

5 August 2025

## Global Markets Research

### Daily Market Highlights

## 5 Aug: Wall Street rebounded as traders raised rate cut bets

**UST yields & DXY continued to tumble as factory orders fell on lower aircraft demand**

**Swiss Market index fell after the 39% tariff slap; EU to suspend trade countermeasures**

**Tariff concerns dented investors sentiment in the EU; higher price pressures for Australia**

- Dip buying, hopes for bullish earnings and renewed expectations of a September rate cut saw investors clawing back the steep losses seen in the previous session. The Dow surged 1.3% d/d, wiping out Friday's big sell off while the S&P 500 and Nasdaq settled up 1.5% d/d and 2.0% d/d.
- Gains were broad-based led by the communication services, information technology and utilities sectors while economic data was, and will remain sparse for the rest of the week. On the earnings front, Palantir posted stellar results after the bell, while AMD is set to release results later today. On the trade front, the EU will suspend its trade countermeasures against the US for 6 months to facilitate negotiations between the two countries.
- Elsewhere, Stoxx Eur 600 rebounded 0.9% d/d with banks and insurance stocks outperforming while automakers lagged. The Swiss Market Index however tumbled 0.2% d/d following Trump's 39% tariff slap on Switzerland. In Asia, stock indices closed mixed with Hang Seng rallying 0.9% d/d while Nikkei 225 lost 1.3% d/d. Futures suggest that the equity markets will likely track US' gain today.
- In the bond space, Treasuries remained modestly firmer and yields fell 1-3bps across the curve, narrowing from -8 to -28bps the previous session. The benchmark 2Y yield closed the day 1bps lower at 3.68%, while the 10Y slid 2bps to 4.19%. 10Y European bond yields dropped at a wider range of 2-9bps after last Friday's 0 to -4bps.
- In the forex space, the Dollar remained soft and the DXY fell 0.4% d/d to 98.78. JPY (+0.2% d/d to 147.09), CAD (+0.1% d/d) and GBP (+0.1% d/d to 1.3285) outperformed the greenback, while CHF (-0.5% d/d) lagged every G10 currency.
- Most Asian currencies strengthened against the Dollar amid Fed rate cut bets, led by PHP (+1.4% d/d), THB (1.3% d/d to 32.45) and MYR (+1.0% d/d to 4.2372). SGD appreciated at a milder pace of 0.2% d/d to 1.2876. CNH gained 0.1% d/d to 7.1841 even though China announced that it will impose taxes on interests earned from new CNY-denominated bonds issued by the

#### Key Market Metrics

	Level	d/d (%)
<b><u>Equities</u></b>		
Dow Jones	44,173.64	1.34
S&P 500	6,329.94	1.47
NASDAQ	21,053.58	1.95
Stoxx Eur 600	540.60	0.90
FTSE 100	9,128.30	0.66
Nikkei 225	40,290.70	-1.25
CSI 300	4,070.70	0.39
Hang Seng	24,733.45	0.92
Straits Times	4,197.23	1.04
KLCI 30	1,526.98	-0.42
<b><u>FX</u></b>		
Dollar Index	98.78	-0.36
EUR/USD	1.1571	-0.14
GBP/USD	1.3285	0.05
USD/JPY	147.09	-0.21
AUD/USD	0.6467	-0.11
USD/CNH	7.1841	-0.13
USD/MYR	4.2372	-0.98
USD/SGD	1.2876	-0.17
USD/KHR	4,008.50	0.03
USD/THB	32.45	-1.25
<b><u>Commodities</u></b>		
WTI (\$/bbl)	66.29	-1.54
Brent (\$/bbl)	68.76	-1.31
Gold (\$/oz)	3,374.40	0.80
Copper (\$\$/MT)	9,687.00	0.59
Aluminum(\$/MT)	2,553.00	-0.51
CPO (RM/tonne)	4,200.50	-0.15

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 1 Aug for CPO

government and financial institutions within China after 8-August.

- In the commodity space, oil prices slipped after OPEC+ agreed to another large production hike of +547k in September. The WTI slipped 1.5% d/d to \$66.29/barrel, while Brent was down 1.3% d/d to \$68.76/barrel.

### US factory orders fell sharply as aircraft demand tumbles

- Matching expectations, factory orders fell sharply by -4.8% m/m in June after an upwardly revised +8.3% m/m in May as commercial aircraft orders plunged. As it is, orders have fallen in two of the last three months, largely in line with the contractionary ISM and remained constrained by Trump's aggressive tariffs on imported goods going forward.

### Concerns over tariff impact weighed on investors sentiment in the Eurozone

- Weighed down by concerns over tariff impact on the Eurozone economy, the Sentix investor confidence index unexpectedly turned negative at -3.7 in August (Jul: +4.5). Both the current and expectations indices declined and with Germany's economic index dropping by more than 12 points.

### Australia's services PMI revised up; price pressure intensified

- Australia's services PMI was revised 0.3ppts higher to 54.1 in July (prior: 51.8). The rate of new business growth was the sharpest in 3 years, while export orders also stabilised after four straight months of contraction. Of note, both input cost and output price inflation intensified during the month, in line with pick-up in the Melbourne Institute's inflation gauge to +2.9% y/y and +0.9% m/m (June: +2.4% y/y; +0.1% m/m).

### House View and Forecasts

<b>FX</b>	<b>This Week</b>	<b>3Q-25</b>	<b>4Q-25</b>	<b>1Q-26</b>	<b>2Q-26</b>
DXY	98.50-101.50	98.32	96.29	94.99	93.77
EUR/USD	1.12-1.16	1.16	1.19	1.20	1.22
GBP/USD	1.31-1.34	1.36	1.38	1.39	1.40
USD/CHF	0.78-0.82	0.81	0.80	0.79	0.78
USD/JPY	147-153	147	144	140	137
AUD/USD	0.62-0.66	0.63	0.65	0.67	0.68
NZD/USD	0.57-0.62	0.59	0.60	0.61	0.61
USD/CNY	7.15-7.23	7.20	7.16	7.12	7.10
USD/MYR	4.23-4.30	4.28	4.25	4.22	4.18
USD/SGD	1.28-1.31	1.29	1.26	1.24	1.22
USD/THB	32.20-32.70	32.70	32.50	32.30	32.30

<b>Rates, %</b>	<b>Current</b>	<b>3Q-25</b>	<b>4Q25</b>	<b>1Q26</b>	<b>2Q26</b>
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
5-Aug	HK S&P Global Hong Kong PMI (Jul)	47.8
	SI S&P Global Singapore PMI (Jul)	51
	JN S&P Global Japan PMI Services (Jul F)	53.5
	AU Household Spending MoM (Jun)	0.90%
	CH S&P Global China PMI Services (Jul)	50.6
	SI Retail Sales SA MoM (Jun)	1.00%
	EC HCOB Eurozone Services PMI (Jul F)	51.2
	UK S&P Global UK Services PMI (Jul F)	51.2
	EC PPI YoY (Jun)	0.30%
	US Trade Balance (Jun)	-\$71.5b
	US S&P Global US Services PMI (Jul F)	55.2
	US ISM Services Index (Jul)	50.8
6-Aug	JN Labor Cash Earnings YoY (Jun)	1.00%
	VN Retail Sales YoY (Jul)	8.30%
	VN CPI YoY (Jul)	3.57%
	VN Exports YoY (Jul)	16.30%
	VN Industrial Production YoY (Jul)	10.80%
	EC Retail Sales MoM (Jun)	-0.70%
	US MBA Mortgage Applications	-3.8%

Source: Bloomberg

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