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Global Markets Research

Daily Market Highlights

22 Aug: All eyes on Powell's speech at Jackson Hole

Dampened Fed rate cut bets following upbeat PMI prints and Fed speak

US stocks saw extended declines; UST fell; Dollar Index rebounded on broad-based gains

All eyes on Powell's speech at Jackson Hole Symposium tonight for more policy clues

- While global equities traded on a mixed note yesterday, US stocks saw extended declines. The broader S&P500 fell 0.4% on the day, amid losses across all sectors except energy and materials, marking its 5th straight day of decline to a two-week low. Big tech stocks led the declines while Walmart plunged amid disappointing corporate earnings. NASDAQ fell for the 3rd straight day, by 0.3% d/d while the Dow also slipped 0.3% d/d as at yesterday's close amid broad declines across the universe except for energy and healthcare. Futures are pointing to a mixed opening in Asian markets this morning, after seeing losses in the Nikkei and Hang Seng but gains in China CSI 300, Straits Times and KLCI yesterday.
- Global bonds were under pressure with yields settling higher as upbeat PMI data bag dampened Fed rate cut bets. Market pricing for a September Fed rate cut was dialled back to 19bps (prior: 21bps) while rate cut pricing for the full year was pared back to only 49bps (prior: 53bps). Fed Hammack said she would not support the case for a rate cut if she were to vote at this juncture.
- UST yields rose 2-5bps (prior: 0-2bps decline), led by the front-end, hence bear flattening the curve. The 2Y UST yields added 4bps to 3.79%, the 10s also closed 4bps higher at 4.07% while the ultralong 30Y bond added 2bps to 4.92%. Meanwhile, European bond yields added 4-6bps (prior: 0-7bps decline).
- In the FX space, the Dollar Index jumped after the upside surprises in PMI readings pared rate cut bets and shored up treasuries yields. The DXY rebounded and increased 0.4% d/d to 98.63 as at Thursday's close, with the greenback traded firmer against all G10s and regional currencies, with the exception of NOK and MYR. Haven currencies in the like of JPY (-0.7% d/d to 148.37) and CHF (-0.6% d/d to 0.8087) weakened the most in the G10 space, while the EUR (-0.4% d/d), GBP (-0.3% d/d) and AUD (-0.2% d/d) saw more modest losses. In the regional front, TWD (-0.7% d/d) and SGD (-0.3% d/d) led the declines while CNH closed only marginally weaker at 7.1828. MYR was the only gainer closing the day 0.1% stronger at 4.2242.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,785.50	-0.34
S&P 500	6,370.17	-0.40
NASDAQ	21,100.31	-0.34
Stoxx Eur 600	559.07	0.00
FTSE 100	9,309.20	0.23
Nikkei 225	42,610.17	-0.65
CSI 300	4,288.07	0.39
Hang Seng	25,104.61	-0.24
Straits Times	4,230.90	0.27
KLCI 30	1,592.87	0.29
FX		
Dollar Index	98.63	0.42
EUR/USD	1.1606	-0.39
GBP/USD	1.3412	-0.33
USD/JPY	148.37	0.71
AUD/USD	0.6420	-0.22
USD/CNH	7.1828	0.01
USD/MYR	4.2242	-0.05
USD/SGD	1.2887	0.27
USD/KHR	4,009.50	-0.01
USD/THB	32.64	0.26
Commodities		
WTI (\$/bbl)	63.48	0.54
Brent (\$/bbl)	67.67	0.94
Gold (\$/oz)	3,356.00	-0.27
Copper (\$\$/MT)	9,734.50	0.14
Aluminum(\$/MT)	2,593.00	0.62
CPO (RM/tonne)	4,436.50	-0.86

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 20 Aug for CPO

- On the commodity front, oil prices continued to climb higher amid geopolitical and tariff noises surrounding India's purchase of Russian oil, leading to threats from the Trump's administration on slapping additional tariffs on India. The WTI rose 0.5% d/d to US\$63.48/ barrel while the Brent closed up 0.9% d/d to US\$67.67/ barrel.

August PMIs showed improved outlook overall; stronger manufacturing and softer services

- Composite PMIs surprised on the upside showing expansionary readings in the US, EU, UK and Japan. This is reflective of improved outlook and optimism among businesses going into August as tariff uncertainties abated somewhat following the conclusion of trade deals and revised reciprocal tariffs for selected economies, while economic data pointed to an overall resilient world economy thus far. The August composite PMI for the US unexpectedly improved to an 8-month high at 55.4 (July: 55.1), the EU's to a 15-month high at 51.1 (Jul: 50.9), while that of the UK picked up more than expected to a one-year high at 53.0 (July: 51.5). In Japan, the composite PMI rose to its fastest rate since February at 51.9 in August (prior: 51.6).
- PMIs by economic sectors were mixed, with generally better traction in manufacturing and weaker services. US PMI manufacturing staged a surprised pick-up to 53.3 (Jul: 49.8) but the services gauge eased, albeit less than expected to 55.4 (Jul: 55.7). In the Eurozone, the improvement in composite PMI was driven by a surprised uptick in the manufacturing print (50.5 vs 49.8), while services PMI retreated slightly more than expected to 50.7 in August (July: 51.0). Similarly in Japan, the upturn was supported by a rebound, albeit still contractionary manufacturing sector (49.9 vs 48.9) and a softer, but still expansionary services sector (52.7 vs 53.6). Total new business expanded at the quickest rate in six months, but new export business fell at a steeper rate suggesting cautiously upbeat outlook ahead. On the contrary, the UK PMI manufacturing surprised on the downside with a steeper contraction in August (47.3 vs 48.0) while the services print unexpectedly jumped higher to 53.6 (Jul: 51.8). In

Mixed US data – bigger than expected increase in jobless claims; smaller decline in leading index; surprised rebound in existing home sales

- Other US data released overnight came in mixed and continued to paint an uneven and fragile growth outlook of the US economy. What matters most in our view was the bigger than expected increase in initial jobless claims to 235k for the week ended 13-Aug (prior: 224k), the increase in 4-week moving averages of jobless claims to 226.25k (prior: 221.75k), as well as

the bigger than expected increase in continuing claims, all added to signs of a softening labor market in the US. Theoretically, this shall support the case for a Fed rate cut in September but increasing focus on inflationary risks will likely further divide the Fed's viewpoints on monetary policy path.

- In a separate release, extended albeit smaller contraction in the leading index (-0.1% vs -0.3% m/m), suggests growth will improve but remain soft in the next 3-6 months. Another report showed existing home sales staged a surprised rebound and grew 2.0% m/m in July (Jun: -2.7%), as softer increase in house prices supported affordability.

Eurozone consumer confidence softened a tad in August

- Consumer confidence unexpectedly softened to -15.5 in August (Jul: -14.7), and came in slightly worse than year-to-date average reading of -14.9, a sign consumers remained concern over sluggish growth outlook and tariff uncertainties that would continue to keep a lid on spending and GDP growth.

Hong Kong CPI tapered off to a 4-year low at 1.0% y/y in July

- Hong Kong CPI moderated to 1.0% y/y in July (Jun: +1.4% y/y), slightly less than expectation for a pullback to +0.9% y/y, but marked its lowest in four years. The softer price increase was due to sharply slower gain in housing (+1.8% vs +2.8% y/y) from both public and private rent, utility (+0.7% vs +1.6% y/y), and to a lesser extent transport (+1.4% vs +1.9% y/y). Food prices on the other hand picked up to +0.8% y/y (Jun: +0.7% y/y) as a result of smaller decline in food ex-away from home.

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DXY	96.75-99.75	98.32	96.29	94.99	93.77
EUR/USD	1.15-1.18	1.16	1.19	1.20	1.22
GBP/USD	1.33-1.37	1.36	1.38	1.39	1.40
USD/CHF	0.79-0.82	0.81	0.80	0.79	0.78
USD/JPY	145-150	147	144	140	137
AUD/USD	0.63-0.67	0.63	0.65	0.67	0.68
NZD/USD	0.58-0.61	0.59	0.60	0.61	0.61
USD/CNY	7.16-7.20	7.20	7.16	7.12	7.10
USD/MYR	4.18-4.24	4.28	4.25	4.22	4.18
USD/SGD	1.27-1.30	1.29	1.26	1.24	1.22
USD/THB	31.82-32.92	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
22-Aug	UK GfK Consumer Confidence (Aug)	-19
	JN Natl CPI Ex Fresh Food YoY (Jul)	3.30%
	MA CPI YoY (Jul)	1.10%
	UK Retail Sales Inc Auto Fuel MoM (Jul)	0.90%
	MA Foreign Reserves	\$121.3b
25-Aug	SI CPI YoY (Jul)	0.80%
	US Chicago Fed Nat Activity Index (Jul)	-0.1
	US New Home Sales MoM (Jul)	0.60%
	US Dallas Fed Manf. Activity (Aug)	0.9

Source: Bloomberg

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