

12 February 2026

Global Markets Research

Daily Market Highlights

12 Feb: Pared Fed rate cut bets after strong US job data

UST yields and DXY gained with traders pencilling two rate cuts this year

China's price prints continue to signal soft domestic demand

All eyes on Singapore's Budget 2026 today; UK GDP also up on deck

- A much stronger than expected US jobs reading spurred a slide in US treasuries with traders paring rate cut bets from 60bps to 53bps this year. Short-dated treasuries were the hardest hit, and the benchmark 2Y yield closed 6bps higher at 3.51%. 10Y yield also rose, albeit at a narrower pace of 3bps to 4.17%.
- In the FX space, the DXY spiked to 97.27 after the US payrolls number but erased most gains to close just above its flatline at 96.83. G10 currencies traded mixed against the greenback, with JPY (0.7% d/d to 153.26) and AUD (0.7% d/d to 0.7127) outperforming while most European currencies were weaker. Most Asian FX strengthened against the Dollar, with SGD and MYR strengthening 0.2% d/d each to 1.2621 and 3.9158 respectively.
- In the equity space, US stocks traded mixed most of the day following the strong job data, before finishing slightly lower between 0-0.2% d/d. More earnings and guidance rolled in, falling short of expectations for Humana and Lyft, while Nike expects its wholesale business to pick up steam.
- In Europe, Stoxx 600 closed up 0.1% d/d with corporates like Siemens Energy and Heineken reporting upbeat earnings and eclipsing disappointing outlook from software firm Dassault Systemes SE. Asian markets mostly traded in green, with Hang Seng up 0.3% d/d, while CSI 300 lost 0.2% d/d.
- Crude oil prices were up 0.9-1.1% d/d with the geopolitical tension between the US-Iran and its potential repercussion on supply flow overshadowing concerns over a supply glut, the later after the US Energy Information Administration reported a 8.5m barrels surge in stockpiles. Brent closed the day at \$69.40/barrel and the WTI at \$64.63/barrel.

Key Market Metrics

| | Level | d/d (%) |
|--------------------|-----------|---------|
| Equities | | |
| Dow Jones | 50,121.40 | -0.13 |
| S&P 500 | 6,941.47 | 0.00 |
| NASDAQ | 23,066.47 | -0.16 |
| Stoxx Eur 600 | 621.58 | 0.10 |
| FTSE 100 | 10,472.11 | 1.14 |
| Nikkei 225 | 57,650.54 | 2.28 |
| CSI 300 | 4,713.82 | -0.22 |
| Hang Seng | 27,266.38 | 0.31 |
| Straits Times | 4,984.58 | 0.41 |
| KLCI 30 | 1,756.39 | 0.51 |
| FX | | |
| Dollar Index | 96.83 | 0.04 |
| EUR/USD | 1.1872 | -0.19 |
| GBP/USD | 1.3628 | -0.11 |
| USD/JPY | 153.26 | -0.73 |
| AUD/USD | 0.7127 | 0.73 |
| USD/CNH | 6.9095 | -0.04 |
| USD/MYR | 3.9158 | -0.21 |
| USD/SGD | 1.2621 | -0.21 |
| USD/KHR | 4,025.50 | -0.06 |
| USD/THB | 31.08 | -0.25 |
| Commodities | | |
| WTI (\$/bbl) | 64.63 | 1.05 |
| Brent (\$/bbl) | 69.40 | 0.87 |
| Gold (\$/oz) | 5,071.60 | 1.35 |
| Copper (\$/MT) | 13,166.50 | 0.45 |
| Aluminum(\$/MT) | 3,103.00 | 0.32 |
| CPO (RM/tonne) | 4,081.50 | -0.72 |

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 10 Feb for CPO, Nikkei 225

Stronger than expected US NFP saw traders paring rate cut bets

- The US added more jobs than expected in January, with payrolls rising by 130k versus the revised 48k the prior month.

There were only 17k of downward revisions to the past two months, while the BLS annual revision benchmarking process saw a whopping 862k downward revisions to March 2025 payrolls number. The unemployment rate unexpectedly dipped again to 4.3% (prior: 4.4%), while wages were stronger than expected at 0.4% m/m (prior: 0.1% m/m).

- The robust reading for January's payroll and softer unemployment rate echoes Fed's stance that the labour market may be stabilizing. Also on a positive note, employment in the US factories rose for the first time since late 2024. While modest, it is a nascent sign of a recovery for the sector. Outside of manufacturing, job gains have largely concentrated in the leisure, private education, healthcare and social services sectors, and as such, Fed rate risks remained tilted on the downside. Amid a stronger than expected labour prints recently and with Trump nominating a less than dovish next Fed Chair (Kevin Warsh), we now expect the Fed to deliver two quarter-point rate cuts this year.
- Mortgage applications fell at a narrower pace of 0.3% w/w for the week ended February 6 (prior: -8.9% w/w), as steady mortgage rates (30Y: 6.21%) saw refinancing applications rising 1.2% while purchases fell 2.4% w/w.

China's prices distorted by holiday timing; deflationary grip remains for now

- Partially distorted by the timing of the Lunar New Year, China's inflation rose less than expected by 0.2% y/y in January (prior: 0.8% y/y), while producer prices (PPI) saw a smaller drop of 1.4% y/y (prior: -1.9% y/y) thanks to the global commodity rally. The slowdown was driven by lower food prices (-0.7% y/y vs 1.1% y/y) for CPI, while core also eased to 0.8% y/y from 1.2% y/y previously.
- As it is, China remains in the grip of deflation for now, but moves by the government to curb cut-throat competition suggests that reflation trend remains on track. As it is, consensus is expecting CPI to trend higher to 0.7% in 2026 from 0.1% in 2025.

Uptick in Japan PPI in line with higher commodity prices

- Data from Japan this morning, meanwhile, showed that producer prices picked up pace, accelerating to 0.2% m/m in January after rising 0.1% m/m previously. The result was within consensus forecast and like China, was driven by higher commodity prices, namely nonferrous metals.

House View and Forecasts

| FX | This Week | 1Q-26 | 2Q-26 | 3Q-26 | 4Q-26 |
|---------|-------------|-------|-------|-------|-------|
| DXY | 96-100 | 96.71 | 95.13 | 94.70 | 95.49 |
| EUR/USD | 1.17-1.20 | 1.20 | 1.22 | 1.22 | 1.21 |
| GBP/USD | 1.33-1.37 | 1.36 | 1.37 | 1.37 | 1.35 |
| USD/CHF | 0.75-0.80 | 0.78 | 0.78 | 0.78 | 0.78 |
| USD/JPY | 153-160 | 153 | 149 | 147 | 147 |
| AUD/USD | 0.67-0.71 | 0.68 | 0.69 | 0.70 | 0.69 |
| NZD/USD | 0.58-0.62 | 0.58 | 0.59 | 0.59 | 0.58 |
| USD/CNY | 6.92-6.97 | 6.90 | 6.83 | 6.85 | 6.90 |
| USD/MYR | 3.91-3.99 | 4.00 | 3.97 | 3.97 | 4.00 |
| USD/SGD | 1.26-1.29 | 1.26 | 1.23 | 1.23 | 1.24 |
| USD/THB | 30.60-31.90 | 32.2 | 32.1 | 32.0 | 30.8 |

| FX | Last close | 1Q-26 | 2Q-26 | 3Q-26 | 4Q-26 |
|---------|------------|-------|-------|-------|-------|
| EUR/MYR | 4.6647 | 4.78 | 4.82 | 4.85 | 4.84 |
| GBP/MYR | 5.3628 | 5.44 | 5.45 | 5.45 | 5.41 |
| AUD/MYR | 2.7857 | 2.72 | 2.75 | 2.78 | 2.76 |
| CNY/MYR | 0.5667 | 0.58 | 0.58 | 0.58 | 0.58 |
| SGD/MYR | 3.1015 | 3.17 | 3.21 | 3.23 | 3.22 |

| Rates, % | Current | 1Q26 | 2Q26 | 3Q26 | 4Q26 |
|----------|-----------|-----------|-----------|-----------|-----------|
| Fed | 3.50-3.75 | 3.50-3.75 | 3.25-3.50 | 3.25-3.50 | 3.00-3.25 |
| ECB | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| BOE | 3.75 | 3.50 | 3.50 | 3.50 | 3.50 |
| SNB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BOJ | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 |
| RBA | 3.85 | 3.85 | 4.10 | 4.10 | 4.10 |
| 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 |
|--------|-----------------------------------|-------|
| 12-Feb | UK GDP QoQ (4Q P) | 0.10% |
| | US Initial Jobless Claims | 231k |
| | US Existing Home Sales MoM (Jan) | 5.10% |
| | SI Budget Balance % of GDP (2026) | 0.90% |
| 13-Feb | MA GDP Annual YoY (2025 F) | 4.90% |
| | MA GDP YoY (4Q F) | 5.70% |
| | EC GDP SA QoQ (4Q S) | 0.30% |
| | EC Trade Balance NSA (Dec) | 9.9b |
| | EC Employment QoQ (4Q P) | 0.20% |
| | US Core CPI YoY (Jan) | 2.60% |

Source: Bloomberg

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