

2 September 2026

Global Markets Research

Daily Market Highlights

2 Sep: Continued market selloffs amid intensifying geopolitical tension

Global equities in a sea of red; Dollar Index rebounded on haven bids

Extended rally in bond yields on inflation and rate hikes concerns

Softer than expected ISM manufacturing and JOLTS job openings

- Escalating military attacks in the Middle-east continued to send chills to the markets, resulting in another day of broad selloffs spanning from equities to bonds while the greenback advanced on flight to safety bids. However, gold fell 2.7% to \$4342.50/ oz, pressured by rising bond yields and oil prices. Both WTI and Brent crude jumped over 5.0% on the day, last settling at \$90.68/ barrel and \$95.19/ barrel respectively, its highest in 13 weeks and 5 weeks respectively.
- The three major benchmark US stock indices fell 0.7-1.0% on the day, led by losses in consumer discretionary, materials and industrial sectors, which more than offset gains in energy. Major European stock indices were also by 0.3% (FTSE100) to as much as 1.1% d/d (DAX) as exchange of fire in the Middle-east spooked sentiments. Similarly in Asia, Nikkei 225 fell 0.2% while Hang Seng lost 0.9% on the day. KLCI plummeted 1.5% d/d after reopening from a long weekend, playing catch-up to overall weakness in the regional bourses. Asia markets are poised to open lower this morning following the flaring-up of the geopolitical turmoil as already reflected by the futures.
- Global sovereign bond yields continued to rally for at least a 3rd straight day to multi-year highs, as the heat-up in the geopolitical situation heightened inflation concerns and rate hike prospects. The 10-year UST yields added another 5bps on the day to 4.80%, its highest since Oct-23, while the 1-year UK gilt yields played catch-up after reopening from a UK bank holiday on Monday, spiking 8bps to 5.22% at close, its highest since 2008, after hitting as high as 5.25% (+11bps) in intraday trading.
- In the FX space, the Dollar Index regained lost ground and rose 0.3% d/d to 99.67 amid a revival in haven bids. The USD strengthened against all G10s except for the NOK, and was stronger against most major Asian FX. The greenback

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,766.88	-0.79
S&P 500	7,631.47	-0.71
NASDAQ	26,099.77	-1.03
Stoxx Eur 600	647.46	-0.56
FTSE 100	10,789.28	-0.32
Nikkei 225	66,215.34	-0.15
CSI 300	4,611.44	-0.30
Hang Seng	25,329.73	-0.93
Straits Times	5,710.37	-0.78
KLCI 30	1,700.54	-1.47
FX		
Dollar Index	99.66	0.24
EUR/USD	1.1593	-0.22
GBP/USD	1.3516	-0.24
USD/JPY	160.18	0.28
AUD/USD	0.7145	-0.31
USD/CNH	6.7221	0.06
USD/MYR	4.0395	0.36
USD/SGD	1.2732	0.18
USD/KHR	4,048.75	0.02
USD/THB	33.31	0.46
Commodities		
WTI (\$/bbl)	90.68	5.06
Brent (\$/bbl)	95.19	4.99
Gold (\$/oz)	4,342.50	-2.69
Copper (\$/MT)	14,192.50	-0.65
Aluminum(\$/MT)	3,272.50	0.94
CPO (RM/MT)	4,852.00	4.84

Source: Bloomberg, HL Bank

advanced the most by 0.4% d/d each vs the NZD, CHF and SEK, and was firmer against the EUR and GBP by 0.2% on the day. In the region, MYR reopened after a long weekend and weakened 0.4% on the day to 4.0395 vs the USD as at yesterday's close. SGD shed 0.2% d/d to 1.2732 while the CNH registered milder losses of 0.1% d/d to 6.7221 against the USD.

Final PMI manufacturing from the majors, China and Malaysia all showed expansion

- Final PMI manufacturing from the major economies all confirmed expansion in manufacturing activities for the month of August. The readings were revised higher from the preliminary reading for the US (from 53.2 to 53.9) and the UK (from 51.5 to 51.7), revised lower for the Eurozone (from 52.8 to 52.7) and Japan (55.1 to 54.9), and left unchanged for Australia (52.0). When compared to July, manufacturing activities picked up in the Eurozone (52.7 vs 51.9) and Japan (54.9 vs 54.5), stable in the US at 53.9, and was seen expanding at a slightly slower pace in the UK (51.7 vs 51.9).
- PMI from regional economies were mixed – slower expansion in Malaysia, but an acceleration in China according to its RatingDog's reading. This was in line with the breakdown by business establishment in the official China PMIs, where small enterprises reported a more upbeat outlook, thanks to improvement in demand, output and exports. Meanwhile in Malaysia, the PMI print moderated for the first month in three, from 50.7 to 50.2 in August, dragged by a decline (contraction) in output (48.7 vs 50.3), but again, PMI has not been a good proxy to industrial production thus far and we will be watching the IPI data more closely for a better gauge of economic activities going into 3Q.

Softer than expected US ISM manufacturing; JOLTS job openings reaffirmed a low hiring low firing labour market

- ISM manufacturing tapered off more than expected to 54.6 in August (Jul: 55.6) reflecting slower growth in the manufacturing sector. A closer look at the subindices was worrying. New orders defied expectation for a pick-up and fell to 53.7 in August (Jul: 56.7), its lowest since March, while the employment index pulled back more than expected to 51.2 during the month in review (Jul: 52.8), pointing to a softening labour market condition.
- In line with this thought and in a separate release, JOLTS job openings came in softer than expected at 7271k in July, and

June's print was revised lower from 7359k to 7182k. While the job opening rate rose from 4.3% to 4.4% (below the 4.5% expected), quits rate has fallen from 2.0% to 1.9%, suggesting workers' reluctance to quit amid lack of confidence of finding new jobs elsewhere. On a less negative note, layoffs rate also dropped from 1.1% to 1.0%, adding to signs of a low hiring low firing job market situation. We therefore maintain our view for an extended Fed rate pause despite the more hawkish rhetoric from policy makers.

- Contrary to the surge in Dallas Fed manufacturing index, the Dallas Fed services activity index staged a surprised pullback to 4.2 in August (Jul: 6.6), as companies turned drastically less optimistic about future outlook (3.0 vs 10.4), and were also less upbeat about revenue and employment.

Unexpected easing in Eurozone's core CPI reaffirmed our view for the ECB to stay pat

- Headline CPI quickened to 3.3% y/y in August (Jul: 2.9% y/y), very much as expected, driven by transport and higher energy costs. However, core CPI surprised on the downside with a softer than expected print of 2.4% y/y in August (Jul: 2.5% y/y). Softer underlying inflation, coupled with signs of a softer labour market, reaffirmed our view for an extended pause by the ECB. Unemployment rate unexpectedly inched up to 6.4% in July, but was nonetheless stable compared to the upwardly revised 6.4% print for June.

UK mortgage approvals and house prices reaffirmed a subdued housing market

- Mortgage approvals unexpectedly fell to 56.1k in July (Jun: 58.2k), its lowest in about 2.5 years. Nationwide house prices grew at a faster than expected pace of 0.2% m/m in August, but was offset by a downgrade to a 0.1% m/m decline in the preceding month. As a result, y/y growth came in lower than expected at 1.6% y/y although it still marked a pick-up from the 1.4% y/y increase in July (revised from 1.8% y/y). Approvals and house prices have remained flattish at best, reflecting the underlying subdued housing market, and is expected to remain so until the uncertain economic backdrop clears.



House View and Forecasts

	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	98-101	102.28	100.86	99.42	98.07
EUR/USD	1.15-1.18	1.13	1.14	1.16	1.18
GBP/USD	1.34-1.38	1.29	1.30	1.32	1.33
USD/CHF	0.78-0.82	0.81	0.81	0.80	0.79
USD/JPY	157-161	162	159	155	153
AUD/USD	0.70-0.73	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.61	0.56	0.56	0.57	0.57
USD/CNY	6.70-6.75	6.85	6.78	6.72	6.65
USD/MYR	4.01-4.07	4.15	4.11	4.07	4.03
USD/SGD	1.26-1.29	1.31	1.30	1.28	1.27
USD/THB	32.30--33.50	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
SGD/MYR	3.17	3.18	3.17	3.17	3.17
EUR/SGD	1.48	1.47	1.48	1.49	1.50
GBP/SGD	1.72	1.69	1.69	1.69	1.69
AUD/SGD	0.91	0.89	0.90	0.91	0.91

Rates, %	Current	3Q26	4Q26	1Q27	2Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
ECB	2.25	2.50	2.50	2.50	2.50
BOE	3.75	3.75	3.75	3.75	3.75
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	1.00	1.00	1.25	1.25	1.25
RBA	4.35	4.35	4.35	4.35	4.35
RBNZ	2.50	2.50	2.50	2.50	2.50
BNM	2.75	2.75	2.75	2.75	2.75

Source: HL Bank

Up Next

Date	Events	
2-Sep	AU GDP SA QoQ (2Q)	0.30%
	NZ RBNZ Official Cash Rate	2.50%
	US MBA Mortgage Applications (28-Aug)	-1.0%
	US ADP Employment Change (Aug)	44k
	SI Purchasing Managers Index (Aug)	51.4
	US Factory Orders (Jul)	-0.30%
3-Sep	AU S&P Global PMI Services (Aug F)	52.9
	HK S&P Global PMI (Aug)	51
	SI S&P Global PMI (Aug)	59.2
	JN S&P Global PMI Services (Aug F)	52.3
	VN S&P Global PMI Mfg (Aug)	52.9
	AU Exports MoM (Jul)	9.60%
	CH RatingDog PMI Services (Aug)	50.4
	VN CPI YoY (Aug)	4.45%
	VN Exports YoY (Aug)	25.00%
	VN Industrial Production YoY (Aug)	14.50%
	VN Retail Sales YoY (Aug)	14.50%
	MA BNM Overnight Policy Rate	2.75%



EC S&P Global Services PMI (Aug F)	51.7
UK S&P Global Services PMI (Aug F)	52.8
EC PPI YoY (Jul)	4.60%
US Challenger Job Cuts YoY (Aug)	-46.10%
US Trade Balance (Jul)	-\$73.3b
US Initial Jobless Claims (46263)	--
US S&P Global Services PMI (Aug F)	56.8
US ISM Services Index (Aug)	54.1

Source: Bloomberg

General Disclaimer by the Bank

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained in this report does not constitute the provision of investment advice and is not to be regarded as an offer to sell or a solicitation of an offer to buy with respect to the purchase or sale of any of the financial instruments mentioned in this report and/or to participate in any trading strategy. This report will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by HL Bank to be reliable and in good faith, but no warranties or guarantees, representations are made by HL Bank with regard to the accuracy, completeness, correctness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HL Bank or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected in this report may change without notice and the opinions do not necessarily correspond to the opinions of HL Bank. HL Bank does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient in the event that any matter stated in this report, or any opinion, projection, forecast, valuation or estimate in this report, changes or subsequently becomes inaccurate. The information contained in this report may be incomplete, condensed and it may not contain all material information concerning the company or currency referred to in this report.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter nor will any liability be accepted for any loss whatsoever that may arise from any use and/or reliance on this report. HL Bank may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities or currencies mentioned in this report. The past performance of financial instruments is not indicative of future results. The value of and the income that is produced by the financial instruments mentioned in this report may fluctuate so that an investor may get back less than originally invested. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described in this report would yield favorable investment results. Recipients should seek the advice of their independent financial advisor before taking any investment decision based on any recommendations that may be contained in this report. Any recommendation that may be contained in this report does not consider the specific investment objectives, financial situation, suitability and the particular needs of a particular customer. This report is for the information of the addressee only and is not to be taken in substitution for the exercise of judgment by the addressee who should obtain separate independent legal or financial advice.

Past performance does not always indicate future performance or future results. The value of any investment or income from any investment may go up as well as down. All investments involve an element of risk including the potential to lose the entire amount that is invested.

HL Bank may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HL Bank endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HL Bank does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced, copied, duplicated or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HL Bank. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient agrees to be bound by all limitations contained in this report.

This report is being distributed in Singapore by HL Bank (Company registration number S56FC1182L) to Accredited Investors, Expert Investors or Institutional Investors, as defined in the Securities and Futures Act (Chapter 289 of Singapore). HL Bank is an Exempt Financial Adviser, as defined in the Financial Advisers Act (Chapter 110 of Singapore), and regulated by the Monetary Authority of Singapore. HL Bank is a branch of Hong Leong Bank Berhad, a limited liability company incorporated in Malaysia. HL Bank holds a full bank license in Singapore. Hong Leong Bank Berhad is also a member of the Hong Leong Group Malaysia.