

3 September 2025

Global Markets Research

Daily Market Highlights

3 Sept: Risk-off mood in the financial markets

Sell-off in global equities & bonds amid inflation & fiscal worries; flight to haven USD GBP & JPY led losers within G10 FX space; most regional currencies also weakened US ISM manufacturing fell at a smaller pace; Contained inflationary pressure for the EU

- Global markets kicked off September on a sour note, with worries over inflation and fiscal dented investor sentiment and saw a sell-off in both bonds and equities. Jitters began in the European trading session, when long-dated bonds popped (10Y: +2 to +7bps; 30Y: +4 to +6bps) and Stoxx Eur 600 and FTSE 100 lost 1.5% d/d and 0.9% d/d respectively as investors grew uneasy over the region's debt to finance defense and infrastructure spending, while political uncertainty in France and higher, but still contained headline inflationary pressure in the Euro bloc also added to the angst.
- Across the Atlantic, US treasuries and stocks posted more modest declines. The three major stock indices closed the day lower in tune to 0.6-0.8% d/d led by the tech-heavy Nasdaq, while treasury yields were up 2-4bps across the curve. The 2Y yield closed the day at 3.64%, the 10Y at 4.26% and 30Y at 4.96%.
- In the forex space, all G10 currencies weakened against the greenback and the DXY ended the day 0.6% d/d higher at 98.40. GBP (-1.1% d/d to 1.3394) was the worst performer amid the sell-off in UK assets, while JPY (-0.8% d/d to 148.36) also lagged behind most peers amid heightened political uncertainty and lack of a hawkish policy signal from Deputy Governor Ryozyo Himino in a speech on Tuesday. Most regional currencies, meanwhile, also weakened against the Dollar. SGD depreciated 0.3% d/d to 1.2883, while MYR closed with just a marginal loss at 4.2253.
- In the commodity space, crude oil prices gained ground as Ukraine drone attack on oil refineries in Russia hurt crude supply. Prices for the WTI and Brent jumped 1.5-2.5% d/d to \$65.59/barrel and \$69.14/barrel respectively.

Regional manufacturing PMIs improved slightly; downward revision to US' number

- The final US PMI was revised down 0.3ppts to 53.0 in August. That was up from 49.8 in July and marked the strongest improvement since May 2022. The upturn was driven by continuous expansion in demand conditions, but was also

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	45,295.81	-0.55
S&P 500	6,415.54	-0.69
NASDAQ	21,279.63	-0.82
Stoxx Eur 600	543.17	-1.50
FTSE 100	9,116.69	-0.87
Nikkei 225	42,310.49	0.29
CSI 300	4,490.45	-0.74
Hang Seng	25,496.55	-0.47
Straits Times	4,298.51	0.52
KLCI 30	1,576.70	0.10
FX		
Dollar Index	98.40	0.64
EUR/USD	1.1640	-0.61
GBP/USD	1.3394	-1.11
USD/JPY	148.36	0.80
AUD/USD	0.6520	-0.49
USD/CNH	7.1385	0.07
USD/MYR	4.2253	0.01
USD/SGD	1.2883	0.32
USD/KHR	4,009.75	-0.03
USD/THB	32.39	0.23
Commodities		
WTI (\$/bbl)	65.59	2.47
Brent (\$/bbl)	69.14	1.45
Gold (\$/oz)	3,562.90	2.17
Copper (\$/MT)	9,980.50	0.98
Aluminum(\$/MT)	2,619.00	0.31
CPO (RM/tonne)	4,349.00	-0.48

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 29 Aug for CPO

partially due to inventory building, with factories reporting a further jump in front-loading due to concerns over future price rises and potential supply constraints.

- On the regional front, Malaysia's PMI (49.9 vs 49.7) and Singapore's official PMI (50.0 vs 49.9) for August suggest that demand conditions in the manufacturing sector improved. Notably, the linchpin electronics sector for the latter, which accounts for around 40% of output, accelerated to 50.4 from 50.2 previously. The latest data showed that uncertainty over global trade frictions has somewhat stabilised in a nod to export growth, but risk outlook remains clouded by uncertainty over the scope of US tariffs on semiconductors, as well as pharmaceuticals.

US ISM manufacturing and construction spending registered narrower declines

- Although below expectations, ISM manufacturing activity contracted at a slightly slower pace in August, with new orders growth (51.4 vs 47.1) the main driver for the 0.7ppts jump in the headline ISM index to 48.7. However, since production contracted, the improvement in the index was nominal. Prices index remained elevated at 63.7 (Jul: 64.8), while the employment index improved 0.4ppts to 43.8.
- Matching expectations, construction spending continued to fall, albeit at a slower pace in July (-0.1% m/m vs -0.4% m/m) as softer housing demand and tariff-related uncertainty discouraged spending.

Contained inflationary pressure for the Eurozone for now

- Eurozone's inflation remained modest in August, with headline matching expectations and ticking up to 2.1% y/y (prior: 2.0% y/y), while core was slightly above forecast but steady at 2.3% y/y. While goods inflation remained steady at 0.8% y/y, services inflation rate decelerated from 3.2% to 3.1%, the latter likely to continue with its softening trend amid slower wage growth in comfort to the ECB.

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DXY	96.25-99.25	98.32	96.29	94.99	93.77
EUR/USD	1.15-1.19	1.16	1.19	1.20	1.22
GBP/USD	1.33-1.37	1.36	1.38	1.39	1.40
USD/CHF	0.79-0.82	0.81	0.80	0.79	0.78
USD/JPY	144-149	147	144	140	137
AUD/USD	0.64-0.67	0.63	0.65	0.67	0.68
NZD/USD	0.57-0.61	0.59	0.60	0.61	0.61
USD/CNY	7.11-7.15	7.20	7.16	7.12	7.10
USD/MYR	4.19-4.25	4.28	4.25	4.22	4.18
USD/SGD	1.26-1.30	1.29	1.26	1.24	1.22

USD/THB 32.06-32.74 32.70 32.50 32.30 32.30

Rates, %	Current	3Q-25	4Q25	1Q26	2Q26
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75	3.25-3.50
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.00	4.00	3.75	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	3.60	3.60	3.35	3.10	3.10
RBNZ	3.00	3.00	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
3-Sep	AU S&P Global Australia PMI Services (Aug F)	55.1
	HK S&P Global Hong Kong PMI (Aug)	49.2
	JN S&P Global Japan PMI Composite (Aug F)	51.9
	SI S&P Global Singapore PMI (Aug)	52.7
	JN S&P Global Japan PMI Services (Aug F)	52.7
	VN S&P Global Vietnam PMI Mfg (Aug)	52.4
	AU GDP SA QoQ (2Q)	0.20%
	EC HCOB Eurozone Services PMI (Aug F)	50.7
	UK S&P Global UK Services PMI (Aug F)	53.6
	EC PPI YoY (Jul)	0.60%
	US MBA Mortgage Applications	229k
	US JOLTS Job Openings (Jul)	7437k
	US Factory Orders (Jul)	-4.80%
4-Sep	US Fed Releases Beige Book	
	AU Exports MoM (Jul)	6.00%
	AU Household Spending MoM (Jul)	0.50%
	MA BNM Overnight Policy Rate	2.75%
	EC Retail Sales MoM (Jul)	0.30%
	US Challenger Job Cuts YoY (Aug)	139.80%
	US ADP Employment Change	104k
	US Initial Jobless Claims	229k
	US Trade Balance (Jul)	-\$60.2b
	US S&P Global US Services PMI (Aug F)	55.4
	US ISM Services Index (Aug)	50.1

Source: Bloomberg

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