

Global Markets Research

Daily Market Highlights

18 Dec: All eyes on the ECB and BOE today

USTs pared losses, DXY pared early gains following dovish talk by Fed's Waller
Sharp drop in UK's CPI cements rate cut bets; GBP weakened

BOE expected to lower bank rate; status quo for the ECB; US CPI also on deck

- A fresh fall in tech stocks dragged the 3 major US averages lower for the fourth day on Wednesday, while on the bond front, treasuries pared losses after Fed Governor Christopher Waller (under consideration to become next chair of the Fed) reiterated his dovish view, describing the labour market as very soft, adding that rates are up to 100bps above the neutral level.
- In the equity space, Nasdaq led losses amongst the major bourses at 1.8% d/d, while the S&P 500 and Dow slipped at a more marginal pace of 1.2% d/d and 0.5% d/d. Oracle shares notably plunged 5.4% d/d after Blue Owl Capital's plans to finance its Michigan data center fell through. Other stocks tied to the AI trade also fell in sympathy.
- In other markets, FTSE 100 (0.9% d/d) led gains in Europe with banking stocks reacting positively to the softer inflation numbers and in tandem, prospects of a rate cut by the BOE today. Asian markets closed mixed, but Nikkei 225, Hang Seng and CSI gained 0.3-1.8% d/d.
- Treasuries closed mixed with the benchmark 2Y yield closing just below its flatline at 3.48%, while the 10Y rose 1bps to 4.15%. Save the UK and Norwegian sovereign bonds, 10Y European bond yields rose 1-3bps.
- The DXY trimmed early gains following Waller's dovish comment. Still, the DXY closed the day 0.2% d/d higher at 98.37. GBP (-0.4% d/d to 1.3376) lagged behind most G10 peers after the slower inflation print cemented rate cut bets by the BOE. EUR depreciated 0.1% d/d to 1.1741 ahead of expectations that the ECB will maintain its policy rates unchanged later today, while JPY weakened 0.6% d/d to 155.69 despite consensus expectations that the BOJ will deliver a rate hike tomorrow. On the regional front, MYR and SGD weakened in tune to 0.1% d/d each to close the day at 4.0885 and 1.2911, the latter despite its NODX beat.
- Crude oil prices rebounded after President Donald Trump ramped up pressure on Venezuela and Russia, ordering a blockade of sanctioned tankers from entering/leaving the country for the former and considering additional sanctions for

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	47,885.97	-0.47
S&P 500	6,721.43	-1.16
NASDAQ	22,693.32	-1.81
Stoxx Eur 600	579.79	0.00
FTSE 100	9,774.32	0.92
Nikkei 225	49,512.28	0.26
CSI 300	4,579.88	1.83
Hang Seng	25,468.78	0.92
Straits Times	4,575.48	-0.09
KLCI 30	1,641.44	-0.42
FX		
Dollar Index	98.37	0.23
EUR/USD	1.1741	-0.05
GBP/USD	1.3376	-0.35
USD/JPY	155.69	0.63
AUD/USD	0.6605	-0.41
USD/CNH	7.0402	0.06
USD/MYR	4.0885	0.06
USD/SGD	1.2911	0.14
USD/KHR	4,008.50	-0.06
USD/THB	31.50	-0.07
Commodities		
WTI (\$/bbl)	55.94	1.21
Brent (\$/bbl)	59.68	1.29
Gold (\$/oz)	4,347.50	1.00
Copper (\$/MT)	11,737.00	1.25
Aluminum(\$/MT)	2,905.50	1.01
CPO (RM/tonne)	3,969.00	-0.92

Source: Bloomberg, HL Bank

* Closing as of 16 Dec for CPO

the latter. The WTI and Brent jumped between 1.2-1.3% d/d to \$55.94/barrel and \$59.68/barrel.

US mortgage applications fell as rates inched up

- Higher mortgage rates saw mortgage applications falling 3.8% w/w for the week ended December 12 (prior: 4.8% w/w). Both purchases and refinancing applications tumbled but with rates likely to drop further, this should lend some support for demand going forward.

Sharp drop in UK's CPI greenlights a Christmas cut by the BOE

- Softer CPI is just the latest sign that price pressures have peaked, one that will likely give the BOE greenlight to lower its bank rate later today. Both headline and core CPI undershot forecasts at 3.2% y/y in November, easing from 3.6% y/y and 3.4% y/y recorded in the previous month. The downtick reflected downward contributions from 8 categories, notably food & non-alcoholic beverages and alcohol & tobacco, which more than offset a small uptick from communication. Services cost also eased 0.1ppts to 4.4% y/y and while December could see some push-ups due to airfares, the latest drop in inflation suggests that price pressures are cooling.

Still sturdy demand for Singapore's exports

- Led by the volatile pharmaceutical products and supported by electronic products (13.1% y/y vs 33.1% y/y), Singapore's NODX beat expectations and stayed robust at 11.6% y/y in November. Although a moderation from 21.7% y/y, growth remains resilient at this level and amongst its top 10 markets, saw NODX to the US, EU and Taiwan powering ahead while shipment to China also grew, albeit a softer pace of 4.7% y/y.

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DX	97-100	97.33	95.92	94.52	93.15
EUR/USD	1.16-1.19	1.17	1.19	1.21	1.23
GBP/USD	1.32-1.36	1.32	1.34	1.35	1.37
USD/CHF	0.79-0.82	0.80	0.79	0.78	0.77
USD/JPY	153-158	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	3.1651	3.21	3.23	3.24	3.27
EUR/SGD	1.5156	1.51	1.50	1.51	1.52
GBP/SGD	1.7268	1.69	1.69	1.69	1.70
AUD/SGD	0.8529	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
18-Dec	UK Bank of England Bank Rate	4.00%
	EC ECB Deposit Facility Rate	2.00%
	US Initial Jobless Claims	236k
	US BLS Will Not Publish Oct. All-Items and Core CPI	
	US Core CPI YoY (Nov)	3.00%
	US Real Avg Weekly Earnings YoY (Nov)	0.70%
	US Philadelphia Fed Business Outlook (Dec)	-1.7
	US Kansas City Fed Manf. Activity (Dec)	8
19-Dec	JN Natl CPI Ex Fresh Food, Energy YoY (Nov)	3.10%
	UK GfK Consumer Confidence (Dec)	-19
	MA Exports YoY (Nov)	15.70%
	UK Retail Sales Inc Auto Fuel MoM (Nov)	-1.10%
	EC Consumer Confidence (Dec P)	-14.2
	US Existing Home Sales MoM (Nov)	1.20%
	US U. of Mich. Sentiment (Dec F)	53.3
	JN BOJ Target Rate	0.50%
	US Kansas City Fed Services Activity (Dec)	-7

Source: Bloomberg

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

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