

## Global Markets Research

### Daily Market Highlights

## 29 Aug: All eyes on the US core-PCE prices today

**Sentiment improved on upward revision to US 2Q GDP; upgrade to consumer spending Wall Street soared to fresh/near record highs; USTs closed mixed; DXY maintained losses Mixed data from Japan but unlikely to derail rate hike path for now**

- Wall Street soared to fresh or near record highs after a faster than initially estimated 2Q GDP growth reading for the US boosted appetite for US stocks. Led by Nasdaq, the three major averages closed higher between 0.2-0.5% d/d but trading was nonetheless choppy given the ongoing drama between Trump-Fed's Cook and cautiousness over the upcoming PCE-price prints.
- Elsewhere, Stoxx Eur 600 closed 0.2% d/d lower even as consumers and automakers outperformed, the latter after data showed that European new car sales rose the most in 15-months in July. Asian stocks traded mixed, with Nikkei 225 and CSI 300 jumping 0.7-1.8% d/d, but Hang Seng slid 0.8% d/d.
- In the bond space, treasuries closed mixed, with the policy sensitive 2Y yield up 2bps to 3.63% while the 10Y fell 3bps to 4.20%. 10Y European bond yields fell between 1-4bps save the Swedish sovereign bonds.
- The DXY (-0.4% d/d to 97.81) maintained its losses even after the US data. and the Dollar weakened against all its G10 peers. SEK (0.6% d/d), NZD (0.4% d/d) and AUD (0.4% to 0.6532) led gains amongst G10, while KRW (0.7% d/d) outperformed all Asian peers. Most regional currencies strengthened against the Dollar, with MYR and SGD appreciating 0.3-0.4% d/d to 4.2170 and 1.2825 respectively
- In the commodity space, the WTI and Brent rose 0.7-0.8% d/d to \$64.60/barrel and \$68.62/barrel amid waning prospects of a peace agreement between Russia-Ukraine, reducing the likelihood of a supply of Russian oil in the broader market.

### Upward revisions to US 2Q GDP on consumer spending; lower jobless claims

- The second reading of the 2Q GDP was revised 0.3ppts up to 3.3% q/q (2Q: -0.5% q/q), primarily reflecting upward revisions to consumer (+0.2ppts to 1.6% q/q vs 0.5% q/q in 1Q) and investment (+1.8ppt to -13.8% q/q vs 23.8% q/q in 1Q) spending that were partly offset by a downward revision to government spending and an upward revision to imports.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	45,636.90	0.16
S&P 500	6,501.86	0.32
NASDAQ	21,705.16	0.53
Stoxx Eur 600	553.67	-0.20
FTSE 100	9,216.82	-0.42
Nikkei 225	42,828.79	0.73
CSI 300	4,463.78	1.77
Hang Seng	24,998.82	-0.81
Straits Times	4,253.78	0.19
KLCI 30	1,587.07	-0.05
<b>FX</b>		
Dollar Index	97.81	-0.43
EUR/USD	1.1683	0.38
GBP/USD	1.3513	0.11
USD/JPY	146.93	-0.33
AUD/USD	0.6532	0.40
USD/CNH	7.1202	-0.47
USD/MYR	4.2170	-0.43
USD/SGD	1.2825	-0.29
USD/KHR	4,005.60	-0.03
USD/THB	32.37	-0.30
<b>Commodities</b>		
WTI (\$/bbl)	64.60	0.70
Brent (\$/bbl)	68.62	0.84
Gold (\$/oz)	3,445.80	1.21
Copper (\$/MT)	9,818.00	0.64
Aluminum(\$/MT)	2,605.00	0.10
CPO (RM/tonne)	4,411.50	0.19

Source: Bloomberg, HL Bank

\* Closing as of 27 Aug for CPO

- Pending home sales fell more than expected by 0.4% m/m in July after contracting 0.8% m/m previously as buyers remained hesitant even with modest improvements in mortgage rates, housing affordability and inventory.
- Initial jobless claims fell more than expected by 5k to 229k for the week ended August 23 (prior: 10k), while continuing claims also dropped 7k to 1954k the week ending Aug 16 (prior: 19k). As it is, the pressure for claims was concentrated in a few states, namely Washington amid DOGE cost-cutting, suggesting that firing remains relatively low elsewhere.

### Confidence in the Eurozone's economy softened slightly

- The Economic Sentiment Indicator unexpectedly edged down 0.5ppts to 95.2 in August, in line with muted growth for the bloc in 3Q. The decline reflects small downticks across the board save retailers, and amongst its largest economies, led by a sharp drop in Spain and moderate declines for Germany and Italy.

### Japan's IPI and retail sales fell; labour market remains tight; Tokyo's inflation rate eased on subsidies

- Mixed prints from Japan this morning. Industrial production and retail sales fell at a larger pace than expected at 1.6% m/m for both in July (Prior: 2.1% m/m and 0.9% m/m), the former as the impact from the US tariffs starts to trickle in. Meanwhile, consumer spending is expected to register moderate growth ahead amid a relatively tight labour market, keeping pressures for companies to raise wages and support sales. Separate data showed that jobless rate unexpectedly improved to 2.3% in July from 2.5% previously while the jobs-to applicant ratio held steady at 1.22.
- In a prelude to Japan's August prints, Tokyo's headline and core inflation rate eased to 2.6% y/y and 2.5% y/y (prior: 2.9% y/y for both). Matching consensus forecast, the slower price pressure was due to government utility subsidies and thus, keeping its further rate hike path intact for now.

### 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
29-Aug	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
1-Sep	AU S&P Global Australia PMI Mfg (Aug F)	52.9
	JN Capital Spending YoY (2Q)	6.40%
	JN S&P Global Japan PMI Mfg (Aug F)	49.9
	AU Melbourne Institute Inflation YoY (Aug)	2.90%
	AU Building Approvals MoM (Jul)	11.90%
	UK Nationwide House Px NSA YoY (Aug)	2.40%
	EC HCOB Eurozone Manufacturing PMI (Aug F)	50.5
	UK Mortgage Approvals (Jul)	64.2k
	HK Retail Sales Value YoY (Jul)	0.70%
	UK S&P Global UK Manufacturing PMI (Aug F)	47.3
	EC Unemployment Rate (Jul)	6.20%

Source: Bloomberg

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