

Global Markets Research

Daily Market Highlights

8 Dec: All eyes on the FOMC this week

Wall Street closed mixed; stocks up, bonds lost ground amid rate cut bets
DXY closed flattish after sticky US core-PCE, softer personal spending data
Markets still assigning a more than 90% chance of a rate cut this week

- US markets closed mixed to end last Friday, with treasuries losing ground while stocks closed near record, supported by investors' optimism that the Fed will deliver a Fed rate cut this week.
- This comes after market parsed through a fresh slate of economic releases. Core-PCE, which was delayed due to the government shutdown, matched expectations and slowed to 2.8% y/y in September (prior: 2.9% y/y), while the University of Michigan's consumer survey came in higher than expected at 53.3 in November (prior: 51.0).
- In the equity space, the Nasdaq rallied 0.3% d/d, slightly eclipsing the S&P 500 and the Dow at 0.2% d/d each. Interest rate sensitive stocks such as real estate, consumer discretionary and financials gained ground with futures pricing in a more than 90% probability of a rate cut in the FOMC meeting.
- In the bond space, the benchmark 2Y- and 10Y yields were 4bps higher at 3.56% and 4.14% respectively.
- Elsewhere, Stoxx Eur 600 closed just below its flatline, while 10Y European bond yields were 1-4bps higher (prior: 0 to +3bps). Asian markets traded mixed, with Nikkei 225 losing 1.1% d/d, while Hang Seng gained 0.6% d/d.
- In the forex space, the DXY closed flattish at 98.99. CAD (1.0% d/d) led gains amongst G10 peers after Canada's labour data came far above expectations, while AUD (0.5% d/d to 0.6640) and GBP (just above flatline at 1.3328) also appreciated against the greenback. EUR closed just below its flatline at 1.1642, while JPY, which has been supported in recent sessions by expectations that the BOJ could raise rates this month, took a breather and traded 0.2% d/d weaker at 155.33.
- TWD (0.3% d/d), PHP (0.2% d/d) and KRW (0.1% d/d) led most Asian currencies stronger against the greenback. MYR and SGD closed just above their flatlines at 4.1108 and 1.2960 respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	47,954.99	0.22
S&P 500	6,870.40	0.19
NASDAQ	23,578.13	0.31
Stoxx Eur 600	578.77	-0.01
FTSE 100	9,667.01	-0.45
Nikkei 225	50,491.87	-1.05
CSI 300	4,584.54	0.84
Hang Seng	26,085.08	0.58
Straits Times	4,531.36	-0.08
KLCI 30	1,616.52	-0.28
FX		
Dollar Index	98.99	0.00
EUR/USD	1.1642	-0.02
GBP/USD	1.3328	0.01
USD/JPY	155.33	0.15
AUD/USD	0.6640	0.45
USD/CNH	7.0692	-0.03
USD/MYR	4.1108	-0.04
USD/SGD	1.2960	-0.01
USD/KHR	4,009.50	0.02
USD/THB	32.04	0.35
Commodities		
WTI (\$/bbl)	60.08	0.69
Brent (\$/bbl)	63.75	0.77
Gold (\$/oz)	4,212.90	0.03
Copper (\$/MT)	11,620.50	1.49
Aluminum(\$/MT)	2,897.50	-0.22
CPO (RM/tonne)	4,086.00	-0.30

Source: Bloomberg, HL Bank

* Closing as of 4 Dec for CPO, USD/THB

- In the commodity space, the WTI and Brent were 0.7-0.8% d/d higher at \$60.08/barrel and \$63.75/barrel respectively, supported by stalled Ukraine peace talks.

Still elevated core-PCE, soft personal spending will likely keep FOMC divided

- September's income and outlay data will do little to change policy makers' views in the December policy meeting. Still elevated core-PCE (2.8% y/y vs 2.9% y/y) will keep hawkish members on their toes, while the doves will likely focus on the weak and flat real spending data recorded during the month (prior: 0.2% m/m). The report also showed that personal savings rate was unchanged at 4.7%.
- On a monthly basis, core and headline PCE were unchanged at 0.2% and 0.3% m/m, the latter as the jump in cost of goods (0.5% m/m vs 0.1% m/m) was offset by softer services cost (0.2% m/m vs 0.3% m/m).
- Moving ahead, consumer credit slowed more than expected to \$9.2bn in October from \$11.0bn previously, while the University of Michigan Sentiment index improved more than expected by 2.3ppts to 53.3 in early December. While the expectations index improved, the overall tenor of views is broadly sombre, as consumers continue to cite the burden of high prices (1Y inflation: 4.1% vs 4.5%, 5-10Y: 3.2% vs 3.4%).

Eurozone's economy grew at faster pace than initially estimated

- The final GDP was revised higher to 0.3% q/q for 3Q (prior: 0.1% q/q), thanks to domestic demand like investment (0.9% q/q vs -1.7% q/q) and consumption (0.2% q/q vs 0.3% q/q), while net trade was a drag to growth, shaving 0.2ppts to GDP calculation. As it is, the economy has proved to be surprisingly resilient despite higher US tariffs, with solid wage growth and labour market largely underpinning private consumption.

Japan's leading index rose to its highest since May 2024

- Leading index, which gauges outlook for the coming months, rose to 110.0 in October from 108.2 previously. The latest reading is the highest since May 2024 and surpassed consensus forecast, driven by broad-based increases for most sub-indicators.

Increasing retail sales data led by discretionary items for Singapore

- In another sign of steady private consumption, retail sales beat estimates unexpectedly accelerating to 4.5% y/y in October (Prior: 2.7% y/y). Most industries recorded y/y growth, led by discretionary and big-ticket items like jewellery sales, recreational goods and motor vehicles.

Robust industrial output and trade data for Vietnam despite US tariffs

- Despite missing forecasts, economic data remained robust in Vietnam. Trade surplus narrowed more than expected and for the third month to \$1.1bn in November (prior: \$2.6bn), with both exports and imports growing by 15.1% y/y and 16.0% y/y (prior: 17.5% y/y and 16.8% y/y). According to the statistics office, the rapid increase for the latter was driven by production needs, particularly those of export-oriented manufacturing and as such, exports are expected to continue posting solid momentum in the coming months.
- In tandem with this, industrial output (steady at 10.8% y/y) also continued with its positive momentum as businesses ramped up production ahead of year-end export demand and robust domestic consumption (retail sales: 7.1% y/y vs 7.2% y/y).
- Separately, consumer prices accelerated to 3.6% y/y (prior: 3.3% y/y), driven by high food prices in provinces/cities affected by floods after the storm, and cost of eating out due to increased input material costs and fuel prices.

Steady foreign reserves for Malaysia

- Foreign reserves held steady in 2H of the month to close November at \$124.1bn (1H: +\$0.3bn). The reserves position is sufficient to finance 4.8 months of imports of goods and services and is 0.9 times the total short-term external debt.

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	97-101	97.33	95.92	94.52	93.15
EUR/USD	1.15-1.18	1.17	1.19	1.21	1.23
GBP/USD	1.31-1.35	1.32	1.34	1.35	1.37
USD/CHF	0.79-0.82	0.80	0.79	0.78	0.77
USD/JPY	153-159	151	148	145	142
AUD/USD	0.65-0.68	0.66	0.67	0.68	0.68
NZD/USD	0.55-0.59	0.57	0.57	0.58	0.59
USD/CNY	7.05-7.09	7.03	6.94	6.86	6.77
USD/MYR	4.08-4.14	4.12	4.08	4.05	4.05
USD/SGD	1.28-1.31	1.28	1.26	1.25	1.24
USD/THB	31.93-32.67	32.30	32.20	32.10	32.00
FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
SGD/MYR	3.1756	3.21	3.23	3.24	3.27
EUR/SGD	1.5092	1.51	1.50	1.51	1.52
GBP/SGD	1.7276	1.69	1.69	1.69	1.70
AUD/SGD	0.8604	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
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%
9-Dec	AU NAB Business Confidence (Nov)	6
	AU NAB Business Conditions (Nov)	9
	AU RBA Cash Rate Target	3.60%
	US NFIB Small Business Optimism (Nov)	98.2
	US BLS Releases Sept. & Oct. JOLTS Data	
	US JOLTS Job Openings (Oct)	7.2m

Source: Bloomberg

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

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