12 August 2026

Global Markets Research
Daily Market Highlights

12 Aug: All eyes on US CPI today

Muted trading ahead of US CPI, given the uncertain geopolitical landscape
RBA maintained cash rate at 4.35%; no change in our hold view for 2026
Softer IPI growth for Malaysia due to mining; stronger growth for manufacturing

- US stocks posted back-to-back losses, with many investors awaiting today's key inflation report and its potential implications on the Fed funds rate, while the standoff between the US-Iran and jittery over AI valuation also weighed on sentiment.
- The tech-heavy Nasdaq tumbled 0.6% d/d, while the S&P 500 and Dow lost 0.3% d/d each. Losses were broad-based, with the exception or industrials, utilities and energy stocks, the latter tracking the higher crude oil prices overnight (WTI: 1.3% to $83.20/barrel, Brent: 1.4% d/d to $88.91/barrel).
- Stoxx Eur 600, meanwhile, closed little change with traders awaiting for more developments on the geopolitical front, while in Asia, major equity bourses closed mixed. Nikkei 225 rallied 2.1% d/d, while Hang Seng and CSI 300 tumbled 0.8-1.1% d/d. Asian stocks are poised for a muted trading day with traders likely to hold back riskier bets ahead of the upcoming US CPI tonight and given the uncertain geopolitical landscape.
- In the bond space, treasury yields were down 1-3bps across the curve ahead of the CPI print, and the benchmark 2Y- and 10Y yields ended the day at 4.21% (-3bps) and 4.69% (-2bps). Trading in European sovereign bond yields was equally muted, and the 10Y bond yields fell 1-3bps.
- The DXY steadied and closed just above its flatline at 99.83, while JPY moved between gains and losses before closing just above its flatline at 159.28. EUR and GBP closed flattish at 1.1542 and 1.3507, while AUD appreciated 0.1% d/d to 0.7062 to end the day. AUD slipped after the RBA kept its policy rates on hold and released its updated forecasts, but later pared its losses after the RBA Governor adopted a hawkish tone during the press conference.
- On the regional front, SGD (0.1% d/d to 1.2797) outperformed its Asian FX peers after Singapore upgraded its final 2Q GDP print and 2026 growth forecast, while MYR closed flattish at 4.0920 after Malaysia's IPI growth decelerated more than expected.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,791.85	-0.34
S&P 500	7,728.20	-0.32
NASDAQ	26,445.45	-0.60
Stoxx Eur 600	660.51	0.01
FTSE 100	10,844.19	-0.17
Nikkei 225	66,970.22	2.08
CSI 300	4,663.79	-0.81
Hang Seng	25,652.82	-1.10
Straits Times	5,754.17	0.98
KLCI 30	1,731.46	-0.23
FX		
Dollar Index	99.83	0.02
EUR/USD	1.1542	-0.01
GBP/USD	1.3507	0.00
USD/JPY	159.28	-0.01
AUD/USD	0.7062	0.10
USD/CNH	6.7465	0.01
USD/MYR	4.0920	0.02
USD/SGD	1.2797	-0.05
USD/KHR	4,049.50	-0.08
USD/THB	33.16	0.50
Commodities		
WTI ($/bbl)	83.20	1.30
Brent ($/bbl)	88.91	1.36
Gold ($/oz)	4,383.00	0.49
Copper ($/MT)	14,156.50	-0.02
Aluminum($/MT)	3,364.00	1.40
CPO (RM/MT)	4,562.00	0.37

Source: Bloomberg, HLBB Global Markets Research

RBA maintained cash rate at 4.35%

- As expected, the Reserve Bank of Australia (RBA) decided to leave the cash rate target unchanged at 4.35%. The decision was unanimous and released quarterly forecasts assume rates to remain around this level for the rest of 2026. At the same time, the RBA lowered its inflation forecasts, but expects trimmed mean inflation to remain above 3% until mid-2027, before easing to 2.5% by early-2028.
- While Governor Michele Bullock repeatedly flagged upside risks to inflation during her presser, RBA's stance that the current policy rate is somewhat restrictive, the central bank's expectation of softer growth and higher unemployment rate ahead reaffirms our view that the cash rate will likely be left unchanged at the current level for the rest of 2026.
- On the data front, the NAB business confidence index held steady at -6 in July after three months of gains, while the business conditions index rose 1ppts to +4 supported by modest improvements in profitability and employment. The latest prints suggest that business conditions have stabilised, although forward orders and confidence continue to suggest a more cautious outlook for businesses ahead.

Sharper drop for US existing home sales; improved small business optimism

- Higher mortgage rates continue to constrain housing demand, sending existing home sales falling at a wider pace than expected at -1.7% m/m to 4.06m in July (prior: -1.4% m/m). The supply landscape was unchanged, with available housing able to meet 4.6 months of supply, while median existing home prices continued to post small gains of 2.0% y/y to $434.1k (prior: 1.8%m/m).
- The NFIB Small Business Optimism Index increased more than expected by 2.4ppts to 99.8 in July. This marks its highest reading since August 2025, with a significant increase in owners expecting to hire, accompanied by an improvement in plans to ramp up capital expenditures. Despite elevated uncertainty, small business owners anticipate that business conditions will continue to improve.

Sharper than expected deceleration in IPI growth for Malaysia

- Growth in Malaysia's Industrial Production Index (IPI) eased for the first time since February, moderating more than expected to 6.5% y/y in June following May's robust 8.5% y/y. The deceleration was entirely driven by a sharply softer growth for mining (3.1% y/y vs 19.8% y/y), weighed down by moderated output growth for natural gas (7.4% y/y vs 37.4% y/y), wider contraction in output for crude oil and condensate (-3.3% y/y vs -0.7% y/y), and more than offset stronger growth in manufacturing (7.3% y/y vs 6.6% y/y) and electricity (6.7% y/y vs 4.8% y/y) (Refer to Research Alert "IPI growth eased sharper than expected" dated 11th August).

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	4.7215	4.68	4.71	4.73	4.75
GBP/MYR	5.5260	5.37	5.36	5.36	5.36
AUD/MYR	2.8875	2.83	2.86	2.87	2.89
CNY/MYR	0.6066	0.61	0.61	0.61	0.61
SGD/MYR	3.1944	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	
12-Aug	US MBA Mortgage Applications (7 Aug)	-2.9%
	US Core CPI YoY (Jul)	2.60%
13-Aug	JN PPI YoY (Jul)	7.10%
	UK GDP QoQ (2Q P)	0.60%
	EC Industrial Production SA MoM (Jun)	-0.20%
	US Initial Jobless Claims (8 Aug)	199k
	US PPI Final Demand YoY (Jul)	5.50%

Source: Bloomberg

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