

Global Markets Research

Daily Market Highlights

5 Dec: All eyes on September's core-PCE today

Cautious trading ahead of FOMC meeting next week; DXY, UST yields up
Better than expected US labour data; softer trend keeps rate cut bets intact
Stronger household spending, wider trade surplus prints for Australia

- US stocks were directionless throughout Thursday session as investors prepared for next week's FOMC decision, wavering between small gains and losses before closing mixed. The S&P 500 and Nasdaq closed the day with miniscule gains of 0.1-0.2% d/d, while the Dow inched down 0.1% d/d. By sector, industrials and tech closed in green within the broad index, but consumer stocks and healthcare lagged.
- Elsewhere, Stoxx Eur 600 was 0.5% d/d higher at the closing bell, while most Asian markets trended up amid optimism over a Fed rate cut. With Wall Street directionless, regional equity markets are set for a cautious trading day today.
- In the treasury space, yields were 3-4bps higher across the curve after new data showed an unexpected drop in jobless claims. A separate report by Challenger also saw announced layoffs falling back after October's spike, although YTD data is still its highest since 2020. The benchmark 2Y yield closed the day at 3.52% and the 10Y at 4.10%. Save the UK and Norwegian sovereign bonds, 10Y European bond yields also rose 0-3bps.
- In the FX space, the DXY closed 0.1% higher at 98.99 alongside the UST yields, and with the greenback strengthening against all its G10 peers save JPY (0.1% d/d to 155.10) and AUD (0.1% d/d to 0.6610). The latter was underpinned by the possibility of a rate hike by the Reserve Bank of Australia in 2026, and the former by expectations that the Bank of Japan will raise rates in December 2025. That said, the unexpected drop in Japan's October household spending data (-3.0% y/y vs 1.8% y/y) this morning could potentially weigh on JPY today. Regional currencies closed mixed against greenback. MYR appreciated 0.2% d/d to 4.1125, while the SGD depreciated 0.2% d/d to 1.2961.
- In the crude oil market, prices (WTI: 1.2% d/d to \$59.67/barrel, Brent: 0.9% d/d to \$63.26/barrel) rose on signs that the Ukraine peace talk is stalling. Meanwhile, signs of surplus in the global market were prevalent with Saudi Aramco lowering the price of its flagship Arab Light crude.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	47,850.94	-0.07
S&P 500	6,857.12	0.11
NASDAQ	23,505.14	0.22
Stoxx Eur 600	578.84	0.45
FTSE 100	9,710.87	0.19
Nikkei 225	51,028.42	2.33
CSI 300	4,546.57	0.34
Hang Seng	25,935.90	0.68
Straits Times	4,535.14	-0.43
KLCI 30	1,621.07	-0.11
FX		
Dollar Index	98.99	0.14
EUR/USD	1.1644	-0.23
GBP/USD	1.3327	-0.19
USD/JPY	155.10	-0.10
AUD/USD	0.6610	0.14
USD/CNH	7.0716	0.20
USD/MYR	4.1125	-0.22
USD/SGD	1.2961	0.19
USD/KHR	4,008.50	-0.01
USD/THB	32.04	0.35
Commodities		
WTI (\$/bbl)	59.67	1.22
Brent (\$/bbl)	63.26	0.94
Gold (\$/oz)	4,211.80	0.30
Copper (\$/MT)	11,450.00	-0.33
Aluminum(\$/MT)	2,904.00	0.24
CPO (RM/tonne)	4,098.50	0.31

Source: Bloomberg, HL Bank

* Closing as of 3 Dec for CPO

Softer US labour market keeps December Fed rate cut bets intact

- According to Challenger, Gray & Christmas, layoff plans totalled 71.3k (-53.4% m/m and 23.5% y/y) in November, a step down from the massive cuts announced in October (175.3% y/y and 183.1% m/m to 153.1k) but still enough to bring the 2025 total up to 1.2m, its highest since 2020. The most-cited reason for layoffs during the month was restructuring, followed by AI and market/economic conditions, and were led by telecommunications, technology and food sectors. In addition to mounting layoffs, hiring intentions also fell 35% as compared to the same point in 2024, with YTD hiring its lowest since 2010.
- Initial jobless claims unexpectedly fell 27k to its lowest in 3 years at 191k for the week ended November 29 (Prior: -4k to 218k). The elevated continuing claims (-4k to 1939k vs -10k to 1943k), meanwhile, suggests that workers are having a harder time finding new jobs. Despite distortion from the Thanksgiving holiday, the broad trend suggests that the “no hiring, no firing” and softer labour market environment remains intact and there is no change in our quarter point cut view in the FOMC meeting next week.
- Factories saw a more modest than expected increase in orders by 0.2% m/m in September. This marks a deceleration from 1.3% m/m in August and was rather broad-based across most industries save for electrical equipment information, consumer and electronic products.

Flat retail sales for the Eurozone suggest wary consumers

- Matching expectations, retail sales were unchanged in October, a sign that households remain wary of spending as the bloc looks to consumers to drive an economic recovery. This marks a slowdown from 0.1% m/m in September and was mainly due to non-food products.

Stronger household spending, wider trade surplus bodes well for Australia's 4Q GDP as well as an end to the easing cycle

- Household spending beat expectations and grew at its strongest pace since January 2024 at 1.3% m/m in October (prior: 0.3% m/m). All spending categories increased m/m, with promotional events driving up spending on discretionary items like clothing, footwear, furnishings and electronics, while major concerts and cultural festivals drove up demand for services like catering, hospitality and hotel stays.
- On the external front, trade balance widened less than expected to A\$4.4bn from A\$3.7bn previously, as export growth slowed to 3.4% m/m from 7.6% m/m, while imports accelerated to 2.0% m/m (prior: 1.8% m/m). Hurting the headline export number were commodities such as metal ores,

coal, mineral fuels and metals, and by markets, shipments to its largest trading partners like China and the US.

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	98-101	97.33	95.92	94.52	93.15
EUR/USD	1.14-1.18	1.17	1.19	1.21	1.23
GBP/USD	1.31-1.34	1.32	1.34	1.35	1.37
USD/CHF	0.78-0.82	0.80	0.79	0.78	0.77
USD/JPY	153-159	151	148	145	142
AUD/USD	0.64-0.67	0.66	0.67	0.68	0.68
NZD/USD	0.55-0.58	0.57	0.57	0.58	0.59
USD/CNY	7.08-7.13	7.03	6.94	6.86	6.77
USD/MYR	4.10-4.17	4.12	4.08	4.05	4.05
USD/SGD	1.28-1.31	1.28	1.26	1.25	1.24
USD/THB	32.31-32.55	32.30	32.20	32.10	32.00

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
SGD/MYR	3.1768	3.21	3.23	3.24	3.27
EUR/SGD	1.5091	1.51	1.50	1.51	1.52
GBP/SGD	1.7271	1.69	1.69	1.69	1.70
AUD/SGD	0.8564	0.85	0.84	0.85	0.85

Rates, %	Current	1Q26	2Q26	3Q26	4Q26
Fed	3.75-4.00	3.25-3.50	3.00-3.25	3.00-3.25	3.00-3.25
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.00	3.50	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.75	0.75	0.75	0.75
RBA	3.60	3.60	3.60	3.60	3.60
RBNZ	2.25	2.25	2.25	2.25	2.25
BNM	2.75	2.75	2.75	2.75	2.75

Source: HL Bank

Up Next

Date	Events	Prior
5-Dec	SI Retail Sales SA MoM (Oct)	-1.40%
	JN Leading Index CI (Oct P)	108.6
	EC GDP SA QoQ (3Q T)	0.20%
	US Personal Income (Sep)	0.40%
	US U. of Mich. Sentiment (Dec P)	51
	US Personal Spending (Sep)	0.60%
	US Core PCE Price Index YoY (Sep)	2.91%
	US Consumer Credit (Oct)	\$13.093b
6-Dec	VN CPI YoY (Nov)	3.25%
	VN Exports YoY (Nov)	17.50%
	VN Industrial Production YoY (Nov)	10.80%
	VN Retail Sales YoY (Nov)	7.20%
8-Dec	JN Labor Cash Earnings YoY (Oct)	1.90%
	JN GDP Annualized SA QoQ (3Q F)	-1.80%
	JN Bank Lending Incl Trusts YoY (Nov)	4.10%
	JN Eco Watchers Survey Outlook SA (Nov)	53.1
	EC Sentix Investor Confidence (Dec)	-7.4
	CH Exports YoY (Nov)	-1.10%
	US NY Fed 1-Yr Inflation Expectations (Nov)	3.24%

Source: Bloomberg

Note: Due to lapse in government services, US release dates are subject to change

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