4 September 2026

Global Markets Research
Daily Market Highlights

4 Sep: Relief rally in global financial markets

US equities advanced for a 2nd straight day; bond yields retreated; DXY fell
Fed Waller's remark signaling willingness to hold dampened September rate hike bets
BNM left OPR and policy tone unchanged as expected; paved the way to act if need be

- Global financial markets staged a relief rally as cautious comments from Fed Waller dialled back Fed rate hike expectations. Fed Waller said recent data shows welcoming signs of disinflation and he is willing to keep rates unchanged at current level if there is continued progress towards the 2% inflation target. Market pricing for a September Fed rate hike fell to 52% (prior 63%). US equities advanced for the 2nd straight day with the three major stock benchmark indices rallying more than 1.0% d/d each, the most in NASDAQ (+1.4% d/d) as bargain hunting after recent selloffs and easing bond yields help spurred stock gains.
- European stocks rebounded as the recent global bond rout took a breather. Stoxx Eur 600 rose 0.5% d/d while FTSE100 advanced 0.7% on the day. Asian stocks continued to trade on a mixed note with extended declines in the Nikkei 225 (-0.2% d/d) and Hang Seng (-0.4% d/d) but continued gains in KLCI (+0.4% d/d) and STI (+0.1% d/d). Futures are pointing to a higher opening in major Asian bourses this morning tracking overnight Wall Street gains and the more upbeat market sentiments.
- Global bonds also saw a relief rally after yields retreated from multi-decade and multi-year highs. The benchmark 10-year UST yields retreated 1bp to 4.77% while European sovereign bond yields plummeted 3-10bps. Yields on 10-year UK gilt plunged 10bps to 5.13% (largest single day drop in a month) while 10-year German bund fell 3bps to 3.34%. In Japan, the 10-year JGB yields pulled back from its 30-year high of 3.0% and declined 5bps to 2.94%.
- In the FX space, the Dollar Index saw extended decline for a 2nd straight day, down 0.6% to 99.0 as at Thursday's close, amid broad-based gains of the USD vs G10s and major Asian

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,686.11	1.18
S&P 500	7,747.71	1.06
NASDAQ	26,584.06	1.40
Stoxx Eur 600	649.10	0.49
FTSE 100	10,831.52	0.70
Nikkei 225	64,214.48	-0.17
CSI 300	4,552.58	0.10
Hang Seng	25,213.31	-0.39
Straits Times	5,747.71	0.06
KLCI 30	1,715.13	0.37
FX		
Dollar Index	99.00	-0.58
EUR/USD	1.1626	0.33
GBP/USD	1.3525	0.29
USD/JPY	155.81	-1.83
AUD/USD	0.7201	0.45
USD/CNH	6.7175	-0.01
USD/MYR	4.0423	-0.10
USD/SGD	1.2673	-0.30
USD/KHR	4,049.25	0.03
USD/THB	32.93	-0.80
Commodities		
WTI ($/bbl)	91.67	1.15
Brent ($/bbl)	95.92	0.57
Gold ($/oz)	4,485.00	1.91
Copper ($/MT)	14,362.00	0.88
Aluminum($/MT)	3,317.50	0.70
CPO (RM/MT)	4,769.00	-1.28

Source: Bloomberg, HL Bank

pairs. The JPY posted its strongest 2-day performance in a month, rallying 1.8% d/d to 155.81 amid intense speculation of BOJ policy tightening and official intervention. The EUR and GBP posted more modest gains of 0.3% d/d each to 1.1626 and 1.3525 vs the USD respectively while the AUD strengthened 0.5% on the day to 0.7201, crossing the 0.72s for the first time since mid-May. In the region, major Asian currencies also traded on a firmer note vs the greenback, led by THB (1.0% d/d) and IDR (0.6% d/d). The MYR firmed 0.1% d/d to 4.0423 vs the USD, amid an unchanged OPR decision by BNM.

BNM kept OPR and policy tone unchanged

- BNM left the Overnight Policy Rate (OPR) at 2.75% for the 7th straight meeting at its September policy meeting. The decision came very much within expectations, and so was the policy statement, which struck an overall neutral tone even as it reaffirmed its relatively positive growth assessment. However, the key takeaway that struck us was the removal of "appropriate" when referencing to current monetary policy stance, offering hint that the central bank is preparing for an eventual policy adjustment. We are maintaining our view of a policy normalization in the first half of 2027, but will not discount odds of an earlier move especially if domestic growth continues to surprise on the upside, or inflationary pressure build up. (Please refer to Research Alert dated 3 September for more details)

US ISM services surprised on the upside; job readings added to signs of a softer than expected labour market; wider trade deficit will exert pressure on 3Q GDP growth

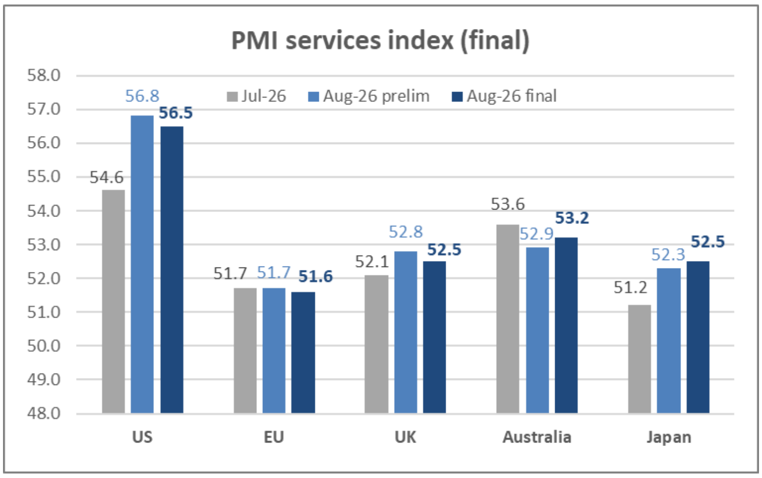
- In line with the improvement in August PMI services, ISM services index surprised on the upside with an uptick to 55.4 in August (Jul: 54.1). against expectation for a stable print. This was driven by a surprised improvement in new orders to 60.9 (Jul: 57.2) while employment rose less than expected to 47.8 (Jul: 47.4), a telltale sign of a softer than expected labour market.
- In a separate release overnight, initial jobless claims inched up more than expected by 3k to 206k for the week ended 29-Aug (prior: 203k), and the 4-week moving average claims also climbed higher by more than expected to 207.25k (prior: 205.75k). Continuing claims were also on the rise, from 1771k to 1779k. On a less negative note, Challenger job cuts fell at a slower pace of 38.5% y/y in August (Jul: -46.1% y/y) but the

amount of job cuts jumped significantly to 52881, from July's 33429. For the first time since February, AI was not being cited as the main reason for job cuts, but restructuring was for the month of August. YTD, AI remained the primary reason for layoffs.

- Trade deficit widened, albeit less than expected to $88.6bn in July (Jun: -$71.2bn), as exports fell more than expected by 2.1% m/m (Jun: -0.8% m/m) and imports rebounded to increase at a faster than expected pace of 2.8% m/m in July (Jun: -1.8% m/m). Exports were dragged by a drop in industrial supplies and crude oil while imports were boosted by capital goods and AI-related imports. The wider trade deficit will be negative for 3Q GDP calculation.

Final PMI services from the US, EU and UK were revised lower; higher in Japan and Australia; better traction in Singapore and China

- Final PMI services reading confirmed continuous expansion in services activities from the major economies in August, with prints from Japan and Australia showing an even faster pace of expansion than the preliminary readings suggested. This continued positive outlook is expected to underpin overall growth in 3Q.



- Regional PMI also revealed better traction in economic activities in the region except Hong Kong, where its PMI moderated from 51.0 to 49.5 in August, its first contractionary level in 4 months dragged by declines in output and new orders. Elsewhere, Singapore's PMI (59.4 vs 59.2), Vietnam PMI manufacturing (53.3 vs 52.9), China RatingDog PMI services (51.4 vs 50.4), all suggest faster expansion in the month of August, generally in line with the major economies implying limited fallout from the Middle-east conflict and higher inflationary pressure at this juncture.

Narrower Australia trade surplus will limit growth in 3Q

- Exports fell 3.3% m/m in July (Jun: 10.1% m/m upwardly revised), dampened by declines in iron ore (-14.9% m/m), coal (-16.1% m/m) and gold (-26.4% m/m) exports, but was partially cushioned by a surge in natural gas exports (+25.5% m/m). Imports continued to decline, by 2.5% m/m in July (Jun: -0.2%) dragged by intermediate goods imports which usually is a prelude to lower exports ahead. As a result of the bigger decline in exports vis-à-vis imports, trade surplus narrowed to A$1923m, from an upwardly revised A$2341m in June, and will keep a lid on 3Q growth should the trend persist.

Still firm Vietnamese economy from both external and domestic fronts

- Exports picked up slightly to 26.0% y/y in August (Jul: 25.0% y/y) while imports growth unexpectedly tapered off to 37.9% y/y (Jul: 41.4% y/y), narrowing the trade deficit to $113m for the month (Jul: -$3587m). This should provide a lift to overall GDP growth in 3Q. Industrial production also sustained a 14.4% y/y gain in August (Jul: 14.5% y/y), underpinned by favourable external demand for Vietnamese goods. On the domestic front, the pick-up in retail sales to 14.9% y/y in August (Jul: 14.5% y/y), its best since Jan-23, also reinforced our view for a still firm Vietnamese economy. Solid demand coupled with elevated energy costs are pushing CPI higher to 4.90% y/y in August (Jul: 4.45% y/y), although still off the recent peak of 5.5-5.6% seen in April-May when energy prices skyrocketed amid the Middle east conflict.

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	3.19	3.18	3.17	3.17	3.17
EUR/SGD	1.47	1.47	1.48	1.49	1.50
GBP/SGD	1.71	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	
4-Sep	JN Household Spending YoY (Jul)	-3.30%
	EC Retail Sales MoM (Jul)	-0.30%
	US Change in Nonfarm Payrolls (Aug)	-23k
	US Average Hourly Earnings YoY (Aug)	3.20%
	US Unemployment Rate (Aug)	4.10%
7-Sep	SI Retail Sales YoY (Jul)	4.00%
	JN Leading Index CI (Jul P)	116.5
	JN Coincident Index (Jul P)	118.5
	MA Foreign Reserves (46262)	$132.7b
	EC Sentix Investor Confidence (Sep)	0.9
	EC GDP SA QoQ (2Q T)	0.40%

Source: Bloomberg

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