

Global Markets Research

Daily Market Highlights

16 Oct: Corporate earnings in focus amid data vacuum

**Strong corporate earnings boosted appetite for global stocks; treasuries closed mixed
USD weakened; Scandies outperformed peers; AUD appreciated amid hawkish RBA talk
Beige Book: Economic activity changed little; softer consumer spending, labour demand**

- It was another choppy session for Wall Street, with gains from strong earnings from big banks tempered by ongoing angst over the government shutdown and trade tension. The Dow Jones ended the day just below its flatline, but the S&P 500 and Nasdaq finished 0.4% d/d and 0.7% d/d higher. Stoxx Eur 600 also gained 0.6% d/d on robust earnings from luxury brands and signs of stability in the French political scene. Major Asian bourses closed mostly in green, with Nikkei 225 and Hang Seng up 1.8% d/d each.
- The treasury market ran out of steam, sending yield to the benchmark 2Y up 2bps to 3.50%. The 10Y UST yield closed below its flatline at 4.03%, while yields of the same tenor tumbled 1-5bps over in Europe.
- The Dollar weakened against most of its G10 peers amid a flurry of headlines on the trade tension front. Consequently, DXY traded 0.3% d/d lower at 98.79, with Scandies leading gains and AUD (0.4% d/d to 0.6513) outperforming after RBA's Hunter said that inflation in 3Q is likely to be higher than what RBA had expected, easing rate cut bets. THB (0.8% d/d) and INR (0.8% d/d) led gains in Asia, while SGD appreciated at a narrower pace of 0.2% d/d to 1.2963. MYR closed just below its flatline at 4.2315.
- Crude oil prices (WTI: -0.7% d/d to \$58.27/barrel, Brent: -0.8% d/d to \$61.91/barrel) slumped with concerns over a supply glut and trade tension overshadowing the broad risk-on sentiment, while gold (+0.9% d/d) extended its record run towards the \$4.2k benchmark.

Beige Book supports bets for further rate cuts

- Highlights from the latest Beige Book include: 1) **Economic activity changed little** on balance. Although outlook for future growth varied, many expect elevated uncertainty to weigh on activity. 2) **Consumer spending, particularly on retail goods, inched down**. Within this sector, auto sales were boosted by strong EV demand ahead of the expiration of a federal tax credit at the end of September but tourist spending fell further. 3) **Employment levels were largely stable and demand**

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,253.31	-0.04
S&P 500	6,671.06	0.40
NASDAQ	22,670.08	0.66
Stoxx Eur 600	567.77	0.57
FTSE 100	9,424.75	-0.30
Nikkei 225	47,672.67	1.76
CSI 300	4,606.29	1.48
Hang Seng	25,910.60	1.84
Straits Times	4,368.42	0.32
KLCI 30	1,611.55	0.01
FX		
Dollar Index	98.79	-0.26
EUR/USD	1.1647	0.34
GBP/USD	1.3403	0.62
USD/JPY	151.05	-0.52
AUD/USD	0.6513	0.42
USD/CNH	7.1298	-0.15
USD/MYR	4.2315	0.01
USD/SGD	1.2963	-0.16
USD/KHR	4,021.00	-0.03
USD/THB	32.55	-0.74
Commodities		
WTI (\$/bbl)	58.27	-0.73
Brent (\$/bbl)	61.91	-0.77
Gold (\$/oz)	4,176.90	0.92
Copper (\$/MT)	10,641.00	0.60
Aluminum(\$/MT)	2,746.00	0.31
CPO (RM/tonne)	4,404.00	-0.25

Source: Bloomberg, HL Bank

* Closing as of 14 Oct for CPO

generally muted. Worryingly, more employers reported lowering head counts through layoffs and attrition. Labor supply in the hospitality, agriculture, construction, and manufacturing sectors was also strained by the recent immigration policies. 4) **Input costs increased at a faster pace** due to tariff induced import costs and cost of services. That said, **selling prices were largely unchanged** with businesses trying to preserve market share, amid pushback from price-sensitive clients and waning demand for some materials, such as steel and lumber. 5) Manufacturing activity, conditions in the financial services sector and other interest rate-sensitive sectors, such as residential and commercial real estate, were mixed.

- Meanwhile, separate data showed that manufacturing in the New York region (Empire Manufacturing: +19 points to 10.7) increased modestly in October and firms grew more optimistic about the outlook. Mortgage applications, meanwhile, fell at a narrower pace of 1.8% w/w for the week of October 10 (prior: -4.7% w/w).

Eurozone's industrial production slumped

- IPI fell at a narrower than expected pace of 1.2% m/m in August after growing by 0.3% m/m previously, a sign that the manufacturing sector is not accelerating. A decline in capital and durable consumer goods production weighed on output, and by countries, was largely supported by the volatile Ireland, while output in its biggest economies fell m/m.

Japan's core machine orders fell, likely see extended contraction in September

- Defying expectations for positive growth, core machine orders fell for the second month in August (-0.9% m/m vs -4.6% m/m) amid a drop in orders for both manufacturing and non-manufacturing. Indications are that September data will be equally dismal and 3Q forecast pencilled a 4.0% decline following 2Q's 0.4%.

China's prices remained mired in deflationary pressure

- September's consumer prices remained in deflationary territory, suggesting that domestic demand remains a drag on the economy. CPI fell more than expected by 0.3% y/y, although narrowing from -0.4% y/y previously. PPI matched expectations and tumbled 2.3% y/y (prior: -2.9% y/y). While base effect played a role in the softer reading, NBS attributed the softer contraction to improvement in demand and supply which stabilised prices in some industries such as coal mining and solar equipment.

- Sign of weak private demand from households to businesses was also observed in the y/y drop in monthly credit expansion for September (YTD: above expectations at 30.1tn yuan).

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DXY	99-101	96.45	95.57	94.24	92.99
EUR/USD	1.14-1.17	1.19	1.20	1.22	1.24
GBP/USD	1.31-1.35	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	150-155	146	145	142	140
AUD/USD	0.64-0.67	0.67	0.67	0.68	0.68
NZD/USD	0.56-0.60	0.59	0.60	0.60	0.60
USD/CNY	7.10-7.15	7.08	7.06	6.99	6.94
USD/MYR	4.19-4.25	4.20	4.15	4.10	4.10
USD/SGD	1.28-1.32	1.28	1.26	1.24	1.23
USD/THB	31.55-33.10	32.25	32.30	32.20	32.00

FX	Last close	4Q-25	1Q-26	2Q-26	3Q-26
SGD/MYR	3.2668	3.28	3.29	3.30	3.33
EUR/SGD	1.5095	1.53	1.52	1.52	1.52
GBP/SGD	1.7373	1.74	1.72	1.71	1.71
AUD/SGD	0.8442	0.85	0.85	0.84	0.84

Rates, %	Current	4Q25	1Q26	2Q26	3Q26
Fed	4.00-4.25	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	3.35	3.10	3.10	3.10
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
16-Oct	AU Employment Change (Sep)	-5.4k
	AU Unemployment Rate (Sep)	4.20%
	UK Monthly GDP (MoM) (Aug)	0.00%
	EC Trade Balance SA (Aug)	5.3b
	US Retail Sales Advance MoM (Sep)**	0.60%
	US PPI Final Demand YoY (Sep)**	2.60%
	US New York Fed Services Business Activity (Oct)	-19.4
	US Philadelphia Fed Business Outlook (Oct)	23.2
	US Initial Jobless Claims (**)	218k
	US NAHB Housing Market Index (Oct)	32
17-Oct	SI Non-oil Domestic Exports YoY (Sep)	-11.30%
	MA GDP YoY (3Q A)	4.40%
	US Housing Starts MoM (Sep)**	-8.50%
	US Building Permits MoM (Sep P) **	-2.30%
	US Import Price Index YoY (Sep) **	0.00%
	US Industrial Production MoM (Sep)	0.10%

Source: Bloomberg

** Releases likely delayed by the US government shutdown

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