

1 October 2026

Global Markets Research

Daily Market Highlights

1 Oct: Cooler than expected core-PCE pared Fed rate hike bets

USTs closed mixed with short-term yields barely moving; 30Y stayed near its 24-year high
US stocks weakened amid still elevated yields; USD strengthened post positive US data
UK 2Q GDP revised up; steady inflation for Australia; China PMIs rebounded

- Short-term treasuries (2Y yield: +1bps to 4.89%) barely budged after data overnight showed that the US core-PCE came in cooler than expected, while the economy grew faster than expected in the second quarter, a show of resilience against the Middle East war and rising prices. The 10Y rose 5bps to 5.29%, while the 30Y remained at its fresh 24-year high at 5.63% (+6bps).
- In the equity space, the S&P 500 closed the day 0.3% d/d lower, giving up its gains from early session. The Dow also lost 0.9% d/d, while Nasdaq was the outlier and gained 0.2% d/d with tech stocks outperforming and closing in green.
- The Dollar (0.1% d/d to 101.45) closed stronger against most of its G10 peers after the release of the US GDP and PCE prints. AUD led losses against the greenback at 0.6947 (-0.6% d/d), while EUR and JPY depreciated at a narrower pace of 0.1% d/d each to 1.1330 and 157.41.
- While we do not expect the mild upward revision to September manufacturing PMI (+0.3ppts to 49.6 vs 52.0) to swing the AUD today, the slightly softer Tankan Large Manufacturing outlook index for 3Q (24 vs 22) could be a dampener for JPY today.
- GBP was the outlier, strengthening 0.3% d/d to 1.3265 after data showed that the economy also grew more than previously thought in 2Q. Gilts nonetheless traded mixed, with yields to the benchmark 2Y sliding 3bps to 4.88%, while the 10Y rose 1bps to 5.42%.
- IDR (0.6% d/d) gained and led all Asian peers after the Bank of Indonesia reiterated its commitment to currency stability, while KRW (-0.1% d/d) lagged after the government announced that it may conduct emergency bond buybacks to curb market volatility. CNH closed flattish at 6.7088, while MYR and SGD strengthened 0.1% d/d each to 4.0798 and 1.2772 respectively vs the USD.
- Oil prices, meanwhile, held onto gains, rising 0.9-1.2% d/d amid uncertainty over the Middle East flows, also supported

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	50,906.05	-0.86
S&P 500	7,651.54	-0.25
NASDAQ	26,861.06	0.24
Stoxx Eur 600	634.89	-0.50
FTSE 100	10,606.00	-0.29
Nikkei 225	66,753.72	1.94
CSI 300	4,357.62	0.29
Hang Seng	24,613.27	0.37
Straits Times	5,675.88	-0.68
KLCI 30	1,651.17	0.44
FX		
Dollar Index	101.45	0.08
EUR/USD	1.1330	-0.11
GBP/USD	1.3265	0.25
USD/JPY	157.41	0.08
AUD/USD	0.6947	-0.56
USD/CNH	6.7088	0.01
USD/MYR	4.0798	-0.08
USD/SGD	1.2772	-0.06
USD/KHR	4,055.19	-0.04
USD/THB	33.56	-0.10
Commodities		
WTI (\$/bbl)	90.42	1.16
Brent (\$/bbl)	103.53	0.92
Gold (\$/oz)	4,155.60	0.19
Copper (\$/MT)	14,410.00	-0.20
Aluminum(\$/MT)	3,169.50	-1.38
CPO (RM/MT)	4,424.00	-0.20

Source: Bloomberg, HLBB Global Markets Research

by the favourable economic data overnight. The WTI closed the day at \$90.42/barrel, and Brent at \$103.53/barrel.

US core PCE undershoot expectations; resilient consumer spending data and employment numbers; upward revision to the final 2Q GDP

- Core-PCE came in softer than expected in August, supporting Fed President John William's view that there is no urgency to raise rates. This prompted traders to scale back bets for a rate hike in the October FOMC meeting and pencilling in an 81% probability of a rate hike in the December FOMC meeting.
- While still above the 2.0% target, core-PCE held steady at 3.0% y/y and 0.2% m/m in August. This was lower than the 3.3% y/y and 0.3% m/m consensus estimates, and follows the downward revision to July's data to 0.1% m/m and 3.0% y/y, where the downward revision to July data was a result of changes in calculation methodology in the likes of portfolio management fees and computer software, amongst others.
- Meanwhile, personal spending and employment data suggest the US economy remained resilient in 3Q. Nominal spending jumped 0.9% m/m (prior: 0.1% m/m) as expected and in line with the strong retail sales reports. With inflation prints revised down, real spending growth picked up and beat forecasts at 0.6% m/m, its strongest pace this year. Personal income increased just a tad 0.2% m/m (prior: 0.3% m/m) and as a result, the savings rate dropped half a ppts to 4.1%.
- Changes in the time series also saw the 2Q GDP revised up to 2.2% q/q from its initial estimate of 1.5% q/q (1Q: 2.5% q/q), reflecting upward revisions to investment, personal consumption (+0.4ppts to 3.8% q/q vs 1Q: 0.7% q/q) and government spending.
- Goods trade deficit unexpectedly widened to its largest since early 2025 at \$132.6bn in August (prior: -\$118.9bn), as import growth jumped 5.5% m/m (prior: 3.9% m/m) led by a surge in inbound shipments of industrial products, outpacing export growth at 1.9% m/m (prior: -2.9% m/m).
- Trade deficit has fluctuated in recent months, swung by movements in fuel prices and demand for petroleum products, and as American firms stockpiled on goods to mitigate supply chain disruption as well as equipment for the AI buildout. Neither the wider trade deficit nor the softer retail (0.3% m/m vs 0.8% m/m) and wholesale (0.7% m/m vs 1.3% m/m) inventory growth bode well for the GDP calculation in 3Q.
- Wrapping up is mortgage applications falling at a wider pace of 6.0% w/w for the week ended Sept 25 (prior: -1.5% w/w) weighed down by higher mortgage rates (3Y high at 7.30%), while the ADP report showed that job creation rebounded

and pay growth remained solid in September. Private-sector employment increased sharper than expected by 90k (prior: 36k), led by hiring in education, health care, leisure and hospitality sectors, while pay growth was little changed, rising 3.0% y/y for job stayers and 4.8% y/y for job-changers.

UK grew at a faster pace than initially estimated

- UK's economy grew by 0.5% q/q in 2Q, revised 0.1ppt up from its previous estimate but a slight deceleration from 0.6% q/q in 1Q, weighed down by a decline in government spending, softer household and business spending, and on the supply side, largely driven by contributions from the services sector especially professional, scientific & technical activities and information & communication subsectors.
- Despite this, outlook has darkened with higher cost of living and uncertainty ahead of the Autumn budget largely weighing on spending. Indeed, consensus expects GDP growth to slow sharply to 0.2% q/q in 2H of the year.

Australia's underlying inflation remained steady; housing indicators continue to slow

- August saw trimmed mean CPI holding steady for the third month at 3.6% y/y, while headline accelerated to 4.0% y/y from 3.5% y/y previously amid jumps in housing and transportation costs. The rise in housing inflation was due to rising electricity prices and as builders passed on higher costs for material and labour, and transport inflation was driven by higher automotive fuel prices and amid the unwinding of the remainder of the federal governments fuel excise relief measures. The result was in line for trimmed mean but below forecast for headline.
- Private sector credit grew at a firmer pace than expected by 0.6% m/m (prior: 0.6% m/m) with business and household credit still strong, offsetting a slowdown in housing credit growth.
- Separate data also showed that building approvals plunged more than expected by 6.1% m/m, worsening from -1.9% m/m previously. With signs of a downturn in the housing market, yet signs of cost pass through to consumers, this does not materially change our view of a rate pause by the RBA for the remaining of 2026.

China's official PMIs returned to growth after 3 months of contraction

- September saw official manufacturing and non-manufacturing PMIs returning to growth for the first time in 3 months at 50.1 and 50.2 (prior: 49.8 and 49.0), the latter amid jumps for both services and construction, while the

private survey showed an equally stronger momentum at 52.1 and 51.6 (prior: 51.5 and 51.4). Alongside the favourable base effect, the modest uptick in growth momentum, coupled with more policy urgency, should in our opinion, help China secure its 4.5-5.0% growth target this year.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DX	100-103	101.45	100.86	99.42	98.07
EUR/USD	1.12-1.16	1.1330	1.14	1.16	1.18
GBP/USD	1.30-1.34	1.3265	1.30	1.32	1.33
USD/CHF	0.81-0.84	0.8358	0.81	0.80	0.79
USD/JPY	156-162	157.41	159	155	153
AUD/USD	0.69-0.72	0.6947	0.70	0.71	0.72
NZD/USD	0.55-0.58	0.5634	0.56	0.57	0.57
USD/CNY	6.68-6.73	6.7060	6.78	6.72	6.65
USD/MYR	4.06-4.12	4.0798	4.11	4.07	4.03
USD/SGD	1.27-1.30	1.2772	1.30	1.28	1.27
USD/THB	32.90-33.80	33.56	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.6344	4.6344	4.71	4.73	4.75
GBP/MYR	5.4179	5.4179	5.36	5.36	5.36
AUD/MYR	2.8436	2.8436	2.86	2.87	2.89
CNY/MYR	0.6084	0.6084	0.61	0.61	0.61
SGD/MYR	3.1958	3.1958	3.17	3.17	3.17

Rates, %	Current	3Q26	4Q26	1Q27	2Q27
Fed	3.75-4.00	3.75-4.00	4.00-4.25	4.00-4.25	4.00-4.25
ECB	2.50	2.50	2.75	2.75	2.75
BOE	3.75	3.75	3.75	3.75	3.75
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	1.25	1.25	1.25	1.50	1.50
RBA	4.60	4.60	4.60	4.60	4.60
RBNZ	2.50	2.50	2.50	2.50	2.50
BNM	2.75	2.75	2.75	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	
1-Oct	JN S&P Global Japan PMI Mfg (Sep F)	54.1
	MA S&P Global Malaysia PMI Mfg (Sep)	50.2
	VN S&P Global Vietnam PMI Mfg (Sep)	53.3
	AU Trade Balance (Aug)	A\$1923m
	AU Job Vacancies QoQ (Aug)	-2.10%
	EC S&P Global Eurozone Manufacturing PMI (Sep F)	52.7
	UK S&P Global UK Manufacturing PMI (Sep F)	52.0
	EC Unemployment Rate (Aug)	6.40%
	US Challenger Job Cuts YoY (Sep)	-38.50%
	US Initial Jobless Claims (Sept 26)	197k
	US S&P Global US Manufacturing PMI (Sep F)	57.0
	US ISM Manufacturing (Sep)	54.6
	US Construction Spending MoM (Aug)	-0.50%
2-Oct	JN Tokyo CPI YoY (Sep)	1.90%
	JN Jobless Rate (Aug)	2.40%

Hong Leong Bank Berhad

Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damansara
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

HK Retail Sales Value YoY (Aug)	4.50%
EC CPI Core YoY (Sep P)	2.40%
US Change in Nonfarm Payrolls (Sep)	162k
US Average Hourly Earnings MoM (Sep)	0.30%
US Average Weekly Hours All Employees (Sep)	34.4
US Unemployment Rate (Sep)	4.10%
SI Purchasing Managers Index (Sep)	51.5
US Factory Orders (Aug)	0.90%

Source: Bloomberg

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