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Global Markets Research

Daily Market Highlights

23 Oct: AI jitters dampened risk sentiment and equities

Haven bids saw traders snapping up treasuries and safer FXs like JPY and CHF

Australia's PMIs in contractionary zone; likely to weigh on the AUD today

Pick-up in inflationary pressure for Hong Kong, Japan; all eyes on PMIs today

- Mixed earnings and guidance saw AI worries returning to the market and tech stocks leading the sell-off in the US equity market. Nasdaq led losses by falling 2.6% d/d, while the S&P 500 shed 1.2% d/d. The Dow was the outlier, closing just above its flatline on Thursday. Many of the biggest names in the AI space were down, with Meta Platforms notably slumping with traders disappointed by its capital spending outlook.
- Outside of tech, the jump in oil prices driven by the escalating tension in the Middle East also added to investor angst, and haven bid saw traders flocking into haven assets like treasuries, pushing the benchmark 2Y and 10Y yields down 17bps each to 4.64% and 4.95% respectively, the latter the first time below the 5% level since 22nd September. Brent and the WTI were up more than 2.0% d/d each to \$113.17/barrel and \$99.47/barrel.
- In Europe, the French debt crisis saw the sovereign bond yields up 2-8bps across the curve, while 10Y yields to other European sovereign bonds were mostly lower between 3-9bps. Major European and Asian bourses were lower on the day. Stoxx 600 slid 1.1% d/d, while Nikkei 225, Hang Seng and CSI 300 fell 1.8-3.0% d/d.
- In the forex space, the sell-off in tech stocks boosted demand for haven currencies like the JPY (0.9 to 156.77% d/d) and CHF (0.5% d/d). GBP appreciated 0.1% d/d to 1.3401, while EUR and AUD weakened 0.1% d/d each to 1.1216 and 0.7020. The DXY closed 0.2% d/d lower at 101.62. Similarly, most regional currencies traded mixed against the Dollar. CNH and SGD traded flattish at 6.6727 and 1.2775. while MYR depreciated 0.1% d/d to 4.0833 against the USD.
- As it is, AUD will likely be under pressure today after Australia's October manufacturing PMI remained in the contraction territory at 49.7 (prior: 49.6), while its services index slipped below the 50-threshold for the first time since May at 47.8 (prior: 51.9), a sign that the economy is feeling the

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,867.98	0.02
S&P 500	7,663.43	-1.21
NASDAQ	26,008.86	-2.60
Stoxx Eur 600	637.74	-1.05
FTSE 100	10,725.03	-0.26
Nikkei 225	62,907.84	-2.65
CSI 300	4,036.30	-1.84
Hang Seng	22,934.68	-3.03
Straits Times	5,415.14	-0.42
KLCI 30	1,608.14	0.37
FX		
Dollar Index	101.62	-0.16
EUR/USD	1.1216	-0.14
GBP/USD	1.3401	0.05
USD/JPY	156.77	-0.87
AUD/USD	0.7020	-0.13
USD/CNH	6.6727	-0.03
USD/MYR	4.0833	0.08
USD/SGD	1.2775	0.01
USD/KHR	4,077.25	0.05
USD/THB	33.73	0.29
Commodities		
WTI (\$/bbl)	99.47	2.39
Brent (\$/bbl)	113.17	4.00
Gold (\$/oz)	4,042.80	-2.12
Copper (\$/MT)	14,078.00	-1.94
Aluminum(\$/MT)	3,009.50	-1.05
CPO (RM/MT)	4,551.00	0.64

Source: Bloomberg, HLBB Global Markets Research

pinch from the recent run up in energy prices and interest rates.

- JPY, on the other hand, could strengthen after data this morning showed that Japan's headline and core CPI for September accelerated above BOJ's target at 2.1% y/y for both (prior: 1.9% y/y and 1.7% y/y), backing case for BOJ rate hike(s) (House view: next rate hike in 1Q of 2027).

Flat US leading index; jobless claims fell to its 3-month low

- Leading index was better than expected although flat in September (prior: -0.1% m/m) as gains in components such as interest rate spread and hours worked in manufacturing were offset by weak consumer expectations, declines in stock prices and new orders for capital goods. The 6-month growth rate increased slightly, suggesting that the economy is and will continue to expand, albeit with a switchover to larger contribution from business investment (vs consumer spending previously).
- Initial jobless claims fell 6k to its 3-month low of 194k for the week ended October 17 (prior: +2k), suggesting limited layoffs, while continuing claims increased 25k to 1728k for the week ended October 10 (prior: -11k), with AI impact partially contributing to weaker hiring.

Eurozone's consumer confidence slumped to its 5-month low

- Consumer confidence sank more than expected to its 5-month low at -17.9 in October from -16.8k previously, veering further from its long-term average with concerns over oil prices, inflationary pressures and the interest rates likely dampening confidence.

Pick-up in inflationary pressures and unemployment rate for Hong Kong

- Headline inflation accelerated more than expected to 1.9% y/y in September from 1.7% y/y amid faster price increases in fuel-related items, yet price pressure for other components were largely modest, thus keeping overall inflation in check. Despite upside risk of persistent elevated oil prices feeding through to the economy, we opine that CPI is nonetheless expected to stay modest below official target of 2.6% this year.
- Unemployment rate unexpectedly worsened 0.1ppts to 3.9%, amid the continued influx of fresh graduates/school leavers into the labour market. Moving forward, sustained growth for the economy and in visitor arrivals are expected to support the overall employment situation, particularly in the consumption- and tourism-related sectors.

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	4.5819	4.63	4.64	4.66	4.67
GBP/MYR	5.4693	5.41	5.38	5.36	5.33
AUD/MYR	2.8648	2.83	2.82	2.81	2.79
CNY/MYR	0.6119	0.61	0.61	0.61	0.61
SGD/MYR	3.1977	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	
23-Oct	JN S&P Global Japan PMI Mfg (Oct P)	54.1
	JN S&P Global Japan PMI Services (Oct P)	51.3
	SI CPI YoY (Sep)	2.30%
	UK Retail Sales Inc Auto Fuel MoM (Sep)	0.50%
	EC S&P Global Eurozone Manufacturing PMI (Oct P)	52.9
	EC S&P Global Eurozone Services PMI (Oct P)	53
	UK S&P Global UK Services PMI (Oct P)	52.1
	UK S&P Global UK Manufacturing PMI (Oct P)	51.9
	US S&P Global US Manufacturing PMI (Oct P)	55.9
	US S&P Global US Services PMI (Oct P)	58.8
	US U. of Mich. Sentiment (Oct F)	46.3
	US Kansas City Fed Services Activity (Oct)	0
26-Oct	SI Industrial Production SA MoM (Sep)	-0.50%
	US Chicago Fed Nat Activity Index (Sep)	-0.04
	US Dallas Fed Manf. Activity (Oct)	9.8

Source: Bloomberg

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