

10 October 2025

## Global Markets Research

### Daily Market Highlights

## 10 Oct: All eyes on Belanjawan 2026

**MOF expected to rein in its fiscal deficit in line with 13MP; MYR closed just below flatline**  
**Risk-off sentiments in Wall Street; US stocks tumbled; DXY gained; USTs little changed**  
**Takaichi offered verbal support for JPY; Macron set to name new Prime Minister today**

- Wall Street saw a pull-back in risky assets, with investors either taking profit after the recent sharp rally in stocks or turning jittery over the stretched valuation and as the US government shutdown drags into the second week, disrupting businesses and delaying key economic releases crucial to Fed's policy decision. Led by the 30-stock Dow, the 3 major equity indices closed the day 0.1-0.5% d/d lower. With the exception of consumer staples, all sectors closed in red. Stoxx Eur 600 also tumbled 0.4% d/d pulled back by banking and auto stocks. Asian markets closed mostly in green but are poised to retreat today taking the cue from futures.
- Treasuries closed little changed in the absence of economic drivers, and yields closed the day higher between 1-2bps. The benchmark 2Y yield closed the day at 3.59%, and the 10Y at 4.14%. Led by Norwegian bonds, 10Y European bond yields were up 1-4bps.
- In the forex space, the Dollar extended its gains against all G10 peers, and DXY closed up 0.6% d/d to 99.54. The selling in USD/JPY (-0.3% d/d to 153.07) continued, but narrowed after Takaichi said that she wasn't in favour of an excessively weak currency. EUR weakened 0.6% d/d to 1.1564 even after French President Macron said that he will name a new Prime Minister by Friday evening.
- Asian currencies traded mixed against greenback, with SGD and MYR depreciating between 0-0.3% d/d to 1.2997 and 4.2170, the latter ahead of the tabling of Budget 2026 today. As it is, expectations are that the MOF will remain committed to rein in its fiscal shortfall, moving towards its 13MP target of below 3% by 2030.
- Crude oil prices edged lower after Israel and Hamas signed an agreement to cease fire in Gaza, easing geopolitical tension. Brent fell 1.6% d/d to \$65.22/barrel and the WTI lost 1.7% d/d to \$61.51.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	46,358.42	-0.52
S&P 500	6,735.11	-0.28
NASDAQ	23,024.63	-0.08
Stoxx Eur 600	571.31	-0.43
FTSE 100	9,509.40	-0.41
Nikkei 225	48,580.44	1.77
CSI 300	4,709.48	1.48
Hang Seng	26,752.59	-0.29
Straits Times	4,440.50	-0.35
KLCI 30	1,629.67	0.13
<b>FX</b>		
Dollar Index	99.54	0.63
EUR/USD	1.1564	-0.55
GBP/USD	1.3304	-0.75
USD/JPY	153.07	0.25
AUD/USD	0.6556	-0.46
USD/CNH	7.1381	-0.17
USD/MYR	4.2170	0.04
USD/SGD	1.2997	0.31
USD/KHR	4,017.25	0.08
USD/THB	32.59	0.17
<b>Commodities</b>		
WTI (\$/bbl)	61.51	-1.66
Brent (\$/bbl)	65.22	-1.55
Gold (\$/oz)	3,946.30	-2.40
Copper (\$/MT)	10,867.50	1.86
Aluminum(\$/MT)	2,798.50	1.63
CPO (RM/tonne)	4,450.50	1.02

Source: Bloomberg, HLBB Global Markets Research  
 \* Closing as of 8 Oct for CPO

### Australia's inflation expectations accelerated again

- Consumer inflation expectations accelerated for the second month to 4.8% in October (prior: 4.7% y/y). Accordingly, inflation expectations have increased materially in the past two months, but the presence of large m/m changes suggest differences over the short-term path of inflation. Expected wage growth also picked up although it remains close to its long-term average.

### Rice prices to drive Japan's prices up

- Producer prices (PPI) were higher than expected, holding steady at 2.7% y/y. Prices were nonetheless 0.3% m/m higher (prior: -0.2% m/m) with prices for agriculture, forestry & fishery products largely driving up prices, followed by non-ferrous metals. As it is, prices for rice have and is expected to keep CPI elevated, and as such, no change in our view that the BOJ will continue with its hiking cycle in 2026.

### House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DX	96.50-99.25	96.45	95.57	94.24	92.99
EUR/USD	1.15-1.19	1.19	1.20	1.22	1.24
GBP/USD	1.32-1.36	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	145-149	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	7.10-7.15	7.08	7.06	6.99	6.94
USD/MYR	4.18-4.23	4.20	4.15	4.10	4.10
USD/SGD	1.27-1.30	1.28	1.26	1.24	1.23
USD/THB	31.55-33.10	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	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
10-Oct	MA Industrial Production YoY (Aug)	4.20%
	MA Manufacturing Sales Value YoY (Aug)	3.50%
	US U. of Mich. Sentiment (Oct P)	55.1
13-Oct	CH Exports YoY (Sep)	4.40%

Source: Bloomberg

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

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