

5 November 2025

Global Markets Research

Daily Market Highlights

5 Nov: Risk-off in global financial markets

**Lofty valuation concerns weighed on sentiment; US stocks fell; USTs and USD gained
AUD weakened even after RBA delivered a hawkish hold after the recent spike in 3Q CPI
GBP tumbled after Chancellor Reeves warned of UK's fiscal challenges ahead of Budget**

- Increasing concerns over stretched valuations, especially in artificial intelligence stocks, put downward pressure on Wall Street overnight. This comes even after Palantir beat Wall Street's estimates for 3Q, and amid warnings from banking giant chiefs that US stocks are vulnerable to correction following the recent winning streak. Led by the tech-heavy Nasdaq, the three major equity indices stumbled in tune to 0.5-2.0% d/d.
- Similarly, Stoxx 600 in Europe fell 0.3% d/d and most major bourses in Asia also closed in red, led by Nikkei 225 (-1.7% d/d). Asian bourses look set for another sluggish day following the pull-back in Wall Street overnight.
- Meanwhile, risk-off sentiment and dip buying boosted treasuries and sent yields lower by 3bps across the curve. The benchmark 2Y yield closed the day at 3.58%, and the 10Y at 4.09%. 10Y European bond yields fell between 1-2bps.
- Haven trades were also observed in the FX space. DXY gained 0.4% d/d to 100.22, above the 100 handle for the first time since May, while JPY also outperformed, appreciating 0.4% d/d against greenback to 153.67. AUD depreciated 0.7% d/d to 0.6490 after the RBA maintained its cash rate, while GBP weakened 0.9% d/d to 1.3021 after Chancellor Rachel Reeves discussed the UK's financial challenges ahead of the Autumn budget on 26th November. Regional currencies closed mixed against the greenback, with MYR closing 0.1% d/d stronger at 4.1970 and SGD 0.3% d/d weaker at 1.3079.
- In the commodity space, glut concerns and a stronger USD weighed on crude oil prices, sending the WTI falling 0.8% d/d to \$60.56/barrel and Brent dropping 0.7% d/d to \$64.44/barrel.

RBA delivered a hawkish hold

- As expected, the Reserve Bank of Australia (RBA) unanimously voted to keep the cash rate unchanged at 3.60%. Key highlights include: 1) The statement struck a more hawkish note than previously (August and September statements), driven largely by a stronger than expected 3Q CPI (trimmed mean: 3.0% y/y

Key Market Metrics

	Level	d/d (%)
<u>Equities</u>		
Dow Jones	47,085.24	-0.53
S&P 500	6,771.55	-1.17
NASDAQ	23,348.64	-2.04
Stoxx Eur 600	570.58	-0.30
FTSE 100	9,714.96	0.14
Nikkei 225	51,497.20	-1.74
CSI 300	4,618.70	-0.75
Hang Seng	25,952.40	-0.79
Straits Times	4,422.72	-0.49
KLCI 30	1,623.50	0.07
<u>FX</u>		
Dollar Index	100.22	0.35
EUR/USD	1.1482	-0.33
GBP/USD	1.3021	-0.91
USD/JPY	153.67	-0.36
AUD/USD	0.6490	-0.72
USD/CNH	7.1349	0.12
USD/MYR	4.1970	-0.06
USD/SGD	1.3079	0.25
USD/KHR	4,019.50	-0.06
USD/THB	32.55	0.27
<u>Commodities</u>		
WTI (\$/bbl)	60.56	-0.80
Brent (\$/bbl)	64.44	-0.69
Gold (\$/oz)	3,960.50	-1.33
Copper (\$/MT)	10,663.50	-1.76
Aluminum(\$/MT)	2,859.00	-1.48
CPO (RM/tonne)	4,140.50	-1.77

Source: Bloomberg, HLBB Global Markets Research
* Closing as of 3 Nov for CPO

vs 2Q: 2.7% y/y). 2) That said, the central bank expects the uptick in inflation to be transitory, and expects inflation to be back to the mid-point target range by 2027. 3) RBA's latest outlook incorporated an assumption that implies a further 25bps cut in 1H of 2026. 4) In the press conference, RBA Governor Michele Bullock said that the bank wasn't ruling out policy moves in either direction and that the policy rate is pretty close to neutral level. 5) In light of the recent inflationary pressure and upside surprises in economic data, we expect the central bank to maintain rates at 3.60% for the rest of the year.

Downward revisions to Japan's manufacturing PMI and Australia's services PMI; optimistic outlook 1Y ahead

- Australia's final services PMI was revised 0.6ppts lower to 52.5 in October (prior: 52.4). The index at this level suggests solid and steady expansion for the sector and service providers remains optimistic in the 12-month outlook ahead.
- Japan's final manufacturing PMI was revised 0.1ppts lower to 48.2 in October (prior: 48.5), with demand weakness, in particular for the automotive and semiconductor industries, weighing on the sector. Firms were nonetheless more confident towards growth prospects, amid optimism over new product releases and fading negative effects from the US tariffs.

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DXY	98-101	96.45	95.57	94.24	92.99
EUR/USD	1.14-1.17	1.19	1.20	1.22	1.24
GBP/USD	1.30-1.33	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	151-157	146	145	142	140
AUD/USD	0.64-0.67	0.67	0.67	0.68	0.68
NZD/USD	0.56-0.59	0.59	0.60	0.60	0.60
USD/CNY	7.09-7.14	7.08	7.06	6.99	6.94
USD/MYR	4.17-4.22	4.20	4.15	4.10	4.10
USD/SGD	1.30-1.33	1.28	1.26	1.24	1.23
USD/THB	31.00-33.50	32.25	32.30	32.20	32.00

FX	Last close	4Q-25	1Q-26	2Q-26	3Q-26
EUR/MYR	4.8267	5.00	4.99	5.00	5.08
GBP/MYR	5.4823	5.71	5.67	5.64	5.68
AUD/MYR	2.7260	2.80	2.79	2.77	2.80
CNY/MYR	0.5891	0.59	0.59	0.59	0.59
SGD/MYR	3.2146	3.28	3.29	3.30	3.33

Rates, %	Current	4Q25	1Q26	2Q26	3Q26
Fed	3.75-4.00	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	3.60	3.60	3.60	3.60
RBNZ	2.50	2.25	2.25	2.25	2.25
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
5-Nov	HK S&P Global Hong Kong PMI (Oct)	50.4
	SI S&P Global Singapore PMI (Oct)	56.4
	CH RatingDog China PMI Services (Oct)	52.9
	SI Retail Sales SA MoM (Sep)	0.50%
	EC HCOB Eurozone Services PMI (Oct F)	52.6
	UK S&P Global UK Services PMI (Oct F)	51.1
	US MBA Mortgage Applications	7.10%
	US ADP Employment Change (Oct)	-32k
	US S&P Global US Services PMI (Oct F)	55.2
	US ISM Services Index (Oct)	50
6-Nov	JN Labor Cash Earnings YoY (Sep)	1.50%
	JN S&P Global Japan PMI Services (Oct F)	53.3
	AU Trade Balance (Sep)	A\$1825m
	VN CPI YoY (Oct)	3.38%
	VN Exports YoY (Oct)	24.70%
	VN Industrial Production YoY (Oct)	13.60%
	VN Retail Sales YoY (Oct)	11.30%
	MA BNM Overnight Policy Rate	2.75%
	EC Retail Sales MoM (Sep)	0.10%
	UK Bank of England Bank Rate	4.00%
	US Challenger Job Cuts YoY (Oct)	-25.80%
	US Nonfarm Productivity (3Q P) **	3.30%
	US Unit Labor Costs (3Q P) **	1.00%
	US Initial Jobless Claims **	219k

Source: Bloomberg

** Releases likely delayed by the US government shutdown

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