

12 October 2026

Global Markets Research

Daily Market Highlights

12 Oct: Malaysia on track for further fiscal consolidation

US consumer confidence fell for the 2nd month as price expectations picks up

MOF: Moderate growth of 4.2-5.2% for 2027; manageable inflation at 1.8-2.8%

Still firm Jul-Aug data for Malaysia suggests 3Q GDP growth will stay above 5.0%

- US stocks wrapped on Friday on a positive note, with tech stocks shaking off Thursday's self-off and with most of the 11 sectors within the S&P 500 logging gains. Real estate and consumer discretionary outperformed, while communication services lagged with SpaceX's announcement to buy a nationwide spectrum portfolio weighing on its fellow peers. The Dow added 0.8% d/d, while the S&P 500 and Nasdaq added 0.6% d/d each.
- Treasury yields were calmer, with yields on the 2Y up 3bps to 4.79%, the 10Y 1bps higher at 5.24%, while the 30Y edged down 1bps to 5.60%.
- This week will see the quarterly earnings season gathering pace with big banks earnings up on deck, while investors will also be watching out for the latest CPI data and fireside chat between Kevin Warsh and IMF's managing director Georgieva at the IMF annual meeting.
- Like its US counterparts, Stoxx Eur 600 gained 1.0% d/d as bond yields eased 1-4bps for the 10Y. Major Asian bourses closed mixed, with Nikkei 225 lagging and closing below its flatline, while Hang Seng and CSI 300 advanced 1.8% d/d and 0.2% d/d respectively.
- In the forex space, the DXY rose 0.1% d/d to 102.21 with oil prices still elevated, while G10 currencies traded mixed against the Dollar. EUR and JPY lagged, depreciating 0.1-0.3% d/d to 1.1200 and 158.31 against USD, while AUD and GBP outperformed, appreciating 0.1% d/d to 1.3234 (GBP) and 0.4% d/d to 0.6983 for the Aussie.
- Most regional currencies strengthened against the Dollar led by THB (0.4% d/d) and MYR, the latter strengthening 0.2% d/d to 4.0850 following the tabling of Budget 2027 which reaffirmed continued moderate growth outlook and fiscal consolidation, in addition to numerous tax and wage reform

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	51,654.95	0.83
S&P 500	7,811.54	0.59
NASDAQ	27,366.17	0.64
Stoxx Eur 600	631.55	0.97
FTSE 100	10,552.05	1.06
Nikkei 225	69,030.92	-0.02
CSI 300	4,317.26	0.16
Hang Seng	24,211.35	1.79
Straits Times	5,401.89	-0.20
KLCI 30	1,608.45	0.46
FX		
Dollar Index	102.21	0.07
EUR/USD	1.1200	-0.10
GBP/USD	1.3234	0.05
USD/JPY	158.31	0.27
AUD/USD	0.6983	0.37
USD/CNH	6.6927	-0.16
USD/MYR	4.0850	-0.18
USD/SGD	1.2805	-0.05
USD/KHR	4,067.50	0.04
USD/THB	33.53	-0.44
Commodities		
WTI (\$/bbl)	91.85	0.39
Brent (\$/bbl)	104.72	0.42
Gold (\$/oz)	4,191.00	1.43
Copper (\$/MT)	14,540.00	1.61
Aluminum(\$/MT)	3,048.50	-0.07
CPO (RM/MT)	4,362.00	-1.93

Source: Bloomberg, HL Bank

measures to alleviate cost of living pressures and incentives to assist MSMEs. CNH strengthened 0.2% d/d to 6.6927 while SGD rose 0.1% d/d to 1.2805 vs the USD.

- Brent and the WTI were up 0.4% d/d each to \$104.72/barrel and \$91.85/barrel and will likely be kept elevated today with Riyadh's King Khalid International Airport under fresh attacks, risking widening geopolitical conflict in the region.

Malaysia's MOF expects the economy to grow between 4.2-5.2% in 2027; inflation between 1.8-2.8%; narrower fiscal deficit of 3.3% of GDP

- The Ministry of Finance (MOF) expects the Malaysian economy to grow between 4.2-5.2% in 2027 (midpoint 4.6%), largely sustaining its growth trajectory of between 4.8-5.3% this year (midpoint 5.2%). We believe these projections are achievable and in line with our forecast of 5.2% for 2026 and 5.0% for 2027. Inflation is expected to remain manageable between 1.8-2.8% in 2027 (2026e: 1.5-2.5%), also within our estimates of 1.9% this year but a tad higher than 1.5% that we have pencilled in for 2027. The government expects fiscal deficit to narrow to RM77.5bn or 3.3% of GDP in 2027 (2026e: -\$78.5bn or -3.6% of GDP) while over a longer period, the government remains committed to rein in its fiscal shortfall, with the budget shortfall expected to narrow further to 3.1% of GDP under the Medium-Term Fiscal Framework (MTFF) 2027-2029, based on an average GDP growth of 5.0% and oil price assumption of \$78/ barrel. (Refer to Research Alert "Budget 2027: Strengthening growth and fiscal resilience" dated 9th October).
- Industrial Production Index (IPI) growth picked up slightly more than expected to 5.0% y/y in August (Jul: 4.7% y/y), boosted by better growth in manufacturing (7.4% vs 6.4% y/y) and electricity (9.0% vs 5.5% y/y), while mining output contracted for the 2nd straight month (-7.4% vs 3.2% y/y). This reacceleration in August for the first time in three months was driven by pick-up in export-oriented sectors, suggesting demand for Malaysian products remained positive despite a challenging global environment.
- In separate releases, manufacturing sales also grew at a faster pace of 9.9% y/y in August (Jul: 9.1% y/y), driven by export-oriented sectors as well. Related labour market indicators for the manufacturing sector turned in positive as well, with faster gains in both salaries & wages (3.5% vs 2.8% y/y) and number of employed (1.2% vs 1.1% y/y), in line with

the decline in nationwide unemployment rate to 2.9% in August (Jul: 3.0%).

- Wholesale & retail trade sector also registered stronger expansion in August (10.5% vs 9.0% y/y). This marked its best growth in three months, spurred by a sharp spike in wholesale trade and sustained increase in retail trade, signalling wholesalers remained optimistic over growth outlook in the months ahead. (Refer to Research Alert "Quicker gains in IPI and wholesale & retail trade in August" dated 9th October).

Further deterioration in US consumer confidence as inflation expectations continue to tick up

- The University of Michigan Sentiment index fell more than expected by 1.8ppts 46.3 in October as frustration over cost-of-living continues to mount and sentiment for lower-income consumers and those with smaller stock portfolios dropped steeply. More importantly, year ahead expectations for personal finances and business conditions remained downbeat, although improved slightly by 1.0ppt to 47.3. Year-ahead and long run inflation expectations ticked up for the second month to their highest readings since May, by 0.1ppts each to 4.7% and 3.5% (prior: 4.6% and 3.4%).

House View and Forecasts

FX	This Week	4Q-26	1Q-27	2Q-27	3Q-27
DX	101-104	102.22	100.87	99.53	98.21
EUR/USD	1.11-1.14	1.12	1.14	1.16	1.18
GBP/USD	1.31-1.34	1.31	1.32	1.33	1.34
USD/CHF	0.81-0.85	0.79	0.80	0.81	0.84
USD/JPY	156-160	157	155	153	150
AUD/USD	0.68-0.71	0.69	0.69	0.70	0.70
NZD/USD	0.55-0.58	0.58	0.57	0.57	0.56
USD/CNY	6.68-6.72	6.74	6.67	6.61	6.54
USD/MYR	4.07-4.12	4.12	4.07	4.02	3.97
USD/SGD	1.27-1.30	1.29	1.27	1.25	1.23
USD/THB	33.30-33.80	33.0	33.0	33.0	32.8

FX	Last close	4Q-26	1Q-27	2Q-27	3Q-27
SGD/MYR	3.1912	3.20	3.21	3.22	3.23
EUR/SGD	1.4346	1.45	1.45	1.45	1.45
GBP/SGD	1.6954	1.69	1.68	1.66	1.65
AUD/SGD	0.8945	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	4.60	4.60	4.60	4.60
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	
10-15 Oct	CH Aggregate Financing CNY YTD (Sep)	23910.0b
10-18 Oct	CH FDI YTD YoY CNY (Sep)	-5.30%
13-Oct	JN PPI YoY (Sep)	7.60%
	JN Bank Lending Incl Trusts YoY (Sep)	5.40%
	AU RBA Minutes of Sept. Policy Meeting ()	
	AU NAB Business Confidence (Sep)	-8
	US NFIB Small Business Optimism (Sep)	98.7
	US Existing Home Sales MoM (Sep)	-2.00%
	US Federal Budget Balance (Sep)	-\$166.8b

Source: Bloomberg



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