.00%	--
1/19/2026 10:00	CH	Fixed Assets Ex Rural YTD YoY	Dec	-3.10%	--	-2.60%	--
1/19/2026 10:00	CH	Surveyed Jobless Rate	Dec	5.20%	--	5.10%	--
1/19/2026 10:00	CH	Property Investment YTD YoY	Dec	-16.50%	--	-15.90%	--
1/19/2026 10:00	CH	Residential Property Sales YTD YoY	Dec	--	--	-11.20%	--
1/19/2026 12:30	JN	Industrial Production MoM	Nov F	--	--	-2.60%	--
1/19/2026 12:30	JN	Industrial Production YoY	Nov F	--	--	-2.10%	--
1/19/2026 12:30	JN	Capacity Utilization MoM	Nov	--	--	3.30%	--

Source: Bloomberg

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