

14 July 2025

## Global Markets Research

### Daily Market Highlights

## 14 Jul: Stepped up tariff threats unnerved markets

**Higher tariffs on Canada, EU and Mexico; sell-offs in global stocks and bonds**

**UK's GDP unexpectedly fell in May; Singapore's GDP accelerated in 2Q**

**Malaysia's IPI growth decelerated more than expected on tariff impact**

- The escalation in trade war saw most major equity indices closing in red last Friday. The 3 major US stock indices tumbled 0.2-0.6% d/d, Stoxx Eur 600 fell 1.0% d/d while Nikkei 255 slid 0.2% d/d. This came after President Trump announced a 35% tariff on Canada and floated 15-20% blanket tariffs on most trading partners, higher than the 10% level currently in effect. President Trump also announced a 30% tariff on the EU and Mexico over the weekend, up from its initial level of 20% and 25% imposed back in February.
- The return of the tariff threat also continued to put pressure on global bonds. Consequently, we saw Treasury yields rising 1-8bps across the curve (prior: 0 to +3bps), while the 10Y European bond yields also closed the day 1-3bps higher (prior: +2 to +4bps). The benchmark 2Y UST yield inched up 1bps to 3.89%, while the 10Y gained 6bps to 4.41%.
- Within the FX space, the Dollar benefitted from the trade flare up and the DXY advanced 0.2% d/d to close at 97.85 last Friday. JPY (-0.8% d/d to 147.43) lagged behind its G10 peers, closely followed by SEK (-0.6% d/d) and GBP (-0.6% d/d to 1.3493) respectively, the latter also weighed down by UK's weaker than expected GDP print. CAD weakened 0.3% d/d weighed down by the tariff announcement, while EUR depreciated 0.1% d/d to 1.1689 with an EU tariff letter expected from White House. Regional currencies closed mixed against the Dollar. SGD and MYR weakened 0.1% d/d each to 1.2803 and 4.2535 respectively.
- In the commodity space, crude oil prices rallied after the IEA said that the global oil market may be tighter than it appears, and amid speculation that the US plans to sanction Russian crude. The WTI closed 2.8% d/d higher at \$68.45/barrel, and Brent rose 2.5% d/d to \$70.36/barrel.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,371.51	-0.63
S&P 500	6,259.75	-0.33
NASDAQ	20,585.53	-0.22
Stoxx Eur 600	547.34	-1.01
FTSE 100	8,941.12	-0.38
Nikkei 225	39,569.68	-0.19
CSI 300	4,014.81	0.12
Hang Seng	24,139.57	0.46
Straits Times	4,087.81	0.30
KLCI 30	1,536.07	-0.03
<b>FX</b>		
Dollar Index	97.85	0.21
EUR/USD	1.1689	-0.10
GBP/USD	1.3493	-0.63
USD/JPY	147.43	0.80
AUD/USD	0.6578	-0.15
USD/CNH	7.1717	-0.10
USD/MYR	4.2535	0.10
USD/SGD	1.2803	0.06
USD/KHR	4,010.00	0.01
USD/THB	32.51	-0.59
<b>Commodities</b>		
WTI (\$/bbl)	68.45	2.82
Brent (\$/bbl)	70.36	2.51
Gold (\$/oz)	3,364.00	1.15
Copper (\$\$/MT)	9,660.50	-0.41
Aluminum (\$/MT)	2,603.00	-0.17
CPO (RM/tonne)	4,109.00	0.00

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 10 July for CPO

#### UK's economy fell for the second month in May; BOE's 2Q growth forecast at risk

- The UK economy came in softer than expected, shrinking 0.1% m/m in May after declining 0.3% m/m previously. The latest data

leaves the economy at risk of contraction in 2Q and undershooting BOE's forecast of +0.3% for the quarter. Of the three main sectors, production output was the largest drag to the monthly GDP, decreasing more than expected by 0.9% m/m (Apr: -0.6% m/m). Construction output also decreased (-0.6% vs +0.8%), but these were partially offset by an increase of 0.1% in services output (Apr: -0.3%).

#### **Japan's core machine orders fell on manufacturing**

- Core machine orders fell at a narrower pace than consensus forecast at -0.6% m/m in May (Apr: -9.1% m/m), as orders from the manufacturing sector continues to slump amid cautious capex spending due to the trade tension, while orders from the non-manufacturing sector rebounded. Survey from firms nonetheless suggest that the decline was expected (2Q forecast: -2.1% vs 1Q: +3.9%), in fact signalling an upturn in the month of June.

#### **Singapore's economy skirted a technical recession**

- Advanced 2Q GDP came above street estimate, accelerating to +4.3% y/y in 2Q from +4.1% y/y previously. On a quarterly basis, the economy rebounded and grew by +1.4% q/q (1Q: -0.5% q/q), suggesting that the economy will skirt a technical recession and despite significant uncertainty and downside risks in the global economy in 2H, official's growth target of 0-2% remains achievable at this juncture.
- Driving growth during the quarter was a pick-up in the manufacturing (+5.5% y/y vs +4.4% y/y) and services (+4.1% y/y vs +3.7% y/y) sectors, while growth in the construction sector (+4.9% y/y vs +5.1% y/y) slowed marginally.

#### **Malaysia's IPI growth continued surprising on the downside; easing to a 17-month low**

- Growth in Malaysia's Industrial Production Index (IPI) pulled back more than expected to a mere 0.3% y/y in May (Apr: +2.7% y/y), marking its smallest gain in 17 months. Manufacturing IPI slowed sharply to 2.8% y/y in May, halving from the 5.6% y/y increase registered in April, while mining IPI posted a steeper decline of 10.2% y/y (Apr: -6.3% y/y). Electricity output rebounded and witnessed its first positive gain in five months (+0.4% vs -1.7% y/y), but too little to lift overall IPI. In a separate release, manufacturing sales also saw growth halving from +4.7% to +2.4% y/y in May, all uniformly pointing to softening growth outlook as higher tariffs and tariff uncertainties started to bite (Refer to Research Alert "IPI growth decelerated more than expected in May" on 11<sup>th</sup> July).

## House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DXY	96.25-99.25	98.32	96.29	94.99	93.77
EUR/USD	1.15-1.19	1.16	1.19	1.20	1.22
GBP/USD	1.34-1.38	1.36	1.38	1.39	1.40
USD/CHF	0.78-0.81	0.81	0.80	0.79	0.78
USD/JPY	144-149	147	144	140	137
AUD/USD	0.64-0.67	0.63	0.65	0.67	0.68
NZD/USD	0.59-0.62	0.59	0.60	0.61	0.61
USD/CNY	7.15-7.19	7.20	7.16	7.12	7.10
USD/MYR	4.22-4.29	4.28	4.25	4.22	4.18
USD/SGD	1.26-1.30	1.29	1.26	1.24	1.22
USD/THB	32.10-33.10	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	4.25	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
14-Jul	CH Exports YoY (Jun)	4.80%
	CH Imports YoY (Jun)	-3.40%
15-Jul	AU Westpac Consumer Conf SA MoM (Jul)	0.50%
	CH New Home Prices MoM (Jun)	-0.22%
	CH Used Home Prices MoM (Jun)	-0.50%
	CH GDP YoY (2Q)	5.40%
	CH Retail Sales YoY (Jun)	6.40%
	CH Industrial Production YoY (Jun)	5.80%
	CH Surveyed Jobless Rate (Jun)	5.00%
	CH Property Investment YTD YoY (Jun)	-10.70%
	EC ZEW Survey Expectations (Jul)	35.3
	EC Industrial Production SA MoM (May)	-2.40%
	US Real Avg Weekly Earnings YoY (Jun)	1.50%
	US Empire Manufacturing (Jul)	-16
	US CPI Ex Food and Energy YoY (Jun)	2.80%

Source: Bloomberg

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