

15 May 2025

Global Markets Research

Daily Market Highlights

15 May: Signs of market fatigue amid lack of fresh catalysts

More muted gains in Wall Street and USD; USTs underperformed

Slow credit growth for China; strong wage growth is unlikely to sway RBA's easing cycle

All eyes on US retail sales for April, Aussie labour data, EU and UK's 1Q GDP today

- S&P 500's rebound from April's meltdown continued for its third consecutive day, but gains were more muted amid signs of market fatigue, and amid lack of material drivers to the market. The broad S&P500 index gained 0.1% d/d, while Nasdaq traded 0.7% d/d higher. The Dow remains the outlier, closing 0.2% d/d lower for the second day. Stocks traded mixed with communication services and information technology stocks leading gains, while healthcare and materials names lagged.
- Elsewhere, Stoxx Eur 600 snapped its 4-day winning streaks and closed 0.2% d/d lower, as traders paused after a rally spurred by the trade optimism and amid mixed corporate earnings. Asian markets closed mostly higher, with Hang Seng (as well as chip stocks), leading gains in the region at 2.3% d/d, but are set for cautious open as the Wall Street rally wavers.
- Treasuries underperformed mid-week and pushed yields higher 5-7bps across the curve. The 2Y yield closed the day up 5bps to 4.05%, while the 10Y rose 7bps to 4.54%. Strong gains in risk appetite amid easing tariff worries, and easing expectations of Fed rate cuts, are weighing on USTs. In Europe, 10Y bond yields were modestly higher between 1-4bps save for the Swedish bonds.
- In the forex space, the DXY rebounded and closed the day just above its flatline at 101.04. Most G10 currencies weakened against the Dollar, especially AUD (-0.7% d/d to 0.6428), after Aussie bonds extended losses following the 1Q wage growth beat. GBP depreciated 0.3% d/d to 1.3263 even after BOE's Catherine Mann said that she flipped her vote from a 50bps jumbo rate cut to a pause last week due to UK's resilient labor market and rising goods inflation, adding that she wouldn't vote for further easing until she sees deterioration in firms' pricing power. JPY was the outlier, appreciating 0.5% d/d to 146.75.
- Asian currencies closed mixed against the greenback, with KRW and MYR (+0.8% d/d 4.2880) leading gains in the region, while IDR, CNH (-0.2% d/d to 7.2112) and SGD (-0.1% d/d to 1.3024) weakened.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	42,051.06	-0.21
S&P 500	5,892.58	0.10
NASDAQ	19,146.81	0.72
Stoxx Eur 600	543.88	-0.24
FTSE 100	8,585.01	-0.21
Nikkei 225	38,128.13	-0.14
CSI 300	3,943.21	1.21
Hang Seng	23,640.65	2.30
Straits Times	3,871.05	-0.26
KLCI 30	1,583.51	0.07
FX		
Dollar Index	101.04	0.04
EUR/USD	1.1175	-0.09
GBP/USD	1.3263	-0.32
USD/JPY	146.75	-0.49
AUD/USD	0.6428	-0.66
USD/CNH	7.2112	0.17
USD/MYR	4.2880	-0.79
USD/SGD	1.3024	0.10
Commodities		
WTI (\$/bbl)	63.15	-0.82
Brent (\$/bbl)	66.09	-0.81
Gold (\$/oz)	3,188.30	-1.83
Copper (\$\$/MT)	9,606.50	0.07
Aluminum(\$/MT)	2,528.50	1.55
CPO (RM/tonne)	3,889.50	2.44

Source: Bloomberg, HLBB Global Markets Research

* Dated as of 13 May for CPO

- In the commodity space, crude oil prices dropped after the Energy Information Administration showed a huge increase in crude inventories, stalling recent gains from the trade relief from US-China trade truce. The WTI and Brent fell in tune to 0.8% d/d each to \$63.15/barrel and \$66.09/barrel respectively.

Mortgage applications extended gains amid steadier rates

- Steadier mortgage rates saw applications increasing again, albeit at a milder pace of 1.1% for the week ended May 9 (prior: +11.0% w/w). Despite economic uncertainties, pent-up demand and increased home inventories has largely supported more home transactions and purchase applications recently, the latter seeing double-digit y/y growth.

Strong wage growth for Australia suggests no jumbo rate cut for now

- Annual wage growth unexpectedly ticked up for the first time since the 2Q of 2024, accelerating to 3.4% y/y in 1Q from +3.2% y/y previously. Wage growth in the public sector (+3.6% y/y) outpaced the private sector (+3.3% y/y), from 4Q's +2.9% y/y and +3.3% y/y for the public and private sectors respectively. Growth in the public sector was driven by new state-based enterprise agreements, and administrative wage adjustments for workers in aged care and early child education boosted private sector wage growth.
- With wage growth still lower than the 4.0% level consistent with inflation target of 2-3%, the data is in our opinion unlikely to change RBA's gradual easing path. We are pencilling in a 25bps rate cut to 3.85% next week, in line with consensus view.

Sluggish corporate and household credit demand in China

- China's new loan slumped sharper than expected in April, as the escalated trade tension dented business sentiment, and businesses turned cautious in funding and investment. At 10.0tn yuan YTD, this is below the street estimate's 10.5tn yuan. Government funding continued to dominate credit expansion, while corporate borrowing and household loans remained weak. We are nonetheless hopeful that financing could pick-up following further monetary easing and trade agreement with the US in early May.

House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DX	99-103	99.70	98.35	97.01	95.70
EUR/USD	1.10-1.14	1.14	1.15	1.17	1.19
GBP/USD	1.31-1.35	1.31	1.32	1.33	1.34
USD/CHF	0.81-0.85	0.81	0.80	0.79	0.78
USD/JPY	143-149	142	139	136	133
AUD/USD	0.62-0.66	0.62	0.62	0.63	0.64

NZD/USD	0.57-0.61	0.57	0.57	0.58	0.58
USD/CNY	7.19-7.26	7.43	7.35	7.28	7.21
USD/MYR	4.24-4.33	4.54	4.50	4.47	4.40
USD/SGD	1.28-1.32	1.34	1.33	1.31	1.30

Rates, %	Current	2Q-25	3Q-25	4Q25	1Q26
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75	3.25-3.50
ECB	2.25	2.00	1.75	1.75	1.75
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	4.10	3.85	3.60	3.35	3.10
RBNZ	3.50	3.25	3.00	2.75	2.50
BNM	3.00	3.00	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
15-May	AU Consumer Inflation Expectation (May)	4.20%
	AU Employment Change (Apr)	32.2k
	AU Unemployment Rate (Apr)	4.10%
	UK GDP QoQ (1Q P)	0.10%
	EC GDP SA QoQ (1Q S)	0.40%
	US Retail Sales Advance MoM (Apr)	1.40%
	US Empire Manufacturing (May)	-8.1
	US PPI Final Demand YoY (Apr)	2.70%
	US Philadelphia Fed Business Outlook (May)	-26.4
	US Initial Jobless Claims	228k
	US Industrial Production MoM (Apr)	-0.30%
16-May	US NAHB Housing Market Index (May)	40
	JN GDP SA QoQ (1Q P)	0.60%
	SI Non-oil Domestic Exports YoY (Apr)	5.40%
	MA GDP YoY (1Q F)	4.40%
	HK GDP YoY (1Q F)	3.10%
	EC Trade Balance NSA (Mar)	24.0b
	US Housing Starts MoM (Apr)	-11.40%
	US Building Permits MoM (Apr P)	0.50%
	US Import Price Index YoY (Apr)	0.90%
	US New York Fed Services Business Activity (May)	-19.8
	US U. of Mich. Sentiment (May P)	52.2

Source: Bloomberg

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