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Global Markets Research

Daily Market Highlights

11 Sep: All eyes on US CPI today

Extended market selloffs; further rally in oil prices amplified inflation fear

ECB delivered a hawkish 25bps hike; left the door open for another hike this year

US PPI raised bets of a September Fed rate hike; all eyes on CPI tonight

- Relentless gains in oil prices and the resulting inflation concerns and firming rate hike expectations remained squarely on investors' radar. Global financial markets witnessed extended selloffs with broad losses in both equities and bonds while global oil prices continued to rally by over 7.0% on the day. The Brent spiked 7.4% d/d to $109.29/ barrel as at Thursday's close, after hitting as high as $109.68/ barrel during the day, its highest since mid-May. WTI also closed the day 7.5% higher at $103.93/ barrel.
- Major US and European equity indices fell 0.6-0.7% d/d while major Asian bourses closed the day with more wide-ranging losses of 0.3-1.3% d/d. Hang Seng and Jakarta Composite fell 1.3% each while losses in KOSPI (-0.3% d/d), CSI 300 (-0.5%) and KLCI (-0.5% d/d) were more moderate. Futures are pointing to another day of lower opening this morning, stoke by prevailing risk-off mood in the market.
- The global bond rout deepened as intensifying inflation concerns ratcheted up policy tightening prospects not only in the US, but also across the globe, the latest as reflected in ECB's hawkish hike. 10-year European government bond yields jumped close to 10bps on the day while the UK gilt spiked even more by 11bps. UST yields outpaced its European peers, soaring 8-16bps across the curve led by the front end as a smaller than expected bond buyback added salt to the wounds. The yield curve bear flattened to its most in two weeks, with the 2-year note yields flying 16bps to 4.59% while the 10s added 12bps to 4.96%, both at multiyear highs.
- The USD saw broad gains for the first time in a while, pushing the Dollar Index back above the 99-handle for the first time in four days amid firming rate hike bets and safe haven bids. However, the DXY came off its intraday high of 99.20 to close at 99.09 (+0.3% d/d). The greenback advanced the most vs the

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,064.10	-0.60
S&P 500	7,591.70	-0.58
NASDAQ	26,081.72	-0.65
Stoxx Eur 600	635.97	-0.69
FTSE 100	10,608.92	-0.57
Nikkei 225	65,270.95	0.20
CSI 300	4,548.39	-0.53
Hang Seng	24,954.47	-1.27
Straits Times	5,689.75	-0.70
KLCI 30	1,705.52	-0.51
FX		
Dollar Index	99.09	0.31
EUR/USD	1.1612	-0.18
GBP/USD	1.3512	-0.26
USD/JPY	154.42	0.56
AUD/USD	0.7157	-0.83
USD/CNH	6.7144	0.12
USD/MYR	4.0650	-0.12
USD/SGD	1.2681	0.30
USD/KHR	4,051.25	-0.02
USD/THB	33.10	0.53
Commodities		
WTI ($/bbl)	103.93	7.51
Brent ($/bbl)	109.29	7.41
Gold ($/oz)	4,325.70	-1.98
Copper ($/MT)	14,182.50	-4.25
Aluminum($/MT)	3,274.50	-2.54
CPO (RM/MT)	4,715.00	-1.57

Source: Bloomberg, HL Bank

SEK and NOK, and the least against the EUR (-0.2% to 1.1612), which was supported by a hawkish ECB hike, with market pricing in nearly two more hikes for the year. The sterling fell 0.3% d/d to 1.3512 while the JPY lost 0.6% d/d to 154.42, its first depreciation in four days and off its strongest in 7 months. The AUD also lost its 0.72 threshold for the first time in seven days, after weakening 0.8% on the day to 0.7157 vs the USD. In the region, major Asian FX also advanced against the greenback. MYR outperformed by strengthening for the first time in five days, firming 0.1% d/d to 4.0650 vs the USD. CNH weakened 0.1% to 6.7144 while the SGD fell 0.3% to 1.2681 on the day.

ECB delivered a hawkish 25bps hike; leaving the door open for another hike this year

- ECB expectedly raised its deposit facility rate, main refinancing operations rate, and marginal lending facility rate by 25bps each to 2.50%, 2.65% and 2.90% respectively, as ongoing geopolitical tensions and elevated energy prices kept inflation well above the central bank's 2.0% target. This marked its second hike this year, after first raising it in June and pausing in July, as ECB expects continued elevated inflation and more positive growth outlook ahead.
- While ECB maintained its inflation forecast at 3.0% for this year, it has upgraded its forecast for 2027 and 2028 to 2.5% and 2.1% respectively (June forecast: 2.3% for 2027 and 2.0% for 2028). Meantime, it has also upgraded its growth forecast for this year from 0.8% to 0.9%, and from 1.2% to 1.4% for 2027, whilst maintaining 2028 growth forecast at 1.5%.
- Despite the seemingly more hawkish rhetoric and upgrades in growth and inflation forecasts that raise odds of a third rate hike later this year, ECB reiterated its data-dependent and meeting-by-meeting approach while President Lagarde said future options were not discussed. While we see risks of another hike for the remaining of the year, we are maintaining our house view for a pause at this juncture pending more clarity surrounding the prolonged geopolitical uncertainties.

Pick-up in US producer prices and steady initial jobless claims bolstered expectations for a September Fed rate hike

- Mixed signals from producer prices, generally stronger than expected at headline levels but softer to in-line at the core level. Headline PPI picked up to 0.4% m/m as expected in August (Jul: 0.1% m/m upwardly revised), while PPI ex-food and energy unexpectedly eased to 0.2% m/m (Jul: 0.3% m/m upwardly revised).

- On an annual comparison, headline PPI came in higher than expected at 5.4% y/y, picking up from an upwardly revised 4.8% y/y in July, while core PPI came in at 4.6% y/y as expected (Jul: 4.3% y/y upwardly revised). Services contributed to the bulk of the increase (3.1ppt vs 2.7ppt), followed by energy (1.2ppt vs 1.0ppt), while goods ex-food & energy continued to contribute about 0.9ppt to overall PPI gain. This price profile offered telltale signs of renewed inflation pressure from higher energy costs and spillover to the services sector, but underlying soft demand curtailed goods inflation.
- On the job market front, initial jobless claims fell 1k as expected from an upwardly revised 207k to 206k for the week ended 5-Sep. 4-week moving average claims also tapered off (after four straight weeks of increases) from 207.5k to 206.0k while continuing claims inched down from 1775k to 1774k. This offered some reprieves that the US labour market remained stable.
- This, coupled with the mixed signal from PPI (higher than expected headline and in-line core), are all but pointing to higher odds of a 25bps hike at next week's FOMC meeting. We will be reviewing our view pending the release of US CPI tonight. Market pricing for a September rate hike is seen pushing pass 70% post-PPI release, from 60% a day ago, and this may force the FOMC to move.
- In another release, existing home sales fell slightly more than expected by 2.0% m/m to 3.98m units in August (Jul: -1.7% m/m to 4.06m). its lowest level in more than a year as higher borrowing costs deterred potential buyers. Supply of existing homes rose to the highest since Nov-19, equivalent to 4.9 months of supply (Jul: 4.6), the highest in a decade.

Australia consumer inflation expectations stabilized in September

- Consumer inflation expectations released by the Melbourne Institute stabilized at 4.9% y/y in September, suggesting consumer expectations for inflation remained well-anchored, and was in line with the stable trimmed mean CPI that was reported recently. We opine it will be a close call for a hike at the September RBA meeting later this month while market has priced in a 72% chance of an increase in September.

House View and Forecasts

	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	97-100	102.28	100.86	99.42	98.07
EUR/USD	1.15-1.18	1.13	1.14	1.16	1.18
GBP/USD	1.33-1.37	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.82	0.81	0.81	0.80	0.79
USD/JPY	152-159	162	159	155	153
AUD/USD	0.70-0.73	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.60	0.56	0.56	0.57	0.57
USD/CNY	6.70-6.73	6.85	6.78	6.72	6.65
USD/MYR	4.02-4.07	4.15	4.11	4.07	4.03
USD/SGD	1.25-1.28	1.31	1.30	1.28	1.27
USD/THB	32.50--33.50	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
SGD/MYR	3.21	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	2.50	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	3.00	3.00

Source: HL Bank

Up Next

Date	Events	
11-Sep	JN PPI MoM (Aug)	0.10%
	JN BSI Large All Industry QoQ (3Q)	-0.5
	JN BSI Large Manufacturing QoQ (3Q)	-1.8
	UK Monthly GDP (MoM) (Jul)	0.30%
	UK Industrial Production MoM (Jul)	-0.20%
	UK Index of Services MoM (Jul)	0.40%
	UK Visible Trade Balance GBP/bn (Jul)	-£23.0b
	US CPI MoM (Aug)	0.10%
	US U. of Mich. Sentiment (Sep P)	51.7
	US U. of Mich. 1 Yr Inflation (Sep P)	4.00%
	US U. of Mich. 5-10 Yr Inflation (Sep P)	3.30%
11-17 Sep	CH FDI YTD YoY CNY (Aug)	-6.20%
14 Sep	JN industrial production (Jul F)	0.10%

Source: Bloomberg

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