

1 October 2025

Global Markets Research

Daily Market Highlights

1 Oct: US heads to a government shutdown

CBO estimates that 750k employees could be furloughed; costing \$400m per day

USD weakened on fears of a shutdown & lower consumer confidence; USTs closed mixed

AUD outperformed G10 peers after RBA left rates unchanged; hawkish tilt in statement

- Wall Street ended Tuesday on a stronger note with a rally in healthcare stocks offsetting fears over a looming government shutdown and weaker consumer confidence data. Stocks opened lower, but saw afternoon buying after President Trump unveiled a direct-to-consumer website for Americans to buy drugs. Pharmaceutical stocks like Pfizer jumped on the news and led gains in the S&P 500, sending the index higher 0.4% d/d during the day. The Dow also nudged up 0.2% d/d, while Nasdaq gained 0.3% d/d.
- At the point of writing, US is set for a shutdown with Democrats rejecting the stopgap package. ***The Congressional Budget Office estimates that with the government shutdown, 750k employees could be furloughed each day and the total daily cost of their compensation would be roughly \$400m.***
- Elsewhere, Stoxx Eur 600 gained 0.5% d/d, while major Asian bourses traded mixed, the latter likely to dip today tracking the futures.
- Treasuries closed mixed, with the benchmark 2Y yield down 1bps to 3.61% but the 10Y rose 1bps to 4.15%. Trading in 10Y European bonds were muted, with yields closing mixed between +/-1bps.
- In the forex space, fear of a government shutdown and the decline in US consumer confidence saw the Dollar weakening against most of its G10 peers. The DXY softened 0.1% d/d to 97.78. AUD (0.6% d/d to 0.6613) outperformed all its G10 peers after the RBA left its cash rate unchanged, closely followed by haven asset JPY (0.5% d/d to 147.90). GBP, meanwhile, appreciated 0.1% d/d to 1.3446 after the UK left its final 2Q GDP print unchanged at 0.3% q/q (1Q: 0.7% q/q).
- Regional currencies traded mixed against greenback, with SGD closing just below its flatline at 1.2901, while CNH and MYR appreciated between 0-0.2% d/d to close the day at 7.1284 and 4.2072.
- In the commodity space, oil slid more than 1.0% d/d each after OPEC+ discussed faster output hike, and amid easing geopolitical tension after President Trump won Israeli Prime

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,397.89	0.18
S&P 500	6,688.46	0.41
NASDAQ	22,660.01	0.30
Stoxx Eur 600	558.18	0.48
FTSE 100	9,350.43	0.54
Nikkei 225	44,932.63	-0.25
CSI 300	4,640.69	0.45
Hang Seng	26,855.56	0.87
Straits Times	4,300.16	0.71
KLCI 30	1,611.88	0.06
FX		
Dollar Index	97.78	-0.13
EUR/USD	1.1734	0.06
GBP/USD	1.3446	0.13
USD/JPY	147.90	-0.46
AUD/USD	0.6613	0.55
USD/CNH	7.1284	-0.01
USD/MYR	4.2072	-0.20
USD/SGD	1.2901	0.01
USD/KHR	4,012.47	0.12
USD/THB	32.40	0.46
Commodities		
WTI (\$/bbl)	62.37	-1.70
Brent (\$/bbl)	67.02	-1.40
Gold (\$/oz)	3,840.80	0.52
Copper (\$/MT)	10,268.50	-1.40
Aluminum(\$/MT)	2,680.50	0.06
CPO (RM/tonne)	4,342.00	-0.42

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 29 Sept for CPO

Minister Netanyahu's support for a US backed Gaza peace proposal. The WTI closed the day at \$62.37/barrel and Brent at \$67.02/barrel.

RBA board unanimously voted to keep cash rate at 3.60%, with a hawkish sounding statement

- As anticipated, the Board of the Reserve Bank of Australia (RBA) unanimously voted to maintain the cash rate at 3.60%.
- In our opinion, the statement was hawkish sounding with the RBA flagging that: 1) Although inflation has eased, CPI prints in 3Q may be higher than what they had anticipated earlier. 2) Data for the June quarter also showed that private demand is recovering a little more rapidly than expected, adding that private consumption is picking up. 3) Employment growth has slowed slightly more than expected, but the labour market remains tight. 4) Stronger-than-expected data on growth and inflation may indicate that households are more comfortable consuming amid rising real incomes and wealth, and if this continues, may allow businesses to pass on cost increases. No doubt, the RBA did flag concerns that the recent growth in consumption might not persist.
- In the press conference, RBA Governor Bullock reiterated that the central bank will adopt a data dependent approach and commented that the policy rate is "still a bit restrictive." As such, while the probability of further rate cuts has diminished, there is no change in our view that the easing cycle is not over for now and a sustainable downward trajectory in inflation towards the target range remains pivotal for further rate cuts.
- Data this morning meanwhile showed that the final manufacturing PMI was revised 0.2ppts lower to 51.4 for the month of September, also a stepdown from 53.0 the prior month.

US data releases were on a slightly weaker note, notably with consumer confidence declining more than expected

- US data releases were on a slightly weaker note, with consumer confidence falling more than expected, and house prices easing again. While job openings were a touch higher than expected, the quits rate dropped to just 1.9% (Jul: 2.0%), a sign that employees are less confident in their ability to find new positions. According to JOLTS, US jobs openings were little changed at 7.23m in August (Jul: 7.21m) as demand for workers continued to ebb, while hiring rate edged down to 3.2%, its lowest since June 2024. That said, layoffs remained low at 1.7m (Jul: 1.8m).
- Meanwhile, a sharp deterioration in consumers' views of the current economic situation (125.4 vs 132.4), sent the Conference Board's consumer confidence index tumbling more

than expected to 94.2 in September from 97.8 a month ago. Expectations (73.4 vs 74.7) also weakened, but to a lesser extent as nervousness over inflation pressures continue to weigh on broad sentiment.

- Meanwhile, July's home prices reinforced views that the housing market has downshifted to a much slower gear. The S&P Cotality Case-Shiller national home price index rose just 1.7% y/y, down from June's 2.0% y/y and a far cry from the double-digit gains two years ago. Although better than expected, the FHFA House Price index fell 0.1% m/m and slowed to 2.3% y/y in July (Jun: -0.2% m/m and 2.7% y/y).

China's factory activity improved but remained sluggish; services decelerated slightly

- China's factory activity improved more than expected in September (49.8 vs 49.4), but extended its decline into the sixth month, while non-manufacturing fell more than forecast to 50.0 from 50.3 previously. Private survey was more upbeat, with the RatingDog Manufacturing PMI unexpectedly improving to 51.2 (Aug: 50.5) while its services slipped less than expected to 52.9 from 53.0 previously.
- All in, the latest still soft data serves as a gentler reminder that the China economy requires more policy support and all eyes will be on any additional stimulus (if any) from the **Fourth Plenum on Oct 20-23** where officials will discuss the national economic and social development plans for the next 5 years.

Resilient business sentiment amongst Japan's businesses

- Data this morning showed that the Tankan large manufacturing index improved 1 point to 14 in 3Q, while non-manufacturing held steady at 34. Large companies across all industries also plan to increase business investment by 12.5% this fiscal year, up from 11.5% previous, suggesting that business sentiment has remained resilient and is equally positive going forward, reinforcing case for another BOJ rate hike.

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DX	97.00-99.75	96.45	95.57	94.24	92.99
EUR/USD	1.16-1.20	1.19	1.20	1.22	1.24
GBP/USD	1.32-1.35	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	147-152	146	145	142	140
AUD/USD	0.64-0.67	0.67	0.67	0.68	0.68
NZD/USD	0.56-0.60	0.59	0.60	0.60	0.60
USD/CNY	7.11-7.15	7.08	7.06	6.99	6.94
USD/MYR	4.18-4.24	4.20	4.15	4.10	4.10
USD/SGD	1.28-1.31	1.28	1.26	1.24	1.23

USD/THB 31.50-33.00 32.25 32.30 32.20 32.00

Rates, %	Current	4Q25	1Q26	2Q26	3Q26
Fed	4.00-4.25	3.50-3.75	3.25-3.50	3.00-3.25	3.00-3.25
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.00	3.75	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.50	0.75	0.75	0.75
RBA	3.60	3.35	3.10	3.10	3.10
RBNZ	3.00	2.75	2.75	2.75	2.75
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
1-Oct	JN S&P Global Japan PMI Mfg (Sep F)	48.8
	MA S&P Global Malaysia PMI Mfg (Sep)	49.9
	VN S&P Global Vietnam PMI Mfg (Sep)	50.4
	EC HCOB Eurozone Manufacturing PMI (Sep F)	49.5
	UK S&P Global UK Manufacturing PMI (Sep F)	46.2
	EC CPI Core YoY (Sep P)	2.30%
	US MBA Mortgage Applications	0.60%
	US ADP Employment Change (Sep)	54k
	US S&P Global US Manufacturing PMI (Sep F)	52.0
	US ISM Manufacturing (Sep)	48.7
2-Oct	AU Trade Balance (Aug)	A\$7310m
	AU Household Spending MoM (Aug)	0.50%
	JN Consumer Confidence Index (Sep)	34.9
	HK Retail Sales Value YoY (Aug)	1.80%
	EC Unemployment Rate (Aug)	6.20%
	US Challenger Job Cuts YoY (Sep)	13.30%
	US Initial Jobless Claims	218k
	SI Purchasing Managers Index (Sep)	50
	US Factory Orders (Aug)	-1.30%

Source: Bloomberg

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