21 May 2026

Global Markets Research
Daily Market Highlights

21 May: All eyes on May's PMIs for the majors today

Australia kickstarted PMI on a downbeat note; services turned contractionary
FOMC minutes flags possibility of a rate hike; PBoC maintained lending rates
GBP gained despite softer UK CPI; stellar export growth for Japan and Malaysia

- President Trump's comment that Washington was in the "final stages" of negotiations with Iran lifted optimism that the conflict in the Middle East could be resolved soon. Crude oil prices fell, inflation worries eased and lifted US stocks and bonds overnight.
- The WTI pulled back 8.8% on the day to $98.26/ barrel as at Wednesday's close while Brent fell 5.6% d/d to $105.02/barrel. In the bond space, treasury yields fell 6-9bps across the curve. The 2Y and 10Y benchmark yields closed the day at 4.06% (-6bps) and 4.59% (-8bps) respectively.
- In the equity space, the three major stock indices closed up 1.1-1.5% d/d. Gains were rather broad-based, with tech stocks amongst outperformers, amid added optimism over Nvidia results after the bell, the latter proving to be better than forecasts. Other than Nvidia, investors were also watching the prospectus filing for SpaceX's blockbuster IPO.
- Earlier in Asian trading, Hang Seng, CSI 300 and Nikkei 225 all ended in the red, the latter amid still elevated 10Y JGB yield at 2.76% (-1bps).
- Stoxx Eur finished up 1.5% d/d with the 10Y European sovereign bond yields lower by 5-14bps. Notably, the lower than forecasted UK CPI saw traders shaving rate hike bets, offering some relief to front-end gilts (2Y: -14bps to 4.36%).
- In the forex space, the US-Iran deal optimism saw the greenback (DXY: -0.2% d/d to 99.09) weakening against all its G10 peers save the CAD. SEK (0.7% d/d), NZD (0.6% d/d) and AUD (0.6% d/d to 0.7151) led gainers, but the latter could face headwinds from the steep drop in Australia's PMI manufacturing (50.2 vs 51.3) and services (47.7 vs 50.7) for May today. Business confidence was equally downbeat and among the lowest on record.
- GBP appreciated 0.3% d/d to 1.3435 despite the CPI miss, while EUR and JPY strengthened at a milder pace of 0.1-0.2% d/d to 1.1624 and 158.92. JPY will likely trade sideways today following the mixed economic numbers this morning. While

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	50,009.35	1.31
S&P 500	7,432.97	1.08
NASDAQ	26,270.36	1.54
Stoxx Eur 600	620.29	1.46
FTSE 100	10,432.34	0.99
Nikkei 225	59,804.41	-1.23
CSI 300	4,850.70	-0.04
Hang Seng	25,651.12	-0.57
Straits Times	5,044.91	-0.54
KLCI 30	1,717.69	-0.55
FX		
Dollar Index	99.09	-0.24
EUR/USD	1.1624	0.16
GBP/USD	1.3435	0.30
USD/JPY	158.92	-0.09
AUD/USD	0.7151	0.62
USD/CNH	6.8022	-0.22
USD/MYR	3.9695	-0.18
USD/SGD	1.2781	-0.33
USD/KHR	4,016.00	-0.06
USD/THB	32.69	0.13
Commodities		
WTI ($/bbl)	98.26	-8.82
Brent ($/bbl)	105.02	-5.63
Gold ($/oz)	4,535.30	0.53
Copper ($/MT)	13,655.50	1.82
Aluminum($/MT)	3,622.50	0.56
CPO (RM/MT)	4,492.00	-0.51

Source: Bloomberg, HLBB Global Markets Research export growth unexpectedly surged 14.8% y/y in April (prior: 11.5% y/y), partially due to front-loading, core machine orders plunged more than expected by 9.4% m/m in March (prior: -13.6% m/m) as the Iran war sapped business confidence for both manufacturers and non-manufactures. Orders are expected to remain soft in 2Q, growing a mere 0.3% q/q after a robust 6.4% q/q in 1Q.

- Most regional currencies strengthened against the greenback with KRW leading gains at 1.0% d/d. SGD, CNH and MYR appreciated at a narrower pace of 0.2-0.3% d/d to 6.8022, 3.9695 and 1.2781 respectively.

FOMC minutes suggest that a rate hike is possible if inflationary pressure persists

- In gist, minutes to the latest FOMC meeting minutes saw the Fed **shifting further into the hawkish direction** and key highlights include: 1) FOMC participants judged that continued elevated inflation readings, uncertainty from the duration and impact from the Middle East conflict could necessitate the Fed to hold rates for longer than previously expected, in line with ours for status quo in the June meeting and in 3Q of this year. 2) That said, a majority opined that some policy firming may be appropriate if inflation were to stay persistently above 2.0% and in tandem with this, many preferred removing the easing bias language from the statement. 3) Support for rate cuts was narrow, with only "several" highlighting the need to lower rates once disinflation is back on track or amid labour market weakness. 4) Both upside risks to inflation and downside risks to employment remained elevated. 5) The minutes also added a new paragraph on financial stability, with participants flagging threats from elevated asset valuations, risks in private credit, leveraged treasury trades and cyber security.
- Data wise for the US, a 10bps jump (to 6.56%) in the 30Y mortgage rates weighed on home purchase and refinancing applications for the week of May 15 and saw total applications declining 2.3% w/w (prior: 1.7% w/w).

PBoC maintained 1Y and 5Y lending rates unchanged

- The People's Bank of China (PBoC) maintained the 1Y and 5Y lending rates unchanged at 3.00% and 3.50%. The decision was within forecast, with the last cut in May 2025, balancing the need to support both the currency and economic growth amid still tame inflationary pressure for China.

Softer than expected CPI; mixed price prints overall for the UK

- Mixed price prints for the UK in our opinion. Headline and CPI undershot forecasts with 2.8% y/y and 2.5% y/y increases in

April (prior: 3.3% y/y and 3.1% y/y), but the uptick in producer input prices (7.7% y/y vs 5.3% y/y) suggests that upward pressure on prices remained prevalent. Housing and household services made the largest downward contribution to CPI, while a large increase in motor fuel prices was counteracted by downward effects from other categories within the transport component. Amid broader picture of labour market weakness, and a tamer than expected inflation with lack of second-round effects across the CPI basket, these data questioned the need for aggressive rate hikes for the rest of 2026.

Surprisingly strong external trade performance in April for Malaysia

- The two-month deceleration in exports growth came to a halt following a much stronger than expected increase of 36.9% in April (Mar: 8.4% y/y). This exceeded the most bullish market forecast of 15.3% y/y (consensus: 9.5% y/y) and our 12.4% y/y increase for the month, while marking its best growth in 44 months. We believe this was spurred by frontloading of shipment/ demand ahead of the onset of disruptions to the global supply chain as well as higher prices. Refer to Research Alert "Surprisingly strong external trade performance in April" dated 20th May.

House View and Forecasts

FX	This Week	2Q-26	3Q-26	4Q-26	1Q-27
DXY	97-101	100.63	99.80	97.96	96.48
EUR/USD	1.15-1.18	1.14	1.15	1.17	1.19
GBP/USD	1.32-1.36	1.31	1.32	1.34	1.35
USD/CHF	0.76-0.80	0.79	0.78	0.76	0.75
USD/JPY	155-161	159	155	152	152
AUD/USD	0.70-0.74	0.68	0.69	0.70	0.71
NZD/USD	0.57-0.61	0.57	0.58	0.58	0.59
USD/CNY	6.76-6.82	6.93	6.88	6.84	6.77
USD/MYR	3.90-3.97	3.98	3.96	3.93	3.90
USD/SGD	1.26-1.29	1.29	1.28	1.27	1.25
USD/THB	31.70-33.00	31.60	31.80	31.80	31.40

FX	Last close	2Q-26	3Q-26	4Q-26	1Q-27
EUR/MYR	4.6003	4.55	4.55	4.60	4.66
GBP/MYR	5.3126	5.23	5.23	5.26	5.28
AUD/MYR	2.8235	2.72	2.72	2.75	2.77
CNY/MYR	0.5834	0.58	0.58	0.58	0.58
SGD/MYR	3.0986	3.09	3.10	3.11	3.12

Rates, %	Current	2Q26	3Q26	4Q26	1Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.25-3.50	3.25-3.50
ECB	2.00	2.25	2.50	2.50	2.50
BOE	3.75	4.00	4.25	4.25	4.25

SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	1.00	1.00	1.00	1.00
RBA	4.35	4.35	4.35	4.35	4.35
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
21-May	JN S&P Global Japan PMI Mfg (May P)	55.1
	JN S&P Global Japan PMI Services (May P)	51
	AU Employment Change (Apr)	17.9k
	AU Unemployment Rate (Apr)	4.30%
	EC S&P Global Eurozone Manufacturing PMI (May P)	52.2
	EC S&P Global Eurozone Services PMI (May P)	47.6
	HK CPI Composite YoY (Apr)	1.70%
	UK S&P Global UK Manufacturing PMI (May P)	53.7
	UK S&P Global UK Services PMI (May P)	52.7
	EC Construction Output MoM (Mar)	-0.20%
	EC Labour Costs YoY (1Q P)	3.30%
	US Initial Jobless Claims	211k
	US Philadelphia Fed Business Outlook (May)	26.7
	US Housing Starts MoM (Apr)	10.80%
	US Building Permits MoM (Apr P)	-11.40%
	US S&P Global US Manufacturing PMI (May P)	54.5
	US S&P Global US Services PMI (May P)	51
	EC Consumer Confidence (May P)	-20.6
22-May	UK GfK Consumer Confidence (May)	-25
	JN Natl CPI YoY (Apr)	1.50%
	UK Retail Sales Inc Auto Fuel MoM (Apr)	0.70%
	MA Foreign Reserves	$129.7b
	US U. of Mich. Sentiment (May F)	48.2
	US U. of Mich. Current Conditions (May F)	47.8
	US Kansas City Fed Services Activity (May)	3

Source: Bloomberg

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