Global Markets Research

Weekly Market Highlights

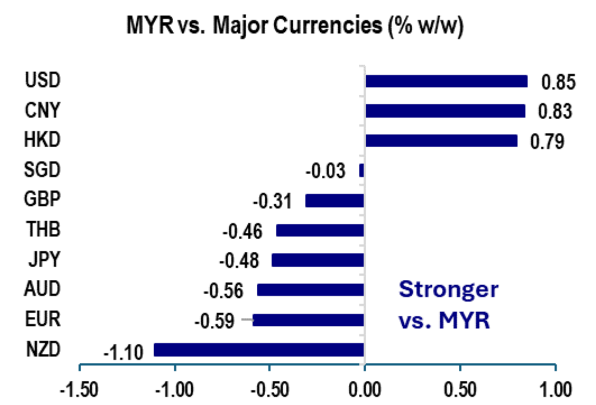
Market

	Last Price	WOW%	YTD %
Dow Jones Ind.	51,778.04	-0.55	7.73
S&P 500	7,637.76	0.61	11.57
FTSE 100	10,816.14	1.95	8.91
Hang Seng	24,604.29	-1.40	-4.00
KLCI	1,674.74	-1.80	-0.32
STI	5,660.52	-0.51	21.83
Dollar Index	100.25	1.21	1.96
WTI oil ($/bbl)	101.91	-0.56	77.48
Brent oil ($/bbl)	104.82	-2.61	72.26
Gold (S/oz)	4,365.50	-0.19	0.13
CPO (RM/ MT)	4,712.00	2.48	17.58
Copper ($$/MT)	14,491.50	1.81	16.65
Aluminum($/MT)	3,301.50	0.24	10.22

Source: Bloomberg

- **Crude oil prices snapped their winning streaks; US stocks closed mixed:** A hawkish hike by the FOMC, although expected, unnerved markets and prompted a sell-off in both treasuries as well as equities in Wall Street. The 3 major US equity indices fell as much as 1.2% d/d on D-Day but quickly rebounded the next day, sending the 3 major equity indices closing mixed on a weekly basis. Crude oil prices, meanwhile, continued to fluctate between gains and losses following news of the shutdown of a critical Saudi oil pipeline, but closed the week lower amid tentative sign supply disruptions in the Middle East are beginning to ease, calming supply fears.
- **China's lending rates and September PMIs up on deck for the majors:** It will be a relatively quiet week ahead both in terms of economic data and monetary policies. China banks are nonetheless expected to maintain their 1Y and 5Y lending rates unchanged at 3.00% and 3.50%, while preliminary PMIs for the majors with provide us on more insights on how their economies have fared at the end of 3Q. US will also release the durable and capital goods order for August. and these will be accompanied by the August new home sales data and the final University of Michigan Sentiment index. Similarly, consumer confidence numbers is also due for the Eurozone, while Singapore will release its inflation print for the same month.

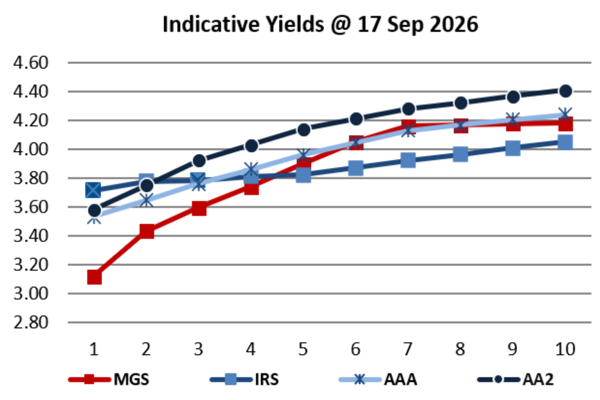
Forex



Source: Bloomberg

- **MYR**: The ringgit softened for a third consecutive week, dropping -0.9% (prior: -0.6%) to 4.0995 from 4.0650 the prior week, triggered by the Federal Reserve's hawkish rate hike on Thursday, which lifted the USD across the board, compounded selling pressure on the ringgit. Against the rest of the G10 and major regional currencies, the MYR had a mixed week, losing ground versus CNH (-0.8%) and HKD (-0.8%), while outperforming most sharply against the NZD (-1.10%), EUR (-0.6%), and AUD (-0.6%). We are **neutral on USD/MYR** for the coming week, foreseeing a possible trading range of **4.06 – 4.11**. The week ahead is a crucial one domestically, with August CPI (consensus: 1.8% YoY) and the August trade balance (consensus: MYR 24.8bn) both due at noon today, that will offer the first read on how external demand and price pressures are tracking into 3Q.
- **USD**: The DXY surged higher this week, climbing by 1.2% to 100.25 from 99.05 the prior week, driven by a hawkish Federal Reserve rate decision and a string of stronger-than-expected US economic data. The data backdrop reinforced the hawkish narrative: August core CPI came in at 0.3% MoM (above the 0.2% consensus), retail sales for August surged 1.2% MoM (well above the 0.8% expected), and initial jobless claims for the week of September 12 fell to 196k (below the 206.5k consensus). We are **neutral-to-slightly bullish on the USD** for the week ahead, eyeing a probable trading range of **99.50 – 100.80** for the DXY. The coming week is relatively light on tier-one US data, with industrial production and the Conference Board leading index due today, followed by flash September PMIs on Tuesday, and durable goods orders and the final University of Michigan sentiment reading on Thursday, the latter of which will be watched closely given the sharp deterioration in the preliminary print.

Fixed Income



Source: Bloomberg/ BPAM

- **UST:** US Treasuries saw immense selling pressure in the run-up to FOMC meeting, driving yields up to fresh multi-years highs, before staging a sharp recovery post-FOMC. The FOMC delivered a hawkish 25bps hike in a unanimous 12-0 vote as widely expected. Market is currently pricing in slightly more than one hike (31bps) from the FOMC by year end vs the Fed's dot plot and our expectation of one more 25bps hike. **Overall benchmark yields ended mixed between -8 to +8bps w/w** (prior: 12 to 25bps higher) as of the close of business on Thursday, with the UST curve flattening for a 4th consecutive week. The benchmark 2Y UST yield rose by 8bps for the week to 4.66% while the benchmark 10Y UST yield edged down by 3bps to 4.93%, pulling back from its intra-week high of 5.02%. **We expect USTs to trade on a more constructive note for the coming week.** The week ahead sees the first glimpse of September PMIs, as well as industrial production and durable goods orders, to offer more clues on how the US economy is holding up amid reescalation of geopolitical tension and resurging global energy prices.
- **MGS/GII:** Local government bonds traded mixed in a holiday-shortened week, amid event risk from FOMC meeting. Trading in local govvies eventually rallied post-FOMC's hawkish hike, halting days of selloffs. The announcement of the reopening sale of 7Y MGS 4/33 also infused some life into the local bond market. Overall benchmark MGS/ GII yields closed the week mixed between -11 to +10bps (prior: 10-24bps higher). The benchmark 5Y MGS 6/31 yield rose for the 4th straight week, by 9bps to 3.91%, while the benchmark 10Y MGS 7/35 closed unchanged at 4.13%, after rising 21bps the preceding week. Secondary market activity fell for the week, with the average daily secondary market volume for MGS/GII falling by 8% to RM5.84bn (prior: RM6.38bn). Trading for the week was led by the benchmark 10Y MGS 7/35, off-the-run MGS 11/26 and GII 9/26. GII trades totaled 36% of government bond trading for the week, down from 40% the week before. **For the week ahead, we expect the MGS/GII markets to tread on a steadier note**. The re-opening auction of the benchmark 7Y MGS 4/33 next Monday, with an issuance size of RM5bn as per our expectations, will be in focus.

Macroeconomic Updates

- **Crude oil prices snapped their winning streaks; US stocks closed mixed:** A hawkish hike by the FOMC, although expected, unnerved markets and prompted a sell-off in both treasuries as well as equities in Wall Street. The three major US equity indices fell as much as 1.2% d/d on D-Day with interest-sensitive stocks like financials, real estate and consumers notably hit, but quickly rebounded the next day, sending the three major equity indices closing mixed on a weekly basis. While the Dow closed the week 0.5% w/w lower, the S&P 500 and Nasdaq closed up 0.6% w/w and 1.3% w/w. Crude oil prices, meanwhile, continued to fluctate between gains and losses following news of the shutdown of a critical Saudi oil pipeline, but closed the week 0.6-2.6% w/w lower amid tentative sign supply disruptions in the Middle East are beginning to ease, calming supply fears.

- **FOMC delivered a hawkish hike:** As mentioned, the FOMC voted to increase the fed funds rate by 25bps to 3.75-4.00%. The decision was unanimous and within expectations especially after August retail sales data (1.2%m/m vs -0.5% m/m) showed that consumers are holding up despite elevated inflationary and energy price pressure. Headline inflation expectedly acelerated to 0.4% m/m (Jul: 0.1% m/m), spurred by a rebound in energy prices (2.1% vs -1.5% m/m), while core CPI staged a surprised pick-up to 0.3% m/m (Jul: 0.2% m/m). Import prices also jumped 0.7% m/m and 7.0% y/y (prior: -0.3% m/m and 6.1% y/y), its highest since August 2022, while the University of Michigan's inflation expectations increased 4.6% for the 1Y (Aug: 4.0%) and 3.4% for the 5-10 years (Aug: 3.3%) in September, keeping inflation risks intact.

  Indeed, these data were in line with FOMC members' view that the economy is still expanding at a solid pace and while uncertainty is elevated partially due to the geopolitical developments, domestic spending has been resilient. More importantly, with FOMC shifting to a hawkish stance to "support a timelier return to the Committee's 2.0% inflation goal," we opine that the Fed will deliver one more rate hike this year (in line with the dot plot and market pricing) and hold in 2027 given the trade off from 2026's hike(s).

- **BOE delivered a hawkish pause:** In contrast, the BOE, in a 6-3 majority vote, held the Bank Rate unchanged a 3.75%, with three members voting to increase the policy rate by 25bps to 4.00%. The overriding message was clear. While the policy makers opined that there has been little evidence so far of material second-round effects in price and wage-setting, they were notably concerned over inflationary pressure, and as such, a November rate hike remains on the table and will depend entirely on energy prices. We are maintaining our view for a pause for now but acknowledge that probability of a hike has increased.

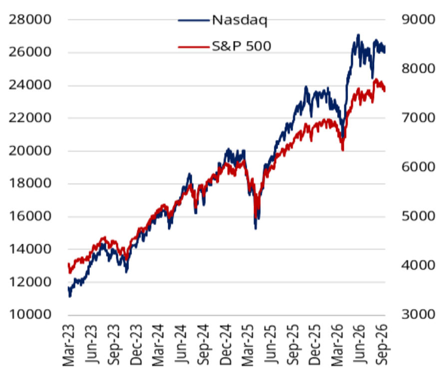
  Data so far showed that the economy recorded stronger economic growth of 0.4% m/m in July (prior: 0.3% m/m), while headline CPI accelerated to 3.1% y/y and 0.5% m/m in August (prior: 2.9% y/y and 0.3% m/m). There was little sign of energy shock broadening to other parts of the inflation system, with services inflation steady and below forecast at 3.4% y/y. We also opine that the lacklustre labour data (payrolled employees: -26k vs -19k, job vacancies fell 8k to a fresh 5Y low of 702k, unemployment rate and wage growth excluding bonuses held steady at 4.9% and 3.5% y/y in July) will help to contain demand-pull inflation going forward.

- **Chinese banks likely to maintain rates next week:** It will be a relatively quiet week ahead both in terms of economic data and monetary policies after BOJ's decision later today (market is pencilling a rate hike of 25bps to 1.25%). In terms of monetary policies, Chinese banks are expected to maintain their 1Y and 5Y lending rates unchanged at 3.00% and 3.50% despite August economic indicators continue to show divergence in China's economy. Consumer spending (retail sales: 0.4% y/y vs 0.6% y/y) and investment (FAI: -7.2% y/y) continued to languish, while credit expansion (aggregate financing), fell short of forecast again at 1.7tn yuan, the latter as persistent weakness in the housing market continues to weigh on household loans, while weak business confidence continues to weigh on corporate financing. On a positive note, industrial output growth accelerated more than expected by 5.2% y/y (prior: 4.5% y/y), largely thanks to the strength of AI-driven exports.

  With this and headwinds from fluctuating commodity prices and straining supply chain, the latest data suggest that 2026 could potentially dip below China's official growth target of 4.5% y/y. Broad-based stimulus remains unlikely in our opinion nonetheless, and there is no change in our view that China commercial banks will keep its lending rates unchanged the coming week.

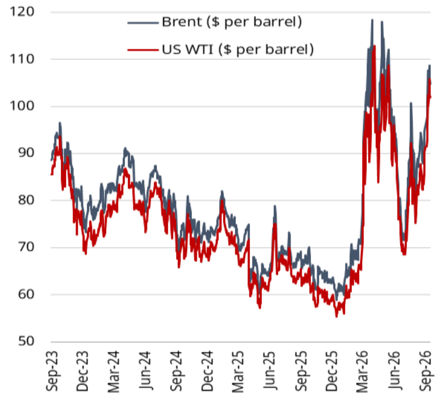
- **September PMIs up on deck for the majors:** Data wise, all eyes will be on the preliminary PMIs for the majors with more clues on how their economies have fared both on the manufacturing and services sectors at the end of 3Q. US will also release the durable and capital goods order for August, an insight to capex, and these will be accompanied by the August new home sales data and the final University of Michigan Sentiment index. Similarly, consumer confidence numbers are also due from the Eurozone, while Singapore will release its inflation print for the same month.

Elevated bond yields and a hawkish Fed weighed on US stocks for most of the week



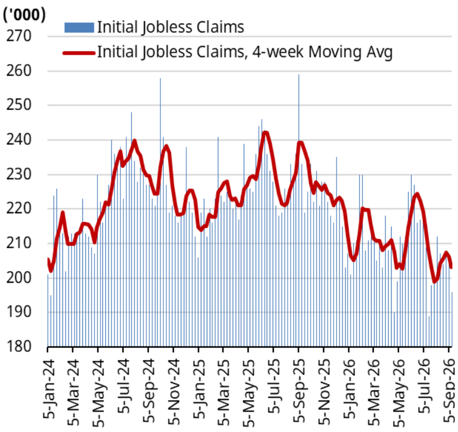
Source: Bloomberg

Global crude oil prices eased on calmer supply disruption fears but remained elevated above $100/ barrel



Source: Bloomberg

Initial jobless claims dipped below 200k for the first time since July; partially distorted by the Labour Day holiday and continues to point to a stable labour market



Source: Bloomberg

Foreign Exchange

- **MYR**: The ringgit softened for a third consecutive week, dropping -0.9% (prior: -0.6%) to 4.0995 from 4.0650 the prior week, triggered by the Federal Reserve's hawkish rate hike on Thursday, which lifted the USD across the board, compounded selling pressure on the ringgit. Against the rest of the G10 and major regional currencies, the MYR had a mixed week, losing ground versus CNH (-0.8%) and HKD (-0.8%), while outperforming most sharply against the NZD (-1.10%), EUR (-0.6%), and AUD (-0.6%). We are **neutral on USD/MYR** for the coming week, foreseeing a possible trading range of **4.06 – 4.11**. The week ahead is a crucial one domestically, with August CPI (consensus: 1.8% YoY) and the August trade balance (consensus: MYR 24.8bn) both due at noon today, that will offer the first read on how external demand and price pressures are tracking into 3Q.

- **USD**: The DXY surged higher this week, climbing by 1.2% to 100.25 from 99.05 the prior week, driven by a hawkish Federal Reserve rate decision and a string of stronger-than-expected US economic data. The data backdrop reinforced the hawkish narrative: August core CPI came in at 0.3% MoM (above the 0.2% consensus), retail sales for August surged 1.2% MoM (well above the 0.8% expected), and initial jobless claims for the week of September 12 fell to 196k (below the 206.5k consensus). The University of Michigan's preliminary September sentiment index, however, slumped to 47.8 from 51.7, with one-year inflation expectations jumping to 4.6% (above the 4.2% consensus), suggesting consumer confidence is fraying under the weight of elevated prices. We are **neutral-to-slightly bullish on the USD** for the week ahead, eyeing a probable trading range of **99.50 – 100.80** for the DXY. The coming week is relatively light on tier-one US data, with industrial production and the Conference Board leading index due today, followed by flash September PMIs on Tuesday, and durable goods orders and the final University of Michigan sentiment reading on Thursday, the latter of which will be watched closely given the sharp deterioration in the preliminary print.

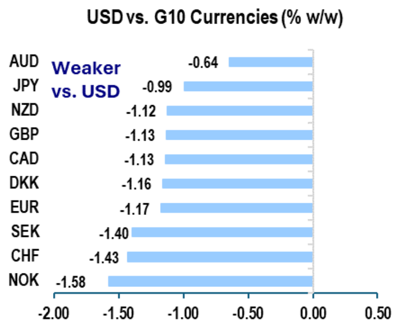
- **EUR**: The EUR retreated sharply this week, declining by 1.2% to 1.1476 from 1.1612 the prior week, as the USD's broad-based rally following the Fed's hawkish hike overwhelmed the EUR's own positive catalyst. The ECB raised its deposit rate by 25bps to 2.50% on Thursday, September 10, its second hike since the outbreak of the Iran war drove energy prices higher. A flurry of ECB speakers through the week kept the October meeting firmly in play: Governing Council members Nagel and Makhlouf both signalled that further tightening remains possible. On the data front, the final Eurozone CPI for August was revised slightly lower to 3.2% YoY from the 3.3% flash estimate, while the July trade balance came in better than expected at EUR 5.0bn (SA) and industrial production for July was broadly flat at -0.1% MoM (a slight beat versus the -0.2% consensus). We are **neutral-to-slightly bearish on EUR/USD** for the coming week, looking at a likely trading range of **1.1400 – 1.1550**. The week ahead features the flash September PMIs for the Eurozone on Tuesday, (manufacturing consensus: 52.3, services: 51.1), Eurozone consumer confidence, as well as continued ECB-speak, which will be scrutinised for any firming of guidance around an October hike.

- **GBP**: The pound fell against the USD this week, declining by 1.1% to 1.3359 from 1.3512 the prior week, as the Bank of England's decision to hold rates steady contrasted with the Fed's hawkish hike, widening the policy divergence and weighing on sterling. The hold came despite UK CPI for August rising to a five-month high of 3.1% YoY (from 2.9% in July), driven by motor fuel and airfares, with the data released just a day before the decision. On the positive side, UK monthly GDP for July surprised to the upside at +0.4% MoM (versus a flat consensus), manufacturing production rose 0.9% MoM, and the trade balance narrowed sharply to -GBP 3.45bn from -GBP 5.54bn previously. The labour market, however, showed signs of softening, with payrolled employees falling by 26.1k in August (well below the -5k consensus) and jobless claims rising by 27.8k. We are **neutral-to-slightly bearish on GBP/USD** for the coming week, foreseeing a possible trading range of **1.3200 – 1.3500**. The week ahead sees UK retail sales for August due today, (consensus: -0.15% MoM), followed by the flash September PMIs on Tuesday, and GfK consumer confidence on Thursday, (consensus: -16.0), all of which will inform the debate around whether the BOE moves in November.

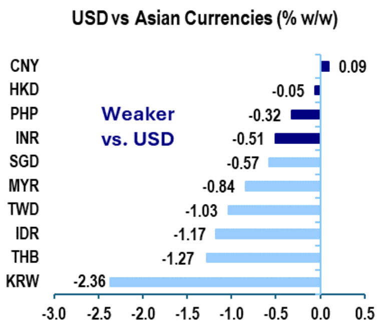
- **JPY**: The Japanese yen depreciated against the USD this week, with USD/JPY rising by 1.0% to 155.97 from 154.42 the prior week, as the Federal Reserve's hawkish hike and upward revision to its rate path widened the US-Japan interest rate differential and overshadowed the near-certain prospect of a BOJ rate increase. On the data front, Japan's August trade balance deteriorated, while July final industrial production was revised to -0.2% MoM. Japan's national CPI ex-fresh food for August, released on Friday morning, slowed to 1.7% YoY from 1.8%, slightly below expectations, though this was largely attributed to government subsidies and did not materially alter the BOJ's tightening calculus. We are **neutral on USD/JPY** for the coming week, eyeing a probable trading range of **154.00 – 158.50**. The key event is the BOJ rate decision itself today, where the market will focus less on the hike, which is fully priced, and more on Governor Ueda's press conference for signals on the pace of future tightening.

- **AUD**: The Aussie fell against the USD this week, declining by 0.6% to 0.7111 from 0.7157 the prior week, as the broad USD rally following the Fed's hawkish hike weighed on the pair, compounded by a softening in domestic Australian data. Consumer inflation expectations for September held steady at 4.9%, unchanged from the prior month while the Westpac leading index for August dipped to -0.04% MoM from +0.03% previously, turning negative for the first time in several months and pointing to a modest loss of economic momentum. We are **neutral on AUD/USD** for the coming week, looking at a likely trading range of **0.7025 – 0.7200**. The week ahead is headlined by the August employment report on Thursday, where the consensus looks for a rebound of +20k jobs after the prior month's surprised contraction, with the unemployment rate expected to hold at 4.5%, a stronger-than-expected print could provide some support to the AUD, while another miss would reinforce the bearish bias.

- **SGD**: SGD was weaker this week, depreciating by -0.6% as the USD/SGD went to 1.2754 from 1.2681 the prior week. The SGD was swept up in the broad USD strength that followed the Fed's hawkish rate hike, despite a very strong domestic trade print. Singapore's non-oil domestic exports for August surged 46.2% YoY, well above the 35.1% consensus and accelerating sharply from the 24.2% prior reading, with electronics exports rising 131.8% YoY, underscoring the continued strength of the external sector. We are **neutral-to-slightly bullish on USD/SGD** for the coming week, foreseeing a possible trading range of **1.2700 – 1.2850**. The week ahead sees the release of Singapore's August CPI on Tuesday, (consensus: 2.35% YoY, up from 2.2% prior), which will be watched for any signs of broadening price pressures that could influence the Monetary Authority of Singapore's policy stance at its October review.



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

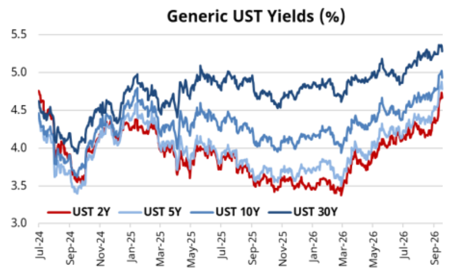
Fixed Income

- **UST:** US Treasuries saw immense selling pressure in the run-up to FOMC meeting, driving yields up to fresh multi-years highs. This mishap however staged a sharp recovery post-FOMC, pushing yields down to a mixed close for the week. The FOMC unanimously voted 12-0 to raise the Fed funds rate by 25bps to 3.75-4.00% as widely expected, and struck a hawkish tone signaling another 25bps hike is on the cards by year end which coincides with our house view. Meanwhile, market is currently pricing in slightly more than one hike (31bps) from the FOMC by year end. **Overall benchmark yields ended mixed between -8 to +8bps w/w** (prior: 12 to 25bps higher) as of the close of business on Thursday, with the UST curve flattening for a 4th consecutive week. The 2/10 spread narrowed to its smallest in 2.5 months, at 27bps as the Thursday's close. The benchmark 2Y UST yield rose by 8bps for the week to 4.66% while the benchmark 10Y UST yield edged down by 3bps to 4.93%, pulling back from its intra-week high of 5.02%. **We expect USTs to trade on a more constructive note for the coming week.** The week ahead sees the first glimpse of September numbers, from PMI manufacturing and services, as well as industrial production and durable goods orders fort the month of August, to offer more clues on how the US economy is holding up amid reescalation of geopolitical tension and resurging global energy prices.

- **MGS/GII:** Local government bonds traded mixed in a holiday-shortened week, amid event risk from FOMC meeting pending better clarity in monetary policy direction, and in the absence of any data flow domestically. Trading in local govvies eventually rallied post-FOMC's hawkish hike, halting days of selloffs. The announcement of the reopening sale of 7Y MGS 4/33 also infused some life into the local bond market. Overall benchmark MGS/ GII yields closed the week mixed between a wide range of -11 to +10bps as at Thursday's close (prior week: 10-24bps higher). The benchmark 5Y MGS 6/31 yield rose for the 4th straight week, albeit by a smaller margin of 9bps (prior: 16bps) to 3.91%, while the benchmark 10Y MGS 7/35 closed unchanged at 4.13%, after rising 21bps the preceding week. Secondary market activity fell for the week, with the average daily secondary market volume for MGS/GII falling by 8% to RM5.84bn for the week in review versus the daily 4veragee of RM6.38bn seen the prior week. Trading for the week was led by the benchmark 10Y MGS 7/35, which saw RM2.99bn transacted. Sizeable transactions were also noted in off-the-run MGS 11/26 and GII 9/26 which saw RM2.93bn and RM2.57bn changing hands respectively. GII trades totaled 36% of government bond trading for the week, down from 40% the week before. **For the week ahead, we expect the MGS/GII markets to tread on a steadier note** after markets digested the latest bout of central banks' policy decisions and potentially continue to consolidate from recent sharp selloffs, which may attract bargain hunters. The re-opening auction of the benchmark 7Y MGS 4/33 next Monday, with an issuance size of RM5bn as per our expectations, will be in focus.

- **MYR Corporate bonds/ Sukuk**: Trading in the secondary corporate bond/sukuk market was little changed for the week in review. Average daily volume traded fell marginally from RM0.69bn to RM0.68bn). Trading for the week was again led by the AA-rated segment of the market (44% of total trades in the corporate bond space), followed by the AAA-rated issuances which made up a quarter of total trades while trading interests in GG-papers were soft, with the bulk of the trades concentrated on Prasa 7/46 and 7/48, which saw RM30m changed hands each, at 4.64% and 4.69% respectively. Back on to the AA-rated segment, UEMS 6/27 dominated with RM90m last dealt at 3.90%. SP Setia IMTN 6/28 followed with RM70m done, while SP Setia IMTN 4/29 saw RM65m done between 4.22-4.40%. In the AAA-rated space, ALR IMTN 10/26 led the pack with RM150m changed hands, last traded at 3.72%>. Banking names attracted decent interests accounting for 22% of total trades done in the corporate bonds/ sukuk market during the week. Of note, AA-rated RHB 11/28 led the pack with RM175m changed hands at 4.14-4.19%.

- **Singapore Government Securities:** SGS were sold off across the curve in the week in review, taking cue from the broad weakness in global bond markets. This was despite a surprisingly strong pick-up in exports for the month of August (46.2% vs 24.1% y/y), spearheaded by continuous spike in E&E exports (131.8% vs 112.0% y/y). Benchmark yields closed the week higher across the curve by 9-16bps (prior week: -3 to +1bp) as at Thursday's close, led by the front end, hence bear flattening the curve. **The benchmark SGS 2Y yield rose by 16bp for the week to 1.86%, while the benchmark SGS 10Y yield added 10bps to 2.49%.** The selloffs in the bonds resulted in Bloomberg's Total Return Index unhedged SGD falling by 0.8% for the week (prior week: 0.3%). The coming week brings the release of CPI for August, which is expected to show quicker price gain as a result of the renewed surge in global oil prices.



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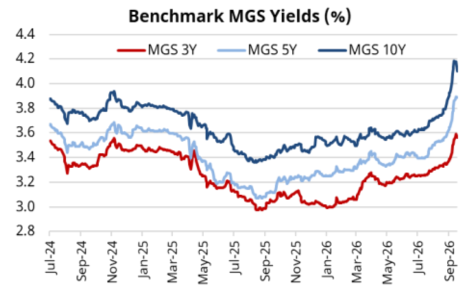

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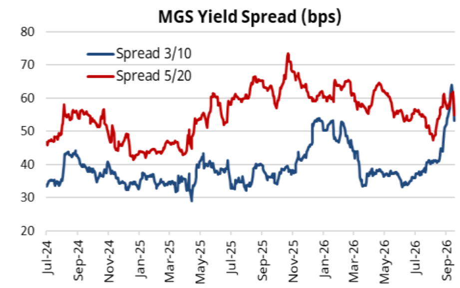

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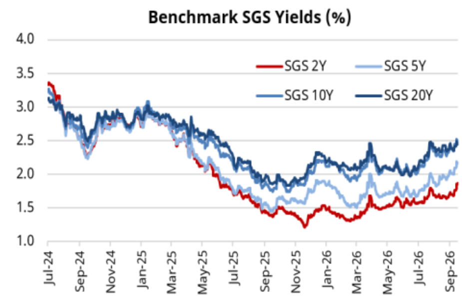


Source: Bloomberg

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
West Coast Expressway Sdn Bhd	RM1bn Guaranteed Sukuk Murabahah Programme (2015/2036)	AAA(bg)/Stable	Affirmed
Gabungan AQRS Berhad	Long-term rating of RM200 million Islamic Commercial Papers/ Islamic Medium-Term Notes (ICP/IMTN) Programmes	A/Negative	Outlook revised
Tropicana Corporation Berhad	RM1.5bn Islamic Medium-Term Notes (IMTN) (Sukuk Wakalah-2020)	A/Positive	Affirmed
	RM1.5bn IMTN (Sukuk Wakalah-2024)	A/Positive	Affirmed
	RM2.0bn Perpetual Sukuk Programme	A-/Positive	Affirmed
Sunway Berhad	Long-term rating of RM2bn Commercial Papers/ Medium-Term Notes (CP/MTN) Programme	AA/Stable	Upgraded
Sunway Treasury Sukuk Sdn Bhd	RM5bn Perpetual Sukuk Programme	A+/Stable	Upgraded
	RM10bn IMTN Programme with Al-Kafalah guarantee from Sunway Berhad	AA/Stable	Upgraded
	Long-term rating of RM 3bn Islamic Commercial Papers/ Islamic Medium-Term Notes (ICP/IMTN) Programme	AA/Stable	Upgraded
China Construction Bank (Malaysia) Berhad	Long-term financial institution (FI) rating	AAA/Stable	Upgraded
Mah Sing Group Berhad	Islamic Medium-Term Notes (IMTN) Programme (Sukuk Murabahah Programme) of up to RM2bn in nominal value	AA-/Stable	Assigned
Guan Chong Berhad	RM800.0 million Sukuk Wakalah Programme	AA-IS	Affirmed
TH Properties Sdn Berhad	Islamic Medium Term Notes Programme	AA+IS (Stable)	Assigned

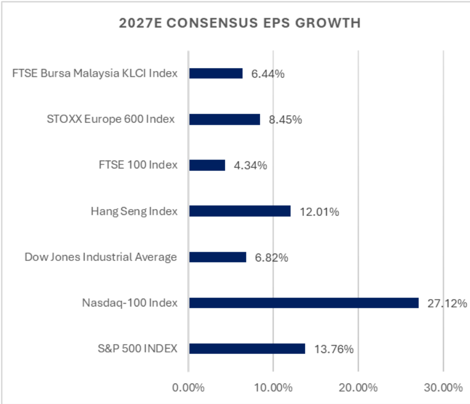
Source: MARC/RAM

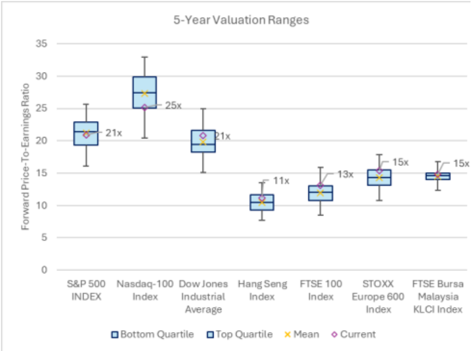
Equities

- **US**: The Federal Reserve raised the federal funds rate by 25 basis points to a target range of 3.75%–4.00% in a unanimous vote, which is the defining event of the week and the culmination of weeks of market anticipation. Equities fell on Fed Day as the hawkish dot plot and Chair Warsh's rhetoric on inflation weighed on sentiment, with the Dow losing 1.2% in that session alone. The S&P 500 rallied 1.1% the following day, its best single-day gain in six weeks, with nine of eleven sectors closing higher and the Magnificent Seven gauge reaching its highest level since May. The highly anticipated hike soothed the bond markets which provided a sense of calm for equities overall. Consequently, for the week: S&P 500 **+0.6%**, Nasdaq **+1.3%**, Dow **-0.6%**. The other dominant theme was an AI sentiment shock mid-week, when Anthropic's CEO urged the industry to slow advanced AI model development, sending the Philadelphia Semiconductor Index down 5.9% in a single session and rattling the broader tech trade. The damage proved temporary: Nvidia CEO Jensen Huang's projection that chip sales would double next year helped stabilise sentiment by week's end, and a key gauge of chipmakers climbed 3.1% on 17 September. Bank of America's warning that trading revenue would be "relatively flat" year-on-year weighed on financials. US earnings estimate upgrades extended to a 21st consecutive week, the longest run since September 2021, providing a fundamental underpinning even as macro headwinds intensified. With the September hike now delivered, the market's focus shifts to the pace and terminal level of the current tightening cycle. Money markets are pricing approximately a 50% probability of an October follow-through hike - any Fed communication that firms or softens that probability will be the primary equity driver. Oil trajectory remains the key macro wildcard: Brent's retreat toward $102–105 from its $109+ peak provided this week's relief, but the geopolitical risk premium has not been fully extinguished. The AI investment cycle reassessment, triggered by Anthropic's call for slower model development, warrants monitoring; if it broadens to include capex guidance revisions from hyperscalers, the read-through for semiconductors and data centre infrastructure would be significant. **We are cautiously bullish as markets enter a seasonally bearish period in the next two weeks before the Q4 rally**.

- **Asia**: The FOMC hike and the AI sentiment shock combined to make this the worst week for Asian equities since the BOK rate hike in late August, with every index in the region declining. Korea bore the heaviest losses: the KOSPI fell **-4.5%**, reversing a significant portion of the prior week's AI-driven surge. The AI slowdown fears that hit mid-week were particularly damaging for Korean memory names: SK Hynix fell **-5.7%** and Samsung Electronics **-5.3%**, as calls from AI leaders to slow advanced model development raised questions about the durability of the HBM demand cycle that had underpinned the prior week's rally. The KOSPI was flagged as the index most exposed to AI sentiment swings given the outsized weight of memory names. Hong Kong fell **-1.4%**, compounded by the HKMA's automatic 25bp rate hike to 4.25% in lockstep with the Fed, the first such move since 2023, which sent property developers sharply lower: Sun Hung Kai Properties fell **-7.3%** and Hang Lung Properties **-4.6%** as concerns mounted over higher borrowing costs derailing the nascent housing recovery. Asian bank stocks were also broadly weaker following BofA's trading revenue warning. Meituan fell **-2.5%**, Baidu **-2.0%**, and Alibaba **-1.7%**. Hong Kong's Chief Executive unveiled the city's inaugural five-year development plan, targeting a near-doubling of innovation spending to 3% of GDP, a new offshore yuan bond index, and a global gold hub - structural positives that provided little near-term price support. The CSI 300 declined **-1.9%**, with industrials leading losses. Huawei was reported to be accelerating the launch of a new AI chip to compete with Nvidia, a development that reinforces the domestic AI infrastructure theme but adds competitive pressure on the broader ecosystem. An upcoming Xi-Trump meeting was flagged as the key geopolitical catalyst for the week ahead. **We are cautiously bearish** - FOMC and AI sentiment headwinds dominate; Xi-Trump meeting is the key upside catalyst, but the base case is continued range-bound trading with downside risk in Korea and Hong Kong.

- **Malaysia**: The KLCI extended its losing streak to a fifth consecutive week, falling **-1.8%,** its sharpest weekly decline in the series, as the FOMC hike, a weakening ringgit, and persistent foreign selling compounded one another. A brief respite emerged mid-week when bargain hunting lifted the KLCI 0.7% to 1,698.01, snapping a four-day losing streak, but the recovery proved short-lived as the Fed decision and its ringgit implications reasserted selling pressure. Sector performance was sharply split. Plantation **+0.6%** and telecommunications **+0.2%** were the only two gainers. Construction was the worst performer at **-3.8%**, followed by utilities **-2.7%** and technology **-2.6%**. The week's most notable domestic positive was the signing of a $6B bilateral swap arrangement between Bank Negara Malaysia and the Bank of Japan, effective 18 September, a financial stability backstop that signals deepening Malaysia-Japan monetary cooperation and provides a buffer against acute ringgit stress. On the corporate side, Petronas Carigali and Thailand's PTT received government approvals for a new production-sharing contract covering Block A-18-01 in the Malaysia-Thailand Joint Development Area, reinforcing Malaysia's upstream energy pipeline. Among single stocks, Petronas Chemicals was the week's standout gainer at **+5.7%**, sustaining its oil-price-driven re-rating from the prior week. Kerjaya Prospek added **+3.3%**, continuing to benefit from its record MYR 3.23bn year-to-date contract wins. Telekom Malaysia was the week's worst large-cap performer at **-4.7%**, reversing the prior week's AI initiative-driven gains as the FOMC hike and ringgit weakness weighed on sentiment. KPJ Healthcare fell **-4.8%**, continuing to unwind the leadership departure overhang. The FOMC's signal of a further hike this year is the dominant external risk, any additional ringgit weakness beyond 4.10 would intensify foreign equity outflow pressure and raise the prospect of BNM being forced to respond. The plantation sector faces a near-term headwind from rising inventory, with August stocks at 2.82mn tonnes and a stock-to-usage ratio of 13.9%, though downstream oleochemical margins are improving quarter-on-quarter.





Economic Calendar

Date	Time	Country	Event	Period	Prior
21-Sep	7:01	UK	Rightmove House Prices YoY	Sep	-1.00%
	9:00	CH	1-Year Loan Prime Rate		3.00%
	9:00	CH	5-Year Loan Prime Rate		3.50%
	20:30	US	Chicago Fed Nat Activity Index	Aug	-0.08
22-Sep	20:30	US	Philadelphia Fed Non-Manufacturing Activity	Sep	-10.6
	22:00	EC	Consumer Confidence	Sep P	-15.5
	22:00	US	Richmond Fed Manufact. Index	Sep	4
	22:00	US	Richmond Fed Business Conditions	Sep	-12
23-Sep	7:00	AU	S&P Global Australia PMI Mfg	Sep P	52
	7:00	AU	S&P Global Australia PMI Services	Sep P	53.2
	13:00	SI	CPI YoY	Aug	2.20%
	13:00	SI	CPI Core YoY	Aug	2.00%
	15:00	MA	Foreign Reserves		$132.0b
	16:00	EC	S&P Global Eurozone Manufacturing PMI	Sep P	52.7
	16:00	EC	S&P Global Eurozone Services PMI	Sep P	51.6
	16:30	HK	CPI Composite YoY	Aug	1.70%
	16:30	UK	S&P Global UK Manufacturing PMI	Sep P	51.7
	16:30	UK	S&P Global UK Services PMI	Sep P	52.5
	19:00	US	MBA Mortgage Applications	18 Sep	-4.10%
	21:45	US	S&P Global US Manufacturing PMI	Sep P	53.9
	21:45	US	S&P Global US Services PMI	Sep P	56.5
24-Sep	8:30	JN	S&P Global Japan PMI Mfg	Sep P	54.9
	8:30	JN	S&P Global Japan PMI Services	Sep P	52.5
	9:30	AU	Employment Change	Aug	-15.8k
	9:30	AU	Unemployment Rate	Aug	4.50%
	16:30	HK	Exports YoY	Aug	50.70%
	20:30	US	Initial Jobless Claims	19 Sep	196k
	22:00	US	New Home Sales MoM	Aug	-10.50%
	23:00	US	Kansas City Fed Manf. Activity	Sep	10
25-Sep	20:30	US	Durable Goods Orders	Aug P	1.10%
	20:30	US	Cap Goods Orders Nondef Ex Air	Aug P	0.00%
	22:00	US	U. of Mich. Sentiment	Sep F	47.8
	23:00	US	Kansas City Fed Services Activity	Sep	-3

Source: Bloomberg

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
HLMarkets@hlbb.hongleong.com.my