19 February 2026

Global Markets Research

Daily Market Highlights

19 Feb: Monetary policies outlook drove markets

Tempered wagers on Fed rate cuts drove treasury yields and the DXY up

Solid economic data, FOMC minutes suggest a pause in rate cut for now

RBNZ maintained cash rate; "Material shift" in outlook behind RBA's latest hike

- Global equity indices mostly rose overnight, although several Asian markets were closed for the holidays. In the US, the 3 major averages closed up 0.3-0.8% d/d supported by key technology names like Nvidia, the latter after striking a chip deal with Meta Platforms. In Europe, Stoxx 600 ended the session 1.2% d/d higher, with major bourses and most sectors in positive territory, bolstered by positive corporate earnings from Glencore to BAE Systems.
- In the bond space, treasuries fell with the latest FOMC meeting minutes and solid slew of economic data tempering expectations of Fed rate cuts this year. The benchmark 2Y and 10Y yields were 3bps higher each to close the day at 3.46% and 4.08%. 10Y European bond yields were steady and closed mixed in between +/-1bps.
- In the forex space, the DXY rallied 0.6% d/d to 97.70. NZD lagged and weakened 1.4% d/d against the Dollar after the ***Reserve Bank of New Zealand (RBNZ) left rates unchanged at 2.25% as expected*** but its Governor tempered future rate hike bets, saying that the central bank is not planning to raise rates until they see more inflationary pressures and a stronger economy.
- GBP (-0.5% d/d to 1.3495) weakened for the third day after UK's latest CPI cemented rate cut bets, while EUR depreciated 0.6% d/d to 1.1783 amid reports that ECB President Christine Lagarde is stepping down before completing her term in October 2027. On the regional front, SGD closed the day 0.3% d/d weaker at 1.2670, while MYR strengthened 0.2% d/d to 3.9000 on Monday.
- In the commodity space, crude oil prices jumped more than 4% d/d each after US Vice President JD Vance said that Iran ignored key US demands in the latest nuclear talks, raising possibilities of a military strike on Iran. The WTI closed the day at $65.19/barrel and the Brent at $70.35/barrel. Prices of gold, meanwhile, jumped more than 2% d/d to close just

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	49,662.66	0.26
S&P 500	6,881.31	0.56
NASDAQ	22,753.63	0.78
Stoxx Eur 600	628.69	1.19
FTSE 100	10,686.18	1.23
Nikkei 225	57,143.84	1.02
CSI 300	4,660.41	-1.25
Hang Seng	26,705.94	0.52
Straits Times	4,938.58	0.00
KLCI 30	1,741.26	0.10
FX		
Dollar Index	97.70	0.56
EUR/USD	1.1783	-0.61
GBP/USD	1.3495	-0.54
USD/JPY	154.81	0.98
AUD/USD	0.7042	-0.62
USD/CNH	6.8921	0.10
USD/MYR	3.9000	-0.20
USD/SGD	1.2670	0.31
USD/KHR	4,020.00	0.00
USD/THB	31.30	0.22
Commodities		
WTI ($/bbl)	65.19	4.59
Brent ($/bbl)	70.35	4.35
Gold ($/oz)	4,986.50	2.12
Copper ($/MT)	12,911.50	2.31
Aluminum($/MT)	3,089.00	1.78
CPO (RM/tonne)	4,013.50	0.02

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 13 Feb for CPO, USD/CNY, CSI 300; 16 Feb for USD/MYR, KLCI, Straits Times, Hang Seng*

below the $5k/oz level with the US-Iran tension boosting haven demand.

Latest FOMC minutes suggests a pause in rate cuts for now

- Minutes to the latest FOMC meeting suggests that there is little support for a rate cut for now with: 1) Several FOMC participants commenting that further downward adjustments to the Fed funds rate likely be appropriate only if inflation were to decline in line with their expectation. In fact, most participants cautioned that progress toward the 2% inflation objective might be slower and more uneven than expected, and risk of inflation running persistently above target was meaningful. 2) Some FOMC members added that it would likely be appropriate to hold the policy rate steady for some time and additional easing may not be warranted until there is clear indication that disinflation is firmly back on track, largely in line with our view that any rate cut will likely occur in the later part of 2026. 3) Even if with two dissenters who voted for a rate cut in that meeting, ***FOMC members would have supported a neutral tone on future interest rate decisions, reflecting the prospects of a rate cut or a rate hike as evenly balanced.***
- Data released overnight was positive. Industrial output (IPI) beat expectations and grew by the most in nearly a year by 0.7% m/m in January (prior: 0.2% m/m) fuelled by increases in utility and manufacturing output (0.6% m/m), the latter broad-based including strong gains for both consumer and business equipment.
- A separate report also showed that capex nondef ex-air (0.6% m/m in Dec vs 0.8% m/m in Nov) also increased more than forecast, suggesting solid capex at the end of 2025 that will help underpin production. Amongst others, orders climbed for machinery and electronics, all of which are critical for Trump's onshoring objectives and positive for manufacturing and investment outlook for 2026.
- Data was equally strong on the housing and construction front. Mortgage applications rebounded to 2.8% w/w for the week ended February 13 (prior: -0.3% m/m), while housing starts and building permits were stronger than expected at 6.2% m/m and 4.3% m/m in December (prior: 3.9% m/m and-1.6% m/m).

"Material shift" in economic outlook and risks behind RBA's February rate hike

- Minutes to the latest RBA policy meeting showed that the central bank assessed that economic outlook and risks had "materially shifted" when it decided to make a U-turn and raised rates by 25bps to 3.85% earlier this month. In particularly, the decision rested on their judgements that inflationary pressures would persist (reflecting greater capacity pressure) and that financial conditions were currently not restrictive enough to bring inflation back to target within a reasonable period.

- Given the prevailing uncertainties, policy makers also opined that it was not possible to have a high degree of confidence in any particular path for the cash rate, that future policy decisions would need to respond to these evolving risks, but in our opinion, the RBA will deliver another quarter point hike by the 2026, especially since a tight labour market and still elevated wage growth (3.4% y/y and 0.8% q/q in 4Q) will reinforce inflation challenge for the central bank.

Softer UK jobs report keeps BOE on track for a March rate cut; rather mixed inflation prints unlikely a game changer

- A mixed bag of inflation prints for the UK, but one that is an unlikely to be a game changer for the BOE amid weakness in the labour market and easing wage growth (private sector ex-bonus eased from 3.6% y/y to 3.4% y/y for the 3-months ended Dec). We maintain our view that the central bank will deliver another 25bps rate cut in the March meeting, not ruling out further downward moves thereafter.
- Headline CPI eased from 3.4% y/y to 3.0% y/y in June, matching forecasts amid a seasonal fall in airfares, lower fuel prices and as the base effect from the introduction of last year's private school VAT change drops out. Food inflation (3.6% y/y vs 4.5% y/y) is also down sharply, but services inflation, a sign of demand-pull inflation, was stickier than expected at 4.4% y/y (prior: 4.5% y/y).
- The unemployment rate, meanwhile, unexpectedly ticked up 0.1ppts to 5.2% in December, is now 0.8ppts higher from just a year ago and vacancy data suggest that it could likely get worse. While the estimated number of vacancies increased 2k to 726k for the 3-months ended January, it was down a whopping 73k from a year ago, falling in 14 of the 18 industries.

Strongest export growth for Japan since 2022

- Exports rose at its fastest pace in 3 years and more than forecast by 16.8% y/y in January (prior: 5.1% y/y) as continuous strong demand for chips helped offset sluggish car shipments to the US. Accordingly, semiconductor exports jumped by almost 40%, led by strong demand from China. Total exports to China jumped by 32.0% y/y, partially benefitting from base effect, while those destined to the US fell 5.0% y/y with auto demand likely dampened by the US tariffs.

- Meanwhile, core machine orders data, released this morning was equally robust and better than expected at 19.1% m/m in December (prior: -11.0% m/m) driven by strong orders for both manufacturing and non-manufacturing. Fo the whole of 4Q, orders were up 7.9% (prior: -2.1%) but is expected to decline 4.5% in 1Q of 2026.

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	4.6278	4.78	4.82	4.85	4.84
GBP/MYR	5.3217	5.44	5.45	5.45	5.41
AUD/MYR	2.7625	2.72	2.75	2.78	2.76
CNY/MYR	0.5648	0.58	0.58	0.58	0.58
SGD/MYR	3.0908	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
19-Feb	AU Employment Change (Jan)	65.2k
	AU Unemployment Rate (Jan)	4.10%
	MA CPI YoY (Jan)	1.60%
	US Advance Goods Trade Balance (Dec)	-$85.5b
	US Philadelphia Fed Business Outlook (Feb)	12.6
	US Initial Jobless Claims	225k
	EC Consumer Confidence (Feb P)	-12.4
	US Pending Home Sales MoM (Jan)	-9.30%
	US Leading Index (Jan)	-0.30%
20-Feb	AU S&P Global Australia PMI Mfg (Feb P)	52.3
	AU S&P Global Australia PMI Services (Feb P)	56.3
	JN Natl CPI Ex Fresh Food YoY (Jan)	2.40%
	JN S&P Global Japan PMI Mfg (Feb P)	51.5

JN S&P Global Japan PMI Services (Feb P)	53.7
MA Exports YoY (Jan)	10.40%
UK Retail Sales Inc Auto Fuel MoM (Jan)	0.40%
EC HCOB Eurozone Manufacturing PMI (Feb P)	49.5
EC HCOB Eurozone Services PMI (Feb P)	51.6
UK S&P Global UK Services PMI (Feb P)	54
UK S&P Global UK Manufacturing PMI (Feb P)	51.8
US Personal Income (Dec)	0.30%
US Personal Spending (Dec)	0.50%
US Core PCE Price Index YoY (Dec)	2.80%
US GDP Annualized QoQ (4Q A)	4.40%
US S&P Global US Manufacturing PMI (Feb P)	52.4
US S&P Global US Services PMI (Feb P)	52.7
US New Home Sales MoM (Dec)	-0.10%
US U. of Mich. Sentiment (Feb F)	57.3

Source: Bloomberg

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