21 August 2026

Global Markets Research

Daily Market Highlights

21 Aug: All eyes on August PMIs for the majors today

Short-lived gains from UST buybacks; US stocks & bonds tumbled; DXY rose
1Y, 5Y loan prime rates left unchanged in China; US leading index rebounded
Australia's unemployment rate climbed; robust trade data for Malaysia

- The effects from Treasury Department's intervention in the bond market was short-lived. UST yields rose even as Treasury Secretary Scott Bessent flagged a bigger buyback potential, and the benchmark 2Y, 10Y and 30Y UST yields closed the day at 4.19% (+3bps), 4.70% (+6bps) and 5.25% (+6bps).
- US stocks closed in red (Dow: -1.3% d/d, S&P 500: -0.9% d/d, Nasdaq: -1.0% d/d), with added dampener from underwhelming Walmart results and higher energy prices. The WTI and Brent rose more than 2% d/d each to $87.83/barrel and $93.78/barrel respectively after President Trump threatened to crush the Iranian economy, heightening geopolitical tension in the region.
- In Europe, Stoxx 600 fell 0.1% d/d weighed down by consumer stocks, while 10Y sovereign bond yields closed mixed between -5 to +3bps. Nikkei 225 led gains in Asia at 1.4% d/d, while Hang Seng and CSI 300 closed up 0.8% d/d and 0.1% d/d.
- On the forex front, the DXY rebounded 0.1% d/d to 98.90, with the G10 FX closing mixed against the greenback. GBP outperformed its peers, strengthening 0.2% d/d to 1.3631, while EUR closed just above its flatline at 1.1678. JPY lagged at -0.6% d/d to 159.05, while AUD weakened 0.2% d/d to 0.7114 against USD.
- AUD will likely stay soft today given the downtick in Australia's August composite PMI (52.5 vs 53.2), while JPY will likely be well-supported by the pick-up in Japan's July CPI (1.9% y/y vs 1.6% y/y), the latter within consensus forecast and supportive of our BOJ rate hike call in 4Q of 2026.
- THB (0.6% d/d) led gains in most regional FX against the Dollar overnight, closely followed by IDR (0.5% d/d) and MYR (0.3% d/d to 4.0450). CNH appreciated 0.1% d/d to 6.7523 after China's loan prime rates were left unchanged, while SGD was one of the outliers, depreciating 0.1% d/d to 1.2721 against USD.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,759.21	-1.32
S&P 500	7,641.16	-0.87
NASDAQ	26,067.17	-1.00
Stoxx Eur 600	650.35	-0.12
FTSE 100	10,748.16	0.04
Nikkei 225	66,216.79	1.36
CSI 300	4,592.75	0.09
Hang Seng	25,698.49	0.80
Straits Times	5,671.91	-0.39
KLCI 30	1,736.71	0.31
FX		
Dollar Index	98.90	0.06
EUR/USD	1.1678	0.01
GBP/USD	1.3631	0.18
USD/JPY	159.05	0.56
AUD/USD	0.7114	-0.15
USD/CNH	6.7253	-0.09
USD/MYR	4.0450	-0.33
USD/SGD	1.2721	0.07
USD/KHR	4,043.75	0.02
USD/THB	32.85	-0.62
Commodities		
WTI ($/bbl)	87.83	2.33
Brent ($/bbl)	93.78	2.36
Gold ($/oz)	4,516.30	0.60
Copper ($/MT)	14,036.50	-0.09
Aluminum($/MT)	3,205.00	-0.70
CPO (RM/MT)	4,734.00	1.72

Source: Bloomberg, HLBB Global Markets Research

1Y and 5Y loan prime rates left unchanged in China

- The 1Y and 5Y loan prime rates were left steady at 3.00% and 3.50%, matching consensus as well as our forecast. While the recent slew of economic data calls for a PBoC rate cut, there is no change in our view for the central bank to maintain rates for the whole of the year, preferring targeted stimulus measures instead to support domestic demand.

US leading index rebounded more than expected; 6-months growth rate turned positive

- Leading index ticked up more than expected by +0.2% m/m in July (prior: -0.1% m/m), marking its fourth increase over the past 6 months. Most components were positive, with notable contributions from building permits and jobless claims (separate report showed that initial claims fell 6k for the week ended Aug 15) offsetting drag from the weak consumer expectations. The 6-month growth rate turned positive for the first time in more than 4 years, suggesting moderate growth ahead for the US economy.

Gradual loosening in Australia's labour market

- Labour data surprised on the downside, with unemployment rate unexpectedly rising to 4.5% in July (prior: 4.4%), and the labour market reporting an unexpected 15.8k drop in employment (prior: +80.2k) amid a decline in part-time employment and softer full-time employment gains. Despite the unfavourable data, it is still within RBA's expectations for the labour market to loosen and unemployment rate to tick up to this level to end-2026. As such, there is also no change in our RBA hold for the cash rate for the rest of the year.

Tame underlying inflation for Hong Kong

- July's inflation eased to 1.7% y/y from 2.0% y/y as expected, while underlying inflation was unchanged at 1.9% y/y. Inflation of fuel-related items stayed elevated, even accelerating for some categories, yet overall inflation remained tame at this level with price pressures on other components generally contained. While continued feed-through of higher oil prices to fuel-related components, coupled with lingering geopolitical uncertainty poses upward risks to CPI, overall inflation should continue to stay benign as price pressures on other fronts remain broadly in check. On a separate note, unemployment rate held steady at 3.7% for the same month.

Exports & imports grew more than 30% y/y for Malaysia

- Both export and import growth outpaced forecasts with a 38.0% y/y and 36.4% y/y growth in July. Although a moderation from 45.5% y/y and 43.1% y/y the prior month, July marks their fourth and fifth consecutive months respectively of double-digit growth for exports and imports.

The trade surplus, meanwhile, widened again to RM22.5bn from RM15.8bn previously, but remains softer than the monthly average of RM28.3bn in 2Q, in line with our softer GDP expectations for 2H26. (Refer to Research Alert "Softer but still double-digit growth trade numbers" dated 20th August).

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	4.7352	4.68	4.71	4.73	4.75
GBP/MYR	5.5204	5.37	5.36	5.36	5.36
AUD/MYR	2.8835	2.83	2.86	2.87	2.89
CNY/MYR	0.6018	0.61	0.61	0.61	0.61
SGD/MYR	3.1835	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	
21-Aug	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	$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
24-Aug	SI CPI Core YoY (Jul)	1.60%
	US Chicago Fed Nat Activity Index (Jul)	-0.02

Source: Bloomberg

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