10 August 2026

Global Markets Research
Daily Market Highlights

10 Aug: Weaker than expected US NFP eased rate hike fears

Traders pencilling less than an even chance for a Fed rate hike this year
US bonds, stocks rallied, S&P 500 closed at record; DXY slipped to its 2-month low
Softer than expected export growth and inflationary pressure for China

- US stocks and bonds rallied, while the Dollar softened last Friday after the unexpectedly weak non-farm payroll (NFP) saw traders dialling back on their expectations for a Fed rate hike this year, although there is no change in our view of a prolonged pause from the FOMC for the whole of 2026.
- The 2Y and 10Y UST yields fell 3-5bps to 4.20% and 4.65%, while Fed funds futures contracts are now only pricing in less than an even chance for a 25bp hike by end 2026.
- In the US equity space, the S&P 500 rallied 0.6% d/d to a record close, while Nasdaq and the Dow also climbed 1.3% d/d to 0.3% d/d. Gains were broad based with the exception of finance, communication services and energy stocks, the latter despite higher energy prices recorded during the day. The WTI and Brent gained more than 1% d/d each to $78.18/barrel and $83.55/barrel, as investors largely await a still elusive US-Iran deal.
- In the forex space, the Dollar traded weaker against all its G10 peers and the DXY tumbled 0.4% d/d to its 2-month low of 99.54. JPY strengthened 0.4% d/d to 157.76 against the Dollar, reversing earlier declines from earlier in the week. EUR, GBP and AUD appreciated 0.3-0.5% d/d to 1.1559, 1.3491 and 0.7067. On the regional front, MYR closed flattish at 4.0912, while CNH and SGD appreciated 0.1% d/d and 0.4% d/d to 6.7429 and 1.2782.

Downward surprise to US NFP reaffirms our Fed rate hold view

- July's jobs data was surprisingly weak, with payrolls unexpectedly falling 23k (prior: +20k), while there were 103K of downward revisions to the past two months' data. The unemployment rate nonetheless eased to 4.1% from 4.2% previously, primarily because of a further drop in the participation rate (61.4% vs 61.5%), while average hourly earnings growth slowed to just 3.2% y/y from 3.4% y/y previously. By sector, the leisure and hospitality sector lost 40k jobs, which may partially reflect the end of the World Cup, while the financial and retail sectors also lost 14k and 19k roles respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	54,036.93	0.28
S&P 500	7,757.64	0.62
NASDAQ	26,690.62	1.30
Stoxx Eur 600	660.25	0.31
FTSE 100	10,901.09	0.31
Nikkei 225	65,606.71	-0.12
CSI 300	4,694.44	0.93
Hang Seng	25,668.03	0.54
Straits Times	5,698.43	1.05
KLCI 30	1,735.75	-0.08
FX		
Dollar Index	99.54	-0.39
EUR/USD	1.1559	0.30
GBP/USD	1.3491	0.27
USD/JPY	157.76	-0.42
AUD/USD	0.7067	0.50
USD/CNH	6.7429	-0.07
USD/MYR	4.0912	0.03
USD/SGD	1.2782	-0.43
USD/KHR	4,054.50	-0.02
USD/THB	33.05	-0.02
Commodities		
WTI ($/bbl)	78.18	1.15
Brent ($/bbl)	83.55	1.29
Gold ($/oz)	4,340.70	2.33
Copper ($/MT)	14,076.00	-0.19
Aluminum($/MT)	3,280.00	0.64
CPO (RM/MT)	4,527.00	-0.15

Source: Bloomberg, HLBB Global Markets Research

- On a separate note, consumer credit rose rebounded more than expected by $14.2bn in June (prior: -1.1bn) amid gains in both revolving ($6.7bn vs -$5.3bn) as well as non-revolving ($7.4bn vs $4.2bn) credit.

Steady leading index for Japan; economy still improving

- In Japan, the heading index held steady at 116.4 in June as pick-up in employment and producer's demand related sub-indices offset the declines in financial related sub-indicators like stock prices. Assessment of the coincident index was also left unchanged at "improving."

Tech products dominate trade activities for China; CPI and PPI surprised on the downside

- Export growth continues to remain one of the bright spots in China's economy, helping to cushion industrial activities as well as the broad economy. Although less than expected, exports grew 23.9% y/y (prior: 27.0% y/y), with the product breakdown continues to show strength for higher value-added and AI-related exports, and point to divergence between old and new economies. By destinations, exports to the US continued to grow despite renewed tension, while on the import front, growth eased more than expected to 27.5% y/y (prior: 36.0% y/y), also supported by tech-related imports. With trade surplus returning to positive yearly growth since May, this will bode well for GDP calculation.
- On the price print, producer prices (PPI) and consumer inflation (CPI) moderated more than expected to 3.5% y/y (prior: 4.1% y/y) and 0.5% y/y (prior: 1.0% y/y) in July, reflecting in part some easing in energy shocks from the Middle East conflict, and for the latter, a sluggish domestic demand which limits the extent which factories can pass on higher costs to consumers. In the absence of concrete stimulus signal from the recent Politburo meeting, we expect price pressure to remain moderate for the rest of the year.

Malaysia's foreign reserves up $0.3bn in 2H of July

- Reserves rose $0.3bn to $132.1bn at the end of July from a fortnight earlier, sufficient to finance 4.7 months of imports of goods and services and is 0.9 times of total short-term external debt.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	98.75-101.25	102.28	100.86	99.42	98.07
EUR/USD	1.13-1.17	1.13	1.14	1.16	1.18
GBP/USD	1.33-1.36	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.83	0.81	0.81	0.80	0.79
USD/JPY	156-161	162	159	155	153
AUD/USD	0.69-0.72	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.60	0.56	0.56	0.57	0.57
USD/CNY	6.73-6.77	6.85	6.78	6.72	6.65

USD/MYR	4.06-4.12	4.15	4.11	4.07	4.03
USD/SGD	1.27-1.30	1.31	1.30	1.28	1.27
USD/THB	33.00-33.50	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.7162	4.68	4.71	4.73	4.75
GBP/MYR	5.4992	5.37	5.36	5.36	5.36
AUD/MYR	2.8807	2.83	2.86	2.87	2.89
CNY/MYR	0.6063	0.61	0.61	0.61	0.61
SGD/MYR	3.1930	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	
10-Aug	JN Bank Lending Ex-Trusts YoY (Jul)	6.30%
	JN Eco Watchers Survey Outlook SA (Jul)	45.7
	EC Sentix Investor Confidence (Aug)	-3.1
11-Aug	AU NAB Business Confidence (Jul)	-5
	MA Industrial Production YoY (Jun)	8.40%
	SI GDP (2Q F)	5.70%
	MA Manufacturing Sales Value YoY (Jun)	8.90%
	AU RBA Cash Rate Target	4.35%
	US NFIB Small Business Optimism (Jul)	97.4
	US Existing Home Sales MoM (Jul)	-2.40%
11-17 Aug	CH FDI YTD YoY CNY (Jul)	-5.00%

Source: Bloomberg

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