

16 February 2026

Global Markets Research
Daily Market Highlights

16 Feb: Cooler than expected headline CPI for the US

Wagers on Fed rate cuts drove treasury yields and the DXY down

Global equity markets weighed down by lingering jitters over AI disruption

Malaysia grew an impressive 6.3% y/y in 4Q25 and 5.2% for full year 2025

- The 3 major US averages closed mixed last Friday, with even a cooler than expected inflation reading failing to offset jitters over the disruptive potential of AI. Stocks initially rose after reports that US CPI slowed more than forecast to 2.4% y/y in January, reassuring investors that Fed remains on track for an easing cycle but the upward momentum faded by afternoon as AI fear saw traders selling off stocks from sectors like software to financials. Nasdaq fell 0.2% d/d, while the S&P 500 and the Dow narrowed gains to close up in tune to 0.1% d/d each.
- AI fears also hit sentiment in Europe and Asia, sending Stoxx Eur 600 down 0.1% d/d, while Nikkei 225, CSI 300 and Hang Seng also lost 1.2-1.7% d/d.
- In the bond space, wagers on Fed rate cuts drove the 2Y UST yield 5bps lower to 3.41%, while the 10Y yield also fell 5bps to 4.05%. Similarly, 10Y European bond yields slid in tune to 2-4bps.
- On the forex front, DXY resumed its downward trend after the US CPI and closed just below its flatline at 96.92. Most G10 FX strengthened against the Dollar, with GBP (0.2% d/d to 1.3651) and haven currencies like CHF (0.2% d/d) and JPY (just above flatline at 152.70) amongst the notable winners. The disappointing Japan's GDP print (0.2% q/q in 4Q vs -2.6% q/q in 3Q) released this morning will nonetheless dampen sentiment for the yen today.
- Within the regional space, SGD closed just below its flatline at 1.2629, while MYR closed 0.1% d/d weaker at 3.9078 despite a strong 4Q GDP reading.
- Within the commodity space, Brent (\$67.75/barrel) and the WTI (\$62.89/barrel) closed up 0.1-0.3% d/d with traders weighing on the US-Iran tension versus prospects that OPEC+ will resume its production increases.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	49,500.93	0.10
S&P 500	6,836.17	0.05
NASDAQ	22,546.67	-0.22
Stoxx Eur 600	617.70	-0.13
FTSE 100	10,446.35	0.42
Nikkei 225	56,941.97	-1.21
CSI 300	4,660.41	-1.25
Hang Seng	26,567.12	-1.72
Straits Times	4,937.78	-1.57
KLCI 30	1,739.54	-0.65
FX		
Dollar Index	96.92	-0.01
EUR/USD	1.1868	-0.03
GBP/USD	1.3651	0.21
USD/JPY	152.70	-0.03
AUD/USD	0.7073	-0.24
USD/CNH	6.9012	0.04
USD/MYR	3.9078	0.14
USD/SGD	1.2629	0.02
USD/KHR	4,020.00	-0.01
USD/THB	31.08	0.46
Commodities		
WTI (\$/bbl)	62.89	0.08
Brent (\$/bbl)	67.75	0.34
Gold (\$/oz)	5,022.00	2.00
Copper (\$/MT)	12,881.00	0.04
Aluminum(\$/MT)	3,077.50	-0.73
CPO (RM/tonne)	4,012.50	-1.23

Source: Bloomberg, HLBB Global Markets Research
* Closing as of 12 Feb for CPO

Softer than expected US headline CPI saw traders upping Fed rate cut bets again

- January's CPI was marginally softer than expected, with headline up 0.2% m/m and 2.4% y/y (prior: 0.3% m/m and 2.7% y/y) while core matched consensus forecast at 0.3% m/m and 2.5% y/y (prior: 0.2% m/m and 2.6% y/y). Absent a 6.5% m/m jump in airfares, inflation pressures for most components were well contained, with tariff costs likely absorbed by corporates. Markets reacted dovishly to the data, pencilling in 63bp of Fed cuts at the point of writing vs 59bps before that, while we are maintaining our view of 2 rate cuts later this year.

Steady economic growth and labour market for the Eurozone in 4Q

- No surprises on the Eurozone, with the economy and employment growing a steady 0.3% q/q and 0.2% q/q in 4Q, in line with our status quo view for the ECB for the whole of 2026. Amongst its largest economies, Germany (0.3% q/q vs 0) and Italy (0.3% q/q vs 0.2% q/q) picked up pace, while France saw growth easing from 0.2% q/q from 0.5% q/q previously. On the demand side, net trade likely played a bigger role in contributing to GDP growth given it modestly higher trade surplus recorded during the quarter (Dec: €11.6bn with exports @+1.1% m/m and imports @+0.6% m/m).

Credit data continues to signal weak private demand in China

- Mixed data from China with aggregate financing beating forecasts at 7.2tn yuan in January boosted by strong government bond sales, while new loans fell short of expectations at 4.7tn yuan on weak corporate funding and household medium and long-term loans, the latter amid prolonged weakness in mortgage loans and housing market. In fact, separate data showed that new and used home prices continued to fall in 0.4% m/m and 0.5% m/m in January (prior: -0.4% m/m and -0.7% m/m) in line with weak property demand.

Surprisingly strong growth of 6.3% y/y in 4Q signalled robustness of the Malaysian economy

- The final reading of 4Q GDP showed the Malaysian economy ended 2025 on a high note, clocking in an impressive 6.3% y/y expansion in 4Q25, upwardly revised from the advanced estimate of +5.7% y/y, and marked a pick-up from 3Q's +5.4% y/y increase (revised 0.2ppt up from +5.2% y/y). This marked its 2nd straight quarter of pick-up and to its best growth pace in three years, as momentum built into the very last month of

the year (Refer to Research Alert “Solid quarter to mark the close of 2025” dated 13 February”).

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	95-99	96.71	95.13	94.70	95.49
EUR/USD	1.17-1.20	1.20	1.22	1.22	1.21
GBP/USD	1.34-138	1.36	1.37	1.37	1.35
USD/CHF	0.75-0.78	0.78	0.78	0.78	0.78
USD/JPY	149-156	153	149	147	147
AUD/USD	0.67-0.73	0.68	0.69	0.70	0.69
NZD/USD	0.58-0.62	0.58	0.59	0.59	0.58
USD/CNY	6.88-6.92	6.90	6.83	6.85	6.90
USD/MYR	3.87-3.94	4.00	3.97	3.97	4.00
USD/SGD	1.25-1.28	1.26	1.23	1.23	1.24
USD/THB	30.50-31.90	32.2	32,1	32.0	30.8

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
EUR/MYR	4.6364	4.78	4.82	4.85	4.84
GBP/MYR	5.3233	5.44	5.45	5.45	5.41
AUD/MYR	2.7635	2.72	2.75	2.78	2.76
CNY/MYR	0.5656	0.58	0.58	0.58	0.58
SGD/MYR	3.0932	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
16-Feb	SI Non-oil Domestic Exports YoY (Jan)	6.10%
	EC Industrial Production SA MoM (Dec)	0.70%
17-Feb	AU RBA Minutes of Feb. Policy Meeting ()	
	UK Average Weekly Earnings 3M/YoY (Dec)	4.70%
	UK ILO Unemployment Rate 3Mths (Dec)	5.10%
	UK Employment Change 3M/3M (Dec)	82k
	EC ZEW Survey Expectations (Feb)	40.8
	US Empire Manufacturing (Feb)	7.7
	US NAHB Housing Market Index (Feb)	37

Source: Bloomberg

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