

Global Markets Research

Daily Market Highlights

17 Oct: Risk-off amid US regional bank worries

Regional bank stresses dragged on US stocks & USD; traders snapped up USTs & gold
Fed regional economic data weakened sharply; mild 0.1% growth for the UK in August
Australia's jobless rate jumped to its 4Y high; Malaysia's advanced 3Q GDP in focus today

- Haven bid returned to Wall Street as fresh bank loans concerns at two US regional banks stirred concerns over credit quality in the economy. The regional bank stresses not only dragged on the Dollar and the equity markets, but saw investors snapping up treasuries and gold (2.5% d/d to \$4,280/oz).
- In the equity space, Zions and Western Alliance disclosing problems with loans involving allegations of fraud and/or borrowers facing legal actions saw KBW Banking index sliding more than 3% d/d and 3 major averages tumbling between 0.5-0.7% d/d.
- In the bond space, UST yields tumbled 4-7bps across the curve and the 2Y yield closed the day at 3.42%, while the 10Y dropped 5bps to 3.98%.
- In the forex space, the DXY dropped 0.5% d/d to 98.34 with the greenback weakening against most of its G10 peers. EUR strengthened 0.3% d/d 1.1687 against USD after its French Minister survived a no confidence vote, while AUD weakened 0.4% d/d to 0.6485 after traders bolstered rate cut bets following the jump in Australia's unemployment rate to its 4-year high.
- Similarly, most regional currencies strengthened against the Dollar led by safe JPY (0.4% d/d to 150.43). SGD and MYR appreciated at a narrower pace of 0.1-0.2% d/d to 4.2285 and 1.2939 respectively.
- In the commodity space, crude oil prices fell in tune to 1.4% d/d as a potential Trump-Putin meeting to discuss ending the war eased supply fears. The WTI closed the day at \$57.46/barrel and Brent at \$61.06/barrel.

Fed regional indices saw marked declines; builders' confidence improved

- Regional indices suggest that economic activities declined substantially in October. The Philadelphia Fed Business Outlook index pulled back more than expected to -12.8 from 23.2 previously, while the New York Fed Services Business Activity index also worsened to -23.6 from -19.4. Future

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	45,952.24	-0.65
S&P 500	6,629.07	-0.63
NASDAQ	22,562.54	-0.47
Stoxx Eur 600	571.66	0.69
FTSE 100	9,436.09	0.12
Nikkei 225	48,277.74	1.27
CSI 300	4,618.42	0.26
Hang Seng	25,888.51	-0.09
Straits Times	4,356.20	-0.28
KLCI 30	1,612.29	0.05
FX		
Dollar Index	98.34	-0.46
EUR/USD	1.1687	0.34
GBP/USD	1.3434	0.23
USD/JPY	150.43	-0.41
AUD/USD	0.6485	-0.43
USD/CNH	7.1249	-0.07
USD/MYR	4.2285	-0.07
USD/SGD	1.2939	-0.19
USD/KHR	4,024.50	0.09
USD/THB	32.55	0.00
Commodities		
WTI (\$/bbl)	57.46	-1.39
Brent (\$/bbl)	61.06	-1.37
Gold (\$/oz)	4,280.20	2.47
Copper (\$/MT)	10,647.00	0.06
Aluminum(\$/MT)	2,788.50	1.55
CPO (RM/tonne)	4,411.50	0.17

Source: Bloomberg, HL Bank

* Closing as of 15 Oct for CPO

indicators were nonetheless mixed, with widespread expectations for manufacturing sector growth for the Philly, but pessimism for services in the New York region.

- The Housing Market Index beat expectations at 37 in October, up 5 points m/m and its highest since April. Despite grappling with market and macroeconomic uncertainty, builder sentiment clearly posted a solid gain as future sales expectations surpassed the 50-point breakeven mark for the first time since last January, a positive sign that single-family housing starts to gain ground next year.

Eurozone's trade balanced widened

- Trade balance widened more than expected to €9.7bn in August from €6.0bn in the previous month as the decline in imports outpaced exports at -2.4% m/m and -0.8% m/m previously. Available data nonetheless showed that trade balance against the US narrowed, with exports continuing to fall post the tariff hikes.

UK's economy grew a modest 0.1% in August as the factory sector recovers

- Driven by the manufacturing sector (0.7% m/m vs -1.1% m/m), August's GDP growth matched forecasts and rebounded to 0.1% m/m after contracting 0.1% m/m previously. Services showed no growth for two consecutive months, while construction tumbled 0.3% m/m after stagnating previously. Within manufacturing, 8 of the 13 industries increased, notably for pharmaceutical products, machinery & equipment, basic metals & metal products as well as chemicals & chemical products.
- With the economy growing by 0.3% in the 3-months ended August, this suggests that the UK is on course for some growth in 3Q unless GDP growth drops by 0.5% or more in the month of September.

Australia's unemployment rate unexpectedly crept up to its highest since 2021

- Unemployment rate unexpectedly crept up 0.2ppts to 4.5% in September, its highest since November 2021. With employment growth also clearly slowing as compared to 1H of the year, our base remains that the central bank will likely deliver another quarter point in its policy rate in the last quarter of 2025.

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DX	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	3.2643	3.28	3.29	3.30	3.33
EUR/SGD	1.5122	1.53	1.52	1.52	1.52
GBP/SGD	1.7382	1.74	1.72	1.71	1.71
AUD/SGD	0.8393	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

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Date	Events	Prior
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%
20-Oct	CH 1-Year Loan Prime Rate	3.00%
	CH 5-Year Loan Prime Rate	3.50%
	CH New Home Prices MoM (Sep)	-0.30%
	CH Used Home Prices MoM (Sep)	-0.58%
	CH GDP YoY (3Q)	5.20%
	CH Retail Sales YTD YoY (Sep)	4.60%
	CH Industrial Production YoY (Sep)	5.20%
	CH Fixed Assets Ex Rural YTD YoY (Sep)	0.50%
	CH Surveyed Jobless Rate (Sep)	5.30%
	HK Unemployment Rate SA (Sep)	3.70%
	EC Construction Output MoM (Aug)	0.50%
	US Leading Index (Sep)	-0.50%

Source: Bloomberg

** Releases likely delayed by the US government shutdown

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