

20 January 2026

Global Markets Research

Daily Market Highlights

20 Jan: Trump's tariff threat dented market sentiment

Global equity markets sank; greenback traded weaker against all G10 peers
Sell-off in Japanese equity & long-term bonds amid fiscal worries; JPY flat
China's GDP hit 5.0% target for 2025; PBoC likely to maintain rates today

- Wall Street was closed for Martin Luther King Jr. Day but elsewhere, global equity markets largely retreated following Trump's tariffs threats over Greenland.
- In Europe, Stoxx 600 was 1.2% d/d lower with carmakers and luxury goods hardest hit. Trading in 10Y sovereign bonds were muted with yields closing mixed between +/-3bps.
- In Asia, Hang Seng tumbled 1.1% d/d, while CSI 300 pared gains to close 0.1% d/d higher following the release of China's 2025 GDP. In Japan, Nikkei 225 lost 0.7% d/d, while the benchmark 10Y JGB yield closed at its highest level since the late 1990s at 2.27% after Prime Minister Sanae Takaichi officially called a snap election on February 8 and promised a temporary sales tax cut on food, raising fiscal worries.
- In the forex space, the DXY closed 0.4% d/d lower at 99.03. NZD (0.8% d/d), haven CHF (0.7% d/d) and AUD (0.5% d/d to 0.6714) led G10 gains against the greenback, while European currencies saw smaller gains of 0.2-0.4% d/d. JPY closed just above its flatline at 158.11, while regional currencies closed mixed against the Dollar. SGD appreciated 0.3% d/d to 1.2850 while the MYR gained 0.1% on the day to 4.0547. CNH strengthened 0.2% d/d to 6.9567 following the release of China's GDP print that matched Beijing's 5.0% target for 2025.
- In the commodity space, Brent crude oil fell 0.3% d/d to \$63.94/barrel with markets weighing the fallout from Trump's threat versus waning Iran tension.

Sharp drop in Japan's core machine orders; likely to contract again in December

- Core machine orders severely undershot forecasts, falling for the first time in 3 months by 11.0% m/m in November (prior: 7.0% m/m). Based on our calculation and the Cabinet Office's projections, orders could likely contract again in December albeit at a narrower pace of 4.5% m/m. Driving the downturn was a rather broad-based decrease for manufacturing orders

	Key Market Metrics	Level	d/d (%)
Equities			
Dow Jones	49,359.33	-0.17	
S&P 500	6,940.01	-0.06	
NASDAQ	23,515.39	-0.06	
Stoxx Eur 600	607.06	-1.19	
FTSE 100	10,195.35	-0.39	
Nikkei 225	53,583.57	-0.65	
CSI 300	4,734.46	0.05	
Hang Seng	26,563.90	-1.05	
Straits Times	4,834.88	-0.29	
KLCI 30	1,712.33	-0.02	
FX			
Dollar Index	99.03	-0.37	
EUR/USD	1.1646	0.41	
GBP/USD	1.3425	0.34	
USD/JPY	158.11	-0.01	
AUD/USD	0.6714	0.46	
USD/CNH	6.9567	-0.16	
USD/MYR	4.0547	-0.07	
USD/SGD	1.2850	-0.30	
USD/KHR	4,023.00	0.00	
USD/THB	31.26	-0.47	
Commodities			
WTI (\$/bbl)	59.44	0.42	
Brent (\$/bbl)	63.94	-0.30	
Gold (\$/oz)	4,595.40	-0.61	
Copper (\$/MT)	12,965.50	1.27	
Aluminum(\$/MT)	3,158.50	0.78	
CPO (RM/tonne)	3,993.50	0.33	

Source: Bloomberg, HLBB Global Markets Research
* Closing as of 16 Jan for CPO, Dow Jones, S&P 500, Nasdaq, WTI and gold

save information & communication electronics, while orders from non-manufacturing also grew at a smaller pace.

4Q growth eased for the third quarter to 4.5% y/y for China, its slowest since 4Q of 2022

- China's economy matched consensus forecast as well as Government's target of 5.0% y/y in 2025 (2024: 5.2% y/y) with growth in 4Q easing for the third consecutive quarter and to its lowest since 2022 to 4.5% y/y (3Q: 4.8% y/y). While exports and industrial production continued to maintain a largely steady pace in 4Q, domestic-oriented indicators like retail sales and investment remain weak. (Refer to Research Alert "China's GDP hit Beijing's 5.0% target for 2025" dated 19 Jan).

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	97-101	96.71	95.13	94.70	95.49
EUR/USD	1.15-1.18	1.20	1.22	1.22	1.21
GBP/USD	1.32-1.36	1.36	1.37	1.37	1.35
USD/CHF	0.78-0.82	0.78	0.78	0.78	0.78
USD/JPY	155-161	153	149	147	147
AUD/USD	0.65-0.69	0.68	0.69	0.70	0.69
NZD/USD	0.56-0.59	0.58	0.59	0.59	0.58
USD/CNY	6.96-6.99	6.90	6.83	6.85	6.90
USD/MYR	4.02-4.07	4.00	3.97	3.97	4.00
USD/SGD	1.27-1.30	1.26	1.23	1.23	1.24
USD/THB	31-32	32.2	32.1	32.0	30.8

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
EUR/MYR	4.7128	4.78	4.82	4.85	4.84
GBP/MYR	5.4355	5.44	5.45	5.45	5.41
AUD/MYR	2.7153	2.72	2.75	2.78	2.76
CNY/MYR	0.5823	0.58	0.58	0.58	0.58
SGD/MYR	3.1539	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	3.00-3.25	2.75-3.00
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	3.60	3.60	3.60	3.60	3.60
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
20-Jan	CH 5-Year Loan Prime Rate	3.50%
	CH 1-Year Loan Prime Rate	3.00%
	MA CPI YoY (Dec)	1.40%
	MA Exports YoY (Dec)	7.00%

21-Jan	UK Average Weekly Earnings 3M/YoY (Nov)	4.70%
	UK Employment Change 3M/3M (Nov)	-16k
	UK Payrolled Employees Monthly Change (Dec)	-38k
	HK Unemployment Rate SA (Dec)	3.80%
	EC ZEW Survey Expectations (Jan)	33.7
	US ADP Weekly Employment Change	11.75k
	US Philadelphia Fed Non-Manufacturing Activity (Jan)	-16.8
	AU Westpac Leading Index (Dec)	-0.04%
	UK CPI Core YoY (Dec)	3.20%
	UK PPI Input NSA YoY (Dec)	1.10%
	UK House Price Index YoY (Nov)	1.70%
	US MBA Mortgage Applications	28.50%
	US Construction Spending MoM (Oct)	0.002
	US Pending Home Sales MoM (Dec)	3.30%

Source: Bloomberg

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