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Global Markets Research

Daily Market Highlights

1 Aug: Weaker sentiment amid tariff overhang

BOJ maintained policy rates but upped CPI forecasts; Ueda tight-lipped on future hikes
US core-PCE prices higher m/m on goods; consumer income and spending rebounded
13th Malaysia Plan: 4.5-5.5% GDP growth; 2-3% inflation; <3% fiscal deficit target by 2030

- US stocks slid overnight as tariff overhang and anxiety over economic outlook overshadowed strong results from megacap tech giants Microsoft and Meta Platforms. The 3 major equity indices lost 0-0.7% d/d ahead of Trump's August tariff deadline, while economic data showed that real consumer spending, while rebounded, grew a mere 0.1% m/m in June. The latest PCE price prints also showed glimpses of tariff impact on inflation. Elsewhere, Stoxx Eur 600 plunged 0.8% d/d, while Asian markets closed mostly in red save for the Nikkei 225 (+1.0% d/d).
- In the bond space, Treasuries steadied with the PCE reading offering few surprises. The 2Y yield closed the day 2bps higher at 3.96% while the 10Y closed just above its flatline at 4.37%. 10Y European bond yields fell 1-4bps after closing mixed the prior day.
- In the forex space, the DXY (+0.2% d/d to 99.97) inched higher, continuing to benefit from Powell's hawkish tone and the Dollar strengthened against most of its G10 peers save for the CHF, EUR and DKK (0-0.3% d/d). JPY (-0.8% d/d to 150.75) was the worst performer amongst G10 as BOJ Governor Kazuo Ueda offered no clues over the timing of the next rate hike. Similarly, regional currencies weakened against the Dollar save for the CNH and HKD. SGD depreciated 0.1% d/d to 1.2981, while MYR weakened 0.6% d/d to 4.2650 after the release of the 13th Malaysia Plan and ahead of US-Malaysia's trade deal announcement today.
- At the point of writing, Trump has announced a minimum global tariff rate of 10% and 40% for transshipment, 19% for Thailand, Cambodia and Malaysia, 20% for Taiwan and 39% for Switzerland.***

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,130.98	-0.74
S&P 500	6,339.39	-0.37
NASDAQ	21,122.45	-0.03
Stoxx Eur 600	546.11	-0.75
FTSE 100	9,132.81	-0.05
Nikkei 225	41,069.82	1.02
CSI 300	4,075.59	-1.82
Hang Seng	24,773.33	-1.60
Straits Times	4,173.77	-1.08
KLCI 30	1,513.25	-0.74
FX		
Dollar Index	99.97	0.15
EUR/USD	1.1415	0.09
GBP/USD	1.3207	-0.23
USD/JPY	150.75	0.83
AUD/USD	0.6425	-0.14
USD/CNH	7.2091	-0.03
USD/MYR	4.2650	0.60
USD/SGD	1.2981	0.12
USD/KHR	4,006.75	-0.02
USD/THB	32.68	0.62
Commodities		
WTI (\$/bbl)	69.26	-1.06
Brent (\$/bbl)	72.53	-0.97
Gold (\$/oz)	3,293.20	-0.08
Copper (\$/MT)	9,611.00	-0.90
Aluminum(\$/MT)	2,565.00	-1.38
CPO (RM/tonne)	4,207.00	0.66

Source: Bloomberg, HLBB Global Markets Research
 * Closing as of 30 July for CPO

	Newly Announced Rate (%)	Previously Announced Rate (%) @ 2 Apr	Change (+/-)
Switzerland	39	31	8
Canada	35	25	10
Brunei	25	24	1
India	25	26	-1
Vietnam	20	46	-26
Taiwan	20	32	-12
Indonesia	19	32	-13
Philippines	19	17	2
Malaysia	19	24	-5
Cambodia	19	49	-30
Thailand	19	36	-17
Japan	15	24	-9
EU	15	20	-5
South Korea	15	25	-10
Singapore	10	10	0
Hong Kong	10	10	0

Source: White House

- In the commodity space, crude oil prices retreated slightly following the broad market sentiment. The WTI closed the day 1.1% d/d lower at \$69.26/barrel and Brent by 1.0% d/d to \$72.53/barrel.

BOJ maintained policy rates; revised inflation forecasts higher on food prices

- As widely anticipated, the Bank of Japan maintained the uncollateralized overnight rate steady at 0.50%. Key highlights include: 1) Baseline scenario is for the economy to grow moderately. The projected real GDP growth was more or less unchanged from its previous forecast, revised 0.1ppts upwards to 0.6% for fiscal 2025, maintained at 0.7% and 1.0% for fiscal 2026 and 2027 respectively. 2) CPI projections were revised higher, but were predominantly due to food prices, notably for rice. As such, this, coupled with the BOJ waiting for more clarity from the US trade fallout, does not change our view that the central bank will only push for another next rate hike in 2026. 3) Core CPI projections were revised up by 0.5ppts to 2.7%, +0.1ppts to 1.8% and 2.0% respectively for fiscal 2025, 2026 and 2027.

US core-PCE accelerated m/m on goods prices; consumer income and spending rebounded; mixed labour prints

- In the US, data released largely illustrated the tug and pull in the economy that has the Fed split in their monetary policy decision. While personal spending rebounded and grew 0.3% m/m, real personal spending (+0.1% m/m vs -0.2% m/m) barely grew in June, monthly core PCE prices accelerated to one of its fastest pace this year at +0.3% m/m (May: +0.2% m/m). Notably, prices of goods jumped 0.4% m/m from +0.1% m/m previously, doing

little to ease policy makers' concerns over a tariff-driven inflation.

- On the labour front, jobless claims rose less than expected by 1k to 218k for the week ended July 26 (prior: -4k) but data from Challenger showed that job cuts jumped 139.8% in July after June's -1.6% y/y. On a monthly basis, job cuts also surged 29% to well above its pre-pandemic levels largely due to DOGE impact on nonprofits and healthcare sectors.

Better prints from Australia reaffirmed gradual rate cut bets

- Better than expected prints for June. Private sector credit unexpectedly held steady at +0.6%, while building approvals and retail sales accelerated to 11.9% m/m (prior: +2.2% m/m) and 1.2% m/m (prior: 0.5% m/m) respectively. The strong monthly rise in retail sales was driven by discounts linked to sales and new product releases, which spurred spending on discretionary items like furniture, electrical goods and clothing items. That said, the fall in per capita spending showed that consumption has largely remained restrained, in line with our expectations of a gradual easing cycle for the RBA.

Temporary factors blamed for weaker PMIs in China

- Worse than expected PMIs for China. The manufacturing sector (49.3 vs 49.7) unexpectedly deteriorated in July to its 6-month low despite tariff respite, while the non-manufacturing PMI also eased to 50.1 from 50.4 previously. A seasonal dip, coupled with extreme weather were blamed for the softer growth, but in our opinion, the contractionary PMI is an early sign that exports could falter going forward, while domestic demand remains weak as the trade-in programmes will likely run its course in a matter of time.

Strong advanced 2Q GDP growth for Hong Kong

- Hong Kong economy continued to expand solidly in 2Q and surpassed expectations at +3.1% y/y (2Q: +3.0% y/y), based on an advanced estimate. This marks its fastest growth in 3 years, supported by strong exports (+11.5% y/y vs +8.4% y/y) amid front loading for goods, and services due to inbound tourism, cross-boundary traffic, and vibrant financial and related business service activities amid the buoyant local stock market. Consumer spending (+1.9% y/y vs -1.2% y/y) also improved, after four consecutive quarters of contraction.
- Moving forward, steady economic growth in Asia, particularly in China, combined with the Government's broad measures to bolster domestic demand will continue to provide support for the economy. On the external front, paybacks from the frontloading could weigh on Hong Kong's trade later in the year

but a de-escalation in trade tension between US-China will be positive for Hong Kong's exports.

13th Malaysia Plan: Average GDP growth of 4.5-5.5% and inflation of 2-3% targeted for 2026-2030; higher RM430bn development expenditure

- We are neutral on the 13th Malaysia Plan (13MP) 2026-2030. Key highlights on the macro front include:
 - 1) Average GDP growth target of 4.5-5.5% for the period 2026-2030 (2021-2024: 5.2%), driven by stronger growth in the manufacturing, agriculture and mining sectors on the supply side, while services is expected to grow at a more moderate level. On the demand side, growth will be underpinned by domestic demand, while exports are targeted to grow by 5.8% during the time frame.
 - 2) A higher RM430bn development expenditure (DE) has been allocated for the 13MP (12MP: RM400bn), with the bulk of the allocation for the economic (RM227bn or 52.8%) and social services (RM133bn or 30.9%) sectors. The latter will include a RM67bn allocation for education and RM40bn for healthcare.
 - 3) The Government is aiming to hit its fiscal deficit target of under 3.0% by 2030.
 - 4) Average inflation growth of 2-3% for the next 5 years, broadly in line with the 2.5% average seen from the 2021-2024 period.

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DXY	95.50-98.50	98.32	96.29	94.99	93.77
EUR/USD	1.16-1.19	1.16	1.19	1.20	1.22
GBP/USD	1.33-1.37	1.36	1.38	1.39	1.40
USD/CHF	0.78-0.82	0.81	0.80	0.79	0.78
USD/JPY	144-149	147	144	140	137
AUD/USD	0.64-0.68	0.63	0.65	0.67	0.68
NZD/USD	0.58-0.62	0.59	0.60	0.61	0.61
USD/CNY	7.15-7.19	7.20	7.16	7.12	7.10
USD/MYR	4.19-4.25	4.28	4.25	4.22	4.18
USD/SGD	1.26-1.30	1.29	1.26	1.24	1.22
USD/THB	32.20-32.70	32.70	32.50	32.30	32.30

Rates, %	Current	3Q-25	4Q25	1Q26	2Q26
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75	3.25-3.50
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.25	4.00	3.75	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	3.85	3.60	3.35	3.10	3.10
RBNZ	3.25	3.00	2.75	2.75	2.75
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
1-Aug	AU S&P Global Australia PMI Mfg (Jul F)	51.6
	JN Jobless Rate (Jun)	2.50%
	JN S&P Global Japan PMI Mfg (Jul F)	48.8
	MA S&P Global Malaysia PMI Mfg (Jul)	49.3
	VN S&P Global Vietnam PMI Mfg (Jul)	48.9
	CH S&P Global China PMI Mfg (Jul)	50.4
	EC HCOB Eurozone Manufacturing PMI (Jul F)	49.8
	UK S&P Global UK Manufacturing PMI (Jul F)	48.2
	EC CPI Core YoY (Jul P)	2.30%
	US Change in Nonfarm Payrolls (Jul)	147k
	US Average Hourly Earnings MoM (Jul)	0.20%
	US Average Weekly Hours All Employees (Jul)	34.2
	US Unemployment Rate (Jul)	4.10%
	US Underemployment Rate (Jul)	7.70%
	SI Purchasing Managers Index (Jul)	50
	US S&P Global US Manufacturing PMI (Jul F)	49.5
	US ISM Manufacturing (Jul)	49
	US Construction Spending MoM (Jun)	-0.30%
	US U. of Mich. Sentiment (Jul F)	61.8
4-Aug	AU Melbourne Institute Inflation YoY (Jul)	2.40%
	EC Sentix Investor Confidence (Aug)	4.5
	US Factory Orders (Jun)	8.20%

Source: Bloomberg

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