

Global Markets Research

Daily Market Highlights

24 Mar: Risk-on with Trump softening Iran threats

Reversal in sentiment saw stocks gaining; bonds yields, DXY, oil prices tumbled

Japan's CPI slipped below BOJ's target; Singapore's CPI at 14-month high

All eyes on PMIs for the majors; Australia's composite PMI turned contractionary

- Markets started Monday on sombre note with Asian equity markets tumbling (Nikkei 225, Hang Seng and CSI 300: -3.3% to -3.5% d/d) with the Middle East war showing no signs of abating but saw a sharp and immediate reversal in sentiment after President Trump, in his social media, said that the US and Iran have held good and productive talks and he has instructed the US military to postpone strikes on Iranian power plants and energy for a 5-day period.
- A possible de-escalation in the Middle East conflict saw oil prices plunging more than 10% d/d (to \$88.13/barrel for WTI and \$99.94/barrel for Brent) and gold prices retreating 3.7% d/d to \$4407/oz.
- Equities saw a relief rally even after Iran denied the talks. In the US, broad-based gains saw the 3 major stock indices closing up 1.2-1.4% d/d, while in Europe, Stoxx 600 closed 0.6% d/d higher.
- The US Dollar and bond yield retreated with traders backing off some of their more hawkish Fed bets. The 2Y and 10Y treasury yields fell 5bps and 4bps to 3.85% and 4.34%, while 10Y European bond yields tumbled 2-8bps.
- In the forex space, the DXY fell 0.7% d/d to 98.95 with the Dollar weakening against most of its G10 peers save for the NOK (-1.8% d/d), CAD (just below its flatline) and AUD (-0.2% d/d to 0.7011), the latter likely to soften further following the drop in its composite PMI to below 50, released this morning. GBP (0.7% d/d to 1.3431) and JPY (0.5% d/d to 158.44) led gainers, while EUR appreciated at a narrower pace of 0.4% d/d to 1.1613.
- Regional currencies closed mixed against the Dollar, with SGD (0.6% d/d to 1.2748) and CNH (0.3% d/d to 6.8841) outperforming, while MYR closed 0.5% d/d weaker at 3.9362 last Thursday.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,208.47	1.38
S&P 500	6,581.00	1.15
NASDAQ	21,946.76	1.38
Stoxx Eur 600	576.78	0.61
FTSE 100	9,894.15	-0.24
Nikkei 225	51,515.49	-3.48
CSI 300	4,418.00	-3.26
Hang Seng	24,382.47	-3.54
Straits Times	4,841.30	0.00
KLCI 30	1,720.71	-0.53
FX		
Dollar Index	98.95	-0.70
EUR/USD	1.1613	0.35
GBP/USD	1.3431	0.67
USD/JPY	158.44	-0.50
AUD/USD	0.7011	-0.17
USD/CNH	6.8841	-0.33
USD/MYR	3.9362	0.51
USD/SGD	1.2748	-0.57
USD/KHR	4,011.50	0.02
USD/THB	33.00	0.67
Commodities		
WTI (\$/bbl)	88.13	-10.36
Brent (\$/bbl)	99.94	-10.92
Gold (\$/oz)	4,407.30	-3.66
Copper (\$/MT)	12,167.00	1.99
Aluminum(\$/MT)	3,199.00	-0.50
CPO (RM/tonne)	4,473.00	-1.48

Source: Bloomberg, HL Bank

* Closing as of 18 Mar for CPO, 19 Mar for KLCI, USD/MYR

Hawkish pause from policy decisions last week

- Major central banks from the ECB, SNB, BOE BOJ to the PBoC stood pat at the end of last week but hawkish tilts in

statements due to the recent surge in oil prices, saw traders pencilling in rate hikes from some of the central banks in 2026.

- At the point of writing, there is no change in our view that the ECB and SNB will maintain their policy rates at the current level for the whole of 2026, BOJ will deliver at 25bps rate hike in 3Q and that PBoC will lower its lending rates by 20bps by the end of the year. We are nonetheless revising our BOE's bank rate forecast to status quo for 2026. ***(Please refer to our Research Alert "Shifts towards hawkish pause in monetary policy outlook" dated 24 March for details).***
- In short, as expected, the European Central Bank (ECB) maintained the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility unchanged at 2.00%, 2.15% and 2.40% respectively.
- The Swiss National Bank (SNB) left its benchmark at zero for the third consecutive meeting as expected and at the same time, reiterated its willingness to intervene in the foreign exchange market (sell the CHF) to prevent a rapid and excessive appreciation of the CHF and its implications on price stability.
- The Bank of England (BOE) voted unanimously to maintain Bank Rate at 3.75%. The previous monetary policy statement's collective guidance was overhauled, dropping its easing bias and said its members stand "ready to act as necessary to ensure that CPI inflation remained on track to meet the 2% target in the medium term."
- In an 8-1 majority vote, the board of the Bank of Japan (BOJ) decided to leave the uncollateralized overnight call rate at 0.75%. Takata Hajime would have preferred to increase the policy rate to 1.0% considering that the price stability target had been more or less achieved and that risks to prices in Japan were skewed to the upside.
- The People's Bank of China (PBoC) held their 1Y and 5Y loan prime rates unchanged at 3.00% and 3.50%. The decision as within expectation and marks 10th month of status quo since the 10bps cut in May 2025.

US construction spending, Chicago's economic growth fell

- Disappointing data from the US overnight. Cold and stormy weather likely dented January's construction spending (-0.1% m/m vs 0.8% m/m) but elevated inventories and mortgage rates remains a headwind for the construction sector going forward.
- The Chicago Fed National Activity Index also fell to -0.11 in February from +0.20 in January, with 2 of the four broad categories declining while 3 categories made negative contributions to the index on the month.

Eurozone's consumer confidence plummeted in March

- The war in Iran pushed consumer confidence index to -16.3 in March (Feb: --12.3). The result was worse than expected, its lowest since October 2023 and markedly below its long-term average.

Australia's headline PMI dipped below 50 for the first time in 18 months

- At 47.0, the headline PMI dropped below the 50-threshold that separates growth from contraction in March. Down from 52.4 previously and ending a 17-month run of growth, the latest reading indicated the steepest drop since December 2023 amid broad-based softening in services (46.6 vs 52.8) and manufacturing (50.1 vs 51.0). Data also showed that Australian companies are feeling less optimistic towards the year ahead, amid elevated inflationary pressures, faltering demand and supply chain disruption. Firms, nonetheless, continued to hire new staff, albeit at a softer rate, hinting at some resilience in the labour market.

Singapore's core inflation accelerated to its 14-month high due to seasonal factor

- Matching expectations, headline inflation eased to 1.2% y/y in February from 1.4% y/y previously, but core was higher than expected at 1.4% y/y (prior: 1.0% y/y) as seasonal demand saw pick-up in cost of services, food as well as retail & other goods. While officials kept their forecasts of 1-2% for core and headline inflation for 2026, we expect an upward revision in their forecast in April given the recent surge in oil prices and at the same time, also expects a MAS policy tightening on war-led cost pressures.

Japan's core inflation slipped below BOJ's target

- Data this morning, meanwhile, saw Japan's core inflation undershooting expectations and slipping below BOJ's target for the first time since 2022 at 1.6% y/y in February (Jan: 2.0% y/y). Headline also eased to 1.3% y/y from 1.5% y/y but despite the softer print, consumers will be contending with soaring fuel costs in the coming months and with Ueda keeping rate hikes on the table in the latest presser, there is no change in our view of another rate hike in 3Q of this year.

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DX	96-102	96.71	95.13	94.70	95.49
EUR/USD	1.13-1.18	1.20	1.22	1.22	1.21
GBP/USD	1.31-1.36	1.36	1.37	1.37	1.35
USD/CHF	0.77-0.82	0.78	0.78	0.78	0.78
USD/JPY	156-162	153	149	147	147
AUD/USD	0.68-0.73	0.68	0.69	0.70	0.69

NZD/USD	0.57-0.61	0.58	0.59	0.59	0.58
USD/CNY	6.86-6.92	6.90	6.83	6.85	6.90
USD/MYR	3.89-3.97	4.00	3.97	3.97	4.00
USD/SGD	1.26-1.29	1.26	1.23	1.23	1.24
USD/THB	32.00-34.00	32.2	32,1	32.0	30.8

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
SGD/MYR	3.0713	3.17	3.21	3.23	3.22
EUR/SGD	1.4804	1.51	1.50	1.50	1.50
GBP/SGD	1.7116	1.71	1.70	1.69	1.68
AUD/SGD	0.8938	0.86	0.86	0.86	0.86

Rates, %	Current	1Q26	2Q26	3Q26	4Q26
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.25-3.50
ECB	2.00	2.00	2.00	2.00	2.00
BOE	3.75	3.75	3.75	3.75	3.75
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	0.75	0.75	1.00	1.00
RBA	4.10	4.10	4.35	4.35	4.35
RBNZ	2.25	2.25	2.25	2.25	2.25
BNM	2.75	2.75	2.75	2.75	2.75

Source: HL Bank

Up Next

Date	Events	Prior
24-Mar	JN S&P Global Japan PMI Mfg (Mar P)	53
	JN S&P Global Japan PMI Services (Mar P)	53.8
	EC S&P Global Eurozone Manufacturing PMI (Mar P)	50.8
	EC S&P Global Eurozone Services PMI (Mar P)	51.9
	UK S&P Global UK Services PMI (Mar P)	53.9
	UK S&P Global UK Manufacturing PMI (Mar P)	51.7
	US Philadelphia Fed Non-Manufacturing Activity (Mar)	-17.3
	US S&P Global US Manufacturing PMI (Mar P)	51.6
	US S&P Global US Services PMI (Mar P)	51.7
	US Richmond Fed Manufact. Index (Mar)	-10
	US Richmond Fed Business Conditions (Mar)	-10
25-Mar	AU CPI Trimmed Mean YoY (Feb)	3.40%
	UK CPI Core YoY (Feb)	3.10%
	UK PPI Input NSA YoY (Feb)	-0.20%
	UK House Price Index YoY (Jan)	2.40%
	US MBA Mortgage Applications	-10.9%
US Import Price Index MoM (Feb)	0.20%	

Source: Bloomberg

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