

## Global Markets Research

### Daily Market Highlights

## 28 Aug: Risk-off likely after Nvidia's retreat after hours

Global stocks & bonds closed mixed; US Dollar traded mixed against G10 peers

Bigger than expected spike in Australia's CPI reaffirmed gradual rate cut views

Key watch today: US' 2Q GDP & pending home sales; Eurozone's economic confidence

- Investors' confidence for a strong result from Nvidia helped lift the three major US stock indices higher overnight. The Dow led the way, rising 0.3% d/d with broad based gains, while the S&P 500 and Nasdaq posted more modest gains of 0.2% d/d each. Elsewhere, France's CAC 40 (+0.4% d/d) stabilized after the sell-off on Tuesday, spooked by concerns of political instability. Asian markets closed mixed. Hang Seng and CSI 300 tumbled 1.3-1.5% d/d after the continued contraction in China's industrial profits data.
- Of note, Nvidia earning's failed to meet Wall Street's high hopes, potentially weighing on the broad Asian equity markets today.
- On the tariff front, US tariffs of 50% on goods from India took effect on Wednesday, while it was reported that the Mexican government plans to increase tariffs on China as part of its 2026 budget proposal to protect the nation's businesses from cheap imports, with the draft revenue proposal scheduled to be sent to Congress by September 8.
- In the bond space, shorter-term treasuries continued to climb while the 30Y closed flattish. The 2Y yield fell 4bps to 3.61%, while the 10Y dropped 3bps to 4.23%. 10Y European bond yields closed mixed between +/-4bps.
- In the forex space, the Dollar closed mixed (+/-0.4% d/d) against its G10 peers and the DXY ended the day just above its flatline (+0.01%) at 98.23. NOK and CAD outperformed all its G10 peers, while DKK and NZD lagged. Regional currencies mostly weakened against USD, with IDR and MYR (-0.4% d/d to 4.2350) the notable underperformers, while SGD depreciated at a narrower pace of 0.1% d/d to 1.2862.
- In the commodity space, the WTI and Brent rebounded 1.2-1.4% d/d \$64.15/barrel and \$68.05/barrel amid reports of a drop in US crude inventories and the potential impact of new US tariffs on India on global supply.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	45,565.23	0.32
S&P 500	6,481.40	0.24
NASDAQ	21,590.14	0.21
Stoxx Eur 600	554.76	0.10
FTSE 100	9,255.50	-0.11
Nikkei 225	42,520.27	0.30
CSI 300	4,386.13	-1.49
Hang Seng	25,201.76	-1.27
Straits Times	4,245.57	0.04
KLCI 30	1,587.91	0.40
<b>FX</b>		
Dollar Index	98.23	0.01
EUR/USD	1.1639	-0.03
GBP/USD	1.3498	0.13
USD/JPY	147.42	0.01
AUD/USD	0.6506	0.17
USD/CNH	7.1539	0.01
USD/MYR	4.2350	0.39
USD/SGD	1.2862	0.07
USD/KHR	4,007.00	-0.05
USD/THB	32.47	-0.04
<b>Commodities</b>		
WTI (\$/bbl)	64.15	1.42
Brent (\$/bbl)	68.05	1.23
Gold (\$/oz)	3,404.60	0.47
Copper (\$/MT)	9,755.50	-0.83
Aluminum(\$/MT)	2,602.50	-1.35
CPO (RM/tonne)	4,403.00	-0.36

Source: Bloomberg, HL Bank

\* Closing as of 26 Aug for CPO

## Higher mortgage rates in the US continues to weigh on refinance applications

- Mortgage applications fell at a narrower pace of 0.5% w/w for the week ended August 22 (prior: -1.4% w/w). While there was not a significant increase in mortgage rates (30Y fixed rate: 6.69%), it was enough to cause a pullback in refinance applications. Purchases, meanwhile, rose to its strongest week in over a month, boosted by more inventory and cooling home-price growth.

## Australia's inflation jumped following months of moderation; leading index suggests improved but still subdued economy in 2H

- A pick-up in inflation numbers, coupled with a rebound in the leading index, albeit marginally supports our view that the RBA will likely continue with its gradual rate cut stance going forward. Monthly inflation accelerated more than forecast to its highest in a year at 2.8% y/y in July (prior: 1.9% y/y), driven by price pressures for housing, alcohol & tobacco as well as food & non-alcoholic beverages. Even stripping off the volatile items, inflation also moved closer to the upper band of RBA's 2-3% target range at 2.7% y/y (prior: 2.1% y/y).
- Meanwhile, the Westpac Leading Index rebounded by 0.14% m/m in July after falling 0.03% previously. Even with this small improvement, the index at this level signals subdued growth in 2H, likely to be weighed down by softer tone in the labour market and possibility of softer commodity prices ahead.

## YTD industrial profits for China remains contractionary

- Industrial profits fell at a narrower pace of 1.5% y/y in July (Prior: -4.3% y/y), a sign that the crackdown in price wars are starting to ease the strain from aggressive competition amongst producers. By sector, profits continued to climb for the high-tech manufacturing sectors, while profits amongst producers of raw materials, steelmakers and petroleum refiners also turned positive, offsetting weakness in other industries.

## House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DX	96.27-100.00	98.32	96.29	94.99	93.77
EUR/USD	1.14-1.18	1.16	1.19	1.20	1.22
GBP/USD	1.32-1.36	1.36	1.38	1.39	1.40
USD/CHF	0.79-0.82	0.81	0.80	0.79	0.78
USD/JPY	145-151	147	144	140	137
AUD/USD	0.63-0.66	0.63	0.65	0.67	0.68
NZD/USD	0.58-0.61	0.59	0.60	0.61	0.61
USD/CNY	7.15-7.20	7.20	7.16	7.12	7.10
USD/MYR	4.19-4.26	4.28	4.25	4.22	4.18
USD/SGD	1.27-1.31	1.29	1.26	1.24	1.22
USD/THB	32.14-32.89	32.70	32.50	32.30	32.30

Rates, %	Current	3Q-25	4Q25	1Q26	2Q26
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75	3.25-3.50
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.00	4.00	3.75	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	3.60	3.60	3.35	3.10	3.10
RBNZ	3.00	3.00	2.75	2.75	2.75
BNM	2.75	2.75	2.75	2.75	2.75

Source: HL Bank

## Up Next

Date	Events	Prior
28-Aug	EC Economic Confidence (Aug)	95.8
	US GDP Annualized QoQ (2Q S)	3.00%
	US Initial Jobless Claims	235k
	US Pending Home Sales MoM (Jul)	-0.80%
29-Aug	JN Jobless Rate (Jul)	2.50%
	JN Tokyo CPI Ex-Fresh Food YoY (Aug)	2.90%
	JN Industrial Production MoM (Jul P)	2.10%
	JN Retail Sales MoM (Jul)	1.00%
	AU Private Sector Credit MoM (Jul)	0.60%
	JN Consumer Confidence Index (Aug)	33.7
	US Personal Income (Jul)	0.30%
	US Advance Goods Trade Balance (Jul)	-\$86.0b
	US Personal Spending (Jul)	0.30%
	US Core PCE Price Index YoY (Jul)	2.80%
	US MNI Chicago PMI (Aug)	47.1
	US U. of Mich. Sentiment (Aug F)	58.6

Source: Bloomberg

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