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Global Markets Research

Daily Market Highlights

26 Oct: Mixed October PMIs for the major economies

Relatively steady PMIs for the US & Japan; better for the UK; softer for Eurozone

Concerns over escalating US-Iran conflict sent Brent to its highest since April

All eyes on central bank policy meetings mainly the FOMC, ECB and BOJ this week

- Mounting concerns that the US-Iran conflict could escalate sent crude oil prices climbing more than 3% d/d last Friday. WTI last closed at \$103.27/barrel while Brent settled at \$116.72/barrel on Friday, highest since April. The 2Y (4.68%) and 10Y (4.99%) US treasury yields climbed 4bps each amid inflationary concerns, while the three major US equity indices slipped 0.2-1.2% d/d. The Dow was a notable laggard, dragged down by shares of American Express amid announcement of job cuts, and with the sell-off in tech the prior session broadening to other segments of the market.
- Meanwhile, higher crude oil prices and France's unrest continue to weigh on European equities, sending Stoxx 600 down 0.3% d/d. 2Y and 10Y European bond yields largely closed mixed between +/-3bps ahead of ECB's decision this week where a hold is expected. In Asia, regional Asian bourses closed mixed with the Nikkei 225 down 0.3% d/d, while Hang Seng and CSI 300 rose 0.7% d/d and 1.7% d/d.
- In the forex space, commodity-based currencies like NZD (0.3% d/d), AUD (0.2% d/d to 0.7036), NOK (0.1% d/d) and CAD (0.1% d/d) outperformed, while the rest of the G10 FXs underperformed the greenback, sending the DXY 0.2% d/d higher at 101.81. EUR, GBP and JPY depreciated 0.1-0.2% d/d to 1.1202, 1.3374 and 156.87.
- On the regional space, CNH (0.1% d/d to 6.6690) outperformed most of its Asian peers, while MYR (-0.1% d/d to 4.0857) and SGD (-0.1% d/d to 1.2781) lagged, with SGD partially weighed down by its weaker than expected CPI print.

Relatively steady PMIs for the US and Japan, worsened for the Eurozone but surprised on the upside for the UK

- Business activity growth slowed in October but remained close to September's recent high for the US. Accordingly, growth rates in both manufacturing (better than expected at 56.0 vs 55.9) and services (slightly softer than expected at 57.9 vs 58.8) remained among the best seen over the past 5 years as robust domestic demand was accompanied by renewed

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,215.16	-1.23
S&P 500	7,623.68	-0.52
NASDAQ	25,955.34	-0.21
Stoxx Eur 600	635.77	-0.31
FTSE 100	10,690.36	-0.32
Nikkei 225	62,693.16	-0.34
CSI 300	4,105.33	1.71
Hang Seng	23,093.37	0.69
Straits Times	5,422.16	0.13
KLCI 30	1,611.56	0.21
FX		
Dollar Index	101.81	0.20
EUR/USD	1.1202	-0.12
GBP/USD	1.3374	-0.20
USD/JPY	156.87	0.06
AUD/USD	0.7036	0.23
USD/CNH	6.6690	-0.06
USD/MYR	4.0857	0.06
USD/SGD	1.2781	0.05
USD/KHR	4,078.25	0.02
USD/THB	33.73	0.29
Commodities		
WTI (\$/bbl)	103.27	3.82
Brent (\$/bbl)	116.72	3.14
Gold (\$/oz)	3,991.10	-1.28
Copper (\$/MT)	14,322.50	1.74
Aluminum(\$/MT)	3,043.50	1.13
CPO (RM/MT)	4,587.00	0.79

Source: Bloomberg, HLBB Global Markets Research

signs of export growth. Hiring also remained strong, however selling prices rose at the sharpest rate since August 2022 with companies reportedly seeking to pass on steep increase in costs to customers.

- Eurozone's composite PMI fell more than expected to 51.9 from 53.1 previously. While the key drag on growth was a renewed drop in French's services sector due to the strikes, growth also eased for the rest of the Eurozone, both for manufacturing (worse than expected at 52.4 vs 52.9) and services (worse than expected at 51.7 vs 53.0).
- UK composite PMI was better than expected at 53.1 (prior: 52.0) amid faster growth in both manufacturing (better than expected at 52.8 vs 51.9) and services (better than expected at 53.1 vs 52.1) sectors. Stronger demand meant that employment numbers returned to growth, and price pressures remained worryingly elevated, making a rate hike from the BOE more than likely in the upcoming policy meeting.
- Japan's composite PMI (52.3) suggests that overall growth momentum was unchanged, albeit weaker than the average of 52.7 YTD. Manufacturing sector growth slowed to its 7-month low (53.3 vs 54.1), while the pace of expansion in services activity (52.0 vs 51.3) picked up from that in September and was moderate overall. Inflation remains a key downside risk to growth for Japan, and accordingly, business confidence slipped to its 3-month low, albeit still positive.

Upward revision to US consumer sentiment

- The final University of Michigan Consumer Sentiment was revised 1.7ppts higher to 48.0 for the month of October but was largely steady from the prior month's 48.1. While expectations index rebounded to 48.8 from 46.3 previously, the current conditions weakened (46.7 vs 50.9), weighed down entirely by buying conditions for durables sub-index which were impacted by the higher interest rates and inflationary concerns (1Y inflation expectations: 4.7% vs 4.6%, 5-10Y: 3.5% vs 3.4%).
- The Kansas City Fed Services Activity index increased more than expected to 10 in October from 0 previously, suggesting moderate growth during the month. Expectations for future activity eased but remained positive, while growth for input costs and selling prices slowed from previous month.

UK's retail sales slumped more than expected

- Retail sales fell more than forecast by 0.4% m/m in September after a revised 0.7% m/m jump previously. The downturn came on lower supermarket sales and as the warmer weather hit demand for autumn clothing. On a more macro picture,

weaker consumer confidence (GfK: -24 in Oct vs -13 in September) and squeezed consumer finances also do not bode well for consumers, and with this, traders will be watching out for Chancellor John Healy's Autumn Budget for any measures to support of living, one that is constrained by the state of public finances.

Singapore inflation unexpectedly eased amid lower private transport prices

- Downward surprise for Singapore's inflation, with headline unexpectedly moderating to 2.2% y/ from 2.3% y/y on account for lower private transport and core inflationary pressure (2.0% y/y vs 2.2% y/y), the latter due to softer services costs (transport and telecommunication) and retail goods like furniture and clothing.
- Moving forward, core inflation is expected to remain slightly elevated before easing more discernibly from mid-2027 on account of lower imported inflation due to energy, contained unit labour costs and enhanced government subsidies on healthcare and education. Taking cognizance of this and notwithstanding upside risks to prices due to sharp and sustained surge in global energy/food prices and broadening spillovers from the AI-related boom, there is no change in our view that MAS will maintain the rate of appreciation of the policy band, with no change to width and level in the immediate term.

House View and Forecasts

FX	This Week	4Q-26	1Q-27	2Q-27	3Q-27
DX	100-103	102.22	100.87	99.53	98.21
EUR/USD	1.11-1.13	1.12	1.14	1.16	1.18
GBP/USD	1.32-1.36	1.31	1.32	1.33	1.34
USD/CHF	0.80-0.83	0.79	0.80	0.81	0.84
USD/JPY	155-159	157	155	153	150
AUD/USD	0.69-0.72	0.69	0.69	0.70	0.70
NZD/USD	0.55-0.58	0.58	0.57	0.57	0.56
USD/CNY	6.66-6.69	6.74	6.67	6.61	6.54
USD/MYR	4.06-4.11	4.12	4.07	4.02	3.97
USD/SGD	1.26-1.29	1.29	1.27	1.25	1.23
USD/THB	33.28-34.00	33.0	33.0	33.0	32.8
FX	Last close	4Q-26	1Q-27	2Q-27	3Q-27
EUR/MYR	4.5758	4.63	4.64	4.66	4.67
GBP/MYR	5.4667	5.41	5.38	5.36	5.33
AUD/MYR	2.8672	2.83	2.82	2.81	2.79
CNY/MYR	0.6125	0.61	0.61	0.61	0.61
SGD/MYR	3.1967	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	
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
27-Oct	JN PPI Services YoY (Sep)	3.70%
	CH Industrial Profits YTD YoY (Sep)	15.70%
	US Durable Goods Orders (Sep P)	-0.10%
	US Cap Goods Orders Nondef Ex Air (Sep P)	1.60%
	US FHFA House Price Index MoM (Aug)	0.30%
	US S&P Cotality CS US HPI YoY NSA (Aug)	1.93%
	US Conf. Board Consumer Confidence (Oct)	81.9
	US Richmond Fed Manufact. Index (Oct)	-2
	US Richmond Fed Business Conditions (Oct)	-8
	US New Home Sales MoM (Sep)	6.40%
	US Dallas Fed Services Activity (Oct)	-1.8

Source: Bloomberg

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