22 December 2025

Global Markets Research

Daily Market Highlights

22 Dec: UST yields and DXY closed last Friday slightly higher

JPY weakened despite BOJ raising its policy rate as expected

US existing home sales rose for the third month; slump in UK's retail sales

MYR strengthened despite softer than expected export print for Malaysia

- Technology stocks were back in fashion last Friday, sending the 3 major US averages closing the day in green. Nasdaq outperformed at 1.3% d/d, with stocks from Oracle to Nvidia rallying, while the S&P 500 and the Dow also closed 0.9% d/d and 0.4% d/d higher.
- Elsewhere, Stoxx Eur 600 were up 0.4% d/d, although shares of sportswear giants from Puma to Adidas were rattled by Nike's sales warnings. In Asia. Nikkei 225 gained 1.0% d/d after the BOJ raised its policy rate as expected.
- In the bond space, treasury yields rose in line with global bond yields after the BOJ raised its policy rate. The benchmark 2Y and 10Y UST yields rose 2-3bps to 3.48% and 4.15%, while the 10Y European bond yields were 2-6bps higher.
- In the forex space, the DXY closed 0.2% d/d higher at 98.60 in quiet trading, while JPY weakened 1.4% d/d to 157.75 after the BOJ raised rates as expected, but its Governor Kazuo Ueda were neutral on its future path. EUR, GBP and AUD closed 0-0.1% d/d weaker at 1.1710, 1.3379 and 0.6612 respectively, amid weaker than expected consumer confidence for the Eurozone (-0.4ppts to -14.6 in December), the drop in UK's retail sales as well as slower private credit for Australia (0.6% m/m in Nov vs 0.7% m/m in Oct).
- On the regional front, SGD depreciated 0.3% d/d to 1.2930 while MYR appreciated 0.3% d/d to 4.0760 despite its exports miss.
- In the commodity space, crude oil prices extended its rally for another day amid the escalating tension in Venezuela. The WTI closed the day at $56.66/barrel (+0.9% d/d) and Brent at $60.47/barrel (+1.1% d/d).

BOJ raised policy rate to 0.75%; signals more room to tighten

- The Bank of Japan (BOJ) raised its uncollateralized overnight call rate by 25bps to 0.75%. The decision was within consensus forecasts. In the accompanying statement, the bank outlined three drivers behind the decision, namely: 1) Reduced

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	48,134.89	0.38
S&P 500	6,834.50	0.88
NASDAQ	23,307.62	1.31
Stoxx Eur 600	587.50	0.37
FTSE 100	9,897.42	0.61
Nikkei 225	49,507.21	1.03
CSI 300	4,568.18	0.34
Hang Seng	25,690.53	0.75
Straits Times	4,569.78	-0.02
KLCI 30	1,665.90	1.15
FX		
Dollar Index	98.60	0.17
EUR/USD	1.1710	-0.10
GBP/USD	1.3379	-0.01
USD/JPY	157.75	1.41
AUD/USD	0.6612	-0.02
USD/CNH	7.0342	0.02
USD/MYR	4.0760	-0.25
USD/SGD	1.2930	0.25
USD/KHR	4,010.50	0.02
USD/THB	31.46	-0.01
Commodities		
WTI ($/bbl)	56.66	0.91
Brent ($/bbl)	60.47	1.09
Gold ($/oz)	4,361.40	0.50
Copper ($/MT)	11,881.50	0.88
Aluminum($/MT)	2,945.00	0.99
CPO (RM/tonne)	3,956.00	-0.14

Source: Bloomberg, HL Bank
** Closing as of 18 Dec for CPO*

uncertainty around the US economy and trade policies. 2) Expectations of solid wage growth next year. 3) Rise in underlying inflation as firms pass on wage increases to selling prices. The BOJ also opines ***that real interest rates are at significantly low levels*** and if economic activity and prices are in line with BOJ's October outlook, the bank will continue to raise the policy interest rates accordingly.

Existing home sales increased for the third month in the US

- Although below forecast, existing home sales rose for the third straight month by 0.5% m/m in November (prior: 1.5% m/m). Supporting sales were lower mortgage rates as well as tamer home price appreciation (1.2% y/y to $409.2k). the latter its weakest gains since mid-2023. That said, with inventory growth (1.43m or 4.2-month supply of unsold inventory, its lowest since March) beginning to stall and home prices at an all-time high, we could likely see some downtick in sales during the winter months.
- The final University of Michigan Sentiment index was revised 0.4ppts lower to 52.9 In December (prior: 51.0) and remains nearly 30% below December 2024 as pocketbook issues continue to weigh on confidence. Year-ahead inflation expectations decreased for the fourth consecutive month to 4.2%, its lowest in 11 months, while long-run inflation expectations eased 0.2ppts to 3.2%.

Slump in UK's retail sales amid worries over the Autumn Budget

- Retail sales underperformed expectations and fell 0.1% m/ in November (prior: -0.8% m/m) as jittery over tax rises in the Autumn budget kept shoppers largely at bay, and more than eclipsed the Black Friday sales at the end of the month. By categories, lower demand for jewellery and supermarket sales more than offset increases in department store sales. While improved consumer confidence (GfK: -17 in Dec vs -19 on Nov) and seasonal demand could see spending recovering in December, the two consecutive months of contraction suggests that the economy is at risk of a stagnation in the last quarter of 2025.

Growing but softer export growth to major products and most export destinations for Malaysia; import growth surprised on the upside, resulting in narrower trade surplus

- Exports growth decelerated sharply and by more than expected to 7.0% y/y in November from 15.7% y/y previously. This marks its softest growth since August amid a deceleration in the export growth for manufacturing goods (7.9% y/y vs 15.7% y/y) as well as a decline in agriculture exports (-6.0% y/y vs 20.3% y/y). Exports of mining products, on the other hand, increased at a faster pace of 9.9% y/y (prior: 8.0% y/y). Exports to all major markets also eased, with the exception of the US. Despite the softer export data, import growth surprised on the upside at 15.8% y/y in November (Oct: downwardly revised 10.0% y/y), its best since April of this year. With import growth outpacing exports, the trade surplus narrowed sharply to RM6.1bn (Oct: RM20.4bn). (Refer to Research Alert "Softer than expected export print for Malaysia" dated 19 December).

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	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	0.78-0.82	0.80	0.79	0.78	0.77
USD/JPY	152-158	151	148	145	142
AUD/USD	0.64-0.68	0.66	0.67	0.68	0.68
NZD/USD	0.56-0.59	0.57	0.57	0.58	0.59
USD/CNY	7.02-7.07	7.03	6.94	6.86	6.77
USD/MYR	4.06-4.12	4.12	4.08	4.05	4.05
USD/SGD	1.27-1.30	1.28	1.26	1.25	1.24
USD/THB	31.04-32.03	32.30	32.20	32.10	32.00

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
SGD/MYR	3.1542	3.21	3.23	3.24	3.27
EUR/SGD	1.5141	1.51	1.50	1.51	1.52
GBP/SGD	1.7299	1.69	1.69	1.69	1.70
AUD/SGD	0.8547	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	3.75	3.50	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	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
22-Dec	CH 1-Year Loan Prime Rate	3.00%
	CH 5-Year Loan Prime Rate	3.50%
	MA CPI YoY (Nov)	1.30%
	UK GDP QoQ (3Q F)	0.10%
	HK CPI Composite YoY (Nov)	1.20%
	US Chicago Fed Nat Activity Index (Nov)	-0.12
23-Dec	AU RBA Minutes of Dec. Policy Meeting	
	SI CPI Core YoY (Nov)	1.20%
	US ADP Weekly Employment Change	16.250k

US GDP Annualized QoQ (3Q S)	3.80%
US Philadelphia Fed Non-Manufacturing Activity (Dec)	-16.3
US Durable Goods Orders (Oct P)	0.50%
US Cap Goods Orders Nondef Ex Air (Oct P)	0.90%
US Industrial Production MoM (Nov)	0.10%
US Richmond Fed Manufact. Index (Dec)	-15
US Richmond Fed Business Conditions (Dec)	-15
US Conf. Board Consumer Confidence (Dec)	88.7

Source: Bloomberg

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