2 September 2026

Global Markets Research

Daily Market Highlights

2 Sep: Continued market selloffs amid intensifying geopolitical tension

Global equities in a sea of red; Dollar Index rebounded on haven bids

Extended rally in bond yields on inflation and rate hikes concerns

Softer than expected ISM manufacturing and JOLTS job openings

- Escalating military attacks in the Middle-east continued to send chills to the markets, resulting in another day of broad selloffs spanning from equities to bonds while the greenback advanced on flight to safety bids. However, gold fell 2.7% to $4342.50/ oz, pressured by rising bond yields and oil prices. Both WTI and Brent crude jumped over 5.0% on the day, last settling at $90.68/ barrel and $95.19/ barrel respectively, its highest in 13 weeks and 5 weeks respectively.
- The three major benchmark US stock indices fell 0.7-1.0% on the day, led by losses in consumer discretionary, materials and industrial sectors, which more than offset gains in energy. Major European stock indices were also by 0.3% (FTSE100) to as much as 1.1% d/d (DAX) as exchange of fire in the Middle-east spooked sentiments. Similarly in Asia, Nikkei 225 fell 0.2% while Hang Seng lost 0.9% on the day. KLCI plummeted 1.5% d/d after reopening from a long weekend, playing catch-up to overall weakness in the regional bourses. Asia markets are poised to open lower this morning following the flaring-up of the geopolitical turmoil as already reflected by the futures.
- Global sovereign bond yields continued to rally for at least a 3rd straight day to multi-year highs, as the heat-up in the geopolitical situation heightened inflation concerns and rate hike prospects. The 10-year UST yields added another 5bps on the day to 4.80%, its highest since Oct-23, while the 1-year UK gilt yields played catch-up after reopening from a UK bank holiday on Monday, spiking 8bps to 5.22% at close, its highest since 2008, after hitting as high as 5.25% (+11bps) in intraday trading.
- In the FX space, the Dollar Index regained lost ground and rose 0.3% d/d to 99.67 amid a revival in haven bids. The USD strengthened against all G10s except for the NOK, and was stronger against most major Asian FX. The greenback advanced the most by 0.4% d/d each vs the NZD, CHF and SEK, and was firmer against the EUR and GBP by 0.2% on the day. In the region, MYR reopened after a long weekend and

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,766.88	-0.79
S&P 500	7,631.47	-0.71
NASDAQ	26,099.77	-1.03
Stoxx Eur 600	647.46	-0.56
FTSE 100	10,789.28	-0.32
Nikkei 225	66,215.34	-0.15
CSI 300	4,611.44	-0.30
Hang Seng	25,329.73	-0.93
Straits Times	5,710.37	-0.78
KLCI 30	1,700.54	-1.47
FX		
Dollar Index	99.66	0.24
EUR/USD	1.1593	-0.22
GBP/USD	1.3516	-0.24
USD/JPY	160.18	0.28
AUD/USD	0.7145	-0.31
USD/CNH	6.7221	0.06
USD/MYR	4.0395	0.36
USD/SGD	1.2732	0.18
USD/KHR	4,048.75	0.02
USD/THB	33.31	0.46
Commodities		
WTI ($/bbl)	90.68	5.06
Brent ($/bbl)	95.19	4.99
Gold ($/oz)	4,342.50	-2.69
Copper ($/MT)	14,192.50	-0.65
Aluminum($/MT)	3,272.50	0.94
CPO (RM/MT)	4,852.00	4.84

Source: Bloomberg, HLBB Global Markets Research weakened 0.4% on the day to 4.0395 vs the USD as at yesterday's close. SGD shed 0.2% d/d to 1.2732 while the CNH registered milder losses of 0.1% d/d to 6.7221 against the USD.

Final PMI manufacturing from the majors, China and Malaysia all showed expansion

- Final PMI manufacturing from the major economies all confirmed expansion in manufacturing activities for the month of August. The readings were revised higher from the preliminary reading for the US (from 53.2 to 53.9) and the UK (from 51.5 to 51.7), revised lower for the Eurozone (from 52.8 to 52.7) and Japan (55.1 to 54.9), and left unchanged for Australia (52.0). When compared to July, manufacturing activities picked up in the Eurozone (52.7 vs 51.9) and Japan (54.9 vs 54.5), stable in the US at 53.9, and was seen expanding at a slightly slower pace in the UK (51.7 vs 51.9).
- PMI from regional economies were mixed – slower expansion in Malaysia, but an acceleration in China according to its RatingDog's reading. This was in line with the breakdown by business establishment in the official China PMIs, where small enterprises reported a more upbeat outlook, thanks to improvement in demand, output and exports. Meanwhile in Malaysia, the PMI print moderated for the first month in three, from 50.7 to 50.2 in August, dragged by a decline (contraction) in output (48.7 vs 50.3), but again, PMI has not been a good proxy to industrial production thus far and we will be watching the IPI data more closely for a better gauge of economic activities going into 3Q.

Softer than expected US ISM manufacturing; JOLTS job openings reaffirmed a low hiring low firing labour market

- ISM manufacturing tapered off more than expected to 54.6 in August (Jul: 55.6) reflecting slower growth in the manufacturing sector. A closer look at the subindices was worrying. New orders defied expectation for a pick-up and fell to 53.7 in August (Jul: 56.7), its lowest since March, while the employment index pulled back more than expected to 51.2 during the month in review (Jul: 52.8), pointing to a softening labour market condition.
- In line with this thought and in a separate release, JOLTS job openings came in softer than expected at 7271k in July, and June's print was revised lower from 7359k to 7182k. While the job opening rate rose from 4.3% to 4.4% (below the 4.5% expected), quits rate has fallen from 2.0% to 1.9%, suggesting workers' reluctance to quit amid lack of confidence of finding new jobs elsewhere. On a less negative note, layoffs rate also dropped from 1.1% to 1.0%, adding to signs of a low hiring

low firing job market situation. We therefore maintain our view for an extended Fed rate pause despite the more hawkish rhetoric from policy makers.

- Contrary to the surge in Dallas Fed manufacturing index, the Dallas Fed services activity index staged a surprised pullback to 4.2 in August (Jul: 6.6), as companies turned drastically less optimistic about future outlook (3.0 vs 10.4), and were also less upbeat about revenue and employment.

Unexpected easing in Eurozone's core CPI reaffirmed our view for the ECB to stay pat

- Headline CPI quickened to 3.3% y/y in August (Jul: 2.9% y/y), very much as expected, driven by transport and higher energy costs. However, core CPI surprised on the downside with a softer than expected print of 2.4% y/y in August (Jul: 2.5% y/y). Softer underlying inflation, coupled with signs of a softer labour market, reaffirmed our view for an extended pause by the ECB. Unemployment rate unexpectedly inched up to 6.4% in July, but was nonetheless stable compared to the upwardly revised 6.4% print for June.

UK mortgage approvals and house prices reaffirmed a subdued housing market

- Mortgage approvals unexpectedly fell to 56.1k in July (Jun: 58.2k), its lowest in about 2.5 years. Nationwide house prices grew at a faster than expected pace of 0.2% m/m in August, but was offset by a downgrade to a 0.1% m/m decline in the preceding month. As a result, y/y growth came in lower than expected at 1.6% y/y although it still marked a pick-up from the 1.4% y/y increase in July (revised from 1.8% y/y). Approvals and house prices have remained flattish at best, reflecting the underlying subdued housing market, and is expected to remain so until the uncertain economic backdrop clears.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	98-101	102.28	100.86	99.42	98.07
EUR/USD	1.15-1.18	1.13	1.14	1.16	1.18
GBP/USD	1.34-1.38	1.29	1.30	1.32	1.33
USD/CHF	0.78-0.82	0.81	0.81	0.80	0.79
USD/JPY	157-161	162	159	155	153
AUD/USD	0.70-0.73	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.61	0.56	0.56	0.57	0.57
USD/CNY	6.70-6.75	6.85	6.78	6.72	6.65
USD/MYR	4.01-4.07	4.15	4.11	4.07	4.03
USD/SGD	1.26-1.29	1.31	1.30	1.28	1.27
USD/THB	32.30--33.50	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.68	4.68	4.71	4.73	4.75
GBP/MYR	5.47	5.37	5.36	5.36	5.36
AUD/MYR	2.89	2.83	2.86	2.87	2.89
CNY/MYR	0.60	0.61	0.61	0.61	0.61
SGD/MYR	3.17	3.18	3.17	3.17	3.17

Rates, %	Current	3Q26	4Q26	1Q27	2Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
ECB	2.25	2.50	2.50	2.50	2.50
BOE	3.75	3.75	3.75	3.75	3.75
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	1.00	1.00	1.25	1.25	1.25
RBA	4.35	4.35	4.35	4.35	4.35
RBNZ	2.50	2.50	2.50	2.50	2.50
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	
2-Sep	AU GDP SA QoQ (2Q)	0.30%
	NZ RBNZ Official Cash Rate	2.50%
	US MBA Mortgage Applications (28-Aug)	-1.0%
	US ADP Employment Change (Aug)	44k
	SI Purchasing Managers Index (Aug)	51.4
	US Factory Orders (Jul)	-0.30%
3-Sep	AU S&P Global PMI Services (Aug F)	52.9
	HK S&P Global PMI (Aug)	51
	SI S&P Global PMI (Aug)	59.2
	JN S&P Global PMI Services (Aug F)	52.3
	VN S&P Global PMI Mfg (Aug)	52.9
	AU Exports MoM (Jul)	9.60%
	CH RatingDog PMI Services (Aug)	50.4
	VN CPI YoY (Aug)	4.45%
	VN Exports YoY (Aug)	25.00%
	VN Industrial Production YoY (Aug)	14.50%
	VN Retail Sales YoY (Aug)	14.50%
	MA BNM Overnight Policy Rate	2.75%
	EC S&P Global Services PMI (Aug F)	51.7
	UK S&P Global Services PMI (Aug F)	52.8
	EC PPI YoY (Jul)	4.60%
	US Challenger Job Cuts YoY (Aug)	-46.10%
	US Trade Balance (Jul)	-$73.3b
	US Initial Jobless Claims (46263)	--
	US S&P Global Services PMI (Aug F)	56.8
	US ISM Services Index (Aug)	54.1

Source: Bloomberg

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.