

17 December 2025

## Global Markets Research

### Daily Market Highlights

## 17 Dec: Cautious trading expected following mixed US NFP

**US stocks closed mixed; UST yields, DXY slightly lower post key labour data**

**Higher unemployment rate, softer wage growth keep Fed rate cut bets intact**

**Moderation in economic activities for all the majors save the UK**

- US stocks closed mixed, while trading in treasuries were choppy after the release of the November's non-farm payroll (NFP). In short, the data was mixed with the economy adding more than expected 64k jobs in November, but the pop in unemployment rate also left the door for further Fed rate cuts in 2026.
- In the bond space, treasury yields fell 1-4bps across the curve and the benchmark 2Y- and 10Y yields closed the day at 3.49% and 4.15%. Within the equity space, the Dow and S&P 500 tumbled 0.6% d/d and 0.2% d/d, with softer crude oil prices weighing on energy shares. Healthcare and real estate also slipped but tech stocks rebounded, closing the day in green and pushing Nasdaq up 0.2% d/d.
- The DXY tumbled to as low as 97.87 post NFP print, before paring its losses to close the day 0.2% d/d weaker at 98.15. JPY (0.3% d/d to 154.72) and GBP (0.4% d/d to 1.3423) outperformed G10 ahead of their respective policy decisions, while EUR depreciated 0.1% d/d to 1.1747.
- As it is, JPY will likely continue with its upward momentum today following the better-than-expected exports (6.1% y/y in Nov vs 3.6% y/y in Oct) and core machine orders (7.0% m/m in Oct vs 4.2% m/m) data from Japan this morning. Meanwhile, AUD closed 0.1% d/d weaker at 0.6632 and will likely be under further pressure after the Westpac leading index fell 0.04% m/m in November (Oct: 0.1% m/m).
- Regional currencies closed mixed against the greenback, but MYR and SGD traded 0-0.2% d/d stronger to end the day at 4.0860 and 1.2893 respectively.
- Crude oil prices tumbled nearly 3% d/d to their lowest since early 2021, as supply glut concerns continues to weigh on the market. WTI closed the day at \$55.27/barrel and the Brent at \$58.92/barrel.

#### Key Market Metrics

|                    | Level     | d/d (%) |
|--------------------|-----------|---------|
| <b>Equities</b>    |           |         |
| Dow Jones          | 48,114.26 | -0.62   |
| S&P 500            | 6,800.26  | -0.24   |
| NASDAQ             | 23,111.46 | 0.23    |
| Stoxx Eur 600      | 579.80    | -0.47   |
| FTSE 100           | 9,684.79  | -0.68   |
| Nikkei 225         | 49,383.29 | -1.56   |
| CSI 300            | 4,497.56  | -1.20   |
| Hang Seng          | 25,235.41 | -1.54   |
| Straits Times      | 4,579.73  | -0.21   |
| KLCI 30            | 1,648.31  | 0.28    |
| <b>FX</b>          |           |         |
| Dollar Index       | 98.15     | -0.17   |
| EUR/USD            | 1.1747    | -0.05   |
| GBP/USD            | 1.3423    | 0.35    |
| USD/JPY            | 154.72    | -0.33   |
| AUD/USD            | 0.6632    | -0.14   |
| USD/CNH            | 7.0363    | -0.10   |
| USD/MYR            | 4.0860    | -0.16   |
| USD/SGD            | 1.2893    | -0.02   |
| USD/KHR            | 4,011.00  | 0.10    |
| USD/THB            | 31.52     | 0.29    |
| <b>Commodities</b> |           |         |
| WTI (\$/bbl)       | 55.27     | -2.73   |
| Brent (\$/bbl)     | 58.92     | -2.71   |
| Gold (\$/oz)       | 4,304.50  | -0.05   |
| Copper (\$/MT)     | 11,592.00 | -0.54   |
| Aluminum(\$/MT)    | 2,876.50  | 0.37    |
| CPO (RM/tonne)     | 4,006.00  | -0.09   |

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 15 Dec for CPO

### **Broadly softer than expected PMIs for the majors, save the UK**

- US composite PMI fell more than expected to 53.0 in December from 54.2 previously. This marks its lowest since June, though continues to signal robust growth. Softer growth was broad-based with both the manufacturing (51.8 vs 52.2) and services (52.9 vs 54.1) sliding to its 5-month and 6-month lows. Rising costs also saw firms losing some confidence in the outlook and restricted hiring.
- For the Eurozone, headline PMI slowed more than expected to 51.9 from 52.8 previously amid a slight contraction in the manufacturing sector (49.2 vs 49.6) and weaker momentum in the service sector (52.6 vs 53.6). Business confidence also waned amid much weaker sentiment among service providers, which outweighed an improved outlook for manufacturing.
- The outlier was the UK, which saw the composite PMI improving more than expected to 52.1 from 51.2 previously amid faster growth for both the manufacturing (51.2 vs 50.2) and services (52.1 vs 51.3) sectors, partially buoyed by the post-Budget lifting of uncertainty. While the overall pace of output and demand growth remained lacklustre at the current levels, December also saw a modest recovery in business confidence for the year ahead
- Japan's private sector has a strong end to the year with its headline PMI at 51.5 (prior: 52.0). Details suggest fresh increase in overall new business and quickest staffing levels in over 1.5 years. Growth nonetheless remains centred on the services sector (52.5 vs 53.2), as manufacturing (49.7 vs 48.7) remains contractionary and businesses were less confident of growth over the course of 2026.

### **US jobs market continues to slow, keeping pressure for the Fed for more rate cuts**

- US non-farm payrolls rose more than expected by 64k in November, after falling 105k in October. In tandem with this, the unemployment rate is now 4.6% (Sep: 4.4%) while wage growth slowed more than expected to 3.5% y/y from 3.7% y/y previously. Details showed that 162k federal government job losses were the driver of the drop in October's jobs figure, while there were a further 6k losses in November. Stripping this, private sector is still adding jobs (52k in Oct and 69k in Nov), but these were focused on education, healthcare services and construction sectors. All in, with job gains slowing and unemployment rate on the rise, the doves within FOMC will continue to make the case for further interest rate cuts.
- Meanwhile, retail sales unexpectedly stagnated in October (prior: 0.1% m/m) but this largely reflected the pullback in auto sales on the back of the ending of EV incentive. Stripping auto sales and gasoline, sales rose 0.5% m/m after showing flat

growth the prior month and with 8 of the 13 categories showing monthly increases.

### Investors' expectations improved in the Eurozone

- ZEW Survey Expectations index rose 8.7ppts to 33.7 in December, while sentiment for Germany, its largest economy also climbed 7.3ppts to 45.8. While still fragile amid headwinds from persistent trade conflicts and geopolitical tensions, the latest surveys suggest that chances for a recovery for the bloc is good following 3 years of stagnation.
- On the trade front, goods trade surplus narrowed to €14.0bn in October from €18.0bn previously, as the contraction in exports outpaced import at 4.6% m/m and 3.3% m/m.

### Softer UK labour data and wage growth bolsters case for a BOE rate cut later in the week

- In our opinion, the latest broadly softer labour and wage data from the UK will likely swing BOE Governor Andrew Bailey to vote for a rate cut in the BOE policy meeting later this week. Looking further ahead, we see one more rate cut in 2026, with rates settling at 3.50%.
- Early estimates showed that the number of payrolled employees fell more than expected by 38k in November (prior: -22k) and in tandem with this, the unemployment rate climbed to its highest level in almost 5 years at 5.1% in October (prior: 5.0%). Wage growth also eased to 4.6% from 4.7% y/y, likely to alleviate concerns of sticky inflationary pressures.

### House View and Forecasts

| <b>FX</b> | <b>This Week</b>  | <b>1Q-26</b> | <b>2Q-26</b> | <b>3Q-26</b> | <b>4Q-26</b> |
|-----------|-------------------|--------------|--------------|--------------|--------------|
| 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        |
| <b>FX</b> | <b>Last close</b> | <b>1Q-26</b> | <b>2Q-26</b> | <b>3Q-26</b> | <b>4Q-26</b> |
| EUR/MYR   | 4.8030            | 4.83         | 4.86         | 4.89         | 4.97         |
| GBP/MYR   | 5.4795            | 5.44         | 5.45         | 5.48         | 5.55         |
| AUD/MYR   | 2.7109            | 2.72         | 2.73         | 2.74         | 2.77         |
| CNY/MYR   | 0.5802            | 0.59         | 0.59         | 0.59         | 0.60         |
| SGD/MYR   | 3.1674            | 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  |
|--------|---|--------|
| 17-Dec | 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%  |
| 18-Dec | UK Bank of England Bank Rate                        | 4.00%  |
|        | EC ECB Deposit Facility Rate                        | 2.00%  |
|        | US Initial Jobless Claims                           | 236k   |
|        | US BLS Will Not Publish Oct. All-Items and Core CPI |        |
|        | US Core CPI YoY (Nov)                               | 3.00%  |
|        | US Real Avg Weekly Earnings YoY (Nov)               | 0.70%  |
|        | US Philadelphia Fed Business Outlook (Dec)          | -1.7   |
|        | US Kansas City Fed Manf. Activity (Dec)             | 8      |

Source: Bloomberg

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

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