

## Global Markets Research

### Daily Market Highlights

## 9 Dec: All eyes on RBA's monetary policy decision today

**RBA expected to deliver a hawkish hold; US JOLTs data also up on deck**

**Cautious trading ahead of FOMC meeting; UST yields, DXY slightly higher**

**Stronger than expected China's exports; Downward revision to Japan's GDP**

- Wall Street's worry over the upcoming FOMC meeting saw US stocks snapping its 4-day rally, while treasuries also slumped. In the equity space, the 3 major indices tumbled 0.1-0.5% d/d with most stocks edging lower, while on the corporate front, Paramount's hostile pursuit of Warner Bros. Discovery, days after Netflix struck a deal to buy the latter's streaming and studios businesses, took centre stage.
- In the bond space, the benchmark 2Y- and 10Y treasury yields closed the day higher at 3.58% (+2bps) and 4.16% (+3bps) amid expectations that the Fed is going to cut this week but worries over persistent inflation could prompt the central bank to deliver a hawkish guide.
- Elsewhere, Stoxx Eur 600 fell slightly by 0.1% d/d lower ahead of Fed's decision, while 10Y sovereign bond yields jumped 2-9bps. Asian markets traded mixed with Nikkei 225 and CSI 300 up 0.2% d/d and 0.8% d/d, while Hang Seng slid 1.2% d/d.
- In the forex space, the DXY was modestly firmer at 99.09 (0.1% d/d) alongside the higher treasury yields. JPY (155.92) led losses against the greenback at 0.4% d/d following the downward revision to its 3Q GDP, while AUD depreciated 0.2% d/d to 0.6624 ahead of the RBA meeting today where the cash rate is expected to be maintained at 3.60%. Other from the RBA and FOMC, traders will also be looking ahead to the monetary policy decision by the Bank of Canada and Swiss National Bank.
- Regional currencies traded mixed against the greenback. MYR and SGD depreciated 0.1-0.2% d/d to 4.1130 and 1.2975, while CNH closed flattish at 7.0717 after China's exports beat expectations and after Beijing vowed to maintain a "moderately loose" monetary policy stance to strengthen its domestic demand.
- In the commodity space, crude oil prices fell in tune to 2.0% d/d amid the ongoing Ukraine peace talks. Brent closed the day at \$62.49/barrel and the WTI at \$58.88/barrel.

#### Key Market Metrics

|                    | Level     | d/d (%) |
|--------------------|-----------|---------|
| <b>Equities</b>    |           |         |
| Dow Jones          | 47,739.32 | -0.45   |
| S&P 500            | 6,846.51  | -0.35   |
| NASDAQ             | 23,545.90 | -0.14   |
| Stoxx Eur 600      | 578.36    | -0.07   |
| FTSE 100           | 9,645.09  | -0.23   |
| Nikkei 225         | 50,581.94 | 0.18    |
| CSI 300            | 4,621.75  | 0.81    |
| Hang Seng          | 25,765.36 | -1.23   |
| Straits Times      | 4,507.08  | -0.54   |
| KLCI 30            | 1,612.78  | -0.23   |
| <b>FX</b>          |           |         |
| Dollar Index       | 99.09     | 0.10    |
| EUR/USD            | 1.1637    | -0.04   |
| GBP/USD            | 1.3322    | -0.05   |
| USD/JPY            | 155.92    | 0.38    |
| AUD/USD            | 0.6624    | -0.24   |
| USD/CNH            | 7.0717    | 0.04    |
| USD/MYR            | 4.1130    | 0.05    |
| USD/SGD            | 1.2975    | 0.12    |
| USD/KHR            | 4,008.50  | -0.02   |
| USD/THB            | 31.85     | -0.59   |
| <b>Commodities</b> |           |         |
| WTI (\$/bbl)       | 58.88     | -2.00   |
| Brent (\$/bbl)     | 62.49     | -1.98   |
| Gold (\$/oz)       | 4,187.20  | -0.61   |
| Copper (\$/MT)     | 11,635.50 | 0.13    |
| Aluminum(\$/MT)    | 2,888.00  | -0.33   |
| CPO (RM/tonne)     | 4,103.50  | 0.43    |

Source: Bloomberg, HL Bank

\* Closing as of 5 Dec for CPO

### New York inflation expectations held steady

- Median inflation expectations remained unchanged but elevated at the 1Y (3.2%) and 3-5Y (3.0%) horizons. As it is, higher inflation expectations could potentially translate into actual price gains with households adjusting their spending and workers pushing to meet wage expectations.

### Eurozone's investor confidence improved just slightly

- Sentix investor confidence remained in the stagnation phase, with the overall index improving just a shade better than expected by 1.2ppts to -6.2 in December. Current situation and expectations values continue to stabilise but the situation is quite different for the German economy, which remains firmly in the grip of "recession."

### Japan's 3Q GDP growth revised lower on business spending

- Japan's economy shrank more than initially estimated by an annualized rate of 2.3% q/q in 3Q (prior: 2.3% q/q) with weaker-than-first estimate business spending dragging down on the headline number. Housing investment also slumped, pulled back by tighter environment rules, but with private consumption (0.2% q/q vs 0.3% q/q) still growing, wage growth still robust (labour cash earning: 2.6% y/y in Oct vs 2.1% y/y in Sept) and government stepping up its fiscal stimulus package, it will likely not derail BOJ's tighter path ahead.
- Separately, bank lending accelerated to 4.2% y/y in November (prior: 4.1% y/y), while the Eco Watchers Survey Outlook index eased more than expected to 50.3 from 53.1. The decline was broad-based for the latter but the index at this level this suggests that the moderate growth momentum will be sustained in 4Q and into early 2026.

### High trade surplus will help China achieve its 5% growth target

- In China, exports grew by 5.9% y/y in November, rebounding from -1.1% y/y previously and beating consensus forecast. By destination, exports to the US continued to slow in despite the trade truce, declining 28.5% y/y and by 18.9% YTD, but these were offset by manufacturers loading their shipments to other markets. Imports continued to disappoint amid soft domestic demand, growing a mere 1.9% y/y after increasing 1.0% y/y previously. Despite headwinds from slower trade activities, the high trade surplus of \$1.1tn YTD will help support growth in 4Q and help China achieve its 5% target for the year.

### House View and Forecasts

| FX      | This Week | 1Q-26 | 2Q-26 | 3Q-26 | 4Q-26 |
|---------|-----------|-------|-------|-------|-------|
| DX      | 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 | 3.1720     | 3.21  | 3.23  | 3.24  | 3.27  |
| EUR/SGD | 1.5100     | 1.51  | 1.50  | 1.51  | 1.52  |
| GBP/SGD | 1.7285     | 1.69  | 1.69  | 1.69  | 1.70  |
| AUD/SGD | 0.8595     | 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  |
|--------|---------------------------------------|--------|
| 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 Leading Index (Oct)                | -0.50% |
|        | US JOLTS Job Openings (Sep & Oct)     | 7.2m   |
| 10-Dec | JN PPI YoY (Nov)                      | 2.70%  |
|        | CH PPI YoY (Nov)                      | -2.10% |
|        | CH CPI YoY (Nov)                      | 0.20%  |
|        | US MBA Mortgage Applications          | -1.40% |
|        | US Employment Cost Index (3Q)         | 0.90%  |
|        | US FOMC Rate Decision (Upper Bound)   | 4.00%  |

Source: Bloomberg

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

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