

9 July 2025

Global Markets Research

Daily Market Highlights

9 Jul: Trump's tariff policy kept investors on edge

US stocks hit a wall; Copper price spiked briefly after the 50% tariff news

AUD outperformed following a surprised RBA hold; GBP & JPY led losses

All eyes on the FOMC meeting minutes, RBNZ and BNM policy decisions today

- President Donald Trump continued with this trade war vowing overnight, to push forward with his steep tariff rates in the coming days and offering no additional extensions on country-specific levies. Speaking at a cabinet meeting later, he also announced a **50% tariff rate on copper, discussed tariffs of up to 200% on pharmaceutical products**, additional 10% on members of the BRICS, and said that he could send a letter to the EU soon with threats of steep tariffs on the bloc. Commerce Secretary Howard Lutnick also said that around 15-20 countries will soon receive warning letters from Trump unless a deal is struck by then.
- Copper prices spiked, while US stocks hit a standstill following the tariff rumbles. In the equity space, the Dow and S&P 500 fell 0.4% d/d and 0.1% d/d respectively, while Nasdaq closed just above its flatline. European stocks (Stoxx Eur 600: +0.4% d/d) shrugged off the tariff threats as investors await a EU-US deal update. In Asia, Nikkei 225 (+0.3% d/d) and Kospi (+1.8% d/d) gained, but KLCI 30 tumbled 0.5% d/d after the US slapped the 3 countries with a stiff 25% tariff rate.
- In the bond space, treasuries continued to trade underwater following the recent strong US jobs reports, and also spillover from the weakness in JGBs and UK gilts. While the 2Y UST yield closed just below its flatline at 3.89%, the 10Y yield rose 2bps to 4.40%. Yields for the 3- 5- 7- , 20- and 30Y tenures were also up in tune to 0-2bps. Yields to the UK gilts, meanwhile, were up 1-6bps across the curve, while JGBs rose between 0-15bps with the exception of the 2Y.
- In the forex market, DXY rose to as high as 97.84 during the day before fading to close just above its flatline at 97.52. The AUD (+0.6% d/d to 0.6530) outperformed all its G10 peers after the central bank delivered a hawkish surprise, while JPY and GBP were the worst performers. JPY (-0.4% d/d to 146.58) took a hit after being slapped with the steep US tariffs, while GBP (-0.1% d/d to 1.3592) weakened after UK's fiscal watchdog warned of a

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,240.76	-0.37
S&P 500	6,225.52	-0.07
NASDAQ	20,418.46	0.03
Stoxx Eur 600	545.71	0.41
FTSE 100	8,854.18	0.54
Nikkei 225	39,688.81	0.26
CSI 300	3,998.45	0.84
Hang Seng	24,148.07	1.09
Straits Times	4,047.86	0.40
KLCI 30	1,530.14	-0.48
FX		
Dollar Index	97.52	0.04
EUR/USD	1.1725	0.14
GBP/USD	1.3592	-0.07
USD/JPY	146.58	0.36
AUD/USD	0.6530	0.60
USD/CNH	7.1818	0.03
USD/MYR	4.2402	0.04
USD/SGD	1.2795	-0.02
USD/KHR	4,012.20	-0.04
USD/THB	32.53	-0.14
Commodities		
WTI (\$/bbl)	68.33	0.59
Brent (\$/bbl)	70.15	0.82
Gold (\$/oz)	3,316.90	-0.77
Copper (\$\$/MT)	9,790.50	-0.40
Aluminum(\$/MT)	2,586.00	0.49
CPO (RM/tonne)	4,031.00	-0.04

Source: Bloomberg, HLBB Global Markets Research
* Closing as of 7 July for CPO

£22bn surge in debt interest cost as pension schemes buy fewer bonds.

- Regional currencies closed mixed against the greenback. KRW appreciated 0.5% d/d against USD following the tariff news, but MYR closed just below its flatline at 4.2402, the latter weighed down by expectations of a 25bps rate cut by the BNM today. SGD, meanwhile, closed just above its flatline at 1.2795.
- In the commodity space, copper prices spiked to as high as \$9888.50/mt following the tariff news, but later pared its gains to close the day 0.4% d/d lower at \$9790.50/mt. Oil gained for the second session amid fresh tension in the Middle East. The WTI rose 0.6% d/d to \$68.33/barrel, and Brent by 0.8% d/d to \$70.15/barrel.

RBA delivered a surprised hawkish hold; matter of timing before the next cut

- The Reserve Bank of Australia (RBA), in a 6 to 3 majority vote, held its cash rate unchanged at 3.85%. The decision was a surprise to consensus who had pencilled in a quarter point cut in this meeting, but in line with our expectations of a quarter point cut each in 3Q and 4Q of 2025 respectively, and another 25bps in 1Q of 2026.
- The decision to hold was driven by the board's view that they could wait for a little more information to confirm that inflation remains on track to reach 2.5% on a sustainable basis, facilitated by a gradual recovery in private domestic demand and a still tight labour market. RBA also added that the June quarter inflation was, at the margin, slightly stronger than expected and that the monetary policy is well placed to respond decisively to international developments. RBA's Bullock also added in the press conference that the likelihood of a severe trade scenario has abated.
- In terms of data, the NAB business confidence and conditions indices improved to 5 and 9 in June (Prior: 2 and 0), the latter its highest since March 2024 driven by improvement in all sub-indices save exports.

Pullback in US consumer credit; small business optimism eased slightly

- Consumer credit slowed sharper than expected to its slowest pace in three months at \$5.1bn in May (Apr: \$16.9bn) amid a pullback in credit card and other revolving debt. The slowdown coincides with the softer household spending during the month, amid cautiousness over the economy and labour market.
- Matching expectations, the NFIB Small Business Optimism index edged down 0.2ppts to 98.6 in June. The index at this level remains slightly above the 50-year average of 98.0, weighed down by excess inventories. Businesses also reported that taxes

was their single most important problem, followed closely by labor costs and quality.

- The New York Fed survey showed that June's inflation expectations eased more than expected for the short term (1Y: -0.2ppts to 3.0%) and were unchanged at the medium (3Y: 3.0%) and longer-terms (5Y: 2.6%).

Japan's Eco Watchers improved driven by the household segment

- The Eco Watchers survey outlook index rose more than expected to 45.9 in June (May: 44.8), its second consecutive month of improvement driven by the household and employment sub-indices, largely in line with moderate increasing trend for consumer spending.

House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DX	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
9-Jul	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
10-Jul	US FOMC Meeting Minutes	
	JN PPI YoY (Jun)	3.20%
	US Initial Jobless Claims	233k

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

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.