

17 July 2025

## Global Markets Research

### Daily Market Highlights

## 17 Jul: Trump-Powell drama rattled markets

**US stocks & treasuries rebounded from selloffs; DXY failed to recover from losses**  
**Beige Book: slight increase in economic activities; IPI above forecast; cooler PPI**  
**Hotter UK CPI unlikely to derail BOE's easing path; labour data on deck today**

- Treasuries and US stocks closed Wednesday with moderate gains on a volatile trading day. Reports that President Trump would fire Fed Chair Jerome Powell saw a sell-off in all US assets after an opening rally driven by the cooler than expected PPI data. Treasuries and stocks, nonetheless, recovered after the President denied such talks and the 3 major equity indices managed to close the day higher by 0.3-0.5% d/d. Treasury yields ended the day lower by 1-5bps (prior: +4 to +6bps), with the 2Y- and 10Y yields closing the day at 3.89% (-5bps) and 4.46% (-3bps) respectively.
- The DXY nonetheless, was unable to recover all its losses and closed the day 0.2% d/d lower at 98.39. The Dollar weakened against all its G10 peers, with JPY (+0.7% d/d to 147.88) and EUR (+0.3% d/d to 1.1641) the best performers in the G10 space. GBP also strengthened 0.3% d/d to 1.3422 after data showing that UK's inflation rose to its highest level since January 2024.
- Regional currencies closed mixed against greenback, with SGD (+0.2% d/d to 1.2826) and CNH (+0.1% d/d to 7.1799) amongst the best performers, while MYR (-0.1% d/d to 4.2460) lagged.
- The Trump-Powell drama also rattled the European equity markets. Stoxx Eur 600 slid 0.6% d/d, while trading in the bond market was broadly muted with 10Y yields closing the day 0-3bps lower (prior: -2 to -3bps) with the exception of UK and Swedish bonds. Asian markets mostly fell, with Nikkei 225, CSI 300 and Hang Seng closing down between 0-0.3% d/d.
- In the commodity space, oil prices settled marginally lower as an US fuel inventory build raising softening demand concern. The WTI fell 0.2% d/d to \$66.38/barrel, and Brent by 0.3% d/d barrel to \$68.52/barrel.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,254.78	0.53
S&P 500	6,263.70	0.32
NASDAQ	20,730.49	0.25
Stoxx Eur 600	541.84	-0.57
FTSE 100	8,926.55	-0.13
Nikkei 225	39,663.40	-0.04
CSI 300	4,007.20	-0.30
Hang Seng	24,517.76	-0.29
Straits Times	4,132.25	0.30
KLCI 30	1,511.50	-0.91
<b>FX</b>		
Dollar Index	98.39	-0.23
EUR/USD	1.1641	0.34
GBP/USD	1.3422	0.28
USD/JPY	147.88	-0.67
AUD/USD	0.6528	0.21
USD/CNH	7.1799	-0.06
USD/MYR	4.2460	0.11
USD/SGD	1.2826	-0.21
USD/KHR	4,009.10	-0.02
USD/THB	32.53	0.39
<b>Commodities</b>		
WTI (\$/bbl)	66.38	-0.21
Brent (\$/bbl)	68.52	-0.28
Gold (\$/oz)	3,359.10	0.67
Copper (\$\$/MT)	9,635.00	-0.11
Aluminum(\$/MT)	2,577.50	-0.12
CPO (RM/tonne)	4,126.00	-0.70

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 15 July for CPO

**Economic activity increased slightly in the US according to the Fed Beige Book; cooler than expected PPI; IPI growth surprised on the upside**

- Highlights from the latest Fed Beige Book include: 1) Economic activity increased slightly from late May through early July (5

districts reported slight/modest gains, 5 had flat activity and 2 noted modest declines in activity). This is an improvement from the previous report, where half of Fed districts reported at least slight declines in activity. ***Economic outlook ahead was neutral to slightly pessimistic.*** 2) Employment increased very slightly overall, with many contacts postponing major hiring and layoff decisions until uncertainty diminished. Wage growth was reported to have increased modestly overall, extending recent trends. 3) Prices increased across the districts (7 reported price growth as moderate, 5 as modest), mostly similar to the previous Beige Book. In this regard, separate data overnight showed that producer prices came in below expectations and stagnated in June (prior: +0.3% m/m), helping to keep a lid on prices for now. 4) Consumer spending declined in most districts, softening slightly overall, with auto sales receding modestly after consumers rushed to frontload purchases earlier in the year to avoid tariffs. 5) Manufacturing activity edged lower, but this is in contrast with the latest IPI print. Industrial output increased 0.3% m/m in June after being unchanged in April and May. The result was above forecast, with manufacturing production continuing to grow by +0.1% m/m (prior: +0.3% m/m). 6) Construction activity slowed, constrained by rising costs, while home sales were flat or little changed in most districts. For the latter, separate data released showed that mortgage applications plunged 10.0% w/w for the week ended July 11 (prior: +9.4% w/w), weighed down by a rebound in mortgage rates.

#### **Eurozone's trade surplus widened; exports and imports fell**

- Trade surplus widened to €16.2bn in May from €15.1bn the prior month as exports fell at a narrower pace of 0.5% m/m as compared to imports at -1.0% m/m. By product, the higher surplus was largely driven by a rebound in the chemicals and a moderate increase in machinery & vehicles. By destination, exports to the US continue to fall m/m on unwinding of front-loading and the broader outlook is for further weakness as US tariffs on EU goods pinch demand.

#### **Higher than expected UK's inflation unlikely to alter BOE's rate cut path**

- June's inflation came in a shade higher than expected, accelerating to 3.6% y/y for headline and 3.7% y/y for core (May: +3.4% y/y and +3.5% y/y). Prices on a monthly basis also unexpectedly picked up to +0.3% from +0.2% m/m previously, with transport costs, particularly motor fuels, making the largest upward contribution to inflation, and more than offset the downward pressure from housing & household services, particularly owner occupiers' housing costs.

- Inflation at this level is the highest since January 2024, but in our opinion, unlikely to derail BOE's rate cut path amid signs of steady services inflation (a sign of domestic price pressure) at 4.7% y/y, the overall headline is still below BOE's projection of 3.7% in 3Q, and clear weakening in the UK's economy post-Autumn budget (monthly GDP contracted in May and June).

### Japan's exports disappointed as impact from the US tariff kicks in

- Junet's trade data this morning was mixed, with exports unexpectedly declining for the second month by 0.5% y/y (prior: -1.7% m/m) as the US tariff starts to bite (exports to the US: -1.6% y/y vs -1.4% y/y), while imports surprised on the upside at +0.2% y/y (May -7.7% m/m). On a positive note, trade balance turned to a surplus, soothing some concerns that the Japanese economy could shrink again in 2Q and potentially pushing the economy into a technical recession.

### 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
17-Jul	SI Non-oil Domestic Exports YoY (Jun)	-3.50%
	AU Consumer Inflation Expectation (Jul)	5.00%
	AU Employment Change (Jun)	-2.5k
	AU Unemployment Rate (Jun)	4.10%
	UK Average Weekly Earnings 3M/YoY (May)	5.30%

18-Jul	UK ILO Unemployment Rate 3Mths (May)	4.60%
	UK Employment Change 3M/3M (May)	89k
	UK Payrolled Employees Monthly Change (Jun)	-109k
	HK Unemployment Rate SA (Jun)	3.50%
	EC CPI Core YoY (Jun F)	2.30%
	US Retail Sales Advance MoM (Jun)	-0.90%
	US Import Price Index YoY (Jun)	0.20%
	US Initial Jobless Claims	227k
	US Philadelphia Fed Business Outlook (Jul)	-4
	US NAHB Housing Market Index (Jul)	32
	JN Natl CPI Ex Fresh Food, Energy YoY (Jun)	3.30%
	MA GDP YoY (2Q A)	4.40%
	MA Exports YoY (Jun)	-1.10%
	MA Imports YoY (Jun)	6.60%
	EC Construction Output MoM (May)	1.70%
	US Housing Starts MoM (Jun)	-9.80%
	US Building Permits MoM (Jun P)	-2.00%
	US U. of Mich. Sentiment (Jul P)	60.7
	US U. of Mich. 1 Yr Inflation (Jul P)	5.00%
	US U. of Mich. 5-10 Yr Inflation (Jul P)	4.00%

Source: Bloomberg

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