

Daily Treasury Outlook

Highlights

Global: US cash treasury and equity market were closed on Monday, in observance of Martin Luther King Day holiday. All eyes remained on the geo-economic flare-up over Greenland. The EU is reportedly considering EUR93 billion reciprocal tariff, in response to President Trump's 10% tariff threat, risking further escalation of tensions. US equity and bond futures saw a broad-based selloff, while European stocks also plummeted. Market response has been relatively contained so far, with market still assuming that this is “escalate to de-escalate” type of story plot. Dollar index slipped by 0.4% on Monday, while gold and silver climbed to another record high levels on haven flows.

As expected, Japan PM Takaichi announced plan to call for 8 Feb snap lower-house election, seeking supports from voters on her spending and tax cut plan. French PM Lecornu is set to use Article 49.3 to bypass parliament and pass the 2026 budget. The IMF raised 2026 global economic growth forecast to 3.3% (up by 0.2 percentage point as compared to Oct forecast), while keeping the 2027 forecast unchanged at 3.2%, citing fiscal stimulus package in advanced economies as reason for upgrade. On the other hand, the IMF kept the inflation forecast broadly unchanged at 3.8% and 3.4% for this year and the next.

On data front, Canada's inflation surprised to the upside, with headline CPI growth paced up to 2.4% YoY in December. However, Canada's core median inflation printed softer at 2.5% (consensus 2.7%). Japan's tertiary industry index missed market consensus and edged down by 0.2% MoM in November.

Market Watch: Asian market is likely to trade with cautious tone today. Market awaits US supreme court decision on the legality of tariffs under IEEPA (prediction markets priced 30% of chance that the court will allow tariff to stand). Economic calendar of Asian market consists of China's 1- and 5-year LPR fixings, Malaysia's December CPI, Taiwan's December export orders and Hong Kong's December unemployment rate. Later today, market will watch Germany December PPI, UK's November job market data, Eurozone's January ZEW survey and US' ADP weekly employment change.

Key Market Movements

Equity	Value	% chg
S&P 500	6940.0	0.0%
DJIA	49359	0.0%
Nikkei 225	53584	-0.7%
SH Comp	4114.0	0.3%
STI	4834.9	-0.3%
Hang Seng	26564	-1.0%
KLCI	1712.3	0.0%
	Value	% chg
DXY	99.393	0.0%
USDJPY	158.11	0.0%
EURUSD	1.1646	0.4%
GBPUSD	1.3425	0.3%
USDIDR	16942	0.3%
USDSGD	1.285	-0.3%
SGDMYR	3.1539	0.1%
	Value	chg (bp)
2Y UST	3.59	0.00
10Y UST	4.22	0.00
2Y SGS	1.42	-2.00
10Y SGS	2.18	-1.49
3M SORA	1.15	-0.18
3M SOFR	3.92	0.00
	Value	% chg
Brent	63.94	-0.3%
WTI	59.44	0.0%
Gold	4671	1.6%
Silver	94.39	4.7%
Palladium	1842	2.1%
Copper	12966	1.3%
BCOM	113.59	0.0%

Source: Bloomberg

Major Markets

CH: China's GDP growth moderated to 4.5% YoY in 4Q, easing from 4.8% YoY in 3Q, broadly in line with market expectations. For full-year 2025, the economy expanded by 5.0% YoY, meeting the government's target of "around 5%" growth. While the headline numbers were largely unsurprising, a closer look at the composition of growth reveals three notable surprises in 2025—one positive and two negatives.

On the upside, net exports contributed around 1.6 percentage points to overall GDP growth in 2025, accounting for roughly one-third of total expansion, and once again emerged as a key stabilising force for the economy. The pace of trade integration between China and ASEAN has exceeded expectations, providing an important structural underpinning for the external sector. Looking ahead, assuming no major global economic shock, we expect China's exports to grow by around 3% in 2026, which should help buffer the economy against an increasingly uncertain external environment.

On the downside, growth deceleration was primarily driven by weaker investment activity. This reflects the ongoing correction in property investment, alongside a simultaneous softening in infrastructure and manufacturing investment. Credit data reinforce this picture: new RMB lending recorded six consecutive months of YoY contraction in 2H25, driven mainly by continued household-sector deleveraging. This dynamic is likely to persist into 2026 and may continue to weigh on property investment and broader domestic demand.

A second negative surprise lies in persistent disinflationary pressures. Although real GDP growth met its target, nominal GDP expanded by only 3.9% YoY in 2025. The GDP deflator has remained in negative territory for 11 consecutive quarters, with no clear signs of bottoming out—marking the longest disinflationary streak in China's modern history. This likely reflects a combination of household deleveraging linked to the housing correction and ongoing "involution-style" competition across parts of the industrial sector. While industrial capacity utilisation improved in 2H25, it still declined to 74.4% in 2025 from 75.0% in 2024. We expect China to enter 2026 with a still-negative GDP deflator, which will continue to weigh on corporate profitability and fiscal revenue growth.

Overall, these three surprises in 2025—resilient external demand, but weaker investment and entrenched disinflation—are likely to extend into 2026. Supported by still-robust exports, we expect growth to re-accelerate modestly to around 4.7% YoY in 1Q26. However, on a full-year basis, China's GDP growth is likely to slow from 5.0% in 2025 to around 4.7–4.8% in 2026, constrained by sluggish investment and lingering balance-sheet adjustment.

ID: Presidential spokesperson Prasetyo Hadi noted that President Prabowo Subianto has nominated Thomas Djiwandono to join the Board of Governors at Bank Indonesia, along with two other names submitted to parliament, following the early resignation of Deputy Governor Juda Agung on 13 January 2026. Head of the parliamentary financial commission, Mukhamad Misbakhun, revealed that the other two nominees are Solikin Juhro and Dicky Kartikoyono, as reported by The Straits Times. Thomas, who is also President Prabowo's nephew and currently serves as Deputy Finance Minister, must undergo parliamentary approval. Separately, Bank Indonesia said it will remain focused on currency and financial system stability as it navigates policy ahead. BI is set to announce its policy decision tomorrow (3 p.m.), with Bloomberg consensus expecting a hold at 4.75%.

MY: Prime Minister Anwar Ibrahim will launch the National Education Development Plan (RPN) 2026–2035 on today (20 January), outlining a unified roadmap covering the entire education ecosystem from schools to higher education. Jointly led by the Ministry of Higher Education and the Ministry of Education, the plan aims for a more inclusive, high-quality, and globally competitive system. At the tertiary level, the Higher Education Plan (RPTM) 2026–2035 replaces the previous blueprint, shaped through broad stakeholder consultations and designed as a flexible “living document” that integrates technology and artificial intelligence while widening access, as reported by Bernama. In parallel, the Education Plan (RPeM) 2026–2035 introduces seven strategic thrusts and 49 initiatives to improve access, education quality, educator capability, infrastructure, governance, and delivery efficiency.

PH: President Ferdinand Marcos Jr, in a video message, announced the discovery of a new natural gas reservoir near the Malampaya gas field. This marks the first major discovery in over a decade, with approximately 98bn cubic feet of natural gas found roughly 5km east of the Malampaya field, offshore Palawan. The discovery is sufficient to supply electricity for around 5.7mn homes for a year. President Marcos Jr. also noted that the find includes condensate and could cushion Malampaya's eventual decline, given the field currently supports about 40% of Luzon's power needs amid high power costs and heavy reliance on imported coal.

VN: Deputy Prime Minister Bui Thanh Son, speaking at the banquet marking 76 years of Vietnam–China relations on 16 January, highlighted the long-standing solidarity and mutual support between the two countries. The DPM praised the strengthening comprehensive strategic cooperative partnership, reflected in deeper political trust, expanding economic and security cooperation, and growing people-to-people exchanges, as reported by the Government news website. Chinese Ambassador He Wei affirmed China's readiness to further enhance cooperation and voiced hopes that Vietnam's upcoming 14th Party Congress will usher in a new period of national progress and closer Vietnam–China friendship.

ESG

Rest of the world: A landmark global treaty to safeguard biodiversity in the high seas, known as Biodiversity Beyond National Jurisdiction (BBNJ), came into effect, providing countries with a legally binding framework to tackle threats such as overfishing and meet a target to protect 30% of the ocean environment by 2030. The number of ratifications has since risen to more than 80 from 60 last September, including China, Brazil and Japan adding their names to the list. The US signed the treaty during the Biden administration but has not ratified it under the Trump administration. Under the treaty, countries must conduct environmental assessments of activities that have an impact on ocean ecology. However, the BBNJ does not cover threats such as the extraction of mineral resources from the ocean bed, as mining activities fall under the jurisdiction of the International Seabed Authority.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 1bps lower to 1bps higher while belly tenors and 10Y traded 1bps higher. Global Investment Grade spreads traded flat at 74bps and Global High Yield spreads traded flat at 251bps respectively. Bloomberg Global Contingent Capital Index widened by 4bps to 225bps. Bloomberg Asia USD Investment Grade spreads traded flat at 58bps and Asia USD High Yield spreads traded flat at 328bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volume for APAC and DM IG market yesterday was both zero.

There were no notable issuers in the DM IG market yesterday where issuers priced deals of at least USD1.0bn.

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

There was one notable issuance in the Singdollar market yesterday.

- HSBC Bank PLC priced a SGD101.5mn 2Y Fixed bond at 1.93%.

Mandates:

- ReNew Treasury IFSC Private Limited may issue USD-denominated senior secured green notes with corporate guarantee from RPL, and unless released, by REGP.
- China Oil And Gas Group Limited may issue USD-denominated Senior Bonds.

Equity Market Updates

US: Global markets were unsettled on Monday as US trading was closed for a public holiday, leaving thin liquidity to magnify moves elsewhere following President Trump's comments on potential tariffs affecting several European countries in connection with Greenland. European equities recorded their largest daily decline in two months, with the STOXX 600 down 1.2%, Germany's DAX down 1.3%, and France's CAC 40 down 1.8%. The move was led lower by luxury (-3.0%), automotive (-2.2%) and technology stocks (-3.0%), while the VSTOXX index which measures euro zone equity volatility, rose to its highest level since November. The proposed measures would involve an additional 10% tariff from February, increasing to 25% by June if no agreement is reached, prompting firm responses from European officials and renewed debate over the outlook for transatlantic trade, though some analysts expect the EU to proceed cautiously to limit escalation. Asian markets were mixed, with emerging-market equities recovering to post modest gains, driven by South Korea's KOSPI (+1.3%) and Taiwan's TAIEX (+0.7%), while Japan's Nikkei (-0.7%) and broader Asia-Pacific indices edged lower amid ongoing trade and geopolitical uncertainty. Demand for defensive assets lifted gold and silver to record highs, the dollar weakened against the yen and Swiss franc, oil prices were broadly unchanged, and global markets remained sensitive to developments ahead of high-level discussions at the World Economic Forum in Davos.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.393	0.00%	USD-SGD	1.2850
USD-JPY	158.11	-0.01%	EUR-SGD	1.4966
EUR-USD	1.165	0.41%	JPY-SGD	0.8126
AUD-USD	0.671	0.46%	GBP-SGD	1.7252
GBP-USD	1.343	0.34%	AUD-SGD	0.8627
USD-MYR	4.055	-0.07%	NZD-SGD	0.7452
USD-CNY	6.964	-0.09%	CHF-SGD	1.6114
USD-IDR	16942	0.34%	SGD-MYR	3.1539
USD-VND	26265	-0.03%	SGD-CNY	5.4204

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9850	0.81%	1M	3.6684
3M	2.0330	0.35%	2M	3.6740
6M	2.1430	0.09%	3M	3.6680
12M	2.2480	-0.22%	6M	3.6301
			1Y	3.5193

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.055	-5.500	-0.014	3.628
03/18/2026	-0.214	-15.900	-0.054	3.588
04/29/2026	-0.395	-18.100	-0.099	3.543
06/17/2026	-0.880	-48.500	-0.220	3.421
07/29/2026	-0.525	35.500	-0.131	3.510
09/16/2026	-2.335	-180.900	-0.584	3.058

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)	64.13	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	53,583.57	-352.60
STI	4,834.88	-14.22
KLCI	1,712.33	-0.41
JCI	9,133.87	58.47
Baltic Dry	1,567.00	35.00
VIX	18.84	2.98

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.42 (-0.02)	3.59(-)
5Y	1.8 (-0.01)	3.82(-)
10Y	2.18 (-0.01)	4.25(-)
15Y	2.17 (-0.01)	--
20Y	2.16 (-0.02)	--
30Y	2.26 (-)	4.87(-)

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
1/20/2026 8:15	US	ADP Weekly Employment Change	27-Dec	--	--	11.750k	--
1/20/2026 8:30	US	Philadelphia Fed Non-Manufacturing Activity	Jan	--	--	-16.8	-21.6
1/20/2026 19:00	SK	Imports 20 Days YoY	Jan	--	--	0.70%	--
1/20/2026 19:00	SK	Exports 20 Days YoY	Jan	--	--	6.80%	--

Source: Bloomberg

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