

25 May 2026

Global Markets Research
Daily Market Highlights

25 May: All eyes on a possible US-Iran deal announcement

**Global equities wrapped up the week on a positive note; UST yields closed mixed
Oil whipsawed; DXY flattish amid uncertain backdrop around the US-Iran deal
US leading index rebounded but stayed below trend; big miss in UK's retail sales**

- Global equities wrapped up last week on a positive note on Friday, with sentiment in the US largely bolstered by AI enthusiasm, robust earnings season while crude oil prices (Brent: \$103.54/barrel, WTI: \$96.60/barrel) continued to swing between gains and losses before closing modestly higher between 0.3-0.9% d/d, amid an uncertain backdrop surrounding the US-Iran peace deal.
- At the point of writing, the US and Iran have agreed in principle to reopen the Strait of Hormuz and commit Iran to disposing its uranium, but the final approval by both leaders could take days to nail down. This news saw the WTI and Brent tumbling to around \$91.70/barrel and \$98.30/barrel this morning.
- In Wall Street, the Dow rallied 0.6% d/d to close at another record last Friday, while the S&P 500 and Nasdaq climbed 0.4% d/d and 0.2% d/d. Outside of the tech stocks, prospects of the massive SpaceX IPO continued to boost enthusiasm for some aerospace stocks, while consumer stocks were weighed down by Walmart's recent warning that consumers are stressed from the higher fuel prices. Treasury yields closed mixed between -3bps to +4bps. The benchmark 2Y rose 4bps to 4.12%, while the 10Y fell 1bps to 4.56%.
- Elsewhere, Nikkei 225, Hang Seng and CSI 300 in Asia added 2.7% d/d, 0.9% d/d and 1.3% d/d, while Stoxx EUr 600 finished the day 0.7% d/d higher with most major bourses and sectors closing in the green. 10Y European bond yields dropped between 3-7bps.
- In the FX space, the DXY closed flattish at 99.24, with the greenback weakening against CHF (0.2% d/d) and GBP (just above flatline at 1.3433) but strengthened marginally between 0.1-0.3% d/d against EUR (1.1603), JPY (159.18) and AUD (0.7127) following a more elevated-than-expected May's inflation expectations reading from the University of Michigan (1Y: 4.8% vs 4.7%, 5-10Y: 3.9% vs 3.5%) and hawkish note from Fed Governor Christopher Waller. He said that he

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	50,579.70	0.58
S&P 500	7,473.47	0.37
NASDAQ	26,343.97	0.19
Stoxx Eur 600	625.12	0.73
FTSE 100	10,466.26	0.22
Nikkei 225	63,339.07	2.68
CSI 300	4,845.10	1.30
Hang Seng	25,606.03	0.86
Straits Times	5,068.15	0.44
KLCI 30	1,712.67	0.25
FX		
Dollar Index	99.24	-0.02
EUR/USD	1.1603	-0.14
GBP/USD	1.3433	0.01
USD/JPY	159.18	0.13
AUD/USD	0.7127	-0.32
USD/CNH	6.7983	-0.03
USD/MYR	3.9688	0.23
USD/SGD	1.2799	0.15
USD/KHR	4,020.00	0.01
USD/THB	32.68	0.13
Commodities		
WTI (\$/bbl)	96.60	0.26
Brent (\$/bbl)	103.54	0.94
Gold (\$/oz)	4,523.20	-0.42
Copper (\$/MT)	13,667.50	1.12
Aluminum(\$/MT)	3,649.50	0.34
CPO (RM/MT)	4,430.00	0.61

Source: Bloomberg, HLBB Global Markets Research

supported the removal of the “easing bias” language in the policy statement and that he can no longer rule out rate hikes further down the road, on the same day Kevin Warsh was sworn in as the next Fed Chair, who obtained the “blessing” from President Trump to be “totally independent”.

- On the regional front, KRW (-0.6% d/d), IDR (-0.3% d/d) and MYR (-0.2% d/d to 3.9688) lagged Asian FX peers. MYR came under pressure amid some political noises domestically, hence our view for a range of 3.93-3.99 this week. SGD depreciated 0.2% to 1.2799, but will be well supported by the sharp upward revision to Singapore’s final 1Q GDP, released this morning (6.0% y/y vs initial estimate: 4.6% y/y vs 4Q: 5.7% y/y). CNH closed above its flatline at 6.7983.

US leading index rebounded; but 6-month trend remained negative

- April saw the leading index rising slightly by 0.1% m/m, a rebound from -0.6% m/m in March mainly driven by the rebound in stock prices and an increase in building permits, while consumer expectations continued to weigh heavily on the topline. The 6-month trend remains negative, suggesting fragile economic outlook ahead.
- The final University of Michigan Consumer Sentiment index was revised 3.4ppts lower to 44.8 in May (prior: 49.8), below its previous historical trough seen in June 2022 as supply disruptions in the Strait of Hormuz continued to boost gasoline prices and inflation expectations.
- The Kansas City Fed Services Activity index rose moderately but beat forecasts at 10 in May (prior: 3), while expectations for future activity remained positive but cooled, driven primarily by general revenue/sales and employment sub-indices.

Sharp drop in UK’s retail sales with motorists making fewer trips

- April saw retail sales falling sharper than expected and at the fastest pace in nearly a year at -1.3% m/m (prior: 0.6% m/m). The sharp pull back reflects lower fuel purchases with motorists making fewer journeys, while weather conditions, weak consumer confidence (GfK: -23 in May vs -25 in Apr) and increased consumer price sensitivity due to the energy shock also saw consumers tightening their belts in other retail items like clothing stores. The weak retail sales add to evidence that the US-Iran war is hitting UK’s growth prospects and labour market. Amid still limited spillover on CPI so far, data the past week further cast doubts on our two rate hikes call for the BOE this year.

Malaysia's foreign reserves fell slightly

- Reserves eased slightly by \$0.2bn to \$129.5bn as of 15 May (2H of April: +\$0.9bn to \$129.7bn as at 30 April). The reserves position is sufficient to finance 4.6 months of imports of goods and services and is 0.9 times of total short-term external debt.

House View and Forecasts

FX	This Week	2Q-26	3Q-26	4Q-26	1Q-27
DXY	98-101	100.63	99.80	97.96	96.48
EUR/USD	1.15-1.18	1.14	1.15	1.17	1.19
GBP/USD	1.32-1.36	1.31	1.32	1.34	1.35
USD/CHF	0.76-0.81	0.79	0.78	0.76	0.75
USD/JPY	156-161	159	155	152	152
AUD/USD	0.70-0.73	0.68	0.69	0.70	0.71
NZD/USD	0.56-0.61	0.57	0.58	0.58	0.59
USD/CNY	6.77-6.83	6.93	6.88	6.84	6.77
USD/MYR	3.93-3.99	3.98	3.96	3.93	3.90
USD/SGD	1.26-1.29	1.29	1.28	1.27	1.25
USD/THB	31.70-33.30	31.60	31.80	31.80	31.40

FX	Last close	2Q-26	3Q-26	4Q-26	1Q-27
EUR/MYR	4.6042	4.55	4.55	4.60	4.66
GBP/MYR	5.3287	5.23	5.23	5.26	5.28
AUD/MYR	2.8293	2.72	2.72	2.75	2.77
CNY/MYR	0.5840	0.58	0.58	0.58	0.58
SGD/MYR	3.1002	3.09	3.10	3.11	3.12

Rates, %	Current	2Q26	3Q26	4Q26	1Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.25-3.50	3.25-3.50
ECB	2.00	2.25	2.50	2.50	2.50
BOE	3.75	4.00	4.25	4.25	4.25
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	1.00	1.00	1.00	1.00
RBA	4.35	4.35	4.35	4.35	4.35
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
25-May	SI GDP YoY (1Q F)	4.60%
	SI CPI YoY (Apr)	1.80%
26-May	SI Industrial Production YoY (Apr)	10.10%
	US Chicago Fed Nat Activity Index (Apr)	-0.2
	US Philadelphia Fed Non-Manufacturing Activity (May)	-16.5
	US FHFA House Price Index MoM (Mar)	0.00%
	US S&P Cotality CS US HPI YoY NSA (Mar)	0.67%
	US Conf. Board Consumer Confidence (May)	92.8

Source: Bloomberg

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