

21 October 2026

Global Markets Research

Daily Market Highlights

21 Oct: A more stable global financial market

Dollar weakened against G10 peers amid softer oil prices; treasuries closed mixed
PBoC held lending rates; considering a shift to the overnight repo as policy rate
Weaker housing indicators for the US; stronger than expected UK jobs data

- US stocks closed mixed overnight as a slew of upbeat corporate earnings and a drop in crude oil prices largely boosted investor sentiment. The Dow led gainers at 1.0% d/d spurred by better-than-expected earnings from 3M, while the S&P 500 also added 0.3% d/d with most sectors closing in green. The tech heavy Nasdaq was the outlier and closed just below its flatline amid mixed performance across the tech stocks, consolidating from the relief rally on Monday.
- In the commodity space, the WTI and Brent were 0.7-1.8% d/d lower at \$101.79/barrel and \$108.79/barrel amid reports that an agreement to end the US-Iran conflict is near, one that was pushed back as inaccurate by diplomat involved in the negotiation later in the day.
- Elsewhere, Stoxx Eur was down 0.1% d/d, while Asian tech stocks remained under pressure amid jitters ahead of key earnings, weighing on KOSPI (-3.7% d/d) and Nikkei 225 (-1.3% d/d).
- In the bond space, the 2Y treasury yield closed flattish at 4.78%, while the 10Y fell 3bps to 5.11% with long-term treasuries largely outperforming. Similarly, 10Y European bond yields fell 1-8bps, recovering from the sell-off the prior day.
- In the forex space, the Dollar weakened (DXY: -0.3% d/d to 101.70) against all its G10 peers in line with the retreats in treasury yields and oil prices. GBP (0.6% d/d to 1.3380) outperformed its peers following the release of UK jobs data, while JPY and EUR lagged, appreciating a mere 0.2% d/d to 158.17 and 1.1237 respectively against the greenback. AUD traded 0.3% d/d stronger at 0.7003, its first close above the 0.70 handle in 3 weeks.
- Although still solid supported by chip and auto demand, the softer than expected export growth could nonetheless weigh on the JPY today. Data this morning showed Japan's export growth unexpectedly moderated to 16.7% y/y in September from 19.3% y/y previously, and in tandem, trade deficit also

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,495.88	1.02
S&P 500	7,712.57	0.28
NASDAQ	26,424.82	-0.02
Stoxx Eur 600	638.64	-0.14
FTSE 100	10,733.00	-0.29
Nikkei 225	64,075.42	-1.30
CSI 300	4,152.11	-0.54
Hang Seng	23,867.74	-1.32
Straits Times	5,404.02	-0.15
KLCI 30	1,599.58	0.24
FX		
Dollar Index	101.70	-0.27
EUR/USD	1.1237	0.21
GBP/USD	1.3380	0.56
USD/JPY	158.17	-0.21
AUD/USD	0.7003	0.33
USD/CNH	6.6748	-0.11
USD/MYR	4.0815	-0.02
USD/SGD	1.2775	-0.16
USD/KHR	4,070.50	0.02
USD/THB	33.65	0.18
Commodities		
WTI (\$/bbl)	101.79	-1.80
Brent (\$/bbl)	108.79	-0.69
Gold (\$/oz)	4,122.40	-0.40
Copper (\$/MT)	14,420.50	0.57
Aluminum(\$/MT)	3,002.50	-0.46
CPO (RM/MT)	4,595.00	1.77

Source: Bloomberg, HLBB Global Markets Research

narrowed less than expected to 704bn yen from 801bn yen previously.

- Similarly, most regional currencies strengthened against the Dollar. MYR closed slightly firmer at 4.0815, while CNH and SGD appreciated to 6.6784 (0.1% d/d) and 1.2775 (0.2% d/d) respectively vs the USD as at Tuesday's close.

PBoC maintain policy rates as expected

- As expected, the People's Bank of China (PBoC) maintained its 1Y and Y loan prime rates unchanged at 3.00% and 3.50%. At the same time, PBoC signalled that the overnight repo rate may replace the current 7-day rate as the new policy benchmark, a switchover that may lead to lower borrowing costs.

US housing market conditions and construction activities deteriorated

- Housing market conditions weakened in September, as the fast-rising mortgage rates dampened home affordability and will likely remain a drag on the interest-rate-sensitive housing sector in the coming months. Pending home sales fell more than expected by 7.3% m/m (prior: 0.3% m/m), while separate data on the supply side showed that housing starts and building permits dropped 5.2% m/m (prior: -5.9% m/m) and 12.6% m/m (prior: -4.7% m/m) respectively, both also trailing estimates and a sign that homebuilders remained cautious over market conditions.

Eurozone's sentiment tumbled; construction output rebounded

- After steady improvements over the summer, the ZEW Economic Expectations index fell 7.3ppts to 18.5 in October, while the index for Germany also declined by 6.6ppts to 34.7, suggesting that an economic recovery appears unsustainable, weighed down by still weak private consumption and investment, while real incomes remained under pressure. Sectoral outlook was mixed, with strong gains for banks and insurance reported and contraction seen in the services sector.
- On a positive note. August's construction output grew at its fastest pace since March at 1.8% m/m, quickening from 0.2% m/m previously, but will likely see headwinds from higher borrowing costs later in the year.

Stronger than expected labour market for the UK

- In the final labour market snapshot ahead of the Autumn budget and BOE's November meeting, September saw UK payrolls increasing at a stronger than expected pace by 13k,

picking up momentum from +1k previously, and in tandem, unemployment rate also eased to its lowest since July 2025 at 4.7% in August (prior: 4.9%). Still, labour markets remained slightly down from the same period a year ago, suggesting that the employment market is starting to level off. Private wage growth ex-bonus, meanwhile, accelerated for the first time since 2024 to 3.0% y/y from 2.9% y/y previously, pushing officials closer to a hike in the next BOE meeting

House View and Forecasts

FX	This Week	4Q-26	1Q-27	2Q-27	3Q-27
DXY	100-104	102.22	100.87	99.53	98.21
EUR/USD	1.11-1.14	1.12	1.14	1.16	1.18
GBP/USD	1.31-1.34	1.31	1.32	1.33	1.34
USD/CHF	0.81-0.85	0.79	0.80	0.81	0.84
USD/JPY	156-160	157	155	153	150
AUD/USD	0.68-0.71	0.69	0.69	0.70	0.70
NZD/USD	0.54-0.58	0.58	0.57	0.57	0.56
USD/CNY	6.68-6.72	6.74	6.67	6.61	6.54
USD/MYR	4.06-4.11	4.12	4.07	4.02	3.97
USD/SGD	1.27-1.30	1.29	1.27	1.25	1.23
USD/THB	33.20-33.70	33.0	33.0	33.0	32.8

FX	Last close	4Q-26	1Q-27	2Q-27	3Q-27
EUR/MYR	4.5784	4.63	4.64	4.66	4.67
GBP/MYR	5.4486	5.41	5.38	5.36	5.33
AUD/MYR	2.8530	2.83	2.82	2.81	2.79
CNY/MYR	0.6112	0.61	0.61	0.61	0.61
SGD/MYR	3.1931	3.20	3.21	3.22	3.23

Rates, %	Current	4Q26	1Q27	2Q27	3Q27
Fed	3.75-4.00	4.00-4.25	4.25-4.50	4.25-4.50	4.25-4.50
ECB	2.50	2.75	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	1.50	1.50	1.75
RBA	4.60	4.60	4.60	4.60	4.60
RBNZ	2.75	3.00	3.00	3.00	3.00
BNM	2.75	2.75	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	
21-Oct	UK CPI Core YoY (Sep)	2.60%
	UK PPI Input NSA YoY (Sep)	6.10%
	UK House Price Index YoY (Aug)	1.40%
	US MBA Mortgage Applications (16-Oct)	-2.7%
22-Oct	MA Foreign Reserves	\$131.8b
	HK Unemployment Rate 3Mths (Sep)	3.80%
	HK CPI Composite YoY (Sep)	1.70%
	US Initial Jobless Claims (17-Oct)	199k
	EC Consumer Confidence (Oct P)	-16.5

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US Leading Index (Sep)	-0.10%
US Kansas City Fed Manf. Activity (Oct)	14

Source: Bloomberg

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