

26 January 2026

## Global Markets Research

### Daily Market Highlights

## 26 Jan: Large swings for commodities and FX

**DXY dipped below 98s for the first time in a month; JPY, CHF, GBP & MYR led gains**  
**JPY rallied amid intervention speculation; BOJ paused & upped 2026 forecasts**  
**Geopolitical risks sent crude oil & gold rallying; PMIs pointed to reduced optimism**

- US stocks closed the wild week on a relatively quieter note in the run-up to the FOMC meeting and at the start of the big-tech earnings season. The 3 major stock indices closed mixed last Friday with Nasdaq and S&P 500 up 0-0.3% d/d, while the Dow underperformed with a 0.6% d/d loss, weighed down by a 4% slide in Goldman Sachs shares. In the tech sector, Intel shares tumbled around 17% after reporting a disappointing 1Q outlook.
- Elsewhere, Stoxx Eur 600 ended 0.1% d/d lower, with major bourses mixed and despite Ericsson shares rallying after its profit beat. Meanwhile, regional equity markets closed mostly in green with Nikkei 225 and Hang Seng closing up 0.3% d/d and 0.5% d/d respectively.
- Trading was fairly muted in the global bond market. Treasury yields were slightly down 1-2bps across the curve and the 2Y and 10Y yields closed the day at 3.59% and 4.23%. 10Y European bond yields closed mixed between -2 to +4bps, while in Japan, the 2Y JGB yield rose 3bps to 1.23%, 10Y increased 1bps to 2.24% while the 40Y retreated 7bps to 3.90%.
- In the forex space, the DXY plunged 0.8% d/d to 97.60, while the CHF (1.2% d/d), GBP (1.1% d/d to 1.3643) and JPY (1.7% d/d to 155.70) were the top performers against the greenback. JPY rallied amid speculation of central bank intervention, while GBP was supported by the stronger than expected retail sales data.
- MYR (0.8% d/d to 4.0068) outperformed all Asian peers against USD, supported by BNM's decision amid an upbeat growth outlook. SGD closed 0.7% d/d stronger at 1.2727.
- In the commodity space, crude oil prices surged more than 2.0%, hit by double whammy of geopolitical risk after the US sends armada to Iran, and as the winter storm in the US pushed up demand for heating oil. Brent closed the day at \$65.88/barrel and the WTI at \$61.07/barrel. Haven bid due to

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	49,098.71	-0.58
S&P 500	6,915.61	0.03
NASDAQ	23,501.24	0.28
Stoxx Eur 600	608.34	-0.09
FTSE 100	10,143.44	-0.07
Nikkei 225	53,846.87	0.29
CSI 300	4,702.50	-0.45
Hang Seng	26,749.51	0.45
Straits Times	4,891.45	1.31
KLCI 30	1,719.99	0.17
<b>FX</b>		
Dollar Index	97.60	-0.77
EUR/USD	1.1828	0.62
GBP/USD	1.3643	1.05
USD/JPY	155.70	-1.71
AUD/USD	0.6894	0.79
USD/CNH	6.9494	-0.21
USD/MYR	4.0068	-0.77
USD/SGD	1.2727	-0.65
USD/KHR	4,025.50	-0.09
USD/THB	31.20	-0.62
<b>Commodities</b>		
WTI (\$/bbl)	61.07	2.88
Brent (\$/bbl)	65.88	2.84
Gold (\$/oz)	4,979.70	1.35
Copper (\$/MT)	13,115.00	2.82
Aluminum (\$/MT)	3,169.00	1.17
CPO (RM/tonne)	4,126.00	0.88

Source: Bloomberg, HLBB Global Markets Research  
 \* Closing as of 22 Jan for CPO

the geopolitical turmoil also pushed gold prices to just below the \$5,000/oz level.

### **BOJ maintained policy rate; revised most of its GDP and CPI projections higher**

- As widely expected, the Bank of Japan (BOJ) kept its uncollateralized overnight call rate at 0.75%. The decision was not unanimous, with Takata Hajime voting for a back-to-back increase amid upside risks to inflation. With the BOJ revising up 4 out of its 6 inflation projections as well as its GDP forecasts, delivering a more robust outlook with generally balanced risks, this suggests that the central bank is on track for more tightening, with scope for an earlier rate hike.
- In terms of projections: 1) GDP forecasts for fiscal 2025 and 2026 were revised up to 0.9% (+0.2ppts) and 1.0% (+0.3ppts) but revised down for fiscal 2027 (-0.2ppts to 0.8%). 2) Headline CPI was maintained at 2.7% for fiscal 2025, but core revised up 0.2ppts to 3.0%. Both headline and core CPI for fiscal 2026 were revised higher to 1.9% (+0.1ppts) and 2.2% (+0.2ppts). For fiscal 2027, headline inflation was left unchanged at 2.0% but revised 0.1ppts up to 2.1%.

### **January PMIs for the majors were steady or improved, but firms were less positive about future**

- January's composite PMI for the US ticked up slightly to 52.8 (prior: 52.7), with manufacturing (lower than expected at 51.9 vs 51.8) growth accelerating while services unexpectedly held steady at 52.5. The result was nonetheless below forecast, low compared to 2H of 2025, while subdued order book and less positive business confidence also suggests that 1Q growth could disappoint.
- The recovery still looks rather feeble for Europe with the manufacturing sector (above expectation at 49.4 vs 48.8) continuing to signal weakness, while growth in services activity (below expectations at 51.9 vs 52.4) is somewhat more moderate m/m. Overall outlook remains unchanged and mixed in our opinion, amid low growth for new orders but also strongest business sentiment in 20 months.
- UK composite PMI rose more than expected to its fastest pace in nearly two years at 53.9 (prior: 51.4). This was anchored by an upturn in services (better than expected at 54.3 vs 51.4), and supported by a better-than-expected manufacturing sector (51.6 vs 50.6). Of note, high staffing costs were widely reported to have pushed up selling prices, suggesting that inflation could be higher than what BOE had expected.
- Japan's composite PMI rose to its strongest pace in 17 months at 52.8 (prior: 51.1) supported by the steepest increase in services activity (53.4 vs 51.6) since last July and its first

expansion in manufacturing (51.5 vs 50.0) in 7 months. Despite this, firms became less optimistic about future output due to concerns around rising costs, global economic uncertainty, labour shortages and an ageing population.

#### **US leading index fell in both October and November**

- Leading index (LEI) fell by for the fourth month, declining by 0.3% m/m in November after contracting 0.1% m/m in October. Consumer expectations and new orders continued to weigh heavily on the index, while labour indicators were positive. Overall, the LEI has fallen by 1.2% over the past six months, signalling softer growth ahead but not a recession.
- The University of Michigan Sentiment index was revised 2.4ppts up to 56.4 in December (prior: 52.9). Gains were broad-based but remains more than 20% below a year ago amid pressures on the purchasing power for consumers and prospect of a weakening labour market.

#### **Stronger than expected retail sales for the UK**

- Stronger than expected December's retail sales data for the UK (0.4% m/m vs -0.1% m/m), in line with the improved consumer confidence recorded recently (GfK: -16 in Jan vs -17 in Dec). Non-store retailers' drove the uptick, with online jewellers reporting that demand for precious metals is picking up. All in, the robust data is in line with our view that only one further rate cut is needed for this cycle.

#### **FDI into China slumped 9.5% in 2025**

- FDI into China was weak for the third year, plunging 9.5% y/y for the whole of 2025 even as investments from Switzerland, the United Arab Emirates and Britain and into high-tech manufacturing sectors jumped.

#### **Steady inflationary pressure for Singapore**

- No surprises from Singapore's inflation prints, with both headline and core matching expectations and holding steady at 1.2% y/y. For the whole of 2025, headline and core inflation also eased to 0.9% y/y and 0.7% y/y, moderating from 2.4% y/y and 2.8% y/y in 2024.
- MAS will update its inflation forecast for 2026 during the upcoming monetary policy meeting (where a status quo is expected) on 29 January, but as it is, headline and core are expected to pick up momentum this year with imported costs declining at a slower pace, while domestic costs inched up amid an increase in productivity growth and steady consumer spending.

## House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	97-100	96.71	95.13	94.70	95.49
EUR/USD	1.16-1.19	1.20	1.22	1.22	1.21
GBP/USD	1.33-1.37	1.36	1.37	1.37	1.35
USD/CHF	0.78-0.82	0.78	0.78	0.78	0.78
USD/JPY	156-161	153	149	147	147
AUD/USD	0.67-0.70	0.68	0.69	0.70	0.69
NZD/USD	0.56-0.59	0.58	0.59	0.59	0.58
USD/CNY	6.94-6.98	6.90	6.83	6.85	6.90
USD/MYR	4.01-4.07	4.00	3.97	3.97	4.00
USD/SGD	1.27-1.30	1.26	1.23	1.23	1.24
USD/THB	30.70-31.70	32.2	32.1	32.0	30.8

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
EUR/MYR	4.7016	4.78	4.82	4.85	4.84
GBP/MYR	5.4209	5.44	5.45	5.45	5.41
AUD/MYR	2.7405	2.72	2.75	2.78	2.76
CNY/MYR	0.5754	0.58	0.58	0.58	0.58
SGD/MYR	3.1317	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
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
27-Jan	AU NAB Business Confidence (Dec)	1
	CH Industrial Profits YTD YoY (Dec)	0.10%
	HK Exports YoY (Dec)	18.80%
	US ADP Weekly Employment Change	8k
	US FHFA House Price Index MoM (Nov)	0.40%
	US S&P Cotality CS US HPI YoY NSA (Nov)	1.36%
	US Richmond Fed Manufact. Index (Jan)	-7
	US Richmond Fed Business Conditions (Jan)	-11
	US Conf. Board Consumer Confidence (Jan)	89.1
	US Dallas Fed Services Activity (Jan)	-3.3

Source: Bloomberg

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