

13 May 2026

Global Markets Research
Daily Market Highlights
13 May: Hotter than expected CPI fans rate hike bets into 2027
Higher oil prices & higher than expected US CPI pushed UST yields and DXY up
Broad sell-offs in UK stocks, bonds and GBP amid Starmer's leadership risk
Today: US producer prices, Eurozone's 1Q GDP and Australia's wage growth

- Concerns over inflation pushed treasury yields 4-5bps higher across the curve overnight, with the 2Y added 4bps to 4.00%, while the 10Y rose 5bps to 4.46%. Meanwhile, little sign of progress to resolve the Middle East conflict added 4.2% to the WTI, last closed at \$102.18/barrel, while Brent was higher by 3.4% d/d at \$107.77/barrel.
- In the equity space, a sell-off in tech stocks weighed on the S&P 500 (-0.2% d/d) and Nasdaq (-0.7% d/d), while the Dow was the outlier and closed up 0.1% d/d. Material, industrials and consumer discretionary stocks also tumbled, but the rest of the categories in S&P index closed Tuesday in the green.
- In Europe, Stoxx 600 fell 1.0% d/d amid doubts of a US-Iran ceasefire soon. Threats on Prime Minister Keir Starmer's leadership meanwhile saw a sell-off in both equities and bonds. FTSE 100 closed marginally lower by 0.04% on the day after recouping most losses of as much as 1.2% in early trading session, while yields to the 10Y gilts notably jumped 10bps to 5.10%.
- Asian equity markets traded mixed, with Nikkei 225 adding 0.5% d/d, while Hang Seng and CSI 300 fell 0.2% d/d and 0.1% d/d respectively. Yields of JGBs rose 2-7bps across the curve after minutes from the Bank of Japan (BOJ) revealed that some board members opine that the BOJ should raise rates soon.
- In the forex space, GBP (-0.5% d/d to 1.3540) was amongst the biggest G10 laggards on leadership risk, while USD strengthened with the US CPI coming in hotter than expected. DXY rose 0.4% d/d to 98.30, with EUR (1.1736), JPY (157.63) and AUD (0.7240) weakening 0.1-0.4% d/d against the greenback.
- Most Asia FX traded weaker against the USD amid the higher oil prices and stalled peace talks. MYR and SGD depreciated 0.3% d/d each to 3.9350 and 1.2719 respectively, while CNH closed just above its flatline at 6.7908.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	49,760.56	0.11
S&P 500	7,400.96	-0.16
NASDAQ	26,088.20	-0.71
Stoxx Eur 600	606.63	-1.01
FTSE 100	10,265.32	-0.04
Nikkei 225	62,742.57	0.52
CSI 300	4,948.05	-0.08
Hang Seng	26,347.91	-0.22
Straits Times	4,946.00	0.07
KLCI 30	1,750.56	0.30
FX		
Dollar Index	98.30	0.35
EUR/USD	1.1739	-0.37
GBP/USD	1.3540	-0.51
USD/JPY	157.63	0.28
AUD/USD	0.7240	-0.12
USD/CNH	6.7908	-0.02
USD/MYR	3.9350	0.27
USD/SGD	1.2719	0.28
USD/KHR	4,011.50	0.01
USD/THB	32.42	-0.02
Commodities		
WTI (\$/bbl)	102.18	4.19
Brent (\$/bbl)	107.77	3.42
Gold (\$/oz)	4,686.70	-0.89
Copper (\$/MT)	14,021.00	0.56
Aluminum(\$/MT)	3,562.00	-0.49
CPO (RM/MT)	4,451.00	-0.98

Source: Bloomberg, HLBB Global Markets Research

Hotter than expected US CPI boosts rate hike bets

- The hotter than expected April headline and core CPI saw traders ramping up bets for a rate hike by the end of 2027. At 3.8% y/y (prior: 3.3% y/y), this marks its highest headline CPI in nearly 3 years, while on a monthly basis, prices rose 0.6% m/m following the prior month's +0.9% m/m. Energy costs was a tad softer at 3.8% m/m (10.9% m/m) following the pull back in oil energy prices during the month, but still accounted for over 40% of the inflation. Food inflation picked up to increase 0.5% m/m (prior: 0%), core goods inflation remained cool, but core services quickened to 0.5% m/m (prior: 0.2% m/m) largely due to rent.
- The higher inflationary pressure pushed real average weekly earnings down 0.2% y/y in April (prior: 0.1% y/y), and the NFIB Small Business Optimism index below its long-term average for the second month at 95.9 in April (prior: 95.8).

Eurozone's ZEW survey continues to signal pessimism amongst financial market participants

- The ZEW survey expectations index improved to -9.1 in May from -20.4 previously, on hopes that the Iran war will end soon followed by a potential recovery in 2H. That said, the index at this level continues to signal lingering pessimism over outlook.

Australia's business confidence still shaken by cost pressure

- Although an improvement, the NAB Business Confidence remained low at -24 in April, having dived to -29 the prior month. As it is, forward orders, capex, cash flow and employment have all fallen noticeably and are sitting well below their long-run averages, suggesting that the surging energy costs are starting to squeeze profit margins and possibly pressuring investment plans.

Japan's March data highlights frailty of consumer spending

- March saw households cutting spending even as wages continued to grow and amid the array of subsidies for households. At -2.9% m/m (prior: -1.8% m/m), it was worse than expected, and marked its fourth consecutive month of decline with the biggest drag from transportation and communications. As it is, households have been somewhat insulated from the high energy prices, but could likely face additional headwinds from higher gas and fuel prices starting in June, another dampener to the already frail consumers.
- In contrast, its leading index improved as expected to 114.5 in March from 113.2 previously amid mixed performance across its sub-indicators, while the coincident index also

rebounded 0.3ppts to 116.5, signalling a possible turning point for the economy.

House View and Forecasts

FX	This Week	2Q-26	3Q-26	4Q-26	1Q-27
DXY	96-100	100.63	99.80	97.96	96.48
EUR/USD	1.16-1.19	1.14	1.15	1.17	1.19
GBP/USD	1.34-1.37	1.31	1.32	1.34	1.35
USD/CHF	0.76-0.80	0.79	0.78	0.76	0.75
USD/JPY	154-159	159	155	152	152
AUD/USD	0.70-0.74	0.68	0.69	0.70	0.71
NZD/USD	0.57-0.61	0.57	0.58	0.58	0.59
USD/CNY	6.78-6.87	6.93	6.88	6.84	6.77
USD/MYR	3.88-3.94	3.98	3.96	3.93	3.90
USD/SGD	1.25-1.28	1.29	1.28	1.27	1.25
USD/THB	31.50-32.90	31.60	31.80	31.80	31.40

FX	Last close	2Q-26	3Q-26	4Q-26	1Q-27
EUR/MYR	4.6215	4.55	4.55	4.60	4.66
GBP/MYR	5.3278	5.23	5.23	5.26	5.28
AUD/MYR	2.8425	2.72	2.72	2.75	2.77
CNY/MYR	0.5794	0.58	0.58	0.58	0.58
SGD/MYR	3.0913	3.09	3.10	3.11	3.12

Rates, %	Current	2Q26	3Q26	4Q26	1Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.25-3.50	3.25-3.50
ECB	2.00	2.25	2.50	2.50	2.50
BOE	3.75	4.00	4.25	4.25	4.25
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	1.00	1.00	1.00	1.00
RBA	4.35	4.35	4.35	4.35	4.35
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

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Date	Events	Prior
13-May	AU Wage Price Index YoY (1Q)	3.40%
	JN Eco Watchers Survey Outlook SA (Apr)	38.7
	EC GDP SA QoQ (1Q S)	0.10%
	EC Employment QoQ (1Q P)	0.20%
	US MBA Mortgage Applications	-3.30%
	US PPI Final Demand YoY (Apr)	4.00%
14-May	UK GDP QoQ (1Q P)	0.10%
	US Import Price Index YoY (Apr)	2.10%
	US Initial Jobless Claims	200k
	US Retail Sales Advance MoM (Apr)	1.70%

Source: Bloomberg

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