21 January 2026

Global Markets Research
Daily Market Highlights

21 Jan: Markets rattled by Greenland and Japan

Sell-off in global equities & bonds; DXY tumbled; gold spiked on haven bid
PBoC maintained lending rates; softer labour & wage data for the UK
Quicker gains for Malaysia's exports & CPI in December; MYR closed flattish

- Sell-off in global markets broadened and deepened overnight amid escalating tension between President Trump and European leaders over Greenland. In the equity space, the Dow shed 1.8% d/d, while the S&P 500 and Nasdaq lost 2.1% d/d and 2.4% d/d respectively. The CBOE Volatility Index (VIX), known Wall Street's "fear gauge," spiked to a high last seen in November.
- Sentiment was equally dented in the rest of the world. Nikkei 225 led losses in the Asia region with a 1.1% d/d, with the snap election adding to political uncertainty and Prime Minister Sanae Takaichi's plan to cut taxes raising fiscal worries. Hang Seng and CSI 300 also slid 0.3% d/d each.
- In Europe, Stoxx 600 closed 0.7% d/d lower. France's CAC 40 tumbled 0.6% d/d, with shares of LVMH, which owns Moët & Chandon, Dom Pérignon and Veuve Clicquot, and Remy Cointreau amongst the hardest hit by Trump's threat of a 200% tariffs on French wine and champagne after French President Emmanuel Macron was reported to be unwilling to join Trump's "Board of Peace."
- "Sell America" trade was equally notable in other US assets. The sell-off in Treasuries saw yields jumping 1-9bps across the curve. The 2Y yield closed up 1bps to 3.60%, while the 10Y jumped 7bps to 4.29%. In addition, a rout in long-term JGBs that pushed 40Y yields to a record high above 4.0%, and reports that Danish pension fund AkademikerPension is planning to exit Treasuries further dampened appetite for USTs. 10Y European bonds also gained 1-4bps.
- In the forex space, the DXY fell 0.4% d/d to 98.64 amid concerns of a bigger trade rift between the US and Europe. Haven CHF (1.0% d/d) was the best performer in the G10 space, while JPY lagged, closing just below is flatline at 158.15 against the greenback. GBP strengthened to its intraday high of 1.3491 following the release of UK's labour print, but pared its gains to close 0.1% d/d stronger at 1.3439.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	48,488.59	-1.76
S&P 500	6,796.86	-2.06
NASDAQ	22,954.32	-2.39
Stoxx Eur 600	602.80	-0.70
FTSE 100	10,126.78	-0.67
Nikkei 225	52,991.10	-1.11
CSI 300	4,718.88	-0.33
Hang Seng	26,487.51	-0.29
Straits Times	4,828.00	-0.14
KLCI 30	1,699.06	-0.77
FX		
Dollar Index	98.64	-0.39
EUR/USD	1.1725	0.68
GBP/USD	1.3439	0.10
USD/JPY	158.15	0.03
AUD/USD	0.6737	0.34
USD/CNH	6.9557	-0.01
USD/MYR	4.0553	0.01
USD/SGD	1.2840	-0.08
USD/KHR	4,025.00	0.05
USD/THB	31.08	-0.58
Commodities		
WTI ($/bbl)	60.34	1.51
Brent ($/bbl)	64.92	1.53
Gold ($/oz)	4,765.80	3.71
Copper ($/MT)	12,753.50	-1.64
Aluminum($/MT)	3,107.50	-1.61
CPO (RM/tonne)	4,010.50	0.43

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 19 Jan for CPO*

- Regional currencies closed mixed against the greenback, but MYR closed little changed at 4.0553 following the release of a stronger than expected CPI and export prints from Malaysia. SGD strengthened 0.1% d/d to 1.2840.
- On the commodity front, on top of the spike in gold prices, crude oil also rose more than 1.0% d/d amid the temporary suspension of output at Kazakhstan's oil fields. Brent ended the day at $64.92/barrel and the WTI at $60.34/barrel.

IMF: 2026 GDP growth revised higher to 3.3% for 2026

- In its latest World Economic Outlook, the IMF revised its global GDP growth higher to 3.3% for 2026 (+0.2ppts) (2025: 3.3%) mainly due to the US (2.4% for 2026 vs 2.1% for 2025) and China (4.5% for 2026 vs 5.0% for 2025), both revised higher by 0.3ppt from the October forecasts. Accordingly, growth will be supported by technology investment as well as accommodative fiscal & monetary policies and financial condition. That said, the IMF did flag downside risks from the re-evaluation of technology expectations and escalation of geopolitical tensions. Global inflation is expected to ease from an estimated 4.1% in 2025 to 3.8% in 2026, although US inflation will return to target more gradually.

PBoC maintained policy rates as expected

- As expected, the People's Bank of China (PBoC) left its 1Y and 5Y lending rates unchanged at 3.00% and 3.50%. As we have highlighted in our Research Alert "China's GDP hit Beijing's 5.0% target for 2025" dated 19th January, the sharp slump in 4Q domestic demand could likely spur officials to ramp up its stimulus early this year and accordingly, have pencilled in a 20bps rate cut in lending rates for the whole of 2026 after yesterday's decision to leave rates unchanged.

ADP weekly report showed slower job gains; non-manufacturing activities in the Philadelphia region improved

- Mixed prints from the US. The ADP weekly employment change slowed to +8.0k for the week of 26th December as compared +11.25k the previous week, but the Philadelphia Fed Non-Manufacturing Activity index improved to -4.2 in January from -21.6 the prior month. The indicators for firm-level general activity, new orders, sales/revenues and employment all rose, while price indices eased but continue to signal general price increases. Overall, firms expect growth in the region over the next six months.

ZEW indices for the Eurozone and Germany improved sharply

- The ZEW index for the Eurozone rose sharply to 40.8 in January (prior: 33.7), while expectations for Germany strengthened to

59.6 from 45.8 the prior month. This could mark a turning point for sentiment, even for export-oriented industries which were slapped with additional tariffs by the US last weekend.

Softer labour prints for the UK reaffirms our 25bps rate cut bets by the BOE

- Labour data was broadly softer, with payrolls employee unexpectedly worsening to -43k in December from -33k previously, while unemployment held steady as expected near its 5Y high of 5.1% in November. In tandem with the softer print, average weekly earnings ex-bonus eased to 4.5% y/y from 4.6% previously, its slowest pace in 3.5 years, as pay growth for both private and public sector moderated, the latter partially due to base effect. With softer labour market a key focus by the BOE policy makers, who have warned in recent weeks that a downturn may be worsening and firms maybe cutting jobs, we maintain our view that the BOE will lower its policy rate by another quarter point by 1Q of the year.

Slightly positive leading index for Australia

- Leading index nudged up 0.08% m/m in December (prior: -0.02% m/m), with the recent uptick led by commodities and improved homebuilding outlook. While momentum remains a touch above trend, 'strong' reads still a long way off for Australia.

Exports growth unexpectedly quickened to 10.4% y/y for Malaysia; CPI picked up more than expected to 1.6% y/y

- The Department of Statistics released two indicators yesterday, external trade statistics and consumer price index (CPI), and both surprised on the upside. Exports defied expectations for a pullback and registered quicker growth of 10.4% y/y in December instead (Nov: +7.0% y/y), while imports growth tapered off less than expected to 12.0% y/y (Nov: +15.8% y/y). This brought about a wider trade surplus of RM19.3bn for the month, three times higher than the RM6.1bn in November.
- In a separate release, CPI reported a higher-than-expected reading of 1.6% y/y for the month of December (Nov: 1.4% y/y), with notable pick-ups in non-food (+1.6% vs +1.3% y/y) and services (+2.6% vs +2.4% y/y) inflation. This, coupled with the increase in core CPI to a 26-month high, at 2.3% y/y during the month (Nov: +2.2% y/y), offered tentative signs of some second-round price effects seeping through the system. That said, despite the upticks, inflation at current levels remained very well-contained and within the long run average, hence should not ring an alarm and alter policy outlook (Refer to

Research Alert “Quicker gains in exports and consumer prices in December” dated 20th January).

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	97-101	96.71	95.13	94.70	95.49
EUR/USD	1.15-1.18	1.20	1.22	1.22	1.21
GBP/USD	1.32-1.36	1.36	1.37	1.37	1.35
USD/CHF	0.78-0.82	0.78	0.78	0.78	0.78
USD/JPY	155-161	153	149	147	147
AUD/USD	0.65-0.69	0.68	0.69	0.70	0.69
NZD/USD	0.56-0.59	0.58	0.59	0.59	0.58
USD/CNY	6.96-6.99	6.90	6.83	6.85	6.90
USD/MYR	4.02-4.07	4.00	3.97	3.97	4.00
USD/SGD	1.27-1.30	1.26	1.23	1.23	1.24
USD/THB	31-32	32.2	32,1	32.0	30.8

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
EUR/MYR	4.7555	4.78	4.82	4.85	4.84
GBP/MYR	5.4644	5.44	5.45	5.45	5.41
AUD/MYR	2.7284	2.72	2.75	2.78	2.76
CNY/MYR	0.5827	0.58	0.58	0.58	0.58
SGD/MYR	3.1623	3.17	3.21	3.23	3.22

Rates, %	Current	1Q26	2Q26	3Q26	4Q26
Fed	3.50-3.75	3.50-3.75	3.25-3.50	3.00-3.25	2.75-3.00
ECB	2.00	2.00	2.00	2.00	2.00
BOE	3.75	3.50	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	0.75	0.75	1.00	1.00
RBA	3.60	3.60	3.60	3.60	3.60
RBNZ	2.25	2.25	2.25	2.25	2.25
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

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Date	Events	Prior
21-Jan	UK CPI Core YoY (Dec)	3.20%
	US MBA Mortgage Applications	28.50%
	US Construction Spending MoM (Oct)	0.002
	US Pending Home Sales MoM (Dec)	3.30%
22-Jan	JN Exports YoY (Dec)	6.10%
	AU Unemployment Rate (Dec)	4.30%
	MA Foreign Reserves	$125.5b
	MA BNM Overnight Policy Rate	2.75%
	HK CPI Composite YoY (Dec)	1.20%
	US GDP Annualized QoQ (3Q T)	4.30%
	US Personal Income (Nov)	0.40%
	US Personal Spending (Nov)	0.40%
	US Core PCE Price Index YoY (Nov)	2.80%
	US Initial Jobless Claims	198k
	EC Consumer Confidence (Jan P)	-13.1
	US Kansas City Fed Manf. Activity (Jan)	1

Source: Bloomberg

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