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Global Markets Research

Daily Market Highlights

22 Sept: Fed rate cut hopes and Trump-Xi call boosted US equities

BOJ maintained rates with split 7-2 vote; pressure for rate hike is building

Good weather boosted UK retail sales; headwinds prevail ahead of tax hike expectations

Malaysia's exports growth normalized from July's frontloading spike

- Expectations that the Fed will keep cutting rates, ongoing momentum in big tech stocks coupled with hopes for improved relations between US-China after the Trump-Xi call kept Wall Street rally going last Friday and the 3 major stock indices closing in green by 0.4-0.7% d/d led by Nasdaq.
- Trading elsewhere was not as ebullient. Stoxx Eur 600 traded lower by 0.2% d/d. Asian markets closed mixed with Nikkei 225 paring gains to fall 0.6% d/d after the Bank of Japan (BOJ) kept its policy rate steady at 0.50%.
- Treasuries closed in red for the second session amid a less than dovish guidance from the Fed. The benchmark 2Y yield closed up 1bps to 3.57%. while the 10Y rose 2bps to 4.13%. Across the Atlantic, 10Y European bond yields closed higher between 1-6bps.
- In the forex space, DXY gained 0.3% d/d to 97.64 with the Dollar strengthening against all its G10 peers save for the CAD (0.1% d/d) and JPY. JPY closed just above its flatline at 147.95 vs the USD, having paring gains seen after the BOJ's meeting. GBP (-0.6% d/d to 1.3472) was one of the worst performers after data showed that the UK's budget deficit was wider than expected.
- Similarly, regional currencies mostly weakened against the Dollar, with MYR and SGD depreciating between 0.2-0.3% d/d to 4.2070 and 1.2846 respectively. As it is, S&P Global Ratings' reaffirmation of Malaysia's sovereign credit ratings at 'A-' with a "Stable" outlook is a nod of confidence to Malaysia's macroeconomic prospects and bodes well for MYR today.
- Crude oil prices fell amid lingering worries over a supply glut, while an amicable exchange between Trump-Xi reduced concerns of US secondary tariffs against China, a move that could heighten trade tension and tighten global imbalance. The WTI finished 1.4% d/d lower at \$62.68/barrel, while Brent tumbled 1.1% d/d to \$66.68/barrel.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,315.27	0.37
S&P 500	6,664.36	0.49
NASDAQ	22,631.48	0.72
Stoxx Eur 600	554.12	-0.16
FTSE 100	9,216.67	-0.12
Nikkei 225	45,045.81	-0.57
CSI 300	4,501.92	0.08
Hang Seng	26,545.10	0.00
Straits Times	4,302.71	-0.23
KLCI 30	1,598.23	-0.04
FX		
Dollar Index	97.64	0.30
EUR/USD	1.1746	-0.36
GBP/USD	1.3472	-0.61
USD/JPY	147.95	-0.03
AUD/USD	0.6593	-0.29
USD/CNH	7.1194	0.14
USD/MYR	4.2070	0.25
USD/SGD	1.2846	0.20
USD/KHR	4,008.00	0.00
USD/THB	31.85	0.17
Commodities		
WTI (\$/bbl)	62.68	-1.40
Brent (\$/bbl)	66.68	-1.13
Gold (\$/oz)	3,676.00	0.75
Copper (\$/MT)	9,989.00	0.49
Aluminum(\$/MT)	2,671.50	-0.48
CPO (RM/tonne)	4,364.50	-1.24

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 18 Sept for CPO

BOJ maintained policy rate; 2 dissenters voted to hike

- In a 7-2 majority vote and within expectation, the BOJ maintained its uncollateralized overnight call rate at 0.50%. At

the same time, the BOJ decided to sell its holdings of ETFs and J-REITS at a pace of about 330bn and 5bn yen per year, or accounting for about 0.05% of the trading values in the markets.

- Pressure for a rate hike is clearly building with BOJ unloading its ETFs and J-REITS, and after 2 members voted to increase rates by 25bps. The dissent was based on their views that the price stability target has been more or less achieved and that risks to prices are becoming more skewed on the upside. In this regard, the BOJ noted that inflation expectations have risen moderately, although effects of rising food prices are expected to wane.
- Further fanning rate hike bets was Governor Kazuo Ueda saying that there is little sign of tariff impact on Japan's economy so far and that he expects prices to be in line with outlook in the 2H of the current projection period, rising towards 2%.

Good weather boosted UK's retail sales

- Retail sales growth came above forecast and held steady at 0.5% m/m in August. This marks its third consecutive month of increase as sales at clothing stores, butchers and bakers as well as non-store retailing expanded in a good weather boost. That said, sales volume remained slightly below its early 2025 levels and amid expectations of tax rises in the November budget, the risk is that consumer confidence (GfK: -19 in Sep vs -17 in Aug) and retail sales could stumble in the months ahead.

Malaysia's exports grew slower than expected; outlook to remain cloudy going forward

- Malaysia's export and import growth for August both came in weaker than expected. Exports growth tapered off more than expected to +1.9% y/y in August (Jul: +6.5% y/y revised) while imports growth contracted more than expected by 5.9% y/y during the month (Jul: +0.6% y/y). This offered tentative signs the normalization post-frontloading activities are taking shape at a faster than expected pace. That said, a closer scrutiny showed details on both the sectoral and market fronts were mixed, with gains in some and losses in others. On a more positive note, trade surplus continued widening for the 3rd straight month to RM16.1bn (Jul: RM14.6bn), its highest in five months and will augur well for net exports in 3Q (Refer to Research Alert "More modest exports growth in August" dated 19 September).

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DXY	95.75-98.75	98.32	96.29	94.99	93.77

EUR/USD	1.16-1.20	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	145-150	147	144	140	137
AUD/USD	0.64-0.68	0.63	0.65	0.67	0.68
NZD/USD	0.57-0.61	0.59	0.60	0.61	0.61
USD/CNY	7.10-7.14	7.20	7.16	7.12	7.10
USD/MYR	4.17-4.23	4.28	4.25	4.22	4.18
USD/SGD	1.27-1.30	1.29	1.26	1.24	1.22
USD/THB	31.30-32.32	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
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
23-Sept	AU S&P Global Australia PMI Mfg (Sep P)	53
	AU S&P Global Australia PMI Services (Sep P)	55.8
	MA CPI YoY (Aug)	1.20%
	SI CPI YoY (Aug)	0.60%
	MA Foreign Reserves	\$122.7b
	EC HCOB Eurozone Manufacturing PMI (Sep P)	50.7
	EC HCOB Eurozone Services PMI (Sep P)	50.5
	UK S&P Global UK Manufacturing PMI (Sep P)	47
	UK S&P Global UK Services PMI (Sep P)	54.2
	US S&P Global US Manufacturing PMI (Sep P)	53
	US S&P Global US Services PMI (Sep P)	54.5
	US Richmond Fed Manufact. Index (Sep)	-7

Source: Bloomberg

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