

6 May 2025

Global Markets Research

Daily Market Highlights

6 May: Cautious sentiment ahead of key policy decisions

US stocks snapped its 9-day winning streak; media stocks notable losers after tariff-slap
Treasuries ended with modest declines following the better than expected ISM services
DXY drifted below 100; haven JPY & CHF led gains against USD; extended gains in TWD

- The 9-day rally in US equities came to a halt overnight, with a better than expected ISM services and Treasury Secretary Scott Bessent's comments that the US is close to some trade deals providing little relief for investors bracing for the impact of the trade war on the economy and corporate earnings, as well as cautiousness ahead of the FOMC meeting this week.
- The S&P 500 shed 0.6% d/d, Nasdaq lost 0.7% d/d while the Dow fell at a narrower pace of 0.2% d/d. Media stocks were notable laggards after President Trump' announced a 100% tariff on imported films, while shares of Berkshire Hathaway tumbled on Warren Buffet's retirement announcement.
- Elsewhere, Asian and European bourses (Stoxx Eur 600: +0.2% d/d) had a mixed start to the week. Markets in the UK, Japan, Hong Kong and China were closed for trading.
- In the bond space, Treasury yield rose as the better than expected ISM data weighed on rate cut bets. The 2Y yield rose 1bps to 3.83%, while the 10Y increased 4bps to 4.34%. 10Y European bond yields were modestly 0-3bps lower save for the Swedish sovereign bonds.
- In the forex space, the DXY closed 0.2% d/d down at 99.83, and the Dollar weakened against all its G10 peers save for the CAD, and lost ground against most Asian currencies. Safe haven JPY (+0.9% d/d to 143.70) and CHF (+0.6% d/d) led gains amongst G10, while TWD rallied another 2.4% d/d, leading gains amongst regionals amid greenback weakness. MYR strengthened 1.3% d/d to 4.2013, off 4.1873 seen at intraday trading. SGD appreciated 0.8% d/d to 1.2893 while the AUD gained 0.6% d/d to 0.6468 after the ruling parties Labour (Australia) and PAP (Singapore) secured another wins over the weekend.
- In the commodity space, the WTI (-2.0% d/d to \$57.13/barrel) closed at its lowest level since 2021 after OPEC+ agreed to higher output in June.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	41,218.83	-0.24
S&P 500	5,650.38	-0.64
NASDAQ	17,844.24	-0.74
Stoxx Eur 600	537.31	0.16
FTSE 100	8,596.35	1.17
Nikkei 225	36,830.69	1.04
CSI 300	3,770.57	-0.12
Hang Seng	22,504.68	1.74
Straits Times	3,853.07	0.21
KLCI 30	1,539.54	-0.19
FX		
Dollar Index	99.83	-0.20
EUR/USD	1.1315	0.16
GBP/USD	1.3296	0.18
USD/JPY	143.70	-0.87
AUD/USD	0.6468	0.53
USD/CNH	7.2011	-0.16
USD/MYR	4.2013	-1.30
USD/SGD	1.2893	-0.79
Commodities		
WTI (\$/bbl)	57.13	-1.99
Brent (\$/bbl)	60.23	-1.73
Gold (\$/oz)	3,322.30	2.44
Copper (\$\$/MT)	9,365.50	1.73
Aluminum(\$/MT)	2,431.50	0.64
CPO (RM/tonne)	3,969.00	-0.14

Source: Bloomberg, HLBB Global Markets Research
 * CPO, Nikkei 225, Hang Seng, FTSE 100, copper, aluminium dated 2 May; CSI 300 dated as of 30 April

US S&P Services PMI revised down to its lowest since November 2023; Vietnam' manufacturing PMI slipped into contraction

- The final S&P US Services PMI was revised 0.6ppts down to 50.8 in April (Mar: 54.4), its lowest since November 2023. Uncertainty over federal policies, especially on trade, weighed on confidence and employment growth, while the highest selling price in 3 months raised stagflation risks. By sector, financial services firms and exports of services like travels, reported markedly weaker growth prospects.
- The imposition of tariffs by the US knocked the Vietnamese manufacturing sector into contraction (45.6 vs 50.5), with firms seeing marked reductions in new orders, exports and production. Amid further disruption from the additional tariffs and supply chain, as well as slump in business confidence, this does not bode well in terms of outlook for the sector as well as investment for Vietnam.

US Services ISM unexpectedly improved

- April's ISM Services unexpectedly rebounded to 51.6 (Mar: 50.8), as 3 of the 4 main sub-indices improved, and only the employment sub-index stayed in contraction territory. This suggests that the US economy has largely stayed resilient for now, amid cautious optimism over future prospects amid the tariff war as well as federal agency budget cuts. Mirroring the PMI, the prices paid component (65.1 vs 60.9) also jumped on concerns over pricing impacts from the tariffs.

Calmer investor confidence for the Eurozone

- Investors' confidence was calmer in the Eurozone, amid the calm response by officials to US tariffs so far. The Sentix index improved more than expected by 11.4 points to -8.1 in April, as both current situation and expectations showed signs of recovery.

Australia's inflation gauge jumped to 3.3%

- The Melbourne Institute inflation gauge jumped 0.5ppt to 3.3% y/y in April, its highest since November 2024. This is largely in line with recent indicators flagging price pressures, the latest being the S&P Services PMI price index surging to its 9-month high amid a steep increase in costs, likely to keep RBA rate cuts at a measured pace for now.

Singapore's retail sales rebounded on discretionary goods

- Retail sales rebounded by 1.1% y/y in March, reversing the 3.5% y/y decline the prior month. Despite the uptick, sectoral performance was mixed, driven by a jump in discretionary watches & jewellery and cosmetics, toiletries & medical goods, as well as supermarkets & hypermarkets industries. Sales of

wearing apparel & footwear, as well as at petrol service stations fell, the latter due to lower oil prices.

- As it is, the sluggish domestic consumption recently was largely attributable to residents spending abroad due to the strong SGD, but moving forward, the spike in uncertainty and slower employment growth could likely lead to a pullback in household spending, raising downside risks to Singapore.

House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DXY	98-102	99.70	98.35	97.01	95.70
EUR/USD	1.11-1.15	1.14	1.15	1.17	1.19
GBP/USD	1.31-1.35	1.31	1.32	1.33	1.34
USD/CHF	0.80-0.85	0.81	0.80	0.79	0.78
USD/JPY	142-149	142	139	136	133
AUD/USD	0.62-0.66	0.62	0.62	0.63	0.64
NZD/USD	0.57-0.61	0.57	0.57	0.58	0.58
USD/CNY	7.23-7.33	7.43	7.35	7.28	7.21
USD/MYR	4.15-4.25	4.54	4.50	4.47	4.40
USD/SGD	1.28-1.33	1.34	1.33	1.31	1.30

Rates, %	Current	2Q-25	3Q-25	4Q25	1Q26
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75	3.25-3.50
ECB	2.25	2.00	1.75	1.75	1.75
BOE	4.50	4.25	4.00	3.75	3.50
SNB	0.25	0.25	0.25	0.25	0.25
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	4.10	3.85	3.60	3.35	3.10
RBNZ	3.50	3.25	3.00	2.75	2.50
BNM	3.00	3.00	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
6-May	SI S&P Global Singapore PMI (Apr)	52.7
	AU Building Approvals MoM (Mar)	-0.30%
	AU Household Spending MoM (Mar)	0.20%
	CH Caixin China PMI Services (Apr)	51.9
	VN CPI YoY (Apr)	3.13%
	VN Exports YoY (Apr)	14.50%
	VN Industrial Production YoY (Apr)	8.60%
	VN Retail Sales YoY (Apr)	10.80%
	EC HCOB Eurozone Services PMI (Apr F)	49.7
	UK S&P Global UK Services PMI (Apr F)	48.9
	EC PPI YoY (Mar)	3.00%
	US Trade Balance (Mar)	-\$122.7b
7-May	HK S&P Global Hong Kong PMI (Apr)	48.3
	JN Jibun Bank Japan PMI Services (Apr F)	52.2
	EC Retail Sales MoM (Mar)	0.30%
	US MBA Mortgage Applications	-4.2%

Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damansara
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.