

4 May 2026

Global Markets Research

Daily Market Highlights

4 May: Hawkish tilts from the ECB and BOE tracking FOMC

Forecasts moving away from ECB and BOE's baselines; rate hikes expected in June
US economy continues to be AI investment driven; softer consumer spending
Steady manufacturing activities in the US; stronger in China & Singapore

- Wall Street ushered in May on a rather positive note (S&P 500: 0.3% d/d, Nasdaq: 0.9% d/d, Dow Jones: -0.3% d/d), with tech stocks leading the way following strong results by tech titan Apple after the bell on Thursday, while signs of resilient consumer spending also supported appetite for consumer discretionary stocks.
- It was not all rosy, with lower crude oil prices (WTI: -3.0% d/d to \$101.94/barrel, Brent: -5.1% d/d to \$108.17/barrel) failing to lift sentiment for the rest of the markets, while shares of Spirit Aviation also plunged following reports of an imminent shut down. On Saturday, the carrier ceased operations after failing to secure a bailout from the Trump administration.
- Many major bourses elsewhere were closed due to the May Day holiday, but Stoxx Eur 600 and Nikkei 225 nudged gains on Friday.
- Treasuries closed little changed following the softer crude oil prices and after April's ISM data came in below expectations and held steady at 52.7. The benchmark 2Y yield rose 1bps to 3.88%, while the 10Y closed just below its flatline at 4.37%. In the UK, the benchmark 2Y and 10Y yields fell 4 and 5bps respectively to 4.41% and 4.96%.
- Activities in the FX markets were tame with much of Europe and Asia closed for holiday. That said, most G10 weakened against the Dollar, with the EUR, GBP and JPY depreciating 0.1-0.3% d/d to 1.1721, 1.3853 and 157.01 respectively. AUD was the outlier, closing just above its flatline at 0.7202.
- On the regional front, CNH and SGD closed slightly firmer at 6.8310 and 1.2728 respectively, while MYR closed 0.5% d/d weaker at 3.9717 last Thursday.
- At the point of writing, OPEC+ has announced 188k barrels/day increase in output in June, while Trump also said that he will raise tariff on autos from the EU to 25%. The two developments will likely weigh on crude oil prices and European FX today.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	49,499.27	-0.31
S&P 500	7,230.12	0.29
NASDAQ	25,114.44	0.89
Stoxx Eur 600	611.55	0.04
FTSE 100	10,363.93	-0.14
Nikkei 225	59,513.12	0.38
CSI 300	4,807.31	-0.06
Hang Seng	25,776.53	-1.28
Straits Times	4,912.69	1.06
KLCI 30	1,722.02	0.09
FX		
Dollar Index	98.16	0.10
EUR/USD	1.1721	-0.09
GBP/USD	1.3583	-0.15
USD/JPY	157.01	0.27
AUD/USD	0.7202	0.01
USD/CNH	6.8310	-0.01
USD/MYR	3.9717	0.50
USD/SGD	1.2728	-0.03
USD/KHR	4,009.88	0.01
USD/THB	32.60	-0.28
Commodities		
WTI (\$/bbl)	101.94	-2.98
Brent (\$/bbl)	108.17	-5.12
Gold (\$/oz)	4,644.50	0.32
Copper (\$/MT)	12,996.50	0.07
Aluminum(\$/MT)	3,522.00	1.38
CPO (RM/tonne)	4,522.50	0.85

Source: Bloomberg, HLBB Global Markets Research
 * Closing as of 29 Apr for CPO, 30 Apr for USD/MYR, USD/THB, KLCI, Straits Times

ECB maintained rates; hawkish tilt during Lagarde's presser

- As expected, the European Central Bank (ECB) kept the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility unchanged at 2.00%, 2.15% and 2.40% respectively.
- The accompanying statement was largely balanced, with the central bank flagging intensifying stagflation pressure for the bloc, in line with the latest data releases. 1Q GDP unexpectedly eased to 0.1% q/q in 1Q, while headline inflation accelerated to 3.0% y/y in April from 2.6% y/y previously as expected. Unemployment rate, meanwhile, improved to 6.2% for March from 6.3% previously.
- ECB President Christine Lagarde's comments during the presser nonetheless took a hawkish tilt when Lagarde said that while the decision was unanimous, the ECB debated at length and in depth a decision to possibly hike, and that the economy is moving away from ECB's March baseline scenario. With this and unless there is a quick end to the war, **we opine that the ECB is clearly moving towards a rate hike in the June ECB meeting.**

BOE maintained Bank Rate; inflation likely to see second round and modest effect

- The Bank of England (BOE) in an 8-1 majority voted to maintain Bank Rate at 3.75%. The decision was within expectation, with one member voting to increase Bank Rate by 25bps to 4.00%. The central bank reiterated its stance that it stands ready to act as necessary to ensure that CPI inflation remains on track to meet the 2% target in the medium term.
- Like the IMF, the BOE produced a set of scenario analysis and their implications on prices and growth. Looking at the policymakers' view, the majority appear to place most weight under scenario B, where higher energy prices raise short-term inflation expectations, leading to second-round effect. These second-round effects are nonetheless expected to be modest, driven in part by a softer labour market and more slack in the economy. CPI is expected to peak at 3.7% at the end of 2026 and stay elevated for longer (2Q of 2027: 3.2%).
- The BOE also demonstrated how rate might need to respond to each scenario and the key takeaway for Scenario B is that the market-implied path for Bank Rate has shifted up by around 55bps on average over the next three years as compared to the February report. With this, **we are pencilling in one rate hike by the BOE within the next 3 months.**

US economy continues to be driven by AI spending, consumer spending moderated; pick-up in PCE

- Lots of data from the US, with signs of softer consumer spending, while investment linked to AI has and will likely continue drive growth for the US economy. While a resilient labour market and tax refunds will help cushion the higher cost of living for consumers in the near term, the lack of breath in overall growth momentum and more headwinds due to the Middle East war, suggest that the Fed is on track for another rate cut in the last quarter of the year.
- 1Q GDP growth came in at 2.0% q/q, below expectations but followed a much softer 0.5% q/q in 4Q of 2025. The acceleration reflected upturns in government spending and exports, and an acceleration in investment that were partly offset by a deceleration in consumer spending (1.6% q/q vs 1.9% q/q).
- March's PCE offers little and above the GDP report, with growth in nominal (0.9% m/m vs 0.6% m/m) and real personal spending (0.2% m/m vs 0.3% m/m) largely driven by higher gas prices. Core-PCE, Fed's preferred inflation gauge, meanwhile, matched expectations and came in at 0.3% m/m and 3.2% y/y (prior: 0.4% m/m and 3.0% y/y), while headline accelerated to 0.7% m/m and 3.5% y/y (prior: 0.4% m/m and 2.8% y/y)

Stronger manufacturing PMIs for China and Singapore

- The final manufacturing PMIs for the US, UK, Australia and Japan were revised 0.1-0.4ppts higher. The final April PMI manufacturing readings in the US settled at 54.5 (Mar: 52.3), the UK at 53.7 (Mar: 51.0), Australia at 51.3 (49.8) and Japan at 55.1 (Mar: 51.6).
- Meanwhile in China, the manufacturing PMIs (official: 50.3 vs 50.4, RatingDog: 52.2 vs 50.8) fared better than expected. This was supported by new export orders, a sign that trade activities likely remained solid, while softer domestic demand sent the non-manufacturing sector slipping back into contraction (official: 49.4 vs 50.1). Price pressures also stayed firmly in expansionary territory, suggesting China's reflation is continuing.
- Over in Singapore, the latest official PMI reading continues to show positive impact from the AI boom on Singapore's manufacturing sector, with added impetus from precision engineering and transport engineering. At 50.7 in April, the official PMI marks 0.2ppts step-up from the previous reading and is its highest since February 2025. The key electronics sector recorded a PMI of 51.7 (prior: 51.4).

Spike in Vietnam's inflation due to higher domestic gas prices; April growth indicators remained positive

- Rising domestic gas prices, increased prices for dining out, and higher construction material costs due to increased input costs and transportation sent inflation up more than expected to 5.5% y/y in April from 4.7% y/y previously, while trade deficit unexpectedly widened to \$3.3bn from \$0.7bn previously. The sharply wider deficit largely reflects a 32.5% y/y (prior: 27.8% y/y) jump in imports for raw materials, equipment and spare parts for production even as export growth remained solid at 21.0% y/y (prior: 20.1% y/y). In tandem with this, IPI growth accelerated to 9.9% y/y (prior: 6.9% y/y), while retail sales held steady at 12.1% y/y. Despite the quicker inflation, we expect the central bank to maintain rates at 4.50% to ensure that that government can meet (although unlikely in our opinion) its ambitious target of 10% this year.

House View and Forecasts

FX	This Week	2Q-26	3Q-26	4Q-26	1Q-27
DXY	97-100	100.63	99.80	97.96	96.48
EUR/USD	1.15-1.19	1.14	1.15	1.17	1.19
GBP/USD	1.33-1.37	1.31	1.32	1.34	1.35
USD/CHF	0.76-0.81	0.79	0.78	0.76	0.75
USD/JPY	156-161	159	155	152	152
AUD/USD	0.70-0.73	0.68	0.69	0.70	0.71
NZD/USD	0.56-0.61	0.57	0.58	0.58	0.59
USD/CNY	6.80-6.85	6.93	6.88	6.84	6.77
USD/MYR	3.93-4.00	3.98	3.96	3.93	3.90
USD/SGD	1.26-1.29	1.29	1.28	1.27	1.25
USD/THB	31.70-32.90	31.60	31.80	31.80	31.40

FX	Last close	2Q-26	3Q-26	4Q-26	1Q-27
EUR/MYR	4.6445	4.55	4.55	4.60	4.66
GBP/MYR	5.3632	5.23	5.23	5.26	5.28
AUD/MYR	2.8380	2.72	2.72	2.75	2.77
CNY/MYR	0.5816	0.58	0.58	0.58	0.58
SGD/MYR	3.1082	3.09	3.10	3.11	3.12

Rates, %	Current	2Q26	3Q26	4Q26	1Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.25-3.50	3.25-3.50
ECB	2.00	2.25	2.50	2.50	2.50
BOE	3.75	4.00	4.25	4.25	4.25
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	1.00	1.00	1.00	1.00
RBA	4.10	4.35	4.35	4.35	4.35
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
4-May	MA S&P Global Malaysia PMI Mfg (Apr)	50.7
	VN S&P Global Vietnam PMI Mfg (Apr)	51.2
	AU Building Approvals MoM (Mar)	29.70%
	EC S&P Global Eurozone Manufacturing PMI (Apr F)	52.2
	EC Sentix Investor Confidence (May)	-19.2
5-May	US Factory Orders (Mar)	0.00%
	AU S&P Global Australia PMI Services (Apr F)	50.3
	AU Household Spending MoM (Mar)	0.30%
	AU RBA Cash Rate Target	4.10%
	SI Retail Sales SA MoM (Mar)	-4.10%
	HK GDP YoY (1Q A)	3.80%
	US Trade Balance (Mar)	-\$57.3b
	US Imports MoM (Mar)	4.30%
	US Exports MoM (Mar)	4.20%
	US S&P Global US Services PMI (Apr F)	51.3
	US ISM Services Index (Apr)	54
	US New Home Sales MoM (Mar)	-17.60%
	US JOLTS Job Openings (Mar)	6882k

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

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