

Global Markets Research

Daily Market Highlights

4 Sept: All eyes on BNM's policy decision today

Global stocks & bonds recovered from previous day's rout; haven demand boosted gold
Dollar weakened and UST yields fell amid softer than expected JOLTS job openings
MYR strengthened; expect BNM to maintain OPR at 3.00% after July's pre-emptive cut

- Dip buying and stabilized bond markets saw global stocks recovered from Tuesday's rout. While the Dow closed 0.1% d/d lower in the US, the S&P 500 and Nasdaq saw gains between 0.5-1.0% d/d as lower bond yields and a rally in tech stocks lifted the two major averages, with the Nasdaq fuelled by a 9.1% d/d jump in Alphabet shares after the tech giant avoided harsh antitrust penalties.
- The weak JOLTS job data saw traders propping up rate cut bets (futures is pricing in an almost 100% chance of a 25bps cut in the September and another quarter point cut by the December meeting). The policy sensitive 2Y treasury yield closed 2bps lower at 3.62%. The 30Y UST yield also pulled back 6bps to close at 4.90% after briefly touching 5.00%, while the 10Y yield retreated 4bps to 4.22%.
- In Europe, Stoxx Eur 600 and FTSE 100 rebounded 0.7% d/d each with the longer-dated bonds stabilising. 10Y European bond yields fell mostly, in between 3-6bps, while the 30Ys dropped 4-9bps.
- In the FX space, the DXY dipped to its session low of 98.0 after the US labour report, before paring some of these losses to close 0.3% d/d lower at 98.14. While CAD and NOK lagged behind their peers, SEK and GBP (+0.4% d/d to 1.3444) outperformed, the latter after touching a 4-week low the prior day. As it is, investors will be watching the annual budget on November 26 closely for implications on its fiscal position. Regional currencies closed mostly stronger against the Dollar, with MYR and SGD appreciating between 0-0.1% d/d to 4.2270 and 1.2878 respectively.
- In the commodity space, prices for the WTI and Brent tumbled between 2.2%-2.5% d/d to \$63.97 & \$67.60/barrel respectively amid reports that OPEC+ is considering a fresh round of production hike at this meeting this weekend. Though jitters that sent bond yields spiking had mostly faded, investors continued to turn to haven asset gold, sending prices up 1.2% d/d to \$3,606.10/oz overnight, a record high.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	45,271.23	-0.05
S&P 500	6,448.26	0.51
NASDAQ	21,497.73	1.02
Stoxx Eur 600	546.78	0.66
FTSE 100	9,177.99	0.67
Nikkei 225	41,938.89	-0.88
CSI 300	4,459.83	-0.68
Hang Seng	25,343.43	-0.60
Straits Times	4,289.33	-0.21
KLCI 30	1,578.52	0.12
FX		
Dollar Index	98.14	-0.26
EUR/USD	1.1662	0.19
GBP/USD	1.3444	0.37
USD/JPY	148.10	-0.18
AUD/USD	0.6543	0.35
USD/CNH	7.1391	0.01
USD/MYR	4.2270	-0.07
USD/SGD	1.2878	-0.04
USD/KHR	4,011.70	0.05
USD/THB	32.35	-0.13
Commodities		
WTI (\$/bbl)	63.97	-2.47
Brent (\$/bbl)	67.60	-2.23
Gold (\$/oz)	3,606.10	1.21
Copper (\$/MT)	9,975.50	-0.05
Aluminum(\$/MT)	2,619.00	0.00
CPO (RM/tonne)	4,389.50	0.93

Source: Bloomberg, HL Bank

* Closing as of 2 Sept for CPO

Upwards revisions to services PMIs for most majors; China's services sector strengthened; expansionary regional PMIs for August

- Save for the Eurozone PMI services (-0.2ppts to 50.5 vs 51.0 in July), August final services PMIs were revised up for the majors – by 0.6ppts to 54.2 for the UK (Jul: 51.8), +0.7ppt to 55.8 in Australia (Jul: 54.1) and +0.4ppt to 53.1 for Japan (Jul: 53.6). Businesses were upbeat over their 12-month outlook.
- Closer to home, the fresh RatingDog China General Services Business Activity Index unexpectedly improved to its highest since May 2024 at 53.0 (prior: 52.6). The uptick was largely driven by more stable domestic demand, a recovery in foreign demand while businesses remained optimistic about the future. On the downside, persistent pressure on output prices and thus, profits, suggest that the service sector recovery may be imbalanced.
- Fresh regional PMIs suggest that the manufacturing sector expanded in the Asia region, but forward-looking indicators and business confidence hint at the likelihood of a slowdown in growth. Hong Kong's PMI turned positive at 50.7 in August (Jul: 49.2), but Singapore and Vietnam PMIs softened slightly to 51.2 (Jul: 52.7) and 50.4 (Jul: 52.4) respectively.

Little or no change in economic activity for the US since the prior Beige Book; flat to declining consumer spending amid softer labour market indicators

- Highlights to the latest Beige Book include: 1) ***Most of the districts reported little or no change in economic activity*** since the previous Beige Book. 2) Districts reported ***flat-to-declining consumer spending*** as household wages failed to keep up with rising prices. 3) By sector, the auto sector noted flat to slightly higher sales, while retail & hospitality saw steady demand from domestic tourism activities. The latter was, nonetheless, inadequate to offset falling demand from international tourists. Manufacturing firms are reportedly shifting to local supply chains and using automation to cut costs, while the push to deploy AI partly saw a surge of data center construction. 4) Overall, sentiment was mixed, with most firms either reporting little-to-no change in optimism.
- Data released showed more evidence that the US labour market is cooling markedly. According to the JOLTS survey, job openings fell more than expected to 7181k in July from a downwardly revised 7357k previously, as the number of vacancies fell in health care & social assistance; arts, entertainment & recreation as well as mining & logging. The ratio of job openings to unemployed workers, a measure of labour market robustness, also dipped below 1.0, while the quits and layoffs rates held steady at 2.0% and 1.1%. With clear weakening in the jobs market and likely little wage-cost push

inflation, the Fed is very likely to cut interest rates meaningfully in the months ahead.

- Separate data released was equally soft. Mortgage applications fell at a wider pace of 1.2% w/w for the week ended August 29 (prior: -0.5% w/w), while factory orders continued to decline in July (-1.3% m/m vs -4.8% m/m) due to the volatile transport segment and amid some softening in consumer goods orders post front-loading.

Australia's 2Q GDP growth accelerated more than expected

- Australia's economy accelerated more than expected in 2Q (+0.6% q/q vs +0.3% q/q). This followed subdued growth in 1Q which was heavily impacted by weather events. Domestic demand was the main driver of growth led by household and government spending, while net trade also contributed to GDP growth, led by exports of mining commodities. All in, the latest figure shows that earlier interest rate cuts may be feeding into the domestic sector and as such, there should not be any change in RBA's gradual rate cut stance going forward.

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DX	96.25-99.25	98.32	96.29	94.99	93.77
EUR/USD	1.15-1.19	1.16	1.19	1.20	1.22
GBP/USD	1.33-1.37	1.36	1.38	1.39	1.40
USD/CHF	0.79-0.82	0.81	0.80	0.79	0.78
USD/JPY	144-149	147	144	140	137
AUD/USD	0.64-0.67	0.63	0.65	0.67	0.68
NZD/USD	0.57-0.61	0.59	0.60	0.61	0.61
USD/CNY	7.11-7.15	7.20	7.16	7.12	7.10
USD/MYR	4.19-4.25	4.28	4.25	4.22	4.18
USD/SGD	1.26-1.30	1.29	1.26	1.24	1.22
USD/THB	32.06-32.74	32.70	32.50	32.30	32.30

Rates, %	Current	3Q-25	4Q25	1Q26	2Q26
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75	3.25-3.50
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.00	4.00	3.75	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	3.60	3.60	3.35	3.10	3.10
RBNZ	3.00	3.00	2.75	2.75	2.75
BNM	2.75	2.75	2.75	2.75	2.75

Source: HL Bank

Up Next

Date	Events	Prior
4-Sep	AU Exports MoM (Jul)	6.00%
	AU Household Spending MoM (Jul)	0.50%
	MA BNM Overnight Policy Rate	2.75%
	EC Retail Sales MoM (Jul)	0.30%
	US Challenger Job Cuts YoY (Aug)	139.80%
	US ADP Employment Change	104k

	US Initial Jobless Claims	229k
	US Trade Balance (Jul)	-\$60.2b
	US S&P Global US Services PMI (Aug F)	55.4
	US ISM Services Index (Aug)	50.1
5-Sep	JN Labor Cash Earnings YoY (Jul)	2.50%
	JN Household Spending YoY (Jul)	1.30%
	SI Retail Sales YoY (Jul)	2.30%
	JN Leading Index CI (Jul P)	105.6
	UK Retail Sales Inc Auto Fuel MoM (Jul)	0.90%
	EC GDP SA QoQ (2Q T)	0.10%
	EC Employment QoQ (2Q F)	0.10%
	US Change in Nonfarm Payrolls (Aug)	73k
	US Two-Month Payroll Net Revision (Aug)	-258k
	US Average Hourly Earnings MoM (Aug)	0.30%
	US Average Weekly Hours All Employees (Aug)	34.3
	US Unemployment Rate (Aug)	4.20%

Source: Bloomberg

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