

17 September 2025

## Global Markets Research

### Daily Market Highlights

## 17 Sept: Upbeat retail sales did little dent to rate cut odds

**US stocks shrugged off stronger than expected US data and fell ahead of FOMC meeting**

**US treasuries advanced; DXY softened for a 2<sup>nd</sup> straight day to its weakest in 2.5 months**

**All eyes on FOMC policy rhetoric; dot plot and economic projections today**

- US stocks ended Tuesday on a softer note as investors preferred to stay on the sideline ahead of the highly anticipated FOMC meeting, where a 25bps cut is a done deal in our view. The three major US equity indices were also seen consolidating after the rallies to fresh record highs recently, last settled the day 0.1-0.3% lower as at Tuesday's close, despite an upbeat retail sales data print that showed sales grow at triple the expected speed in August. That said, markets were unperturbed by the strong sales and IPI prints, with markets pricing for Fed rate cuts remaining little changed at 26bps for September and 68bps by December.
- Elsewhere, stocks also traded on a weaker note in Europe but mixed in Asia, and futures are pointing to a sluggish start in Asia trading this morning tracking overnight risk-off sentiments in Wall Street ahead of the FOMC event risk.
- US treasuries saw extended gains amid sustained expectations of a September Fed rate cut, further boosted by a solid 20-year bond sale. Overall benchmark yields fell 1-3bps with the front-end 2-year note yields falling 3bps to 3.50% while the longer end 10-year note yields shedding 1bp to 4.03% as at Tuesday's close. Over in Europe, major 10-year sovereign bond yields registered modest 0-1bps gain.
- The Dollar Index weakened for a 2<sup>nd</sup> straight day to 96.65 as at Tuesday's close, back to the 96s handle for the first time in ten weeks, as markets turned cautious ahead of the FOMC policy decisions. The USD was broadly sold off against all G10s, the most vs the CHF (+1.1% d/d). The EUR and GBP gained 0.9% to 1.1867 (4-year high) and 0.4% to 1.3647 on the day respectively, while commodity currencies like the CAD, AUD and NZD saw more modest gains of 0.2-0.3% d/d.
- Regional currencies also saw biddish trade overall, led by THB (+0.4% d/d). SGD strengthened 0.3% d/d to 1.2761 while the CNH advanced 0.2% d/d to 7.1046. The MYR last closed 0.4% d/d stronger at 4.2032 as of last Friday's close and we expect a trading range of 4.19-4.25 for the USD/MYR in this holiday-shortened week.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	45,757.90	-0.27
S&P 500	6,606.76	-0.13
NASDAQ	22,333.96	-0.07
Stoxx Eur 600	550.79	-1.14
FTSE 100	9,195.66	-0.88
Nikkei 225	44,902.27	0.30
CSI 300	4,523.34	-0.21
Hang Seng	26,438.51	-0.03
Straits Times	4,337.74	-0.02
KLCI 30	1,600.13	1.09
<b>FX</b>		
Dollar Index	96.65	-0.70
EUR/USD	1.1867	0.90
GBP/USD	1.3647	0.35
USD/JPY	146.48	-0.62
AUD/USD	0.6685	0.24
USD/CNH	7.1046	-0.20
USD/MYR	4.2032	-0.40
USD/SGD	1.2761	-0.34
USD/KHR	4,003.50	-0.03
USD/THB	31.68	-0.35
<b>Commodities</b>		
WTI (\$/bbl)	64.55	2.01
Brent (\$/bbl)	68.49	1.51
Gold (\$/oz)	3,697.70	0.21
Copper (\$/MT)	10,117.00	-0.71
Aluminum(\$/MT)	2,712.00	0.28
CPO (RM/tonne)	4,411.00	1.07

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 11 Sept for CPO; 12 Sept for KLCI and USD/MYR

- Oil prices jumped amid intensified tension in the Middle-east and Ukraine's strike on Russia's oil refinery, as well as a report showing bigger than expected decline in US crude inventories. The WTI rallied 2.0% d/d to \$64.55/ barrel while the Brent climbed 1.5% higher on the day to \$68.49/ barrel. Gold also rose to a fresh record above \$3700/ oz in intraday trading before narrowing gains to \$3697.70/ oz at close, up 0.2% on the day.

#### **Upside surprises in US retail sales and industrial production did little dent to rate cut odds**

- Retail sales surprised on the upside with a 0.6% m/m increase in August, sustaining the same growth pace in July (+0.6% upwardly revised), and defying expectations for a slower growth of 0.2% m/m. Retail sales ex-auto (+0.7% vs +0.4% m/m) and sales ex-auto and ex-gas (+0.7% vs +0.3% m/m) also signalled an equally robust picture on the consumer front, which is expected to shore up growth in 3Q.
- Industrial production also surprised on the upside, with growth unexpectedly rebounded to +0.1% m/m in August (Jul: -0.4% m/m downwardly revised), driven by higher production of auto vehicles, steel, pharmaceutical, and textiles, sectors which the Trump's tariff has been focusing on.
- Import prices increased at a faster than expected pace of 0.3% m/m in August (Jul: +0.2% m/m), and so is export prices (+0.3% vs +0.3% m/m). On a y/y basis, import prices were stagnant at 0.0% y/y after falling 0.6% y/y in July, while export prices jumped more than expected from 2.4% to 3.4% y/y in August. This suggests increases in inflationary pressure that will most likely be filtered through the system to producer prices and consumer prices in the months ahead.
- NAHB Housing Market Index held steady at recent lows of 32 in September, against expectation for a slight uptick to 33. Dimmer and uncertain growth outlook have kept a lid on current homebuilder sentiments and reduced prospective buyers traffic. On a less negative note, the improvement in the future index helped neutralize the falls.

#### **Improved ZEW expectations and industrial production in the Eurozone**

- ZEW survey showed expectations in the Eurozone ticked higher from 25.1 to 26.1 in September. Investors were less negative over short term interest rates and more upbeat on stock markets, and were hopeful of brighter growth outlook ahead, bouncing off the recent slump.
- Industrial production rebounded to increase 0.3% m/m in July (Jun: -0.6% upwardly revised), led by broad rebounds in capital, durable and non-durable consumer goods, as well as quicker increases in intermediate goods (+0.5% vs +0.1% m/m). This

more than offset a renewed decline in energy production (-2.9% vs +1.4% m/m). The better production number added to signs of recovery in the Eurozone economy, and reinforced our view for no further policy easing from the ECB.

### **Decent UK jobs data signalled some stabilization in the labour market**

- Latest job prints showed the UK labour market remains decent. Average weekly earnings ticked a notch higher to 4.7% y/y in the three months to July as expected (Jun: 4.6% y/y), while employment change tapered off much less than expected (232k vs 238k). ILO unemployment rate also held steady at 4.7%, also within expectations. Although the number of employees on payrolls continued to fall 8k in July, the decline was less than the expected 12k decline. This offered some comfort that the softening UK labour market could be stabilizing, and support the case for a BOE rate pause this week.

### **Disappointing first tier China data reiterated dimmer growth outlook in 2H2025**

- The series of weaker than expected first tier data out of China all added to signs of a sharp slowdown in broad economic activities for the month of August. We opine adverse fallout from more restrictive trade policies and uncertainties will continue to deepen and broaden, hence dampening growth outlook in the second half of the year.
- Retail sales unexpectedly posted slower growth of 3.4% y/y in August (Jul: 3.7% y/y) while industrial production growth tapered off more than expected to 5.2% y/y during the month (Jul: 5.7% y/y). Fixed asset investment also showed investment activities pulled back rather significantly (1.6% to 0.5% y/y). On the real estate front, the situation remains bleak with extended declines in both new and used home prices. YTD property investment also registered extended declines for 38 months (-12.9% vs -12.0% y/y) while residential property sales fell for the 23<sup>rd</sup> straight month and by a faster pace of 7.0% y/y YTD August, its biggest fall this year.

### **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>
DX	96-99	98.32	96.29	94.99	93.77
EUR/USD	1.16-1.19	1.16	1.19	1.20	1.22
GBP/USD	1.34-1.37	1.36	1.38	1.39	1.40
USD/CHF	0.78-0.82	0.81	0.80	0.79	0.78
USD/JPY	144-150	147	144	140	137
AUD/USD	0.65-0.68	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	32.00-32.55	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
17-Sept	JN Exports YoY (Aug)	-2.60%
	AU Westpac Leading Index MoM (Aug)	0.14%
	SI Non-oil Domestic Exports YoY (Aug)	-4.60%
	UK CPI Core YoY (Aug)	3.80%
	EC CPI Core YoY (Aug F)	2.30%
	US MBA Mortgage Applications	9.20%
	US Housing Starts MoM (Aug)	5.20%
18-Sept	US Building Permits MoM (Aug P)	-2.20%
	US FOMC Rate Decision (Upper Bound)	4.50%
	US FOMC Rate Decision (Lower Bound)	4.25%
	AU Employment Change (Aug)	24.5k
	AU Unemployment Rate (Aug)	4.20%
	UK Bank of England Bank Rate	4.00%
	US Initial Jobless Claims	263k
	US Philadelphia Fed Business Outlook (Sep)	-0.3
	US Leading Index (Aug)	-0.10%

Source: Bloomberg

## Hong Leong Bank Berhad

Fixed Income & Economic Research,  
Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936

[HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.