

Global Markets Research

Daily Market Highlights

30 Oct: USD rebounded after Powell's hawkish guidance

Treasuries & US stocks slumped after Powell said a December rate cut is far from certain
DXY rebounded against G10s; CAD was the outlier strengthening after a hawkish cut
Spike in Australia's CPI pushed back rate cut bets; all eyes on the BOJ and ECB today

- Wall Street was poised to notch fresh records early Wednesday after the Fed lowered its benchmark policy rates as expected, but quickly staged a reversal when Fed Chair Powell took the mic and commented that a December rate cut is not cast in stone. Consequently, the Dow ended the day 0.2% d/d lower, while the S&P 500 closed just below its flatline. Nasdaq outperformed and rallied 0.6% d/d with Nvidia continuing with its record-breaking run.
- In other US assets, Treasuries slumped after Powell's comment, while the Dollar got a broad lift. Led by the shorter tenures, Treasury yields spiked 9-11bps across the curve, with the 2Y and 10Y benchmarks closing the day at 3.60% and 4.08%.
- The DXY climbed 0.6% d/d to 99.22 with traders paring rate cut bets for the December meeting. CHF (-0.8% d/d) and GBP (-0.6% d/d to 1.3194) lagged their peers, while CAD was the outlier, closing just above its flatline after the Bank of Canada delivered a hawkish cut. EUR and JPY closed 0.4% d/d weaker at 1.1601 and 152.73 respectively ahead of their policy decisions today, while regional currencies closed mixed against the greenback.
- CNH and SGD weakened between 0-0.3% d/d to 7.0974 and 1.2973 respectively. MYR strengthened 0.2% d/d to 4.1885 before the meeting. As it is, the Fed repricing will likely see less risk to regional currencies as compared to G10 today, in expectation of a positive Trump-Xi meeting.
- In the commodity space, a sharp drawdown in US crude inventories saw crude oil prices jumping 0.6-0.8% d/d to \$60.48/barrel for the WTI and \$64.92/barrel for Brent.

FOMC lowered Fed funds rate by 25bps to 3.75-4.00% as expected; Powell said that a December rate cut is far from a foregone conclusion

- As expected, the FOMC lowered the Fed funds rate by 25bps to 3.75-4.00%. At the same time, the committee decided to stop shrinking their balance sheet on December 1st. There were two dissenters, Stephen Miran who voted for a 50bp cut (again) and Jeffrey Schmid who wanted a hold.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	47,632.00	-0.16
S&P 500	6,890.59	0.00
NASDAQ	23,958.47	0.55
Stoxx Eur 600	575.40	-0.06
FTSE 100	9,756.14	0.61
Nikkei 225	51,307.65	2.17
CSI 300	4,747.84	1.19
Hang Seng	26,346.14	-0.33
Straits Times	4,440.21	0.00
KLCI 30	1,611.54	-0.13
FX		
Dollar Index	99.22	0.56
EUR/USD	1.1601	-0.43
GBP/USD	1.3194	-0.59
USD/JPY	152.73	0.41
AUD/USD	0.6574	-0.17
USD/CNH	7.0974	0.02
USD/MYR	4.1885	-0.23
USD/SGD	1.2973	0.26
USD/KHR	4,021.50	-0.09
USD/THB	32.27	-0.55
Commodities		
WTI (\$/bbl)	60.48	0.55
Brent (\$/bbl)	64.92	0.81
Gold (\$/oz)	3,983.70	0.44
Copper (\$/MT)	11,183.50	1.31
Aluminum(\$/MT)	2,887.00	-0.07
CPO (RM/tonne)	4,306.50	-1.02

Source: Bloomberg, HL Bank

* Closing as of 28 Oct for CPO, USD/KHR

- Key highlights include: 1) The FOMC described the economy as expanding at a "moderate pace," acknowledged that "job gains have slowed this year" and that "inflation remains somewhat elevated." This assessment is similar to September's statement. 2) FOMC also repeated the lines "downside risks to employment rose in recent months" and that they are "prepared to adjust the stance of monetary policy" if risks emerge that could impede the FOMC's dual mandate goals. 3) Despite the absence of key government data, Fed Chair Jerome Powell said during the press conference that outlook for employment and inflation has not changed much since the last meeting and that a December rate cut is "far from" a foregone conclusion.
- ***Given the status quo in the outlook, limited pass through from tariffs to inflation at this juncture and increasing downside risk to the labour market, there is no change to our expectations of another quarter point cut in the December FOMC meeting and two more cuts in 2026.***
- Data wise, pending home sales in September showed no change m/m after increasing 4.2% m/m previously. The result was below expectation and with inventory at its 5Y high, this will give home buyers more options and room for price negotiation. Amid slowing home price gains and expectations of lower mortgage rates ahead, this should further improve home affordability notwithstanding the temporary disruption due to the government shutdown. In fact, lower mortgage rates (30Y fixed rate: 6.30%) for the week ended October 24th saw mortgage applications jumping 7.1% w/w (prior: -0.3% w/w) with both purchase and refinance activities increasing during the week.

UK's consumer credit slowed

- Matching expectations, net consumer credit slowed to £1.5bn in September from £1.7bn previously as net borrowing through credit cards was little changed at £0.7bn in a nod to the recent strength in retail sales, while net borrowing through other forms of consumer credit fell. Mortgage approvals, meanwhile, unexpectedly improved to 65.9k from 65.0k previously.

Spike in Australia's inflation boost case for an extended RBA pause

- Australia's headline and trimmed mean inflation overshoot expectations at 3.2% y/y and 3.0% y/y respectively for 3Q (2Q: 2.1% y/y and 2.7% y/y), while on a quarterly basis, headline and trimmed mean prices also accelerated to 1.3% q/q and 1.0% q/q (2Q: 0.7% q/q for headline and trimmed mean). The 1.3% quarterly increase in headline was the strongest since March 2023 and was primarily driven by electricity cost.
- As it is, RBA's Bullock has recently said that a 30bps deviation in the 3Q CPI from RBA's forecast of 0.6% constitutes a material

miss, and as such, we opine that the RBA will mostly likely maintain its cash rate unchanged at 3.60% in its next policy meeting scheduled on November 4th.

Improving consumer confidence for Japan

- Consumer confidence index improved for the fourth month and by more than expected to 35.8 in October (prior: 35.3). All the sub-indicators improved in a nod to consumption spending and tighter policies ahead.

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DX	97-101	96.45	95.57	94.24	92.99
EUR/USD	1.15-1.18	1.19	1.20	1.22	1.24
GBP/USD	1.32-1.35	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	149-155	146	145	142	140
AUD/USD	0.64-0.67	0.67	0.67	0.68	0.68
NZD/USD	0.56-0.59	0.59	0.60	0.60	0.60
USD/CNY	7.10-7.15	7.08	7.06	6.99	6.94
USD/MYR	4.20-4.25	4.20	4.15	4.10	4.10
USD/SGD	1.28-1.31	1.28	1.26	1.24	1.23
USD/THB	31.87-33.10	32.25	32.30	32.20	32.00

FX	Last close	4Q-25	1Q-26	2Q-26	3Q-26
SGD/MYR	3.2344	3.28	3.29	3.30	3.33
EUR/SGD	1.5052	1.53	1.52	1.52	1.52
GBP/SGD	1.7119	1.74	1.72	1.71	1.71
AUD/SGD	0.8527	0.85	0.85	0.84	0.84

Rates, %	Current	4Q25	1Q26	2Q26	3Q26
Fed	3.75-4.00	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

Up Next

Date	Events	Prior
30-Oct	EC Economic Confidence (Oct)	95.5
	EC GDP SA QoQ (3Q A)	0.10%
	EC Unemployment Rate	6.30%
	US Initial Jobless Claims**	219k
	US GDP Annualized QoQ (3Q A) **	3.80%
	EC ECB Deposit Facility Rate	2.00%
	JN BOJ Target Rate	0.50%
31-Oct	JN Jobless Rate (Sep)	2.60%
	JN Tokyo CPI YoY (Oct)	2.50%
	JN Retail Sales MoM (Sep)	-1.10%
	JN Industrial Production MoM (Sep P)	-1.50%
	AU Private Sector Credit MoM (Sep)	0.60%

CH Manufacturing PMI (Oct)	49.8
CH Non-manufacturing PMI (Oct)	50
HK Retail Sales Value YoY (Sep)	3.80%
HK GDP YoY (3Q A)	3.10%
EC CPI Core YoY (Oct P)	2.40%
US Personal Income (Sep) **	0.40%
US Personal Spending (Sep) **	0.60%
US Core PCE Price Index YoY (Sep) **	2.90%
US Employment Cost Index (3Q) **	0.90%
US MNI Chicago PMI (Oct)	40.6

Source: Bloomberg

** Releases likely delayed by the US government shutdown

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