Hong Leong Bank

Global Markets Research
Weekly Market Highlights

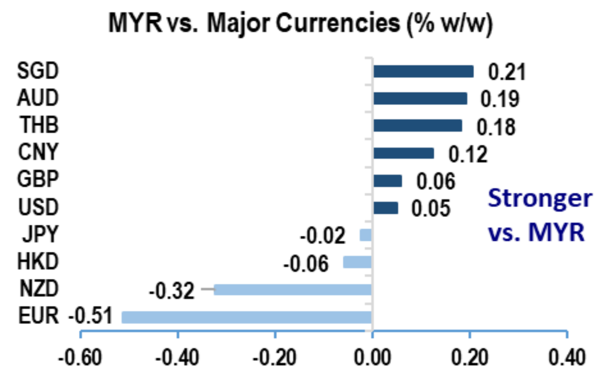
Markets

	Last Price	WOW%	YTD %
Dow Jones Ind.	49,266.11	2.50	2.50
S&P 500	6,921.46	1.11	1.11
FTSE 100	10,044.69	1.14	1.14
Hang Seng	26,149.31	2.02	2.02
KLCI	1,669.57	-0.63	-0.63
STI	4,739.07	2.00	2.00
Dollar Index	98.85	0.57	0.66
WTI oil ($/bbl)	58.40	1.72	0.59
Brent oil ($/bbl)	62.70	2.94	1.77
Gold (S/oz)	4,487.90	3.60	3.53
CPO (RM/ tonne)	3,938.50	0.14	0.14
Copper ($$/MT)	12,702.00	1.64	1.79
Aluminum($/MT)	3,088.00	3.04	3.14

Source: Bloomberg
**2-7 Jan for CPO*

- **Wall Street and commodities kickstarted the year on a positive note:** US equities started the week on a positive note with traders largely shrugging off the the geopolitical tension following the capture of Venezuela's President Nicola Madura and threats on Greenland. That said, stock gains faded somewhat towards the end amid a mixed slew of economic prints and after home builder stocks took a hit after President Trump threatened to ban large institutional investors from buying more single-family homes, a step aimed to improve housing affordability. Commodity prices, meanwhile, fluctuated between gains and losses amid the shifting geopolitical risks as Trump said that Venezuela will be turning over as much as 50m barrels of oil to the US, adding to concerns over a supply glut.
- **Data light week with focus on US price prints and Malaysia advanced 4Q GDP:** It will be a relatively quiet economic calendar but focus will be on price-related prints like producer and import prices from the US, as well as GDP data for the UK and Malaysia. Other indicators on watch from the US include November's retail sales and IPI, as well as housing indicators like the NAHB Housing Market index and existing home sales. Elsewhere, China, Singapore and the Eurozone will publish their trade numbers, the latter accompanied by its industrial output print. Last but not least, Japan's PPI is also deck next week with more clues on price outlook.

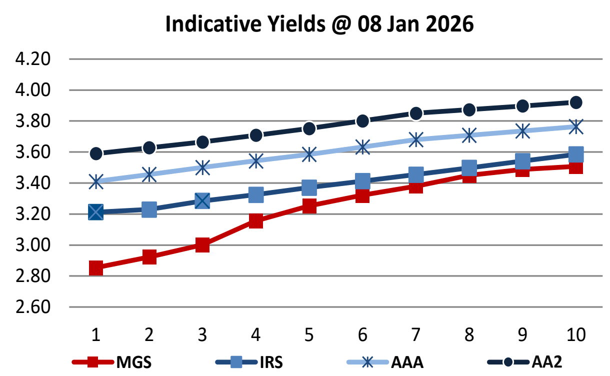
Forex



Source: Bloomberg

- **MYR:** MYR lost ground against the USD in trading this week for a second consecutive week, inching lower by 0.1% to 4.0635 (prior: -0.3%) from 4.0603 the prior week, amidst the S&P Global Malaysia manufacturing PMI holding steady in December versus levels seen the previous month. Against the rest of the G10s currencies, the MYR was mostly firmer for the week except AUD (-0.2%) and GBP (-0.1%), and versus its regional peers, it was mixed, gaining the most against the KRW (+0.8%) but losing a little ground versus the SGD (-0.2%) and THB (-0.2%). We are ***Neutral*** on USD/MYR for the week ahead, looking at a likely trading range of 4.0400 - 4.0875. The coming week sees the release of industrial production figures for November later today, before the advanced release of 2025 annual GDP and 4Q25 GDP next Friday.
- **USD:** USD was firmer in trading this week for a second straight week, with the DXY rising by 0.6% w/w to 98.85 (prior: +0.4%) from 98.32 the week before, amidst mixed labour market data, with weaker than expected JOLTS job openings and ADP employment figures but a better than expected Challenger job cuts report, and a rise in the ISM Services index for December to the highest level since Oct 2024. We are ***Neutral-to-Slightly Bearish*** on the USD for the coming week, foreseeing a possible trading range of 97.50 – 100.00 for the DXY. It will be an eventful week ahead, with the monthly employment report for December scheduled for release, as well as the CPI figures for December and the retail sales report for November, all of which will loom large into the Fed's thinking when they next decide on policy on Jan 28.

Fixed Income



Source: Bloomberg/ BPAM

- **UST:** US Treasuries were little changed for the week in review, amidst a rise in the ISM Services index in December to the highest level since Oct 2024, and some mixed data on the labour market ahead of the key monthly jobs report. The amount of Fed cuts priced for 2026 inched down during the week, with the futures markets pricing in 57bps worth of reductions for the year ahead versus the 60bps of cuts priced the week before. **Overall benchmark yields for the week were mixed by between -1 to +2bps w/w** (prior: -3 to +5bps) as of the close of business on Thursday. The benchmark 2Y UST yield rose by 2bps for the week to 3.49% while the benchmark 10Y UST saw its yield little changed at 4.17%, resulting in a UST curve flattening slightly for the week. **We expect USTs to trade on a constructive note for the coming week.** The week ahead is a pivotal one with three major economic releases due in the form of the monthly jobs report and CPI figures for December, as well as the retail sales report for November, all of which may have a bearing on the Fed's decision at the next FOMC on Jan 28.
- **MGS/GII:** Local government bonds were mixed for the week in review, amidst the S&P Global Malaysia manufacturing PMI holding steady in December and a decent reopening auction of RM5bn of the benchmark 5Y GII to kick off government bond funding for the year, which drew a moderate BTC of 2.296x. **Overall benchmark MGS/GII yields closed the week mixed by between -2 to +2bps w/w** (prior: -4 to +1bp). The benchmark 5Y MGS 5/30 yield was 1bp lower for the week at 3.25%, while the benchmark 10Y MGS 7/35 yield advanced by 2bps to 3.51%. **For the week ahead, we expect local govvies to trade in a range.** The coming week brings the release of the IPI figures for November, and should also see the announcement and new issuance auction of the new benchmark 15Y MGS, where we expect RM3bn to be put up for sale with a further RM2bn to be privately placed.

Macroeconomic Updates

- **Wall Street and commodities kickstarted the year on a positive note:** US equities started the week on a positive note with traders largely shrugging off the the geopolitical tension following the capture of Venezuela's President Nicola Madura and threats on Greenland. That said, stock gains faded somewhat towards the end amid a mixed slew of economic prints and after home builder stocks took a hit after President Trump threatened to ban large institutional investors from buying more single-family homes, a step aimed to improve housing affordability. Commodity prices, meanwhile, fluctuated between gains and losses amid the shifting geopolitical risks as Trump said that Venezuela will be turning over as much as 50m barrels of oil to the US, adding to concerns over a supply glut.

- **FOMC meeting minutes showed a divided Fed, finely balanced decision:** No central banks meetings was held during the week but minutes to the latest FOMC meeting showed that the decision to lower rates in December 2025 was "finely balanced" even for the few participants who supported lowering rates. Going forward, most FOMC participants judged that further rate are cuts would be appropriate, but "some felt" that it would likely be appropriate to keep the target range unchanged for some time to assess the lagged effects from the recent cuts.

  In fact, data released this week was mixed, likely explaining why FOMC is cautious on further cuts. On a positive note, the ISM hit its 14-month high at 54.4 in December (prior: 52.6), but on a negative note, ISM manufacturing index worsened to 47.9 and factory orders fell 1.3% m/m in October (prior: 0.2% m/m).

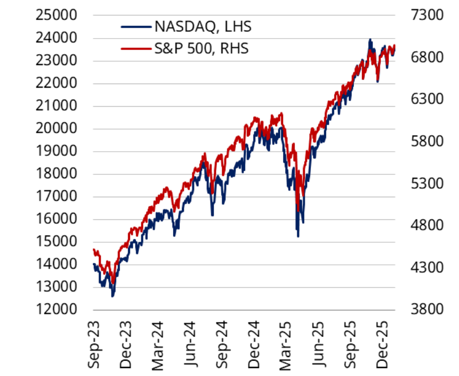
  On the labour front, we saw a mixed bag of reports which nonetheless suggested that the deterioration in the labour market did not turn out as bad as feared and that there was little sign of wage-driven inflation. This shall provide more room for the Fed to pause and assess the situation before the next course of action. The latest reading this week showed an unexpected drop in JOLTS job vacancies in November (7.1m vs 7.4m) but the lay-off rate eased to 1.1% from 1.2%, in line with the low hiring and low firing trend. On the contrary, a separate report from Challenger showed faster hiring and lower firing in December. In line with this, initial jobless claims rose less than expected by 208k for the week ended 2-Jan. Meanwhile, the ADP private payrolls saw saw private payrolls adding 41k jobs in December (prior: -29k), although this came short of expectations for a 50k gain. Another release showed productivity picked up steam in 3Q, hence the downward pressure on unit labour costs.

- **4Q GDPs for Singapore and Vietnam surpassed expectations with robust growth**: Elsewhere, we saw the release of 4Q and 2025 GDP for Singapore and Vietnam. In short, it signalled robust growth in both these economies. Singapore's GDP came in at 4.8% y/y in 2025 (2024: 4.4% y/y) and 5.7% y/y in 4Q (prior: 4.3% y/y), the latter underpinned by strong growth of 15.0% y/y for manufacturing (prior: 4.9% y/y) in 4Q. Moving into 2026, the government is expecting growth to ease to 1-3% with impact from the US tariffs expected to be more pronounced on the trade and manufacturing front. Vietnam's 2025 was a stellar 8.0% y/y in 2025 (2024: 7.1% y/y) while 4Q GDP accelerated to 8.5% y/y from 8.3% y/y previously.

  In terms of PMIs, global PMI (52.0 vs 52.7) slowed for both manufacturing and services, suggesting normalised growth momentum in 2026. We saw downward revisions to most of the final December PMIs for the majors and mixed fresh data on the regional front. While official Singapore PMI edged up 0.1ppts to 50.4 for Singapore, private survey showed that economic acitivity held steady for Malaysia (50.1) and worsened for Vietnam (53.0 vs 53.8) and Hong Kong (51.9 vs 52.9). China's economy ended the year on a slightly less gloomy note with PMIs broadly improving and beating expectations. The official manufacturing PMI rose to 50.1 (prior: 49.2), while the non-manufacturing PMI, which covers services and construction, increased to 50.2 from 49.5. Private-sector data showed a similar trend for manufacturing (50.1 vs 49.9) but diverged with a small pullback for services (52.0 vs 52.1). With firms less optimistic and confidence remained below the historical average, this suggests an uneven growth momentum heading for 2026.

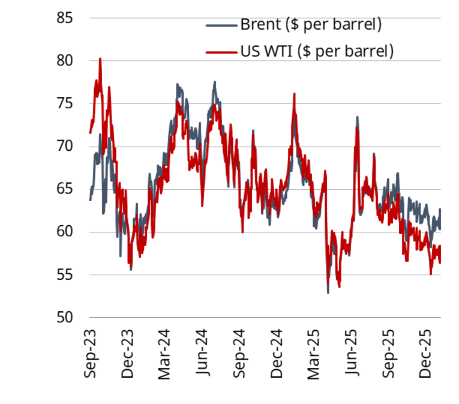
- **Light data next week with focus on US price prints and Malaysia advanecd 4Q GDP:** It will be a relatively quiet economic calendar but focus will be on price-related prints like producer and import prices from the US, as well as GDP data for the UK and Malaysia. Other indicators on watch from the US include November's retail sales and IPI, as well as housing indicators like the NAHB Housing Market index and existing home sales. Elsewhere, China, Singapore and the Eurozone will publish their trade numbers, the latter accompanied by its industrial output print. Last but not least, Japan's PPI is also deck next week with more clues on price outlook.

Wall Street shrugged off geopolitical tension from the Venezuela attack and threats to Greenland



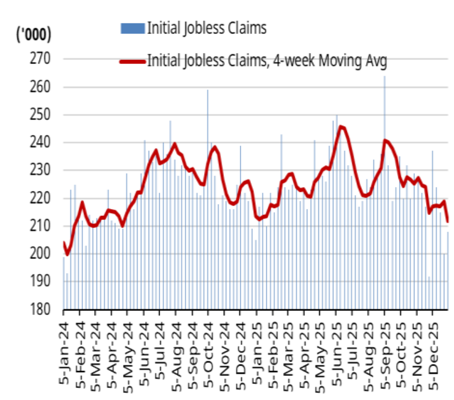
Source: Bloomberg

Crude oil prices fluctuated amid the shifting geopolitical risks



Source: Bloomberg

Initial jobless claims rose less than expected; 4-week moving averages fell to its lowest in 20 months easing labour market fear



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Foreign Exchange

- **MYR:** MYR lost ground against the USD in trading this week for a second consecutive week, inching lower by 0.1% to 4.0635 (prior: -0.3%) from 4.0603 the prior week, amidst the S&P Global Malaysia manufacturing PMI holding steady in December versus levels seen the previous month. Against the rest of the G10s currencies, the MYR was mostly firmer for the week except AUD (-0.2%) and GBP (-0.1%), and versus its regional peers, it was mixed, gaining the most against the KRW (+0.8%) but losing a little ground versus the SGD (-0.2%) and THB (-0.2%). We are ***Neutral*** on USD/MYR for the week ahead, looking at a likely trading range of 4.0400 - 4.0875. The coming week sees the release of industrial production figures for November later today, before the advanced release of 2025 annual GDP and 4Q25 GDP next Friday.

- **USD:** USD was firmer in trading this week for a second straight week, with the DXY rising by 0.6% w/w to 98.85 (prior: +0.4%) from 98.32 the week before, amidst mixed labour market data, with weaker than expected JOLTS job openings and ADP employment figures but a better than expected Challenger job cuts report, and a rise in the ISM Services index for December to the highest level since Oct 2024. We are ***Neutral-to-Slightly Bearish*** on the USD for the coming week, foreseeing a possible trading range of 97.50 – 100.00 for the DXY. It will be an eventful week ahead, with the monthly employment report for December scheduled for release, as well as the CPI figures for December and the retail sales report for November, all of which will loom large into the Fed's thinking when they next decide on policy on Jan 28.

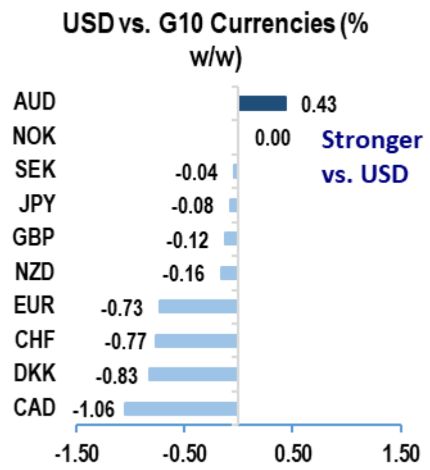
- **EUR**: EUR was softer in trading for the second week running, declining versus the USD by 0.7% w/w (prior: -0.3%) to 1.1660 from 1.1746 the prior week, amidst the flash CPI numbers for December coming in slightly cooler than expected at the core level, with the headline CPI cooling a notch as expected, and the unemployment rate for November moving lower by a notch to 6.3% versus expectations of no change. We are ***Neutral-to-Slightly Bullish*** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1525 – 1.1800 for the currency pair. The coming week brings the Eurozone retail sales, trade balance and industrial production figures for November, with the ECB also due to release their latest Economic Bulletin.

- **GBP**: GBP narrowly lost ground for the week, receding by 0.1% w/w (prior: -0.5%) to 1.3439 against the greenback from 1.3455 the week before, amidst a revision lower in the final December UK PMIs compared to the flash estimates, and an unexpected monthly decline in house prices reported by the Nationwide Building Society for December. We are ***Neutral-to Slightly Bullish*** on the Cable for the coming week, looking at a likely trading range of 1.3300 – 1.3600. The week ahead sees the release of the monthly GDP figures for November, as well as the manufacturing production figures and trade balance for the month.

- **JPY**: JPY was marginally lower against the USD in trading this week, its third straight weekly decline, inching down by 0.1% to 156.87 (prior: -0.6%) from 156.75 the prior week, amidst labour earnings in November coming in lower than expected, in part due to high base effects and a lower number of working days for the month compared to the year before. We are ***Neutral-to-Slightly Bearish*** on USD/ JPY for the week ahead, foreseeing a possible trading range of 154.25 – 158.75 for the pair. The coming week is a light one in terms of economic data, with only the trade balance for November, preliminary machine tool orders for December and PPI for the month to look out for.

- **AUD**: AUD gained ground against USD this week and was the best performing currency for the week in the G10 space, rising by 0.4% w/w to 0.6699 (prior: -0.5%) from 0.6670 the week before, amidst a surge in building approvals in November as well as CPI for November coming in a notch lower as expected on a trimmed means basis, the central bank's preferred measure of inflation. We are ***Neutral*** on AUD/USD for the coming week, eyeing a probable trading range of 0.6575 – 0.6825 for the currency pair. The week ahead brings the household spending numbers for November as well as the consumer confidence index for January.

- **SGD**: SGD rose marginally higher against the greenback in trading this week, inching up to 1.2847 from 1.2850 (prior: -0.1%) the prior week, amidst better-than-expected economic numbers during the week, with the advanced release of 2025 annual GDP coming at 4.8% y/y versus expectations of 4.4% y/y, and retail sales for November rising by more than anticipated. Against other G10 currencies and major regional currencies, the SGD was firmer across the board, except against the AUD (-0.4%) and CNY (0.0%). We are ***Neutral-to-Slightly Bearish*** on the USD/SGD for the week ahead, looking at a likely trading range of 1.2725 – 1.2950 for the pair. There are no economic releases for the coming week until the export figures for December due next Friday..



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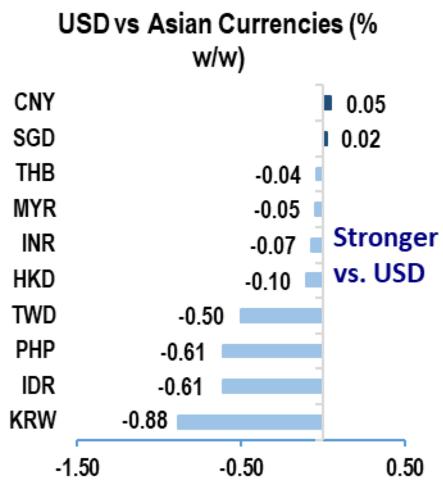


Source: Bloomberg

Forecasts

	Q1-26	Q2-26	Q3-26	Q4-26
DXY	96.71	95.13	94.70	95.49
EUR/USD	1.20	1.22	1.22	1.21
GBP/USD	1.36	1.37	1.37	1.35
USD/JPY	153	149	147	147
AUD/USD	0.68	0.69	0.70	0.69
USD/MYR	4.00	3.97	3.97	4.00
USD/SGD	1.26	1.23	1.23	1.24
USD/CNY	6.90	6.83	6.85	6.90
	Q1-26	**Q2-26**	**Q3-26**	**Q4-26**
EUR/MYR	4.78	4.82	4.85	4.84
GBP/MYR	5.44	5.45	5.45	5.41
AUD/MYR	2.72	2.75	2.78	2.76
SGD/MYR	3.17	3.21	3.23	3.22
CNY/MYR	0.58	0.58	0.58	0.58

Source: HLBB Global Markets Research

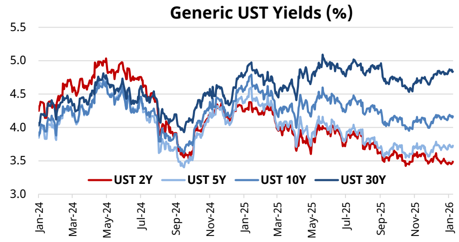
Fixed Income

- **UST:** US Treasuries were little changed for the week in review, amidst a rise in the ISM Services index in December to the highest level since Oct 2024, and some mixed data on the labour market ahead of the key monthly jobs report. The amount of Fed cuts priced for 2026 inched down during the week, with the futures markets pricing in 57bps worth of reductions for the year ahead versus the 60bps of cuts priced the week before. **Overall benchmark yields for the week were mixed by between -1 to +2bps w/w** (prior: -3 to +5bps) as of the close of business on Thursday. The benchmark 2Y UST yield rose by 2bps for the week to 3.49% while the benchmark 10Y UST saw its yield little changed at 4.17%, resulting in a UST curve flattening slightly for the week. **We expect USTs to trade on a constructive note for the coming week.** The week ahead is a pivotal one with three major economic releases due in the form of the monthly jobs report and CPI figures for December, as well as the retail sales report for November, all of which may have a bearing on the Fed's decision at the next FOMC on Jan 28.

- **MGS/GII:** Local government bonds were mixed for the week in review, amidst the S&P Global Malaysia manufacturing PMI holding steady in December versus the month before, and a decent reopening of RM5bn of the benchmark 5Y GII to kick off government bond funding for the year, which drew a moderate BTC of 2.296x. **Overall benchmark MGS/GII yields closed the week mixed by between -2 to +2bps w/w** (prior: -4 to +1bp), except for the benchmark 30Y MGS which was correcting from previous off-market trades. The benchmark 5Y MGS 5/30 yield was 1bp lower for the week at 3.25%, while the benchmark 10Y MGS 7/35 yield advanced by 2bps to 3.51%. Secondary market activity surged for the week to kick off the new year, with the average daily secondary market volume for MGS/GII rising by 157% to RM5.99bn for the week in review versus the daily average of RM2.33bn seen the week before. Trading for the week was led by the off-the-run MGS 7/26, which saw RM2.70bn switching hands, and strong interest was also seen in the off-the-run GII 3/26 and the off-the-run GII 9/26, with RM2.60bn and RM2.31bn traded respectively. GII trades totalled 49% of government bond trading for the week, receding from the 51% share seen the week before. **For the week ahead, we expect local govvies to trade in a range.** The coming week brings the release of the industrial production figures for November, ahead of next Friday's advanced 2025 GDP and 4Q25 GDP releases. We should also be getting the announcement and new issuance auction of the new benchmark 15Y MGS, where we expect RM3bn to be put up for sale with a further RM2bn to be privately placed.

- **MYR Corporate bonds/ Sukuk**: Trading in the secondary corporate bond/sukuk market was better bid for the week in review. Secondary market activity rose sharply to begin the new year, with the average daily volume traded surging by 273% to RM1.10bn (prior week: RM0.29bn). Trading for the week was led by the GG segment of the market, where the interest was led by LPPSA 4/35 with RM500m traded for the week, with the bond last changing hands at 3.62%. Keen interest was also seen in PASB 2/26, with RM220m swapping hands during the week, and last being traded at 2.89%. In the AAA-rated space, PBB 7/32 topped the activity for the week, with RM120m switching hands for the week and last being traded at 3.72%. Decent interest was also seen in SEB 7/33, which saw RM90m being traded and last changing hands for the week at 3.71%. Over in the AA-rated arena, trading was led by TGT 2/30, with RM95m swapping hands for the week and last being traded at 4.06%, while keen interest was also seen in SDBB 2/26 and MCEMENT 7/27, which saw RM80m of each bond being traded and last settling at 4.35% and 3.69% respectively. In the A-rated segment, interest was led by WCT 9/26, with RM100m switching hands for the week and last being traded at 4.86%. Issuance activity was nearly non-existent during the week, with only AA2-rated Axis REIT coming to the market, printing RM240m of a 7yr IMTN at 3.95%.

- **Singapore Government Securities:** SGS were softer for the week in review, after the better-than-expected advanced estimate for 2025 annual GDP and November retail sales figures released during the week. Benchmark yields closed the week mixed by between -2 to +9bps (prior week: 6 to 10bps lower). **The benchmark SGS 2Y yield was 2bps lower for the week at 1.44%, while the benchmark SGS 10Y yield advanced by 9bps for the week to 2.19%** as of Thursday's close, resulting in the 2s10s SGS curve ending the week 11bps steeper at 75bps. The decline in bond prices for the week resulted in Bloomberg's Total Return Index unhedged SGD rising by 0.2% on the week (prior week: +0.8%). The week ahead sees nothing on the economic calendar until next Friday's export numbers for December.



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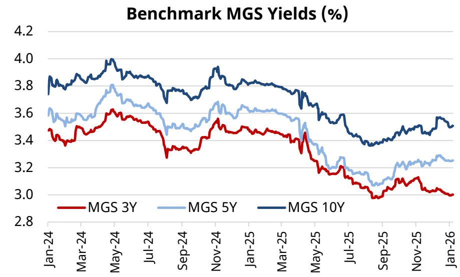

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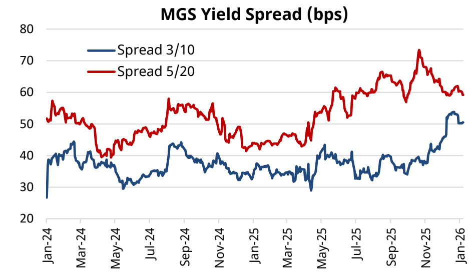

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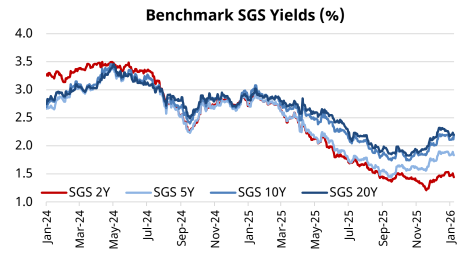

Source: Bloomberg

HongLeong Bank

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Bumitama Agri Ltd	RM2bn Islamic MTN Sukuk Musharakah (2014/2029)	AA2/Stable	Affirmed
Sasaran Etika Sdn Bhd	RM220m Fixed-Rate Serial Bonds (2012/2027)	AA1/Stable	Withdrawn

Source: MARC/RAM

Economic Calendar

Date	Time	Country	Event	Period	Prior
12-Jan	8:30	AU	Household Spending MoM	Nov	1.30%
	17:30	EC	Sentix Investor Confidence	Jan	-6.2
13-Jan	7:30	AU	Westpac Consumer Conf SA MoM	Jan	-9.00%
	13:00	JN	Eco Watchers Survey Outlook SA	Dec	50.3
	19:00	US	NFIB Small Business Optimism	Dec	99
	21:15	US	ADP Weekly Employment Change		11.5k
	21:30	US	Core CPI YoY	Dec	2.60%
	21:30	US	Real Avg Weekly Earnings YoY	Dec	0.80%
	23:00	US	New Home Sales MoM	Oct	20.50%
14-Jan		US	Federal Budget Balance	Dec	-$173.3b
	8:30	AU	Job Vacancies QoQ	Nov	-2.70%
	20:00	US	MBA Mortgage Applications		0.30%
	21:30	US	PPI Final Demand YoY	Nov	
	21:30	US	Retail Sales Advance MoM	Nov	0.00%
	23:00	US	Existing Home Sales MoM	Dec	0.50%
		CH	Exports YoY	Dec	5.90%
15-Jan	7:50	JN	PPI YoY	Dec	2.70%
	15:00	UK	Monthly GDP (MoM)	Nov	-0.10%
	18:00	EC	Industrial Production SA MoM	Nov	0.80%
	18:00	EC	Trade Balance NSA	Nov	18.4b
	21:30	US	Initial Jobless Claims	9-Jan	208k
	21:30	US	Import Price Index YoY	Nov	0.30%
	21:30	US	Empire Manufacturing	Jan	-3.9
	21:30	US	Philadelphia Fed Business Outlook	Jan	-10.2
16-Jan	8:30	SI	Non-oil Domestic Exports YoY	Dec	11.60%
	12:00	MA	GDP Annual YoY	2025 A	5.10%
	21:30	US	New York Fed Services Business Activity	Jan	-20
	22:15	US	Industrial Production MoM	Dec	0.20%
	23:00	US	NAHB Housing Market Index	Jan	39

Source: Bloomberg

*** Due to lapse in US government services, release dates are subject to change*

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