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 Middlee-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