20 August 2026

Global Markets Research

Daily Market Highlights

20 Aug: US Treasury buybacks supported Wall Street

Yields plunged for longer-dated USTs; US stocks gained; Dollar weakened
FOMC minutes showed more hikes may be needed; no change in our hold view
UK CPI accelerated on gas prices; Steady wage growth for Australia

- The S&P 500 snapped its losing streak as bond yields tumbled after the US Treasury Department announced that it would ramp up buybacks of longer-dated bonds. The move came after the 30Y UST yield hit its highest in 19 years earlier in the week.
- In Wall Street, the 2Y UST yield fell 1bps to 4.16%, while the 10Y and 30Y plunged 6bps and 9bps respectively to 4.65% and 5.19% amid signs that the US wants to lower borrowing costs. The 3 major equity indices traded 0.2% d/d higher each after the news, and on a sector basis, consumer and real estate stocks benefitted.
- In the forex space, the DXY tumbled 0.8% d/d to 98.83, its weakest level since May, and the EUR, GBP, JPY and AUD traded 0.5-0.9% d/d stronger at 1.1677, 1.3606, 158.17 and 0.7125 against USD. JPY is expected to be well supported today after its July's exports data accelerated more than expected to 23.2% y/y (prior: 19.3% y/y) and trade deficit narrowed more than expected.
- On the regional front, KRW (1.7% d/d) led Asian FX gains vs the greenback, while CNH, MYR and SGD appreciated 0-0.6% d/d to 6.7313, 4.0585 and 1.2712.
- Meanwhile, chip sell-off dragged on most Asian bourses earlier in the day, while Stoxx Eur 600 slipped 0.1% d/d weighed down by banking stocks. 10Y European sovereign bond yields closed mixed between -4 to +1bps.
- Crude oil prices rallied more than 0.6% d/d after the UAE said that it will suspend all financial and economic transactions with Iran, heightening geopolitical tension. Brent closed the day at $91.62/barrel, and the WTI at $85.83/barrel.

FOMC minutes showed concerns for inflation; more hikes may be needed

- July's FOMC meeting minutes were leaning towards a little hawkish, but this was expected with 3 members voting for a rate hike at the meeting. Key highlights include: 1) "Many" participants assessed that policy tightening would likely be

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,463.05	0.22
S&P 500	7,707.98	0.21
NASDAQ	26,331.09	0.16
Stoxx Eur 600	651.16	-0.11
FTSE 100	10,743.35	0.14
Nikkei 225	65,326.42	-3.16
CSI 300	4,588.70	-2.90
Hang Seng	25,495.07	0.09
Straits Times	5,694.24	-0.13
KLCI 30	1,731.32	-0.12
FX		
Dollar Index	98.83	-0.83
EUR/USD	1.1677	0.87
GBP/USD	1.3606	0.55
USD/JPY	158.17	-0.90
AUD/USD	0.7125	0.52
USD/CNH	6.7313	-0.22
USD/MYR	4.0585	-0.03
USD/SGD	1.2712	-0.55
USD/KHR	4,042.75	-0.04
USD/THB	33.06	-0.05
Commodities		
WTI ($/bbl)	85.83	1.05
Brent ($/bbl)	91.62	0.66
Gold ($/oz)	4,489.40	2.83
Copper ($/MT)	14,049.50	0.45
Aluminum($/MT)	3,227.50	0.22
CPO (RM/MT)	4,654.00	0.82

Source: Bloomberg, HLBB Global Markets Research needed if inflation did not decline, while "some" commented that financial conditions might not currently be sufficiently restrictive to facilitate a return of inflation to the 2% target. 2) It appears that participants saw "upside" risks to inflation more pressing than "downside" risks to employment. Despite these, ***there is no change in our view that the FOMC will hold rates steady for the whole of 2026 given the poor jobs data recently, tame inflation environment and weaker consumer numbers***. 3) Several participants expressed concerns that the AI investment could keep inflation elevated by pushing up aggregate demand, while some also noted the possibility that AI developments could disappoint, leading to a significant repricing of stocks, with consequent negative effects on consumer spending. 4) In terms of outlook, participants generally expect solid real GDP growth to continue in the near term, and many expect inflation to step down over the rest of the year as the effects of tariffs and earlier energy price increases wane.

- Despite steady mortgage rates, mortgage applications fell 0.4% w/w for the week ended August 14 (prior: 3.6%w/w), driven predominantly by the downtick for home purchases (-2.0% w/w vs 2.5% w/w).

Higher UK inflation driven by gas prices

- Headline CPI matched expectations, accelerating to 2.9% y/y in July (prior: 2.6% y/y), while core was above forecast but held steady at 2.6% y/y. Household energy bills were the main source of upward pressure, slightly offset by downward contributions from fuel and services. As it is, inflationary pressure is expected to peak around 3.2% in October and November, before easing a little thereafter. With this and amid a softer labour market, there is thus no change in our view that the BOE will maintain its bank rate unchanged for the rest of 2026.

Steady wage growth for Australia

- Wage price index grew at a steady pace of 0.8% q/q and 3.2% y/y as expected in 2Q, slightly softer than 3.4% y/y at the same time last year, but above the 2.2% y/y growth that was observed pre-pandemic. Again, wage growth in the public sector outpaced those from the private sector, supported by scheduled rises paid under the existing APS-wide enterprise agreement for Commonwealth employees.

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	4.7108	4.68	4.71	4.73	4.75
GBP/MYR	5.5027	5.37	5.36	5.36	5.36
AUD/MYR	2.8732	2.83	2.86	2.87	2.89
CNY/MYR	0.6024	0.61	0.61	0.61	0.61
SGD/MYR	3.1800	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

Up Next

Date	**Events**	
20-Aug	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%
21-Aug	AU S&P Global Australia PMI Mfg (Aug P)	52
	AU S&P Global Australia PMI Services (Aug P)	53.6
	UK GfK Consumer Confidence (Aug)	-17
	JN Natl CPI YoY (Jul)	1.60%
	JN S&P Global Japan PMI Mfg (Aug P)	54.5
	JN S&P Global Japan PMI Services (Aug P)	51.2
	UK Retail Sales Inc Auto Fuel MoM (Jul)	1.00%
	MA Foreign Reserves (46248)	$132.1b
	EC S&P Global Eurozone Manufacturing PMI (Aug P)	51.9
	EC S&P Global Eurozone Services PMI (Aug P)	51.7
	UK S&P Global UK Manufacturing PMI (Aug P)	51.9
	UK S&P Global UK Services PMI (Aug P)	52.1
	US S&P Global US Manufacturing PMI (Aug P)	53.9
	US S&P Global US Services PMI (Aug P)	54.6
	EC Consumer Confidence (Aug P)	-15.9

Source: Bloomberg

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