

9 June 2025

## Global Markets Research

### Daily Market Highlights

## 9 June: All eyes on the US-China trade talk in London today

**Stronger than expected US NFP saw traders paring rate cuts bets and turning risk-on**  
**US equities gained; Treasuries plunged; US Dollar strengthened against all G10 peers**  
**Softer consumer spending from Eurozone & Japan; sturdy Vietnam exports to the US**

- A firmer than expected jobs data and late news of a US-China talks today in London helped calm markets last Friday and sent all the three US major stock indices higher by 1.0-1.2% d/d as at Friday's close. The CBOE Volatility index fell to its lowest since February at 16.77.
- The positive sentiment from the jobs data also spilled over to European markets, sending Stoxx 600 up +0.3% d/d. Regional markets closed mixed earlier in the day, but futures point to moderate gains today.
- The improved risk appetite and pared rate cut bets saw US treasuries hammered down with yields jumping 9-13bps across the curve. The 2Y UST yield closed the day at 4.04%, and the 10Y at 4.51%. 10Y European bond yields closed the day mixed between -/+3bps
- The DXY rallied to as high as 99.36 following the NFP print, but narrowed some of these gains to close at 99.19 (+0.5% d/d). The US Dollar strengthened against all its G10 peers, with safe haven JPY (-0.9% d/d to 144.85) underperforming all its G10 peers. EUR, GBP and AUD depreciated at a softer tune of 0.3-0.4% d/d to close at 1.1397, 1.3528 and 0.6490 respectively.
- On the regional front, THB (-0.3% d/d to 32.61) and SGD (-0.3% d/d to 1.2895) underperformed most of Asian peers, while MYR and CNH depreciated at a milder pace of 0.1-0.2% d/d to 4.2315 and 7.1886 respectively.
- In the commodity space, the WTI and Brent jumped 1.7-1.9% d/d to \$64.58/barrel and \$66.47/barrel respectively after the favorable US jobs report and resumed trade talks between Trump and Xi.

### Decent nonfarm payroll prints from the US

- The May jobs report showed that nonfarm payroll (NFP) rose more than expected by +139k (Apr: +147k) and there was a 95k downward revision to the previous two months data. The unemployment rate and average weekly hours held steady at 4.2% and 34.3, while wage growth was a tad stronger than expected at +3.9% y/y (prior: 3.9% y/y).

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,762.87	1.05
S&P 500	6,000.36	1.03
NASDAQ	19,529.95	1.20
Stoxx Eur 600	553.64	0.32
FTSE 100	8,837.91	0.30
Nikkei 225	37,741.61	0.50
CSI 300	3,873.98	-0.09
Hang Seng	23,792.54	-0.48
Straits Times	3,934.29	0.42
KLCI 30	1,516.79	-0.09
<b>FX</b>		
Dollar Index	99.19	0.45
EUR/USD	1.1397	-0.42
GBP/USD	1.3528	-0.31
USD/JPY	144.85	0.92
AUD/USD	0.6490	-0.25
USD/CNH	7.1886	0.17
USD/MYR	4.2315	0.11
USD/SGD	1.2895	0.27
USD/KHR	4,010.50	0.11
USD/THB	32.61	0.30
<b>Commodities</b>		
WTI (\$/bbl)	64.58	1.91
Brent (\$/bbl)	66.47	1.73
Gold (\$/oz)	3,322.70	-0.84
Copper (\$/MT)	9,693.00	-0.48
Aluminum(\$/MT)	2,450.50	-1.11
CPO (RM/tonne)	3,936.00	-0.11

Source: Bloomberg, HLBB Global Markets Research  
 \* Dated as of 5 June for CPO

- Despite the decent data, risks are increasingly tilted towards a cooler labour market. Recent employment surveys have shown some weakness, and job growth for May was concentrated on two sectors, leisure and education & healthcare services, the latter vulnerable to Trump's spending cuts and leisure, to cautious consumer discretionary spending going forward.
- Consumer credit, meanwhile, was also stronger than expected at +\$17.9bn in April (Mar: +\$8.6bn) as both non-revolving and revolving credit picked up pace during the month in sign of continued consumer spending strength for now, in line with the case that the Fed is in no rush to lower rates.

#### **Eurozone's retail sales grew at a softer pace**

- In the Eurozone, the final GDP growth was revised up to +0.6% q/q in 1Q (4Q: +0.3% q/q) due to gross fixed capital formation, but employment grew at a softer pace than initially estimated at +0.2% q/q (4Q: +0.1% q/q).
- Retail sales, although below forecasts, continued to grow +0.1% m/m in April (Mar: +0.4% m/m) and will continue to be supported by higher real incomes and a still robust labour market going forward. Sales were largely weighed down by non-food items, while spending for food items and fuel/sales at petrol sales grew at a stronger pace.

#### **Japan's household spending and leading index fell**

- In Japan, household spending unexpectedly fell 0.1% y/y in April after growing 2.1% y/y previously as elevated inflation rates hamper discretionary spending like furniture as well as clothing & footwear. The leading index also declined for the third straight month and by more than expected to 103.4 (prior: 107.6).
- These data showed that there is no rush for the BOJ to raise rates going forward when the impact from tariffs remains unknown, while the virtuous cycle between wages and inflation remains tepid. There is no change in our forecast that the central bank will delay its next rate hike to the last quarter of 2025.
- Data this morning, meanwhile, showed that bank lending picked up slightly to 2.4% y/y in May (Apr: 2.3% y/y) while the final GDP was revised up to show flat growth in 1Q (4Q: +0.6% q/q) amid better than initially estimated private consumption (+0.1% q/q vs +0.1% q/q in 4Q) and inventory, which more than offset downward revisions to its business spending data (+1.1% q/q vs +0.6% q/q in 4Q).

#### **Vietnam's exports to the US remained robust for now**

- Still robust May's data from Vietnam, but notably, exports grew more than expected by 17.0% y/y in May (Apr: +19.8% y/y) with exports to one of its largest trading partner, the US, jumping 36.1% y/y. Industrial output picked up to +9.4% y/y (Apr: +8.9%

y/y), while retail sales continue to register double-digit growth at +10.2% y/y (Apr: +11.1% y/y), supported by tourism.

- Inflation remained below government's target and tame at +3.2% y/y (Mar: +3.1% y/y) and was up 0.1% m/m due to increases in the prices of house rent, housing maintenance materials, electricity and eating out.
- As it is, the Trump administration has continued to maintain pressure on Vietnam as the latter continues to re-export a significant amount of Chinese products to the US, and as such, remains at risk of having the 46% reciprocal tariff being reimposed on manufacturers.

### House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DXY	97-101	99.36	98.60	97.69	96.58
EUR/USD	1.12-1.15	1.14	1.16	1.18	1.19
GBP/USD	1.33-1.37	1.34	1.34	1.35	1.36
USD/CHF	0.80-0.85	0.83	0.84	0.84	0.85
USD/JPY	142-147	144	146	145	142
AUD/USD	0.63-0.66	0.65	0.65	0.65	0.66
NZD/USD	0.58-0.61	0.60	0.60	0.59	0.60
USD/CNY	7.16-7.22	7.06	7.13	7.17	7.10
USD/MYR	4.21-4.28	4.20	4.24	4.24	4.20
USD/SGD	1.27-1.31	1.28	1.30	1.31	1.30
USD/THB	32.20-33.19	32.70	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	0.25	0.25	0.25	0.25	0.25
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
9-Jun	CH PPI YoY (May)	-2.70%
	CH CPI YoY (May)	-0.10%
	JN Eco Watchers Survey Outlook SA (May)	42.7
	MA Foreign Reserves	\$119.1b
	US NY Fed 1-Yr Inflation Expectations (May)	3.63%
	CH Exports YoY (May)	8.10%
9-15 Jun	CH Aggregate Financing CNY YTD (May)	16340.0b
10-Jun	AU Westpac Consumer Conf SA MoM (Jun)	2.20%
	AU NAB Business Confidence (May)	-1
	UK Average Weekly Earnings 3M/YoY (Apr)	5.50%
	UK ILO Unemployment Rate 3Mths (Apr)	4.50%
	UK Payrolled Employees Monthly Change (May)	-33k
	EC Sentix Investor Confidence (Jun)	-8.1
	US NFIB Small Business Optimism (May)	95.8

Source: Bloomberg

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