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Global Markets Research

Daily Market Highlights

10 June: Trade negotiations continue into second day

US-China trade talk optimism boosted stocks; UST yields fell amid softer CPI expectations
Dollar weakened against most G10 peers; all eyes on the sterling with labour data on deck
Lingering deflation risks for China amid weak domestic demand; exports to the US tumbled

- Optimism over US-China trade talks saw S&P 500 posting back-to-back gains overnight. The broad index closed up 0.1% d/d, with consumer discretionary and information technology outperforming, while financials and safe stocks like healthcare and consumer staples lagged. Nasdaq climbed 0.3% d/d, but the Dow closed just below its flatline overnight.
- Elsewhere, Stoxx Eur 600 closed 0.1% d/d lower, but Asian markets closed in the green ahead of the trade talk. With a key inflation read on tap later in the week and Beijing and Washington set to resume their negotiations, trading will likely be muted today.
- In the bond space, treasuries ended with small gains after the New York Fed survey showed that inflation expectations eased. The 2Y- and 10Y- yields closed the day 3bps lower at 4.00% and 4.47% respectively. Save for the Swedish sovereign bonds, 10Y European bond yields also fell in tune to 1bps.
- In the forex space, DXY traded 0.2% d/d down to 99.00 as the Dollar weakened against most of its G10 peers overnight. CAD lagged, while NZD, NOK and SEK outperformed their peers by gaining between 0.5-0.6% d/d.
- Regional currencies closed mixed with haven currencies like JPY (+0.2% d/d to 144.57) and SGD (+0.2% d/d to 1.2864) leading gains against the greenback. Gains in the JPY was supported by the upward revision to its final 1Q GDP print released yesterday morning. CNH strengthened 0.1% d/d to 7.1826 despite data showing that China is still battling with deflationary risks and amid slower export numbers.
- Crude oil prices closed higher as investors await progress on the US-China trade talks as well as nuclear talks between Washington and Tehran. The WTI and Brent closed the day 0.7-0.9% d/d higher at \$65.38/barrel and \$67.13/barrel respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	42,761.76	0.00
S&P 500	6,005.88	0.09
NASDAQ	19,591.24	0.31
Stoxx Eur 600	553.24	-0.07
FTSE 100	8,832.28	-0.06
Nikkei 225	38,088.57	0.92
CSI 300	3,885.25	0.29
Hang Seng	24,181.43	1.63
Straits Times	3,936.32	0.05
KLCI 30	1,519.41	0.17
FX		
Dollar Index	99.00	-0.20
EUR/USD	1.1422	0.22
GBP/USD	1.3551	0.17
USD/JPY	144.57	-0.19
AUD/USD	0.6516	0.40
USD/CNH	7.1826	-0.08
USD/MYR	4.2318	0.01
USD/SGD	1.2864	-0.24
USD/KHR	4,012.63	0.05
USD/THB	32.68	-0.20
Commodities		
WTI (\$/bbl)	65.38	0.94
Brent (\$/bbl)	67.13	0.72
Gold (\$/oz)	3,346.70	0.47
Copper (\$/MT)	9,768.50	1.01
Aluminum (\$/MT)	2,483.00	1.28
CPO (RM/tonne)	3,913.50	-0.57

Source: Bloomberg, HLBB Global Markets Research

* Dated as of 6 June for CPO

Inflation expectations in the New York region eased

- The New York Fed 1Y inflation expectations eased more than expected to 3.2% in May (Apr: 3.6%), while those for the 3Y and 5Y were also a tad softer at 3.0% and 2.6% (prior: 3.2% and 2.7%)

The moderation in the inflation outlook took place amid elevated uncertainty over the future price pressures from import tariffs, and as such, unlikely to change Fed's policy stance of no rush to lower rates stance for now.

Rebound in Eco Watchers outlook signals moderate recovery for Japan

- Eco Watchers Survey Outlook index rebounded more than expected to 44.8 in May from 42.7 in April, as household activity-, corporate activity-, and employment-related indices all improved, suggesting continued moderate recovery for the economy, albeit with some signs of weakness recently. As for the future, there is concern about US trade policy as well as the prolonged impact of price hikes, while hopes are placed on wage increases to cushion impact for the latter.

Deflation worries continue to persist for China; exports to the US tumbled despite temporary trade truce

- China continues to struggle with deflation, with the print coming in unchanged at -0.1% y/y in May, while producer prices fell more than expected by 3.3% y/y as compared to -2.7% y/y previously, the latter weighed down by the drop in global oil prices and chemicals, while prices for coals and other raw materials also fell due to ample inventory.
- Although better than expected and despite the national holidays, the decline in consumer prices suggests that deflation will likely linger for the months ahead, weighed down by weak domestic demand, ongoing price wars and possibly, indirect impact on demand from the higher tariffs for the US.
- In fact, separate data also showed that export growth slowed more than expected to 4.8% y/y from +8.1% y/y despite the temporary trade truce with the US during the month. Shipments to the US notably plunged 34.4% y/y and were down 12.7% m/m.

Malaysia's foreign reserves increased at a slightly faster pace in 2H of May

- Foreign reserves rose at a faster pace of \$0.5bn in 2H of May to \$119.6bn at end-May (1H: +0.4bn to \$119.1bn). The reserves position is sufficient to finance 5.0 months of imports of goods and services and is 0.9 times of the total short-term external debt.

House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DX	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
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
11-Jun	US NFIB Small Business Optimism (May)	95.8
	JN PPI YoY (May)	4.00%
	MA Manufacturing Sales Value YoY (Apr)	3.70%
	US MBA Mortgage Applications	-3.9%
	US CPI Ex Food and Energy YoY (May)	2.80%
	US Real Avg Weekly Earnings YoY (May)	1.70%
11-18 Jun	CH FDI YTD YoY CNY (May)	-10.90%

Source: Bloomberg

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