

3 July 2025

Global Markets Research

Daily Market Highlights

3 Jul: All eyes on the US NFP today

US-Vietnam trade deal boosted appetite for stocks; Sell-off in USTs, DXY closed flattish
UK markets tumbled on growing doubts over British finances, future of its Chancellor
US lost jobs in June according to ADP; consensus expecting gains in NFP to ease in June

- US stocks came under pressure early Wednesday after the latest ADP report showed an unexpected drop in private sector jobs, but later rebounded after President Trump announced a US-Vietnam trade deal. The agreement, which includes a 20% US tariff on Vietnamese goods, as well as a 40% “transshipping” tariff, saw the S&P 500 and Nasdaq reversing the previous day’s decline, closing the day 0.5% and 0.9% d/d higher and the broad index at another record high.
- Elsewhere, Stoxx Eur 600 closed 0.2% d/d up after a midday tumble into the red, but UK’s FTSE 100 failed to recover, ending the day 0.1% d/d lower after Prime Minister Keir Starmer failed to back Finance Minister Rachel Reeves following the government’s U-turn over welfare reforms. In Asia, Singapore stocks hit a record high amid mixed trading in the region, but Nikkei 225 fell 0.6% d/d after Trump floated the prospect of a 30% or 35% tariffs on Japanese goods.
- In the sovereign bond space, Treasuries fell for the second day following the heavy sell-off in UK gilts. Treasury yields closed the day higher in tune to 1-4bps, and with the benchmark 2Y closing the day 1bps up at 3.79%, and the 10Y rising 4bps to 4.28%. Yields to the UK gilts jumped sharply by 6-19bps across the curve.
- In the forex space, the DXY closed little changed at 96.78 ahead of the US non-farm payroll (NFP) report today, and the Dollar strengthened against all its G10 peers save CAD, NOK and AUD (0-0.4% d/d). GBP (-0.8% d/d to 1.3636) underperformed its G10 peers amid the sell-off in UK stocks and gilts, while JPY depreciated 0.2% d/d to 143.66 following Trump’s tariff threat.
- Meanwhile, regional currencies closed mixed against the greenback. MYR notably underperformed its Asian peers, weakening 0.7% d/d to 4.2262, while SGD closed flattish at 1.2729.
- In the commodity space, oil prices rallied in tune to 3.0-3.1% d/d after Trump announced the trade deal with Vietnam, outweighing concerns over a large build in US crude inventories.

Key Market Metrics

	Level	d/d (%)
<u>Equities</u>		
Dow Jones	44,484.42	-0.02
S&P 500	6,227.42	0.47
NASDAQ	20,393.13	0.94
Stoxx Eur 600	541.21	0.18
FTSE 100	8,774.69	-0.12
Nikkei 225	39,762.48	-0.56
CSI 300	3,943.69	0.02
Hang Seng	24,221.41	0.62
Straits Times	4,010.77	0.53
KLCI 30	1,550.21	0.56
<u>FX</u>		
Dollar Index	96.78	-0.04
EUR/USD	1.1799	-0.06
GBP/USD	1.3636	-0.80
USD/JPY	143.66	0.17
AUD/USD	0.6584	0.02
USD/CNH	7.1612	0.00
USD/MYR	4.2262	0.71
USD/SGD	1.2729	0.01
USD/KHR	4,013.00	0.03
USD/THB	32.45	0.05
<u>Commodities</u>		
WTI (\$/bbl)	67.45	3.06
Brent (\$/bbl)	69.11	2.98
Gold (\$/oz)	3,359.70	0.30
Copper (\$/MT)	10,013.00	0.80
Aluminum(\$/MT)	2,620.00	0.83
CPO (RM/tonne)	3,961.50	1.25

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 1 July for CPO

The WTI closed the day at \$67.45/barrel, and Brent at \$69.11/barrel.

US lost jobs in June according to ADP; all eyes on the NFP report today

- The latest report by ADP showed that the private sector unexpectedly lost 33k jobs in June (May: +29k). This marked the first monthly decline since March 2023, and was in contrast with consensus' view for payroll to pick up pace to +98k. Job losses in professional and business services, and education and health services led the decline, while leisure & hospitality and manufacturing showed gains.
- Though layoffs (Challenger job cuts: -1.6% y/y in June vs +47.0% y/y in May) continue to be rare, hesitancy to hire and reluctance to replace departing workers largely contributed to the job losses. Still, the slowdown in hiring has yet to disrupt pay growth, with pay growth for job-stayers and job-changers little changed at 4.4% y/y and 6.8% y/y respectively.
- On the housing front, mortgage applications picked up momentum for the week ended June 27 (+2.7% w/w vs +1.0% w/w), boosted by lower mortgage rates across all loan types. Notably, the 30Y fixed rate declined to its lowest level since April to 6.79%.

Australia's building approvals and retail sales missed estimates, adding to rate-cut case

- Although below expectations, building approvals and retail sales rebounded in May to a tune of +3.2% m/m and +0.2% m/m (Apr: -4.1% m/m and flat). The uptick for the latter was driven mainly by a bounce-back in clothing purchases for winter, which more than offset the drop in food-related spending and flat results across household goods. With spending largely muted, this reinforces our case for further rate cuts for the rest of the year.

Hong Kong's retail sales saw some improvement in May

- Retail sales saw improvement in May and was better than forecast at +2.4% y/y (Apr: -2.3% y/y). Looking ahead, the Government's efforts to promote tourism and mega events, in tandem with some tentative, but patchy recovery signs for China's economy, will help bolster consumption sentiment and support consumer spending.

Singapore's official PMI back at expansion zone

- In Singapore, its official PMI rebounded to expansion territory in June (50.0 vs 49.7) after 2 consecutive months of contraction, while the linchpin electronics sector edged up 0.2ppts to 50.1 for the month. The improvements suggests that business

confidence has stabilised somewhat since the pause in reciprocal tariff, but local manufacturers remained concerned over the rapidly shifting landscape of global trade policy and tariffs, resulting in supply chain fragmentation.

House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DX	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
3-Jul	AU S&P Global Australia PMI Services (Jun F)	51.3
	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
	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%
	JN Household Spending YoY (May)	-0.10%
	HK S&P Global Hong Kong PMI (Jun)	49
	SI Retail Sales YoY (May)	0.30%
4-Jul	EC PPI YoY (May)	0.70%

Source: Bloomberg

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