

4 July 2025

Global Markets Research

Daily Market Highlights

4 Jul: Risk-on sentiment post US NFP print

Better-than-expected NFP whetted appetite for stocks; UST yields, DXY jumped
Details in NFP were less positive; private payrolls undershot consensus forecast
US House passed Trump's tax & spending bill

- US markets were in a risk-on mode as they closed early ahead of the July 4 holiday, thanks largely to a better-than-expected June non-farm payroll (NFP) report. The latter not only soothed concerns over the state of the US labour market and economy, but also saw traders cutting rate cut bets and pushing back expectations for the next rate cut to the October FOMC meeting.
- Treasuries were hit hard by the NFP data, and yields jumped 6-10bps across the curve led by the shorter-end. The benchmark 2Y yield rose 10bps to 3.88%, and the 10Y by 7bps to 4.35%. The Dow Jones and S&P 500 gained 0.8% d/d each, while Nasdaq rallied 0.8% 1.0% d/d. Both the S&P 500 and the Nasdaq Composite also closed at records.
- On a side note, the House of Representatives narrowly passed Trump's tax and spending megabill, while investors remained on tenterhooks watching for any updates on trade deals ahead of the July headline.
- Elsewhere, European equities (Stoxx Eur 600: +0.5% d/d) also gained after the bumper NFP, while 10Y European bond yields fell in tune to 0-7bps overnight. Asian equity markets traded mixed, but are poised to rally today after the US jobs report lifted sentiment.
- Within the forex space, the Dollar strengthened against most of its G10 peers after the bumper jobs data boosted Treasury yields. The DXY spiked to 97.42 on the data, before paring some of these gains to close the day 0.4% d/d higher at 97.18. Safe haven JPY (-0.9% d/d to 144.93) and CHF (-0.4% d/d) led G10 losses against greenback, while GBP (+0.1% d/d to 1.3655) outperformed its peers after Prime Minister Keir Starmer soothed fears of a Reeves exit.
- Regional currencies traded mixed against the Dollar, with safe SGD depreciating 0.2% d/d to 1.2753, while MYR strengthened 0.1% d/d to 4.2215.
- In the commodity space, oil prices fell amid reports that the US plans to restart nuclear talks with Iran, easing risk of another flare up in the Middle-East tension. Tariff uncertainty and OPEC+

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,828.53	0.77
S&P 500	6,279.35	0.83
NASDAQ	20,601.10	1.02
Stoxx Eur 600	543.76	0.47
FTSE 100	8,823.20	0.55
Nikkei 225	39,785.90	0.06
CSI 300	3,968.07	0.62
Hang Seng	24,069.94	-0.63
Straits Times	4,019.57	0.22
KLCI 30	1,548.99	-0.08
FX		
Dollar Index	97.18	0.42
EUR/USD	1.1757	-0.36
GBP/USD	1.3655	0.14
USD/JPY	144.93	0.88
AUD/USD	0.6571	-0.20
USD/CNH	7.1703	0.13
USD/MYR	4.2215	-0.11
USD/SGD	1.2753	0.19
USD/KHR	4,013.75	0.02
USD/THB	32.38	-0.22
Commodities		
WTI (\$/bbl)	67.00	-0.67
Brent (\$/bbl)	68.80	-0.45
Gold (\$/oz)	3,342.90	-0.50
Copper (\$\$/MT)	9,954.50	-0.58
Aluminum(\$/MT)	2,605.00	-0.57
CPO (RM/tonne)	4,017.50	1.41

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 2 July for CPO

output hike expectations also kept a lid on prices, sending the WTI sliding 0.7% d/d to \$67.00/barrel and Brent dropping 0.5% d/d to \$68.80/barrel.

Upward revisions to services PMIs for most majors

- Save the US, services PMIs were revised higher for most majors in June and broadly signalled resilience and even building momentum into midyear. While US' PMI was revised 0.2ppts lower to 52.9 in June (May: 53.7), services PMI for the Eurozone was revised 0.5ppts higher to 50.5 (May: 49.7), UK's PMI revised up a whopping 1.5ppts to 52.8 (May: 50.9), Japan's +0.2ppts to 51.7 (May: 51.0) and Australia's by +0.5ppts to 51.8 (May: 50.6).
- For China, the Caixin Services PMI came in below expectations at 50.6 in June (May: 51.1). This marks the lowest since September, as both business activity and new order growth slowed. Job shedding was also recorded for the third time in the past 4 months. Overall, sentiment was positive regarding the 1Y outlook, but remained historically subdued.
- The headline PMI for Singapore (51.0 vs 51.5) showed that business conditions continued to grow at the end of 2Q. Despite softening since May, the average rate of output growth in 2Q was still higher than 1Q and with business sentiment turning optimistic again, this suggests that output growth will likely be sustained in the year ahead.

Bumper US jobs report takes pressure off Fed to cut rates in July

- A stronger-than-expected June jobs report saw traders paring rate cut bets and pushing back expectations for the next rate cut to the October FOMC meeting. NFP rose by 147k during the month, versus 144k in May and 106k consensus had anticipated. There were also a 16k upward revisions to the past two months of data, while the unemployment rate surprisingly fell to 4.1% from 4.2%.
- No doubt, the details were less positive with private payrolls rising only 74k (May: +137k, consensus: +100k) and job gains largely focused on federal government, leisure & hospitality and private education & healthcare services sectors.
- Wage growth was more subdued than expected, rising 0.2% m/m (May: +0.4% m/m) and average hours worked/week fell to 34.2 from 34.3 previously. Separate data also showed that initial jobless claims came in better-than-expected in further nod to a still solid labour market (-4k to 233k for June 28 vs -9k to 237k for June 21).
- June's ISM Services (50.8 vs 49.9) also surprised on the upside and returned to expansion zone, although service providers raised concerns over slow growth, tariff uncertainty and the impact of the Middle East tension on supply chain disruptions. June's reading is equal to the average reading over the prior

three months, indicating both stability for the sector. The new orders index (51.3 vs 46.4) returned to expansion, prices index eased (67.5 vs 68.7), but employment (47.2 vs 50.7) retreated to contraction territory for the third time in the last 4 months.

- Matching expectations, factory orders jumped 8.2% m/m in May (Apr: -3.9% m/m) largely due to transportation, while trade deficit widened sharper than expected to \$71.5bn (Apr: -\$60.3bn) as exports (-4.0% m/m vs +3.4% m/m) fell at a sharper pace than imports (-0.1% m/m vs -16.3% m/m). Still, subsiding goods imports post the tariff front-loading, suggest that net trade could still provide some boost to GDP growth in 2H of the year.

UK's inflation expectations unexpectedly ticked up

- The 1Y DMP CPI expectations unexpectedly increased 0.3ppts to 3.3% in June but when firms were asked about the potential impact from the recent changes to US trade policy on prices, over two-thirds of firms reported these changes would have no material impact on their firms. In June, 19% of firms expected that their average prices would be lower as a result of US trade policy changes, while 12% expected that their prices would be higher as a result of the tariff changes.

Australia's exports to the US fell for the second month

- Exports fell at a wider pace of 2.7% m/m in May after April's -1.7% m/m as exports to the US tumbled for the second month by 5.5% m/m post Trump's tariff. By product, the decline was driven by shipments of other mineral fuels, while imports grew at a faster pace of 3.8% m/m (May: +1.6% m/m). This sent trade surplus narrowing to A\$2.2bn from A\$4.9bn previously, not boding well for GDP calculation for 2Q of 2025.

Japan's household spending rose the most since August 2022

- Japan's household spending data came in better than expected in May (+4.7% y/y vs -0.1% y/y) amid inflationary pressures, providing support for the economy's that's taking a hit from US tariffs and expectations of more tightening in monetary policy going forward.

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
4-Jul	AU Household Spending YoY (May)	3.70%
	HK S&P Global Hong Kong PMI (Jun)	49
	SI Retail Sales YoY (May)	0.30%
	EC PPI YoY (May)	0.70%
7-Jul	JN Labor Cash Earnings YoY (May)	2.30%
	JN Leading Index CI (May P)	104.2
	MA Foreign Reserves	\$119.9b
	EC Sentix Investor Confidence (Jul)	0.2
	EC Retail Sales MoM (May)	0.10%

Source: Bloomberg

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