17 September 2026

Global Markets Research
Daily Market Highlights

17 Sep: FOMC delivered a hawkish hike as expected

Fed dot plot suggests another hike in 4Q before holding steady in 2027
US stocks tumbled; UST yields jumped; DXY back above 100 post-FOMC decision
All eyes on BOE today: status quo expected amid in-line CPI readings

- The FOMC raised rates by 25bps as expected today, its first since 2023 and unnerved Wall Street. All the 3 major equity indices were down, with the Dow leading the way at -1.2% d/d. Nasdaq closed just a tad below its flatline, while S&P 500 lost 0.5% d/d with interest-sensitive stocks like financials, real estate and consumers underperforming, while healthcare and utilities underperformed.
- Save for the 20Y and 30Ys, treasury yields were back up across the curve with the 10Y holding above 5.0%. The 10Y closed the day 2bps higher at 5.02%, while the 2Y jumped 7bps to 4.74%.
- On the forex front, the DXY (0.6% d/d to 100.25) extended its gains following the hawkish hike by the FOMC and after Fed Chair Kevin Warsh reiterated the central bank's commitment to price stability. All G10 FX weakened against the greenback led by NOK, SEK and CHF at -0.9% d/d. GBP weakened 0.7% d/d to 1.3381 as traders pared bets on BOE rate hikes post-CPI, while EUR, JPY and AUD weakened 0.6-0.8% d/d to 1.1465, 156.26 and 0.7088 against the greenback.
- Regional currencies closed mixed, but mostly within a tight range ahead of the FOMC decision. KRW notably lagged, weakening 0.8% d/d against USD, while CNH and SGD closed 0-0.4% d/d weaker at 6.7125 and 1.2776. MYR, meanwhile, depreciated 0.3% d/d to close Tuesday at 4.0868 vs the USD.
- In the commodity space, crude oil prices eased more than 2.0% d/d on Wednesday amid tentative sign of disruptions in the Middle East are beginning to soften, and the WTI closed the day at $102.43/barrel and Brent at $105.83/barrel.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	51,461.90	-1.21
S&P 500	7,551.81	-0.45
NASDAQ	25,978.43	-0.01
Stoxx Eur 600	637.09	0.46
FTSE 100	10,688.47	0.28
Nikkei 225	63,923.00	0.69
CSI 300	4,480.27	0.68
Hang Seng	24,713.78	0.19
Straits Times	5,635.41	-0.06
KLCI 30	1,679.21	-1.11
FX		
Dollar Index	100.25	0.64
EUR/USD	1.1465	-0.68
GBP/USD	1.3381	-0.72
USD/JPY	156.26	0.75
AUD/USD	0.7088	-0.62
USD/CNH	6.7125	0.00
USD/MYR	4.0868	0.26
USD/SGD	1.2776	0.38
USD/KHR	4,052.75	0.04
USD/THB	33.28	-0.08
Commodities		
WTI ($/bbl)	102.43	-3.21
Brent ($/bbl)	105.83	-2.69
Gold ($/oz)	4,353.30	1.26
Copper ($/MT)	14,232.50	1.06
Aluminum($/MT)	3,269.00	0.54
CPO (RM/MT)	4,597.00	0.00

Source: Bloomberg, HLBB Global Markets Research
**Dated as of 15 September for KLCI, USD/MYR, CPO*

FOMC delivered a hawkish hike

- As expected, the FOMC unanimously voted to increase the fed funds rate by 25bps to 3.75-4.00%. Highlights from the statement include: 1) FOMC members opine that the economy is expanding at a solid pace and while uncertainty is elevated partially due to the geopolitical developments, domestic spending has been resilient. Productivity growth is judged as strong, capital investment still robust, while job gains have kept pace with the workforce, keeping the unemployment rate little changed. 2) In terms of guidance, our key takeaway is that the FOMC has shifted to a hawkish stance to “support a timelier return to the Committee's 2.0% inflation goal.” Notably. the central projection within the Fed’s summary of economic projections has one more rate hike this year (in line with market pricing), a hold through 2027 (market pricing in 2 hikes), followed by a cut of 25bps in both 2028 and 2029 to 3.60%. ***We are pencilling in another 25bps Fed rate hike in the 4Q of the year before taking a pause in 2027.***

- Data wise, retail sales rebounded strongly in August (1.2%m/m vs -0.5% m/m) after earlier volatility where earlier-than-usual Amazon Prime Day disrupted the usual June-July spending patterns. The result was better than expected with internet sales bouncing back by 2.6% m/m (prior: -1.7% m/m), partially reflecting back-to-school sales and higher gasoline prices. The control group, which provides clearer signal underlying demand by excluding gas, food services, building materials and autos, surged 1.4% m/m after contracting 0.4% m/m previously.
- August’s import prices, meanwhile, were also higher than expected, jumping 0.7% m/m and 7.0% y/y (prior: -0.3% m/m and 6.1% y/y). The yearly gain was the largest since August 2022, underpinned by higher prices for capital goods, nonfuel industrial supplies & materials, consumer goods excluding automotives; foods, feeds & beverages, as well as automotive vehicles, parts & engines.
- Housing indicators were dismal, with mortgage applications contracting at a wider pace of 4.1% m/m for the week ended September 11 (prior: -2.7% w/w) with the 30Y mortgage rates jumping 12bps to 6.97%, its highest since May 2025, while the NAHB Housing Market index, a measure of builder of confidence, fell more than expected by 3 points to 32 in September. In more signs of market cooling, more builders cut prices (38% vs 35%) and used sales incentives (66% vs 63%) to boost sales during the month.

Lacklustre manufacturing sector for the Eurozone

- Latest data clearly point to a loss of momentum in the manufacturing sector, with output falling for the second month by 0.1% m/m in July. Although better than expected, it was a reversal from four consecutive months of growth, as non-durable consumer goods output fell sharply, while sectors such as capital goods and energy still showed some resilience. With this and headwinds from the rising energy prices, manufacturing is unlikely to contribute much to GDP growth over 3Q and likely into 4Q.

Acceleration in UK's CPI unlikely to prompt BOE to move the needle today

- Data over the prior two days saw employers shedding more workers than expected in August (-26k vs -19k) in a sign of weak jobs market, demand for workers remained tepid with job vacancies falling 8k to a fresh 5Y low of 702k, while unemployment rate held steady at 4.9% in July. Wage growth excluding bonuses was steady at 3.5% y/y.
- On the inflation front, headline CPI accelerated to 3.1% y/y and 0.5% m/m in August (prior: 2.9% y/y and 0.3% m/m) on a widely expected 6.9% m/m jump in fuel costs. Despite this, there is little signs of energy shock broadening to other parts of the inflation target. For one, services inflation was steady and below forecast at 3.4% y/y.
- As such, while the latest inflation is at its highest since March 2026 and higher than BOE's forecast, the lackluster job numbers will likely unnerve BOE rate-setters and help to contain demand-pull inflation. Thus, there is no change in our view that the central bank will likely maintain its policy rates unchanged later today, albeit with a hawkish tilt.

Below trend growth for Australia's economy, according to Westpac leading index

- The Westpac leading index fell 0.04% m/m in August, a turnaround from two consecutive months of growth prior to that. While the latest data showed the growth momentum is below trend, the soft rather than weak pace suggests the economy's relatively resilience is likely to extend through the early part of 2027. By component, drags coming from labour markets, financial markets, commodity prices and consumer sentiment were offset by positive signal from dwelling approvals and a firming in US IPI.

Downtick for Japan's core machine orders, double-digit export growth

- Mixed data for Japan. Core machine orders fell more than expected by 3.7% m/m in July after jumping 9.7% m/m previously, while export growth slowed a tad, but remained strong and above forecast at 19.3% y/y in July (prior: 23.2% y/y). Shipments to the US, China and Europe continues to log double-digit growth, while exports of electronic components were robust.
- Higher crude oil prices, meanwhile, drove imports up more than expected (28.0% y/y vs 27.9% y/y), leading to a wider trade deficit of 1.1tn yen (prior: 638.2bn yen) that will weigh on GDP calculation for 3Q.

Mixed economic data from China

- August data continues to show divergence in China's economy. Consumer spending (retail sales: 0.4% y/y vs 0.6% y/y) and investment (FAI: -7.2% y/y) continued to languish, the latter amid a retreat in spending on property, traditional manufacturing and infrastructure, but industrial output beat expectations at 5.2% y/y (prior: 4.5% y/y), largely thanks to the strength of AI-driven exports.
- With this and headwinds from fluctuating commodity prices and straining supply chain, the latest data suggest that 2026 could potentially dip below official target of 4.5% y/y. Broad-based stimulus remains unlikely in our opinion nonetheless, and there is no change in our view that China commercial banks will keep its lending rates unchanged the coming week.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	97-101	102.28	100.86	99.42	98.07
EUR/USD	1.15-1.17	1.13	1.14	1.16	1.18
GBP/USD	1.34-1.36	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.82	0.81	0.81	0.80	0.79
USD/JPY	152-157	162	159	155	153
AUD/USD	0.70-0.73	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.59	0.56	0.56	0.57	0.57
USD/CNY	6.70-6.72	6.85	6.78	6.72	6.65
USD/MYR	4.04-4.10	4.15	4.11	4.07	4.03
USD/SGD	1.25-1.28	1.31	1.30	1.28	1.27
USD/THB	32.50--33.50	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.7141	4.68	4.71	4.73	4.75
GBP/MYR	5.5087	5.37	5.36	5.36	5.36
AUD/MYR	2.9132	2.83	2.86	2.87	2.89
CNY/MYR	0.6089	0.61	0.61	0.61	0.61
SGD/MYR	3.2114	3.18	3.17	3.17	3.17

Rates, %	Current	3Q26	4Q26	1Q27	2Q27
Fed	3.75-4.00	3.75-4.00	4.00-4.25	4.00-4.25	4.00-4.25
ECB	2.50	2.50	2.75	2.75	2.75
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	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	
17-Sep	SI Non-oil Domestic Exports YoY (Aug)	24.20%
	EC CPI YoY (Aug F)	3.30%

	UK Bank of England Bank Rate	3.75%
	US Philadelphia Fed Business Outlook (Sep)	47.4
	US Initial Jobless Claims	206k
	US Housing Starts MoM (Aug)	-12.40%
	US Building Permits MoM (Aug P)	4.30%
	US Pending Home Sales MoM (Aug)	-2.30%
18-Sep	UK GfK Consumer Confidence (Sep)	-14
	JN Natl CPI YoY (Aug)	1.90%
	MA CPI YoY (Aug)	1.80%
	MA Exports YoY (Aug)	38.00%
	UK Retail Sales Inc Auto Fuel MoM (Aug)	-0.50%
	US Industrial Production MoM (Aug)	0.20%
	US Leading Index (Aug)	0.20%
	JN BOJ Target Rate	1.00%

Source: Bloomberg

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