17 August 2026

Global Markets Research
Daily Market Highlights

17 Aug: Weak US consumer sentiment and spending prints

Traders exited wagers for a Fed rate hike in September; Sell-off in US assets
Eurozone's and Hong Kong's 2Q GDPs maintained at 0.4% q/q and 4.3% y/y
Japan's economy grew by 1.1% q/q in 2Q; Malaysia by 6.0% y/y

- US stocks initially opened higher Friday morning as the latest weakness in consumer sentiment further eroded expectations for Fed rate hikes in the coming months, but reversed course later in the day, sending the S&P 500 sliding 0.2% d/d after a record-setting session the previous day. Nasdaq also shed 0.3% d/d, while the Dow slipped 0.2% d/d.
- At the point of writing, traders have exited wagers for a hike in the September FOMC meeting while in the bond space, the 2Y treasury yield slipped to its intraday low of 4.10%, before rebounding to close 3bps higher at 4.17%. Yield to the 10Y rose at a wider pace of 5bps to 4.69%.
- In Europe, Stoxx 600 closed the day 0.2% d/d lower amid a tug of war between resilient corporate earnings and uncertainty around the Middle East war, while 10Y sovereign bond yields jumped 3-10bps. Major Asian bourses closed mixed, with Nikkei 225 and CSI 300 up 0-0.6% d/d, while Hang Seng tumbled 1.1% d/d.
- In the FX space, the DXY slipped to its intraday low of 99.48 before narrowing its losses to close 0.3% d/d lower at 99.67. Yen remained one of the laggards, strengthening just a shade 0.1% d/d to 159.32 against USD, and is expected to trade on an equally soft note today following the weaker than expected Japan's 2Q GDP print. At 1.1% q/q, this marks a deceleration from 1.9% q/q the previous quarter, weighed down by stalled consumption growth (prior: 0.5% q/q) and a wider contraction in business spending (-1.2%q/q vs -1.0% q/q). EUR, GBP and AUD, meanwhile, appreciated 0.3-0.4% d/d to 1.1570, 1.3538 and 0.7084 against the greenback.
- On the regional front, MYR strengthened to 4.0817 following the upgrade to Malaysia's final 2Q GDP, but later pared its gains to close flattish at 4.0863. SGD strengthened 0.2% d/d to 1.2785.
- The WTI and Brent rose more than 1% d/d each after US threatened 'economic isolation' of Iran, reigniting concerns over energy flows through the Strait of Hormuz. Brent closed the day at $88.52/barrel and the WTI at $82.40/barrel.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,732.41	-0.20
S&P 500	7,785.76	-0.17
NASDAQ	26,729.16	-0.28
Stoxx Eur 600	657.86	-0.21
FTSE 100	10,750.11	-0.21
Nikkei 225	68,713.80	0.59
CSI 300	4,665.88	0.04
Hang Seng	25,116.85	-1.10
Straits Times	5,743.59	0.41
KLCI 30	1,727.39	-0.42
FX		
Dollar Index	99.67	-0.30
EUR/USD	1.1570	0.36
GBP/USD	1.3538	0.38
USD/JPY	159.32	-0.11
AUD/USD	0.7084	0.35
USD/CNH	6.7446	0.00
USD/MYR	4.0863	0.00
USD/SGD	1.2785	-0.16
USD/KHR	4,040.00	-0.15
USD/THB	33.15	0.05
Commodities		
WTI ($/bbl)	82.40	1.42
Brent ($/bbl)	88.52	1.67
Gold ($/oz)	4,380.40	0.39
Copper ($/MT)	14,160.00	0.08
Aluminum($/MT)	3,252.00	-0.20
CPO (RM/MT)	4,528.00	0.00

Source: Bloomberg, HLBB Global Markets Research

US consumer sentiment and spending sank

- July’s retail sales (-0.6% m/m vs 0.2% m/m) posted their weakest growth in over a year, as internet sales cooled amid payback from June’s Amazon Prime day and as consumer sentiment sank (University of Michigan Sentiment index: 51.0 in August vs 55.2 in July) notably amongst groups vulnerable to erosion of purchasing power stemming from inflation. The control group, which excludes volatile items such as autos, gasoline, building materials and eating out and better tracks broader consumer trends was equally downbeat and worse than expected at -0.4% m/m (prior: 0.4% m/m), suggesting that GDP contribution to 3Q will be soft and could translate into a bigger drop adjusting for price changes.

Steady GDP and employment growth for the Eurozone

- 2Q GDP growth was left unchanged at 0.4% q/q in 2Q, unchanged from the prior quarter, while employment also grew a steady pace of 0.1% q/q for the same quarter. Among its largest economies, economic growth for Germany and Italy eased to 0.2% q/q each (prior: 0.4% q/q and 0.3% q/q), but improved for Spain (0.7% q/q vs 0.6% q/q) and France (0.2% q/q vs -0.1% q/q).

Continuous slump in China’s credit demand

- Aggregate financing totalled 22.3tn yuan in January-July, above consensus forecast, but implies an increase of just 1.4tn yuan in July as compared to 3.4tn yuan in the month of June. This marks its slowest ever growth, weighed down by a seasonal lull for loans, weak household credit demand as well as Beijing’s pivot towards tech-driven growth which requires funding beyond loans, namely bond and equity financing.

Final 2Q GDP growth maintained at 4.3% y/y for Hong Kong

- Hong Kong's final GDP was left unchanged at 4.3% y/y and -0.6% q/q in 2Q (prior: 5.9% y/y and 2.9% q/q), the latter marking its first quarterly contraction in nearly four years with domestic demand softening, while exports remained robust. Notwithstanding the quarterly contraction, 1H growth was better than what the government had forecast, and its strongest in nearly 5 years at 5.1% y/y.

Final 2Q GDP revised 0.2ppt higher to 6.0% y/y for Malaysia

- The Malaysian economy expanded at faster pace than initially estimated by 6.0% y/y in 2Q, also a pick up from 5.4% y/y in 1Q. This does not come as an entire surprise to us given the trade surplus data in 2Q, while on the domestic side, private consumption has remained steady, while investment activities remained forthcoming. On the supply side, almost all economic sectors posted an increase. The exception was agriculture, which contracted 3.7% y/y (prior: 2.6% y/y) on account of lower output for the oil palm sector. On a quarterly basis, growth was also a tad stronger at +2.5% after stagnating the prior quarter. (Refer to Research Alert "Stronger 2Q GDP growth than initially estimated for Malaysia" dated 14th August).

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	99.00-101.25	102.28	100.86	99.42	98.07
EUR/USD	1.14-1.17	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	156-162	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	32.80--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	5.5268	5.37	5.36	5.36	5.36
AUD/MYR	2.8910	2.83	2.86	2.87	2.89
CNY/MYR	0.6061	0.61	0.61	0.61	0.61
SGD/MYR	3.1947	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	
17-Aug	SI Non-oil Domestic Exports YoY (Jul)	20.70%
	CH New Home Prices MoM (Jul)	-0.15%
	CH Used Home Prices MoM (Jul)	-0.32%
	CH Retail Sales YoY (Jul)	1.00%
	CH Industrial Production YoY (Jul)	5.30%
	CH Fixed Assets Ex Rural YTD YoY (Jul)	-5.70%
	CH Surveyed Jobless Rate (Jul)	5.00%
	MA CPI YoY (Jul)	1.90%
	US Empire Manufacturing (Aug)	15.6
	US NAHB Housing Market Index (Aug)	34
18-Aug	AU Westpac Consumer Conf SA MoM (Aug)	4.10%
	UK Average Weekly Earnings 3M/YoY (Jun)	4.30%
	UK ILO Unemployment Rate 3Mths (Jun)	4.90%
	UK Payrolled Employees Monthly Change (Jul)	-4k
	EC ZEW Survey Expectations (Aug)	23.4
	US New York Fed Services Business Activity (Aug)	8.7

Hong Leong Bank Berhad

Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
HLMarkets@hlbb.hongleong.com.my

US Import Price Index YoY (Jul)	7.10%
US Housing Starts MoM (Jul)	19.00%
US Industrial Production MoM (Jul)	0.10%
US Pending Home Sales MoM (Jul)	-5.40%

Source: Bloomberg