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Global Markets Research
Daily Market Highlights

7 Sep: Positive US NFP heightened September Fed rate hike bets

US equities snapped a 2-day gain and fell amid increased Fed rate hike expectations
UST yields rose again; USD advanced against most G10s; mixed vs regionals FX
All eyes on pivotal US CPI print this Friday and ECB policy meet for a 25bps rate hike

- US job data stole the limelight, as geopolitical development continued to take a back seat for a 2nd straight day. Nonfarm job gains surprised on the upside with a bigger than expected increase of 162k in August, while the last two months reading was revised up by 55k (including the 21k gain in July vs the 23k loss initially reported). This ramped up expectations for a September Fed rate hike from 51% to 62% again. The three benchmark US stock indices fell 0.3-0.5% d/d last Friday, led by losses in consumer discretionary and healthcare, offsetting gains in industrial and information technology stocks. Earlier in European and Asian trading session, stocks traded mixed.
- Asian stocks are poised to open on a mixed note this morning taking cue from futures, and crude oil prices are expected to increase on news that Iran targeted three oil tankers and US-related vessels, in retaliation to the US' attack on its tankers.
- Revived Fed rate hike expectations dampened UST, pushing yields up again after taking a breather from the bond rout in the last two trading days. Overall UST yields rose 1-4bps up to the 10-year tenors led by the front end, while the ultra-long end 20 to 30-year bond yields ended little changed to marginally lower, hence flattening the curve. The benchmark 2-year note yields added 3bps to 4.37% while the 10s rose 1bp to 4.78%. Meanwhile, 10-year European sovereign bond yields were seen falling 0-3bps earlier.
- Moving on to FX, the Dollar Index snapped a 2-day losses and rose 0.2% d/d to 99.16, as the greenback strengthened against all G10s except for the small losses against the AUD (0.03%) and NZD (0.02%). The SEK, CAD, and CHF led underperformers, while the EUR (-0.1% d/d to 1.1614) and GBP (-0.04% d/d to 1.3519) saw modest losses. JPY weakened 0.3% on the day to 156.26 vs the USD, but remained near its strongest level in 6 months amid jumps in BOJ rate hike bets and unwinding of JPY carry trade. In the region, major Asian FX trade mixed against the USD, with the TWD and KRW outperforming while PHP and MYR posted marginal declines.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,414.25	-0.51
S&P 500	7,718.60	-0.38
NASDAQ	26,506.99	-0.29
Stoxx Eur 600	649.88	0.12
FTSE 100	10,831.09	0.00
Nikkei 225	65,020.94	1.26
CSI 300	4,548.05	-0.10
Hang Seng	25,650.87	1.74
Straits Times	5,801.96	0.94
KLCI 30	1,708.10	-0.41
FX		
Dollar Index	99.16	0.15
EUR/USD	1.1614	-0.10
GBP/USD	1.3519	-0.04
USD/JPY	156.26	0.29
AUD/USD	0.7203	0.03
USD/CNH	6.7080	-0.14
USD/MYR	4.0448	0.06
USD/SGD	1.2666	-0.06
USD/KHR	4,047.00	-0.06
USD/THB	32.92	-0.05
Commodities		
WTI ($/bbl)	91.22	-0.49
Brent ($/bbl)	95.85	-0.07
Gold ($/oz)	4,442.40	-0.95
Copper ($/MT)	14,378.50	0.11
Aluminum($/MT)	3,296.00	-0.65
CPO (RM/MT)	4,776.00	0.15

Source: Bloomberg, HLBB Global Markets Research

The MYR shed 0.06% d/d to 4.0448 vs the USD at Friday's close, and we expect USD/ MYR to stay neutral to slightly bullish in a range of 4.02-4.07 in the week ahead, in anticipation of a firm USD ahead of the pivotal US CPI on Friday.

US nonfarm payroll surprised on the upside at 162k; unemployment rate stabilized at 4.1% in August

- Nonfarm payroll added 162k jobs in August (Jul: +21k revised up from -23k), 3x more than the 55k expected. 2-month net revision also totalled 55k. The bulk of the increase came from the private sector (127k) with the remaining 35k from government payroll. Gains mainly stemmed from the leisure & hospitality (62k) and education & health services (29k) sectors while losses were seen in information and financial sectors. Meanwhile, unemployment rate held steady at 4.1% in August as expected, while average hourly earnings inched up to 0.3% m/m in August (Jul: 0.1% m/m), also as expected. While this red hot job report has raised expectations of a September rate hike again, upcoming CPI reading on Friday will be pivotal in influencing the Fed's next course of action. There is no change to our view for a pause in the Fed rate this year at this juncture as we continue to see signs of a softening labour market and peaking inflation.

Eurozone retail sales surprised on the downside but pricing for a September ECB rate hike remains intact

- Retail sales staged a surprised decline of 0.6% m/m in July, while June's increase was revised up from a 0.3% decline to a 0.2% m/m increase. The surprised fall was due to decline in non-food products (-1.4% vs +0.5% m/m) and sales at auto fuel and special stores (-0.8% vs +1.8% m/m), which more than offset the rebound in food, drinks & tobacco (+0.4% vs -0.6% m/m). On a y/y basis, sales grew a mere 0.6% y/y in July (Jun: +1.4% y/y), its slowest in two years, underscoring softening domestic demand and spending, but did little to dent expectations for a September rate hike from the ECB.

Bigger than expected decline in Japan household spending

- Household spending fell at a faster than expected pace of 3.6% y/y in July (Jun: -3.3% y/y), extending its losing streak into an 8th straight month. The cut in spending was broad-based, covering essentials like food, housing, and utilities to non-discretionary spending as inflation bites. Reduced real purchasing power will continue to undermine consumer spending, hence keeping a lid on overall economic growth in the near term.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	97-100	102.28	100.86	99.42	98.07
EUR/USD	1.15-1.18	1.13	1.14	1.16	1.18
GBP/USD	1.33-1.37	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.82	0.81	0.81	0.80	0.79
USD/JPY	152-159	162	159	155	153
AUD/USD	0.70-0.73	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.60	0.56	0.56	0.57	0.57
USD/CNY	6.70-6.73	6.85	6.78	6.72	6.65
USD/MYR	4.02-4.07	4.15	4.11	4.07	4.03
USD/SGD	1.25-1.28	1.31	1.30	1.28	1.27
USD/THB	32.50--33.50	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.70	4.68	4.71	4.73	4.75
GBP/MYR	5.47	5.37	5.36	5.36	5.36
AUD/MYR	2.91	2.83	2.86	2.87	2.89
CNY/MYR	0.60	0.61	0.61	0.61	0.61
SGD/MYR	3.19	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	
7-Sep	SI Retail Sales YoY (Jul)	4.00%
	JN Leading Index CI (Jul P)	116.5
	JN Coincident Index (Jul P)	118.5
	MA Foreign Reserves (46262)	$132.7b
	EC Sentix Investor Confidence (Sep)	0.9
	EC GDP SA QoQ (2Q T)	0.40%
8-Sep	JN Labor Cash Earnings YoY (Jul)	3.40%
	JN GDP Annualized SA QoQ (2Q F)	1.10%
	JN Trade Balance BoP Basis (Jul)	-¥135.2b
	AU Westpac Consumer Conf SA MoM (Sep)	6.00%
	AU NAB Business Confidence (Aug)	-6
	AU NAB Business Conditions (Aug)	4
	JN Eco Watchers Survey Outlook SA (Aug)	45.8
	US NFIB Small Business Optimism (Aug)	99.8
	US NY Fed 1-Yr Inflation Expectations (Aug)	3.63%
	CH Exports YoY (Aug)	23.90%

Source: Bloomberg

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