

15 October 2025

Global Markets Research

Daily Market Highlights

15 Oct: IMF upgraded 2025 global growth forecast to 3.2%

Growth remains subdued at this level; inflation to ease but stay above target for the US
Powell signals more rate cuts and plans to end balance sheet run off in coming months
RBA: Policy rate is still a little restrictive; will be watching out for upcoming CPI data

- Trade tension between US and China sent stocks on another wild ride. Stocks slid at the open after China imposed sanctions on Hanwha Ocean's US subsidiaries, before paring losses after an US official said that trade tension between the two economies would ease. Stocks extended their gains after Fed Chair Jerome Powell signalled that the central bank is on track to lower rates amid low pace of hiring, but pulled back sharply at close after a social media warning by President Trump that the US is considering retaliating against China for not buying US soybean. At the end, the S&P 500 closed down 0.2% d/d, while Nasdaq tumbled 0.8% d/d. Dow was the outlier and gained 0.4% d/d.
- Equity markets in Europe and Asia also closed mostly in red, with Stoxx Eur 600 losing 0.4% d/d, while Nikkei 225 and Hang Seng fell 2.6% d/d and 1.7% d/d.
- In the bond space, haven buying and dovish tone by Powell saw Fed fund futures pricing near certainty of a quarter point cut in both the October and December FOMC meetings, sending the 2Y UST yield closing 2bps lower at 3.48%, while the 10Y yield closed flattish at 4.03%. In the UK, BOE's Andrew Bailey warning of the economy running below potential and a softening jobs market sent yields to 2Y and 10Y gilts falling 5-6bps to 3.89% and 4.59%.
- In the forex space, the DXY fell 0.2% d/d to 99.05 following Powell's comment and his signal that the Fed may stop shrinking its balance sheet in the coming months. G10 currencies closed mixed against the Dollar, with haven CHF (0.4% d/d) and JPY (0.3% d/d to 151.84) outperforming, while AUD (-0.5% d/d to 0.6486) and GBP (-0.1% d/d to 1.3320) underperformed, the latter weighed down by its disappointing labour data.
- Regionally, TWD (-0.3% d/d) and KRW (-0.2% d/d) led Asian FX losses amid trade jittery, while MYR weakened at a milder pace of 0.1% d/d to 4.2310. SGD was one of the outliers and closed just above its flatline at 1.2984 after MAS maintained its policy stance and after its advanced 3Q GDP beat.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,270.46	0.44
S&P 500	6,644.31	-0.16
NASDAQ	22,521.70	-0.76
Stoxx Eur 600	564.54	-0.37
FTSE 100	9,452.77	0.10
Nikkei 225	46,847.32	-2.58
CSI 300	4,539.06	-1.20
Hang Seng	25,441.35	-1.73
Straits Times	4,354.52	-0.80
KLCI 30	1,611.46	-0.23
FX		
Dollar Index	99.05	-0.22
EUR/USD	1.1607	0.32
GBP/USD	1.3320	-0.10
USD/JPY	151.84	-0.29
AUD/USD	0.6486	-0.45
USD/CNH	7.1402	0.03
USD/MYR	4.2310	0.08
USD/SGD	1.2984	-0.02
USD/KHR	4,022.10	0.07
USD/THB	32.79	0.22
Commodities		
WTI (\$/bbl)	58.70	-1.33
Brent (\$/bbl)	62.39	-1.47
Gold (\$/oz)	4,138.70	0.73
Copper (\$/MT)	10,578.00	-2.24
Aluminum(\$/MT)	2,737.50	-0.92
CPO (RM/tonne)	4,415.00	-2.01

Source: Bloomberg, HLBB Global Markets Research
 * Closing as of 13 Oct for CPO

- In the commodity space, trade jitters sent crude oil prices dropping 1.3-1.5% d/d and gold rallying another 0.7% d/d to close above \$4,100/oz. The WTI and Brent closed the day at \$58.70/barrel and \$62.39/barrel, with an added dampener by an International Energy Agency Report that increased its estimate of a supply glut.

A still tight labour market, higher than expected inflation rate drove RBA's decision to maintain status quo in September

- Key highlights to the minutes to RBA's latest monetary policy meeting include: 1) The decision to maintain rate at 3.60% was due to a still tight labour market with no signals of material change, and an inflation rate that may be higher than what RBA had anticipated. 2) As such and with the RBA still maintaining a cautious and data dependent approach, the quarterly CPI print on October 29 will be crucial, in our opinion, for the RBA to decide its next course of action on November 4th. 3) Monetary policy was probably still a little restrictive, but the extent of this was difficult to determine and it would be some time before the full effect of the easing to flow through the economy. With this, there is no immediate need for the central bank to lower rate in the September meeting and the **OIS is pencilling the next rate cut only in the February RBA meeting, a shade later than ours at 4Q.**
- The NAB business confidence improved to 7 in September (Aug: 4) while business conditions held steady at 8 in September. Data this morning showed that the decline in the leading index narrowed to -0.03% m/m from -0.08% m/m previously. All in, these suggest that the business outlook has become more positive albeit still at moderate levels in recent months, consistent with a better tone to official economic data of late.

IMF upgraded its global growth forecast modestly; overall growth remains subdued

- Key highlights from the latest World Economic Outlook by the IMF include: 1) Global growth is projected to slow from 3.3% in 2024 to 3.2% in 2025 (+0.2ppts) and to 3.1% (no change) in 2026. While this is an upgrade from its July's estimate, it remains cumulatively 0.2ppts lower before the policy shifts as compared to the October 2024 outlook. 2) Risks remained tilted to the downside given the prolonged environment of policy uncertainty, risks of further escalation of protectionist measures, larger-than-expected shocks to labor supply, fiscal and financial market vulnerabilities, an abrupt repricing of tech stocks, pressure on the independence banks and commodity price spikes. 3) Global inflation is expected to ease from 5.8% in 2024 to 4.2% in 2025 (no change) and 3.7% (+0.1ppts) in 2026,

although above target for the US (and with upside risks) and subdued elsewhere.

US' small business optimism declined

- The NFIB Small Business Optimism Index declined for the first time in 3 months and by more than expected to 98.8 in September (prior: 100.8) amid concerns over rising inflationary pressures, slower sales expectations, and ongoing labor market challenges. The index at this level, nonetheless, is still above its long-term average of 98, suggesting a still healthy confidence for now.

Investor sentiment declined in the EU, improved for Germany

- Driven by the budget dispute in France, the ZEW expectations index fell 3.4 points to 22.7 in October. In contrast, the expectations index for Germany, the largest economy within the bloc increased slightly to 39.3 on hopes that the fiscal stimulus could pull the country out of its malaise.

Softer labour market and wage growth for the UK

- Overall not favourable labour data from the UK. Matching expectations, payrolled employees fell 10k in September after an upwardly revised 10k increase in August, but it eased more than expected to 91k for the 3 months ended August from 232k previously. In tandem with this, unemployment rate unexpectedly inched up 0.1ppts to 4.8%, while weekly earnings ex bonus eased to 4.7% y/y from 4.8% y/y previously.
- The job market has shown signs of softening even before the budget, likely to fuel a debate whether higher inflation will take precedence over growth in BOE's policy decision later this quarter. As it is, market is pencilling no cuts in 4Q while we are expecting another 25bps cut by end-year.

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DXY	99-101	96.45	95.57	94.24	92.99
EUR/USD	1.14-1.17	1.19	1.20	1.22	1.24
GBP/USD	1.31-1.35	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	150-155	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	4.19-4.25	4.20	4.15	4.10	4.10
USD/SGD	1.28-1.32	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
15-Oct	CH PPI YoY (Sep)	-2.90%
	CH CPI YoY (Sep)	-0.40%
	EC Industrial Production SA MoM (Aug)	0.30%
	US MBA Mortgage Applications	-4.7%
	US Empire Manufacturing (Oct)	-8.7
	US Real Avg Weekly Earnings YoY (Sep)**	0.40%
	US Fed Releases Beige Book	
16-Oct	JN Core Machine Orders MoM (Aug)	-4.60%
	AU Employment Change (Sep)	-5.4k
	AU Unemployment Rate (Sep)	4.20%
	UK Monthly GDP (MoM) (Aug)	0.00%
	EC Trade Balance SA (Aug)	5.3b
	US Retail Sales Advance MoM (Sep)**	0.60%
	US PPI Final Demand YoY (Sep)**	2.60%
	US New York Fed Services Business Activity (Oct)	-19.4
	US Philadelphia Fed Business Outlook (Oct)	23.2
	US Initial Jobless Claims (**)	218k
	US NAHB Housing Market Index (Oct)	32

Source: Bloomberg

** Releases likely delayed by the US government shutdown

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