27 October 2025

Global Markets Research
Daily Market Highlights

27 Oct: Cooler than expected US CPI cements rate cut bets

FOMC likely to lower rates by 25bps this week after tamer than expected US CPI
UST yields and DXY knee-jerked lower briefly; US stocks at record highs again
Improved PMIs; better than expected UK retail sales and IPI growth for Singapore

- Tamer than expected US inflation prints, which all but cemented rate cut bets, coupled with strong corporate earnings pushed all the 3 major US stock indices up 0.8-1.2% d/d to new record highs again last Friday. Investors bought an array of companies, but notably financials and AI giants, the latter will likely grab the spotlight this week with Amazon, Apple, Meta and Microsoft due to release results. FOMC is also due to decide its policy rate on October 29, where another quarter point cut is expected.
- Elsewhere, Stoxx Eur 600 also trended up 0.2% d/d after the cooler US inflation print, while Asian markets gained on Trump-Xi meeting this week. As it is, optimism over a US-China trade deal this week and futures suggest that the latter will extend their gains today.
- In the bond space, treasury yields knee jerked lower on the cooler than expected US CPI print, but the move faded through the day. The 2Y yield closed the day 1bp down at 3.48%, while the 10Y closed flattish at 4.00%. In contrast, 10Y European bond yields were up 1-5bps last Friday.
- In the forex space, the DXY dived to 98.73, before closing just above its flatline at 98.95. JPY (-0.2% to 152.86) was amongst the worst performers against G10, while GBP (-0.1% d/d to 1.3311) also lagged despite the acceleration in Japan's CPI and better than expected UK's retail sales prints respectively. CAD closed just below its flatline even after Ontario paused its anti-tariff ad campaign angering President Trump. At the point of writing, ***Trump said that he is imposing an additional 10% tariff on imports from Canada.***
- ***For Malaysia, the tariff rate remains at 19% with exemptions given to 1,711 tariff lines. According to Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz, the exemption will cover some key exports like palm oil, rubber products, cocoa, aircraft components & spare parts as well as pharmaceuticals, and will collectively contribute up to 12% of total exports.***

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	47,207.12	1.01
S&P 500	6,791.69	0.79
NASDAQ	23,204.87	1.15
Stoxx Eur 600	575.76	0.23
FTSE 100	9,645.62	0.70
Nikkei 225	49,299.65	1.35
CSI 300	4,660.68	1.18
Hang Seng	26,160.15	0.74
Straits Times	4,422.21	0.13
KLCI 30	1,613.27	0.33
FX		
Dollar Index	98.95	0.02
EUR/USD	1.1627	0.08
GBP/USD	1.3311	-0.11
USD/JPY	152.86	0.19
AUD/USD	0.6513	0.02
USD/CNH	7.1261	0.01
USD/MYR	4.2233	-0.10
USD/SGD	1.2988	0.03
USD/KHR	4,025.00	-0.07
USD/THB	32.77	-0.31
Commodities		
WTI ($/bbl)	61.50	-0.47
Brent ($/bbl)	65.94	-0.08
Gold ($/oz)	4,118.40	-0.17
Copper ($/MT)	10,962.50	0.99
Aluminum($/MT)	2,859.00	-0.12
CPO (RM/tonne)	4,394.50	-0.37

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 23 Oct for CPO*

- Regional currencies closed mixed against the greenback, with SGD closed just below its flatline at 1.2988 while MYR appreciated 0.1% d/d to 4.2233.
- In the commodity space, Brent and WTI slipped 0.1-0.5% d/d to $65.94/barrel and $61.50/barrel despite US' sanctions on Russian crude. Meanwhile, oil disruption continues to widen with China pausing some Russian purchases following the sanction.

Cooler than expected inflation numbers gave the Fed greenlight for more rate cuts

- Inflation (headline: 3.0% y/y vs 2.9% y/y, core: 3.0% y/y vs 3.1% y/y) was softer than expected in September with tariff effects still limited, and amid a more pressing concern over a slowing labour market, we continue to expect a 25bps rate cut this week, followed by a further 25bsp cut in December.
- Details showed that headline and core eased to 0.3% m/m and 0.2% m/m respectively (prior: 0.4% m/m and 0.3% m/m), with gasoline costs (4.1% m/m vs 1.9% m/m) the largest factor contributing to inflation, while modest auto, medical and shelter inflation helped to dampen the inflation picture.
- The final University of Michigan Consumer Sentiment index was revised 1.4ppts lower 53.6 in October (prior: 55.1) on account of both expectations and current conditions, while the Kansas City Fed Services Activity index fell by a narrower pace of -5 in October (prior: -9). Activity in the health services and tourism sectors grew, while real estate services activity continued to decline. Expectations for future services activity remained positive, with expectations for employment increasing.

Flash October PMIs improved; surprised on the upside for the US, Eurozone and the UK; loss of momentum for Japan; mixed outlook ahead

- Business activity picked up momentum across both manufacturing (52.2 vs 52.0) and services (55.2 vs 54.2) for the US despite reports of businesses being adversely impacted by the government shutdown. However, business sentiment for the coming year deteriorated further to one of its lowest levels seen over the past three years as companies worry about the impact of policies, most notably tariffs.
- Eurozone's PMI saw the services sector (52.6 vs 51.3) growing at its strongest pace since August 2024, while manufacturing (50.0 vs 49.8) turned expansionary. Despite stronger expansions in output and new orders, business confidence nonetheless waned to its 5-month low and France appears to have increasingly become a drag on the economy.

- UK's PMI saw an upturn in manufacturing (49.6 vs 46.2) for the first time in 3 months accompanied by stronger demand for services (51.1 vs 50.8), notably among consumers. In contrast to its peers, business confidence brightened slightly amid moderated job losses and softer inflationary pressures.
- While Japan's services sector (52.4 vs 53.3) remained the engine of growth, fading momentum was observed, while the manufacturing sector (48.3 vs 48.5) remained stuck in contraction zone. Manufacturers were nonetheless more upbeat the year ahead, on hopes of a recovery in global economic conditions, new product releases and stronger demand for electronics.

UK's retail sales rose again in an unexpected to 3Q GDP boost

- UK retail sales unexpectedly grew for the fourth month, climbing 0.5% m/m after August's -0.6% m/m as computer and telecommunications retailers' sales volumes grew strongly alongside continued growth among non-store retailers, where online jewellers reported strong demand for gold. As it is, the retail sector has held up despite the wet and cool weather spell, and amid signals of softer inflationary pressure and little sign that the upcoming budget is hurting consumer sentiment (GfK: +2 points to -19 in October), all bodes well for consumption in the near term.

China's FDI driven by services and high-tech manufacturing

- FDI fell at a narrower pace of 10.4% y/y for the period Jan-Sept (Jan-Aug: -12.7% y/y). Services sector accounted for the bulk of the FDI, while manufacturing continues to be driven by high-tech industries in line with Beijing's focus on speeding up science and technology development. Major source economies boosted investment led by Japan, UAE, the UK and Switzerland.

Singapore's industrial output grew at its fastest pace since August 2024, beat forecasts

- Beating forecasts, industrial output (IPI) surged 16.1% y/y and 26.3% m/m in September (prior: -9.0% y/y and -11.0% m/m). The majority of the clusters recorded y/y growth, but was especially pronounced for biomedical (45.9% y/y vs -37.4% y/y) and electronics (13.2% y/y vs -8.5% y/y), which were tariff exempted, as well as transport engineering (13.8% y/y vs 18.8% y/y).

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DXY	97-101	96.45	95.57	94.24	92.99
EUR/USD	1.15-1.18	1.19	1.20	1.22	1.24

GBP/USD	1.32-1.35	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	149-155	146	145	142	140
AUD/USD	0.64-0.67	0.67	0.67	0.68	0.68
NZD/USD	0.56-0.59	0.59	0.60	0.60	0.60
USD/CNY	7.10-7.15	7.08	7.06	6.99	6.94
USD/MYR	4.20-4.25	4.20	4.15	4.10	4.10
USD/SGD	1.28-1.31	1.28	1.26	1.24	1.23
USD/THB	31.87-33.10	32.25	32.30	32.20	32.00

FX	Last close	4Q-25	1Q-26	2Q-26	3Q-26
EUR/MYR	4.9039	5.00	4.99	5.00	5.08
GBP/MYR	5.6260	5.71	5.67	5.64	5.68
AUD/MYR	2.7432	2.80	2.79	2.77	2.80
CNY/MYR	0.5930	0.59	0.59	0.59	0.59
SGD/MYR	3.2502	3.28	3.29	3.30	3.33

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	2.50	2.25	2.25	2.25	2.25
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
27-Oct	JN PPI Services YoY (Sep)	2.70%
	CH Industrial Profits YTD YoY (Sep)	0.90%
	HK Exports YoY (Sep)	14.50%
	US Durable Goods Orders (Sep P) **	2.90%
	US Cap Goods Orders Nondef Ex Air (Sep P) **	0.60%
	US Dallas Fed Manf. Activity (Oct)	-8.7
28-Oct	US FHFA House Price Index MoM (Aug)	-0.10%
	US S&P Cotality CS US HPI YoY NSA (Aug)	1.68%
	US Richmond Fed Manufact. Index (Oct)	-17
	US Richmond Fed Business Conditions (Oct)	-7
	US Conf. Board Consumer Confidence (Oct)	94.2
	US Dallas Fed Services Activity (Oct)	-5.6

Source: Bloomberg
*** Releases likely delayed by the US government shutdown*

Hong Leong Bank Berhad
Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
HLMarkets@hlbb.hongleong.com.my

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