14 September 2026

Global Markets Research

Daily Market Highlights

14 Sep: Market pricing for September Fed rate hike jumped post-CPI

Rapid rallies in oil prices and bond yields are shifting monetary policy outlook

Closure of critical Saudi oil pipeline is intensifying fear of an energy crisis

Expect FOMC and BOJ to hike this week; BOE to deliver a hawkish pause

- A mixed and volatile day for global financial markets last Friday after days of extended selloffs after the release of US CPI and retreat in oil prices by 3.8-4.6% on the day. Brent crude and WTI last closed at $104.32/ barrel and $99.99/ barrel on Friday, their first close lower in four days.
- However, the pullback was shortlived as early morning headlines on a postponement in the meeting on alternative route for Strait of Hormuz between Iran and Gulf Nations started to send chills to market again, further aggravated by follow-up news of the shutdown of a critical Saudi oil pipeline that intensify fear of an energy crisis. WTI and Brent was seen trading 2.4-3.0% higher from Friday's close at $102.43/ barrel and $107.52/ barrel respectively at the point of writing. This prompted US stock futures to fall and Asia markets are expected to open on a weaker note this morning amid concerns over renewed spike in energy costs as well as AI concerns after Anthropic Chief urged the broader industry to slow down its development and as Washington scrambles to meet calls for AI guardrails to address technology risks.
- Last Friday, US equities snapped a 4th consecutive day of losing streak, rebounded to close up 0.9-1.0% d/d, but still settled the week in the red. The release of US CPI, despite coming in largely in line, continued to spur Fed rate hike expectations, but we believe it was the end of the event risk that drove a relief rally in US stocks. European stocks picked up in late European trading session/ early US session, and ended Friday's trading in the green too. Asian stocks however, saw continued losses, but are poised to open on a more biddish note this morning tracking futures and the gains in Wall Street.
- Government bonds also traded mixed. UST underperformed on the front end up to the 10Y pushing yields up 0-4bps d/d after the release of US CPI but the 20- and 30-Y bonds

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,573.29	0.98
S&P 500	7,656.98	0.86
NASDAQ	26,333.04	0.96
Stoxx Eur 600	639.10	0.49
FTSE 100	10,650.44	0.39
Nikkei 225	64,011.34	-1.93
CSI 300	4,510.16	-0.84
Hang Seng	24,805.63	-0.60
Straits Times	5,695.93	0.11
KLCI 30	1,686.74	-1.10
FX		
Dollar Index	99.10	0.00
EUR/USD	1.1599	-0.11
GBP/USD	1.3524	0.09
USD/JPY	153.61	-0.52
AUD/USD	0.7169	0.17
USD/CNH	6.7080	-0.10
USD/MYR	4.0705	0.14
USD/SGD	1.2670	-0.09
USD/KHR	4,050.00	-0.03
USD/THB	33.05	-0.15
Commodities		
WTI ($/bbl)	99.99	-3.79
Brent ($/bbl)	104.32	-4.55
Gold ($/oz)	4,356.30	0.71
Copper ($/MT)	14,226.00	0.31
Aluminum($/MT)	3,256.50	-0.55
CPO (RM/MT)	4,672.00	-0.91

Source: Bloomberg, HL Bank

outperformed with yields falling about 1bps, hence further flattening the curve. The benchmark 2-year note yield rose 4bps to 4.63% while the 10-year note yields added 0.4bps to 4.97%, remaining near its psychological 5.0% level and multi-years high as markets continue to build up expectations of Fed rate hike to bring inflation back down to the 2.0% target. Market pricing for a September Fed rate hike rose further to 88% now (pre-CPI: 73%) while market pricing for the year rose to 50bps (prior: 46bps).

- On the FX front, the Dollar Index consolidated and closed flattish at 99.10 as markets continued to weigh inflation and policy risks as well as the geopolitical situation. G10s traded mixed against the USD, with JPY, NZD and AUD strengthening but CHF, CAD, and other European crosses weakening. JPY advanced 0.5% d/d to 153.61 vs the USD while GBP posted marginal gain of 0.1% to 1.3524, both supported by positive data releases. In the region, major Asian pairs also traded mixed vs the USD. MYR weakened again by 0.1% on the day to 4.0705 vs the greenback while CNH and SGD firmed up by 0.1% d/d each to 6.7080 and 1.2670 against the USD respectively.
- We are neutral to slightly bullish on the USD this week amid FOMC policy meet and the release of its revised dot plot and summary of economic projections (provided the new Fed Chair does not drop these forward guidance). On similar ground, we are also expecting a neutral to slightly bullish USDMYR taking cue mainly from USD movement.

Pick-up in US CPI reinforced the case for a September Fed rate hike; rising energy prices stoke consumer sentiments and raised inflation expectations

- US headline CPI picked up to increase 0.4% m/m in August (Jul: 0.1% m/m) as expected, spurred by a rebound in energy prices (2.1% vs -1.5% m/m) tracking the rise in global oil prices, while core CPI staged a surprised pick-up to 0.3% m/m (Jul: 0.2% m/m). That said, both headline and core CPI matched expectations for a stable print at 3.4% y/y for the headline, and softer print at 2.4% y/y (Jul: 2.5% y/y) for the core. A closer look at the details showed services inflation has been on a gradual climb higher while goods inflation has softened, mirroring the PPI and adding to signs of second order effects and underlying subdued demand.
- While we do not think this CPI report offered enough upside surprises (all prints were within expectations except for the quicker than expected m/m increase in core CPI), we opine

the sharp rally in energy prices and bond yields in the past week would likely be the key factors prompting the FOMC to move its needle. In addition, inflation risks and inflation expectations appeared to be ticking up again following the recent rise in energy prices. ***We therefore expect the Fed to deliver a 25bps hike at its FOMC meeting this week***, and potentially turn hawkish, mellowing down or even reversing the rate cut projections it had for 2027 and 2028 in its median dot plot released in June.

- In a separate release last Friday, the University of Michigan survey showed consumer sentiments weakened more than expected to 47.8 in September (Aug: 51.7). More importantly, inflation expectations surprised on the upside with the 1Y inflation expectations rising more than expected to 4.6% (Aug: 4.0%) while 5-10Y inflation expectations unexpectedly ticked up to 3.4% (Aug: 3.3%).

UK July GDP surprised on the upside amid broad gains

- Monthly GDP growth for the UK unexpectedly quickened to 0.4% m/m in July, from the 0.3% m/m increase in June, and against expectation for a pullback to 0.0%. Improvement was evident across led by services (0.4%), and rebound in manufacturing (0.9% vs -0.5% m/m) and construction (0.1% vs -0.1% m/m). The ONS specifically highlighted rapid growth in computer programming, artificial intelligence (AI) products, and cloud computing investments. Resilient growth momentum, coupled with potentially renewed inflation risks if the recent spike in energy prices persists, could prompt the BOE to shift to a tighter policy bias.

Positive BSI business outlook and elevated PPI reaffirmed BOJ policy tightening path

- A business outlook survey by BSI revealed a more positive outlook among Japanese industry players. BSI large all industry reading rebounded to its best in seven quarters at 5.3 in 3Q (2Q: -0.5), and respondents expect continued improvement into 4Q. The more optimistic outlook were broad-based, from manufacturing to non-manufacturing, and from small to medium-sized firms. This, coupled with recent strength seen in business investment indicators, are pointing to a positive growth outlook for Japan in the next two quarters. This will support the case for BOJ's policy tightening in the near term, including another 25bps hike this week. While PPI fell 0.2% m/m in August, producer prices remained elevated at 7.6% y/y (Jul: 7.7% y/y), hovering near its highest since Feb-23, with prices at oil-related sectors sustaining double-digit increase in costs.

House View and Forecasts

	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	97-101	102.28	100.86	99.42	98.07
EUR/USD	1.15-1.17	1.13	1.14	1.16	1.18
GBP/USD	1.34-1.36	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.82	0.81	0.81	0.80	0.79
USD/JPY	152-157	162	159	155	153
AUD/USD	0.70-0.73	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.59	0.56	0.56	0.57	0.57
USD/CNY	6.70-6.72	6.85	6.78	6.72	6.65
USD/MYR	4.04-4.10	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	3.75-4.00	3.75-4.00	3.75-4.00	3.75-4.00
ECB	2.50	2.50	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	1.00	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	
14 Sep	JN industrial production (Jul F)	0.10%
15 Sep	CH New Home Prices MoM (Aug)	-0.18%
	CH Used Home Prices MoM (Aug)	-0.29%
	CH Retail Sales YoY (Aug)	0.60%
	CH Industrial Production YoY (Aug)	4.50%
	CH Fixed Assets Ex Rural YTD YoY (Aug)	-6.70%
	JN Tertiary Industry Index MoM (Jul)	-0.20%
	UK ILO Unemployment Rate 3Mths (Jul)	4.90%
	UK Employment Change 3M/3M (Jul)	84k
	UK Jobless Claims Change (Aug)	-11.0k
	EC ZEW Survey Expectations (Sep)	31.4
	EC Trade Balance SA (Jul)	1.8b
	US Empire Manufacturing (Sep)	20.6

Source: Bloomberg

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