

24 September 2025

Global Markets Research

Daily Market Highlights

24 Sept: Powell reiterates dual risks to the Fed's mandate

Powell signalled challenging situation ahead; US treasuries gained and USD slipped
Expansionary PMIs for the majors; softer growth for the US and UK; stronger for EU
OECD: upward revision to GDP growth forecast for 2025; softer growth seen in 2026

- US equities took a breather overnight amid a slide in big tech stocks. Shares of the Magnificent Seven all fell on the day, a reversal from Monday's gains, sending the S&P 500 closing down 0.6% d/d. The tech-heavy Nasdaq fell nearly 1.0% d/d, while the Dow also lost 0.2% d/d.
- In contrast, Stoxx Eur 600 gained 0.3% d/d, while Taiwan benchmark Taiex rallied 1.4% d/d to a record high fuelled by the tech rally on Wall Street the day before. Japan markets were closed for the holiday, but Hang Seng slipped 0.7% d/d with Hong Kong bracing Super Typhoon Ragasa.
- In the bond space, treasuries gained for the first time in 5 sessions after Fed Chair Jerome Powell's comments, pushing yields down 2-5bps across the curve. In gist, Powell reiterated there is no risk-free path for the Fed amid the dual threats of upside risks to inflation and downside risks to labour market, offering no hints on whether he will support a rate cut in the next FOMC meeting. The 2Y yield closed the day 2bps lower at 3.59%, while the 10Y slid 4bps to 4.11%. 10Y European bond yields closed the day mixed again between -3 to 1bps.
- In the forex space, the Dollar closed 0.1% d/d lower at 97.26 and the Dollar weakened against most of its G10 peers. NOK and SEK (0.2-0.3% d/d) led gains against the greenback, while CAD and NZD (-0.1 to -0.2% d/d) underperformed all their G10 peers.
- Regional currencies traded mixed against the greenback. INR weakened 0.5% d/d amid concerns over US tariffs and visa on the Indian economy, while MYR outperformed at 0.1% d/d to 4.1988 a day after the unveiling of the RON95 subsidy retargeting. SGD depreciated at a mild pace of 0.1% to 1.2830.
- In the crude oil market, the WTI and Brent snapped its 4-day drop and jumped more than 1.0% d/d each to \$63.41/barrel and \$67.63/barrel amid mounting threats to supply flows. This comes after reports that Russia is mulling banning diesel exports for some companies amid the recent spate of attacks by Ukraine drones on Russian refineries.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,292.78	-0.19
S&P 500	6,656.92	-0.55
NASDAQ	22,573.47	-0.95
Stoxx Eur 600	554.95	0.28
FTSE 100	9,223.32	-0.04
Nikkei 225	45,493.66	0.99
CSI 300	4,519.78	-0.06
Hang Seng	26,159.12	-0.70
Straits Times	4,302.67	0.12
KLCI 30	1,603.55	0.01
FX		
Dollar Index	97.26	-0.08
EUR/USD	1.1815	0.10
GBP/USD	1.3526	0.09
USD/JPY	147.64	-0.05
AUD/USD	0.6599	0.00
USD/CNH	7.1130	-0.03
USD/MYR	4.1988	-0.12
USD/SGD	1.2830	0.07
USD/KHR	4,011.75	0.09
USD/THB	31.81	0.04
Commodities		
WTI (\$/bbl)	63.41	1.23
Brent (\$/bbl)	67.63	1.59
Gold (\$/oz)	3,784.20	1.05
Copper (\$/MT)	9,974.50	0.02
Aluminum(\$/MT)	2,638.00	-0.26
CPO (RM/tonne)	4,390.50	0.29

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 22 Sept for CPO, Nikkei 225, USD/KHR

OECD: Global GDP growth revised higher to 3.2% for 2025, maintained at 2.9% for 2026

- Key highlights to the latest OECD's Economic Outlook include:
1) Global GDP growth is expected to moderate from 3.3% in 2024 to 3.2% (+0.3ppts upward revision from previous forecast) in 2025 and 2.9% in 2026, as front-loading ceases, while higher tariff rates and still elevated policy uncertainty dampen investment and trade. 2) Headline inflation for the G20 is expected to ease from 6.2% in 2024 to 3.4% in 2025 and 2.9% in 2026 as economic growth moderates and labour market pressures ease. Core is expected to remain broadly stable at 2.6% in 2025 and 2.5% in 2026 (2024: 2.7%).
- Amongst the majors, US GDP growth is expected to fall from 2.8% in 2024 to 1.8% in 2025 (+0.2ppts) and 1.5% in 2026, as strong investment growth in high technology sectors is expected to more than offset the higher tariff rates and a drop in net immigration. Euro area is expected to pick up from 0.8% in 2024 to 1.2% in 2025 (+0.2ppts) and 1.0% in 2026 (-0.2ppts) (with increased trade frictions and geopolitical uncertainty somewhat offset by easier credit conditions. Growth in China is expected to ease from 5.0% in 2024 to 4.9% in 2025 (+0.2ppts) and 4.4% in 2026 (+0.1ppts) as front-loading unwinds, higher tariffs take effect and fiscal support fades.

US composite PMI cooled in September; sharp slowdown for the UK and sluggish recovery for the Eurozone

- The US composite PMI fell more than expected from 54.6 in August to 53.6 in September. While growth was seen across both manufacturing (52.0 vs 53.0) and services (53.9 vs 54.5), both reported softer growth overall as well as slower hiring. Prices cooled to its lowest since April, as weaker demand and stiff competition limited the scope for businesses to raise prices to offset the higher costs from the tariffs. On a positive note, business confidence improved on hopes of lower interest rates ahead.
- While modest, the Eurozone is still on a growth path with the composite PMI coming in better than expected at its 16-month high of 51.2 (prior: 51.0). While services (51.4 vs 50.5) continued to grow, the outlook for manufacturing looks a bit cloudy with the index turning negative at 49.5 (prior: 50.7), largely dragged down by France where the recent government shake-up likely threw a wrench into companies' production plans. In the medium term, higher defence spending is expected to drive-up demand for industrial goods.
- UK PMI brought a litany of worrying news including weakening growth, slumping overseas trade, worsening business confidence and further steep job losses. At 51.0, the composite PMI eased more than expected and markedly from August's

53.5. Again, a growing services sector (51.9 vs 54.2) contrasted with cutbacks to manufacturing (46.2 vs 47.0).

Singapore's inflation unexpectedly slowed; MAS maintained its CPI forecast for 2025 at 0.5-1.5%

- Headline and core inflation unexpectedly slowed to 0.5% y/y and 0.3% y/y in August (prior: 0.6% y/y and 0.5% y/y) as the pace of price increases for accommodation and service moderated, the latter due to steeper decline in the costs of holiday expenses, airfares and inpatient services.
- Moving forward, imported inflation is expected to remain moderate in the near term amid contained global crude oil and food prices. On the domestic front, slower nominal wage growth and continuing increases in labour productivity should contribute to a moderation in labour costs, while enhanced government subsidies will continue to keep a lid on services inflation. With this in mind, MAS also maintained its headline and core inflation forecast at 0.5–1.5% in 2025, while flagging both upside and downside risks their outlook.

Malaysia's CPI continued its climb higher but remained very modest at 1.3% y/y in August

- Malaysia's Consumer Price Index (CPI) inched up for the second straight month, to 1.3% y/y in August as expected (Jul: +1.2% y/y). At this level, CPI remained near a 4-year low, confirming very little price pressure in the system despite the recent adjustment in electricity tariff and SST expansions, as well as concerns over cost pass-through from higher tariffs (Refer to Research Alert "Continued upticks in August CPI" dated 23 September").
- Foreign reserves rose at a softer pace of \$0.1bn in 1H of the month to \$122.8bn as at 12 September (prior: +\$0.7bn in 2H of August). The reserves position is sufficient to finance 4.8 months of imports of goods and services and is 0.9 times the total short-term external debt.

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DXY	95.75-98.75	96.45	95.57	94.24	92.99
EUR/USD	1.16-1.20	1.19	1.20	1.22	1.24
GBP/USD	1.34-1.37	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	145-150	146	145	142	140
AUD/USD	0.64-0.68	0.67	0.67	0.68	0.68
NZD/USD	0.57-0.61	0.59	0.60	0.60	0.60
USD/CNY	7.10-7.14	7.08	7.06	6.99	6.94
USD/MYR	4.17-4.23	4.20	4.15	4.10	4.10
USD/SGD	1.27-1.30	1.28	1.26	1.24	1.23
USD/THB	31.30-32.32	32.25	32.30	32.20	32.00

Rates, %	Current	4Q25	1Q26	2Q26	3Q26
Fed	4.00-4.25	3.50-3.75	3.25.-3.50	3.00.-3.25	3.00.-3.25
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.00	3.75	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.50	0.75	0.75	0.75
RBA	3.60	3.35	3.10	3.10	3.10
RBNZ	3.00	2.75	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
24-Sep	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%
25-Sep	HK Exports YoY (Aug)	14.30%
	US Advance Goods Trade Balance (Aug)	-\$103.6b
	US GDP Annualized QoQ (2Q T)	3.30%
	US Durable Goods Orders (Aug P)	-2.80%
	US Cap Goods Orders Nondef Ex Air (Aug P)	1.10%
	US Initial Jobless Claims	231k
	US Existing Home Sales (Aug)	2.00%

Source: Bloomberg

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