HongLeong Bank

11 June 2025

Global Markets Research
Daily Market Highlights

11 June: Risk-on sentiments amid trade talk optimism

US-China trade talk optimism and absence of negative newsflows supported US stocks
US treasuries ended mixed as a modest 3-year bond sale dented the front-end
USD traded mixed against G10 peers; firmer against regional Asian FX

- US-China trade negotiations continued to top investors' radar. Reportedly positive progress reaching the "technical details" stage prompted risk-on mood, pushing S&P500 and the Nasdaq back up closer to record high levels. All sectors within the S&P500 indices advanced except for industrial stocks, with gains led by energy and consumer discretionary. The S&P500 and Nasdaq ended the day 0.6% higher, while the Dow posted a smaller 0.3% d/d gain.
- European stocks however traded mixed on Tuesday as investors stayed cautious amid ongoing trade talks in London. The Stoxx Eur 600 slipped 0.02% on the day but the FTSE100 rose 0.2%; the German DAX fell 0.8%. In the Asian space, major bourses generally saw lower closings (except for the gain in Nikkei) amid trade anxiety but futures are pointing to a higher opening today tracking the overnight gains in Wall Street.
- In the bond space, global sovereign bonds generally traded on a positive note awaiting more clarity from the seemingly positive US-China trade negotiations. US treasuries however saw mixed trading following the modest 3-year bond sale (BTC of 2.52x at a high yield of 3.97% vs 2.56x at 3.82% prior) and ahead of the scheduled release of US CPI tonight, where expectations are a slight uptick in both the headline and core readings will reaffirm the Fed's wait and see stance. The benchmark 2-year note yield rose 2bps to 4.02%, rebounding from 3.98% low clinched in early session, as the front-end of the curve was weighed down by the softer 3-year bond auction, while the 10s edged marginally lower by 0.4bps to 4.47%. In Europe, 10-year bond yields fell 4-9bps by and large, after falling within 1bp the day before.
- On the FX front, the USD traded mixed against G10s, gaining against the Nordic (NOK, SEK) and haven (CHF, JPY) FX, but weakening against the commodity currencies (CAD, AUD, NZD). The DXY ended Tuesday marginally higher by 0.05% at 99.05 after a day of choppy trade. Regional currencies generally underperformed the USD as at Tuesday's close, with KRW, MYR and CNH leading losses. The KRW weakened 0.9% d/d while the

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	42,866.87	0.25
S&P 500	6,038.81	0.55
NASDAQ	19,714.99	0.63
Stoxx Eur 600	553.12	-0.02
FTSE 100	8,853.08	0.24
Nikkei 225	38,211.51	0.32
CSI 300	3,865.47	-0.51
Hang Seng	24,162.87	-0.08
Straits Times	3,933.80	-0.06
KLCI 30	1,516.95	-0.16
FX		
Dollar Index	99.05	0.05
EUR/USD	1.1425	0.03
GBP/USD	1.3500	-0.38
USD/JPY	144.87	0.21
AUD/USD	0.6522	0.09
USD/CNH	7.1887	0.08
USD/MYR	4.2390	0.17
USD/SGD	1.2870	0.05
USD/KHR	4,013.00	0.01
USD/THB	32.63	-0.15
Commodities		
WTI ($/bbl)	64.74	-0.98
Brent ($/bbl)	66.60	-0.79
Gold ($/oz)	3,344.80	-0.06
Copper ($$/MT)	9,725.00	-0.45
Aluminum($/MT)	2,494.00	0.44
CPO (RM/tonne)	3,949.50	0.92

Source: Bloomberg, HLBB Global Markets Research
** Dated as of 9 June for CPO*

MYR fell 0.2% d/d to 4.2390. CNH slipped 0.1% to 7.1887 while the SGD also weakened 0.1% to 1.2870.

- Crude oil prices reversed course and fell 0.8-1.0% d/d weighed down by news on a drop in drilling activities and EIA's downgrade in oil output forecast for 2026 suggestive of a less sanguine demand outlook. This overshadowed a report from API showing a drop in US crude inventories last week. WTI last settled at $64.74/ barrel while the Brent closed at $66.60/ barrel.

Improvement in US NFIB small business confidence in May

- US small businesses confidence as measured by NFIB ticked up more than expected to 98.8 in May (Apr: 95.8), marking its first increase this year and the highest reading in three months, implying small businesses are turning less pessimistic over business outlook. A higher percentage (25% vs 15%) were expecting better economic outlook and higher sales in the next three months, and 22% of firms reported better outlook for increased capital spending (Apr: 18%), although the "plan to hire" component was slightly lower at 12% in May (Apr: 13%). The uncertainty index climbed up from 92 to 94 in May, pointing to uneasiness over Trump's tariff policies, although this was off the 104 high seen in February.

Rebound in investor confidence in the Eurozone

- Sentix Investor Confidence surprised on the upside, rebounded more than expected back to a positive print (+0.2 vs -8.1) in June. This marked its first positive read in a year, pointing to gradual recovery in sentiments as investors slowly adjust to the new international trade backdrop.

Softer than expected labour prints in the UK keep BOE easing intact

- Continuous weakening in the UK labour market, with the number of payrolled employees falling sharply and more than expected by 109k in May (Apr: -55k) while the unemployment rate crept up to 4.6% from 4.5% previously. In tandem with the softening of the labour market, average weekly ex-bonus also slowed to 5.2% y/y in April (Mar: 5.5% y/y), while signs that firms may be holding back on recruitment/replacing workers (vacancy: -63k to 736k in Mar-May) suggest that this trend will likely continue going forward as the cumulative effect from the Autumn Budget becomes more entrenched, further easing BOE's concerns on further wage-push inflation, hence keeping its policy easing outlook intact.

Bigger than expected pullback in Japan's PPI unlikely to change BOJ's rate hike path

- Japan's producer prices surprised on the downside at +3.2% y/y and -0.2% m/m in May (Apr: +4.1% y/y and +0.3% m/m). This marked its 2nd straight month of moderation to its lowest level in eight months, amid steeper falls in both import prices and export prices, adding to signs of little tariff-driven inflationary pressure, at least not yet. This contradicted to the upside surprise seen in CPI, but will unlikely sway the BOJ's rate hike path, although timing of a hike could potentially be pushed back further down the road.

Australia business and consumer confidence remained weak overall

- Both business and consumer confidence remained broadly unchanged and weak in 2Q, suggesting overall growth prospects remained soft and fragile. NAB business confidence bounced back just above positive territory at +2 in May (Apr: -1) while Westpac consumer confidence rose at a softer pace of 0.5% m/m in June (May: +2.2% m/m). Consumers have remained largely cautious, but was nevertheless supported by improvement around consumer attitudes towards major purchases.

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
11-Jun	MA Manufacturing Sales Value YoY (Apr)	3.70%
	MA IPI YoY (Apr)	3.20%
	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%

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

12-Jun	JN BSI Large All Industry QoQ (2Q)	2
	AU Consumer Inflation Expectation (Jun)	4.10%
	UK Monthly GDP (MoM) (Apr)	0.20%
	US PPI Final Demand YoY (May)	2.40%
	US Initial Jobless Claims	247k

Source: Bloomberg