

16 December 2025

## Global Markets Research

### Daily Market Highlights

## 16 Dec: All eyes on US NFP and PMIs for the majors

**Jittery over AI boom weighed on stocks; small gains for USTs ahead of NFP**

**DXY fell; JPY outperformed on expectations of a BOJ rate hike end week**

**Broad data miss for China; softer retail sales post trade-in initiatives**

- Wall Street closed mixed to kick off the last full trading week of 2025. In the equity space, jittery over the AI boom saw traders dumping tech stocks for another day and loading up on healthcare and consumer discretionary stocks. The S&P 500 lost 0.2% d/d, while the Dow and Nasdaq slipped 0.1% d/d and 0.6% d/d.
- Elsewhere, Stoxx Eur 600 ended the session 0.7% d/d higher at the start of a busy week for Europe's central banks. Asian bourses closed mixed and are set for muted trading today ahead of key US economic prints as well the preliminary December PMIs for the majors.
- In the bond space, treasuries recorded small gains with the front-end outperforming modestly. The benchmark 2Y yield fell 2bps to 3.50%, the 10Y slid 1bps to 4.17%, but the 30Y closed just above its flatline at 4.85%. Save for the Danish bond, 10Y European bond yields were down 0-3bps.
- In the FX space, the DXY (-0.1% d/d to 98.31) traded weaker as traders await the US payrolls data, while JPY (0.4% d/d to 155.23) outperformed peers within G10 with market pricing in a rate hike by the BOJ later this week. The EUR and GBP appreciated 0-0.1% d/d to 1.1753 and 1.3376 ahead of their monetary policy decisions later in the week, where a status quo is expected from the ECB and a 25bps rate cut is expected from the BOE.
- On the regional front, MYR, SGD and CNH strengthened between 0.1-0.2% d/d to 4.0925, 1.2895 and 7.0433, the latter after a weak slew of November's data from China that heightened downside growth risks.
- In the commodity space, glut concerns continue to eclipse supply disruptions from the US-Venezuelan tension, sending Brent down 0.9% d/d to \$60.56/barrel and the WTI sliding 1.1% d/d to \$56.82/barrel.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	48,416.56	-0.09
S&P 500	6,816.51	-0.16
NASDAQ	23,057.41	-0.59
Stoxx Eur 600	582.54	0.74
FTSE 100	9,751.31	1.06
Nikkei 225	50,168.11	-1.31
CSI 300	4,552.06	-0.63
Hang Seng	25,628.88	-1.34
Straits Times	4,589.17	0.06
KLCI 30	1,643.72	0.36
<b>FX</b>		
Dollar Index	98.31	-0.09
EUR/USD	1.1753	0.11
GBP/USD	1.3376	0.04
USD/JPY	155.23	-0.37
AUD/USD	0.6641	-0.17
USD/CNH	7.0433	-0.14
USD/MYR	4.0925	-0.11
USD/SGD	1.2895	-0.18
USD/KHR	4,007.00	0.01
USD/THB	31.43	-0.51
<b>Commodities</b>		
WTI (\$/bbl)	56.82	-1.08
Brent (\$/bbl)	60.56	-0.92
Gold (\$/oz)	4,306.70	0.15
Copper (\$/MT)	11,655.50	1.22
Aluminum(\$/MT)	2,866.00	-0.09
CPO (RM/tonne)	4,009.50	-0.84

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 12 Dec for CPO

### **US builders' confidence improved marginally; business activity in the New York region fell**

- Builders' confidence for newly built single-family homes rose 1ppts to 39 in December. The result matched consensus forecast, but details suggest a less rosy picture ahead with 40% of builders reporting cutting prices in December. This marks the second consecutive month the share has been at 40% or higher since May 2020.
- Business activity was worse than expected in the New York district, as observed by the Empire State Manufacturing index plunging 23ppts to -3.9 on December. Firms were nonetheless increasingly optimistic and expect conditions to improve in the months ahead.

### **Eurozone's industrial sector showed signs of gaining momentum**

- Matching expectations, industrial production (IPI) saw growth accelerating to 0.8% m/m in October from 0.2% m/m previously. While structural headwinds remain, the recovery, coupled with added impetus from Germany's defence and infrastructure plans reinforce our view that no further cuts are expected from the ECB. The acceleration in output was broad-based and notably for capital and consumer goods.

### **Australia's PMI fell to its lowest in seven months**

- According to the composite PMI (51.1 in Dec vs 52.6 in Nov), business activity continued to rise in the final month of 2025 but the latest reading was the lowest in seven months and below long-term trend. The services sector (51.0 vs 52.8) softened, while manufacturing (52.2 vs 51.6) improved slightly. While the deceleration is a concern, it is also encouraging that headline new orders continued to increase at a solid pace, accompanied by rising business confidence in December. Moreover, job creation was sustained at quicker rates across both the manufacturing and service sectors.
- On another negative note, the Westpac consumer confidence fell 9.0% m/m in December after surging 12.8% m/m the previous month. This marks its largest drop in 5 years, not boding well for consumption outlook ahead.

### **China's November data disappoint; retail sales way below forecasts**

- Economic momentum continues to weaken in November, with key economic data broadly disappointed. Notably, retail sales unexpectedly slowed to 1.3% y/y in from 2.9% y/y, its weakest growth since 2022 and likely reflect payback effects from the consumer trade in programme.

- Fixed asset in investment (FAI) fell 2.6% y/y YTD, once again underperforming expectations. Within manufacturing, industrial modernisation saw high-tech industries like ship, aeroplane and car manufacturing recording double-digit growth while spare capacity at traditional sectors saw overall manufacturing investment still soft at 1.9% YTD.
- The housing sector (property investment: below forecast at -15.9% YTD, new and used homes prices: -0.4% m/m and -0.7% m/m in Nov)) also slumped further, underlining growing risks to the economy.
- On the positive side, industrial output, although below street estimate, was just a shade softer at 4.8% y/y (prior: 4.9% y/y) amid outperformance from usual suspects like industrial robots and semiconductors.

### House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	97-100	97.33	95.92	94.52	93.15
EUR/USD	1.16-1.19	1.17	1.19	1.21	1.23
GBP/USD	1.32-1.36	1.32	1.34	1.35	1.37
USD/CHF	0.79-0.82	0.80	0.79	0.78	0.77
USD/JPY	153-158	151	148	145	142
AUD/USD	0.65-0.68	0.66	0.67	0.68	0.68
NZD/USD	0.55-0.59	0.57	0.57	0.58	0.59
USD/CNY	7.05-7.09	7.03	6.94	6.86	6.77
USD/MYR	4.08-4.14	4.12	4.08	4.05	4.05
USD/SGD	1.28-1.31	1.28	1.26	1.25	1.24
USD/THB	31.93-32.67	32.30	32.20	32.10	32.00

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
EUR/MYR	4.8096	4.83	4.86	4.89	4.97
GBP/MYR	5.4788	5.44	5.45	5.48	5.55
AUD/MYR	2.7209	2.72	2.73	2.74	2.77
CNY/MYR	0.5807	0.59	0.59	0.59	0.60
SGD/MYR	3.1767	3.21	3.23	3.24	3.27

Rates, %	Current	1Q26	2Q26	3Q26	4Q26
Fed	3.50-3.75	3.25-3.50	3.00-3.25	3.00-3.25	3.00-3.25
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.00	3.50	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.75	0.75	0.75	0.75
RBA	3.60	3.60	3.60	3.60	3.60
RBNZ	2.25	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
16-Dec	JN S&P Global Japan PMI Mfg (Dec P)	48.7
	JN S&P Global Japan PMI Services (Dec P)	53.2
	UK ILO Unemployment Rate 3Mths (Oct)	5.00%

	UK Payrolled Employees Monthly Change (Nov)	-32k
	HK Unemployment Rate SA (Nov)	3.80%
	EC HCOB Eurozone Manufacturing PMI (Dec P)	49.6
	EC HCOB Eurozone Services PMI (Dec P)	53.6
	UK S&P Global UK Services PMI (Dec P)	51.3
	UK S&P Global UK Manufacturing PMI (Dec P)	50.2
	EC ZEW Survey Expectations (Dec)	25
	EC Trade Balance SA (Oct)	18.7b
	US Change in Nonfarm Payrolls (Nov)	119k
	US Unemployment Rate (Nov)	4.40%
	US Retail Sales Advance MoM (Oct)	0.20%
	US New York Fed Services Business Activity (Dec)	-21.7
	US S&P Global US Manufacturing PMI (Dec P)	52.2
	US S&P Global US Services PMI (Dec P)	54.1
17-Dec	AU Westpac Leading Index MoM (Nov)	0.11%
	JN Exports YoY (Nov)	3.60%
	JN Core Machine Orders MoM (Oct)	4.20%
	SI Non-oil Domestic Exports YoY (Nov)	22.20%
	UK CPI Core YoY (Nov)	3.40%
	UK House Price Index YoY (Oct)	2.60%
	US MBA Mortgage Applications	4.80%

Source: Bloomberg

Note: Due to lapse in government services, US release dates are subject to change

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