Global Markets Research

Weekly Market Highlights

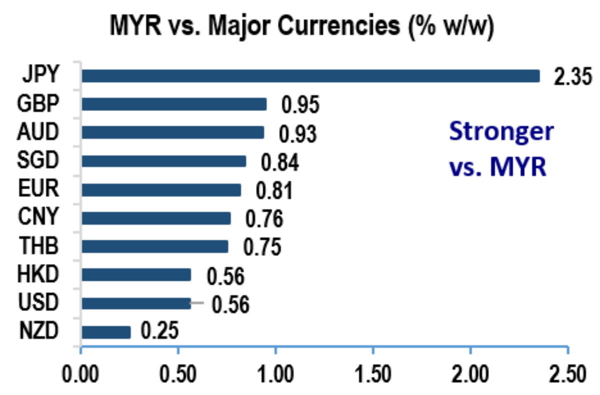
Market

	Last Price	WOW%	YTD %
Dow Jones Ind.	52,064.10	-3.02	8.32
S&P 500	7,591.70	-2.01	10.90
FTSE 100	10,608.92	-2.06	6.82
Hang Seng	24,954.47	-1.03	-2.64
KLCI	1,705.52	-0.56	1.51
STI	5,689.75	-1.01	22.46
Dollar Index	99.09	0.09	0.78
WTI oil ($/bbl)	103.93	13.37	78.47
Brent oil ($/bbl)	109.29	13.94	150.30
Gold (S/oz)	4,325.70	-3.55	-2.56
CPO (RM/ MT)	4,715.00	-1.13	5.74
Copper ($$/MT)	14,182.50	-1.25	13.90
Aluminum($/MT)	3,274.50	-1.30	9.89

Source: Bloomberg

- **Geopoliitical and inflation/ Fed policy jitters took center stage:** Heightened geopolitical jitters following strikes at oil tankers and oil infrastructure have raised fear of renewed supply disruption for energy. This drove global oil prices up by over 13.0% during the week. WTI last settled 13.4% w/w higher at $103.93/ barrel while Brent crude jumped 13.9% w/w to $109.29/ barrel as at Thursday's close. The spike in oil prices heightened inflation concerns and raised fear that central banks, specifically the Fed, will have to raise rates as soon as next week to bring inflation back down to targets. This has also prompted ECB to deliver a hawkish 25bps rate hike this week. This further exacerbated the bond rout and pushed government bond yields higher across the globe, sending the markets in a bout of risk-off and equities were sold off as a result. The three benchmark US equity indices plummeted 1.9-3.0% on the week.
- **FOMC, BOE and BOJ policy decisions up next**: It will be an eventful week with policy meets and first tier data. We are seeing an increasing chance of a Fed rate hike next week given the rapid rise in yields and oil prices the past week, and any upside surprises in tonight's CPI print will likely seal the case. We are also expecting the BOJ to hike but BOE will likely pause with divided votes. On the data front, US retail sales, industrial production and regional activity indices will shed more lights on the real economic health, and so are the usual data deluge from China. Other key watch will be CPI readings from the Eurozone, UK, Japan, and Malaysia, as well as exports from Malaysia and Singapore.

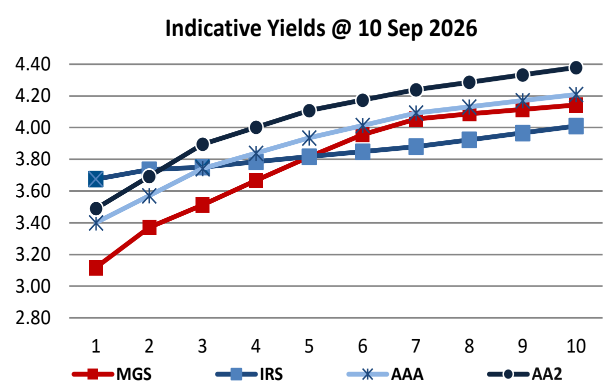
Forex



Source: Bloomberg

- **MYR:** MYR was softer in trading against the USD for a second straight week, declining by 0.6% (prior: -0.2%) to 4.0650 from 4.0423 the prior week, amidst industrial production figures for July easing by more than expected in a broad-based cooling across categories, in a signal that 2H growth could possibly decelerate versus the solid 1H. Against the rest of the G10 and major regional currencies, the MYR was broadly lower for the week, losing ground versus most pairs with the exception of against the INR (+0.4%). We remain ***Neutral-to-Slightly Bullish*** on USD/MYR for the coming week, foreseeing a possible trading range of 4.0450 – 4.0950. The week ahead see an empty data calendar domestically before next Friday's CPI and trade figures for August.
- **USD:** The DXY inched higher in trading this week, climbing by 0.1% (prior: -0.3%) to 99.05 from 98.91 the week before, amidst the monthly employment report for August coming in better than expected, with nearly triple the number of jobs added to the economy versus what was anticipated, and a ratcheting of tensions in the Middle East which resulted in a renewed spike in oil prices for the week that fanned inflationary fears. We are ***Neutral-to-Slightly Bullish*** on the USD for the week ahead, eyeing a probable trading range of 97.75 – 100.50 for the DXY. The coming week is set to be an eventful one, with the CPI figures and retail sales report for August both scheduled for release ahead of the key FOMC decision, with the futures markets currently pricing in a 73% chance that they will raise policy by 25bps, with the marked rise in oil prices over the past fortnight making it look increasingly plausible that they do.

Fixed Income



Source: Bloomberg/ BPAM

- **UST:** US Treasuries plunged in trading for the week in review, after a renewed spike in oil prices triggered fears about more persistent inflation and the Treasury department also bought fewer bonds than expected as its first buyback operation. The pricing of rate hikes by the Fed this year rose markedly during the week, with 46bps of hikes priced in for 2026 (prior: 33bps). **Overall benchmark yields for the week were higher by between 12 to 25bps w/w** (prior: 5 to 11bps higher) as of the close of business on Thursday, with the UST curve bear-flattening. The benchmark 2Y UST yield rose by 25bps for the week to 4.59% while the benchmark 10Y UST yield advanced by 19bps to 4.96%. **We expect USTs to trade on a more constructive note for the coming week.** The week ahead sees the release of the CPI figures and retail sales report for August ahead of the much-anticipated FOMC decision. The markets have priced in a 73% chance that the Fed will hike by 25bps this time round, and the renewed spike in oil prices over the last two weeks and surge in longer-dated UST yields will likely result in them doing so, irrespective of how the CPI figures turn out.
- **MGS/GII:** Local government bonds were hammered for the week in review, with bids being given across the entire maturity spectrum, as the markets continued to adjust to the slight change of tone in the monetary policy statement from the BNM MPC amidst the backdrop of soft global government bond markets. **Overall benchmark MGS/GII yields closed the week markedly higher by between 10 to 24bps w/w** (prior: 2 to 10bps higher). The benchmark 5Y MGS 6/31 yield was a whopping 16bps higher for the week at 3.82%, while the benchmark 10Y MGS 7/35 yield advanced by a 21bps to 4.13%. **For the week ahead, we expect the MGS/GII markets to remain jittery but possibly consolidate,** with the marked rise in yields likely to draw some buyers. The coming holiday-shortened week sees little in terms of economic data prior to next Friday's CPI and trade figures for August, and we are due for more supply with the re-opening auction of the benchmark 7Y MGS 4/33 likely during the week, where we expect an issuance size of RM5bn.

Macroeconomic Updates

- **Geopoliitical and inflation/ Fed policy jitters took center stage:** Heightened geopolitical jitters following strikes and counterstrikes between the US and Iran, hitting oil tankers and oil infrastructure in recent days, have raised fear of renewed supply disruption for energy. Remarks from both President Trump and Iranian senior offiicals implying no immediate deescalation also added salt to wounds. This drove global oil prices up by over 13.0% during the week. WTI last settled 13.4% w/w higher at $103.93/ barrel while Brent crude jumped 13.9% w/w to $109.29/ barrel as at Thursday’s close. The spike in oil prices heightened inflation concerns and raised fear that central banks, specifically the Fed, will have to raise rates as soon as next week to bring inflation back down to targets. This further exacerbated the bond rout and pushed government bond yields higher across the globe, sending the markets in a bout of risk-off and equities were sold off as a result. The three benchmark US equity indices plummeted 1.9-3.0% on the week.

- **ECB hiked rates by 25bps as expected and left the door open for more tightening:** ECB delivered a hawkish hike, upgraded growth and inflation forecasts and said elevated energy prices are expected to keep inflation well above the 2.0% target. This left the door open for further tightening ahead and we will be reviewing our house view soon, potentially foreseeing one more rate hike, pending better clarity on the geopolitiical front. Prior to the policy decision, final 2Q GDP growth was revised higher to 0.6% q/q and 1.2% y/y (prior: 0.4% q/q and 1/0% y/y). This showed a commendable pick-up from the 0% q/q and 0.6% y/y increase in 1Q, driven mainly by exports. On the domestic front, quicker growth in household spending (+0.4% vs +0.1% q/q) was offset by slower growth in government spending (+0.2% vs +0.5% q/q), and continued decline in investment (-0.1% vs -0.2% q/q).

- **US job market remained subdued but stable overall; August CPI will be particularly important after the pick-ups in PPI:** Despite the stronger than expected headline payroll print for August, World Cup and summer distortions suggest this upside surprise and normalization from the past four months’dips may be just a blip. Taken collectively with ADP employment, Challenger job cuts, and initial jobless claims, we opine the US labour market remained stable and subdued overall, which does not provide an outright case for a Fed rate hike fundamentally in our opinion. However, the pick-up in PPI, generally stronger than expected at headline levels but softer to in-line at core levels, offered tentative signs of renewed inflation pressure from higehr energy prices, and spillover to the services sector. This will render CPI print due later today even more important ahead of the FOMC policy meet next week, where any upsides may seal the case for a hike, especially with the rapid surge in oil prices and yields in the past week.

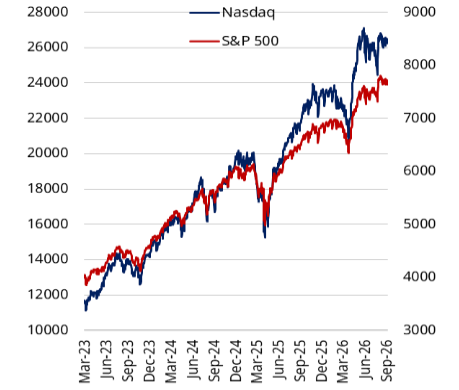
- **Upward revision to 2Q GDP growth and positive Japanese data reaffirmed the case for a BOJ hike:** Final reading of 2Q GDP was revised higher to 0.4% q/q as expected (prior: 0.3% q/q and 1Q: 0.5% q/q). Net export and inventories were the two biggest growth engines while private non-residential investments and public demand were the two main drags. Moving forward, stable labour market, faster labour cash earnings growth, are expected to help underpin consumer spending, while continued double-digit growth in machine tool orders reinforced the positive outlook in business investment. Eco Watcher outlook also improved from 45.8 to 48.3 in August, while Eco Watcher current condition also jumped more than expected from 45.7 to 46.4 in August. In addition, leading index rose more than expected to a 12-year high, pointing to improving outlook in the next 3-4 months, cementing the case for an BOJ rate hike next week.

- **China exports and inflation reports showed little growth and inflation concerns:** Exports and imports picked up and continued growing at commendable double-digit pace for the 5th straight month in August. This was spurred by expansion in global AI and as China benefitted from the AI supply chain. This, coupled with the widening in trade surplus to $119.1bn (Jul: $112.3bn), suggests the external sector will remain the primary growth driver cushioning the slack from domestic demand in 3Q and even beyond. Meanwhile, we also see little concerns on the inflation front. Despite the pick-ups in CPI, core CPI and PPI released during the week, full year CPI will average around the 1.0% region, allowing the PBoC to ease to support growth should the need arise.

- **Negative surprises from Malaysia industrial production and Singapore retail sales:** Malaysia’s IPI growth disappointed for the 3rd straight month, pulling back more than expected to 4.7% y/y in July (Jun: 6.5% y/y). This marked its 2nd straight month of moderation and its slowest gain in four months, amid broad mdoeration across most sectors, signaling softer growth outlook in second half of the year (4.2% in 2H vs 5.7% in 1H). Meanwhile, Singapore retail sales also grew at a slower than expected pace of 1.5% y/y in July (Jun: 4.0% y/y), marking its slowest growth this year. Sales of other non-essential goods saw faster growth momentum, likely boosted by tourist spending, and may not be sustainable. This also ties with our expectation of slower growth outlook in the second half of the year (4.0% in 2H vs 6.1% in 1H).

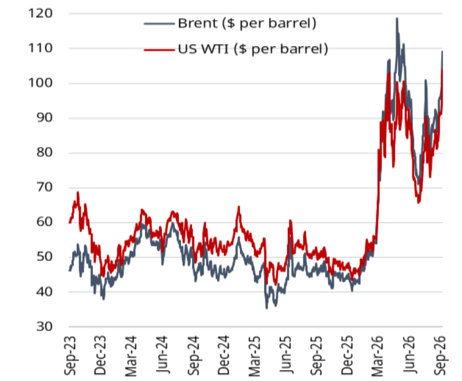
- **FOMC, BOE and BOJ up next**: It will be an eventful week with policy meets and first tier data. We are seeing an increasing chance of a Fed rate hike next week given the rapid rise in yields and oil prices the past week, and any upside surprises in tonight’s CPI print will likely seal the case. We are also expecting the BOJ to hike but BOE will likely pause with divided votes. On the data front, US retail sales, industrial production and regional activity indices will shed more lights on the real economic health, and so are the usual data deluge from China. Other key watch will be CPI readings from the Eurozone, UK, Japan, and Malaysia, as well as exports from Malaysia and Singapore.

Broad selling in US equities as heightening Fed rate hike expectations and global bond rout dampened demand for riskier assets



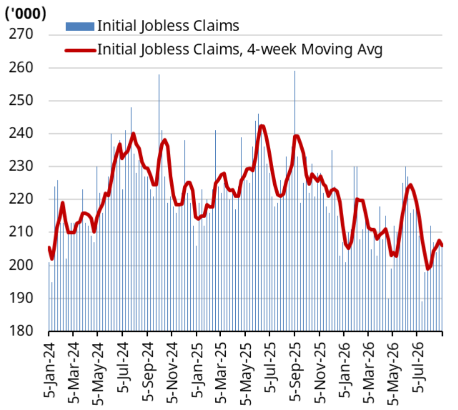
Source: Bloomberg

Global crude oil prices saw extended rally towards May-high of $110/ barrel as attacks on oil tankers and oil infrastructure renewed supply disruption concerns



Source: Bloomberg

Initial jobless claims fell again and remained just a tad shy of YTD average; drop in 4-week moving average claims and continuing claims offered some relieves



Source: Bloomberg

Foreign Exchange

- **MYR:** MYR was softer in trading against the USD for a second straight week, declining by 0.6% (prior: -0.2%) to 4.0650 from 4.0423 the prior week, amidst industrial production figures for July easing by more than expected in a broad-based cooling across categories, in a signal that 2H growth could possibly decelerate versus the solid 1H. Against the rest of the G10 and major regional currencies, the MYR was broadly lower for the week, losing ground versus most pairs with the exception of against the INR (+0.4%). We remain ***Neutral-to-Slightly Bullish*** on USD/MYR for the coming week, foreseeing a possible trading range of 4.0450 – 4.0950. The week ahead see an empty data calendar domestically before next Friday's CPI and trade figures for August.

- **USD:** The DXY inched higher in trading this week, climbing by 0.1% (prior: -0.3%) to 99.05 from 98.91 the week before, amidst the monthly employment report for August coming in better than expected, with nearly triple the number of jobs added to the economy versus what was anticipated, and a ratcheting of tensions in the Middle East which resulted in a renewed spike in oil prices for the week that fanned inflationary fears. We are ***Neutral-to-Slightly Bullish*** on the USD for the week ahead, eyeing a probable trading range of 97.75 – 100.50 for the DXY. The coming week is set to be an eventful one, with the CPI figures and retail sales report for August both scheduled for release ahead of the key FOMC decision, with the futures markets currently pricing in a 73% chance that they will raise policy by 25bps, with the marked rise in oil prices over the past fortnight making it look increasingly plausible that they do.

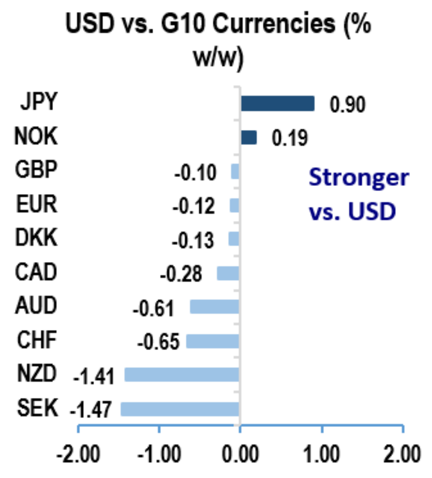
- **EUR**: EUR retreated in trading this week for a second straight week, inching lower by 0.1% (prior: -0.2%) against the greenback to 1.1612 from 1.1626 the prior week, amidst the ECB raising its policy rate by 25bps as expected, signalling more hikes ahead by highlighting expectations that the inflation shock will persist, and revising their inflation forecasts higher for the coming years. Economic data for the week with mixed, with Eurozone retail sales for July unexpectedly contracting for the month, while 2Q GDP was revised higher to 0.6% q/q in its third reading. We are ***Neutral*** on the EUR/USD for the coming week, looking at a likely trading range of 1.1500 – 1.1725. The week ahead sees the release of the Eurozone trade balance and industrial production figures for July as well as the final CPI for August, and also features quite a bit of ECB-speak, including from ECB President Lagarde.

- **GBP**: The GBP fell against the USD in trading this week for the third week on the trot, receding by 0.1% w/w (prior: -0.5% w/w) to 1.3512 from 1.3525 the week before, amidst the RICS House Price balance for August registering a slight improvement versus expectations of no change. We are ***Neutral-to-Slightly Bearish*** on the Cable for the week ahead, foreseeing a possible trading range of 1.3375 – 1.3625. The coming week has plenty in store and features the monthly GDP, manufacturing production and trade balance figures for July, the latest UK monthly employment report as well as the price indices (CPI, RPI and PPI) for August, and also sees the Bank on England decision on policy, where they are expected to hold steady on the bank rate.

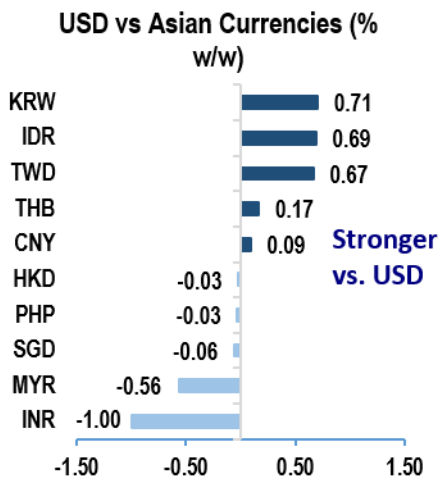
- **JPY**: The Japanese Yen appreciated against the USD in trading this week for a second straight week, rising by 0.9% (prior: +2.3%) to 154.42 from 155.81 the prior week, amidst fears of further intervention in the pair by Japanese and US authorities. Economic data for the week saw 2Q GDP being revised up slightly in its final reading, and nominal wages of Japanese workers rose at the fastest pace in three decades in July, which added to the case for the Bank of Japan to tighten policy further. We are ***Neutral-to-Slightly Bullish*** on USD/JPY for the coming week with the pair in oversold territory, eyeing a probable trading range of 152.25 – 157.25. The week ahead sees the release of core machine orders for July and the trade balance for August ahead of next Friday's key Bank of Japan decision on policy, where they are widely expected to raise rates by 25bps and to signal more hikes ahead.

- **AUD**: AUD fell against the USD in trading this week for the first week in seven, declining by 0.6% (prior: +0.1%) to 0.7157 from 0.7201 the week before, amidst Australian consumer inflation expectations holding steady in September versus the month before, and a deterioration in both the latest consumer and business confidence indices compared to the prior months' readings. We are ***Neutral-to-Slightly Bearish*** on AUD/USD for the week ahead, looking at a likely trading range of 0.7025 – 0.7250. The coming week will be another quiet one as far as economic data is concerned, with only the Westpac Leading index for August due for release.

- **SGD**: SGD depreciated against the USD this week for the first week in five, inching lower by 0.1% (prior: +0.3%) to 1.2681 from 1.2673 the prior week, amidst retail sales for July falling short of expectations. Against other G10 and major regional currencies, the SGD was mixed for the week, gaining against the NZD (+1.4%) and INR (+0.9%), but losing ground versus the JPY (-1.0%) and KRW (-0.8%). We remain ***Neutral-to-Slightly Bullish*** on USD/SGD for the coming week, foreseeing a possible trading range of 1.2575 – 1.2800. The week ahead sees the release of the export figures for August, which will shed more light on how the external sector is doing thus far in 3Q.



Source: Bloomberg



Source: Bloomberg

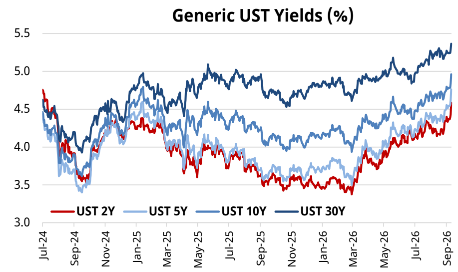
Forecasts

	Q3-26	Q4-26	Q1-27	Q2-27
DXY	102.28	100.86	99.42	98.07
EUR/USD	1.13	1.14	1.16	1.18
GBP/USD	1.29	1.30	1.32	1.33
USD/JPY	162	159	155	153
AUD/USD	0.68	0.70	0.71	0.72
USD/MYR	4.15	4.11	4.07	4.03
USD/SGD	1.31	1.30	1.28	1.27
USD/CNY	6.85	6.78	6.72	6.65
	Q3-26	**Q4-26**	**Q1-27**	**Q2-27**
EUR/MYR	4.68	4.71	4.73	4.75
GBP/MYR	5.37	5.36	5.36	5.36
AUD/MYR	2.83	2.86	2.87	2.89
SGD/MYR	3.18	3.17	3.17	3.17
CNY/MYR	0.61	0.61	0.61	0.61

Source: HLBB Global Markets Research

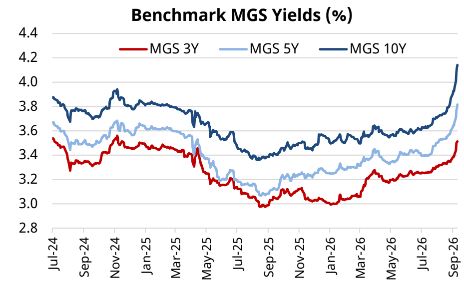
Fixed Income

- **UST:** US Treasuries plunged in trading for the week in review, after a renewed spike in oil prices triggered fears about more persistent inflation and the Treasury department also bought fewer bonds than expected as its first buyback operation. Economic data for the week saw the monthly employment report come in stronger than expected, with triple the numbers of jobs added to the economy in August versus what was anticipated. The pricing of rate hikes by the Fed this year rose markedly during the week, with 46bps of hikes priced in for 2026 (prior: 33bps). **Overall benchmark yields for the week were higher by between 12 to 25bps w/w** (prior: 5 to 11bps higher) as of the close of business on Thursday, with the UST curve bear-flattening. The benchmark 2Y UST yield rose by 25bps for the week to 4.59% while the benchmark 10Y UST yield advanced by 19bps to 4.96%. **We expect USTs to trade on a more constructive note for the coming week.** The week ahead sees the release of the CPI figures and retail sales report for August ahead of the much-anticipated FOMC decision. The markets have priced in a 73% chance that the Fed will hike by 25bps this time round, and the renewed spike in oil prices over the last two weeks and surge in longer-dated UST yields will likely result in them doing so, irrespective of how the CPI figures turn out.



Source: Bloomberg

- **MGS/GII:** Local government bonds were hammered for the week in review, with bids being given across the entire maturity spectrum, as the markets continued to adjust to the slight change of tone in the monetary policy statement from the BNM MPC amidst the backdrop of soft global government bond markets. Economic data for the week saw the industrial production figures for July ease by more than expected in a broad-based softening across categories, and the re-opening of RM5bn of the GII 7/36 was decently received after the massive concession built in. **Overall benchmark MGS/GII yields closed the week markedly higher by between 10 to 24bps w/w** (prior: 2 to 10bps higher). The benchmark 5Y MGS 6/31 yield was a whopping 16bps higher for the week at 3.82%, while the benchmark 10Y MGS 7/35 yield advanced by a 21bps to 4.13%. Secondary market activity rose for the week, with the average daily secondary market volume for MGS/GII climbing by 32% to RM6.38bn for the week in review versus the daily average of RM4.83bn seen the prior week. Trading for the week was led by the off-the-run GII 9/26, which saw RM4.36bn changing hands, while decent interest was also seen in the off-the-run MGS 11/26 and the off-the-run MGS 4/28, with RM3.06bn and RM2.77bn traded respectively. GII trades totalled 40% of government bond trading for the week, similar to that seen the week before. **For the week ahead, we expect the MGS/GII markets to remain jittery but possibly consolidate**, with the marked rise in yields likely to draw some buyers. The coming holiday-shortened week sees little in terms of economic data prior to next Friday's CPI and trade figures for August, and we are due more supply with the re-opening auction of the benchmark 7Y MGS 4/33 likely during the week, where we expect an issuance size of RM5bn.



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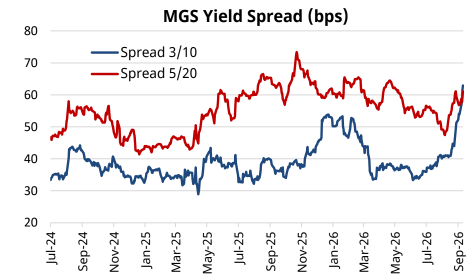
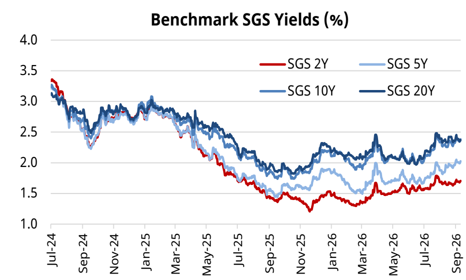


Source: Bloomberg

- **MYR Corporate bonds/ Sukuk**: Trading in the secondary corporate bond/sukuk market was better offered for the week in review. Activity picked up with the carnage in the government bond markets causing a re-adjustment of yields in the corporate space, with the average daily volume traded surging by 123% to RM0.69bn (prior week: RM0.31bn). Trading for the week was again led by the AA-rated segment of the market. In the GG universe, the interest was led by PASB 8/40, with RM85m traded for the week and the bond last switching hands at 4.33%. Keen interest was also seen in SWKHIDRO 8/28 and DANA 6/37, with RM60m of each bond traded and last swapping hands at 3.47% and 4.15% respectively. In the AAA-rated space, BSN 11/27 led the activity for the week, with RM130m traded and last changing hands at 3.67%. Strong interest was also seen in CELCOMDG 5/30, which saw RM90m switching hands for the week and last being traded at 3.90%. Over in the AA-rated arena, trading was led by SPSETIA 4/29, with RM100m swapping hands for the week and last being traded at 4.09%. Decent interest was also seen in AMISLAMIC 3/32, with RM90m traded and last changing hands at 3.73%. In the A-rated segment of the market, trading was led by YINSON 12/26, where RM140m switched hands for the week with the bond last traded at 4.11%. Issuance activity for the week picked up from the quiet week before, with AAA-rated Sarawak Energy seen printing a total of RM3bn, comprising RM1.5bn of a 10yr IMTN at 4.14% and RM1.5bn of a 15yr IMTN at 4.36%, with other issuances limited to the commercial paper space.



Source: Bloomberg

- **Singapore Government Securities:** SGS were mixed in trading for the week in review, amidst the Singapore retail sales report for July coming in weaker than expectations. Benchmark yields closed the week mixed by between -3 to +1bp (prior week: 5 to 8bps higher) as at the end of business on Thursday. **The benchmark SGS 2Y yield rose by 1bp for the week to 1.70%, while the benchmark SGS 10Y yield was little changed at 2.38%.** The mixed nature of bond prices with gains in longer-dated bonds resulted in Bloomberg's Total Return Index unhedged SGD rising by 0.3% for the week (prior week: -0.6%). The coming week brings the NODX and electronic export figures for August, which may help provide more clues as to the health of the economy in 3Q thus far.

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Solarpack Suria Sungai Petani Sdn Bhd	ASEAN Green SRI Sukuk Wakalah of up to RM305 mil (2023/2043)	AA2/Stable	Affirmed
OCBC Al-Amin Bank Berhad	Financial institution ratings	AAA/Stable/P1	Assigned
OCBC Bank (Malaysia) Berhad	Financial institution ratings	AAA/Stable/P1	Affirmed
RP Hydro (Kelantan) Sdn Bhd	RM975m ASEAN Green SRI Sukuk (2023/2043)	AA3/Developing	Placed on Rating Watch
Sunway Berhad	Corporate credit ratings	AA1/Stable/P1	Assigned
INTI Universal Holdings Sdn Bhd	RM300m 5-year Guaranteed Medium-Term Notes 2023/2028 (MTN) Programme	AAA(fg)/Stable	Withdrawn
Pelaburan Hartanah Berhad	Corporate credit ratings RM5bn Islamic Commercial Papers (2024/2031)/Islamic Medium-Term Notes (2024/-) Programme	AAA/Stable/P1 AAA/Stable/P1	Affirmed Affirmed
Alam Flora Sdn Bhd	RM700 million Islamic Commercial Papers and Islamic Medium-Term Notes	AA/Stable/MARC-1	Affirmed
Sunway Real Estate Investment Trust	Corporate credit ratings	AA1/Stable	Upgraded
SUNREIT Bond Berhad	RM10bn Medium-Term Notes (2012/2047) Programme: Secured MTN Unsecured MTN	 AA1(s)/Stable AA1(s)/Stable	 Upgraded Upgraded
SUNREIT Perpetual Bond Berhad	RM10bn Perpetual Programme	AA3(s)/Stable	Upgraded
Suria Capital Holdings Berhad	Corporate credit ratings	AAA/Stable/P1	Assigned initial ratings
reNIKOLA Solar Sdn Bhd	RM390m ASEAN Green SRI Sukuk Programme	AA3/Stable	Affirmed

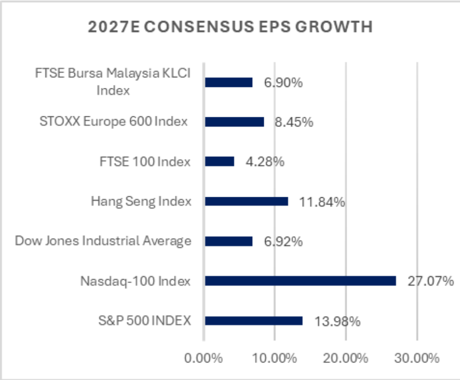
Source: MARC/RAM

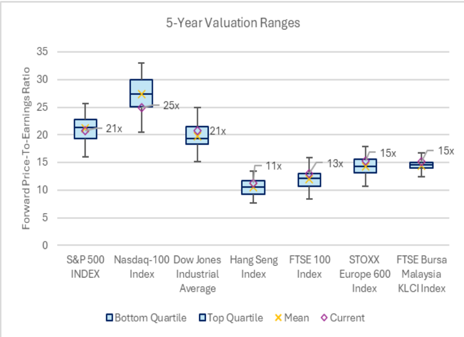
Equities

- **US**: An oil-driven inflation shock defined the week. Brent crude surged **+13.9%**, breaching $100 and briefly touching few cents shy of $110 as Houthi attacks on Saudi infrastructure disrupted supply, alongside a sharp fall in Saudi output. Consequently, the 10-year Treasury yield climbed to **4.97%** approaching 5% for the first time since 2023, and the 30-year reached **5.37%**, its highest since 2007. A Treasury buyback of $5.19bn fell short of expectations, adding to duration pressure. The S&P 500 fell in four consecutive sessions, its longest losing streak since June. Within equities, the week was bifurcated. Meta surged **+5.5%** after its Muse AI agent reached third in the US App Store rankings. Apple unveiled the iPhone Duo at approximately $2,000 on 9 September, closing **+3.6%** the following day but finishing the week marginally lower at **-0.5%**. Oracle delivered a strong after-hours beat, cloud infrastructure revenue **+121%** to $7.4bn versus a $7.19bn estimate, adjusted EPS $1.92 versus $1.74, and over $30bn in new AI contracts, lifting shares **+5.9%** in after-hours trade. On the downside, Nvidia fell **-4.4%**, Microsoft **-3.5%**, and Amazon **-2.7%**. Micron dropped **-4.9%** on 10 September following the stealth launch of Kepler Computing. As a result, for the week: S&P 500 **-2.0%**, Dow **-3.0%**, Nasdaq **-1.9%**. The FOMC decision on 16 September is the week's defining event; markets are pricing approximately 70% probability of a hike, and the accompanying dot plot and press conference will set the tone for Q4. Earnings season is quiet, but Oracle's after-hours strength may sustain AI infrastructure sentiment. Oil price trajectory remains the key macro wildcard, a further move toward $110 would intensify stagflation concerns. **The last two weeks of September are notoriously bearish, and with rate shock alongside oil-driven inflation headwinds, the path of least resistance remains lower near-term**.

- **Asia**: Korea was the standout performer of the week, with the KOSPI surging **+6.9%**, its best weekly gain in months, driven by a single explosive session following the release of OpenAI's GPT-6 Astra. Samsung Electronics rose **+5.7%** and SK Hynix **+8.3%** on that session alone, as markets repriced the AI memory demand cycle. Foreign investors bought a net KRW 597.3bn in a single day, and the Korean won strengthened to 1,337.70 intraday, its firmest level since October 2024. A separate catalyst reinforced the HBM narrative: Huawei raised prices on its Ascend 950DT AI chips by approximately 60%, a development read as a positive cost signal for Korean memory producers. Taiwan followed with a solid **+2.4%** on the TAIEX. TSMC reported record August revenue of NT$ 514.8bn, up **+53% YoY**, though its ADRs slipped **-2.1%** on 10 September as investors took profit into the print. Hong Kong gave back ground, with the Hang Seng down **-1.0%**, while the CSI 300 was broadly flat at **-0.1%**. China's Stock Connect programme was broadened to include additional technology and REIT names, a structural positive for cross-border flows. If the Fed follows through with a hike, this would pressure rate-sensitive markets across the region, particularly Taiwan and Korea. In Korea, the durability of the AI-driven rally will be tested; any pullback in global tech sentiment or profit-taking in memory names could reverse a portion of the week's gains. TSMC's ADR weakness on 10 September warrants monitoring, if it extends into the Taiwan open, TAIEX could face near-term resistance. China's policy calendar is light, but Stock Connect expansion and any further stimulus signals remain the key upside catalysts for the CSI 300 and HSI. Korea and Taiwan AI momentum are intact but vulnerable to FOMC shock; China and Hong Kong remain range-bound pending domestic policy catalysts.

- **Malaysia**: The KLCI edged lower for a third consecutive week, closing **-0.6%** as global risk-off sentiment and a weakening ringgit weighed on sentiment. Sector performance was sharply divergent. Healthcare led with a **+5.5% rally**, followed by technology **+3.3%**, construction **+2.7%**, and utilities **+2.2%**. On the downside, consumer products and transportation each fell **-1.7%**, with financials declining **-1.5%**. Palm oil stocks rose **+7.5%** to 2.82 million tonnes per MPOB data, a bearish supply signal for CPO prices. On the AI infrastructure theme, Malaysia is reported to be eyeing Huawei AI chips for a MYR 2bn national AI initiative, with Telekom Malaysia identified as the potential operator, a development that supported tech outperformance. MN Holdings secured a MYR 67.31mn contract from TNB for 275kV underground cable installation. Petronas Chemicals was the week's standout performer, surging **+10.6% -** the largest move among major KLCI names, as the oil price spike lifted sentiment across the Petronas complex. However, Petronas Gas slipped **-0.7%** and Press Metal fell **-1.0%**, the latter weighed by copper tariff uncertainty that also pressured the materials sector globally. An interest rate hike from the Fed would likely extend ringgit weakness and sustain foreign outflow pressure on Bursa. BNM's language shift from the prior week keeps domestic rate expectations elevated; any further ringgit depreciation beyond 4.10 would intensify the narrative. The AI infrastructure theme, anchored by the Huawei chip initiative and Telekom Malaysia's potential role, remains the primary domestic catalyst to watch. **The KLCI's third consecutive weekly decline and persistent foreign selling suggest the path of least resistance is sideways to lower absent a positive macro surprise.**





Economic Calendar

Date	Time	Country	Event	Period	Prior
10-15 Sep		CH	New Yuan Loans CNY YTD	Aug	10380.0b
		CH	Aggregate Financing CNY YTD	Aug	22250.0b
14-Sep	12:30	JN	Industrial Production MoM	Jul F	0.10%
15-Sep	10:00	CH	Retail Sales YoY	Aug	0.60%
	10:00	CH	Industrial Production YoY	Aug	4.50%
	10:00	CH	Fixed Assets Ex Rural YTD YoY	Aug	-6.70%
	12:30	JN	Tertiary Industry Index MoM	Jul	-0.20%
	14:00	UK	ILO Unemployment Rate 3Mths	Jul	4.90%
	14:00	UK	Employment Change 3M/3M	Jul	84k
	14:00	UK	Jobless Claims Change	Aug	-11.0k
	17:00	EC	ZEW Survey Expectations	Sep	31.4
	17:00	EC	Trade Balance SA	Jul	1.8b
	20:30	US	Empire Manufacturing	Sep	20.6
16-Sep	7:50	JN	Exports YoY	Aug	23.20%
	7:50	JN	Core Machine Orders MoM	Jul	9.70%
	8:30	AU	Westpac Leading Index MoM	Aug	0.03%
	14:00	UK	CPI YoY	Aug	2.90%
	14:00	UK	PPI Output NSA YoY	Aug	3.10%
	17:00	EC	Industrial Production SA MoM	Jul	0.00%
	19:00	US	MBA Mortgage Applications	11 Sep	-2.70%
	20:30	US	New York Fed Services Business Activity	Sep	50
	20:30	US	Import Price Index MoM	Aug	-0.40%
	20:30	US	Retail Sales Advance MoM	Aug	-0.60%
	20:30	US	Export Price Index MoM	Aug	-1.30%
	22:00	US	NAHB Housing Market Index	Sep	35
17-Sep	2:00	US	FOMC Rate Decision (Upper Bound)		3.75%
	6:45	NZ	GDP SA QoQ	2Q	0.80%
	8:30	SI	Non-oil Domestic Exports YoY	Aug	24.20%
	17:00	EC	CPI YoY	Aug F	3.30%
	19:00	UK	Bank of England Bank Rate		3.75%
	20:30	US	Philadelphia Fed Business Outlook	Sep	47.4
	20:30	US	Initial Jobless Claims	12 Sep	206k
	20:30	US	Housing Starts MoM	Aug	-12.40%
	20:30	US	Building Permits MoM	Aug P	4.30%
	22:00	US	Pending Home Sales MoM	Aug	-2.30%
18-Sep	7:01	UK	GfK Consumer Confidence	Sep	-14
	7:30	JN	Natl CPI YoY	Aug	1.90%
	12:00	MA	CPI YoY	Aug	1.80%
	12:00	MA	Exports YoY	Aug	38.00%
	14:00	UK	Retail Sales Inc Auto Fuel MoM	Aug	-0.50%
	21:15	US	Industrial Production MoM	Aug	0.20%
	22:00	US	Leading Index	Aug	0.20%
		JN	BOJ Target Rate		1.00%

Source: Bloomberg

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