8 August 2025

Global Markets Research
Daily Market Highlights

8 Aug: BOE delivered a hawkish cut

GBP strengthened with traders divided on another rate cut by end-2025
Uptick in jobless claims for the US; higher productivity to contain wage-push inflation
Faster growth in Malaysia's domestic-oriented IPI; steady gain for exports-oriented IPI

- Wall Street opened with modest gains but closed the day mixed on the day the reciprocal tariff kicked in. A variety of factors left a bearish tone on the market, namely poor demand on a 30Y bond auction and uptick in jobless claims. The 30-stock Dow fell 0.5% d/d, S&P 500 lost 0.1% but Nasdaq gained 0.4% d/d.
- Elsewhere, hopes of a Ukraine-Russia truce lifted Stoxx Eur 600 up 0.9% d/d, while Asian markets closed mostly in green with investors largely shrugging off Trump's tariff threat on chips.
- Treasuries closed weaker, with the longer-end paring its gains after the week 30Y auction. The 2Y, 10Y and 30Y yields closed the day 1bps higher at 3.73%, 4,25% and 4.83% respectively. Save for the UK gilts, 10Y European bond yields fell between 1-3bps (prior: +1 to +4bps).
- The DXY ended stronger at 98.40 (+0.2% d/d) with the Dollar trading stronger against CAD, CHF and NOK (-0.4 to 0%). On the flipside, GBP led gains against greenback at +0.7% d/d to 1.3444 as the aftermath of the BOE meeting saw traders scaling back their interest rate cut bets for the UK.
- In the regional space, PHP (+0.9% d/d) and TWD (+0.6% d/d) outperformed all Asian peers, the latter amid reports that TSMC is exempted from the US chip tariffs, while MYR (-0.1% d/d to 4.2327) trailed its peers with investors eyeing the development over US tariffs on semiconductors.
- Waning risk premium on a potential Trump-Putin meeting in coming days saw the WTI and Brent tumbling in tune to 0.7% d/d each to $63.88/barrel and $66.43/barrel respectively

BOE delivered a hawkish cut

- In a 5-4 majority vote, the Bank of England (BOE) lowered the Bank Rate by 0.25ppts to 4.00%. The decision was within expectation and as BOE Governor Andrew Bailey commented, "finely balanced" between the recent pickup in inflation against a cooling labour market.
- Key highlights include: 1) Two rounds of voting were required for this meeting, with the MPC initially split with 4 members wanting to hold rates, 4 voting to cut and 1 voted for a larger

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	43,968.64	-0.51
S&P 500	6,340.00	-0.08
NASDAQ	21,242.70	0.35
Stoxx Eur 600	546.05	0.92
FTSE 100	9,100.77	-0.69
Nikkei 225	41,059.15	0.65
CSI 300	4,114.67	0.03
Hang Seng	25,081.63	0.69
Straits Times	4,258.15	0.72
KLCI 30	1,549.11	0.49
FX		
Dollar Index	98.40	0.23
EUR/USD	1.1666	0.05
GBP/USD	1.3444	0.65
USD/JPY	147.14	-0.16
AUD/USD	0.6524	0.32
USD/CNH	7.1810	-0.06
USD/MYR	4.2327	0.08
USD/SGD	1.2832	-0.18
USD/KHR	4,009.50	0.07
USD/THB	32.32	-0.26
Commodities		
WTI ($/bbl)	63.88	-0.73
Brent ($/bbl)	66.43	-0.69
Gold ($/oz)	3,400.30	0.60
Copper ($$/MT)	9,684.50	0.09
Aluminum($/MT)	2,610.00	0.04
CPO (RM/tonne)	4,224.50	-0.26

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 6 Aug for CPO*

50bps rate cut. 2) The MPC judged that the upside risks over medium-term inflationary pressures have moved slightly, as food and energy price inflation might prove to be more salient than expected. 3) Inflation is expected to peak at 4.0% in September before falling back towards the 2% target. 4) MPC judged that a gradual and careful approach to the further withdrawal of monetary policy restraint remained appropriate, but added the new line "the restrictiveness of monetary policy had fallen as Bank Rate had been reduced," 5) We maintain our view that the BOE will skip a rate cut in the September meeting, delivering the next rate cut in the last quarter of this year.

Higher jobless claims echoed weak US NFP in further sign of a deteriorating labour market

- In another sign that the labour market is deteriorating, initial jobless claims rose more than expected to 226k (+7k) for the week ended August 2 (prior: +2k), while continuing claims surged to its highest since November 2021 to 1974k (+38k) for the week ended July 26 (prior: -10k). The jump for the continuing claims suggests that unemployed workers are having more difficulty finding a new job but that said, layoffs have remained largely subdued this year and concentrated on a few sectors.
- Productivity rebounded more than expected by 2.4% in 2Q (1Q: -1.8%) and unit labour costs rose at a softer pace of 1.6% (1Q: +6.9%). With productivity outpacing unit labour costs, this will help keep a lid on wage-push inflationary pressures, but we cautioned that both data are often volatile and likely boosted by trade volatility due to the tariff announcements.
- Consumer credit was a shade softer than expected at +$7.4bn in June as compared to +$5.1bn in May. The acceleration was driven by continued gains in non-revolving credit (+8.4bn vs +$9.0bn), while revolving credit fell at a narrower pace of -$1.1bn (May: -$3.5bn)

Australia's trade surplus widened as exports held their fort in June

- Trade balance widened sharper than expected to A$5.4bn in June from +A$1.6bn previously, as exports rebounded to +6.0% m/m (prior: -3.0% m/m) while imports fell 3.1% m/m on capital goods (prior: +3.3% m/m). Exports to the US jumped 7.8% m/m, while shipments to its major trading partners like Japan and UK held steady, supporting expectations that the economy could withstand the trade hiccups come 2H.

Stability to the Japanese economy, according to the leading and coincident indices

- Leading index rose for the second month to 106.1 in June (May: 104.8), better than expected and with broad-based improvement across all the sub-indices, while assessment of the coincidence was revised up to “halting to fall” from “worsening.” Despite headwinds from the external sector, the latest data suggest some stability for the economy and reaffirms our expectations that the central bank will continue with its tightening cycle next year.

China’s export growth unexpectedly quickened on non-US bound shipments

- China’s stronger than expected export growth showed that demand from outside the US more than offset declines in US-bound exports in July. While this could be partially due to diversification to export markets, any front-loaded transhipment via third countries to take advantage of the lower tariffs suggest headwinds and paybacks in 2H.
- Exports grew by 7.2% y/y after June’s +5.9% y/y, with exports to the US plunging 21.6% y/y (prior: -16.1% y/y) while exports to non-US destinations quickened. On a positive note, import growth also gathered momentum to +4.1% y/y (Prior: +1.1% y/y), more positive signs of stability for domestic demand.

Malaysia’s IPI growth accelerated more than expected

- Growth in Malaysia’s Industrial Production Index (IPI) gained speed by more than expected to 3.0% y/y in June (May: +0.3% y/y), marking its first pick-up in four months and shrugging off its weakest point in 17 months back in May. The better growth traction was underpinned by improvement across the three key sectors – quicker 3.6% y/y growth in manufacturing; and rebounds in mining and electricity, suggestive of still resilient and sound underlying activities in spite of dissipating pre-tariff frontloading demand.
- In a separate release, manufacturing sales also expanded at a faster pace of 3.3% y/y in June (May: +2.4% y/y). In line with subsector performance in IPI, growth in manufacturing sales were also driven by food, beverages & tobacco (+14.7% vs +13.0% y/y), E&E products (+4.5% vs +4.4% y/y), and non-metallic mineral products, basic metal & fabricated metal products (+3.0% vs +3.7% y/y).
- On a separate note, international reserves rose at a slightly faster pace of $0.4bn in 2H of July to $121.3bn to end the month (1H: +$0.3bn to $120.9bn as of 15 July). The reserves position 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	3Q-25	4Q-25	1Q-26	2Q-26

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

Rates, %	Current	3Q-25	4Q25	1Q26	2Q26
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	4.00	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
8-Aug	JN Household Spending YoY (Jun)	4.70%
	JN Bank Lending Ex-Trusts YoY (Jul)	3.00%
	JN Eco Watchers Survey Outlook SA (Jul)	45.9
9-Aug	CH PPI YoY (Jul)	-3.60%
	CH CPI YoY (Jul)	0.10%
9-15 Aug	CH New Yuan Loans CNY YTD (Jul)	12920.0b
11-18 Aug	CH FDI YTD YoY CNY (Jul)	-15.20%

Source: Bloomberg

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