20 February 2026

Global Markets Research

Daily Market Highlights

20 Feb: All eyes on US core PCE and PMIs for the majors

USTs closed flattish ahead of PCE; DXY lifted by jobless claims and Philly Fed index
Geopolitical tension saw investors shying away from stocks; crude oil rallied
Tame CPI reading for Malaysia; labour data backs rate hike bets for Australia

- Overnight, we saw military build-up in the Middle East and this simmering tension between US and Iran saw investors turning risk-off, shying away from equities and snapping up crude oil on potential supply jitters, the latter seeing the WTI ($66.43/barrel) and Brent ($71.66/barrel) extending their rally for another day in tune to 1.9% d/d each.
- In the US, the three major US stock indices slid 0.3-05% d/d as Walmart issued cautious guidance even though it reported standout 4Q earnings. Stoxx Eur 600 also closed in red by 0.5% d/d amid a mixed slew of earnings from Nestle to Airbus and Renault. Regional markets were the outlier and traded higher, with several bourses returning from the Lunar New Year holiday.
- In the bond space, treasury yields closed flattish amid the geopolitical tension and cautiousness ahead of the closely watched core-PCE due for release later today. The 2Y yield closed just below its flatline at 3.46%, while the 10Y dropped 2bps to 4.07%. 10Y European bond yields closed mixed between -1 to +4bps.
- In the forex space, the DXY closed up 0.2% d/d to 97.93, getting a lift up from the better -than-expected jobless claims and Philadelphia Fed Business Outlook index (16.3 in Feb vs 12.6 in Jan), all suggesting an upbeat economic backdrop for the US for now. Commodity-based currencies like CAD (0.1% d/d), NZD (0.1% d/d) and AUD (0.2% d/d to 0.7056) outperformed, while SEK (-0.3% d/d). CHF (-0.3% d/d). NOK (-0.2% d/d) and GBP (-0.2% d/d to 1.3465) lagged their G10 peers.
- AUD benefitted from reaffirmed rate hike bets following the strong labour data, but the softer preliminary February PMIs for Australia (Manufacturing: 51.5 vs 52.3, Services: 52.2 vs 56.3) could dampen appetite for AUD today. JPY closed 0.1% d/d weaker at 155.01 and will face added downward pressure following the softer core inflation print for January (matching expectations at 2.0% y/y vs 2.4% y/y in Dec).

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	49,395.16	-0.54
S&P 500	6,861.89	-0.28
NASDAQ	22,682.73	-0.31
Stoxx Eur 600	625.33	-0.53
FTSE 100	10,627.04	-0.55
Nikkei 225	57,467.83	0.57
CSI 300	4,660.41	-1.25
Hang Seng	26,705.94	0.52
Straits Times	5,001.56	1.28
KLCI 30	1,752.11	0.62
FX		
Dollar Index	97.93	0.23
EUR/USD	1.1773	-0.08
GBP/USD	1.3465	-0.22
USD/JPY	155.01	0.13
AUD/USD	0.7056	0.20
USD/CNH	6.9002	0.12
USD/MYR	3.9090	0.23
USD/SGD	1.2683	0.10
USD/KHR	4,019.00	-0.02
USD/THB	31.17	-0.41
Commodities		
WTI ($/bbl)	66.43	1.90
Brent ($/bbl)	71.66	1.86
Gold ($/oz)	4,975.90	-0.21
Copper ($/MT)	12,809.00	-0.79
Aluminum($/MT)	3,067.50	-0.70
CPO (RM/tonne)	4,043.00	0.74

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 16 Feb for CPO and Hang Seng, 13 Feb for USD/CNY & CSI 300*

- Regional currencies closed mixed against the greenback, but MYR and SGD depreciated 0.1-0.2% d/d to 3.9090 and 1.2683 respectively.

US leading index and pending home sales fell at narrower pace; better than expected initial jobless claims; trade deficit widened in December

- Matching expectations, the Leading Index continued to fall in December albeit a slightly narrower pace of 0.2% (Nov: -0.3%). This marks its fifth month of decline, signalling softness in the economy at the start of 2026 and weighed down by the persistent weak consumer expectations and new orders sub-indices.
- US trade deficit widened more than expected to $70.3bn in December (prior: -$53.0bn), reflecting a 1.7% m/m decline in exports and a 3.6% m/m jump in imports (prior: -3.4% m/m and 4.2% m/m), the latter led by strong imports of capital goods signalling strong capex pipeline for now. This brings full-year deficit to $901.5bn (2024: -$903.5bn), suggesting little contributions from net exports to real GDP growth in 2025 and 4Q (Fed Atlanta's GDPNow: 3.0%), and little change post tariff hikes.
- Initial jobless claims fell more than expected and by the most since November by 23k to 206k for the week ended February 14 (prior: -3k), while continuing claims, a proxy for hiring, jumped 17k to 1869k the week ended February 7 (prior: 11k), consistent with a low firing, low hiring and stability for the labour market. The data also suggests that people who were temporarily unable to work due to the severe winter storm in February could have returned to their jobs this month.
- Pending home sales unexpectedly fell 0.8% m/m in January (prior: -7.4% m/m) with improved affordability conditions yet to induce more buying activity. Unless housing supply increases further, the National Association of Realtor's expectations of additional potential buyers becoming active in the market could push up home prices increasing pressure on affordability.

Improved consumer confidence for the Eurozone for the second month

- Although an improvement for the second month, consumer confidence was worse than expected and remained low below its long-term average at -12.2 in February (Jan: -12.4).

Australia's unemployment remained low, backing RBA's hawkish stance

- Unemployment rate stayed low and steady at 4.1% in January, with hiring strong at +17.8k (prior: +68.5k) entirely driven by full time employment. As it is, with inflation persistence still a concern and labour market still healthy, this essentially supports RBA's hawkish monetary policy stance and our view that the RBA will deliver another rate hike by the end of 2026.

Malaysia's core and services inflation remained mild; little sign of demand-pull inflation

- No surprises to the latest inflation data, with headline CPI matching expectations and holding steady at 1.6% y/y in January, while core was also unchanged at 2.3% y/y. Inflationary pressures were tame for most of the sub-components, but amongst its three largest categories, higher housing and utility costs (1.2% y/y vs 0.9% y/y) which was policy driven. was offset by a decline in transport costs at -0.7% y/y (prior: 0.1% y/y). Food inflation, meanwhile, held steady at 1.5% y/y for the fourth consecutive month (Refer to Research Alert "Tame and steady inflation rate at 1.6% for January" dated 19 February).

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	4.6121	4.78	4.82	4.85	4.84
GBP/MYR	5.2788	5.44	5.45	5.45	5.41
AUD/MYR	2.7600	2.72	2.75	2.78	2.76
CNY/MYR	0.5660	0.58	0.58	0.58	0.58
SGD/MYR	3.0850	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
20-Feb	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
23-Feb	SI CPI YoY (Jan)	1.20%
	US Chicago Fed Nat Activity Index (Jan)	-0.04
	US Factory Orders (Dec)	2.70%
	US Dallas Fed Manf. Activity (Feb)	-1.2

Source: Bloomberg

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