Global Markets Research
Daily Market Highlights

2 Mar: Risk-off and flight to safety bids to take center stage

Stock futures fell amid flaring Middle-east tension; DXY back above 98s
Gold & crude oil prices spiked on haven demand and supply disruption fears
PBoC scrapped the reserve requirement of 20% on foreign currency forward

- US equities wrapped up February on a negative note, after the latest producer price index (PPI) came in hotter than expected, adding sticky inflation to the AI disruption worries that have plagued Wall Street. The sell-off in tech and banks intensified last Friday and the Dow, S&P 500 and Nasdaq slid 1.1% d/d, 0.4% d/d and 0.9% d/d respectively. February's PPI, meanwhile, came in higher than expected, raising concerns that producers could soon pass on these costs to consumers.
- European and Asian equity markets finished mixed. Stoxx Eur 600 ended 0.1% d/d higher, while Nikkei 225 and Hang Seng rose 0.2% d/d and 1.0% d/d. CSI 300, on the other hand, tumbled 0.3% d/d.
- In the bond space, yields to the benchmark 2Y and 10Y treasury sank to 3.38% (-5bps) and 3.94% (-7bps) amid concerns over US-Iran tension and AI disruption, although they briefly swivelled higher following the PPI report. 10Y European bond yields slid between 3-5bps.
- In the FX space, the DXY erased post-PPI gain and closed the day 0.2% d/d lower at 97.61 (DXY has since rebounded to around the 98.0 handle at the point of writing on haven demand given the tension in the Middle East). CHF (0.6% d/d), NOK (0.5% d/d) and NZD (0.4% d/d) led G10 gains against the greenback, while GBP lagged and closed flat at 1.3482 with a local election in Manchester delivering blow to Prime Minister Keir Starmer's Labour party.
- On the regional front, CNH (-0.3% d/d to 6.8625) underperformed its peers after the PBoC scrap the reserve requirement of 20% on foreign currency forward contract to stem yuan appreciation. MYR and SGD closed 0.1% d/d weaker at 3.8925 and 1.2651, and is poised to trade weaker today amidst a risk-off markets.
- In the commodity space, gold rallied 1.0% d/d on haven demand, while oil prices jumped by more than 2.0% d/d last Friday with traders bracing for an escalation US-Iran tension into the weekend. Brent closed the day at $72.48/barrel and

Key Market Metrics
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	Level	d/d (%)
Equities		
Dow Jones	48,977.92	-1.05
S&P 500	6,878.88	-0.43
NASDAQ	22,668.21	-0.92
Stoxx Eur 600	633.85	0.11
FTSE 100	10,910.55	0.59
Nikkei 225	58,850.27	0.16
CSI 300	4,710.65	-0.34
Hang Seng	26,630.54	0.95
Straits Times	4,995.07	0.62
KLCI 30	1,716.61	-1.40
FX		
Dollar Index	97.61	-0.19
EUR/USD	1.1812	0.13
GBP/USD	1.3482	0.00
USD/JPY	156.05	-0.05
AUD/USD	0.7118	0.18
USD/CNH	6.8625	0.26
USD/MYR	3.8925	0.09
USD/SGD	1.2651	0.09
USD/KHR	4,009.50	0.01
USD/THB	31.08	0.14
Commodities		
WTI ($/bbl)	67.02	2.78
Brent ($/bbl)	72.48	2.45
Gold ($/oz)	5,247.90	1.03
Copper ($/MT)	13,343.50	0.29
Aluminum($/MT)	3,140.00	-0.55
CPO (RM/tonne)	4,015.00	-0.72

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 26 Feb for CPO*

the WTI at $67.02/barrel and saw another spike this (WTI@$72/barrel and Brent@$79/barrel at the point of writing) amid US and Israel military strike on Iran and the retaliation subsequent to that, disrupting oil flows. Gold, meanwhile, is currently trading around the $5,367/oz level, up from Friday's close of $5,248/oz.

Hotter than expected producer prices for the US

- February's PPI were higher than expected (0.5% m/m vs 0.4% m/m), suggesting increasing price pressure along the value chain for the fourth month. A 0.8% m/m jump in services accounted for the pick-up in PPI, while prices for goods fell 0.3% m/m. More importantly, some of the components that feed into the PCE calculation saw prices accelerating. Physician care (0.8% m/m vs 0) and airfares (2.6% m/m vs 2.1% m/m) saw a pick-up, while portfolio management fees also stayed elevated at 1.5% m/m (prior: 2.1% m/m).
- Elsewhere, construction spending rebounded more than expected by 0.3% m/m in December (prior: -0.2% m/m) lifted by a rebound in single-family homebuilding as well as ongoing strength in home renovations, while February Fed regional indicators were also better than expected. The MNI Chicago PMI climbed 3.7ppts to 57.7, marking its second consecutive month of expansion after 25 months below the key 50-mark, while the Kansas City Fed Services Activity index improved further to 6 from 2 previously. Expectations for future services activity remained positive, while input and selling price growth also eased from m/m and y/y.

Softer private sector credit for Australia, downward revision to the manufacturing PMI

- Private sector credit slowed more than expected to 0.5% m/m in January (prior: 0.8% m/m), although it remains elevated and steady at 7.7% y/y. Softer lending was observed across the board from housing, to consumers and businesses.
- On the manufacturing front, the final manufacturing PMI was revised 0.5ppts lower to 51.0 in February (Prior: 52.3). The loss of growth momentum was weighed down by recent economic developments, including the tightening of monetary policy in Australia and external uncertainties. Forward-looking indicators continued to point to modest growth and it was positive to see inflation rates falling slightly for goods producers, helping to break price pressure for Australia. As it is, the Melbourne Institute's inflation gauge released this morning held steady at 3.6% in February.

Hong Kong's exports jumped more than 30%, partially supported by low-base effect

- Exports posted a sharp rise of 33.8% y/y in January (prior: 26.1% y/y), better than expected as shipment to most markets and of most major commodities increased visibly. While the low base effects partially contributed to this jump, the underlying growth momentum remained robust and will continue to be underpinned by strong global demand for AI-related products as well as moderate growth for the global economy.

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	96-100	96.71	95.13	94.70	95.49
EUR/USD	1.16-1.20	1.20	1.22	1.22	1.21
GBP/USD	1.33-137	1.36	1.37	1.37	1.35
USD/CHF	0.75-0.79	0.78	0.78	0.78	0.78
USD/JPY	153-159	153	149	147	147
AUD/USD	0.69-0.73	0.68	0.69	0.70	0.69
NZD/USD	0.58-0.62	0.58	0.59	0.59	0.58
USD/CNY	6.82-6.87	6.90	6.83	6.85	6.90
USD/MYR	3.86-3.93	4.00	3.97	3.97	4.00
USD/SGD	1.25-1.28	1.26	1.23	1.23	1.24
USD/THB	30.80-31.60	32.2	32,1	32.0	30.8

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
EUR/MYR	4.5926	4.78	4.82	4.85	4.84
GBP/MYR	5.2488	5.44	5.45	5.45	5.41
AUD/MYR	2.7689	2.72	2.75	2.78	2.76
CNY/MYR	0.5675	0.58	0.58	0.58	0.58
SGD/MYR	3.0760	3.17	3.21	3.23	3.22

Rates, %	Current	1Q26	2Q26	3Q26	4Q26
Fed	3.50-3.75	3.50-3.75	3.25-3.50	3.25-3.50	3.00-3.25
ECB	2.00	2.00	2.00	2.00	2.00
BOE	3.75	3.50	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	0.75	0.75	1.00	1.00
RBA	3.85	3.85	4.10	4.10	4.10
RBNZ	2.25	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
2-Mar	JN S&P Global Japan PMI Mfg (Feb F)	52.8
	MA S&P Global Malaysia PMI Mfg (Feb)	50.2
	VN S&P Global Vietnam PMI Mfg (Feb)	52.5
	CH RatingDog China PMI Mfg (Feb)	50.3
	UK Nationwide House Px NSA YoY (Feb)	1.00%
	EC HCOB Eurozone Manufacturing PMI (Feb F)	50.8
	UK Mortgage Approvals (Jan)	61.0k
	UK S&P Global UK Manufacturing PMI (Feb F)	52

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	SI Purchasing Managers Index (Feb)	50.5
	US S&P Global US Manufacturing PMI (Feb F)	51.2
	US ISM Manufacturing (Feb)	52.6
3-Mar	JN Jobless Rate (Jan)	2.60%
	JN Capital Spending YoY (4Q)	2.90%
	AU Building Approvals MoM (Jan)	-14.90%
	EC CPI Core YoY (Feb P)	2.20%

Source: Bloomberg