15 August 2025

Global Markets Research
Daily Market Highlights

15 Aug: Sell-off in Wall Street after upside surprises in PPI

Hot PPI and pushbacks on jumbo rate cut by Fed officials pared Fed rate cut bets
Better than expected 2Q GDP for the UK & Japan; all eyes on Malaysia's 2Q GDP today
Today's focus: Trump-Putin's meeting; US retail sales & IPI; China's first tier data

- Wall Street mostly fell while Treasury yields jumped overnight after a hotter-than-expected producer prices index (PPI) and pushbacks for jumbo rate cuts by three Fed officials saw traders scaling back on their rate cut bets. At the point of writing, markets trimmed their Fed rate-cut expectations for the rest of the year to about 57bps, as compared with around 64bps the day on Wednesday. For the September FOMC meeting, traders also dialled back their rate cut bets from above 100% to 92% currently.
- At close, the Dow and Nasdaq settled marginally underwater, while S&P 500 ended with small gain. Treasury yields jumped 5-6bps (prior: -5 to -6bps), and the benchmark 2Y- and 10Ys closed the day at 3.73% and 4.29%.
- Global stocks were mixed. Favourable earnings from insurers and rally in defense stocks ahead of Trump-Putin's meeting pushed Stoxx Eur 600 up 0.6% d/d, but Nikkei 225 and Hang Seng tumbled 1.5% d/d and 0.4% d/d respectively. Similar to treasuries, 10Y European bond yields rebounded 2-5bps after closing 4-8bps lower the day before.
- In the forex space, the DXY strengthened 0.4% d/d to 98.25 following the rise in treasury yields. The Dollar appreciated against all its G10 peers. EUR (-0.5% d/d to 1.1648) weakened for the first session in 3 days, while GBP reversed early gains from the better than expected UK's 2Q GDP to close 0.3% d/d softer at 1.3532. Similarly, JPY reversed gains after the US PPI report and closed the day 0.3% w/w weaker at 147.76. JPY had earlier rallied after Treasury Secretary Bessent said that the Bank of Japan is falling behind the curve in addressing inflation.
- In the regional space, KRW (-0.8% d/d) led most Asian currencies weaker against the Dollar while IDR (+0.5% d/d) and HKD (+0.3% d/d) outperformed. SGD and MYR depreciated 0.1-0.4% d/d to 1.2847 and 4.2122, the latter ahead of its final 2Q GDP print today, which is expected to show the Malaysian economy has remained resilient in 2Q.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,911.26	-0.02
S&P 500	6,468.54	0.03
NASDAQ	21,710.67	-0.01
Stoxx Eur 600	553.87	0.55
FTSE 100	9,177.24	0.13
Nikkei 225	42,649.26	-1.45
CSI 300	4,173.31	-0.08
Hang Seng	25,519.32	-0.37
Straits Times	4,256.52	-0.38
KLCI 30	1,581.05	-0.35
FX		
Dollar Index	98.25	0.42
EUR/USD	1.1648	-0.49
GBP/USD	1.3532	-0.32
USD/JPY	147.76	0.26
AUD/USD	0.6495	-0.78
USD/CNH	7.1821	0.01
USD/MYR	4.2122	0.12
USD/SGD	1.2847	0.36
USD/KHR	4,008.20	0.02
USD/THB	32.37	0.33
Commodities		
WTI ($/bbl)	63.96	2.09
Brent ($/bbl)	66.84	1.84
Gold ($/oz)	3,335.20	-0.70
Copper ($$/MT)	9,766.00	-0.38
Aluminum($/MT)	2,619.50	0.13
CPO (RM/tonne)	4,368.00	0.29

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 13 Aug for CPO*

- In the commodity space, crude oil prices clawed back losses ahead of the Trump-Putin talks. The WTI rose 2.1% d/d to $63.96/barrel, while Brent gained 1.8% d/d to $66.84/barrel.

US PPI accelerated to its highest since February, keeping inflation concerns intact

- Producer prices accelerated more than expected to its fastest pace since February at +3.3% y/y in July (June: +2.4% y/y) and grew at its strongest pace in 3 years by +0.9% m/m (prior: no change). Services inflation provided much of the push, rising 1.1% m/m (prior: -0.1% m/m), while prices for goods also climbed 0.7% m/m (prior: +0.3% m/m). The strong PPI but tamer than expected CPI suggests that businesses have largely been absorbing much of the tariff costs, but one that could reverse course soon as producers pass on the higher costs to consumers.
- On the labour front, initial jobless claims fell more than expected by 3k to 224k for the week ended August 9 (prior: +8k), while continuing claims remained elevated but also dropped 15k to 1953k for the week ended August 2 (prior: +32k). As it is, businesses have largely pared back on hiring new employees amid economic uncertainty, but the relatively low level of initial filings suggests that layoffs remained low.

Eurozone's final 2Q GDP growth was left unchanged; industrial output shrank more than expected

- Broadly softer data from the Euro bloc. 2Q GDP although was left unchanged at +0.1% q/q, marked a slowdown from 1Q's +0.6% q/q and was unsynchronised across the various economies. GDP growth ranged from -1.0% q/q in Ireland and -0.1% q/q in Germany to +0.3% q/q in France and +0.7% q/q in Spain.
- Moreover, the sharper than expected drop in IPI data (-1.3% m/m vs in June vs +1.1% m/m in May) suggests that the initial boost in production numbers was mainly driven by US frontloading rather than a cyclical recovery. With paybacks expected and weak manufacturing PMIs, industrial weakness looks set to continue in 2H.

Stronger than expected 2Q GDP growth for the UK paves way for only gradual rate cuts

- UK reported stronger than expected GDP prints with monthly growth rebounding to +0.4% m/m in June (May: -0.1% m/m) while quarterly growth moderated less than expected to +0.3% q/q (1Q: +0.7% q/q). Across the broader 2Q, growth continues to be led by services (+0.4% q/q vs +0.7% q/q), while manufacturing eased to +0.3% q/q from 1.1% q/q previously. For the latter, 5 out of the 13 manufacturing subsectors recorded growth led by tariff-exempt pharmaceuticals.

- As it is, the economy was largely weak in April and May, with some activity brought forward to 1Q ahead of the stamp duty and tariff changes, but has recovered strongly in June. With 2Q's growth still above BOE's forecast of 0.1% q/q and the latest policy decision being finely balanced, there is thus, no change in our view that any gradual rate cuts will likely stay gradual going forward.

Japan's 2Q GDP beats expectations on steady domestic and external demand

- Similarly, 2Q GDP for Japan also overshot consensus forecast at +1.0% q/q in 2Q, an acceleration from +0.6% q/Q in the prior quarter. Driving the pick-up were steady consumer spending (+0.2% q/q), while business spending (+1.3% q/q vs +1.0% q/q) and net exports contributions to GDP (0.3% vs -0.8%) were also better than expected.
- The latest data reaffirmed expectations that the Japanese economy is showing some resiliency although growth is likely to moderate ahead as trade policies likely weigh on overseas demand and domestic corporate profits. There is no change in our view that the central bank will continue to raise rates as long as they are confident that the domestic economy can stay steady amid the headwinds ahead.

Australia's labour market remains tight; unemployment rate dropped to 4.2%

- The labour market remains tight in July, backing the case for a cautious RBA rate cut. With employment rising by 24.5k (prior: +1.0k), the unemployment rate fell by 0.1ppts to 4.2%, but more importantly, growth in employment outpaced population growth and was driven by full-time (+60.5k vs -36.6k) rather than part-time employment (-35.9k vs +37.6k).

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DXY	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
15-Aug	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
18-Aug	SI Non-oil Domestic Exports YoY (Jul)	13.00%
	EC Trade Balance SA (Jun)	16.2b
	US New York Fed Services Business Activity (Aug)	-9.3
	US NAHB Housing Market Index (Aug)	33

Source: Bloomberg

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