HongLeong Bank

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Global Markets Research
Daily Market Highlights

19 Aug: All eyes on July's FOMC meeting minutes today

Chip rout and elevated bond yields weighed on appetite for global stocks
Expansionary but softer US manufacturing sector; import prices fell on fuel
Soft UK labour prints bolster rate hold case; improved confidence for EU, Australia

- Investors angst over elevated oil prices (WTI: +0.5% d/d to $84.94/barrel; Brent: +0.2% d/d to $91.02/barrel) stoking inflation, and jittery over government spending kept borrowing costs elevated across the globe on Tuesday.
- In the US, the 2Y and 10Y UST yields ended the day at 4.17% (flattish) and 4.70% (-2bps), while the 30Y yield touched 5.34%, a fresh 19-year high before closing the day 2bps lower at 5.28%. Similar bonds in Japan and Germany also traded at their highest levels in at least a decade.
- In the equity space, elevated bond yields and a sell-off in chipmakers saw the 3 major equity indices tumbling 0.2-1.3% d/d in the US, and 0.7% d/d for Stoxx Eur 600. Asian equity bourses closed mixed, but are expected to fall today, tracking futures. Nikkei 225 and CSI 300 shed 2.5% d/d and 0.3% d/d overnight, while Hang Seng closed up 0.1% d/d.
- On the forex front, haven bid saw the greenback strengthening against most of its G10 peers and the DXY closed above its flatline at 99.66. EUR, GBP, JPY and AUD weakened 0-0.2% d/d to 1.1576, 1.3532, 159.61 and 0.7088, while JPY is expected to be well supported by the upward surprise in Japan's core machine orders (9.7% m/m in June vs -12.4% m/m in May) data released this morning.
- Most Asian FX also traded weaker against the USD save KRW (0.2% d/d) and MYR (just above flatline at 4.0597). CNH and SGD weakened 0.1% d/d each to 6.7463 and 1.2782.

US import prices unexpectedly fell; slower IPI growth, soft housing-related data

- Import prices unexpectedly fell 0.4% m/m in July after declining 0.3% m/m previously, as lower prices for fuel imports more than offset higher prices for nonfuel, the latter driven by prices for capital goods, foods, feeds & beverages as well as automotive vehicles, parts, & engines.
- Industrial production growth unexpectedly eased to 0.2% m/m in July after gaining 0.3% m/m previously. This marks its second month of expansion and is in line with the slower manufacturing output growth (0.2% m/m vs 0.3% m/m)

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,343.40	-0.22
S&P 500	7,691.76	-0.69
NASDAQ	26,289.71	-1.33
Stoxx Eur 600	651.90	-0.69
FTSE 100	10,728.04	0.07
Nikkei 225	67,460.73	-2.54
CSI 300	4,725.81	-0.32
Hang Seng	25,471.15	0.07
Straits Times	5,701.40	-1.16
KLCI 30	1,733.36	0.43
FX		
Dollar Index	99.66	0.02
EUR/USD	1.1576	-0.03
GBP/USD	1.3532	-0.09
USD/JPY	159.61	0.09
AUD/USD	0.7088	-0.24
USD/CNH	6.7463	0.05
USD/MYR	4.0597	-0.03
USD/SGD	1.2782	0.05
USD/KHR	4,044.25	-0.01
USD/THB	33.07	0.23
Commodities		
WTI ($/bbl)	84.94	0.52
Brent ($/bbl)	91.02	0.17
Gold ($/oz)	4,366.00	-1.17
Copper ($/MT)	13,986.50	-1.21
Aluminum($/MT)	3,220.50	-1.41
CPO (RM/MT)	4,616.00	0.59

Source: Bloomberg, HLBB Global Markets Research recorded during the month. Details suggest that growth was uneven, with strength in output for business equipment and tech-related products signalling resiliency in business investment, while weakness in consumer goods signals soft consumer spending ahead.

- Higher mortgage rates and construction costs continue to weigh on the housing industry. July's pending home sales were worse than expected, falling 2.3% m/m to their lowest level since the start of the year. The reading followed separate data that showed new home construction slumping 12.4% m/m to 1.2m for the same month, its slowest pace since 2022.

Improved economic expectations for the Eurozone

- The ZEW Survey Expectations index jumped 8ppts to 31.4 in August, with all industries reporting brighter expectations likely due to the good quarterly results and amid the recent strength in exports. The German economy also benefitted from the federal government's infrastructure programmes, although the record low water levels on the Rhine River presented an additional downside risk to economic activity.

Softer than expected labour data for the UK

- Labour data showed that the number of payrolled employees and unemployment rates were unchanged and worse than expected at -13k in July and 4.9% in June, while early estimates for June indicate that median monthly pay slowed less than expected to 4.1% y/y from 4.4%y/y previously, helping to keep a lid on demand pull inflation. Hiring was notably weak for the wholesale and retail sectors, and given the tepid demand for labour, the latest data appears to bolster BOE's case for a hold on interest rates.

Australia's consumer confidence improved on hopes of rates reprieve

- The Westpac Consumer Confidence rose at a faster pace of 6.0% m/m in August (prior: 4.1% m/m), with gains mainly driven by people with mortgages post RBA's decision to hold. Despite this, overall result is still pessimistic and below last year's level, not boding well for consumer spending outlook in the months ahead.

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	4.7007	4.68	4.71	4.73	4.75
GBP/MYR	5.4936	5.37	5.36	5.36	5.36
AUD/MYR	2.8861	2.83	2.86	2.87	2.89
CNY/MYR	0.6022	0.61	0.61	0.61	0.61
SGD/MYR	3.1776	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

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Date	Events	
19-Aug	AU Wage Price Index YoY (2Q)	3.30%
	UK CPI Core YoY (Jul)	2.60%
	EC Labour Costs YoY (2Q P)	3.20%
	US MBA Mortgage Applications (14-Aug)	3.60%
20-Aug	US FOMC Meeting Minutes	
	JN Exports YoY (Jul)	19.30%
	CH 1-Year Loan Prime Rate	3.00%
	CH 5-Year Loan Prime Rate	3.50%
	AU Employment Change (Jul)	76.3k
	AU Unemployment Rate (Jul)	4.40%
	MA Exports YoY (Jul)	45.40%
	HK Unemployment Rate 3Mths (Jul)	3.70%
	HK CPI Composite YoY (Jul)	2.00%
	EC Construction Output MoM (Jun)	0.40%
	US Philadelphia Fed Business Outlook (Aug)	41.4
	US Initial Jobless Claims (15-Aug)	209k
	US Leading Index (Jul)	-0.20%

Source: Bloomberg

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