2 November 2026

Global Markets Research

Daily Market Highlights

2 Nov: US midterm elections in focus this week

AI and midterm election jitters weighed on US stocks; Treasuries closed mixed

BOJ maintained policy rate; underlying CPI was "generally consistent" with target

China's manufacturing PMI slipped below 50; Better than expected Eurozone's GDP

- Friday saw traders dumping tech stocks for more defensive sectors ahead of the midterm elections this week. The tech-heavy Nasdaq lagged at -2.9% d/d, with Intel leading the sell-off after issuing a weak outlook, while the Dow and S&P 500 also lost 1.1% d/d and 1.8% d/d. In the bond space, treasuries closed mixed but yields to the benchmark 2Y and 10Y slid 1bps each to 4.59% and 4.93%.
- Similar to Wall Street, Stoxx Eur 600 fell 0.4% d/d amid sell-off in tech stocks, while 10Y bond yields fell 0-4bps save the Italian and French bonds, the latter after Fitch lowered France's outlook to negative.
- Major Asian bourses closed mixed, with Hang Seng gaining 1.5% d/d, while CSI 300 and Nikkei 225 fell -1.4% d/d and -2.1% d/d. Futures nonetheless point to a softer trading day for regional equity markets today.
- In the forex space, the Dollar traded weaker against most of its G10 peers amid the sell-off in tech stocks and the DXY closed 0.2% d/d lower at 101.88. GBP and JPY appreciated 0.1% d/d each to 1.3391 and 157.56 against the greenback, while AUD closed flattish at 0.7032. EUR weakened 0.2% d/d to 1.1160 despite the better than expected 3Q GDP for the Eurozone.
- Similarly, most regional currencies strengthened against the Dollar. CNH and SGD appreciated 0.1% d/d each to 6.6525 and 1.2780, while MYR closed just above its flatline at 4.0582.
- In the commodity space, crude oil prices jumped more than 2% d/d with traders gauging Washington's appetite for military escalation against Iran post the midterm elections. Separately, OPEC+ has also agreed in principle to keep its oil output targets steady in the month of December.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	51,770.31	-1.09
S&P 500	7,580.07	-1.82
NASDAQ	25,437.00	-2.86
Stoxx Eur 600	646.75	-0.36
FTSE 100	10,729.78	0.07
Nikkei 225	63,290.11	-2.12
CSI 300	3,985.50	-1.39
Hang Seng	23,294.42	1.46
Straits Times	5,376.74	-0.36
KLCI 30	1,615.60	0.28
FX		
Dollar Index	101.88	-0.15
EUR/USD	1.1160	-0.18
GBP/USD	1.3391	0.11
USD/JPY	157.56	-0.10
AUD/USD	0.7032	0.03
USD/CNH	6.6525	-0.07
USD/MYR	4.0582	-0.02
USD/SGD	1.2780	-0.14
USD/KHR	4,081.70	0.04
USD/THB	33.68	-0.23
Commodities		
WTI ($/bbl)	104.12	2.08
Brent ($/bbl)	117.64	2.40
Gold ($/oz)	3,898.90	-3.29
Copper ($/MT)	14,154.50	-1.41
Aluminum($/MT)	3,069.00	-0.31
CPO (RM/MT)	4,449.00	1.32

Source: Bloomberg, HL Bank

BOJ maintained rates as expected

- In an 8-1 majority vote, the Bank of Japan (BOJ) left its policy rates unchanged at 1.25%. The decision was within expectation with the sole dissenter, Takata Hajime voting for a hike again on the basis that the underlying CPI has reached the price stability target. In tandem with the decision, the BOJ also changed the pace of its ETF sales, saying that it will set the pace of sales at about 860bn yen/year (prior: 330bn yen/year).
- The BOJ also assessed that the underlying inflation was "generally consistent" with its target of 2% for the first time, and flagged risk that underlying CPI inflation could deviate upward to a level above the price stability target, suggesting that the next rate could potentially be sooner than what we had anticipated.
- In terms of forecasts, the BOJ kept its core CPI forecast at 2.5% for fiscal 2026, but raised its projection for 2027 by 0.2ppts to 2.4%. For growth, the central bank expects moderate growth of 0.7% (+0.1ppts) FY2026 and 0.7% (-0.1ppts) FY2027.

US ECI continues to increase

- In the US, the Employment Cost Index (ECI) grew by 0.8% in 3Q, matching expectations albeit a moderation from 0.9% previously largely on account of softer wage pressure in the private sector, suggesting further easing in labour market driven inflationary pressure.
- The MNI Chicago PMI fell more than expected to 55.3 in October (prior: 58.8), suggesting softer growth momentum for the region and possibly downside risk to the upcoming manufacturing ISM. The downtick was driven by declines in supplier deliveries, production, order backlogs and new orders, which was partially offset by an increase in employment

Eurozone's 3Q GDP growth slowed less than expected

- In Europe, the unemployment rate held steady at 6.5% in September, while economic growth slowed less than forecast to 0.4% q/q in 3Q (prior: 0.6% q/q). Performance was mixed amongst its largest economies. Germany (0.2% q/q vs 0.3% q/q) and Spain (0.6% q/q vs 0.7% q/q) grew, Italy stagnated, while France shrank 0.1% q/q (prior: 0). With the upward surprise, this should keep ECB set for its final hike in December.

Steady private sector credit growth for Australia

- Private sector credit surprised on the upside, holding steady at 0.6% m/m for the third month in September. Housing and business loans were steady, although September saw a downshift in its personal loans to 0.3% m/m from 0.7% m/m previously.

Contractions for China's officials PMIs

- Insufficient demand from both exports and domestically saw October's manufacturing PMI falling sharper than expected and its third contraction in 4 months at 49.3 (prior: 50.1), while the services sector also underperformed and fell more than expected to 49.7 (prior: 50.2). While some sectors in high-tech manufacturing continues to do well, the unexpectedly contraction suggests a tepid and unbalanced year-end finish for China. There is no change in our view that China will hit its official target of 4.5-5.0% this year, albeit likely at the lower end.

House View and Forecasts

FX	This Week	4Q-26	1Q-27	2Q-27	3Q-27
DXY	100-103	102.22	100.87	99.53	98.21
EUR/USD	1.11-1.13	1.12	1.14	1.16	1.18
GBP/USD	1.32-1.34	1.31	1.32	1.33	1.34
USD/CHF	0.80-0.83	0.79	0.80	0.81	0.84
USD/JPY	156-160	157	155	153	150
AUD/USD	0.69-0.71	0.69	0.69	0.70	0.70
NZD/USD	0.55-0.58	0.58	0.57	0.57	0.56
USD/CNY	6.64-6.68	6.74	6.67	6.61	6.54
USD/MYR	4.02-4.06	4.12	4.07	4.02	3.97
USD/SGD	1.27-1.29	1.29	1.27	1.25	1.23
USD/THB	33.40-34.00	33.0	33.0	33.0	32.8

FX	Last close	4Q-26	1Q-27	2Q-27	3Q-27
SGD/MYR	3.1772	3.20	3.21	3.22	3.23
EUR/SGD	1.4263	1.45	1.45	1.45	1.45
GBP/SGD	1.7115	1.69	1.68	1.66	1.65
AUD/SGD	0.8986	0.89	0.88	0.87	0.86

Rates, %	Current	4Q26	1Q27	2Q27	3Q27
Fed	3.75-4.00	4.00-4.25	4.25-4.50	4.25-4.50	4.25-4.50
ECB	2.50	2.75	2.75	2.75	2.75
BOE	3.75	3.75	3.75	3.75	3.75
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	1.25	1.25	1.50	1.50	1.75
RBA	4.60	4.85	4.85	4.85	4.85
RBNZ	2.75	3.00	3.00	3.00	3.00

BNM	2.75	2.75	3.00	3.00	3.00

Source: HL Bank

Up Next

Date	Events	
2-Nov	AU S&P Global Australia PMI Mfg (Oct F)	49.7
	JN S&P Global Japan PMI Mfg (Oct F)	53.3
	MA S&P Global Malaysia PMI Mfg (Oct)	49.9
	VN S&P Global Vietnam PMI Mfg (Oct)	51.9
	AU Building Approvals MoM (Sep)	-6.10%
	CH RatingDog China PMI Mfg (Oct)	52.1
	EC S&P Global Eurozone Manufacturing PMI (Oct F)	52.4
	UK S&P Global UK Manufacturing PMI (Oct F)	52.8
	SI Purchasing Managers Index (Oct)	51.7
	US S&P Global US Manufacturing PMI (Oct F)	56
	US ISM Manufacturing (Oct)	54.5
	US Construction Spending MoM (Sep)	0.90%
3-Nov	VN CPI YoY (Oct)	5.08%
	VN Exports YoY (Oct)	39.10%
	VN Industrial Production YoY (Oct)	16.70%
	VN Retail Sales YoY (Oct)	14.10%
	AU RBA Cash Rate Target	4.60%
	HK Retail Sales Value YoY (Sep)	5.60%
	HK GDP YoY (3Q A)	4.30%
	US JOLTS Job Openings (Sep)	7079k
	US Factory Orders (Sep)	0.10%
	US JOLTS Quits Rate (Sep)	1.90%

Source: Bloomberg

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