

8 July 2025

Global Markets Research

Daily Market Highlights

8 Jul: Trade tensions back in the forefront

Trump's latest tariff threats wef 1 Aug remained as high as 40% despite some dial-back
Sell-off in US stocks and bonds; USD strengthened against most G10 & Asian currencies
Expect downward pressure on JPY & AUD today; RBA set to deliver another cut

- On Monday, President Trump released 14 letters **threatening continued steep albeit dial-backed tariffs (25-40%) on trading partners but set a new deadline on August 1**, allowing time for negotiations. The rates are mostly in line with previously announced levels, with **goods imported from Japan, South Korea and Malaysia now set to face a stiff 25% tariff rate**, while those imported from Laos and Myanmar will face a 40% duty. Trump also threatened an additional 10% tariff on nations that are aligned with BRIC countries.

	Newly Announced @ 7 July	Previously Announced @ 2 Apr	Change (+/-)
Laos	40	48	-8
Myanmar	40	44	-4
Cambodia	36	49	-13
Thailand	36	36	0
Bangladesh	35	37	-2
Serbia	35	37	-2
Indonesia	32	32	0
Bosnia & Herzegovina	30	35	-5
South Africa	30	30	0
Tunisia	25	28	-3
Kazakhstan	25	27	-2
South Korea	25	25	0
Japan	25	24	1
Malaysia	25	24	1
Vietnam (@ 3 Jul)	20	46	-26

- The barrage of new tariffs renewed investors' jittery, triggering a sell-off in US assets like equities and bonds. The 3 major US averages closed the day 0.8-0.9% d/d lower with consumer discretionary stocks notably hammered, while Tesla shares also plunged amid news that Elon Musk would start a new political party. Treasuries extended its sell-off with longer-dated bonds underperforming and yields to the benchmark 2- and 10Y closing the day at 3.90% (+2bps) and 4.38% (+3bps) respectively.
- The Dollar was the outlier. With the exception of SEK, the Dollar strengthened against all its G10 peers and the DXY closed the day 0.3% d/d higher at 97.48. JPY (-1.1% d/d to 146.05)

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,406.36	-0.94
S&P 500	6,229.98	-0.79
NASDAQ	20,412.52	-0.92
Stoxx Eur 600	543.50	0.44
FTSE 100	8,806.53	-0.19
Nikkei 225	39,587.68	-0.56
CSI 300	3,965.18	-0.43
Hang Seng	23,887.83	-0.12
Straits Times	4,031.86	0.45
KLCI 30	1,537.54	-0.82
FX		
Dollar Index	97.48	0.31
EUR/USD	1.1709	-0.59
GBP/USD	1.3602	-0.35
USD/JPY	146.05	1.09
AUD/USD	0.6491	-0.99
USD/CNH	7.1795	0.23
USD/MYR	4.2385	0.38
USD/SGD	1.2797	0.44
USD/KHR	4,014.00	0.00
USD/THB	32.58	0.69
Commodities		
WTI (\$/bbl)	67.93	1.39
Brent (\$/bbl)	69.58	1.87
Gold (\$/oz)	3,342.80	0.00
Copper (\$/MT)	9,829.50	-0.35
Aluminum(\$/MT)	2,573.50	-0.64
CPO (RM/tonne)	4,032.50	-0.38

Source: Bloomberg, HLBB Global Markets Research
 * Closing as of 4 July for CPO

underperformed all its G10 and regional peers, coming under pressure following the softer than expected Japan's wage data released early in the day, and taking another leg down following the tariff announcement. AUD also weakened 1.0% d/d to 0.6491 as traders bet on a dovish RBA rate cut today.

- On the regional front, the tariff announcement triggered a sell-off in regional currencies, notable for KRW (-1.1% d/d). SGD (1.2797) and MYR (4.2385) depreciated 0.4% d/d each against the greenback, and we expect Asian currencies, as well as regional stocks, to be under pressure again today following the slew of tariff threats.
- In the commodities market, oil prices rebounded 1.4-1.9% d/d on signs of tightness in the physical market, eclipsing bearish impact from the output hike announcement by OPEC+ over the weekend. The WTI closed the day at \$67.93/barrel, and Brent at \$69.58/barrel.

Eurozone's retail sales fell but set to improve

- Mixed data from the Eurozone. The Sentix investor confidence index stayed in the positive territory for the second month, rising more than expected to its highest since February 2022 at 4.5 in July from June's 0.2. On consumer spending, retail sales fell at a faster pace than expected by 0.7% m/m in May (Apr: +0.3% m/m), marking its first contraction in the year partly due to the timing of holidays. Strong wage growth and improved purchasing power suggests a rebound is likely moving forward, although a still low consumer confidence suggests that robust sales remain a challenge at this juncture.

Japan's leading index rebounded; wages below expectations and eased slightly

- Mostly positive data from Japan. Bank lending accelerated to 2.8% y/y in June (May: +2.4% y/y), while the leading index came in a shade higher than expected at 105.3 in May (Apr: 104.2), the latter with mixed performance registered across the sub-indices. Base pay for full time workers, although below expectations, held up at +2.4% y/y in May (prior: +2.5% y/y), suggesting solid wage growth that is supportive of consumption and gradual rate hikes going forward.

Malaysia's foreign reserves ended 2Q at \$120.6bn

- Foreign reserves amounted to \$120.6bn as at end-June, up \$0.7bn as compared to a fortnight ago and +\$3.1bn from 1Q. The reserves position has taken into account the quarterly foreign exchange revaluation changes and is sufficient to finance 4.8 months of imports of goods and services and is 0.9 times the total short-term external debt.

House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DXY	95.75-98.75	96.88	98.60	97.69	96.58
EUR/USD	1.16-1.19	1.18	1.16	1.18	1.19
GBP/USD	1.34-1.38	1.37	1.34	1.35	1.36
USD/CHF	0.78-0.82	0.79	0.84	0.84	0.85
USD/JPY	142-148	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	4.19-4.26	4.21	4.24	4.24	4.20
USD/SGD	1.26-1.29	1.27	1.30	1.31	1.30
USD/THB	32.00-33.10	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
8-Jul	AU NAB Business Confidence (Jun)	2
	AU NAB Business Conditions (Jun)	0
	AU RBA Cash Rate Target	3.85%
	JN Eco Watchers Survey Outlook SA (Jun)	44.8
	US NFIB Small Business Optimism (Jun)	98.8
	US NY Fed 1-Yr Inflation Expectations (Jun)	3.20%
9-Jul	US Consumer Credit (May)	\$17.873b
	CH PPI YoY (Jun)	-3.30%
	CH CPI YoY (Jun)	-0.10%
	NZ RBNZ Official Cash Rate	3.25%
	MA BNM Overnight Policy Rate	3.00%
	US Mortgage Applications	2.70%
9-15 Jul	CH Aggregate Financing CNY YTD (Jun)	18630.0b
9-13 Jul	SI GDP SA QoQ (2Q A)	-0.60%

Source: Bloomberg

Hong Leong Bank Berhad

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

HLMarkets@hlbb.hongleong.com.my

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