19 September 2025

Global Markets Research

Daily Market Highlights

19 Sept: Risk-on after Powell's risk-management cut

Treasury yields rose; US Dollar strengthened after the drop in initial jobless claims

BOE maintained Bank Rate at 4.00%; reiterated gradual and careful stance

Japan CPI eased ahead of BOJ's decision today; status quo expected

- Nvidia's $5bn investment in Intel added to a market rally overnight following FOMC's first rate cut for 2025. The S&P 500 closed up 0.5% d/d, while Nasdaq and the Dow added 0.9% d/d and 0.3% d/d respectively, all at record highs. All the three indices were driven by the tech sector following the Nvidia-Intel deal, which the companies said will focus on developing new products for the data center and laptop markets. Intel's stocks soared more than 20% d/d overnight, while Intel climbed more than 3.0% d/d.
- Elsewhere, European markets (Stoxx Eur 600: 0.8% d/d) closed in the green but Asian markets traded mixed after the FOMC lowered its benchmark rate as expected.
- In the bond space, treasuries erased gains after data showed that jobless claims dropped by the most in nearly four years, sending yields up in tune to 1-3bps across the curve. The benchmark 2Y yield rose 1ppt to 3.56%, while the 10Y increased 2bps to 4.10%. 10Y European bond yields closed up between 4-6bps,
- In the forex space, DXY rallied to its day's high of 97.60 after the initial jobless claims print, before paring some of its gains to close the day 0.5% d/d stronger at 97.35. All G10 currencies weakened against the Dollar, with CAD (-0.2% d/d) outperforming most of its peers while NZD (-1.4% d/d) underperformed. GBP weakened 0.5% d/d to 1.3555 after the BOE maintained its policy rate unchanged as expected and signalled a cautious approach to future cuts. At the point of writing, traders are pencilling the next quarter point cut only in 2Q of 2026.
- On the regional front, KRW (-0.7% d/d) underperformed its peers after the Bank of Korea sent dovish signals, saying that the central bank has more scope to manoeuvre following Fed's "risk management cut." The rest of the Asian currencies also depreciated against the greenback, with MYR and SGD trading 0.2-0.3% d/d weaker at 4.1965 and 1.2820.
- In the commodity space, crude oil prices extended their declines amid concerns over the US economy and labour

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,142.42	0.27
S&P 500	6,631.96	0.48
NASDAQ	22,470.72	0.94
Stoxx Eur 600	555.01	0.80
FTSE 100	9,228.11	0.21
Nikkei 225	45,303.43	1.15
CSI 300	4,498.11	-1.16
Hang Seng	26,544.85	-1.35
Straits Times	4,312.62	-0.26
KLCI 30	1,598.93	-0.79
FX		
Dollar Index	97.35	0.49
EUR/USD	1.1788	-0.21
GBP/USD	1.3555	-0.52
USD/JPY	148.00	0.69
AUD/USD	0.6612	-0.62
USD/CNH	7.1094	0.11
USD/MYR	4.1965	0.20
USD/SGD	1.2820	0.31
USD/KHR	4,008.00	-0.03
USD/THB	31.80	0.21
Commodities		
WTI ($/bbl)	63.57	-0.75
Brent ($/bbl)	67.44	-0.75
Gold ($/oz)	3,648.70	-1.07
Copper ($/MT)	9,940.00	-0.56
Aluminum($/MT)	2,684.50	0.06
CPO (RM/tonne)	4,419.50	0.36

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 17 Sept for CPO*

market, while Trump's signal that he favoured low prices over sanctions to pressure Russia to end the Ukraine war also weighed on prices. The WTI and Brent fell 0.8% d/d each to $63.57/barrel and $67.44/barrel respectively.

BOE maintained policy rate at 4.00%; no change to gradual and careful stance

- In a 7-2 majority vote, the Bank of England (BOE) maintained the Bank Rate at 4.00%. Two members voted to lower rates by a quarter point. At the same time, the BOE also decided to reduce the stock of UK government bond purchases by £70bn over the next 12 months.
- The Bank's long-standing forward guidance of a "gradual and careful" approach on further easing was maintained, but further cuts hang in balance with: 1) The Bank staff expecting an above trend and upward revised growth of around 0.4% in 3Q (prior estimate: 0.3%). 2) Describing the labour market as "less of an immediate risk that it would loosen very rapidly." 3) Hawkish outlook in their assessment for inflation, citing that upside risks around medium-term inflationary pressures remain prominent. In this regard, the Bank is expecting CPI to peak at 4.0% in September, double its target of 2% and the Bank remains on alert to the risk that the recent temporary increase in inflation could put additional upward pressure on the price and wage-setting process.

A decline in US leading index signals slower growth ahead; initial jobless claims fell to its lowest in 4 years

- Leading index registered its largest monthly decline since April at -0.5% m/m in August (prior: 0.1%). By component, persistently weak manufacturing new orders and consumer expectations indicators, increase in jobless claims and decline in average weekly hours in manufacturing weighed on the index, all suggesting that economic activity will continue to slow.
- Initial jobless claims dropped more than expected and by the most in nearly 4 years by 33k to 231k for the week ended September 13, unwinding the spike of 28k the week prior due to fraudulent claims in Texas. The overall drop in claims suggests that layoff remained low but even so, there are signs of slowing in the labour market, from a slowdown in vacancies to pay growth.

Australia's employment unexpectedly fell; unlikely to alter RBA's gradual rate

- Labour data disappointed, with employment unexpectedly falling 5.4k in August after gaining 26.5 previously. Unemployment rate remained steady at 4.2% whilst the participation rate and employment-to-population ratio fell by 0.1ppts each to 66.8% and 64.0%. As it is, recent indicators suggest that the labour market is running out of steam but remains little tight for now, and with this, there should be no change in the RBA's gradual easing stance of a 25bps cut every quarter for now in our opinion.

Japan's core machine orders fell on non-manufacturing; inflation slowed government subsidies

- Core machine orders disappointed, falling more than expected by 4.6% m/m in July after 3.0% m/m gain previously. Unlike the prior 2 months, the contraction was non-manufacturing (-3.9% m/m vs 8.8% m/m) led, while manufacturing rebounded 3.9% m/m (prior: -8.1% m/m). That said, with tariffs expected to hit global demand for goods, we expect this gain to be short-lived and this is reflected in the 2.0% decline in orders for the sector for 3Q (2Q: 1.5%).
- Data this morning, meanwhile, showed that headline and core inflation slowed sharply to 2.7% y/y in August (prior: 3.1% y/y). That said, the softer prices were mainly driven by government subsidies on utilities. With prices still above the government's target, we opine that it is unlikely to shift BOJ's tightening cycle, with the next rate hike anticipated in 1Q of next year. The BOJ is expected to maintain its target at 0.50% for the meeting today.

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DXY	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	4.00-4.25	4.00-4.25	3.50-3.75	3.25.-3.50	3.00.-3.25
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
19-Sept	MA Exports YoY (Aug)	6.80%
	UK Retail Sales Inc Auto Fuel MoM (Aug)	0.60%
	JN BOJ Target Rate	0.50%
22-Sept	CH 1-Year Loan Prime Rate	3.00%
	CH 5-Year Loan Prime Rate	3.50%
	HK CPI Composite YoY (Aug)	1.00%
	US Chicago Fed Nat Activity Index (Aug)	-0.19
	EC Consumer Confidence (Sep P)	-15.5

Source: Bloomberg

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