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Global Markets Research

Daily Market Highlights

2 Oct: All eyes on the US nonfarm job data tonight

Rebound in treasuries brought relief to US equity markets; Dollar strengthened

US ISM manufacturing undershot forecast; lower jobless claims and planned job cuts

Spike in Tokyo's inflation; Vietnam's PMI softened; Malaysia's PMI turned contractionary

- A respite from the bond sell-off saw treasury yields pulling back from their multi-year highs. The shorter dated tenures led the retreat, and the benchmark 2Y yield plunged 10bps to 4.79%. The 10Y and 30Y dropped 4bps and 2bps to 5.24% and 5.61% respectively.
- The rebound in treasuries came after bond selloff raced through some European markets earlier in the day, and gained ground after the US manufacturing ISM undershot forecasts. The slump in the European markets notably sent the 30Y UK gilts briefly to above 6.0% for the first time since 1998, while French bonds jumped 6-8bps amid jitters over France's fiscal and political uncertainty.
- The treasury rebound also came despite the 2.7% d/d jump in the WTI following reports that the Pentagon is sending a third aircraft carrier and more troops to the Middle East, but also brought relief to the US equity markets. The S&P 500 added 0.2% d/d with energy and tech stocks outperforming, while consumer and real estate stocks lagged. Both the Dow and Nasdaq closed just above their flatlines overnight.
- Elsewhere, Stoxx Eur was down 1.3% d/d as elevated bond yields spook investors, while Nikkei 225 (3.3% d/d) led gains in the regional space.
- On the forex front, the DXY closed up 0.6% d/d to 102.10 amid haven bid, while the European bonds sell-off saw EUR (-0.8% d/d to 1.1244) lagging its G10 peers. GBP, JPY and AUD depreciated 0.2-0.5% d/d to 1.3197, 158.09 and 0.6931 vs the USD. Similarly, most Asian FX weakened against the greenback. CNH, MYR and SGD depreciated 0.1-0.3% d/d to 6.7142, 4.0860 and 1.2805 vs the greenback respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	50,926.56	0.04
S&P 500	7,666.45	0.19
NASDAQ	26,871.60	0.04
Stoxx Eur 600	626.65	-1.30
FTSE 100	10,428.27	-1.68
Nikkei 225	68,956.72	3.30
CSI 300	4,357.62	0.29
Hang Seng	24,613.27	0.37
Straits Times	5,667.67	-0.14
KLCI 30	1,630.36	-1.26
FX		
Dollar Index	102.10	0.64
EUR/USD	1.1244	-0.76
GBP/USD	1.3197	-0.51
USD/JPY	158.09	0.43
AUD/USD	0.6931	-0.23
USD/CNH	6.7142	0.08
USD/MYR	4.0860	0.15
USD/SGD	1.2805	0.26
USD/KHR	4,055.00	0.00
USD/THB	33.70	0.43
Commodities		
WTI (\$/bbl)	92.87	2.71
Brent (\$/bbl)	102.31	-1.18
Gold (\$/oz)	4,172.90	0.42
Copper (\$/MT)	14,243.50	-1.16
Aluminum(\$/MT)	3,123.00	-1.47
CPO (RM/MT)	4,374.00	-1.13

Source: Bloomberg, HLBB Global Markets Research
*Dated 30th Sept for Hang Seng

Little change in US ISM manufacturing; limited layoffs suggest minimal pressure on the labour market; data centre offers a boost to construction activities

- US manufacturing activity was little changed in September, with the ISM manufacturing index unexpectedly edging 0.1ppts lower to 54.5. Underlying details were nonetheless

generally firmer than the headline. New orders (55.3 vs 53.7) and employment (52.7 vs 51.2) improved, while inventories weighed on the headline. The jump in prices paid (77.9 vs 71.1) nonetheless renewed concerns of price volatility weighing on demand in some industries.

- Low jobless claims and job cut announcements point to limited layoffs, and minimal upward pressure on unemployment rate. Both the initial and continuing jobless claims unexpectedly fell and remained below their year ago levels, declining 1k to 197k for the week ended 26 September for initial claims (its lowest since July) and dropping 11k to 1701k for the week ended 19 September for continuing claims.
- Separate report from Challenger, Gray & Christmas showed that planned layoffs fell 18.2% m/m and 19.9% y/y in September (prior: 58.2% m/m and -38.5% y/y), with the tech sector continuing to account for a disproportionate share of announced layoffs.
- Wrapping up, construction spending surprised on the upside with a 0.9% m/m gain in August (prior: -0.1% m/m) as data centre construction (has and will) continues to support the headline in an otherwise broadly softer housing market.

Softer PMI manufacturing in Vietnam; contractionary for Malaysia

- Final revision to the September manufacturing PMIs for the majors were mixed, upwardly revised for the Eurozone (+0.2ppts to 52.9 vs Aug: 52.7) and Australia (+0.3ppts to 49.6 vs 52.0), left unrevised for Japan (54.1 vs Aug: 54.9) but revised lower for the US (-1.1ppts to 55.9 vs Aug: 53.9) and the UK (-0.1ppts to 51.9 vs Aug: 51.7).
- In the region, while the manufacturing sector remained expansionary, the second successive drop in new export orders saw Vietnam's manufacturing PMI easing to 51.9 in September from 53.3 previously. Despite headwinds from external demand which were affected by rising fuel costs and shipping delays, production continued to rise markedly and firms were more optimistic in the outlook for the coming year.
- Malaysia's PMI fell below the neutral 50.0 mark for the first time in 4 months at 49.9 (Aug: 50.2). Details were mixed - employment improved, prices eased, output and new orders moderated. This, alongside weaker business confidence, point to subdued business conditions ahead.

Sharp drop in UK home prices

- According to Nationwide, September house prices unexpectedly fell and by its fastest pace since May by 0.2% m/m (prior: 0.2% m/m), as aspiring buyers were and will

continue to be put off by the surge in borrowing costs as well as higher energy costs.

Marginal tick-up in Japan's unemployment rate; surge in Tokyo's inflationary pressure

- Mixed data from Japan this morning. The jobless rate unexpected worsened slightly to 2.5% in August (prior: 2.4%), while in Tokyo, both headline and core CPI accelerated more than forecast to 2.7% y/y in September (prior: 1.9% y/y and 1.8% y/y) as the effects of some temporary government measures faded. With CPI clearly above BOJ's target and unemployment rate still low at this level, there is no change in our view that the BOJ will continue with its tightening cycle, pencilling the next hike in 1Q of 2027.

Job vacancies fell at a narrower pace in Australia; trade surplus narrowed

- Job vacancies fell at a narrower pace of 0.9% q/q for the three months ending August (prior: -2.2% q/q) with job losses driven by the private sector, notably for business goods and services, and were slightly offset by gains in the public sector and in customer facing roles like retail trade.
- Trade surplus unexpectedly narrowed to A\$0.5bn in August from A\$1.4bn previously as import growth (5.8% m/m vs -2.4% m/m) outpaced exports at 3.7% m/m (prior: -3.6% m/m). The rebound for exports was driven by non-monetary gold and coal, coke & briquettes, while imports were underpinned by ADP equipment and non-monetary gold.

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	4.6043	4.6344	4.71	4.73	4.75
GBP/MYR	5.3927	5.4179	5.36	5.36	5.36
AUD/MYR	2.8326	2.8436	2.86	2.87	2.89
CNY/MYR	0.6093	0.6084	0.61	0.61	0.61
SGD/MYR	3.1875	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	
2-Oct	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%
5-Oct	AU S&P Global Australia PMI Services (Sep F)	51.4
	SI S&P Global Singapore PMI (Sep)	59.4
	JN S&P Global Japan PMI Services (Sep F)	51.6
	SI Retail Sales YoY (Aug)	1.50%
	JN Consumer Confidence Index (Sep)	35.5
	EC S&P Global Eurozone Services PMI (Sep F)	53
	EC Sentix Investor Confidence (Oct)	5.1
	UK S&P Global UK Services PMI (Sep F)	51.7
	EC PPI YoY (Aug)	5.80%
	US S&P Global US Services PMI (Sep F)	58.7
	US ISM Services Index (Sep)	55.4

Source: Bloomberg

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