10 September 2026

Global Markets Research

Daily Market Highlights

10 Sep: Broad selloffs in global financial markets

Massive risk-off; selloffs in global stocks; DXY fell; Brent crude surged pass $101/ barrel

Outsized bond buyback news backfired and augmented the spike in bond yields

All eyes on ECB policy meet for a 25bps rate hike today; US CPI up next tomorrow

- Global financial markets saw massive risk-off trades on Wednesday as intensifying military conflicts heightened energy disruption fear, hence racing up inflation and rate hike anxieties. Brent crude rallied for a 3rd straight day, surging pass $101/ barrel to end the day just a tad off the day high at $101.75/ barrel, culminating to a gain of 5.3% over just the last three days. We expect continuous gains in oil prices with no signs of a de-escalation in the geopolitical tension in the immediate term, but it may pull back first before any move higher again given the overbought signal. President Trump said energy prices will not come down until after the midterm elections, and that the war with Iran will end "immediately" after the election. Meanwhile, Iran said it is ready for a more intense war and will ramp up retaliation if the US continues to strike.
- US and European stocks came under massive pressure. The three key US benchmark stock indices saw broad selloffs for the 3rd straight day, losing a further 0.5-0.8% d/d. European stocks fell over 1.0% with the Stoxx Eur 600 declining 1.4% and FTSE100 shedding 1.3% on the day. Major Asian bourses traded moderately mixed with noticeably smaller gains and losses. Nikkei 225 and Hang Seng fell 0.2% d/d each, STI lost 0.6% while KLCI ended little changed. CSI 300 gained 0.3% d/d. Futures are pointing to a broadly lower opening in Asia market this morning trailing overnight market selloffs and a massive risk-off environment.
- Inflation and policy tightening concerns also prompted broad selloffs in global bonds and drove up bond yields. The announcement of an unusually outsized bond buyback of $6bn (3x the usual $2bn) by Treasury Secretary Scott Bessent backfired. Not only it failed to halt the bond rout, it amplified the selloffs and the surge in yields instead. Overall benchmark UST yields rose 4-5bps across the curve, with the 2s adding 4bps to 4.43% (highest since Jul-24) and the 10s another 5bps to 4.84% (highest since Nov-23). The selloffs in

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,380.66	-0.77
S&P 500	7,636.36	-0.48
NASDAQ	26,253.34	-0.64
Stoxx Eur 600	640.41	-1.41
FTSE 100	10,670.06	-1.31
Nikkei 225	65,142.78	-0.19
CSI 300	4,572.60	0.30
Hang Seng	25,274.96	-0.17
Straits Times	5,729.63	-0.66
KLCI 30	1,714.34	0.00
FX		
Dollar Index	98.78	-0.06
EUR/USD	1.1633	0.08
GBP/USD	1.3547	0.04
USD/JPY	153.56	-0.27
AUD/USD	0.7217	0.00
USD/CNH	6.7064	-0.01
USD/MYR	4.0697	0.18
USD/SGD	1.2643	-0.06
USD/KHR	4,052.25	0.06
USD/THB	32.92	0.05
Commodities		
WTI ($/bbl)	96.67	2.57
Brent ($/bbl)	101.75	2.37
Gold ($/oz)	4,412.90	1.07
Copper ($/MT)	14,812.00	0.57
Aluminum($/MT)	3,360.00	0.78
CPO (RM/MT)	4,790.00	-0.37

Source: Bloomberg, HLBB Global Markets Research

European government bond yields were even more intense, with 10-year yields spiking as much as 11bps.

- The USD was not spared, extending its losses for a 3rd consecutive day, down 0.06% d/d to 98.78 as at Wednesday's close, toggling between safe haven trade, geopolitical positioning and diverging central bank policy expectations. Hence, the USD weakness was not broad-based, strengthening against 4 G10s (NZD, CAD, SEK, CHF) and weakening against another 5 (NOK, JPY, EUR, DKK, GBP), and was unchanged against the AUD at 0.7217. JPY stood out again and strengthened for a 3rd straight day to 153.56 (0.3% d/d), underpinned by BOJ rate hike expectations, which is expected to materialize next week. Meanwhile, major Asian FX traded on a firmer note, led by gains in IDR, KRW and PHP. CNH and SGD edged out marginal gains of 0.01% to 6.7064 and 0.06% d/d to 1.2643 respectively vs the USD but the MYR continued to soften for the 4th day in a row, by 0.2% to 4.0697 vs the greenback.

US MBA mortgage applications fell again amid higher borrowing rates

- MBA mortgage applications fell again, by 2.7% w/w for the week ended 4-September (prior: 0.8%), following an increase in borrowing costs to 6.85%, its highest in over a year. Applications for new purchases (-0.2% vs 2.2%) and refinancing (-6.2% vs -1.1%) both fell. Expectations for higher interest rates are expected to continue dampen the US housing market.

Japan machine tool orders continued to charge ahead on capex spending

- Machine tool orders continued to register phenomenal double-digit growth pace for a good one year now, growing 64.7% y/y in August (Jul: 50.4% y/y). This marked its best gain in almost five years since Oct-21. Growth came from both domestic (61.6% vs 50.2% y/y) and foreign (65.8% vs 50.5% y/y) sectors, suggesting business spending remained robust from both domestic and foreign manufacturers, a sign of continued optimism and growth outlook in the Japanese economy.

Upticks in China CPI and PPI but little concerns over inflationary risks

- China consumer prices picked up to 0.8% y/y in August as expected (Jul: 0.5% y/y), while core CPI also picked up to 1.0% y/y during the month, against expectation for a stable print of 0.9% y/y. Meanwhile, producer prices also surprised on the upside, quickening more than expected to 3.8% y/y in August

(Jul: 3.5% y/y). Rising global energy prices amid ongoing Middle east conflict, weather-related seasonal shocks that disrupted supply chains and logistics, as well as strong demand in high-tech industries, were cited as the key factors driving up prices and more than outweighed persistent softness in food and housing prices. While this shows tentative signs of some price pressures, we do not expect this to balloon into outsized inflationary risks, with full year CPI remaining near the 1.0% region, hence allowing PBoC to ease to support growth should the need arise.

Malaysia industrial production growth slowed more than expected to 4.7% y/y in July

- Malaysia's IPI growth disappointed for the 3rd straight month, pulling back more than expected to 4.7% y/y in July (Jun: 6.5% y/y). This marked its 2nd straight month of moderation and its slowest gain in four months. Although a single print may not be representative of a trend, this could be a telltale sign of softer growth outlook in second half of the year, as per our expectation. The slower growth in July was attributable to slower growth from manufacturing (6.4% vs 7.3% y/y) and electricity (5.0% vs 6.7% y/y), while the mining sector contracted (-3.2% vs 3.1% y/y). Both export- (6.7% vs 7.6% y/y) and domestic-oriented (5.8% vs 6.4% y/y) sectors registered more moderate expansion in July, possibly as earlier stock-building activities started to dissipate. Looking ahead, we remain cautiously optimistic that the continued AI boom/ global tech expansion will help underpin demand for Malaysia's production, whether from E&E or other tech-related sectors. This should help support IPI growth in the region of 4-5% for the full year, and real GDP growth of 4.9-5.1% for 2026. (Please refer Research Alert dated 9 September for more details)

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	4.73	4.68	4.71	4.73	4.75
GBP/MYR	5.51	5.37	5.36	5.36	5.36
AUD/MYR	2.94	2.83	2.86	2.87	2.89
CNY/MYR	0.61	0.61	0.61	0.61	0.61
SGD/MYR	3.22	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	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	
10-Sep	AU Consumer Inflation Expectation (Sep)	4.90%
	EC ECB Main Refinancing Rate (46275)	2.40%
	US Initial Jobless Claims (5-Sep)	206k
	US PPI Final Demand MoM (Aug)	0.00%
	US Existing Home Sales (Aug)	4.06m
11-Sep	JN PPI MoM (Aug)	0.10%
	JN BSI Large All Industry QoQ (3Q)	-0.5
	JN BSI Large Manufacturing QoQ (3Q)	-1.8
	UK Monthly GDP (MoM) (Jul)	0.30%
	UK Industrial Production MoM (Jul)	-0.20%
	UK Index of Services MoM (Jul)	0.40%
	UK Visible Trade Balance GBP/bn (Jul)	-£23.0b
	US CPI MoM (Aug)	0.10%
	US U. of Mich. Sentiment (Sep P)	51.7
	US U. of Mich. 1 Yr Inflation (Sep P)	4.00%
	US U. of Mich. 5-10 Yr Inflation (Sep P)	3.30%
11-17 Sep	CH FDI YTD YoY CNY (Aug)	-6.20%

Source: Bloomberg

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