

Global Markets Research

Daily Market Highlights

7 Nov: A jump in job cuts in the US spooked markets

**US stocks fell; US treasuries rallied; DXY fell below 100 amid renewed rate cut bets
BOE delivered a dovish pause in a close call; no change in our view of a 25bps cut in Dec
BNM stood pat & struck a neutral tone; maintain our extended OPR pause view for 2026**

- Wall Street came under pressure again as the AI valuation jitters returned, while strong evidence of a cooling labour market also rattled sentiment. Led by the Nasdaq, the 3 major US stock indices closed the day 0.8-1.9% d/d lower with riskier counters like consumer discretionary and the tech sector struggling, while the healthcare sector was a clear winner.
- Similarly, tech and consumer stocks lagged in Europe, while healthcare and miners outperformed. Stoxx Eur 600 closed the day 0.7% d/d lower, while Asian markets were the outlier, tracking Wall Street's gain the prior day.
- In the bond space, treasuries rallied after the Challenger report showed a stumbling labour market and saw traders somewhat reviving their rate cut bets next month. The benchmark 2Y yield fell 7bps to 3.56%, and the 10Y slid 8bps to 4.08%. 10Y European bond yields closed mostly lower between 1-3bps.
- In the FX space, the DXY slid 0.5% d/d to 99.73 following the jobs report. JPY (0.7% d/d to 153.06) and GBP (0.7% d/d to 1.3137) outperformed, the latter after BOE held rates steady at 4.00%. The unexpected deceleration in Japan's household spending data this morning (1.8% y/y for Sep vs 2.3% y/y for Aug) could nonetheless put downward pressure for the JPY today.
- Similar to the G10, regional currencies mostly appreciated against the greenback with SGD (0.3% d/d to 1.3036) and MYR (0.2% d/d to 4.1830) amongst the leading gainers.
- In the commodity space, crude oil prices extended their downward run amid continuous supply glut concern and after Saudi Arabia lowered the price of its main oil grade to Asia. The WTI and Brent tumbled between 0.2-0.3% d/d to close at \$59.43/barrel and \$63.38/barrel.

Key Market Metrics

	Level	d/d (%)
<u>Equities</u>		
Dow Jones	46,912.30	-0.84
S&P 500	6,720.32	-1.12
NASDAQ	23,053.99	-1.90
Stoxx Eur 600	567.90	-0.70
FTSE 100	9,735.78	-0.42
Nikkei 225	50,883.68	1.34
CSI 300	4,693.40	1.43
Hang Seng	26,485.90	2.12
Straits Times	4,484.99	1.54
KLCI 30	1,618.94	-0.16
<u>FX</u>		
Dollar Index	99.73	-0.47
EUR/USD	1.1547	0.48
GBP/USD	1.3137	0.67
USD/JPY	153.06	-0.69
AUD/USD	0.6480	-0.38
USD/CNH	7.1213	-0.14
USD/MYR	4.1830	-0.20
USD/SGD	1.3036	-0.26
USD/KHR	4,024.00	0.06
USD/THB	32.37	-0.52
<u>Commodities</u>		
WTI (\$/bbl)	59.43	-0.29
Brent (\$/bbl)	63.38	-0.22
Gold (\$/oz)	3,991.00	-0.05
Copper (\$/MT)	10,682.50	-0.14
Aluminum(\$/MT)	2,844.50	-0.19
CPO (RM/tonne)	4,116.00	-0.18

Source: Bloomberg, HL Bank

* Closing as of 5 Nov for CPO

Highest job cuts for the US since 2023

- According to the Challenger report, job cuts totalled 153.1k in October. This marks a 183% increase m/m and a 175.3% jump y/y (prior: -25.8% y/y), and marking its highest level since October 2003. Large job cuts were announced for retailers due

to acquisitions, and in the telecommunication sector, as cell phones gained wide adoption. AI adoption, softening consumer and corporate spending will likely result in more hiring freezes, and with employees finding it harder to find jobs, this will likely further loosen the labor market.

BOE delivered a dovish hold; close call between a hold and a cut

- In a 5-4 majority vote, the monetary policy committee of the Bank of England (BOE) left the bank rate unchanged at 4.00% as expected. Out of the dissenter, all four voted to lower rates by a quarter point. Amongst the 5 members who voted to maintain rates, 4 placed greater weight on risks of inflation persistence, while Governor Andrew Bailey judged that the overall risks to medium-term inflation had moved down to become more balanced, but there was value in waiting for further evidence.
- With the Governor's comment making it clear that he is siding with the doves, there is no change in our view of a quarter point cut in the December meeting (consensus remains divided on this). We expect Governor Bailey to be the swing voter in that meeting, while expectations of an easing inflation (3.2% in March 2026 vs 3.8% in Sep 2025) and the Autumn Budget on November 26th will likely strengthen our case for a cut in that meeting and into 2026.

BNM left OPR unchanged at 2.75% as expected; little change to the neutral policy tone

- In a widely expected move, the BNM maintained its Overnight Policy Rate (OPR) at 2.75% at its November policy meeting, given resilient domestic growth outlook and easing global uncertainties following the conclusion of more trade negotiations. Overall policy statement was largely unchanged from the September statement, and remained very neutral with rather balanced risks on both the upside and downside in our view. This reaffirmed our view for an extended OPR pause going into 2026. (Refer to Research Alert dated "BNM paused and maintained a neutral policy tone" dated 6th November).

Eurozone's retail sales slid back to negative zone

- Despite positive wage growth and recovery in consumer confidence, the Eurozone's retail sales unexpectedly fell 0.1% m/m in September following a downward revised 0.1% m/m in August. The downtick was led by sales in automotive fuel in line with the lower commodity prices, as well as non-food products.

Still sturdy exports from Australia to the US and China

- Albeit slightly less than expected, trade surplus widened to A\$3.9bn in September from A\$1.1bn previously as export

growth outpaced imports at 7.9% m/m (prior: -8.7% m/m) and 1.1% m/m (prior: 3.3% m/m), the latter driven by capital goods, and the former by exports of metal ores & minerals, as well as meat & meat preparations. By region, exports to the US were a robust 24.4% m/m, while shipments to China recorded its largest m/m increase since March at 9.7% m/m.

Softer but still resilient economic numbers from Vietnam

- Broadly softer but still strong October data for Vietnam nearly 3 months after the US imposed a 20% tariff on imports from Vietnam. With its PMI still strong, we expect the resilient momentum to stay for the rest of the year.
- Export and import growth eased more than expected to 17.5% y/y and 16.8% y/y previously (prior: 24.7% y/y and 24.9% y/y), the former despite shipments to the US remained robust at 38.5% y/y. In tandem with the strong trade numbers, IPI also grew by 10.8% y/y (prior: 13.6% y/y), while on the consumption front, retail sales rose 7.2% from a year earlier (prior: 11.3% y/y).
- On the price front, inflation unexpectedly eased to 3.3% y/y (prior: 3.4% y/y) with prices kept elevated by transitory factors like high food prices in provinces/cities affected by floods, eating out increased due to input material costs and continued increase in educational services at non-public schools. With inflation kept in check below the 4% target, there is no change in our view that the central bank will likely maintain its policy rate unchanged at 4.50% for the rest of 2025 and likely into 2026.

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DX	98-101	96.45	95.57	94.24	92.99
EUR/USD	1.14-1.17	1.19	1.20	1.22	1.24
GBP/USD	1.30-1.33	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	151-157	146	145	142	140
AUD/USD	0.64-0.67	0.67	0.67	0.68	0.68
NZD/USD	0.56-0.59	0.59	0.60	0.60	0.60
USD/CNY	7.09-7.14	7.08	7.06	6.99	6.94
USD/MYR	4.17-4.22	4.20	4.15	4.10	4.10
USD/SGD	1.30-1.33	1.28	1.26	1.24	1.23
USD/THB	31.00-33.50	32.25	32.30	32.20	32.00
FX	Last close	4Q-25	1Q-26	2Q-26	3Q-26
SGD/MYR	3.2044	3.28	3.29	3.30	3.33
EUR/SGD	1.5055	1.53	1.52	1.52	1.52
GBP/SGD	1.7130	1.74	1.72	1.71	1.71
AUD/SGD	0.8448	0.85	0.85	0.84	0.84
Rates, %	Current	4Q25	1Q26	2Q26	3Q26
Fed	3.75-4.00	3.50-3.75	3.25-3.50	3.00-3.25	3.00-3.25
ECB	2.00	2.00	2.00	2.00	2.00

BOE	4.00	3.75	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.50	0.75	0.75	0.75
RBA	3.60	3.60	3.60	3.60	3.60
RBNZ	2.50	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
7-Nov	MA Industrial Production YoY (Sep)	4.90%
	MA Manufacturing Sales Value YoY (Sep)	2.70%
	MA Foreign Reserves	\$123.4b
	US Change in Nonfarm Payrolls (Oct) **	22k
	US U. of Mich. Sentiment (Nov P)	53.6
	CH Exports YoY (Oct)	8.30%
8-Nov	US Consumer Credit (Sep)	\$0.363b
9-Nov	CH PPI YoY (Oct)	-2.30%
	CH CPI YoY (Oct)	-0.30%
10-Nov	JN Leading Index CI (Sep P)	107
	EC Sentix Investor Confidence (Nov)	-5.4

Source: Bloomberg

** Releases likely delayed by the US government shutdown

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