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Global Markets Research

Daily Market Highlights

23 Sept: Risk-on undertone ahead of the PMIs today

Nvidia-OpenAI announcement boosted stocks; Hawkish Fed speaks sent UST yields up

USD weakened against most G10s; CNH strengthened after PBoC maintained LPR

Today's watch: S&P PMIs for the majors; Australia's manufacturing & services slowed

- Tech stocks led S&P 500 to another record overnight after Nvidia shares rallied 3.9% d/d, its own all-time high after the chipmakers announced that it will invest up to \$100bn in OpenAI for the buildout of data centers. OpenAI partners like Oracle also rose, while those seen as competitors like Broadcom tumbled. The broad market index ended the day higher 0.4% d/d, while the Dow and Nasdaq settled up 0.1% d/d and 0.7% d/d.
- Elsewhere, Stoxx Eur 600 inched down 0.1% d/d, with auto stocks notably hit by the cut in outlooks by both Porsche and Volkswagen. Asian stocks closed mixed, with CSI 300 rising 0.5% d/d after the central bank left its lending rates unchanged, while Indian tech stocks notably slumped after Trump's hefty H-1B visa fees. That said, Asian equity markets are poised to track Wall Street higher today.
- In the bond space, hawkish Fed speaks from Musalem, Bostic and Hammack prompted traders to scale back rate cut bets slightly, weighed on treasuries and sending yields up in tune to 2-3bp. Notably, Musalem commented that there is limited room for more rate cuts, while Bostic and Hammock remained focused on the high inflation rate.
- The benchmark 2Y and 10Y yields closing the day at 3.60% and 4.15% respectively. Trading in 10Y European bond yields were subdued and yields closed the day mixed between -/+3bps.
- In the forex space, the DXY traded slightly weaker by 0.3% d/d at 97.34, with the Dollar depreciating against all its G10 peers save for the CAD (-0.2% d/d). SEK (0.7% d/d), DKK (0.5% d/d) and EUR (0.5% d/d to 1.1803) outperformed all their peers, while GBP, JPY and AUD appreciated at a narrower pace of 0.1-0.3% d/d to 1.3514, 147.72 and 0.6599 respectively.
- Regionally, KRW (0.4% d/d) led gains amongst Asian currencies, while TWD, IDR and INR (-0.1 to -0.2% d/d) weakened against the greenback. MYR and SGD appreciated in tune to 0.1-0.2% d/d to close at 4.2040 and 1.2821.
- In the crude oil market, prices settled down marginally by 0.1-0.2% d/d, with investors largely shrugging off the geopolitical

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,381.54	0.14
S&P 500	6,693.75	0.44
NASDAQ	22,788.98	0.70
Stoxx Eur 600	553.40	-0.13
FTSE 100	9,226.68	0.11
Nikkei 225	45,493.66	0.99
CSI 300	4,522.61	0.46
Hang Seng	26,344.14	-0.76
Straits Times	4,297.37	-0.12
KLCI 30	1,603.34	0.32
FX		
Dollar Index	97.34	-0.31
EUR/USD	1.1803	0.49
GBP/USD	1.3514	0.31
USD/JPY	147.72	-0.16
AUD/USD	0.6599	0.09
USD/CNH	7.1154	-0.06
USD/MYR	4.2040	-0.07
USD/SGD	1.2821	-0.19
USD/KHR	4,011.75	0.09
USD/THB	31.80	-0.17
Commodities		
WTI (\$/bbl)	62.64	-0.06
Brent (\$/bbl)	66.57	-0.16
Gold (\$/oz)	3,744.80	1.87
Copper (\$/MT)	9,972.50	-0.17
Aluminum(\$/MT)	2,645.00	-0.99
CPO (RM/tonne)	4,378.00	0.31

Source: Bloomberg, HLBB Global Markets Research
* Closing as of 19 Sept for CPO

tensions in Russia and the Middle East. That said, industry's watchers will be watching out for the EU's next round of sanctions against Russia, reportedly focusing on third-country oil refiners and traders. Brent settled at \$66.57/barrel and the WTI at \$62.64/barrel.

PBoC left LPR rates unchanged

- The People's Bank of China (PBoC) kept the 1Y loan prime rate (LPR) unchanged at 3.00% and its 5Y at 3.50%. As it is, the LPR rates have been left unchanged since May, and was within consensus forecast that Chinese authorities would hold off major stimulus measures amid a recent stock market rally, even as a string of economic data underscored signs of sluggishness in the economy.

Economic activities continued to grow in the Chicago district

- The Chicago Fed National Activity Index improved more than expected to -0.12 in August from -0.28 in July, suggesting that the economy continued to grow during the month. Of the 3 broad sub-indicators, the sales, orders & inventories component made a neutral contribution, while production-related, employment-related as well as personal consumption & housing category made negative contributions to the headline.

Consumer confidence for the Eurozone improved to its historical average

- Consumer confidence improved more than expected by 0.6ppts to -14.9 in September. As it is, consumer confidence has shown a relatively stable trend since April and is currently in line with its historical average, in a nod to steady, albeit soft consumer spending ahead.

Economic activity slowed in Australia

- Australia's business activity eased to its softest pace in 3 months with the composite PMI at 52.1 in September, down from 55.5 in August. By sector, output growth softened across both manufacturing (51.6 vs 53.0) and services (52.0 vs 55.8), while business optimism also eased to its lowest in a year. On a positive note, firms continued to hire at a solid pace in a nod to a still resilient labour market and gradual rate cuts going forward.

Modest inflationary pressures for Hong Kong

- Matching expectations, inflation accelerated slightly but remained modest at 1.1% y/y in August (prior: 1.0% y/y). Price pressures across the sub-components remained generally contained and are expected to stay tame in the near term.

Malaysia unveiled its RON95 subsidy reform

- Prime Minister Anwar Ibrahim announced that Malaysia will introduce the targeted petrol subsidy from end-September, with foreigners set to pay RM2.50-2.60/litre for RON95 and Malaysians RM1.99/litre (current: RM2.05/litre).
- This move is expectedly to have a mildly deflationary impact on CPI. We estimate that every 10sen change in RON95 will impact CPI by 0.2-0.3ppts. With this, we are expecting full year CPI to average 1.4-1.5% in 2025 and 2.0% in 2026. With inflation no longer a concern, we also expect no change in the OPR at 2.75% for the same period.
- The decision is expected to have little impact on Malaysia's fiscal position (2025: -3.8% of GDP), as savings from foreign usage will likely be cushioned by the higher subsidies to locals (additional 6 sen/litre).

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
23-Sept	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

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24-Sep	US S&P Global US Services PMI (Sep P)	54.5
	US Richmond Fed Manufact. Index (Sep)	-7
	JN S&P Global Japan PMI Mfg (Sep P)	49.7
	JN S&P Global Japan PMI Services (Sep P)	53.1
	AU CPI Trimmed Mean YoY (Aug)	2.70%
	US MBA Mortgage Applications	29.7%
	US New Home Sales MoM (Aug)	-0.60%

Source: Bloomberg

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