10 October, 2025

Hong Leong Bank

Global Markets Research

Weekly Market Highlights

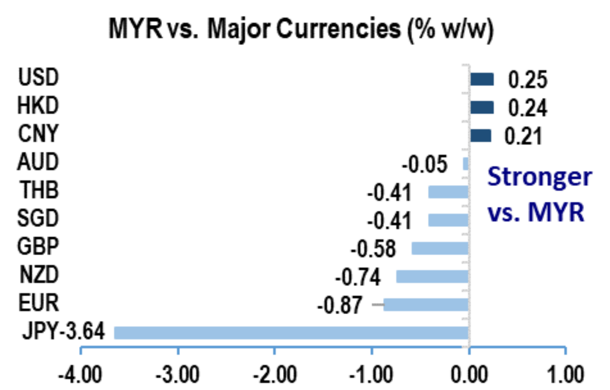
Markets

	Last Price	WOW%	YTD %
Dow Jones Ind.	46,358.42	-0.35	8.97
S&P 500	6,735.11	0.29	14.51
FTSE 100	9,509.40	0.87	16.35
Hang Seng	26,752.59	-1.96	33.36
KLCI	1,629.67	-0.50	-0.77
STI	4,440.50	1.03	17.24
Dollar Index	99.54	1.73	-8.25
WTI oil ($/bbl)	61.51	1.70	-14.24
Brent oil ($/bbl)	65.22	1.73	-12.62
Gold (S/oz)	3,946.30	2.78	49.81
CPO (RM/ tonne)	4,450.50	1.16	-9.54
Copper ($$/MT)	10,867.50	3.59	23.95
Aluminum($/MT)	2,798.50	3.94	9.68

Source: Bloomberg
**3-8 Oct for CPO*

- **Wall Street continues to shrug off the US government shutdown:** Relatively quiet week for Wall Street amid lack of key economic data. The 3 major US stock indices swung between gains and losses throughout the week amid some profit taking and dip buying, especially for tech stocks. Stocks also showed little reaction to the release of minutes to the September FOMC meeting given that there were little surprises to the 25bps cut as well as forward guidance. In contrast, crude oil prices were broadly on an upward trend, largely due to a more modest than expected planned output hike by OPEC+ in November, which tempered some concerns over the supply glut.
- **MAS policy decision, RBA meeting minutes and Fed Beige Book:** Key highlights in the week ahead will be Singapore's monetary policy decision (status quo expected), minutes to the latest RBA policy meeting and from the US, the Fed's Beige Book. IPI release, regional indices as well as private data like mortgage applications, NAHB Housing Market and NFIB Small Business Optimism indices remained on track for the US. From the Eurozone, we will be watching out for the ZEW Survey Expectations index, trade and IPI prints, and from the UK, its monthly GDP and labour market indicators. Core machine orders is on deck from Japan, while Singapore and China will publish their trade numbers, the latter accompanied by its PPI and CPI. For Malaysia, advanced 3Q GDP and exports are due for release end-week.

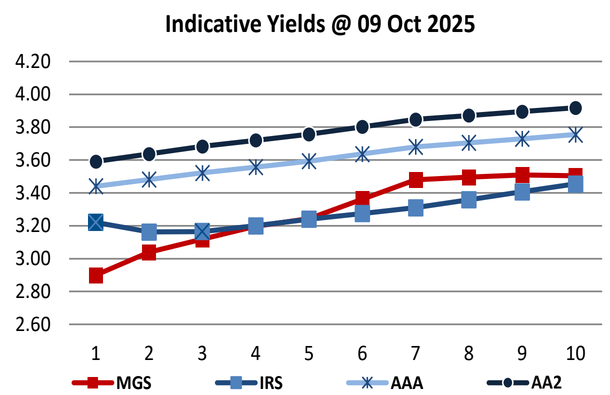
Forex



Source: Bloomberg

- **MYR:** MYR lost a little ground against the USD this week, declining by 0.3% to 4.2170 (prior: +0.1% w/w) from 4.2065 the week before, amidst a strong backdrop for the greenback and an uneventful week domestically ahead of some key events and economic numbers in the coming week. Against the rest of the G10 currencies, the MYR had a stellar week and was stronger across the board, while versus major regional currencies it was a mixed bag, firming against the THB (+0.4%) and SGD (+0.4%) but losing ground the most against the IDR (-0.5%) and KRW (-0.3%). For the coming week, we are ***Neutral*** on the USD/MYR, looking at a likely trading range of 4.1900 – 4.2450. The focus for the week ahead will be the 2026 Budget tabling later today, followed by next Friday's advanced 3Q GDP and exports data releases.
- **USD:** The USD advanced in trading this week, with the DXY rising by 1.7% to 99.54 (prior: -0.7% w/w) from 97.85 the prior week, amidst the federal government shutdown extending into a second week with the Senate still unable to pass a spending bill. The key September monthly employment result was curtailed as a result, and the little data that we got showed the ISM Services gauge for September deteriorating by more than expected. We are ***Neutral*** on the USD for the week ahead, foreseeing a possible trading range of 98 – 101 for the DXY. The coming week sees the release of the preliminary consumer sentiment index from the University of Michigan and the latest Beige Book from the Fed, but the scheduled releases of CPI, PPI and the retail sales report for September are likely to be delayed.

Fixed Income



Source: Bloomberg/ BPAM

- **UST:** US Treasuries declined in trading for the week in review, amidst the US federal government shutdown for a second week with the Senate still unable to pass a new spending bill. The much-anticipated monthly employment report for September was consequently delayed and in the little data that we did get, the September ISM Services index declined by more than expected. **Overall benchmark yields for the week were higher by 3 to 7bps w/w** (prior: 6 to 12bps lower) as of the close of business on Thursday. The benchmark 2Y UST yield rose by 5bps for the week to 3.59% while the benchmark 10Y UST saw its yield advanced by 6bps to 4.14%. **We expect USTs to trade with a more constructive tone for the week ahead.** With the scheduled releases of PPI, CPI and retail sales for September all likely to be cancelled during the coming week, the markets will look to the Fed's Beige Book and regional surveys for October as well as the consumer sentiment index from the University of Michigan for fresh leads, and Fed Chair Powell is also due to speak during the week on the economic outlook and monetary policy.
- **MGS/GII:** Local government bonds were softer in trading for the week in review ending Thursday, amidst a poor reopening auction of RM3bn of the benchmark 30Y MGS 7/55, which drew a low BTC of 1.380x, which was the lowest of any government bond auction since October 2023, and tailed by 6.6bps. **Overall benchmark MGS/GII yields closed the week higher by between 0 to 12bps w/w** (prior: -2 to +4bps). The benchmark 5Y MGS 5/30 yield was little changed for the week at 3.23%, while the benchmark 10Y MGS 7/35 yield advanced by 3bps to 3.49%. **For the coming week, we expect local govvies to trade with a bullish bias.** The week ahead sees the tabling of the 2026 Budget, where expectations are for a slightly lower fiscal deficit versus that of 2025, followed by next Friday's advanced 3Q GDP and exports data releases.

Macroeconomic Updates

- **Wall Street continues to shrug off the US government shutdown:** Relatively quiet week for Wall Street in the lack of key economic data. The three major US equity indices swung between gains and losses throughout the week amid some profit taking and dip buying, especially for tech stocks. Stocks also showed little reaction to the release of minutes from the September FOMC meeting given that there were little surprises, be it in terms of the quantum of the rate cut or forward guidance. Consequently, the 3 major stock indices closed the week mixed, with the S&P 500 and Nasdaq up 0.3-0.8% d/d, while the Dow was 0.4% d/d lower. Crude oil prices, meanwhile, were broadly on an upward trend, largely due to a more modest than expected planned output hike by OPEC+ in November, which tempered some concerns over the supply glut. Crude oil prices closed the week higher in tune to 1.7% w/w.

- **No surprises from the FOMC meeting minutes, available data was downbeat:** As mentioned, there were little surprises from the latest FOMC meeting minutes. Essentially, it showed a divided and cautious Fed over how much further to lower rates, with a narrow majority of 19 members pencilling in at least 2 additional cuts this year, a tentative base for consecutive cuts this month and in December. Support for a larger 50bps cut was limited to 1 participant, while 7 pencilled no further easing for the rest of 2025. Officials largely agreed that the recent slowdown in job growth outweighed sticky inflation concerns, and noted that the low level of job gains over recent months likely reflected declines in growth of both demand and supply, the latter partly due to low net immigration.

  Meanwhile, limited data all point to a weaker 2H for the US. Consumer credit rose at its slowest pace in 6 months at $0.4bn August (prior: $18.1bn) due to a sharp pullback in credit-card balances, a sign that consumer spending is softening as consumers turned more cautious given the softer labour market. ISM Services dropped from 52.0 to 50.0 in September, while mortgage applications fell at a narrower pace of 4.7% w/w for the week ended October 3.

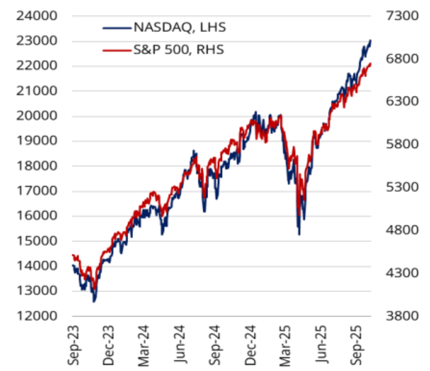
- **World Bank expects Malaysia's economy to grow by 4.1% in 2025 & 2026.** We also saw the World Bank unveiling in its latest regional outlook. Accordingly, Malaysia's economy is expected to hold steady at 4.1% in 2025 and 2026, decelerating from 5.1% in 2024. This is within our projection of 4.0-4.5% for both years, as well as BNM's forecast of 4.0-4.8% for 2025. The official forecast will likely be mirrored by the MOF during the unveiling Budget 2026 later today. We also opine that the MOF will remain committed to rein in its fiscal shortfall, moving towards its 13MP target of below 3% by 2030.

  According to the World Bank, growth will be driven by domestic demand and supported by initiatives like the Johor-Singapore Special Economic Zone, investment in data centers and programs to boost SMEs. Coupled with expectations of a modest global recovery, this is expected to cushion the impact of higher tariffs in 2026. The World Bank also warned that Malaysia risks losing its US export market share to competing countries with lower tariffs in the electrical and electronics (E&E) sector. Coincidentally, the WTO downgraded its 2026 forecast for global merchandise trade volume growth to 0.5% (-1.3ppts), citing expected delayed impacts from US' tariff. This marks a sharp slowdown from 2.4% in 2025 and 2.8% in 2024.

- **MAS policy decision, RBA meeting minutes and Fed Beige Book in focus next week:** Key highlights in the week ahead will be Singapore's monetary policy decision (status quo expected), minutes to the latest RBA policy meeting and from the US, the Fed's Beige Book, the latter especially crucial in giving us an insight to the state of the economy in the absence of offficial data due to the government shutdown.

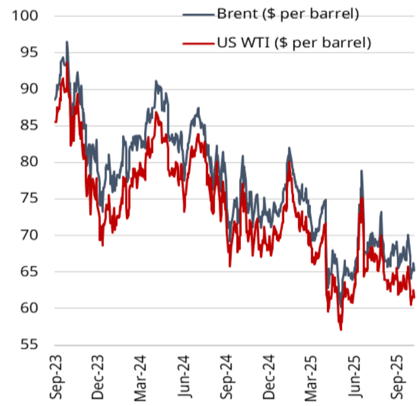
  With no immediate end to the shutdown in sight, data like retail sales, jobless claims, price prints like CPI, PPI and import prices, as well as housing indicators like building permits and housing starts scheduled for release will likely be delayed although there are chatters that CPI will be released by end-October in time for the next FOMC meeting. IPI release, regional indices as well as private data like mortgage applications, NAHB Housing Market and NFIB Small Business Optimism indices remained on track. From the Eurozone, we will be watching out for the ZEW Survey Expectations index, trade and IPI data, and from the UK, its monthly GDP and labour market indicators. Core machine orders is on deck from Japan, while Singapore and China will publish their trade numbers, the latter accompanied by its PPI and CPI. For Malaysia, advanced 3Q GDP and exports are due for release end-week.

Stocks showed little reaction to the September FOMC meeting minutes; fluctuated between gains and losses on risk on and off appetite



Source: Bloomberg

More modest than OPEC+ output hike supported crude oil prices



Source: Bloomberg

Foreign Exchange

- **MYR:** MYR lost a little ground against the USD this week, declining by 0.3% to 4.2170 (prior: +0.1% w/w) from 4.2065 the week before, amidst a strong backdrop for the greenback and an uneventful week domestically ahead of some key events and economic numbers in the coming week. Against the rest of the G10 currencies, the MYR had a stellar week and was stronger across the board, while versus major regional currencies it was a mixed bag, firming against the THB (+0.4%) and SGD (+0.4%) but losing ground the most against the IDR (-0.5%) and KRW (-0.3%). For the coming week, we are ***Neutral*** on the USD/MYR, looking at a likely trading range of 4.1900 – 4.2450. The focus for the week ahead will be the 2026 Budget tabling later today, followed by next Friday's advanced 3Q GDP and exports data releases.

- **USD:** The USD advanced in trading this week, with the DXY rising by 1.7% to 99.54 (prior: -0.7% w/w) from 97.85 the prior week, amidst the federal government shutdown extending into a second week with the Senate still unable to pass a spending bill. The key September monthly employment result was curtailed as a result, and the little data that we got showed the ISM Services gauge for September deteriorating by more than expected. We are ***Neutral*** on the USD for the week ahead, foreseeing a possible trading range of 98 – 101 for the DXY. The coming week sees the release of the preliminary consumer sentiment index from the University of Michigan and the latest Beige Book from the Fed, but the scheduled releases of CPI, PPI and the retail sales report for September are likely to be delayed.

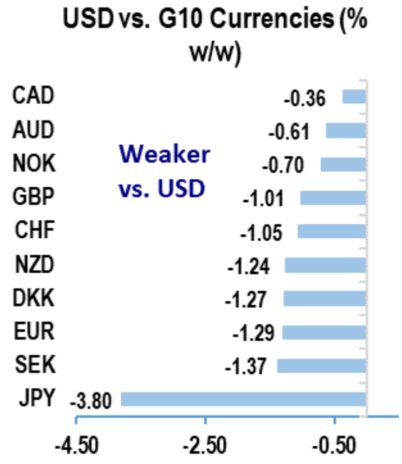
- **EUR**: EUR declined against the greenback in trading this week, falling by 1.3% to 1.1564 (prior: +0.4% w/w) from 1.1715 the week before, amidst the French government collapsing amidst a continued political impasse, with the outgoing prime minister Sebastian Lecornu being the third French prime minister to be pushed out of office since December. We are ***Neutral*** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1425 – 1.1700. The coming week sees the release of the Eurozone trade balance and industrial production figures for August, as well as the latest monthly ZEW investor survey. There is also quite a bit of ECB-speak during the week, including from ECB President Lagarde.

- **GBP**: GBP fell in trading against the USD this week, depreciating by 1.0% w/w to 1.3304 (prior: +0.7% w/w) from 1.3440 the prior week, amidst the final UK composite PMI for September being revised lower and the RICS house price balance for the month registering a larger than expected improvement versus the month before. We are ***Neutral*** on the Cable for the coming week, looking at a likely trading range of 1.3150 – 1.3450. The week ahead brings the latest monthly employment report for the UK, as well as the monthly GDP, manufacturing production and trade balance for August.

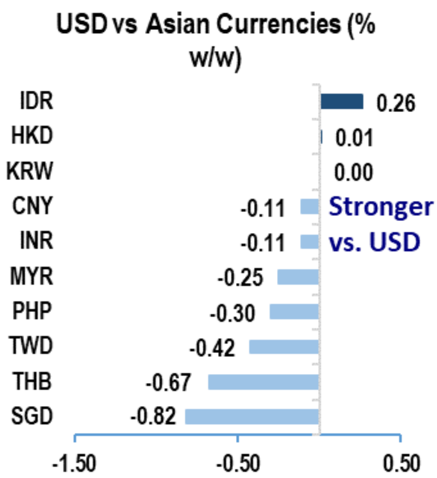
- **JPY**: JPY declined markedly in trading against the USD this week, plunging by 3.8% to 153.07 (prior: +1.7% w/w) from 147.26 the week before, making it the worst performer in the G10 space for the week amidst Sanae Takaichi winning the Liberal Democrat party leadership contest, putting her in pole position to become Japan's next prime minister. The smaller than expected growth in labour earnings in August and the larger than anticipated rise in the jobless rate for the month also added to the offered tone for the currency. We are ***Neutral-to-Slightly Bearish*** on USD/ JPY for the week ahead with the pair now in overbought territory, foreseeing a possible trading range of 150 – 155. After Japanese producer prices for September came out north of expectations this morning, the coming week sees the release of core machine orders and industrial production for August.

- **AUD**: AUD depreciated against the USD in trading this week, falling by 0.6% to 0.6556 (prior: +0.9% w/w) from 0.6596 the prior week, amidst the Melbourne Institute's measure of inflation accelerating in September while consumer inflation expectations in October also rose from the month before, casting some doubt on the ability of the RBA to reduce rates further. We are ***Neutral-to-Slightly Bearish*** on AUD/USD for the coming week, eyeing a probable trading range of 0.6425 – 0.6675. The week ahead will see the release of the minutes of the RBA September policy meeting, as well as the release of the monthly employment report for September.

- **SGD**: SGD lost ground against the greenback in trading this week, receding by 0.8% to 1.2997 (prior: +0.4% w/w) from 1.2891 the week before, amidst retail sales for August coming in north of expectations. Against the other G10 pairs, the SGD was mixed with gains led versus the JPY (+3.0%) and losing the most ground against the CAD (-0.5%), but versus major regional currencies, the SGD was weaker across the board, depreciating the most versus the IDR (-1.1%) and KRW (-0.8%). We are ***Neutral-to-Slightly Bearish*** on the USD/SGD for the week ahead, looking at a likely trading range of 1.2850 – 1.3125 for the pair. The coming week brings the release of Singapore advanced GDP for 3Q, as well as the release of the October monetary policy statement from the Monetary Authority of Singapore, where they are expected to stand pat on policy again and adopt a wait and see approach.



Source: Bloomberg



Source: Bloomberg

Forecasts

	Q4-25	Q1-26	Q2-26	Q3-26
DXY	96.45	95.57	94.24	92.99
EUR/USD	1.19	1.20	1.22	1.24
GBP/USD	1.36	1.37	1.38	1.39
USD/JPY	146	145	142	140
AUD/USD	0.67	0.67	0.68	0.68
USD/MYR	4.20	4.15	4.10	4.10
USD/SGD	1.28	1.26	1.24	1.23
USD/CNY	7.08	7.06	6.99	6.94
	Q4-25	**Q1-26**	**Q2-26**	**Q3-26**
EUR/MYR	5.00	4.99	5.00	5.08
GBP/MYR	5.71	5.67	5.64	5.68
AUD/MYR	2.80	2.79	2.77	2.80
SGD/MYR	3.28	3.29	3.30	3.33
CNY/MYR	0.59	0.59	0.59	0.59

Source: HLBB Global Markets Research

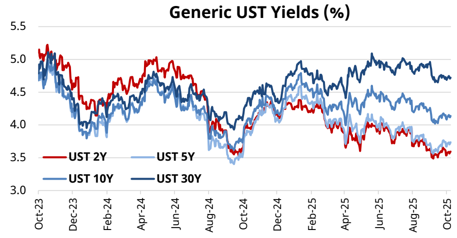
Fixed Income

- **UST:** US Treasuries declined in trading for the week in review, amidst the US federal government shutdown for a second week with the Senate still unable to pass a new spending bill. The much anticipated monthly employment report for September was consequently delayed alongside numerous other economic releases by government agencies. In the little data that we did get, the September ISM Services index declined by more than expected and the minutes of the FOMC meeting of Sep 17 did not contain much new information. Futures market pricing for Fed rate cuts for the remainder of 2025 eased slightly, with 45bps priced in from the 48bps seen the week before. **Overall benchmark yields for the week were higher by 3 to 7bps w/w** (prior: 6 to 12bps lower) as of the close of business on Thursday. The benchmark 2Y UST yield rose by 5bps for the week to 3.59% while the benchmark 10Y UST saw its yield advanced by 6bps to 4.14%. **We expect USTs to trade with a more constructive tone for the week ahead.** With the scheduled releases of producer prices, consumer prices and retail sales for September all likely to be cancelled during the coming week, the markets will look to the Fed's Beige Book and regional surveys for October as well as the consumer sentiment index from the University of Michigan for fresh leads, and Fed Chair Powell is also due to speak during the week on the economic outlook and monetary policy.

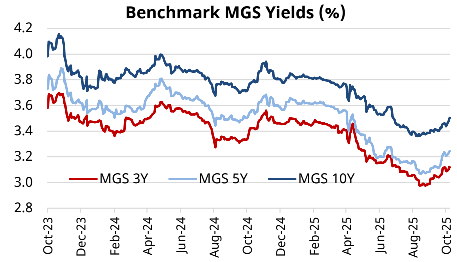
- **MGS/GII:** Local government bonds were softer in trading for the week in review ending Thursday, amidst a poor reopening auction of RM3bn of the benchmark 30Y MGS 7/55, which drew a low BTC of 1.380x, which was the lowest of any government bond auction since October 2023, and tailed by 6.6bps. **Overall benchmark MGS/GII yields closed the week higher by between 0 to 12bps w/w** (prior: -2 to +4bps). The benchmark 5Y MGS 5/30 yield was little changed for the week at 3.23%, while the benchmark 10Y MGS 7/35 yield advanced by 3bps to 3.49%. The average daily secondary market volume for MGS/GII declined by 26% to RM5.23bn, versus the daily average of RM7.09bn seen the week before, driven by a 37% decline in the average daily GII trades for the week. Trading for the week was again led by the off-the-run GII 10/25 which saw RM3.26bn changing hands for the week, while good interest was also seen in the off-the-run GII 3/26 and the off-the-run MGS 7/26, with RM2.75bn and RM2.47bn traded respectively. GII trades accounted for 51% of government bond trading for the week, receding from the 60% share seen the prior week. **For the coming week, we expect local govvies to trade with a bullish bias.** The week ahead sees the tabling of the 2026 Budget, where expectations are for a slightly lower fiscal deficit versus that of 2025, followed by advanced 3Q GDP estimate and export data next Friday.

- **MYR Corporate bonds/ Sukuk**: Trading in the secondary corporate bond/sukuk market was better offered for the week in review, with the average daily volume traded little changed at RM0.91bn (prior week: RM0.90bn). Trading for the week was led by the government-guaranteed segment of the market, where DANA 11/35 led the interest with RM150m swapping hands for the week and last being traded at 3.65%, while decent interest was also seen in PRASA 8/41, where RM130m traded during the week with the bond last changing hands at 3.89%. Over in the AAA-rated space, PASB 8/28 led trading, with RM110m being traded for the week and last settling at 3.46%. Keen interest was also seen in PASB 6/27, with RM100m swapping hands during the week with the bond last being traded at 3.39%. In the AA-rated arena, GASSET 9/30 topped the volume charts for the week, with RM160m traded and last changing hands at 4.19%, while strong interest was also seen in MBB 4.13% Perps, where RM140m changed hands for the week with the bond last being traded at 3.76%. Over in the A-rated universe, activity was led by BIMB 5/35, with RM30m being traded and last changing hands at 3.87%. Issuance receded from the previous week, with two large issuance programs hitting the market. Government guaranteed LPPSA came to the market with RM2.055bn worth of 7 IMTNs ranging from 5-30y maturities with coupons ranging from 3.30% to 4.01%, while AAA-rated Air Selangor was seen printing RM1.5bn worth of 5 IMTNs from 7-25y maturities with coupons ranging from 3.67% to 4.09%.

- **Singapore Government Securities:** SGS were firmer in trading for the week in review for the first week in three, even as retail sales for August came in north of expectations. Benchmark yields closed the week lower by between 1 to 6bps (prior week: 2 to 10bps higher). **The benchmark SGS 2Y yield fell by 2bps to 1.47%, while the benchmark SGS 10Y yield declined by 6bps for the week to 1.83%** as of Thursday's close, resulting in the 2s10s SGS curve closing the week 4bps flatter at +37bps. The move higher in bond prices for the week resulted in Bloomberg's Total Return Index unhedged SGD advancing by 0.1% for the week (prior week: -0.5%). The coming week brings of advanced 3Q GDP as well as the quarterly monetary policy statement from the MAS, where we expect them to stand pat on policy again.



Source: Bloomberg



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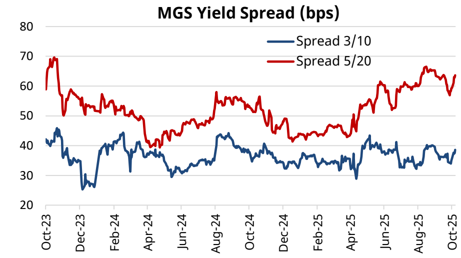

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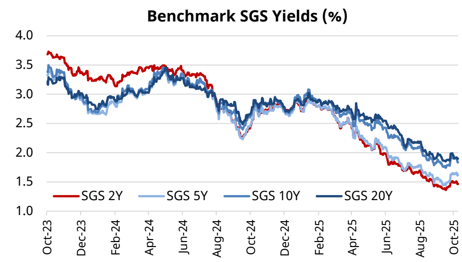

Source: Bloomberg

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
TSH Sukuk Murabahah Sdn Bhd	RM150m Islamic Medium-Term Notes Programme	AA-/Stable	Affirmed
Southern Power Generation Sdn Bhd	Outstanding RM2.9bn Sukuk Wakalah	AA-/Stable	Affirmed
TTM Sukuk Berhad	RM600m Sukuk Murabahah	AAA/Stable	Affirmed
Pengerang LNG (Two) Sdn Bhd	Islamic Medium-Term Notes (IMTN) Programme of up to RM3bn	AAA/Stable	Affirmed
ORIX Leasing Malaysia Berhad	RM500m Medium-Term Notes Programme (2016/2031)	AA2/Stable	Affirmed
ORIX Credit Malaysia Sdn Bhd	RM1.5bn MTN Programme (2021/2051)	AA2/Stable	Affirmed
Cagamas Berhad	Conventional and Islamic Medium-Term Notes Programmes of up to RM80bn	AAA/Stable	Affirmed
	Conventional and Islamic Medium-Term Notes Programmes of up to RM60bn	AAA/Stable	Affirmed
Evyap Sabun Malaysia Sdn Bhd	RM500m Sukuk Wakalah Programme	AA/Stable	Affirmed
Orkim Berhad	Islamic Medium-Term Notes Programme of up to RM1bn	AA-/Positive	Affirmed and revised outlook

Source: MARC/RAM

HongLeong Bank

Economic Calendar

Date	Time	Country	Event	Period	Prior
13-Oct		CH	Exports YoY	Sep	4.40%
14-Oct	8:00	SI	GDP YoY	3Q A	4.40%
	8:00	SI	MAS Oct Monetary Policy Statement		
	8:30	AU	NAB Business Confidence	Sep	4
	8:30	AU	RBA Minutes of Sept. Policy Meeting		
	14:00	UK	Average Weekly Earnings 3M/YoY	Aug	4.70%
	14:00	UK	ILO Unemployment Rate 3Mths	Aug	4.70%
	14:00	UK	Payrolled Employees Monthly Change	Sep	-8k
	17:00	EC	ZEW Survey Expectations	Oct	26.1
	18:00	US	NFIB Small Business Optimism	Sep	100.8
15-Oct	7:30	AU	Westpac Leading Index MoM	Sep	-0.04%
	9:30	CH	PPI YoY	Sep	-2.90%
	9:30	CH	CPI YoY	Sep	-0.40%
	17:00	EC	Industrial Production SA MoM	Aug	0.30%
	19:00	US	MBA Mortgage Applications	10-Oct	-4.70%
	20:30	US	Empire Manufacturing	Oct	-8.7
	20:30	US	Core CPI YoY	Sep	3.10%
	20:30	US	Real Avg Weekly Earnings YoY	Sep	0.40%
16-Oct	2:00	US	Fed Releases Beige Book		
	7:50	JN	Core Machine Orders MoM	Aug	-4.60%
	8:30	AU	Employment Change	Sep	-5.4k
	8:30	AU	Unemployment Rate	Sep	4.20%
	14:00	UK	Monthly GDP (MoM)	Aug	0.00%
	17:00	EC	Trade Balance SA	Aug	5.3b
	20:30	US	Retail Sales Advance MoM	Sep	0.60%
	20:30	US	PPI Final Demand YoY	Sep	2.60%
	20:30	US	New York Fed Services Business Activity	Oct	-19.4
	20:30	US	Philadelphia Fed Business Outlook	Oct	23.2
	20:30	US	Initial Jobless Claims		218k
	22:00	US	NAHB Housing Market Index	Oct	32
17-Oct	8:30	SI	Non-oil Domestic Exports YoY	Sep	-11.30%
	12:00	MA	GDP YoY	3Q A	4.40%
	12:00	MA	Exports YoY	Sep	1.90%
	20:30	US	Housing Starts MoM	Sep	-8.50%
	20:30	US	Building Permits MoM	Sep P	-2.30%
	20:30	US	Import Price Index YoY	Sep	0.00%
	21:15	US	Industrial Production MoM	Sep	0.10%

Source: Bloomberg

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