

# Macro Insights Livestream January 2026



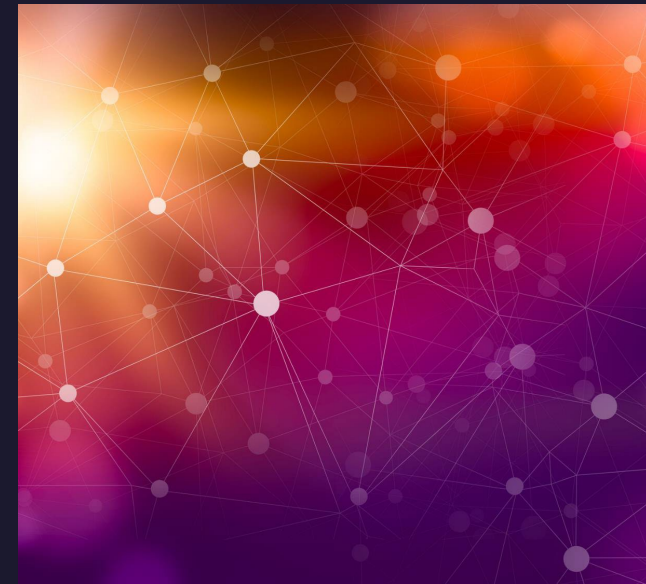
Live more,  
Bank less

## Under the shadow of US hegemony

Taimur Baig, Chief Economist

Han Teng Chua, Senior Economist

Eugene Leow, Senior Rates Strategist



# Questions?



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**MACROJAN26**

# Outline

Global economic outlook: Taimur Baig

Singapore economic outlook: Han Teng Chua

SGD rates outlook: Eugene Leow

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# US: Hegemonic assertiveness

## International

Venezuela

Iran

Greenland

Cuba/Colombia/Nicaragua



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## Domestic

Pressure on the Fed

Price control on drugs

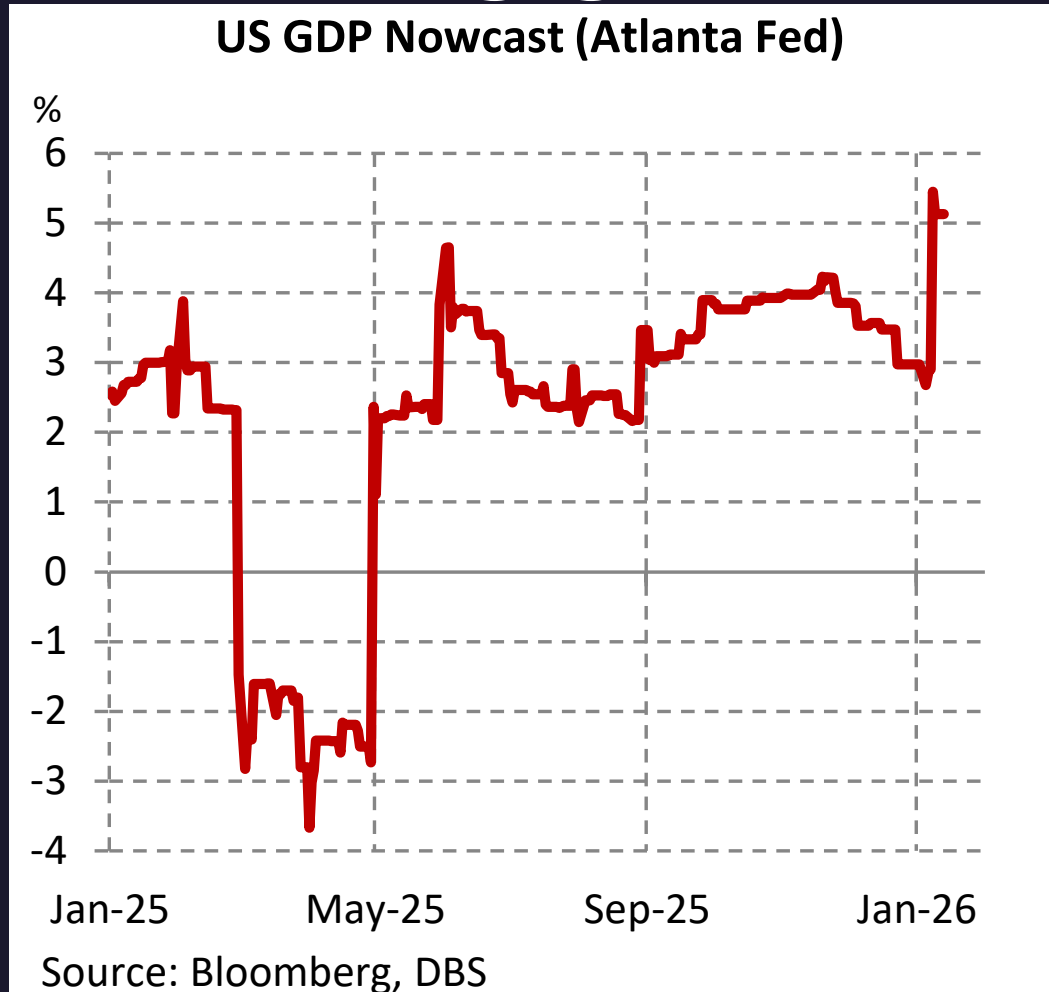
Interest rate curb on credit cards

Dividend payment cap on defense companies

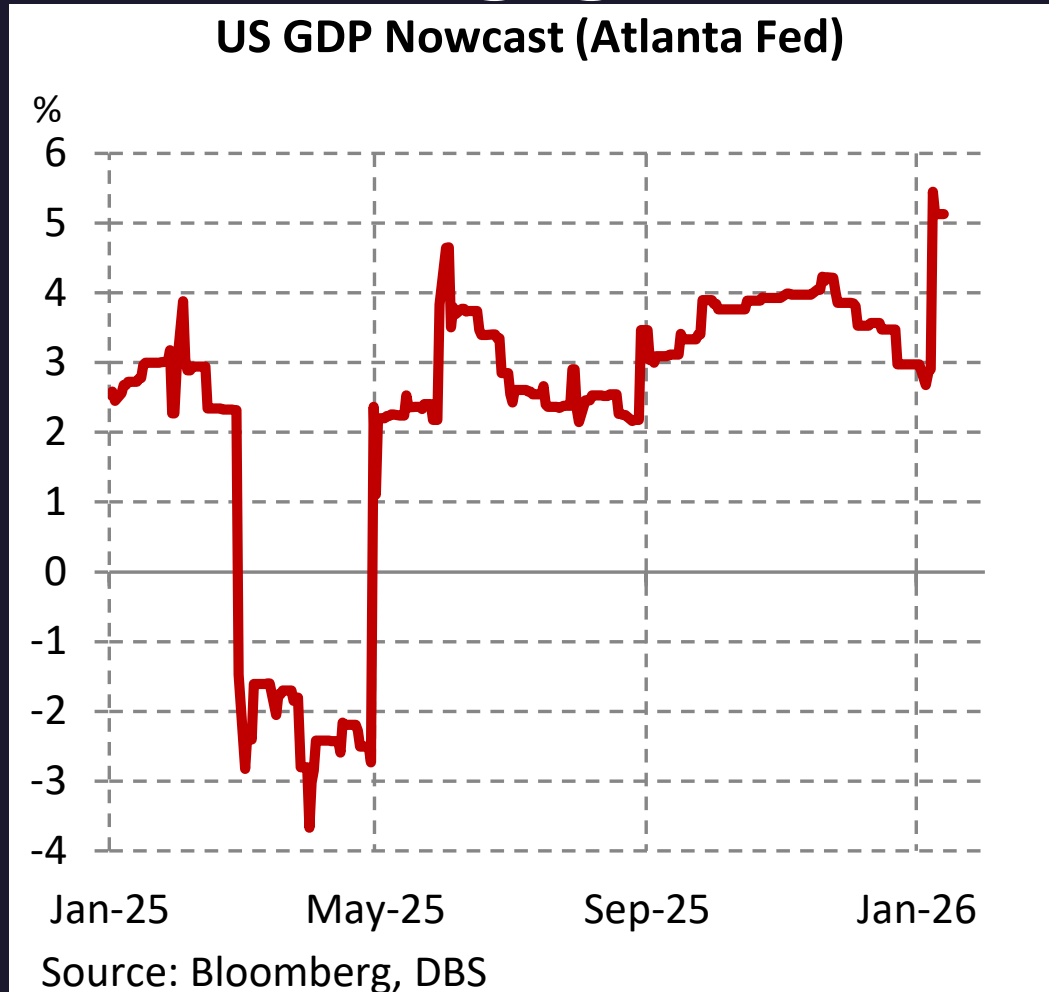
Intervention on housing sector (PE to Fanny)



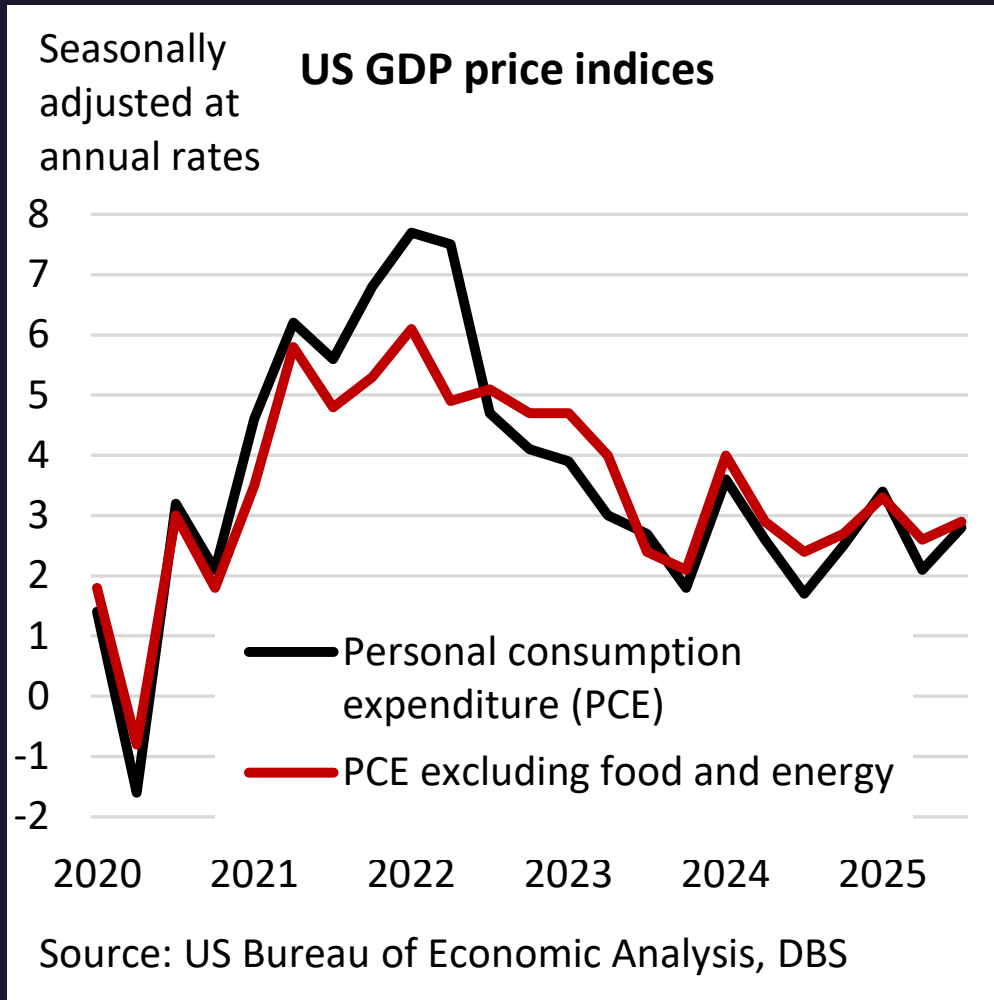
# US: Strong growth



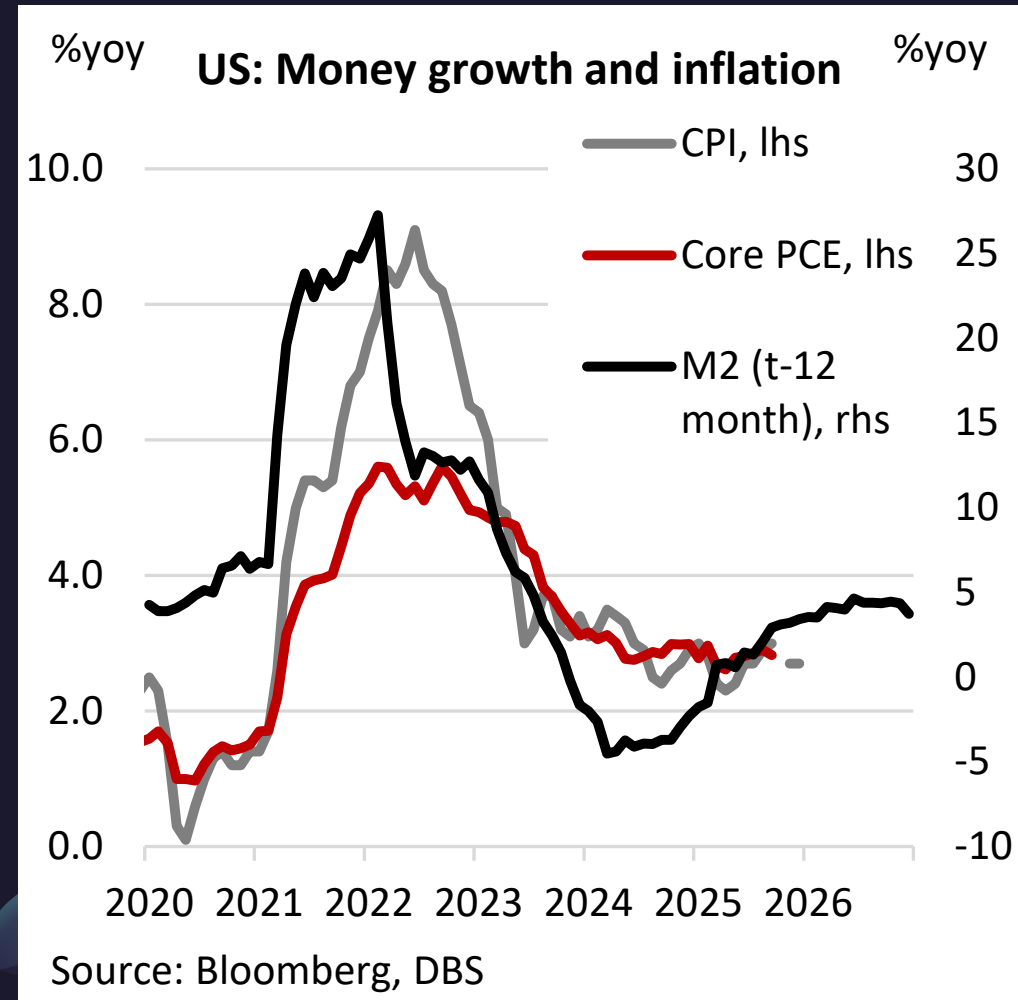
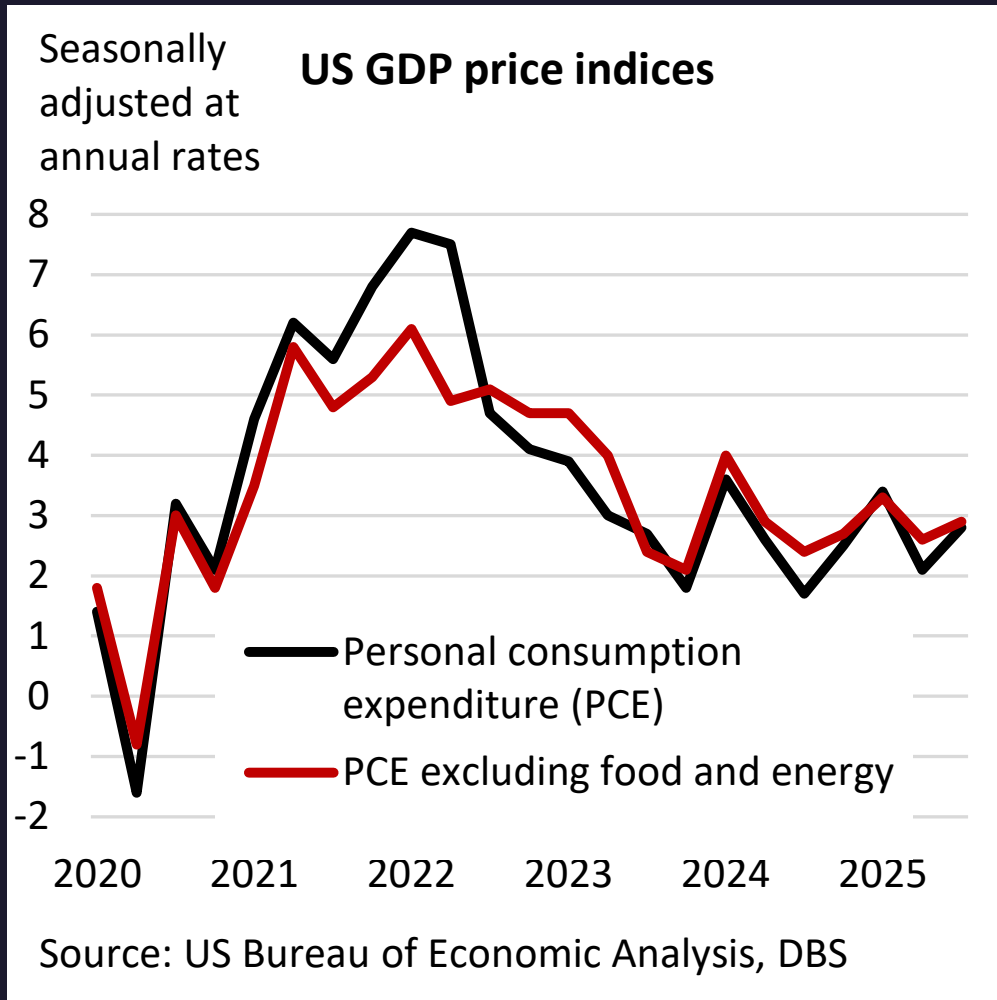
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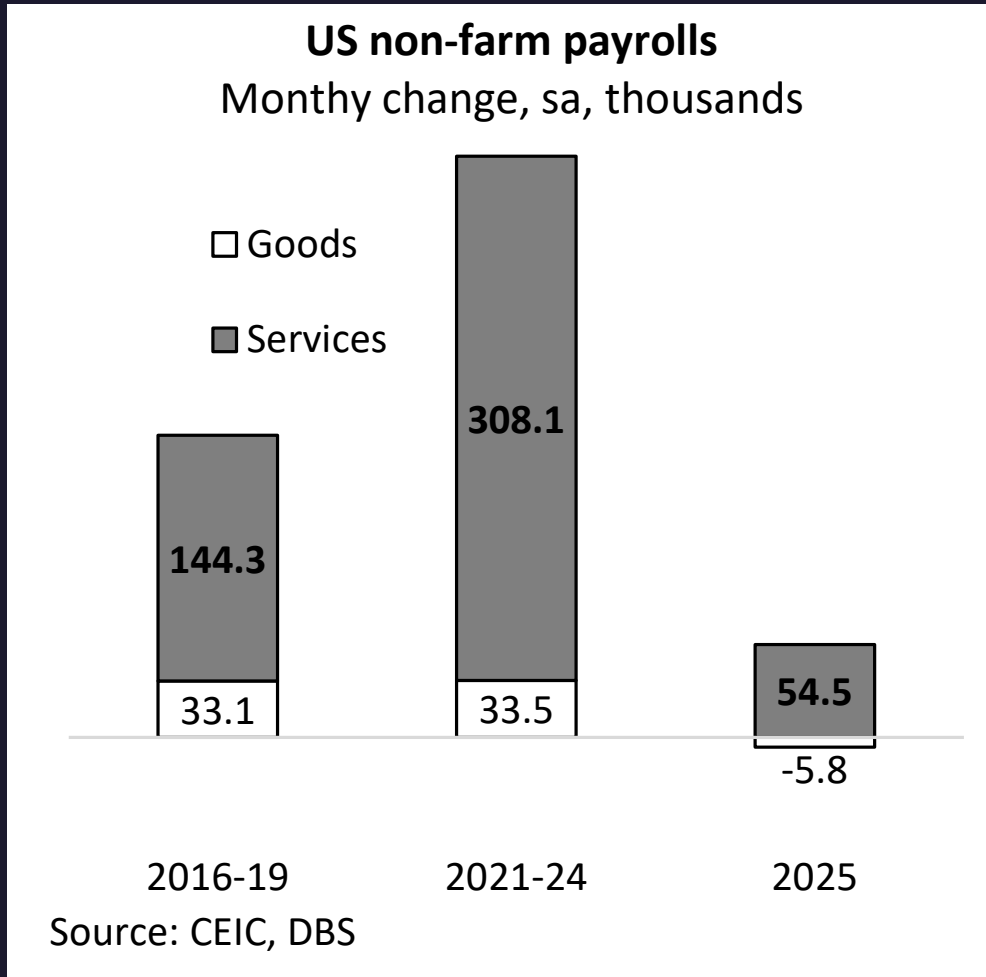
# US: Sticky inflation



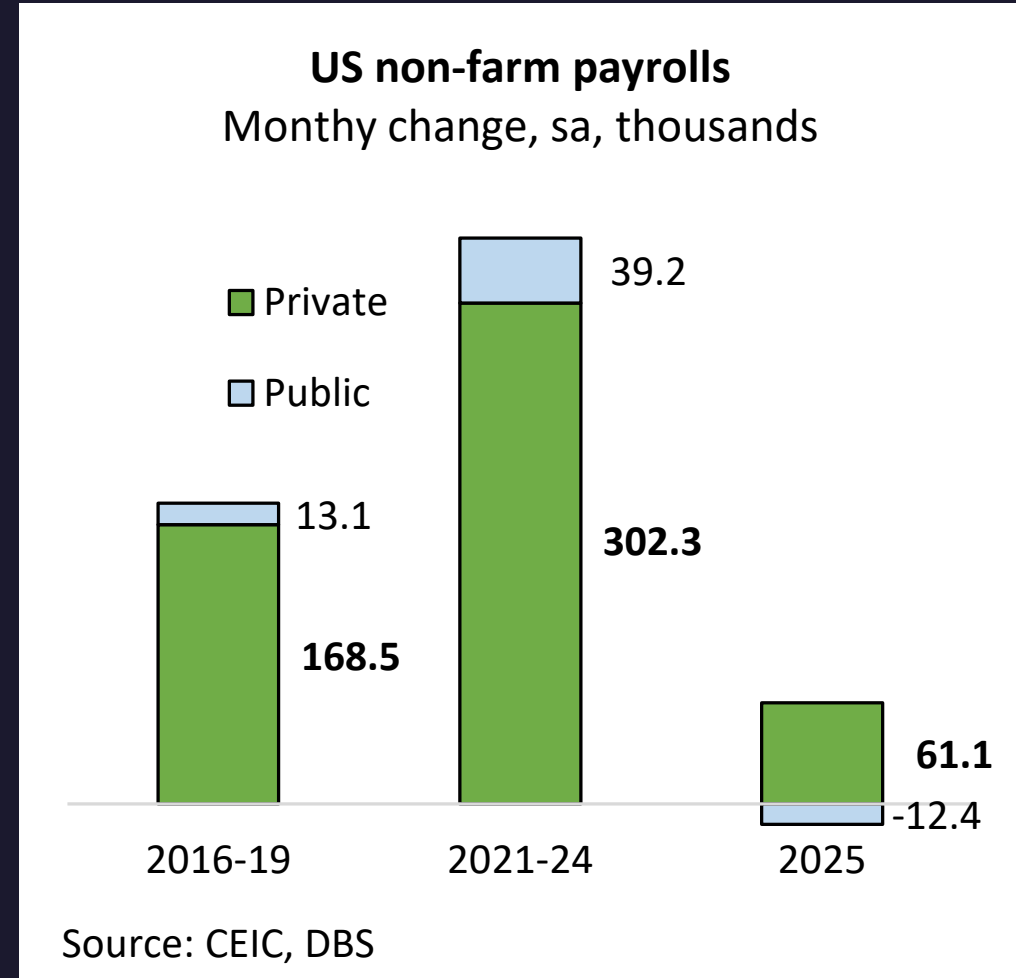
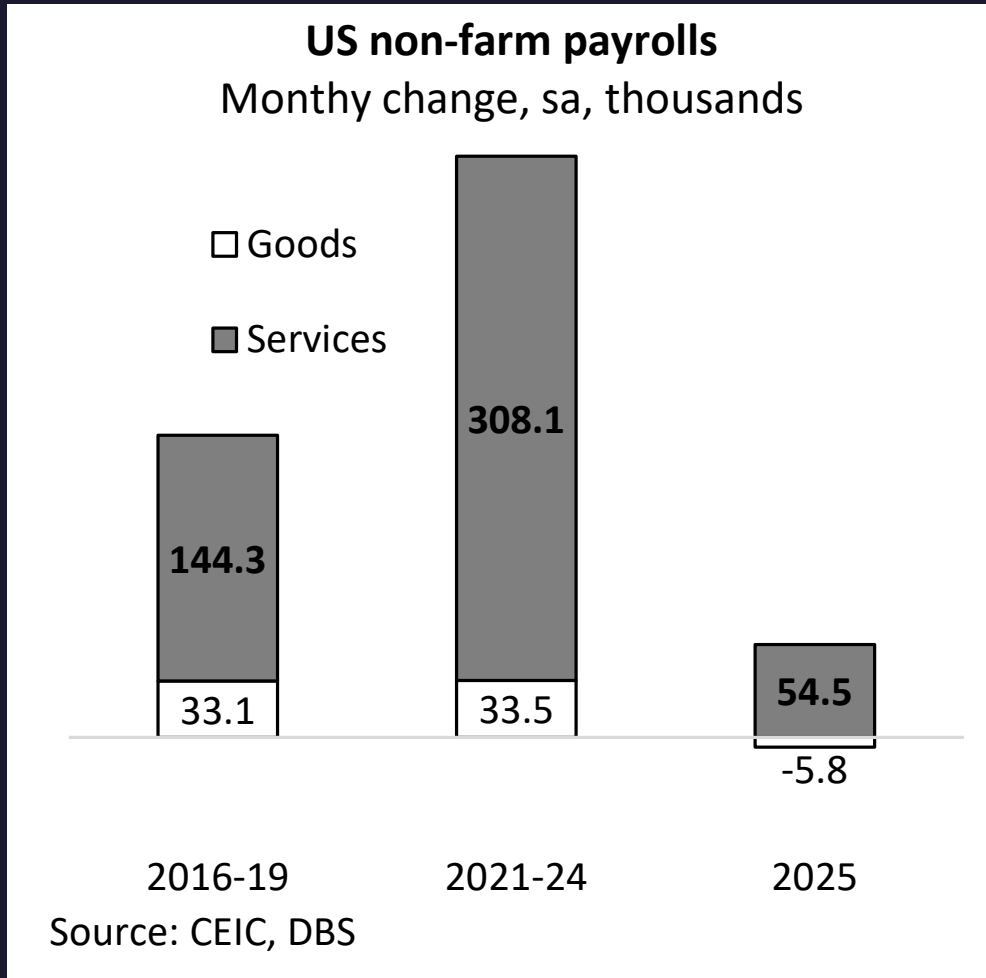
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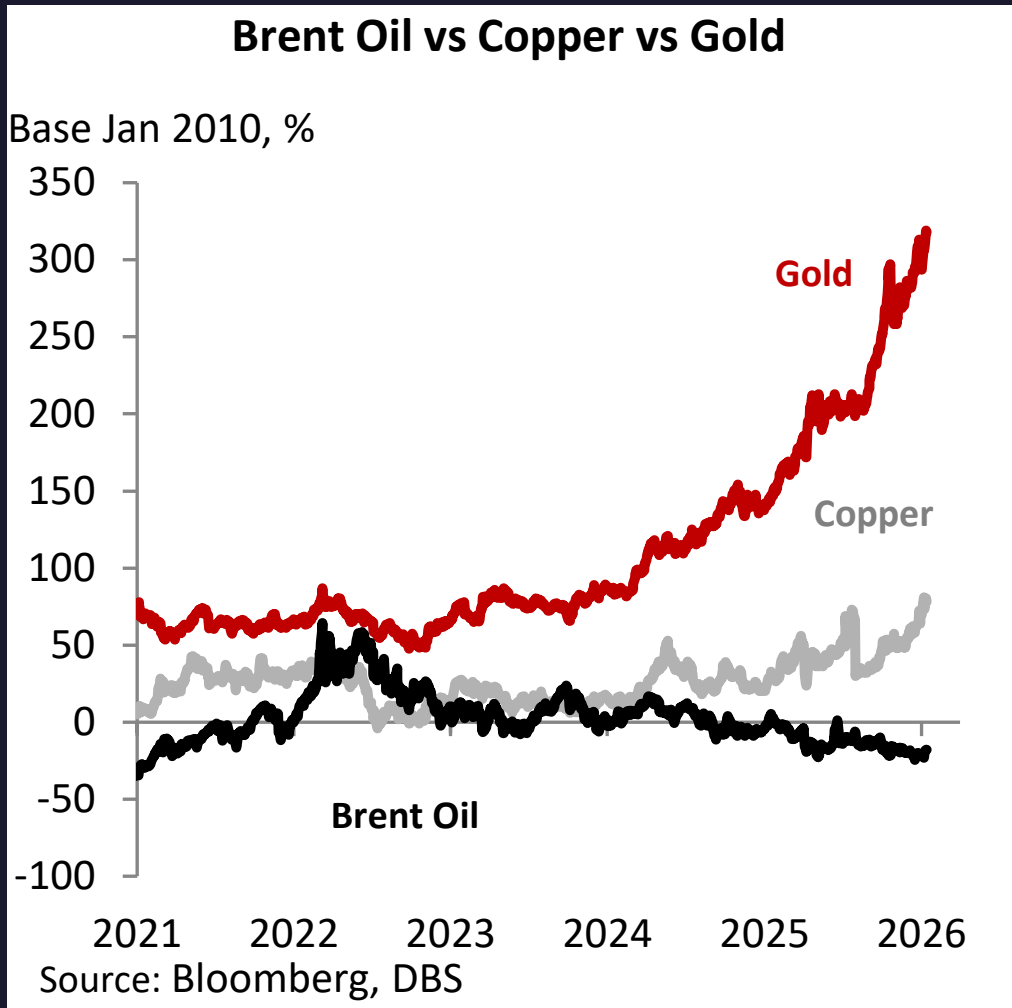
# US: Jobless growth?



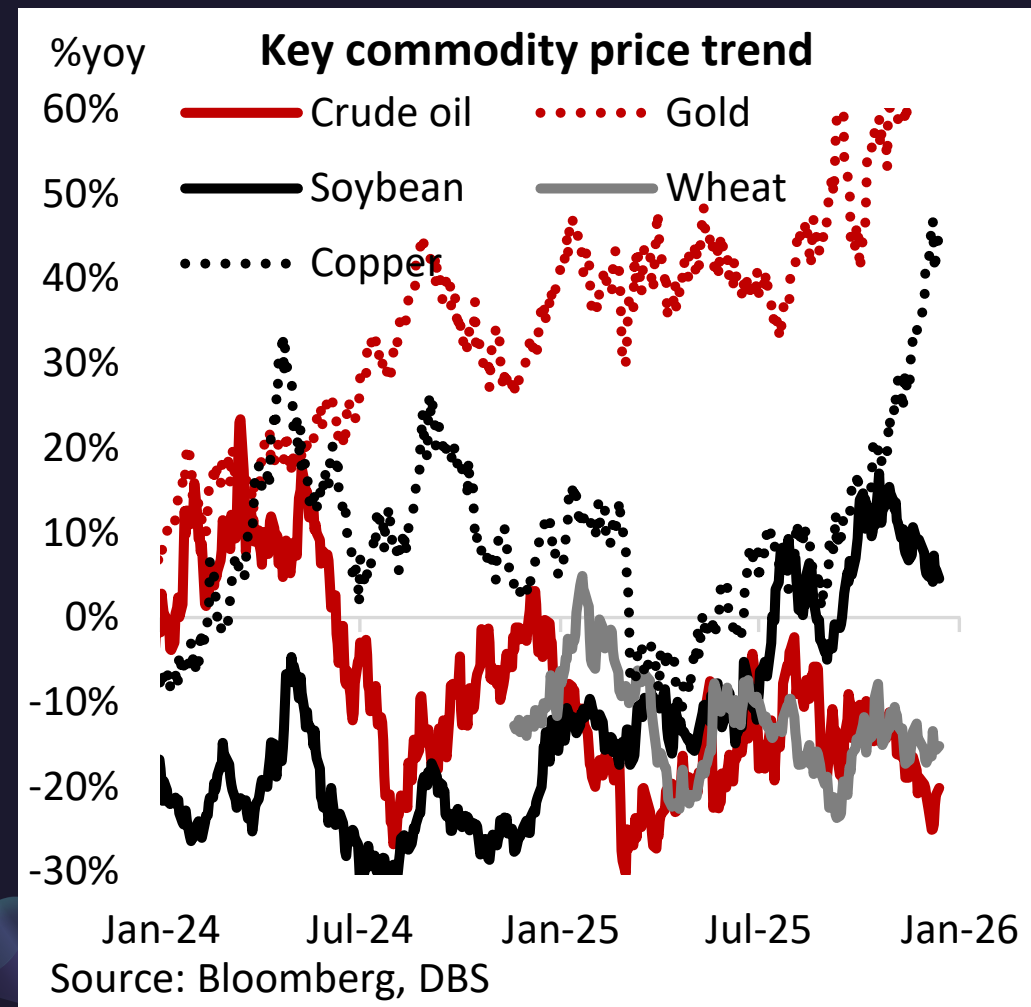
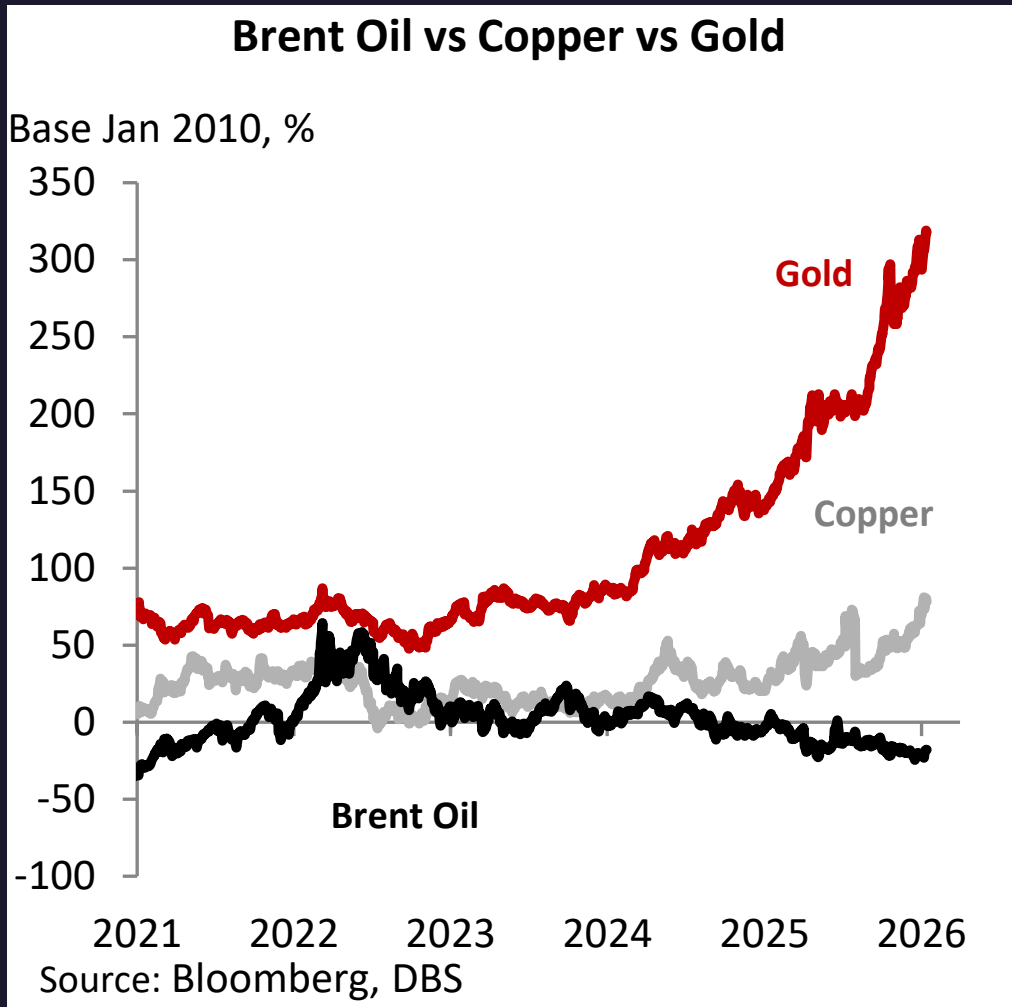
# US: Jobless growth?



# Commodities



# Commodities



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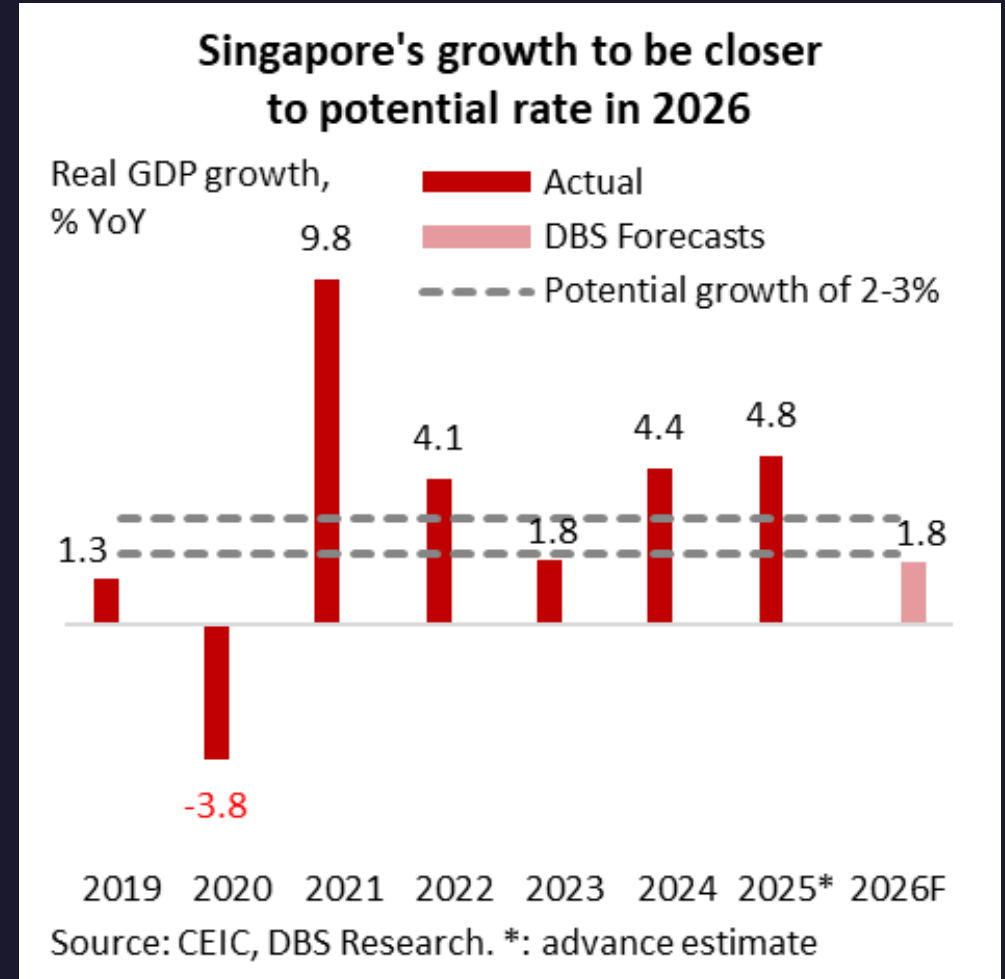
Singapore economic outlook: Han Teng Chua

SGD rates outlook: Eugene Leow

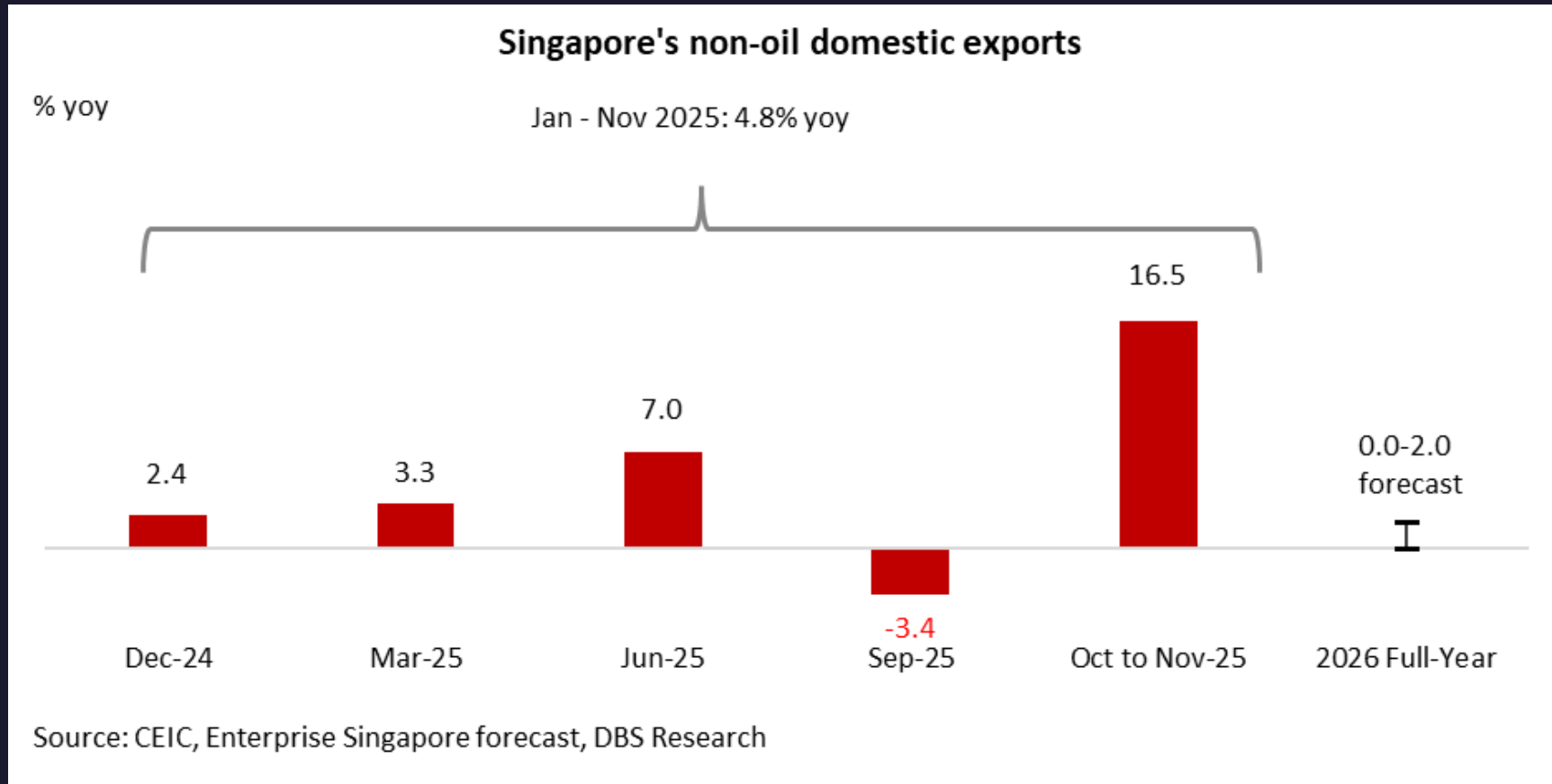
# SG: Growth resilience to be tested in 2026

Real GDP growth by sectors						
	2024	1Q25	2Q25	3Q25	4Q25*	2025*
<b>% YoY</b>						
Overall GDP	4.4	4.1	4.8	4.3	5.7	4.8
Manufacturing	4.3	4.7	5.2	4.9	15.0	7.6
Construction	4.5	4.3	6.2	5.1	4.2	4.9
Services	4.4	3.7	4.8	4.1	3.8	4.1
<b>% QoQ sa</b>						
Overall GDP	4.4	-0.5	1.8	2.4	1.9	4.8
Manufacturing	4.3	-5.2	-0.4	11.1	9.2	7.6
Construction	4.5	-2.5	6.5	0.7	-0.4	4.9
Services	4.4	0.6	2.0	0.5	0.8	4.1

Source: MTI, CEIC, DBS Research. \*: advance estimate



# SG: Trade challenges

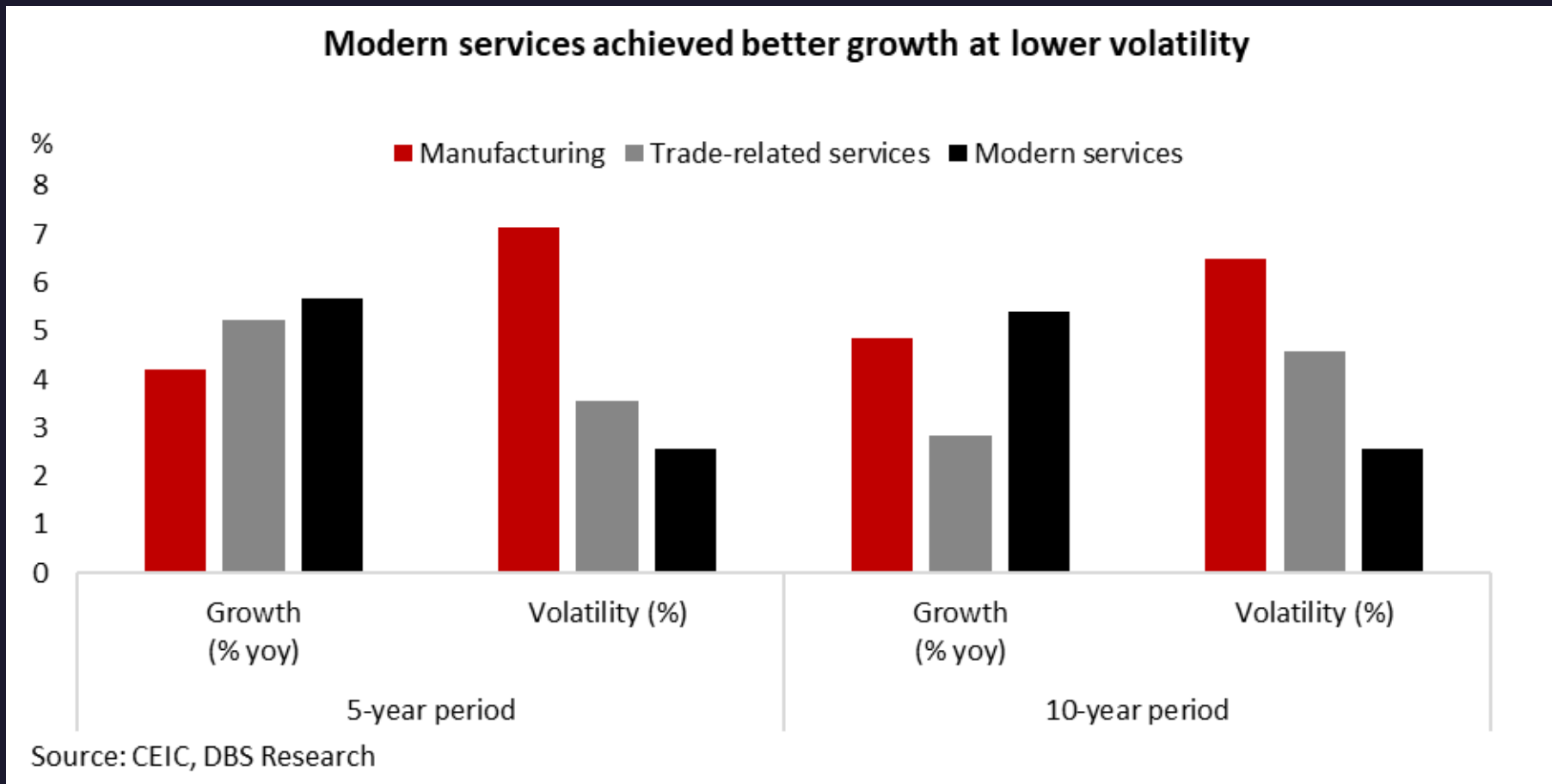


**Lagged impact of US tariffs**

**Sectoral tariffs risks (e.g. semiconductors)**

**Mature electronics upcycle moderates**

# SG: Cushion from resilient modern services



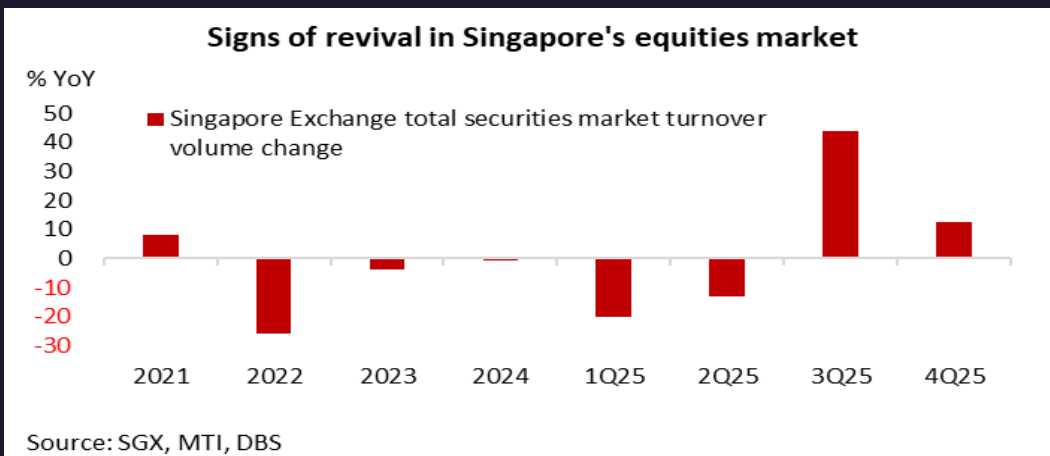
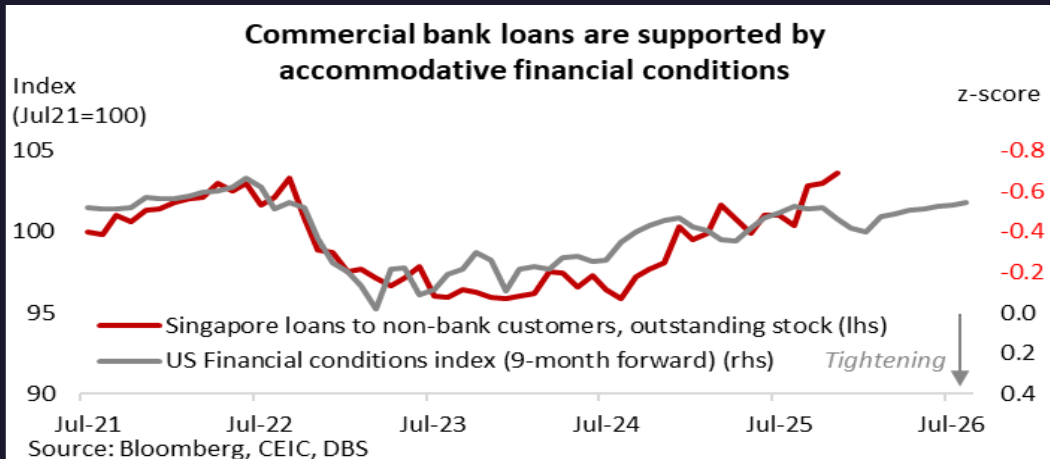
**Financial services:**  
Accommodative  
conditions

**ICT services:**  
AI digitalisation  
efforts

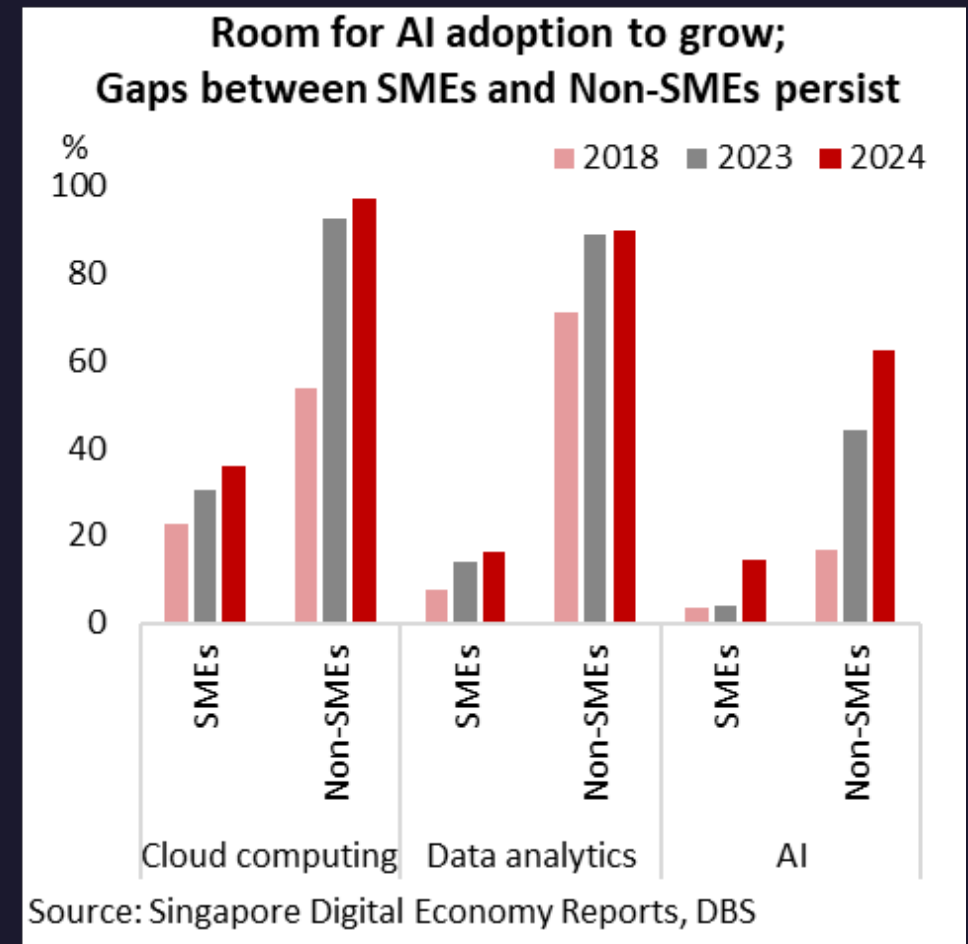
**Professional  
services:**  
Trusted business hub

# SG: Cushion from resilient modern services

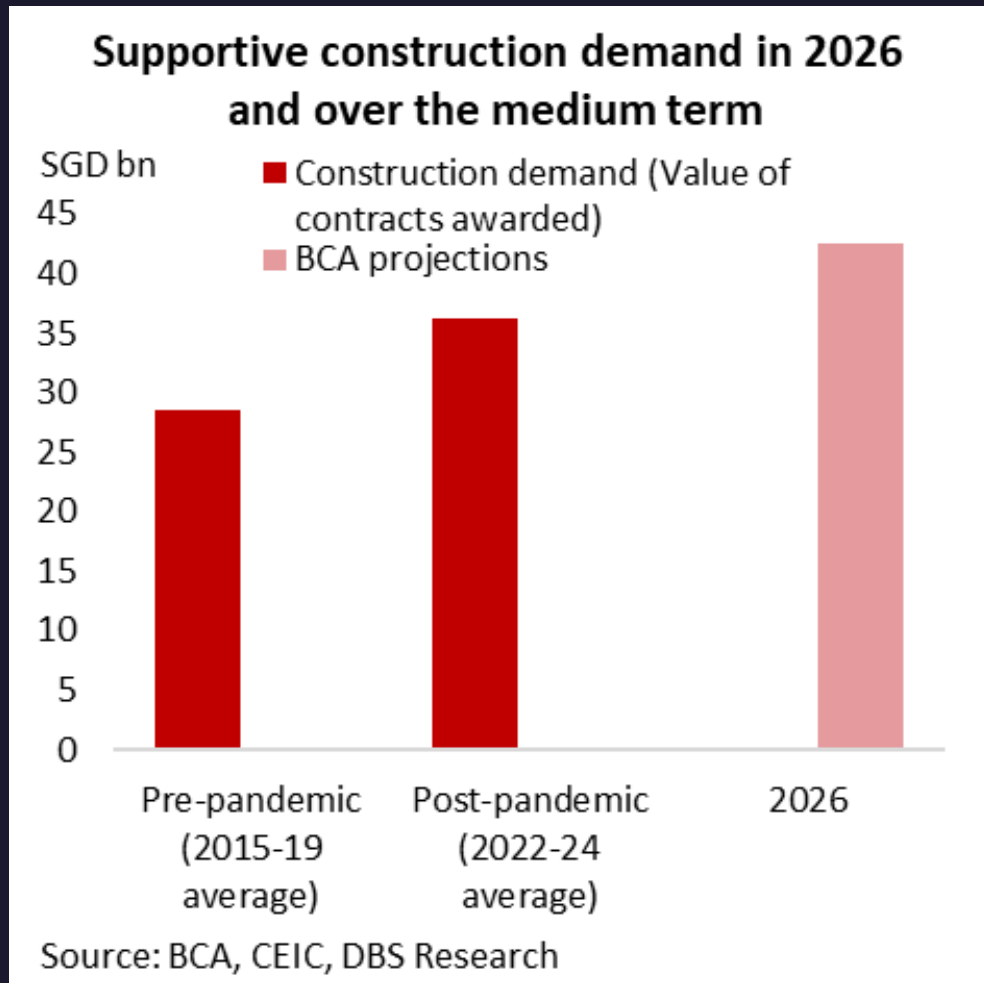
## Financial services



## ICT services



# SG: Cushion from construction boom

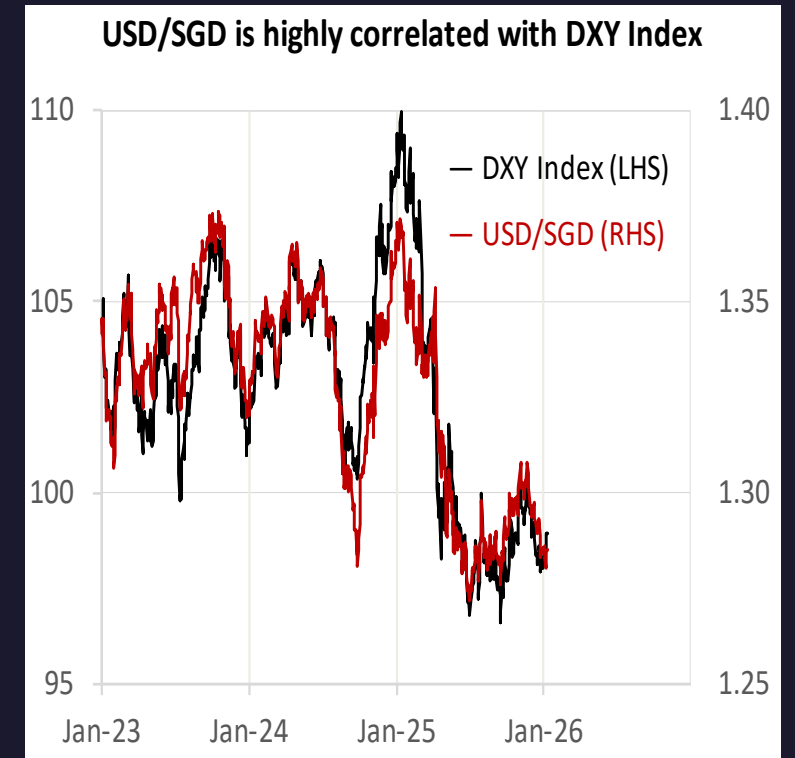
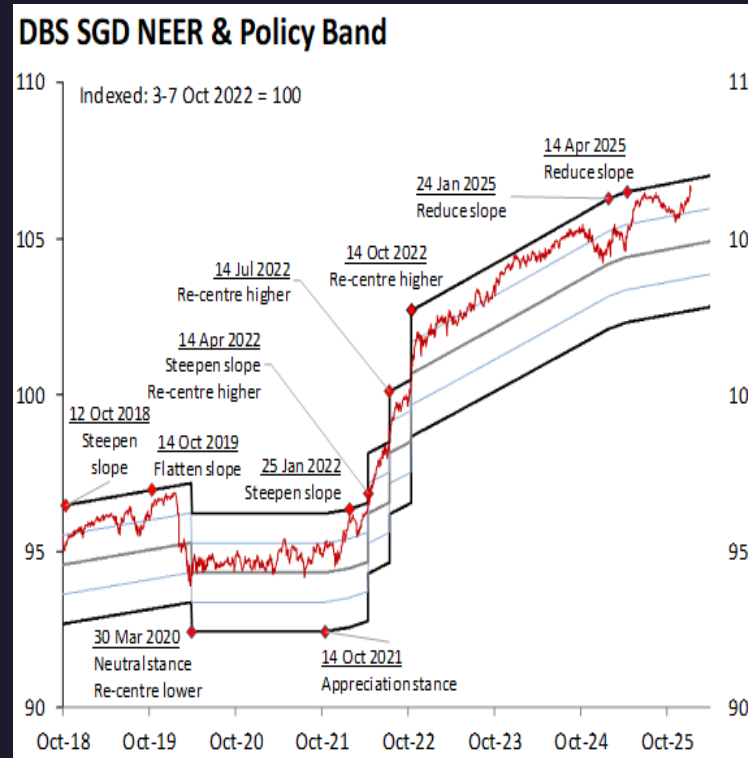
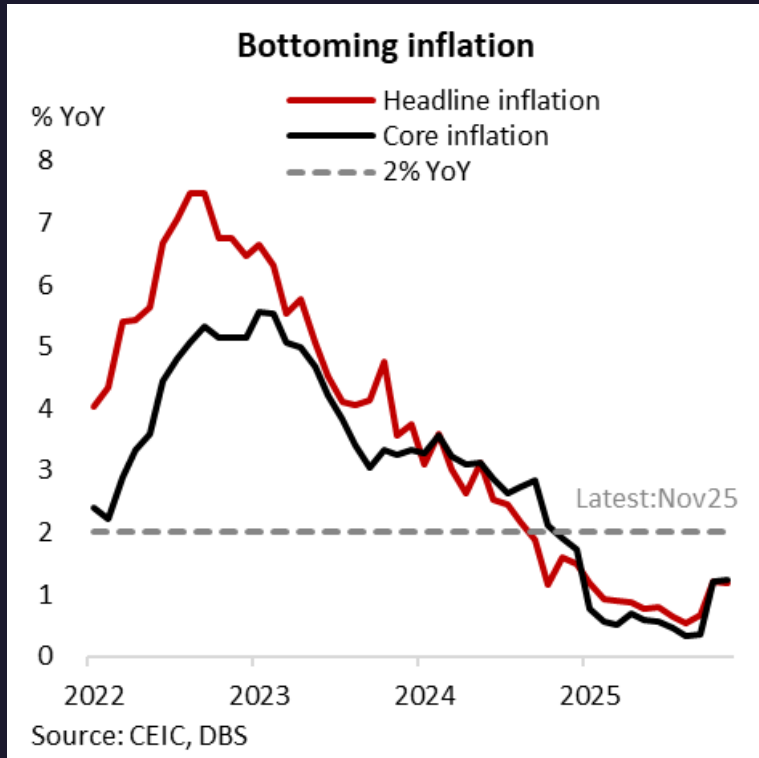


**Changi Airport T5;  
Tuas Port**

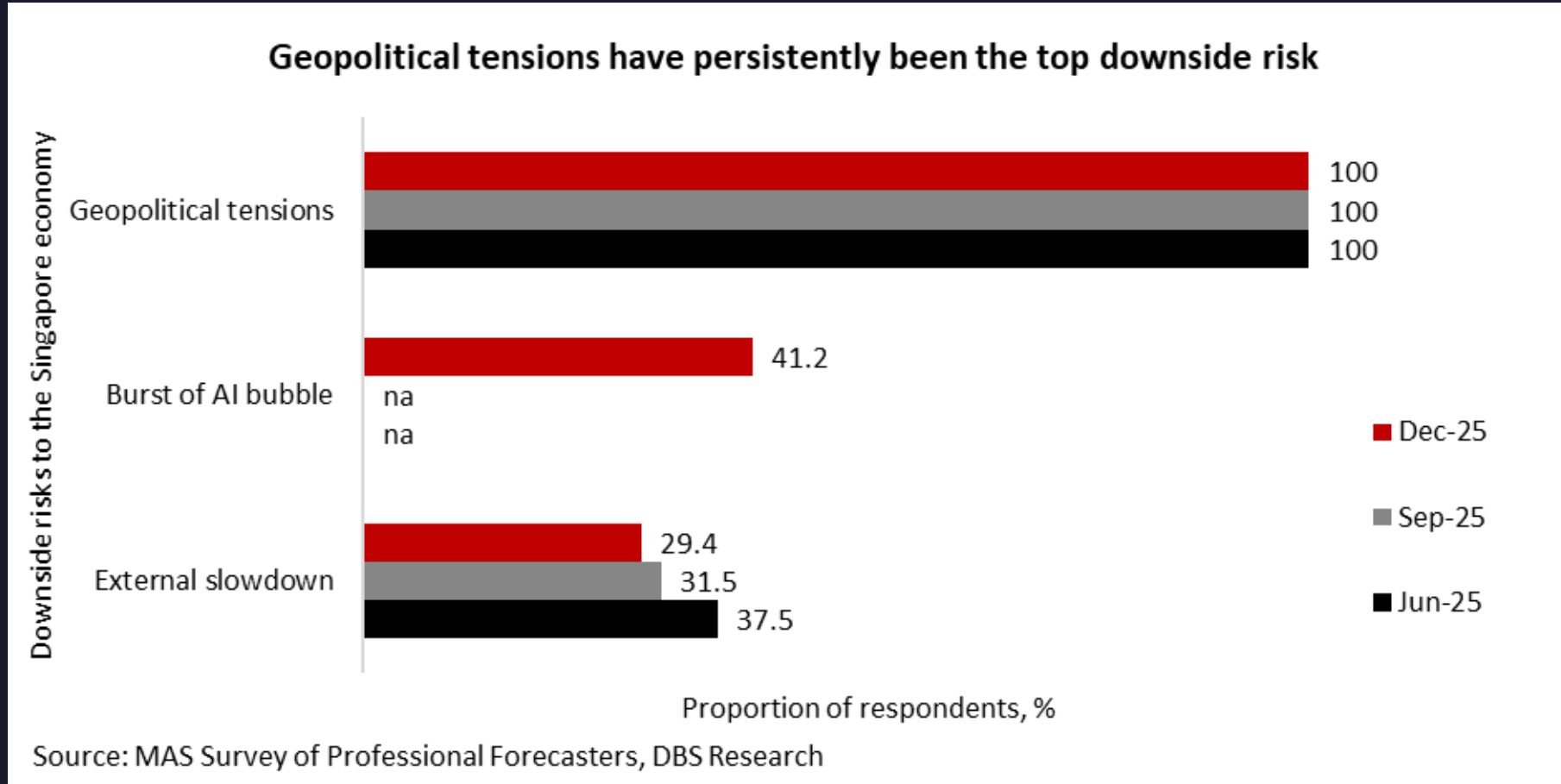
**Integrated resorts  
(e.g. Marina Bay Sands  
4<sup>th</sup> tower)**

**Public housing**

# SGD: Guarded against excessive optimism



# SG: Key downside risks



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# SG – MAS Monetary Policy

-Monetary policy in Singapore is centred on managing the trade-weighted exchange rate with the objective to ensure price stability over the medium term as a basis for sustainable economic growth.

-MAS' monetary policy implementation entails ensuring that the Singapore Dollar Nominal Effective Exchange Rate (S\$NEER)—which is MAS' intermediate target of monetary policy—is kept within the boundaries of the policy band.

-MAS' exchange rate policy is Singapore's only form of monetary policy.

Source: MAS

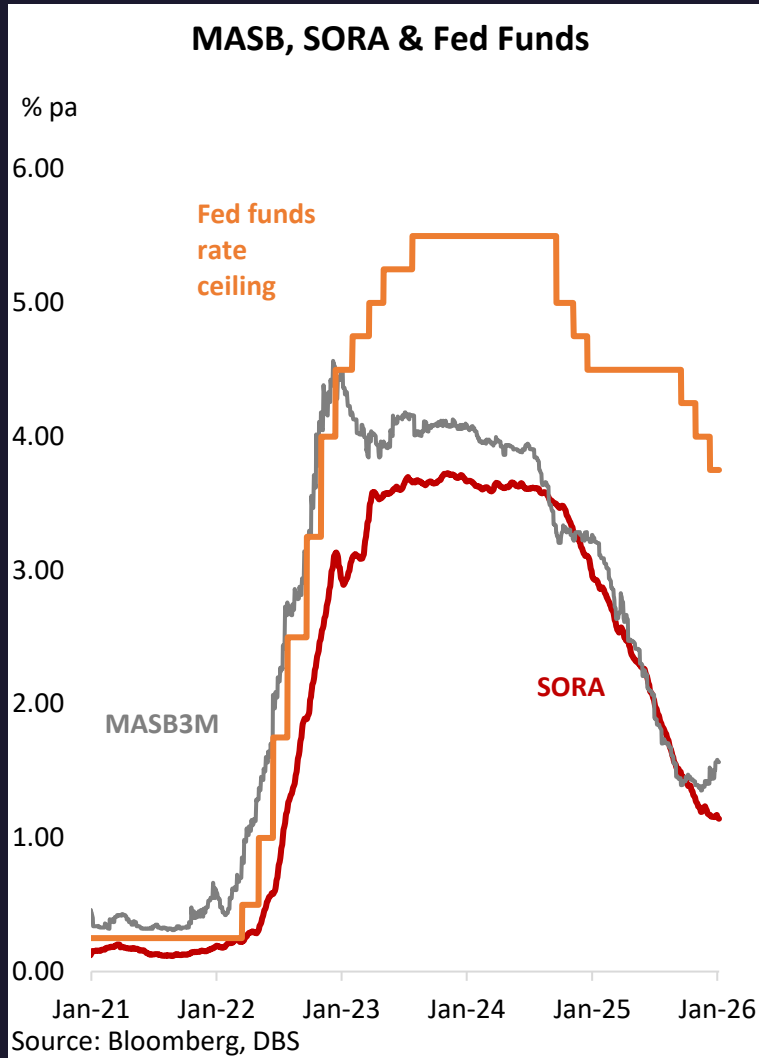
## Takeaway

-Even if the MAS does turn hawkish, the expectation shift should be on the currency

-This differs from most other central banks where monetary tightening equals higher short-term interest rates



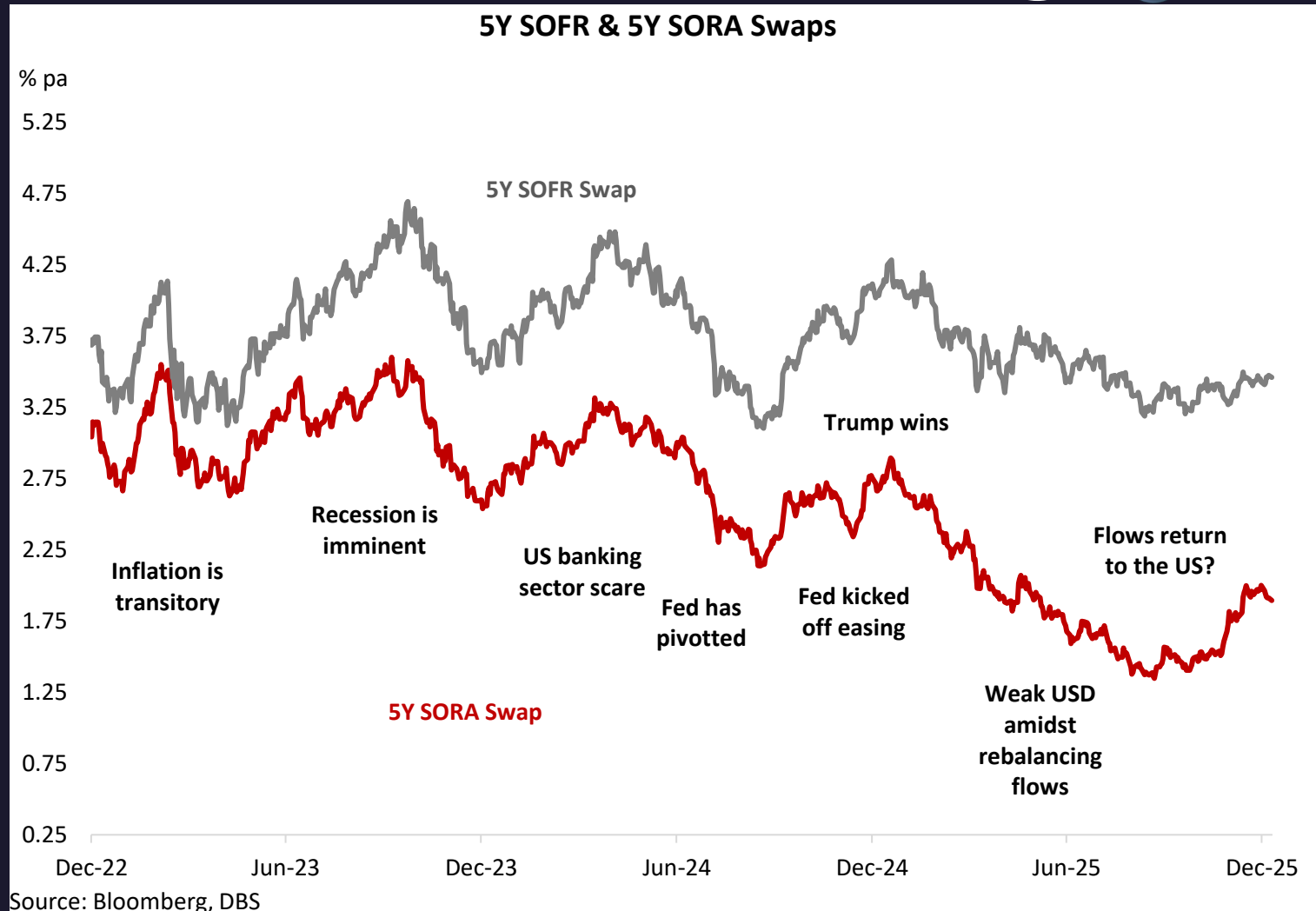
# SG – The path of short-term rates



- Fed policy – easing bias with one more cut to go
- FX view – general weak USD trend in 2026
- Flows – A matter of relative attractiveness. Extreme flows can skew SGD rates materially. A lot of inflows (as seen in 2025) will keep SGD rates relatively low. Conversely, outflows will drive SGD rates relatively high
- SGD rates got driven to very low absolute levels by end 2025. Downside may be limited even if the Fed cuts

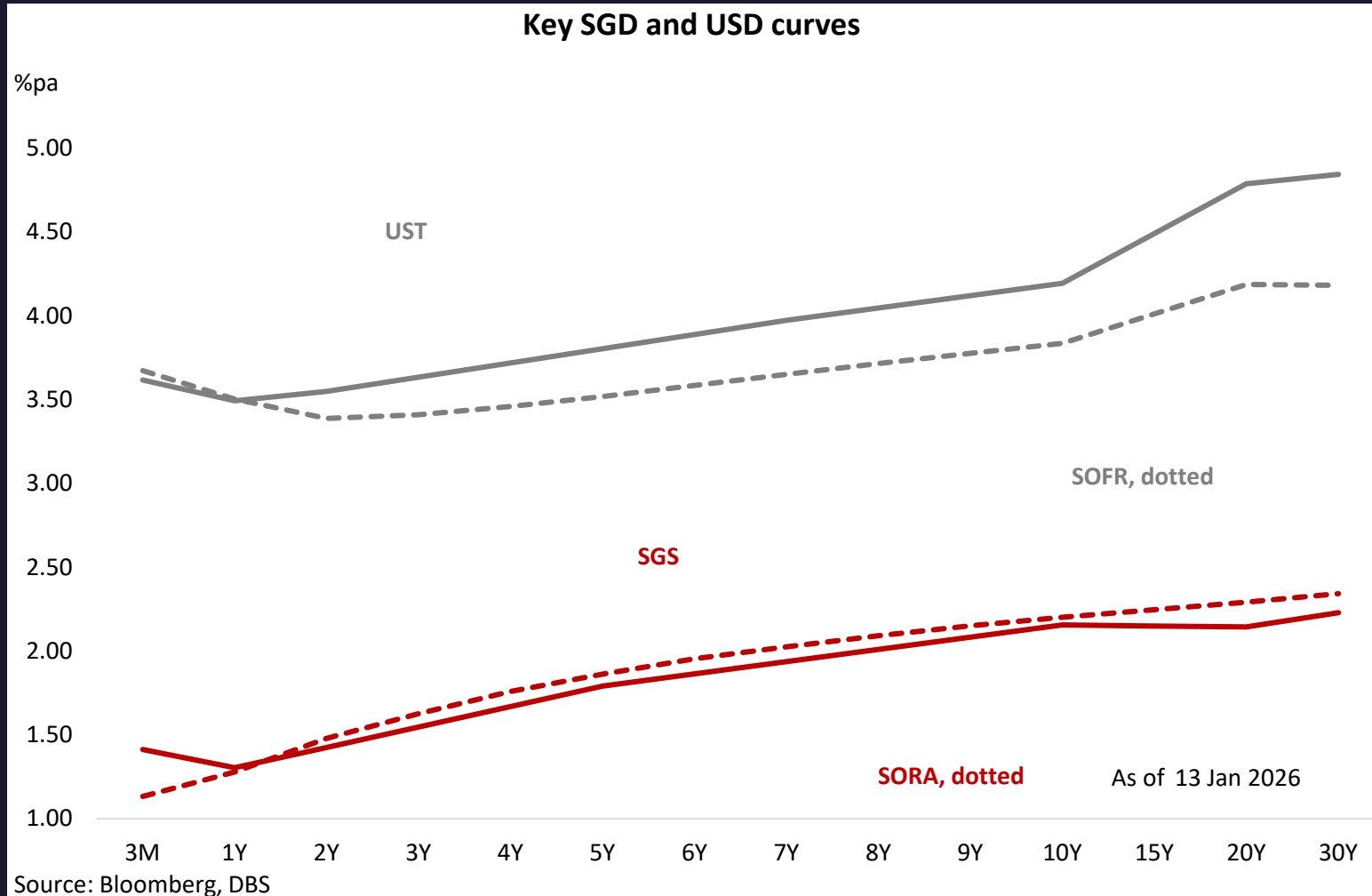


# SG – The path of long-term rates



- In the long run, the correlation with USD rates is intact
- This relationship weakened considerably amidst extraordinary conditions in 2025

# SG – Relative Value



- How much lower should SGS yields be relative to UST yields?
- Where should SGS yields trade relative to SORA?

# SG- Themes to watch

Events to Watch	Timeline	Consequences	Impact
<b>Firing of Lisa Cook from the Fed</b>	Pending oral arguments on <b>January 2026</b> with Supreme Court	Fed independence gets challenged as Cook just replaced by a Trump appointee. Sharply steeper curves and weaker USD amidst aggressive Fed cuts bets	<b>Erosion of confidence in the USD, triggers another round of inflows into Asia / SG</b>
<b>Fed Chair replacement</b>	Decision to be made by in Jan	Choice to impact investor view of Fed independence Kevin Hassett - Director of NEC Michelle Bowman - Fed Governor Christopher Waller - Fed Governor Rick Rieder - CIO FI of Blackrock Kevin Warsh - Former Fed Governor	
<b>Potential MAS tightening</b>	Later this year if economic conditions prove firm	SGD NEER slope gets steepened and / or recentred	<b>Net impact on rates after considering other factors is mixed</b>

Themes	Description	Consequences	Impact
<b>K-shaped economy</b>	AI optimism in equities + AI optimism in real investments. Other segments may not be doing that well	One-legged economy that is too dependent on AI. K-shape snaps back in two ways. One - AI hype collapses and a recession happens and yields fall. Two - AI hype broadens out into a healthier economic activity mix and yields rise	<b>Money flows &amp; risk sentiment</b>
<b>Hawkish shift for central banks</b>	2025 was characterised by easing across the G10 space (except BOJ). This provided a tailwind for DM and Asia bonds. However, we may be at the tailend of easing with many central banks shifting towards neutral / hawkish.	DM yields may rise as easing tailwinds fade. This constrains scope for Asia rates to rally further given already	<b>The centre of gravity for global rates is important</b>

# Takeaways



Downside to short-term SGD rates looks limited – watch Fed easing path and flows

Watch signs that MAS may turn hawkish. Mixed impact on rates if we consider a broader set of factors

Bets on higher short-term SGD rates look stretched

Some of the richness in SGS is being unwound as supplies come back online



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