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Global Markets Research

Daily Market Highlights

30 Oct: Selloffs in tech stocks spurred flight to safety

ECB kept policy rates steady; debated hiking but maintained a measured approach

Robust US 3Q GDP growth on consumer spending; elevated PCE weighed on real spending

BOJ expected to maintain rates today; Mixed data ahead of BOJ's decision

- Alphabet shares tank overnight after its revenue miss, disappointing investors and sparking another bout of jitters over AI and saw Nasdaq slumping 1.4% d/d overnight. The Dow and S&P 500 fell at a narrower pace of 0.3% d/d each, as the sell-off in selected tech stocks spurred a flight to safety, into defensive stocks like consumer staples and healthcare, as well as to bonds, pushing treasury yields lower 4-10bps across the maturities. The 2Y treasury yield plunged 10bps to 4.60%, while the 10Y fell 8bps to 4.94%.
- Falling oil prices also drove the outperformance in short-dated treasuries. Brent and the WTI fell 0.4-0.8% d/d to $114.88/barrel and $102.00/barrel following reports US Vice President JD Vance had reached out to Iranian Security Council in a bid to restart peace talks.
- Major Asian bourses (Nikkei 225: 1.1% d/d, Hang Seng: -0.6% d/d, CSI 300: -1.0% d/d) closed mixed, while Stoxx 600 in Europe closed up 0.8% d/d, drawing support from prospects of a U.S.-Iran peace talk, and amid favourable earnings results/guidance from the likes of Shell and Airbus. 2Y European sovereign bond yields fell 2-8bps after ECB's policy decision, while the 10Y dropped 1-3bps.
- On the forex front, the DXY briefly spiked after the release of US 3Q GDP and core-PCE, but pared gains after the sell-off in AI stocks, closing 0.2% d/d lower at 102.04. Save the AUD (-0.3% d/d to 0.7030), all G10 FX strengthened against the greenback. EUR (0.2% d/d to 1.1180) erased losses after ECB's rate pause decision and as bets for a December hike remains intact, while GBP and JPY appreciated 0.1-0.4% d/d to 1.3376 and 157.71. On the regional front, MYR (0.4% d/d to 4.0592) outperformed its Asian peers, while SGD and CNY strengthened more modestly by 0.1% d/d each to 1.2798 and 6.6569 against the USD.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,342.56	-0.25
S&P 500	7,720.39	-0.30
NASDAQ	26,184.72	-1.38
Stoxx Eur 600	649.11	0.77
FTSE 100	10,722.07	0.26
Nikkei 225	64,659.47	1.10
CSI 300	4,041.84	-1.03
Hang Seng	22,958.65	-0.59
Straits Times	5,396.03	0.00
KLCI 30	1,611.16	-0.17
FX		
Dollar Index	102.04	-0.15
EUR/USD	1.1180	0.23
GBP/USD	1.3376	0.37
USD/JPY	157.71	-0.08
AUD/USD	0.7030	-0.34
USD/CNH	6.6569	-0.07
USD/MYR	4.0592	-0.40
USD/SGD	1.2798	-0.14
USD/KHR	4,080.00	-0.08
USD/THB	33.76	0.02
Commodities		
WTI ($/bbl)	102.00	-0.76
Brent ($/bbl)	114.88	-0.38
Gold ($/oz)	4,031.40	-0.11
Copper ($/MT)	14,356.50	-0.84
Aluminum($/MT)	3,078.50	0.18
CPO (RM/MT)	4,391.00	-1.41

Source: Bloomberg, HL Bank

ECB kept policy rates unchanged and maintained a measured approach implying a near end to the tightening path

- As expected, the ECB kept the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility unchanged at 2.50%, 2.65% and 2.90% respectively. The main argument behind the decision was that underlying inflation has remained broadly stable so far and wages do not show a material response to the energy shocks. Moreover, the ECB also opines that the financing conditions become more restrictive, laying the groundwork to a potential end to the tightening cycle.
- At the press conference however, ECB President Christine Lagarde said that the council members debated the possibility of hiking this month, but decided to stick to its measured approach, leaving the door for another hike in December and no change in our view that the ECB will deliver its final hike next month.
- Economic confidence index, meanwhile, weakened more than expected to 96.9 in October from 97.5 previously, as price expectations ticked up. Sentiment worsened in all sectors except industry, which saw a marginal improvement. Results were mixed among the largest economies, worsening for Germany and Spain, increased moderately in Italy and remained broadly stable in France.

Robust 3Q GDP growth for the US on steady consumer spending; elevated PCE and softer income growth weigh on real personal spending

- The US economy expanded robustly in 3Q, beating forecast and at its fastest pace in a year at 3.4% annualised q/q (2Q: 2.2% q/q). Private investment (19.4% q/q vs 4.6% q/q), led by AI activities led growth, while consumer spending stayed steady at 3.8% q/q. Net exports, meanwhile, subtracted GDP. High frequency indicators suggest that the economy will enter 4Q with still decent growth, albeit with headwinds from tighter financing conditions, elevated oil prices and risks from the high import content for the tech-rollout.
- Meanwhile, the squeeze on spending power from softer income growth (0.2% m/m vs 0.3% m/m) and rising cost of living (core-PCE: matching expectations at 3.1% y/y and 0.3% m/m vs 3.0% y/y and 0.3% m/m) saw real personal spending coming in softer than expected and stalling in September (prior: 0.5% m/m) and this is likely to contribute to a cooler

and uneven consumer spending story in 4Q. Detail suggests that households continued to spend on services, but pulled back on big-ticket items like motor vehicles and discretionary items like recreational goods.

- Initial jobless claims were little changed with limited layoffs, edging 1k lower to 194k for the week ended 24 October (prior: -5k) while continuing claims also fell 21k to 1701k for the week ended 17 October (prior: +19k).

Lowest mortgage approvals for the UK since 2023

- Mortgage approvals fell more than forecast to 53.4k in September from 54.8k previously. This marks its lowest since December 2023 as soaring borrowing costs sent prospective home buyers to the sidelines. The BOE also showed that consumers borrowed less at +£1.9bn for the same month, lower than expected and slightly below the previous 6-month average of £2.1bn amid lower borrowing for other forms of consumer credit such as car dealership finance and personal loans.

Mixed data from Japan; no change to BOJ's tightening cycle

- Consumer confidence fell more than expected to 35.0 in October from 35.4 previously, as the percentage of group who expect prices to go up crept higher and confidence on overall livelihood, income growth, employment and willingness to buy durable goods worsened.
- Data this morning, meanwhile, showed that jobless rate unexpected improved to 2.4% in September from 2.5% previously, while IPI growth also rebounded more than expected to 2.2% m/m (prior: -2.4% m/m) and are expected to grow by 5.1% m/m in October and 0.8% m/m in November underpinned by the auto and electronics sectors.
- On the downside, retail sales unexpectedly contracted 0.7% m/m (prior: -0.9% m/m), while on the price front, Tokyo's headline CPI unexpectedly quickened to 2.8% y/y in October (prior: 2.7% y/y). Core eased to 2.6% y/y from 2.7% y/y as expected amid subsidies to utilities. Notwithstanding, both remains above BOJ's target and as such, expectations are that the BOJ will continue with its tightening cycle in December/January 2027 after today's hold.

House View and Forecasts

FX	This Week	4Q-26	1Q-27	2Q-27	3Q-27
DXY	100-103	102.22	100.87	99.53	98.21

EUR/USD	1.11-1.13	1.12	1.14	1.16	1.18
GBP/USD	1.32-1.36	1.31	1.32	1.33	1.34
USD/CHF	0.80-0.83	0.79	0.80	0.81	0.84
USD/JPY	155-159	157	155	153	150
AUD/USD	0.69-0.72	0.69	0.69	0.70	0.70
NZD/USD	0.55-0.58	0.58	0.57	0.57	0.56
USD/CNY	6.66-6.69	6.74	6.67	6.61	6.54
USD/MYR	4.06-4.11	4.12	4.07	4.02	3.97
USD/SGD	1.26-1.29	1.29	1.27	1.25	1.23
USD/THB	33.28-34.00	33.0	33.0	33.0	32.8

FX	**Last close**	**4Q-26**	**1Q-27**	**2Q-27**	**3Q-27**
SGD/MYR	3.1685	3.20	3.21	3.22	3.23
EUR/SGD	1.4309	1.45	1.45	1.45	1.45
GBP/SGD	1.7123	1.69	1.68	1.66	1.65
AUD/SGD	0.8997	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	4.85	4.85	4.85	4.85
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**	
30-Oct	AU Private Sector Credit MoM (Sep)	0.60%
	EC GDP SA QoQ (3Q A)	0.60%
	EC Unemployment Rate (Sep)	6.40%
	US MNI Chicago PMI (Oct)	58.8
	JN BOJ Target Rate	1.25%
2-Nov	AU S&P Global Australia PMI Mfg (Oct F)	49.7
	JN S&P Global Japan PMI Mfg (Oct F)	53.3
	MA S&P Global Malaysia PMI Mfg (Oct)	49.9
	VN S&P Global Vietnam PMI Mfg (Oct)	51.9
	AU Building Approvals MoM (Sep)	-6.10%
	CH RatingDog China PMI Mfg (Oct)	52.1
	EC S&P Global Eurozone Manufacturing PMI (Oct F)	52.4
	UK S&P Global UK Manufacturing PMI (Oct F)	52.8
	SI Purchasing Managers Index (Oct)	51.7
	US S&P Global US Manufacturing PMI (Oct F)	56
	US ISM Manufacturing (Oct)	54.5
	US Construction Spending MoM (Sep)	0.90%

Source: Bloomberg

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