

29 September 2025

Global Markets Research

Daily Market Highlights

29 Sept: US government shutdown risks may dampen risk sentiments

Strong US personal spending and steady core PCE left rate cut bets intact

UST yields closed mixed; Dollar weakened; US & European stocks advanced

China recorded its first industrial profits gain in 4 months; Singapore's IPI disappointed

- Global markets closed mixed last Friday, with big US and European drugmakers largely shrugging off Trump's new 100% tariff on drugs. In the US, the 3 major US stock indices snapped its 3-day losing streak and closed the day 0.4-0.7% d/d higher, while Stoxx Eur 600 also gained 0.8% d/d higher after the US core-PCE prices held steady as expected, helping to keep Fed rate cut expectations intact and supported sentiment on both side of the Atlantic. Shares from Merck to Pfizer in the US closed in green, while the healthcare sector in Europe also managed to erase earlier losses.
- In contrast, shares of Asian pharmaceutical companies tumbled, weighing on Nikkei 225, KOSPI, Hang Seng and Straits Times.
- In the bond space, treasury yields were little changed following the PCE print. The benchmark 2Y yield ticked down 1bps to 3.64%, while the 10Y rose less than 1bps to 4.18%. 10Y European yields slid 1-3bps save for the Norwegian sovereign bonds.
- In the forex space, Dollar weakened against all its G10 peers after the core-PCE prices left rate cut bets intact. The DXY closed the day 0.4% d/d lower at 98.15. NOK (0.6% d/d) and SEK (0.6% d/d) outperformed, while AUD (0.03% to 0.6542) and CAD trailed behind peers and closed just above their flatlines. CAD reversed losses after a better-than-expected GDP showing. The threat of a government shutdown with 1-Oct deadline just around the corner for the spending bill could likely weigh on appetite for the greenback today.
- Asian currencies traded mixed against the greenback, with risk-off sentiment weighing on THB (-0.4% d/d), TWD (-0.3% d/d) and MYR (-0.2% d/d to 4.2222) but benefitted haven JPY (0.2% d/d to 149.49) and SGD (0.1% d/d to 1.2917)
- In the commodity space, crude oil prices rallied more than 1.0% d/d each with Ukraine's drone attacks on Russia's energy infrastructure cutting the country's fuel exports. The WTI settled up at \$65.72/barrel while Brent closed at \$70.13/barrel.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	46,247.29	0.65
S&P 500	6,643.70	0.59
NASDAQ	22,484.07	0.44
Stoxx Eur 600	554.52	0.78
FTSE 100	9,284.83	0.77
Nikkei 225	45,354.99	-0.87
CSI 300	4,550.05	-0.95
Hang Seng	26,128.20	-1.35
Straits Times	4,265.98	-0.18
KLCI 30	1,609.05	0.66
FX		
Dollar Index	98.15	-0.41
EUR/USD	1.1703	0.32
GBP/USD	1.3402	0.43
USD/JPY	149.49	-0.21
AUD/USD	0.6542	0.03
USD/CNH	7.1435	-0.02
USD/MYR	4.2222	0.24
USD/SGD	1.2917	-0.16
USD/KHR	4,008.50	-0.03
USD/THB	32.24	0.36
Commodities		
WTI (\$/bbl)	65.72	1.14
Brent (\$/bbl)	70.13	1.02
Gold (\$/oz)	3,776.20	1.00
Copper (\$/MT)	10,181.50	-0.76
Aluminum(\$/MT)	2,655.50	-0.11
CPO (RM/tonne)	4,361.00	0.88

Source: Bloomberg, HLBB Global Markets Research
* Closing as of 25 Sept for CPO

Steady core-PCE and strong personal spending data for the US

- Personal spending rose slightly better than expected and at a solid clip of 0.6% m/m in August (Jul: 0.5% m/m), suggesting that consumers will continue to support the economy in 3Q despite concerns over inflationary pressure. Personal income also out-beat forecast and held steady at 0.4% m/m, and amid limited pass-through effect observed from Trump's reciprocal tariff on prices. However, the readings are unlikely to change course for policymakers who signalled two 25bps cuts in policy rates before the end of the year.
- Core personal consumption expenditure (PCE) prices were steady at 0.2% m/m and 2.9% y/y in August, while headline quickened slightly to 0.3% m/m and 2.7% y/y (Jul: 0.2% m/m and 2.6% y/y). All the numbers were within forecast, with goods price inflation tame at 0.1% m/m (Jul: -0.1% m/m) and outpaced by services (0.3% m/m for Jul & Aug).
- Meanwhile, the final University of Michigan Sentiment index was revised 0.3ppts lower to 55.1 in September (Aug: 58.2), a 4-month low as concerns over the labour market, personal finances and persistence of high prices weighed on sentiment. The year-ahead inflation expectations remained elevated at 4.7%, while long-run inflation expectations moved up for the second straight month to 3.7%.

First gain for industrial profits in 4 months for China

- Industrial profit recorded its first gain in 4 months at 20.4% y/y in August (prior: -1.5% y/y), bringing YTD growth to 0.9% y/y. According to NBS, the increase was driven by multiple factors including the effective implementation of macroeconomic policies, the deepening advancement of a unified national market and low base effect.
- Equipment manufacturing sector showed profit growth across almost all industries, while the steel industry returned to the black. Profit of consumer product manufacturing companies also rebounded, but the outlook for profits remains clouded by subdued domestic demand and uncertainty around US tariffs.

Slump in Singapore's output as precursor to slower export growth ahead

- Industrial output pulled back sharper than expected in August, declining 9.7% m/m and 7.8% y/y in August (Jul: 8.8% m/m and 7.7% y/y). This marks its fastest drop since March 2024, with most clusters posting y/y contraction. Notably, the linchpin electronics cluster's output contracted 4.8% y/y, reversing June's 14.7% y/y gain. Biomedical manufacturing also slipped 3.4% y/y (prior: -37.3% y/y) and will face additional headwind from the 100% tariff come 4Q.

House View and Forecasts

FX	This Week	4Q-25	1Q-26	2Q-26	3Q-26
DXY	97.00-99.75	96.45	95.57	94.24	92.99
EUR/USD	1.16-1.20	1.19	1.20	1.22	1.24
GBP/USD	1.32-1.35	1.36	1.37	1.38	1.39
USD/CHF	0.78-0.82	0.78	0.78	0.77	0.76
USD/JPY	147-152	146	145	142	140
AUD/USD	0.64-0.67	0.67	0.67	0.68	0.68
NZD/USD	0.56-0.60	0.59	0.60	0.60	0.60
USD/CNY	7.11-7.15	7.08	7.06	6.99	6.94
USD/MYR	4.18-4.24	4.20	4.15	4.10	4.10
USD/SGD	1.28-1.31	1.28	1.26	1.24	1.23
USD/THB	31.50-33.00	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
29-Sep	UK Mortgage Approvals (Aug)	65.4k
	EC Economic Confidence (Sep)	95.2
	US Pending Home Sales MoM (Aug)	-0.40%
	US Dallas Fed Manf. Activity (Sep)	-1.8
30-Sep	JN Industrial Production MoM (Aug P)	-1.20%
	JN Retail Sales MoM (Aug)	-1.60%
	AU Building Approvals MoM (Aug)	-8.20%
	CH Manufacturing PMI (Sep)	49.4
	CH Non-manufacturing PMI (Sep)	50.3
	AU Private Sector Credit MoM (Aug)	0.70%
	CH RatingDog China PMI Services (Sep)	53
	CH RatingDog China PMI Mfg (Sep)	50.5
	AU RBA Cash Rate Target)	3.60%
	UK GDP QoQ (2Q F)	0.30%
	US FHFA House Price Index MoM (Jul)	-0.20%
	US S&P Cotality CS US HPI YoY NSA (Jul)	1.89%
	US MNI Chicago PMI (Sep)	41.5
	US JOLTS Job Openings (Aug)	7181k
	US Conf. Board Consumer Confidence (Sep)	97.4

Source: Bloomberg

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