

23 January 2026

Global Markets Research

Daily Market Highlights

23 Jan: Extended relief rally for markets

Global stocks rallied; front-end USTs fell; DXY softened on easing safety bids
Modest core PCE & resilient US growth data reaffirmed Fed rate pause bet
Neutral pause from BNM; expect status quo from BOJ policy meet today

- Global stocks rose overnight, extending their gains from the previous session after easing geopolitical fears sparked a relief rally. The Dow & S&P 500 rose by 0.6% d/d, while Nasdaq climbed 0.9%. Risks nonetheless remain with Denmark's Prime Minister saying that any deal must respect Greenland's "red lines," including its sovereignty and territorial integrity. Meanwhile, corporate giants like Abbott, GE Aerospace and Procter & Gamble reported results which turned out mixed.
- Elsewhere, Stoxx Eur 600 closed the session 1.0% d/d higher, while Nikkei 225 in Asia jumped 1.7% d/d. Hang Seng and CSI 300 climbed between 0-0.2% d/d overnight.
- Resilience in the US economic data, meanwhile, saw traders reinforcing expectation that the Fed will delay interest rates cuts to 2H of the year, and saw shorter term treasury yields, which are more sensitive to Fed funds rates rising. The benchmark 2Y yield rose 2bps to 3.61%, while the 10Y closed just above its flatline at 4.25%. 10Y European bond yields closed mixed in tune to +/-2bps.
- In the forex space, DXY slid 0.4% d/d to 98.36 with NZD, SEK, NOK and AUD (0.6840) jumping more than 1% d/d each, the latter supported by a ramped-up RBA rate hike bets following the stronger than expected labour data. AUD is expected to strengthen further today, supported by the uptick in January's PMIs (Manufacturing: 52.4 vs 51.6, Services: 56.0 vs 51.1) released this morning.
- JPY lagged, depreciating 0.1% d/d to 158.41 ahead of BOJ's monetary policy decision today, where a status quo is expected. The softer than expected January's CPI (2.1% y/y vs 2.9% y/y), in our opinion, could potentially weigh on the yen today but unlikely to dent our expectations of a quarter point hike by the BOJ in 3Q of the year.
- Regional currencies closed mixed against the Dollar, but SGD and MYR appreciated in tune to 0.3% d/d to 1.2810 and 4.0380 respectively, the latter strengthening after BNM's policy decision.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	49,384.01	0.63
S&P 500	6,913.35	0.55
NASDAQ	23,436.02	0.91
Stoxx Eur 600	608.86	1.03
FTSE 100	10,150.05	0.12
Nikkei 225	53,688.89	1.73
CSI 300	4,723.71	0.01
Hang Seng	26,629.96	0.17
Straits Times	4,828.32	0.38
KLCI 30	1,717.14	0.66
FX		
Dollar Index	98.36	-0.41
EUR/USD	1.1755	0.60
GBP/USD	1.3501	0.54
USD/JPY	158.41	0.07
AUD/USD	0.6840	1.15
USD/CNH	6.9643	0.06
USD/MYR	4.0380	-0.25
USD/SGD	1.2810	-0.28
USD/KHR	4,029.00	0.06
USD/THB	31.39	0.98
Commodities		
WTI (\$/bbl)	59.36	-2.08
Brent (\$/bbl)	64.06	-1.81
Gold (\$/oz)	4,913.40	1.57
Copper (\$/MT)	12,755.50	-0.43
Aluminum (\$/MT)	3,132.50	0.56
CPO (RM/tonne)	4,090.00	0.70

Source: Bloomberg, HLBB Global Markets Research
 * Closing as of 21 Jan for CPO

- Commodity prices closed mixed, with a weaker USD driving gold prices up again to above \$4,900/oz, while crude oil prices slid 1.8-2.0% d/d amid easing geopolitical tension and signs of rising inventory. WTI closed the day at \$59.36/barrel, and Brent at \$64.06/barrel.

BNM maintained OPR at 2.75% as expected; little change to the neutral policy tone

- As widely expected, BNM maintained its Overnight Policy Rate (OPR) at 2.75% at its first policy meeting for the year yesterday. Better than expected growth performance in 2025 and resilient outlook going forward were the key reasons behind the decision in our view.
- Overall policy statement remained very neutral, highlighting rather balanced risks on both the upside and downside in our opinion. This, coupled with our expectation for continued moderate growth expansion (2026: 4.0-4.5%) and benign price outlook (2026: 2.0%), reinforced our view for an extended OPR pause this year. (Refer to Research Alert “No change in OPR and BNM’s neutral policy stance” dated 22 Jan).
- On the reserves front, international reserves were marginally higher by \$0.1bn in 1H of the month to close 15th January at \$125.6bn (2H of Dec: +\$1.2bn to \$125.5bn). The reserves position is sufficient to finance 4.7 months of imports of goods and services and is 0.9 times the total short-term external debt.

Largely steady inflationary pressure for the US and stronger spending saw traders reaffirming expectation that the Fed will delay interest rates cuts to 2H of the year

- The much-delayed personal income and outlay report for October and November showed slightly cooler income growth than expected (0.3% m/m in Nov vs 0.1% in Oct vs 0.4% m/m in Sep) as well as stronger spending (0.5% m/m for Oct & Nov vs 0.4% in Sep) heading to the festive season, notably led by durable goods including the tariff-exposed motor vehicles & parts.
- Amid broadly cooler income growth and the drop in the savings rate (to its lowest in 3 years at 3.5%), consumption risk remains skewed to the downside. On the bright side, jobless claims (+1k to 200k for the week ended Jan 17 vs -8k previous) remains low in little signs of layoffs, offering little sign that the broader labour market conditions have changed and will continue to support spending.
- Meanwhile, price indicators were largely in line with consensus forecast. Headline and core PCE held steady at 0.2% m/m for both months (Sep: 0.3% m/m) and fluctuated

from 2.8% y/y in September to 2.7% y/y in October and 2.8% y/y in November for core.

- The final 3Q GDP was revised up 0.1ppts to 4.4% q/q marking an acceleration from 3.8% q/q the prior quarter. The uptick primarily reflected upward revisions to exports and investment, and were partially offset by upward revisions to import growth. Consumer spending was left unchanged at 3.5% q/q (2Q: 2.5% q/q).

Improved consumer confidence for the Eurozone

- Consumer improved more than expected to -12.4 in January from -13.2 previously, its highest reading since February 2025. Despite the improvement, confidence remains below their long-term averages, while rising tensions between the US and Europe could be a dampener going forward.

Better than expected labour data from Australia raises rate hike bets

- December's labour data surprised on the positive side, with unemployment rate unexpectedly easing to 4.1% from 4.3% previously and as the economy added more jobs than expected at 65.2k from -28.7k previously. The latter marks its highest since April 2025, led by full-time employment but were partially due to seasonal bump. Notwithstanding, average job gains in 4Q has indeed improved q/q and y/y, and were largely better than what RBA had anticipated, suggesting upside risk to our status quo bet for policy rate this year. Just a recap, RBA had anticipated unemployment rate at 4.4% in December.

Hong Kong's CPI accelerated to its fastest pace since June 2025

- CPI stayed modest although underlying inflation ticked up to 1.2% y/y in December (prior: 1.0% y/y), while core unexpectedly accelerated to 1.4% y/y from 1.2% y/y previously. The uptick was broad-based across most sub-indices but at 1.1% headline inflation for the whole of 2025, this was softer than official forecast and is expected to stay mild in 2026 (consensus: 1.7%).

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DX	97-101	96.71	95.13	94.70	95.49
EUR/USD	1.15-1.18	1.20	1.22	1.22	1.21
GBP/USD	1.32-1.36	1.36	1.37	1.37	1.35
USD/CHF	0.78-0.82	0.78	0.78	0.78	0.78
USD/JPY	155-161	153	149	147	147
AUD/USD	0.65-0.69	0.68	0.69	0.70	0.69
NZD/USD	0.56-0.59	0.58	0.59	0.59	0.58
USD/CNY	6.96-6.99	6.90	6.83	6.85	6.90

USD/MYR	4.02-4.07	4.00	3.97	3.97	4.00
USD/SGD	1.27-1.30	1.26	1.23	1.23	1.24
USD/THB	31-32	32.2	32.1	32.0	30.8

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
EUR/MYR	4.7231	4.78	4.82	4.85	4.84
GBP/MYR	5.4289	5.44	5.45	5.45	5.41
AUD/MYR	2.7466	2.72	2.75	2.78	2.76
CNY/MYR	0.5788	0.58	0.58	0.58	0.58
SGD/MYR	3.1458	3.17	3.21	3.23	3.22

Rates, %	Current	1Q26	2Q26	3Q26	4Q26
Fed	3.50-3.75	3.50-3.75	3.25-3.50	3.00-3.25	2.75-3.00
ECB	2.00	2.00	2.00	2.00	2.00
BOE	3.75	3.50	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	0.75	0.75	1.00	1.00
RBA	3.60	3.60	3.60	3.60	3.60
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
23-Jan	UK GfK Consumer Confidence (Jan)	-17
	JN S&P Global Japan PMI Mfg (Jan P)	50
	JN S&P Global Japan PMI Services (Jan P)	51.6
	SI CPI Core YoY (Dec)	1.20%
	UK Retail Sales Inc Auto Fuel MoM (Dec)	-0.10%
	EC HCOB Eurozone Manufacturing PMI (Jan P)	48.8
	EC HCOB Eurozone Services PMI (Jan P)	52.4
	UK S&P Global UK Services PMI (Jan P)	51.4
	UK S&P Global UK Manufacturing PMI (Jan P)	50.6
	US S&P Global US Manufacturing PMI (Jan P)	51.8
	US S&P Global US Services PMI (Jan P)	52.5
	US U. of Mich. Sentiment (Jan F)	54
	US Leading Index (Nov)	-0.30%
	JN BOJ Target Rate	0.75%
26-Jan	SI Industrial Production YoY (Dec)	14.30%
	US Durables Ex Transportation (Nov P)	0.10%
	US Cap Goods Orders Nondef Ex Air (Nov P)	0.50%
	US Dallas Fed Manf. Activity (Jan)	-10.9

Source: Bloomberg

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