

18 December 2025

## Global Markets Research

### Daily Market Highlights

## 18 Dec: All eyes on the ECB and BOE today

**USTs pared losses, DXY pared early gains following dovish talk by Fed's Waller**

**Sharp drop in UK's CPI cements rate cut bets; GBP weakened**

**BOE expected to lower bank rate; status quo for the ECB; US CPI also on deck**

- A fresh fall in tech stocks dragged the 3 major US averages lower for the fourth day on Wednesday, while on the bond front, treasuries pared losses after Fed Governor Christopher Waller (under consideration to become next chair of the Fed) reiterated his dovish view, describing the labour market as very soft, adding that rates are up to 100bps above the neutral level.
- In the equity space, Nasdaq led losses amongst the major bourses at 1.8% d/d, while the S&P 500 and Dow slipped at a more marginal pace of 1.2% d/d and 0.5% d/d. Oracle shares notably plunged 5.4% d/d after Blue Owl Capital's plans to finance its Michigan data center fell through. Other stocks tied to the AI trade also fell in sympathy.
- In other markets, FTSE 100 (0.9% d/d) led gains in Europe with banking stocks reacting positively to the softer inflation numbers and in tandem, prospects of a rate cut by the BOE today. Asian markets closed mixed, but Nikkei 225, Hang Seng and CSI gained 0.3-1.8% d/d.
- Treasuries closed mixed with the benchmark 2Y yield closing just below its flatline at 3.48%, while the 10Y rose 1bps to 4.15%. Save the UK and Norwegian sovereign bonds, 10Y European bond yields rose 1-3bps.
- The DXY trimmed early gains following Waller's dovish comment. Still, the DXY closed the day 0.2% d/d higher at 98.37. GBP (-0.4% d/d to 1.3376) lagged behind most G10 peers after the slower inflation print cemented rate cut bets by the BOE. EUR depreciated 0.1% d/d to 1.1741 ahead of expectations that the ECB will maintain its policy rates unchanged later today, while JPY weakened 0.6% d/d to 155.69 despite consensus expectations that the BOJ will deliver a rate hike tomorrow. On the regional front, MYR and SGD weakened in tune to 0.1% d/d each to close the day at 4.0885 and 1.2911, the latter despite its NODX beat.
- Crude oil prices rebounded after President Donald Trump ramped up pressure on Venezuela and Russia, ordering a blockade of sanctioned tankers from entering/leaving the

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	47,885.97	-0.47
S&P 500	6,721.43	-1.16
NASDAQ	22,693.32	-1.81
Stoxx Eur 600	579.79	0.00
FTSE 100	9,774.32	0.92
Nikkei 225	49,512.28	0.26
CSI 300	4,579.88	1.83
Hang Seng	25,468.78	0.92
Straits Times	4,575.48	-0.09
KLCI 30	1,641.44	-0.42
<b>FX</b>		
Dollar Index	98.37	0.23
EUR/USD	1.1741	-0.05
GBP/USD	1.3376	-0.35
USD/JPY	155.69	0.63
AUD/USD	0.6605	-0.41
USD/CNH	7.0402	0.06
USD/MYR	4.0885	0.06
USD/SGD	1.2911	0.14
USD/KHR	4,008.50	-0.06
USD/THB	31.50	-0.07
<b>Commodities</b>		
WTI (\$/bbl)	55.94	1.21
Brent (\$/bbl)	59.68	1.29
Gold (\$/oz)	4,347.50	1.00
Copper (\$/MT)	11,737.00	1.25
Aluminum(\$/MT)	2,905.50	1.01
CPO (RM/tonne)	3,969.00	-0.92

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 16 Dec for CPO

country for the former and considering additional sanctions for the latter. The WTI and Brent jumped between 1.2-1.3% d/d to \$55.94/barrel and \$59.68/barrel.

### US mortgage applications fell as rates inched up

- Higher mortgage rates saw mortgage applications falling 3.8% w/w for the week ended December 12 (prior: 4.8% w/w). Both purchases and refinancing applications tumbled but with rates likely to drop further, this should lend some support for demand going forward.

### Sharp drop in UK's CPI greenlights a Christmas cut by the BOE

- Softer CPI is just the latest sign that price pressures have peaked, one that will likely give the BOE greenlight to lower its bank rate later today. Both headline and core CPI undershot forecasts at 3.2% y/y in November, easing from 3.6% y/y and 3.4% y/y recorded in the previous month. The downtick reflected downward contributions from 8 categories, notably food & non-alcoholic beverages and alcohol & tobacco, which more than offset a small uptick from communication. Services cost also eased 0.1ppts to 4.4% y/y and while December could see some push-ups due to airfares, the latest drop in inflation suggests that price pressures are cooling.

### Still sturdy demand for Singapore's exports

- Led by the volatile pharmaceutical products and supported by electronic products (13.1% y/y vs 33.1% y/y), Singapore's NODX beat expectations and stayed robust at 11.6% y/y in November. Although a moderation from 21.7% y/y, growth remains resilient at this level and amongst its top 10 markets, saw NODX to the US, EU and Taiwan powering ahead while shipment to China also grew, albeit a softer pace of 4.7% y/y.

### House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DX	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	4.7917	4.83	4.86	4.89	4.97

GBP/MYR	5.4482	5.44	5.45	5.48	5.55
AUD/MYR	2.7043	2.72	2.73	2.74	2.77
CNY/MYR	0.5804	0.59	0.59	0.59	0.60
SGD/MYR	3.1651	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
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
19-Dec	US Kansas City Fed Manf. Activity (Dec)	8
	JN Natl CPI Ex Fresh Food, Energy YoY (Nov)	3.10%
	UK GfK Consumer Confidence (Dec)	-19
	MA Exports YoY (Nov)	15.70%
	UK Retail Sales Inc Auto Fuel MoM (Nov)	-1.10%
	EC Consumer Confidence (Dec P)	-14.2
	US Existing Home Sales MoM (Nov)	1.20%
	US U. of Mich. Sentiment (Dec F)	53.3
	JN BOJ Target Rate	0.50%
	US Kansas City Fed Services Activity (Dec)	-7

Source: Bloomberg

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

## 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.