

8 September 2025

## Global Markets Research

### Daily Market Highlights

## 8 Sept: Disappointing NFP sealed the case for September rate cut

**US NFP job disappointment saw traders upping rate cut bets to 50-75bps by end-2025**

**Solid UK retail sales; slight growth in EU 2Q GDP; positive Japan, Singapore and Vietnam data**

**BNM maintained OPR; resilient domestic growth outlook reaffirmed OPR pause view**

- US jobs report disappointed and saw investors solidifying rate cuts bets, with Fed fund futures reflecting a certainty that the Fed will deliver a quarter point cut in the September FOMC meeting and near certainty of another 25-50bps by end-2025.
- The 3 major US equity indices posted modest losses in tune to 0-0.5% d/d amid worries of a slower labour market giving way to a slower economy, but sparked a rally in treasuries. Consequently, yield to the policy sensitive 2Y dropped 8bps to 3.51%, while the 10Y slid 9bps to 4.07%.
- Elsewhere, Stoxx Eur 600 slipped 0.2% d/d, while 10Y European bond yields fell in tune to 3-8bps. Asian markets were the outlier amongst the equity markets, trading mostly higher led by Hang Seng, CSI 300 and Nikkei 225, the latter after President Trump signed an executive order to lower tariffs on most Japanese imports to 15%, including autos.
- In the forex space, the DXY sank as low as 97.54 on increased rate cut bets, but narrowed losses to 97.77 (-0.6% d/d) at close. CAD was the only G10 currency that weakened against the greenback, while JPY outperformed (0.7% d/d to 147.43) following the positive real wages data. That said, political uncertainty following Prime Minister Ishiba's resignation could likely dampen appetite for the currency today. GBP strengthened 0.6% d/d to 1.3509 against USD even after UK's retail sales were much softer than initially thought and news of Deputy Prime Minister Angela Rayner's resignation.
- Most regional currencies strengthened against the USD with traders positioning for a Fed cut. JPY, KRW and THB led gains against the Dollar, while SGD strengthened at a narrower pace of 0.4% d/d to 1.2848. On Thursday, MYR narrowed its losses to close 0.1% d/d weaker at 4.2292 following a more neutral tone in BNM's policy statement.
- In the commodity space, the WTI and Brent tumbled more than 2.0% d/d each to \$61.87 and \$65.50/barrel and are expected to extend their softness today after OPEC+ agreed in principle to increase supply again in October.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	45,400.86	-0.48
S&P 500	6,481.50	-0.32
NASDAQ	21,700.39	-0.03
Stoxx Eur 600	549.21	-0.16
FTSE 100	9,208.21	-0.09
Nikkei 225	43,018.75	1.03
CSI 300	4,460.33	2.18
Hang Seng	25,417.98	1.43
Straits Times	4,307.08	0.24
KLCI 30	1,578.15	-0.02
<b>FX</b>		
Dollar Index	97.77	-0.59
EUR/USD	1.1717	0.58
GBP/USD	1.3509	0.56
USD/JPY	147.43	-0.71
AUD/USD	0.6557	0.60
USD/CNH	7.1262	-0.18
USD/MYR	4.2292	0.05
USD/SGD	1.2848	-0.39
USD/KHR	4,011.25	0.02
USD/THB	32.19	-0.44
<b>Commodities</b>		
WTI (\$/bbl)	61.87	-2.54
Brent (\$/bbl)	65.50	-2.22
Gold (\$/oz)	3,624.00	1.31
Copper (\$/MT)	9,897.50	-0.01
Aluminum(\$/MT)	2,600.50	0.35
CPO (RM/tonne)	4,369.00	-0.47

Source: Bloomberg, HLBB Global Markets Research  
 \* Closing as of 3 Sept for CPO, 4 Sept for KLCI, USD/MYR

**BNM left OPR unchanged at 2.75% as expected; statement highlighted some positive vibes**

- As expected, the BNM maintained its Overnight Policy Rate (OPR) at 2.75% at its September policy meeting, given a resilient domestic growth outlook and abating uncertainties surrounding international trade policies. Overall policy statement has turned more neutral in our view, removing the slight tinge of cautiousness that we saw in the July statement, while highlighting numerous positive development and potential upsides. This should have wiped out expectations for any further easing in the near term, and reaffirmed our view for no further adjustment in the OPR after the July's pre-emptive cut, not only for the rest of the year but probably into 2026 (Refer to Research Alert "No change to OPR; more neutral policy tone" dated 4<sup>th</sup> Sept).

**US' NFP surprised on the downside, solidifying rate cut bets**

- August non-farm payroll (NFP) came in softer than expected, rising a mere 22k vs 75k consensus and 79k the prior month. There were 21k downward revisions to the past two months. Unemployment ticked up to 4.3% from 4.2% previously as expected, while average hours worked and hourly earnings held steady at 34.2 hours and 0.3% m/m respectively. Details showed job gain in health care was partially offset by losses in federal government and in mining, quarrying, and oil and gas extraction.

**Eurozone's 2Q GDP and employment growth left unchanged at +0.1% q/q**

- The final GDP and employment growth was left unchanged at 0.1% q/q in 2Q (1Q GDP: 0.6% q/q; 1Q employment: 0.2% q/q). The slight economic growth in 2Q was driven by inventories as well as government and household spending and amongst its economies, Denmark led Europe's growth while Germany and Italy contracted.

**UK's retail sales beat expectations in July; downward revisions in 1H numbers due to error**

- Retail sales rose at a faster pace than expected by 0.6% m/m in July, following a downwardly revised 0.3% m/m gain recorded in June. Growth was broad-based and partly attributed to warm weather and sporting events, but the overall picture was less rosy with the release accompanied by downward revisions to past data due to error in seasonal adjustment. As a result of the changes, retail sales growth was lower in the 1H at 1.1% as compared to its initial estimate of 1.7%.

### **Firm wage growth for Japan supports rate hike bets**

- Labor cash earnings came in stronger than expected and at its fastest clip in 7 months in July (4.1% y/y vs 3.1% y/y), while real wages also rose for the first time this year at 0.5% y/y (prior: -0.8% y/y). Separate reports also showed that household spending rose for the third month at 1.4% y/y (prior: 1.3% y/y) and the leading index beat expectations at 105.9, a pick-up from 105.1 previously. As it is, the firm wage growth not only reflects summer growth bonuses but also pay hikes from the annual wage negotiations, bolstering expectations for more rate hikes going forward (in house expectations: +25bps in 1Q of 2026).
- Further cementing our view is the upward revision to 2Q GDP data this morning to annualised 2.2% q/q (1Q: +0.6% q/q), underpinned by private consumption as well as net exports.

### **Singapore's retail sales doubled consensus forecast on discretionary and non-discretionary spending**

- Retail sales doubled consensus forecast at 4.8% y/y in July, picking up from June's 2.4% y/y. Growth was broad based, with discretionary spending on computer & telecommunications equipment and watches & jewellery likely boosted by positive wealth effects from the equity markets and falling interest rates easing cash flow pressure, while CDC vouchers drove spending at supermarkets & hypermarkets.

### **Solid economic data from Vietnam; likely to slow in 2H**

- Although below expectations and a deceleration from prior month's 16.0% y/y, Vietnam's exports remained sturdy at 14.5% y/y in August, the first trade figures since the tariff of 20% US tariffs took effect. Still, Vietnam's manufacturing sector accelerated during the month, with IPI growth accelerating to 8.9% y/y (prior: 8.5% y/y) led by manufacturing sector (9.5% y/y vs 9.3% y/y), while on the consumer front, retail sales also grew by 10.6% y/y (prior: 9.2% y/y). CPI held steady at 3.2% y/y, well below the government's cap of 4.5-5.0%.
- In a recent cabinet meeting, Prime Minister Pham Minh Chinh warned that domestic consumption, exports and public investment have shown signs of slowing and warned of rising pressure on inflation rate, adding that his target growth rate of 8.0% is a difficult one. The official target of 6.5-7.5% remains attainable, in our opinion.

### **House View and Forecasts**

<b>FX</b>	<b>This Week</b>	<b>3Q-25</b>	<b>4Q-25</b>	<b>1Q-26</b>	<b>2Q-26</b>
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	7.11-7.16	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
8-Sep	JN Eco Watchers Survey Outlook SA (Aug)	47.3
	EC Sentix Investor Confidence (Sep)	-3.7
	US NY Fed 1-Yr Inflation Expectations (Aug)	3.09%
	CH Exports YoY (Aug)	7.20%
9-Sep	US Consumer Credit (Jul)	\$7.371b
	AU Westpac Consumer Conf SA MoM (Sep)	5.70%
	AU NAB Business Confidence (Aug)	7
	MA Foreign Reserves	\$122.0b
	US NFIB Small Business Optimism (Aug)	100.3
9-15 Sep	CH New Yuan Loans CNY YTD (Aug)	12870.0b

Source: Bloomberg

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