17 October 2025

Global Markets Research

Daily Market Highlights

17 Oct: Risk-off amid US regional bank worries

Regional bank stresses dragged on US stocks & USD; traders snapped up USTs & gold

Fed regional economic data weakened sharply; mild 0.1% growth for the UK in August

Australia's jobless rate jumped to its 4Y high; Malaysia's advanced 3Q GDP in focus today

- Haven bid returned to Wall Street as fresh bank loans concerns at two US regional banks stirred concerns over credit quality in the economy. The regional bank stresses not only dragged on the Dollar and the equity markets, but saw investors snapping up treasuries and gold (2.5% d/d to $4,280/oz).
- In the equity space, Zions and Western Alliance disclosing problems with loans involving allegations of fraud and/or borrowers facing legal actions saw KBW Banking index sliding more than 3% d/d and 3 major averages tumbling between 0.5-0.7% d/d.
- In the bond space, UST yields tumbled 4-7bps across the curve and the 2Y yield closed the day at 3.42%, while the 10Y dropped 5bps to 3.98%.
- In the forex space, the DXY dropped 0.5% d/d to 98.34 with the greenback weakening against most of its G10 peers. EUR strengthened 0.3% d/d 1.1687 against USD after its French Minister survived a no confidence vote, while AUD weakened 0.4% d/d to 0.6485 after traders bolstered rate cut bets following the jump in Australia's unemployment rate to its 4-year high.
- Similarly, most regional currencies strengthened against the Dollar led by safe JPY (0.4% d/d to 150.43). SGD and MYR appreciated at a narrower pace of 0.1-0.2% d/d to 4.2285 and 1.2939 respectively.
- In the commodity space, crude oil prices fell in tune to 1.4% d/d as a potential Trump-Putin meeting to discuss ending the war eased supply fears. The WTI closed the day at $57.46/barrel and Brent at $61.06/barrel.

Fed regional indices saw marked declines; builders' confidence improved

- Regional indices suggest that economic activities declined substantially in October. The Philadelphia Fed Business Outlook index pulled back more than expected to -12.8 from 23.2 previously, while the New York Fed Services Business

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	45,952.24	-0.65
S&P 500	6,629.07	-0.63
NASDAQ	22,562.54	-0.47
Stoxx Eur 600	571.66	0.69
FTSE 100	9,436.09	0.12
Nikkei 225	48,277.74	1.27
CSI 300	4,618.42	0.26
Hang Seng	25,888.51	-0.09
Straits Times	4,356.20	-0.28
KLCI 30	1,612.29	0.05
FX		
Dollar Index	98.34	-0.46
EUR/USD	1.1687	0.34
GBP/USD	1.3434	0.23
USD/JPY	150.43	-0.41
AUD/USD	0.6485	-0.43
USD/CNH	7.1249	-0.07
USD/MYR	4.2285	-0.07
USD/SGD	1.2939	-0.19
USD/KHR	4,024.50	0.09
USD/THB	32.55	0.00
Commodities		
WTI ($/bbl)	57.46	-1.39
Brent ($/bbl)	61.06	-1.37
Gold ($/oz)	4,280.20	2.47
Copper ($/MT)	10,647.00	0.06
Aluminum($/MT)	2,788.50	1.55
CPO (RM/tonne)	4,411.50	0.17

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 15 Oct for CPO*

Activity index also worsened to -23.6 from -19.4. Future indicators were nonetheless mixed, with widespread expectations for manufacturing sector growth for the Philly, but pessimism for services in the New York region.

- The Housing Market Index beat expectations at 37 in October, up 5 points m/m and its highest since April. Despite grappling with market and macroeconomic uncertainty, builder sentiment clearly posted a solid gain as future sales expectations surpassed the 50-point breakeven mark for the first time since last January, a positive sign that single-family housing starts to gain ground next year.

Eurozone's trade balanced widened

- Trade balance widened more than expected to €9.7bn in August from €6.0bn in the previous month as the decline in imports outpaced exports at -2.4% m/m and -0.8% m/m previously. Available data nonetheless showed that trade balance against the US narrowed, with exports continuing to fall post the tariff hikes.

UK's economy grew a modest 0.1% in August as the factory sector recovers

- Driven by the manufacturing sector (0.7% m/m vs -1.1% m/m), August's GDP growth matched forecasts and rebounded to 0.1% m/m after contracting 0.1% m/m previously. Services showed no growth for two consecutive months, while construction tumbled 0.3% m/m after stagnating previously. Within manufacturing, 8 of the 13 industries increased, notably for pharmaceutical products, machinery & equipment, basic metals & metal products as well as chemicals & chemical products.
- With the economy growing by 0.3% in the 3-months ended August, this suggests that the UK is on course for some growth in 3Q unless GDP growth drops by 0.5% or more in the month of September.

Australia's unemployment rate unexpectedly crept up to its highest since 2021

- Unemployment rate unexpectedly crept up 0.2ppts to 4.5% in September, its highest since November 2021. With employment growth also clearly slowing as compared to 1H of the year, our base remains that the central bank will likely deliver another quarter point in its policy rate in the last quarter of 2025.

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

FX	Last close	4Q-25	1Q-26	2Q-26	3Q-26
EUR/MYR	4.93	5.00	4.99	5.00	5.08
GBP/MYR	5.68	5.71	5.67	5.64	5.68
AUD/MYR	2.75	2.80	2.79	2.77	2.80
CNY/MYR	0.59	0.59	0.59	0.59	0.59
SGD/MYR	3.26	3.28	3.29	3.30	3.33

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
17-Oct	SI Non-oil Domestic Exports YoY (Sep)	-11.30%
	MA GDP YoY (3Q A)	4.40%
	US Housing Starts MoM (Sep)**	-8.50%
	US Building Permits MoM (Sep P) **	-2.30%
	US Import Price Index YoY (Sep) **	0.00%
	US Industrial Production MoM (Sep)	0.10%
20-Oct	CH 1-Year Loan Prime Rate	3.00%
	CH 5-Year Loan Prime Rate	3.50%
	CH New Home Prices MoM (Sep)	-0.30%
	CH Used Home Prices MoM (Sep)	-0.58%
	CH GDP YoY (3Q)	5.20%
	CH Retail Sales YTD YoY (Sep)	4.60%
	CH Industrial Production YoY (Sep)	5.20%
	CH Fixed Assets Ex Rural YTD YoY (Sep)	0.50%
	CH Surveyed Jobless Rate (Sep)	5.30%
	HK Unemployment Rate SA (Sep)	3.70%
	EC Construction Output MoM (Aug)	0.50%
	US Leading Index (Sep)	-0.50%

Source: Bloomberg
*** Releases likely delayed by the US government shutdown*

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

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.