

14 August 2025

Global Markets Research

Daily Market Highlights

14 Aug: Fed rate cut bets spiked after Bessent's comment

Bessent touted 50bps cut in September; and said rates should be 150-175bps lower
US stocks and treasuries rallied; DXY slumped below 98 on heightened Fed rate cut bets
Today's focus: US PPI; 2Q GDP for the Eurozone & UK; Australia labour data

- Markets ramped up bets that the Fed will cut rates in September and lifted the S&P 500 and Nasdaq to record highs again. US treasuries also advanced. This comes following comments from Treasury Secretary Scott Bessent who urged the FOMC to consider lowering rates by 50bps given the recent dismal job data, adding to the dovish rhetoric amid the tame US inflation prints. The three major US stock indices rallied 0.1-1.1% d/d, while treasury yields tumbled 5-6bps, the benchmark 2Y- and 10Y closing the day at 3.67% and 4.23% respectively.
- Elsewhere, Nikkei 225 (+1.3% d/d) hit fresh high, while Stoxx Eur 600 climbed 0.5% d/d tracking Wall Street gains on Fed rate-cut hopes. In the bond space, 10Y European bond yields closed the day 4-8bps lower, after rising 4-6bps the day before.
- The DXY slumped to as low as 97.63 on Fed cut bets before paring some losses to close at 97.84 (-0.3% d/d). All G10 currencies strengthened against the greenback led by GBP (+0.6% d/d to 1.3576), NZD and JPY (+0.3% d/d to 147.38). All regional currencies also appreciated against the Dollar with IDR, PHP and MYR (+0.6% d/d to 4.2070) outperforming their peers, while SGD appreciated at a narrower pace of 0.3% d/d to 1.2801.
- In the commodity space, the WTI and Brent closed the day 0.7-0.8% d/d lower at \$62.65/barrel and \$65.63/barrel, amid a larger than expected inventory build in the US and bearish forecast by the IEA, the latter projecting a record glut in global oil inventories in 2026.

Lower mortgage rates boosted refinanced mortgage applications to its highest since April for the US

- Lower mortgage rates (30Y fixed: 6.67%) boosted purchase applications and marked the strongest week for refinancing activity since April. Total mortgage applications increased for the second consecutive week and by a larger pace of 10.9% w/w for the week ended August 8, up from +3.1% w/w the week prior.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,922.27	1.04
S&P 500	6,466.58	0.32
NASDAQ	21,713.14	0.14
Stoxx Eur 600	550.85	0.54
FTSE 100	9,165.23	0.19
Nikkei 225	43,274.67	1.30
CSI 300	4,176.58	0.79
Hang Seng	25,613.67	2.58
Straits Times	4,272.76	1.23
KLCI 30	1,586.60	1.19
FX		
Dollar Index	97.84	-0.26
EUR/USD	1.1705	0.26
GBP/USD	1.3576	0.56
USD/JPY	147.38	-0.31
AUD/USD	0.6546	0.25
USD/CNH	7.1817	-0.04
USD/MYR	4.2070	-0.56
USD/SGD	1.2801	-0.28
USD/KHR	4,007.50	0.03
USD/THB	32.26	-0.22
Commodities		
WTI (\$/bbl)	62.65	-0.82
Brent (\$/bbl)	65.63	-0.74
Gold (\$/oz)	3,358.70	0.29
Copper (\$\$/MT)	9,803.00	-0.38
Aluminum(\$/MT)	2,616.00	-0.13
CPO (RM/tonne)	4,355.50	2.12

Source: Bloomberg, HLBB Global Markets Research
 * Closing as of 12 Aug for CPO

Steady wage growth eases wage-push inflation concerns for Australia

- The wage price index (WPI) unexpectedly held steady at 3.4% y/y in 2Q. Despite the upward surprise in wage data, annual growth has largely moderated since 2Q 2024's +4.1% y/y and was largely driven by public sector pay due to backdated pay rises from recently approved state-based enterprise agreements, and as such, unlikely to raise concerns of elevated wage growth and wage-push inflation ahead.
- On a separate note, investment loans continued to drive home loans up 2.0% q/q in 2Q (1Q: -1.2% q/q). Through the year growth was more subdued at around 0.2%, lending activity is still at relatively high levels, and the positive impact from the rate cuts in 1H could likely trickle in in 2H.

China's new loans fell for the first time in two decades

- China's new yuan loans unexpectedly fell 49.9bn yuan, and for the first time in 20 years in July. While new loans seasonally fall in July after strong gains in June when banks strive to meet quarterly targets, the latest reading was well below even the most pessimistic forecast, pointing to weak private sector demand amid fragile confidence and uncertainty around the trade war. Government financing remained the key driver of credit growth, while demand from households and the corporate sector remained soft.

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DX	97.48-101.50	98.32	96.29	94.99	93.77
EUR/USD	1.12-1.18	1.16	1.19	1.20	1.22
GBP/USD	1.31-1.37	1.36	1.38	1.39	1.40
USD/CHF	0.78-0.82	0.81	0.80	0.79	0.78
USD/JPY	146-153	147	144	140	137
AUD/USD	0.62-0.66	0.63	0.65	0.67	0.68
NZD/USD	0.57-0.62	0.59	0.60	0.61	0.61
USD/CNY	7.15-7.23	7.20	7.16	7.12	7.10
USD/MYR	4.19-4.30	4.28	4.25	4.22	4.18
USD/SGD	1.27-1.31	1.29	1.26	1.24	1.22
USD/THB	31.61-33.23	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	4.00	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	3.60	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-Aug	AU Employment Change (Jul)	2.0k
	AU Unemployment Rate (Jul)	4.30%
	UK GDP QoQ (2Q P)	0.70%
	EC GDP SA QoQ (2Q S)	0.10%
	EC Employment QoQ (2Q P)	0.20%
	US PPI Final Demand YoY (Jul)	2.30%
	US Initial Jobless Claims	226k
15-Aug	JN GDP SA QoQ (2Q P)	0.00%
	CH New Home Prices MoM (Jul)	-0.27%
	CH Used Home Prices MoM (Jul)	-0.61%
	CH Retail Sales YoY (Jul)	4.80%
	CH Industrial Production YoY (Jul)	6.80%
	CH Fixed Assets Ex Rural YTD YoY (Jul)	2.80%
	CH Surveyed Jobless Rate (Jul)	5.00%
	MA GDP YoY (2Q F)	4.50%
	HK GDP YoY (2Q F)	3.10%
	US Retail Sales Advance MoM (Jul)	0.60%
	US Empire Manufacturing (Aug)	5.5
	US Import Price Index YoY (Jul)	-0.20%
	US Industrial Production MoM (Jul)	0.30%
	US U. of Mich. Sentiment (Aug P)	61.7

Source: Bloomberg

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