

29 May 2026

Global Markets Research
Daily Market Highlights

29 May: Geopolitical headlines continue to drive markets

Revived risk-on mood amid talks of a tentative US-Iran deal; US stocks rallied
Lower UST yields and DXY following the softer than expected monthly core-PCE
Energy squeeze on US and Australian consumers; AI boost to April's data

- Middle East headlines continue to drive the narrative for markets overnight. Oil prices were rising in the morning amid fresh attacks in the Middle East, but pulled back from their highs amid news of a tentative deal between the US and Iran to extend the ceasefire for 60 days and start nuclear talks, though the deal still needs President Trump's sign off.
- The WTI settled the day 0.3% d/d higher at \$88.90/barrel, while Brent ticked down 0.6% d/d to \$93.71/barrel.
- Sentiment improved in the equity markets going into US trading hours. Earlier, major equity bourses in Asia (Nikkei 225: -0.5% d/d, Hang Seng: -1.3% d/d) and Europe (Stoxx 600: -0.5% d/d) started the day on a sour note after the attack, but sentiment improved during US time following news of the tentative deal. The S&P 500 and Nasdaq rallied 0.6% d/d and 0.9% d/d to record highs, while the Dow also closed up 0.1% d/d. Adding to the positive sentiment for Wall Street was the latest PCE data prints which eased some persistent inflation fears, while upbeat guidance from Snowflake earlier also boosted enthusiasm for AI trades.
- In the treasury space, the combination of softer inflation and weaker growth saw muted reaction. Yield for the 2Y was just a tad lower by 1bp at 4.02%, while the 10Y yield fell 4bps to 4.45%. Similarly, 10Y European bond yields were mostly lower between 1-4bps.
- In the FX space, the Dollar weakened (DXY: -0.2% d/d to 99.02) following the Iran deal report as well as softer than expected PCE. NZD (0.6% d/d) was the best performer among G10 FXs, while EUR, GBP, JPY and AUD appreciated between 0.1-0.3% d/d to 1.1651, 1.3445, 159.24 and 0.7163 respectively.
- As it is, JPY whipsawed and largely traded sideways this morning after news of the deal and amid mixed prints from Japan. Notably, Tokyo's CPI unexpectedly softened to 1.4% y/y in May (Apr: 1.5% y/y), but on a positive note, unemployment rate (2.5% vs 2.7%), retail sales (1.3% m/m vs

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	50,668.97	0.05
S&P 500	7,563.63	0.58
NASDAQ	26,917.47	0.91
Stoxx Eur 600	625.11	-0.49
FTSE 100	10,425.96	-0.75
Nikkei 225	64,693.12	-0.47
CSI 300	4,914.21	0.12
Hang Seng	25,006.16	-1.27
Straits Times	4,989.19	-0.79
KLCI 30	1,684.93	-0.83
FX		
Dollar Index	99.02	-0.19
EUR/USD	1.1651	0.22
GBP/USD	1.3445	0.13
USD/JPY	159.24	-0.18
AUD/USD	0.7163	0.31
USD/CNH	6.7731	-0.09
USD/MYR	3.9792	0.21
USD/SGD	1.2758	-0.11
USD/KHR	4,024.85	-0.03
USD/THB	32.70	0.44
Commodities		
WTI (\$/bbl)	88.90	0.25
Brent (\$/bbl)	93.71	-0.62
Gold (\$/oz)	4,499.30	1.14
Copper (\$/MT)	13,701.50	1.26
Aluminum(\$/MT)	3,659.50	0.65
CPO (RM/MT)	4,482.00	0.45

Source: Bloomberg, HLBB Global Markets Research

1.0% m/m) and IPI (0.8% m/m vs -0.4% m/m) growth improved in April.

- On the regional front, Asian FX traded mixed against the greenback. MYR weakened 0.2% d/d to 3.9792, but CNH and SGD were 0.1% d/d stronger at 6.7731 and 1.2758.

Softer monthly inflation for the US; energy squeeze on consumers

- At 0.2% m/m (3.3% y/y vs 3.2% y/y in Mar), April's core PCE was softer than the 0.3% m/m consensus forecast as well as March data. Headline was also a tad more moderate, increasing by 0.4% m/m in April vs 0.7% m/m in March, but grew at a faster pace of 3.3% vs 3.2% previously on a yearly basis. By component, goods prices (0.7% m/m vs 1.4% m/m), notably gasoline, contributed to the bulk of the inflation, while services were buoyed by the jump in housing costs. Stripping this, services inflation was steady at 0.3% m/m, but with broad prices still running above the monthly inflation required to return CPI to target, FOMC is unlikely to lower rates nor soften its hawkish stance on rates any time soon or even for the rest of the year.
- Meanwhile, data also showed that consumer spending is increasingly under pressure with rising energy costs forcing households to save or spend less. 1Q GDP was revised lower by 0.4ppts to 1.6% q/q (4Q: 0.5% q/q) primarily reflecting downward revisions to investment and consumer spending (-0.2ppts to 1.4% q/q vs 4Q: 1.9% q/q), while the slower growth in April's real personal spending (0.1% m/m vs 0.3% m/m) suggests an equally soft start to 2Q.
- On the business front, April's durable orders (7.9% m/m vs 1.3% m/m) got a huge boost from the bumpy strong aircraft orders, but stripping this, non-defense capital goods orders ex aircraft, a proxy to capex, was worse than expected and fell 1.1% m/m (prior: 3.9% m/m) as orders for computers & electronics and machinery cooled. While one month of weakness does not signal a slowdown, tighter financial conditions could make businesses more cautious in the months ahead.
- Rounding up the numbers were the higher-than-expected initial jobless claims at 215k for the week ended May 23 (+5k vs -2k) as well as continuing claims at 1786k for the week ended May 16 (+15k vs -5k). In another sign of housing market softness, new home sales fell more than expected by 6.2% m/m in April after gaining 3.4% m/m previously.

Broadly stable economic confidence for the Eurozone

- The Eurozone Economic Confidence index unexpectedly improved 0.3ppts to 93.5 in May, reflecting rebound in

confidence in services and steady consumers, which was mostly offset by declines in industry, retail trade and construction. Among its largest economies, confidence improved for Germany and France, and remained broadly stable for Italy and Spain.

Drop in Australia's household spending due to transport; strong 1Q capex due to data centre

- Mirroring the US, household spending fell a sharper 1.1% m/m in April, a retreat from +1.6% m/m in March as well as +0.3% m/m in February. A 4.7% m/m decline in transport costs was the main driver for the drop, as households scaled back travel due to broader uncertainties and higher airfares, and as higher jet fuel costs saw airlines cancelling routes. Negative impact from the war also spilled over to other categories like food, the latter amid reports of shifts towards generic brands and cheaper products in supermarkets.
- On a separate note, investment in data centre equipment, specifically server racks and processing equipment, significantly boosted capex spending by 6.5% in 1Q (prior: 0.7%).

Robust export growth for Hong Kong

- The ongoing robust demand for AI products supported, and will likely continue support Hong Kong's exports, helping to partially navigate downward risks from the disruptions in supply chains and energy price surge. In April, export growth surged 42.9% y/y, better than forecast and a pick-up from 35.8% y/y the prior month. In addition to the particularly strong export growth to Asian markets, exports to the US and EU also recorded notable gains.

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	4.6210	4.55	4.55	4.60	4.66
GBP/MYR	5.3306	5.23	5.23	5.26	5.28
AUD/MYR	2.8333	2.72	2.72	2.75	2.77

CNY/MYR	0.5869	0.58	0.58	0.58	0.58
SGD/MYR	3.1104	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
29-May	AU Private Sector Credit MoM (Apr)	0.70%
	JN Consumer Confidence Index (May)	32.2
	US Advance Goods Trade Balance (Apr)	-\$87.9b
	US MNI Chicago PMI (May)	49.2
1-June	AU S&P Global Australia PMI Mfg (May F)	50.2
	JN Capital Spending YoY (1Q)	6.50%
	JN S&P Global Japan PMI Mfg (May F)	54.5
	VN S&P Global Vietnam PMI Mfg (May)	50.5
	CH RatingDog China PMI Mfg (May)	52.2
	UK Nationwide House Px NSA YoY (May)	3.00%
	EC S&P Global Eurozone Manufacturing PMI (May F)	51.4
	UK S&P Global UK Manufacturing PMI (May F)	53.7
	EC Unemployment Rate (Apr)	6.20%
	US S&P Global US Manufacturing PMI (May F)	55.3
	US ISM Manufacturing (May)	52.7
	US Construction Spending MoM (Apr)	0.60%

Source: Bloomberg

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