

2 October 2025

## Global Markets Research

### Daily Market Highlights

## 2 Oct: Markets largely shrugged off the US government shutdown

**Global stocks closed in green despite the shutdown; delay in NFP release expected**  
**USTs rallied; USD weakened with weaker private payrolls data reaffirming rate cut bets**  
**Steady EUR despite accelerating headline inflation; likely to undershoot 2% target ahead**

- US stocks ended Wednesday on a higher note with traders seemingly shrugging off the first government shutdown in nearly seven years. Treasuries also rallied amid a haven bid and after an unexpected decline in private payroll reinforced bets that the Fed will lower its policy rate again later this month.
- Led by Nasdaq, the 3 major US stock indices closed the day higher in tune to 0.1-0.4% d/d, while treasury yields were down 2-7bps. The benchmark 2Y yield closed the day 7bps lower at 3.54%, while the 10Y fell 5bps to 4.10%.
- Elsewhere, major Asian indices closed mixed after the US government shutdown. Stoxx Eur 600 surged 1.2% d/d, with drugmakers rallying following Pfizer's drug-pricing agreement with the Trump administration. Trading in 10Y sovereign bonds remained muted with yields closing mixed between +/-1bps.
- In the FX space, the DXY pared its losses to close the day 0.1% d/d lower at 97.71 after tumbling as low as 97.46 following the weak labour market data. Loonie continues to lag peers, while JPY (0.6% d/d to 147.07) remains a safe haven of choice in the shutdown turmoil. EUR closed just below its flatline at 1.1732 after its inflation rate accelerated, as expected.
- In the regional space, most Asian currencies strengthened against the greenback but in a tight range. SGD outperformed most of its peers, appreciating 0.2% d/d to 1.2881 while MYR closed flattish at 4.2070.
- In the commodity space, increased OPEC+ supply jitters and higher US inventories sent the WTI sliding 1.0% d/d to \$61.78/barrel and Brent plunging 2.5% d/d to \$65.35/barrel.

### Manufacturing PMIs were largely in the contraction territory

- September manufacturing PMIs for the US and UK were left unchanged at 52.0 (Aug: 53.0) and 46.2 (Aug: 47.0), and upwardly revised for the Eurozone (0.3ppts to 49.8 vs Aug: 50.7) and Japan (0.1ppts to 48.5 vs Aug: 49.7).
- On the regional front, Malaysia's PMI (49.8 vs 49.9) suggests that business conditions remained broadly similar throughout 3Q, although September saw back-to-back increases in new

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	46,441.10	0.09
S&P 500	6,711.20	0.34
NASDAQ	22,755.16	0.42
Stoxx Eur 600	564.62	1.15
FTSE 100	9,446.43	1.03
Nikkei 225	44,550.85	-0.85
CSI 300	4,640.69	0.45
Hang Seng	26,855.56	0.87
Straits Times	4,323.12	0.53
KLCI 30	1,620.87	0.56
<b>FX</b>		
Dollar Index	97.71	-0.07
EUR/USD	1.1732	-0.02
GBP/USD	1.3478	0.24
USD/JPY	147.07	-0.56
AUD/USD	0.6613	0.00
USD/CNH	7.1279	-0.01
USD/MYR	4.2070	0.00
USD/SGD	1.2881	-0.16
USD/KHR	4,013.40	0.02
USD/THB	32.36	-0.15
<b>Commodities</b>		
WTI (\$/bbl)	61.78	-0.95
Brent (\$/bbl)	65.35	-2.49
Gold (\$/oz)	3,867.50	0.70
Copper (\$/MT)	10,379.00	1.08
Aluminum(\$/MT)	2,688.50	0.30
CPO (RM/tonne)	4,282.00	-1.38

Source: Bloomberg, HLBB Global Markets Research  
 \* Closing as of 30 Sept for CPO

order, its first in over a year. With business sentiment also strengthening to its highest since February, this bodes well for sustained y/y GDP growth going forward.

- Vietnam PMI held steady at 50.4 in September as new orders returned to growth and even exports, which have been falling continuously since late last year, showed signs of stabilising. That said, confidence among firms remains relatively subdued given the still muted demand for now.

### **The contraction in ISM-manufacturing slowed; private employers shed 32k jobs in September**

- According to the ISM, manufacturing activity contracted at a slightly slower rate in September (49.1 vs 48.7) with production (51.0 vs 47.8) growth the biggest driver to the 0.4ppts gain. The result matched consensus forecast, but we opine that further improvements in the October data could likely be a miss with demand still weak and new orders (48.9 vs 51.4) dropping below the 50-threshold. Prices (61.9 vs 63.7) remained elevated while the employment index improved 1.5ppts to 45.3.
- After data recalibration, private sector payrolls fell by 32k in September after declining 3k the prior month, according to ADP Research. The data was below all forecasts and further validates view that US employers have been cautious with hiring. The decline was fairly broad-based, led by the leisure & hospitality and professional & business services sectors. Year-on-year pay growth for job-stayers was little changed at 4.5% y/y, while pay gains for job-changers slowed to 6.6% y/y (prior: 7.1% y/y).
- An uptick in mortgage rate (30Y fixed rate: 6.46%), pushed refinance and purchase applications down the week of September 26 and total applications plunging 12.7% w/w (prior: 0.6% w/w).

### **Eurozone's core inflation remained steady, likely to undershoot target going forward**

- Inflation remains largely stable, with headline ticking up to 2.2% y/y in September (Aug: 2.0% y/y) mainly due to energy base effect (-0.4% y/y vs -2.0% y/y). This will likely fade again in the coming months with softer energy prices ahead. With core steady at 2.3% y/y, softer wage growth keeping a lid on demand inflation and a stronger EUR keeping a tap on imported inflation, we could likely see inflation undershooting ECB's target of 2% in the months ahead.

### **UK home prices accelerated, headwinds seen in 2H**

- In contrast to the comparatively softer mortgage data, UK home prices, according to Nationwide, accelerated more than forecast to 2.2% y/y and 0.5% m/m in September (prior: 2.1% y/y and -0.1% m/m) as demand remains resilient underpinned

by lower borrowing costs and rising earnings. Despite this, we opine that the housing industry will face more headwinds in 2H with inflation expected to climb, labour market weakening and possibly, more tax hikes in the autumn budget.

### 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
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%
	AU S&P Global Australia PMI Services (Sep F)	52
3-Oct	JN Jobless Rate (Aug)	2.30%
	SI S&P Global Singapore PMI (Sep)	51.2
	JN S&P Global Japan PMI Services (Sep F)	53.0
	SI Retail Sales SA MoM (Aug)	4.10%
	EC HCOB Eurozone Services PMI (Sep F)	51.4
	UK S&P Global UK Services PMI (Sep F)	51.9
	EC PPI YoY (Aug)	0.20%
	US Change in Nonfarm Payrolls (Sep)**	22k
	US S&P Global US Services PMI (Sep F)	53.9
	US ISM Services Index (Sep)	52

Source: Bloomberg

\*\* Releases maybe delayed by the US government shutdown

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