

## Global Markets Research

### Daily Market Highlights

## 12 Dec: Extended rally for US equities

**The Dow & S&P 500 rallied to new records; Muted trading for treasuries**

**DXY fell post higher-than-expected initial jobless claims; narrower US trade deficit**

**AUD weakened after the drop in employment data; SNB held rates steady at 0%**

- Oracle shares weighed on Nasdaq overnight, but the Dow (1.3% d/d) and S&P 500 (0.2% d/d) continued to power up after the FOMC lowered its interest rates, closing at new records. Nasdaq fell 0.3% d/d weighed down by the 10.8% d/d tumble in Oracle shares after the cloud computing company upped its capex projections, raising its credit risk.
- Sentiment was equally positive in Europe (Stoxx 600: 0.6% d/d), but Asian markets gave up earlier gains to trade mostly lower after FOMC's decision. Nikkei 225, Hang Seng and CSI 300 were down 0-0.9% d/d, but regionals equities are set for a stronger day today, tracking Wall Street and futures.
- Trading in treasuries were muted. The benchmark 2Y yield closed just above its flatline at 3.54% while the 10Y increased 1bps to 4.16%. 10Y European bond yields, on the other hand, fell 1-5bps.
- In the forex space, the DXY fell 0.5% d/d to 98.35 after the release of the higher-than -expected US initial jobless claims. CHF (0.6% d/d) led gains amongst G10 against the greenback after the Swiss National Bank held rates at zero, while AUD (-0.2% d/d to 0.6664) lagged, coming under pressure after an unexpected drop in its employment data for November.
- Similarly, most regional currencies strengthened against the greenback, with MYR and SGD appreciating 0.1-0.3% d/d to close the day at 4.1077 and 1.2922.
- In the commodity space, crude oil prices tumbled more than 1%, seeing no fallout from Ukrainian drone strikes or a US seizure of a sanctioned oil tanker off the coast of Venezuela. On the fundamental front, the International Energy Agency trimmed its forecast of next year's global oil supply glut for the first time since May (to 3.8mbd from 4.1mbpd previously), flagging higher demand prospects due to a stronger world economy and lower supply from countries under sanctions. Brent closed the day at \$61.28/barrel and the WTI at \$57.60/barrel.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	48,704.01	1.34
S&P 500	6,901.00	0.21
NASDAQ	23,593.86	-0.25
Stoxx Eur 600	581.34	0.55
FTSE 100	9,703.16	0.49
Nikkei 225	50,148.82	-0.90
CSI 300	4,552.19	-0.86
Hang Seng	25,530.51	-0.04
Straits Times	4,520.83	0.20
KLCI 30	1,625.39	0.89
<b>FX</b>		
Dollar Index	98.35	-0.45
EUR/USD	1.1738	0.37
GBP/USD	1.3388	0.04
USD/JPY	155.59	-0.28
AUD/USD	0.6664	-0.18
USD/CNH	7.0522	-0.12
USD/MYR	4.1077	-0.25
USD/SGD	1.2922	-0.06
USD/KHR	4,008.50	0.01
USD/THB	31.76	-0.19
<b>Commodities</b>		
WTI (\$/bbl)	57.60	-1.47
Brent (\$/bbl)	61.28	-1.49
Gold (\$/oz)	4,285.50	2.12
Copper (\$/MT)	11,872.00	2.73
Aluminum(\$/MT)	2,900.00	1.15
CPO (RM/tonne)	4,037.00	-0.96

Source: Bloomberg, HL Bank

\* Closing as of 9 Dec for CPO

## Smallest trade deficit since mid-2020 bodes well for US GDP; jump in initial jobless claims amid holiday distortion

- Trade deficit unexpectedly narrowed to its smallest since mid-2020 to \$52.8bn in September (Aug: -\$59.3bn), as exports surged 3.0% m/m (prior: -0.2% m/m) to its second highest in record, while imports increased a more modest 0.6% (prior: -5.2% m/m). The surge in exports was driven by non-monetary gold and pharmaceutical products, the latter possibly due to frontloading following President Trump's threat of higher tariffs.
- As it is, the implementation of tariffs has resulted in large swings in trade this year, but narrower deficit bodes well for GDP calculation and the Federal Reserve Bank of Atlanta's GDPNow forecasts net exports to contribute 1.1ppts to 3Q GDP growth.
- Initial jobless claims jumped more than by 44k to 236k for the week ended December 6 (prior: -25k to 192k, its 3-year low), but this partially reflected seasonal fluctuations from the Thanksgiving holiday, while continuing claims dropped sharply by 99k to 1838k the week prior (Nov 22: -7k). As it is, Fed Chair Jerome Powell has said that layoffs and hiring remained low, and this dynamic could likely keep continuing claims elevated for now.

## Australia's unemployment unexpectedly fell in further sign of a less tight labour market

- Employment unexpectedly fell 21.3k in November after gaining 41.1k previously but the unemployment rate held steady at 4.3%. As it is, the softer labour data showed why the RBA has remained cautious and not react to the temporary spike in inflation, and also why we are maintaining our status quo stance for policy rate in 2026 rather than a tightening one pencilled by market traders.

## 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	3.1736	3.21	3.23	3.24	3.27
EUR/SGD	1.5167	1.51	1.50	1.51	1.52

GBP/SGD	1.7298	1.69	1.69	1.69	1.70
AUD/SGD	0.8611	0.85	0.84	0.85	0.85

Rates, %	Current	1Q26	2Q26	3Q26	4Q26
Fed	3.50-3.75	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
12-Dec	MA Industrial Production YoY (Oct)	5.70%
	MA Manufacturing Sales Value YoY (Oct)	4.30%
	JN Industrial Production MoM (Oct F)	1.40%
	UK Monthly GDP (MoM) (Oct)	-0.10%
15-Dec	JN Tankan Large Mfg Index (4Q)	14
	CH New Home Prices MoM (Nov)	-0.45%
	CH Used Home Prices MoM (Nov)	-0.66%
	CH Retail Sales YoY (Nov)	2.90%
	CH Industrial Production YoY (Nov)	4.90%
	CH Fixed Assets Ex Rural YTD YoY (Nov)	-1.70%
	CH Surveyed Jobless Rate (Nov)	5.10%
	CH Property Investment YTD YoY (Nov)	-14.70%
	EC Industrial Production SA MoM (Oct)	0.20%
	US Empire Manufacturing (Dec)	18.7
	US NAHB Housing Market Index (Dec)	38

Source: Bloomberg

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

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