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Global Markets Research

Daily Market Highlights

3 Sep: All eyes on BNM monetary policy meeting today

Market selloffs took a breather as Trump downplayed a prolonged Iran war

Softer ADP job print; upside surprises in US factory orders and Australia 2Q GDP growth

All eyes on BNM policy meet today for clues on any shift in the policy tone

- The US markets finally saw firmer ground after days of rout as President Trump downplayed prospect of a prolonged Iran war, soothing inflation and policy tightening concerns. Market pricing for a September Fed rate hike was pared back slightly from 68% to 63%, also in tandem with the softer than expected ADP job print overnight.
- The three major benchmark US stock indices rose for the first day in three, up between 0.5-0.6% as at Wednesday close. European stocks however remained mire in red while Asian stocks traded mixed – lower in Nikkei and Hang Seng but higher in KLCI and STI. Futures are pointing to a higher opening this morning tracking the overnight gain in Wall Street.
- The global bond rout took a breather as President Trump said the strikes on Iran won't go on for long. Oil prices ended mixed and relatively flat on the day with the Brent crude edging up 0.2% to $95.38/ barrel while the WTI lost 0.1% to $90.63/ barrel. Global sovereign bond yields posted smaller increases or even fell 2-3bps across the curve in the case of UST. 2-year note yield slipped 3bps to 4.37% while the 10s lost 2bps to 4.78%. European sovereign bonds saw continued but more modest selloffs resulting in smaller increases in yield levels, amid persistent inflation concerns.
- Moving on to FX, the Dollar Index fell again after the shortlived gain on Tuesday. The DXY shed 0.1% d/d to 99.58, as the greenback traded mixed against the majors. The kiwi underperformed and plunged 0.7% d/d at close as RBNZ Governor Breman signaled slower pace of hike going forward after raising its official cash rate for the 2nd straight meeting by 25bps to 2.75% as expected yesterday. On the other end of the spectrum, JPY outperformed all G10s to gain 0.9% d/d vs the USD, hence raising intervention speculation, as BOJ board member signaled an outsized rate hike, potentially adding more fuel to fire for the already spiking JGB yields which topped 3.0% for the first time in three decades. The AUD rose a more modest 0.3% d/d to 0.7169 while EUR and GBP posted

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,061.95	0.56
S&P 500	7,666.60	0.46
NASDAQ	26,217.83	0.45
Stoxx Eur 600	645.91	-0.24
FTSE 100	10,756.45	-0.30
Nikkei 225	64,325.64	-2.85
CSI 300	4,547.96	-1.38
Hang Seng	25,311.21	-0.07
Straits Times	5,744.11	0.59
KLCI 30	1,708.74	0.48
FX		
Dollar Index	99.58	-0.08
EUR/USD	1.1588	-0.04
GBP/USD	1.3486	-0.22
USD/JPY	158.71	-0.92
AUD/USD	0.7169	0.34
USD/CNH	6.7180	-0.06
USD/MYR	4.0465	0.17
USD/SGD	1.2711	-0.16
USD/KHR	4,048.00	-0.02
USD/THB	33.20	-0.32
Commodities		
WTI ($/bbl)	90.63	-0.06
Brent ($/bbl)	95.38	0.20
Gold ($/oz)	4,400.80	1.34
Copper ($/MT)	14,236.50	0.31
Aluminum($/MT)	3,294.50	0.67
CPO (RM/MT)	4,831.00	-0.43

Source: Bloomberg, HLBB Global Markets Research modest losses of 0-0.2% d/d, to 1.1588 and 1.3486 vs the USD respectively.

Smaller than expected increase in ADP employment; factory orders surprised on the upside

- ADP employment rose less than expected by 38k in August (Jul: upwardly revised by 2k to 46k), as job addition in the services sector (education & health, leisure & hospitality) was offset by a decline in the goods sector. This employment figure showed private sector hiring has been losing momentum for the 3rd consecutive month now, and coupled with other labour market indicators, reaffirmed the case of a soft labour market. We hence do not foresee a strong case for a Fed rate hike in the foreseeable future unless inflation risks go out of hand.
- Factory orders staged a stronger than expected rebound in July (+0.9% vs -0.2% m/m), snapping two straight months of decline and was just slightly below the YTD average gain of 1.0% m/m, The rebound was driven by a pick-up in durable goods orders (1.1% vs 0.6% m/m), as well as sustained 1.1% m/m increase in capital goods. Factory orders ex-transport also rebounded (0.6% vs =0.1% m/m), suggesting underlying demand is still forthcoming.
- MBA mortgage applications rebounded to increase for the first time in three weeks, by 0.8% w/w for the week ended 28-Aug (prior: -1.0% w/w), lifted by a rebound in the new purchases index (+2.2% vs -0.3% w/w) and smaller decline in refinancing (-1.1% vs -2.0% w/w). This came despite higher lending rates probably as borrowers tried locking in rates in anticipation of higher interest rate prospect.
- Fed Beige Book revealed a modest increase in economic activity since early July. Ten out of the twelve districts reported slight to moderate growth while the remaining two said no change. Consumer spending grew slightly on balance amid an overall very slight increase in employment. General outlook ahead was positive, but sentiments were mixed across sectors, citing heightened uncertainties surrounding the effects of higher energy prices, policy, and international conflict.

Upside surprises in Australia 2Q GDP driven by net exports

- The Australian economy grew at a faster than expected pace of 0.4% q/q in 2Q (1Q: +0.3% q/q). The bulk of the growth was attributed to a turnaround in exports (0.21ppt contribution vs 0.27ppt subtraction in 1Q) while imports exerted a smaller drag (-0.11ppt vs -0.47ppt in 1Q). Meanwhile, domestic demand contributed a much less 0.3ppt (1Q: +0.9ppt) as the sustained increase in household spending (+0.4% q/q) was offset by a decline in investment (-0.3% vs +3.1% q/q).

- On an annual comparison, growth moderated less than expected to 2.1% y/y, from 2.5% y/y in 1Q. This is building on the momentum from the hawkish RBA minutes that the RBA may be raising rates again later this year. Pricing for a September hike has since increased to 68% post-GDP release, from 53% a day ago. We nonetheless maintain our view for a rate pause as wage growth (0.9 correlated to RBA policy rate) remained stable and showed no signs of acceleration so far.

Marginal uptick in Singapore PMI in line with improvement seen in other economies

- Singapore PMI inched marginally higher by 0.1ppt to 51.5 in August (Jul: 51.4), underpinned by an increase in the electronics PMI from 52.4 to 52.6. This was largely in line with the uptick seen in most other economies for August but what stood out was this marked its 5th straight month of upward trajectory, contrary to some which has been whipsawing the last few months given the uncertain global backdrop and supply disruption. The improvement was broad-based spanning from new orders, new exports, output, prices as well as employment, a clear signal of better optimism among purchasing managers regarding the outlook going forward.

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	5.46	5.37	5.36	5.36	5.36
AUD/MYR	2.88	2.83	2.86	2.87	2.89
CNY/MYR	0.60	0.61	0.61	0.61	0.61
SGD/MYR	3.18	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	
3-Sep	AU S&P Global PMI Services (Aug F)	52.9
	HK S&P Global PMI (Aug)	51.0
	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 (29 Aug)	208k
	US S&P Global Services PMI (Aug F)	56.8
	US ISM Services Index (Aug)	54.1
4-Sep	JN Household Spending YoY (Jul)	-3.30%
	EC Retail Sales MoM (Jul)	-0.30%
	US Change in Nonfarm Payrolls (Aug)	-23k
	US Average Hourly Earnings YoY (Aug)	3.20%
	US Unemployment Rate (Aug)	4.10%

Source: Bloomberg

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