

21 September 2026

## Global Markets Research

### Daily Market Highlights

## 21 Sep: BOJ delivered a less hawkish than expected rate hike

**Global stocks closed mixed; sell-off in US & European bonds; DXY closed flattish  
JPY underperformed amid a split 7-2 hike and less hawkish guidance from Ueda  
MYR outperformed amid upward surprises from Malaysia's CPI and export prints**

- Global equities wrapped up the week on a mixed note. The Dow Jones shed 0.2% d/d, but Nasdaq and S&P 500 rose 0.4% d/d and 0.2% d/d, the latter seeing a recovery after a sell-down earlier in the session in tandem with the release of the weaker than expected economic indicators from the US. Materials, utilities and real estate stocks led declines within the broad index, while technology and industrials drove gains.
- Stoxx Eur 600 fell 1.1% d/d amid broad-based losses save for the tech stocks, while Nikkei 225 led gains amongst major Asian bourses advancing 1.4% d/d. CSI 300 and Hang Seng closed up 1.1% d/d and 0.6% d/d, while all eyes this week will be on the President Trump-Xi meet, scheduled on 24<sup>th</sup> September.
- In the bond space, continued expectations of a Fed rate hike drove treasury yields higher for the shorter maturities (2Y: +8bps to 4.74%), while the 10Y UST yield continued to hover around 5.00% (+7bps). Led by French bonds, 10Y European bond yields rose 2-12bps.
- On the forex front, the DXY closed just below its flatline at 100.22. JPY (-0.6% d/d to 156.88) was the worst performing currency amongst the G10 with BOJ seen as less hawkish than expected, while GBP (0.3% d/d to 1.3395) outperformed following the upward surprise in UK's retail sales print. EUR and AUD appreciated 0.1% d/d each to 1.1486 and 0.7121 against the greenback.
- MYR (0.4% d/d to 4.0828) was the best performing Asian currency against the Dollar following the upward surprises to Malaysia's economic data, while yuan (0.1% d/d) rallied to its strongest in more than 4 years amid stronger PBOC yuan fixes. Other Asian currencies traded mixed against USD, and SGD weakened 0.1% d/d to 1.2761.
- Crude oil prices fell for the third session as markets weigh shifting concerns over Middle East supply, with Saudi Arabia reportedly pausing some sales to Europe. The WTI fell 1.6% d/d to \$100.30/barrel, while Brent settled 0.9% d/d lower at

#### Key Market Metrics

|                    | Level     | d/d (%) |
|--------------------|-----------|---------|
| <b>Equities</b>    |           |         |
| Dow Jones          | 51,682.64 | -0.18   |
| S&P 500            | 7,650.50  | 0.17    |
| NASDAQ             | 26,522.54 | 0.39    |
| Stoxx Eur 600      | 635.45    | -1.11   |
| FTSE 100           | 10,659.13 | -1.45   |
| Nikkei 225         | 65,018.95 | 1.38    |
| CSI 300            | 4,507.39  | 1.06    |
| Hang Seng          | 24,750.78 | 0.60    |
| Straits Times      | 5,656.11  | -0.08   |
| KLCI 30            | 1,665.56  | -0.55   |
| <b>FX</b>          |           |         |
| Dollar Index       | 100.22    | -0.03   |
| EUR/USD            | 1.1486    | 0.09    |
| GBP/USD            | 1.3395    | 0.27    |
| USD/JPY            | 156.88    | 0.58    |
| AUD/USD            | 0.7121    | 0.14    |
| USD/CNH            | 6.6955    | -0.13   |
| USD/MYR            | 4.0828    | -0.41   |
| USD/SGD            | 1.2761    | 0.05    |
| USD/KHR            | 4,052.33  | 0.00    |
| USD/THB            | 33.33     | -0.11   |
| <b>Commodities</b> |           |         |
| WTI (\$/bbl)       | 100.30    | -1.58   |
| Brent (\$/bbl)     | 103.87    | -0.91   |
| Gold (\$/oz)       | 4,390.70  | 0.58    |
| Copper (\$/MT)     | 14,521.50 | 0.21    |
| Aluminum(\$/MT)    | 3,288.50  | -0.39   |
| CPO (RM/MT)        | 4,698.00  | -0.30   |

Source: Bloomberg, HLBB Global Markets Research

\$103.87/barrel. This morning, Brent opened up at \$104.71/barrel, but has since eased to \$103.46/barrel at the point of writing despite Saudi Arabia issuing air-raid alert for Riyadh over the weekend, as well as warnings, in Red Sea hubs.

### BOJ raised rates with two dissenters

- The Bank of Japan (BOJ), by a 7-2 majority vote, decided to lift the call rate by 25bps to 1.25%. The decision was within consensus forecast and just 3 months after BOJ's previous hike. With ***policy makers opining that the underlying inflation has been approaching 2.0% and financial conditions still accommodative, we expect the BOJ to continue with its tightening cycle***, although the timing and pace will depend on the likelihood of the economy and prices realizing the BOJ's baseline scenario, and risks to the outlook, that includes geopolitical tension, the expansion in AI-related demand and developments in the FX market. ***We therefore pencil in the next rate hike in 1Q27.***

### Unexpected contractions for US leading index and industrial output

- The Conference Board's leading index unexpectedly fell for the first time since March by 0.1% m/m in August (prior: 0.2% m/m) and in tandem, the 6-month growth rate also turned back to slightly negative, suggesting a less certain economic environment ahead. Weighing on the index were weak consumer expectations and negative contributions from building permits and jobless claims, which more than offset positive contributions from financial components.
- Equally downbeat were the unexpected stagnant growth for industrial production in August (July: 0.2% m/m) as manufacturing output contracted for the first time this year (-0.3% m/m vs 0.2% m/m), weighed down by production of durable consumer goods, construction materials, business equipment and defense and space equipment.

### Upward surprise to UK's retail sales; partially attributable to low base effect

- Retail sales surprised on the upside, rebounding to increase 0.5% m/m in August from -0.5% m/m previously. In terms of volume, it was the second highest since April 2022, but this was partially due to sales recovering from July's blip (pullbacks in spending after June's promotional activities). By category, higher sales of clothing, food and goods at department stores were offset by decline in fuel sales (due to lower pump prices).

## Continuous double-digit growth for Malaysia's exports and import; surprised uptick in headline CPI but core CPI continued moderating

- Both export and import growth surprised on the upside for a 2nd straight month, growing 45.5% and 41.1% y/y respectively in August (Jul: 38.0% for exports and 36.3% y/y for imports). The robust expansion was spearheaded by pick-ups in manufacturing (50.4% vs 42.6% y/y) and mining (43.3% vs 9.6% y/y) exports, while agriculture exports fell 21.4% y/y dragged by declines in palm oil & palm-based exports. Meanwhile, the quicker gain in imports was shored up by faster increases in imports of capital (37.4% vs 23.8% y/y) and intermediate (50.5% vs 40.8% y/y) goods, the latter signalling continued robust exports outlook ahead. However, imports of consumption goods fell again, adding to signs of softening domestic demand.
- In a separate release, consumer prices (CPI) unexpectedly picked up to 1.9% y/y in August (Jul: 1.8% y/y), mainly attributable to upticks in food & beverages (1.9% vs 1.8% y/y), housing/ utilities/ fuels (2.1% vs 1.8% y/y) and transport (2.0% vs 1.4% y/y). The bigger increase in electricity component of the CPI was a result of adjustment in the Automatic Fuel Adjustment (AFA) on domestic users in Peninsular Malaysia while the jump in transport inflation was led by public transport services while unsubsidized petrol pump prices jumped between 36% and 83% y/y. Underlying inflation remained well-contained in our view, as evident in the continued easing in core CPI for the 3rd straight month to its lowest in 20 months (1.7% vs 1.8% y/y), and stable services CPI at 2.2% y/y. *Refer to Research Alert "Upside surprises in August exports growth and CPI" dated 18<sup>th</sup> September for more details.*

## House View and Forecasts

| FX      | This Week    | 3Q-26  | 4Q-26  | 1Q-27 | 2Q-27 |
|---------|--------------|--------|--------|-------|-------|
| DXY     | 99-101       | 102.28 | 100.86 | 99.42 | 98.07 |
| EUR/USD | 1.14-1.16    | 1.13   | 1.14   | 1.16  | 1.18  |
| GBP/USD | 1.32-1.35    | 1.29   | 1.30   | 1.32  | 1.33  |
| USD/CHF | 0.81-0.84    | 0.81   | 0.81   | 0.80  | 0.79  |
| USD/JPY | 154-159      | 162    | 159    | 155   | 153   |
| AUD/USD | 0.70-0.72    | 0.68   | 0.70   | 0.71  | 0.72  |
| NZD/USD | 0.56-0.59    | 0.56   | 0.56   | 0.57  | 0.57  |
| USD/CNY | 6.68-6.72    | 6.85   | 6.78   | 6.72  | 6.65  |
| USD/MYR | 4.06-4.11    | 4.15   | 4.11   | 4.07  | 4.03  |
| USD/SGD | 1.27-1.29    | 1.31   | 1.30   | 1.28  | 1.27  |
| USD/THB | 32.90--34.00 | 32.50  | 32.30  | 32.0  | 32.0  |
| FX      | Last close   | 3Q-26  | 4Q-26  | 1Q-27 | 2Q-27 |
| EUR/MYR | 4.6873       | 4.68   | 4.71   | 4.73  | 4.75  |

|         |        |      |      |      |      |
|---------|--------|------|------|------|------|
| GBP/MYR | 5.4588 | 5.37 | 5.36 | 5.36 | 5.36 |
| AUD/MYR | 2.9089 | 2.83 | 2.86 | 2.87 | 2.89 |
| CNY/MYR | 0.6096 | 0.61 | 0.61 | 0.61 | 0.61 |
| SGD/MYR | 3.1952 | 3.18 | 3.17 | 3.17 | 3.17 |

| Rates, % | Current   | 3Q26      | 4Q26      | 1Q27      | 2Q27      |
|----------|-----------|-----------|-----------|-----------|-----------|
| Fed      | 3.75-4.00 | 3.75-4.00 | 4.00-4.25 | 4.00-4.25 | 4.00-4.25 |
| ECB      | 2.50      | 2.50      | 2.75      | 2.75      | 2.75      |
| BOE      | 3.75      | 3.75      | 3.75      | 3.75      | 3.75      |
| SNB      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |
| BOJ      | 1.25      | 1.25      | 1.25      | 1.50      | 1.50      |
| 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      | 3.00      | 3.00      |

Source: HLBB Global Markets Research

## Up Next

| Date   | Events                                         |        |
|--------|------------------------------------------------|--------|
| 21-Sep | UK Rightmove House Prices YoY (Sep)            | -1.00% |
|        | US Chicago Fed Nat Activity Index (Aug)        | -0.08  |
|        | US Philadelphia Fed Non-Manufacturing Activity |        |
| 22-Sep | (Sep)                                          | -10.6  |
|        | EC Consumer Confidence (Sep P)                 | -15.5  |
|        | US Richmond Fed Manufact. Index (Sep)          | 4      |
|        | US Richmond Fed Business Conditions (Sep)      | -12    |

Source: Bloomberg

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