

2 July 2025

## Global Markets Research

### Daily Market Highlights

## 2 Jul: More US labour data on deck today

**Stronger than expected JOLTS job openings, ISM manufacturing for the US**

**Short-dated USTs underperformed longer maturities; DXY continues to slip**

**Mixed manufacturing PMIs globally suggest uneven recovery, diverging outlook**

- Global stocks closed mixed overnight. In the US, the sell-off in tech stocks drove Nasdaq and S&P 500 lower in tune to 0.8% d/d and 0.1% d/d, but the Dow closed up 0.9% d/d. Tesla shares notably plunged more than 5% after President Trump threatened to cut off subsidies that Elon Musk's companies get from the federal government. This comes after the latter criticized the President's tax and spending megabill, which the Senate narrowly passed in a 51-50 vote. Outside of tech, stocks saw broad-based gains.
- Meanwhile in Fed speak, Fed Chair Jerome Powell said overnight that the Fed would have cut rates further this year if not for Trump's tariffs, and declined to rule out a rate cut in the July FOMC meeting.
- Elsewhere, Stoxx Eur 600 closed 0.2% d/d lower, while major Asian stock indices closed mixed. CSI 200 closed 0.2% d/d higher, but Hang Seng and Nikkei 225 slid in tune to 0.9-1.2% d/d. As it is, Japanese shares are poised for a second day of losses today, after President Trump ruled out delaying his July 9 tariff deadline on several countries, including Japan.
- In the sovereign bond space, short-dated Treasuries underperformed longer maturities following the stronger than expected JOLTS job openings and ISM price index. The benchmark 2Y yield rose 5bps to 3.77%, while the 10Y inched up 1bps to 4.24%. 10Y European bond yields fell between 1-4bps overnight, after closing mixed in tune to -3 to +2bps the previous day.
- In the forex space, the DXY firmed to as high as 96.95 following the JOLTS jobs data beat, before fading to close the day 0.1% d/d lower at 96.82. Most G10s strengthened against the USD, with safe haven JPY (+0.4% d/d to 143.42) and CHF (+0.3% d/d) in the lead. SEK and CAD were the outliers, depreciating 0.2-0.3% d/d against USD.
- Major Asian currencies, meanwhile, traded mixed against the Dollar. TWD, MYR (+0.3% d/d to 4.1965) and INR led the gains,

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,494.94	0.91
S&P 500	6,198.01	-0.11
NASDAQ	20,202.89	-0.82
Stoxx Eur 600	540.25	-0.21
FTSE 100	8,785.33	0.28
Nikkei 225	39,986.33	-1.24
CSI 300	3,942.76	0.17
Hang Seng	24,072.28	-0.87
Straits Times	3,989.76	0.64
KLCI 30	1,541.53	0.56
<b>FX</b>		
Dollar Index	96.82	-0.06
EUR/USD	1.1806	0.16
GBP/USD	1.3746	0.10
USD/JPY	143.42	-0.42
AUD/USD	0.6583	0.03
USD/CNH	7.1609	0.05
USD/MYR	4.1965	-0.33
USD/SGD	1.2728	0.09
USD/KHR	4,011.75	0.02
USD/THB	32.43	-0.22
<b>Commodities</b>		
WTI (\$/bbl)	65.45	0.52
Brent (\$/bbl)	67.11	-0.74
Gold (\$/oz)	3,349.80	1.27
Copper (\$\$/MT)	9,934.00	0.66
Aluminum(\$/MT)	2,598.50	0.04
CPO (RM/tonne)	3,912.50	-1.11

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 30 June for CPO

but KRW, SGD (-0.1% d/d to 1.2728) and CNH (-0.1% d/d to 7.1609) led losses.

- Oil prices settled the day mixed as investors continued to weigh potential OPEC+ output increases and outcome from the trade negotiations. WTI rebounded 0.5% d/d to US\$65.45/ barrel, while the Brent crude slipped 0.7% d/d to US\$67.11/ barrel.

### **Mixed PMI manufacturing across the globe suggests diverging outlook**

- PMI manufacturing indices showed mixed performance across the globe, pointing to uneven recovery and diverging outlook post the tariff-induced slump in April. Among the major economies, final readings for June PMI manufacturing were revised higher in the US (52.9 vs 52.0 prelim estimate and May) and EU (49.5 vs 49.4 prelim estimate and May), suggesting better than expected momentum as manufacturing activities emerged from the March/ April's slump. Meantime, UK PMI manufacturing picked up for the 2<sup>nd</sup> straight month as initially estimated to 47.7 in June (May: 46.4). Final reading of Japan PMI also confirmed that manufacturing activities in Japan have picked up steam for the 3<sup>rd</sup> straight month, and back above the 50-threshold for the first time in a year, at 50.1 in June (May: 49.4). On the contrary, Australia PMI manufacturing retreated for the 3<sup>rd</sup> straight month, from a near 3-year high of 52.1 in March to 50.6 in June, its lowest in four months.
- In the Asian region, PMI prints generally remained contractionary, with the exception of Thailand (51.7 vs 51.2) and the Philippines (50.7 vs 50.1). Besides the improved tractions in Thailand and the Philippines, manufacturing activities also picked up but remained contractionary in South Korea (48.7 vs 47.7) and Malaysia (49.3 vs 48.8). On a more negative note, PMIs showed bigger contraction in Taiwan (47.2 vs 48.6) and Vietnam (48.9 vs 49.8), a sign that countries more exposed to US trade and higher tariffs are taking longer time to adjust and recover.

### **US ISM manufacturing and JOLTS job data surprised on the upside**

- ISM manufacturing inched up more than expected to 49.0 in June (May: 48.5), thanks to higher production, new export orders, inventories, and prices paid. Despite this upside surprise, manufacturing activities have been contracting for the 4<sup>th</sup> straight month, and new orders, order backlog and employment have all softened, pointing to continued sluggishness in the manufacturing sector amid tariff uncertainties that would weigh on the US economy.
- JOLTS job openings defied expectations for a pullback and rose for the 2<sup>nd</sup> straight month to 7769k in May instead, picking up from April's 7395k to its highest level since November.

Education & health services, professional & business services, as well as leisure & hospitality continued to offer the most job openings while job availability in other sectors were patchy indicating an uneven job market as employers stoke by tariff uncertainties refrained from hiring. Job openings rate climbed up to 4.6% as a result (Apr: 4.4%). Layoffs and layoff rates fell to 1601k and 1.0% respectively (Apr: 1789k; 1.1%), and quit rate inched 0.1ppt higher to 2.1%

- Meanwhile, the decline in Dallas Fed services narrowed further to -4.4 in June (May: -10.1), supported by smaller contraction in company outlook and revenue, while employment deteriorated and uncertainty surrounding the outlook increased.

### **China Caixin PMI manufacturing surprised on the upside; echoing official PMIs**

- Caixin PMI manufacturing picked up more than expected to 50.4 in June (May: 48.3), back above the 50 neutral level, and proving that the contraction in May was just a blip. The better than expected print was driven by a sharp rebound in output (from 47.5 to 52.1) while new orders also ticked higher. This, coupled with the upside surprises in the official PMIs released a day ago, reaffirmed expectations that the China economy will be able to weather the storm well.

### **UK nationwide house prices eased more than expected in June**

- Nationwide house prices unexpectedly fell 0.8% m/m in June (May: +0.4% m/m) and moderated more than expected to +2.1% y/y during the month (May: +3.5% y/y), its slowest gain in 11 months. While the surprised month-on-month decline could be attributable to pullback from pre-purchases ahead of the stamp duty hike in April, that has impacted house prices, underlying trend and the softening year-on-year price gains all implied a softening housing market in the UK, on the back of dimmer global growth outlook and a cooling labour market.

### **Japan Tankan survey showed relatively steady business sentiments; consumer confidence continued improving**

- The latest Tankan survey showed business conditions and outlook were generally steady in 2Q. The large manufacturing outlook defied expectation for a pullback and held steady at 12, while the large non-manufacturing outlook slipped just a notch to 27 in 2Q (1Q: 28), contrary to expectation for a pick-up to 29. Among the smaller establishments, manufacturing outlook deteriorated (albeit less than expected) from -1 to -2, while non-manufacturing outlook stabilized at 9. The most upbeat takeaway from the survey was the pick-up in all industry capex estimate, that accelerated more than expected from 1Q's seasonal low of +3.1% to 11.5% in 2Q, a sign of better than

expected business sentiments, which has remained resilient despite uncertainties on trade policies.

- In a separate release, consumer confidence also improved more than expected to a 34.5 print in June (May: 32.8), bouncing off the recent two-year low seen in April during the height of tariff angst. Consumers are turning more optimistic on overall livelihood, income growth and employment, and willingness to buy durable goods have also increased.

### House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DXY	95.50-98.50	96.88	98.60	97.69	96.58
EUR/USD	1.15-1.19	1.18	1.16	1.18	1.19
GBP/USD	1.35-1.39	1.37	1.34	1.35	1.36
USD/CHF	0.78-0.81	0.79	0.84	0.84	0.85
USD/JPY	142-147	143	146	145	142
AUD/USD	0.64-0.67	0.66	0.65	0.65	0.66
NZD/USD	0.59-0.62	0.61	0.60	0.59	0.60
USD/CNY	7.15-7.19	7.16	7.13	7.17	7.10
USD/MYR	4.20-4.26	4.21	4.24	4.24	4.20
USD/SGD	1.26-1.29	1.27	1.30	1.31	1.30
USD/THB	32.10-33.10	32.50	33.00	33.10	32.70

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

Source: HLBB Global Markets Research

### Up Next

Date	Events	Prior
2-Jul	AU Building Approvals MoM (May)	-5.70%
	AU Retail Sales MoM (May)	-0.10%
	HK Retail Sales Value YoY (May)	-2.30%
	EC Unemployment Rate (May)	6.20%
	US MBA Mortgage Applications (27-Jun)	1.1%
	US Challenger Job Cuts YoY (Jun)	47.00%
	US ADP Employment Change (Jun)	37k
	SI Purchasing Managers Index (Jun)	49.7
	SI Electronics Sector Index (Jun)	49.9
	AU S&P Global Australia PMI Services (Jun F)	51.3
3-Jul	SI S&P Global Singapore PMI (Jun)	51.5
	JN S&P Global Japan PMI Services (Jun F)	51.5
	AU Trade Balance (May)	A\$5413m
	CH Caixin China PMI Services (Jun)	51.1
	EC HCOB Eurozone Services PMI (Jun F)	50.0
	UK S&P Global UK Services PMI (Jun F)	51.3
	UK DMP 1 Year CPI Expectations (Jun)	3.00%
	US Trade Balance (May)	-\$61.6b

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US Change in Nonfarm Payrolls (Jun)	139k
US Unemployment Rate (Jun)	4.20%
US Average Hourly Earnings MoM (Jun)	0.40%
US Initial Jobless Claims (28-Jun)	236k
US S&P Global US Services PMI (Jun F)	53.1
US Factory Orders (May)	-3.70%
US ISM Services Index (Jun)	49.9
US Durable Goods Orders (May F)	16.4%

Source: Bloomberg

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