

18 July 2025

Global Markets Research

Daily Market Highlights

18 Jul: Risk on following upbeat US economic data

S&P 500, Nasdaq at record highs; USTs closed mixed; DXY rebounded

Soft import prices; firm retail sales & labour data support Fed's wait-and-see stance

Cooling labour market in Australia & UK; reaffirm our rate cut bets for BOE & RBA

- The unwinding of Powell firing angst, upbeat corporate earnings, as well as better than expected retail sales and jobs data sent S&P 500 and Nasdaq to record highs again. The Dow and S&P 500 rose 0.5% d/d each, while Nasdaq rallied 0.8% d/d. Echoing most earnings reports released this week, PepsiCo, United Airlines and Taiwan Semiconductor Manufacturing also beat Wall Street's forecasts, sending their shares rallying overnight.
- Elsewhere. European (Stoxx Eur 600: +1.0% d/d) equity markets rose buoyed by a raft of positive earnings. Asian markets also traded mostly in green and will likely extend their upward trend today following futures and Wall Street.
- In the bond space, Treasuries closed mixed (+/-1) and closed mostly in the green. The 2Y yield closed the day 1bps higher at 3.90%, but the 10Y yield ended just below its flatline at 4.45%. 10Y European bond yields closed the day mixed between -1 to +5bps, after declining 0-3bps the previous day.
- In the forex space, DXY jumped to 98.95 post the upbeat economic data but ended just at 98.73 (+0.4% d/d). All G10 currencies weakened against the Dollar with AUD (-0.6% d/d to 0.6488) lagging all peers after its unemployment rate unexpectedly climbed. JPY weakened 0.5% d/d to 148.58 ahead of its upcoming upper house election this weekend. GBP traded as low as 1.3374 following the release of its labour numbers but pared its losses to close just below its flatline at 1.3416.
- Most regional currencies depreciated against the Dollar, with IDR (-0.3% d/d), PHP (-0.3% d/d) and SGD (-0.3% d/d to 1.2859) amongst the worst performers, the latter despite its trade data beat. MYR weakened at a milder pace of 0.1% d/d to 4.2495 ahead of its advanced 2Q GDP print today.
- In the commodity space, oil prices rose amid signs of stronger demand signals in the US and tighter supply in the near term. Iraq was reportedly to have lost about 200k b/d in daily output due to drone attacks, while Chevron said that it is reaching a production plateau in the Permian Basin. The WTI and Brent

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,484.49	0.52
S&P 500	6,297.36	0.54
NASDAQ	20,885.65	0.75
Stoxx Eur 600	547.03	0.96
FTSE 100	8,972.64	0.52
Nikkei 225	39,901.19	0.60
CSI 300	4,034.49	0.68
Hang Seng	24,498.95	-0.08
Straits Times	4,161.43	0.71
KLCI 30	1,520.94	0.62
FX		
Dollar Index	98.73	0.35
EUR/USD	1.1596	-0.39
GBP/USD	1.3416	-0.04
USD/JPY	148.58	0.47
AUD/USD	0.6488	-0.61
USD/CNH	7.1844	0.06
USD/MYR	4.2495	0.08
USD/SGD	1.2859	0.26
USD/KHR	4,010.50	0.03
USD/THB	32.52	-0.04
Commodities		
WTI (\$/bbl)	67.54	1.75
Brent (\$/bbl)	69.52	1.46
Gold (\$/oz)	3,345.30	-0.41
Copper (\$/MT)	9,666.50	0.33
Aluminum(\$/MT)	2,578.00	0.02
CPO (RM/tonne)	4,148.00	0.53

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 16 July for CPO

rose in tune to 1.5-1.9% d/d to close the day at \$67.54/barrel and \$69.52/barrel respectively.

Softer import prices, firmer retail sales and lower initial jobless claims validates Fed's wait and see stance

- Softer prices, firmer retail sales and jobs data overnight supports Fed's stance of no rush to cut for now. Retail sales rebounded more than expected by 0.6% m/m in June (prior: -0.9% m/m) with sales at the "control group" which strips out volatile items also growing at a stronger pace of +0.5% m/m as compared to +0.3% m/m previously. Details suggest that auto sales rebounded during the month, possibly reflecting some price increases from the tariff hikes, while building materials also rose sharply, possibly due to more front-loading ahead of more tariffs, particularly with the latest 50% levy slapped on copper.
- Initial jobless claims, meanwhile, surprised on the downside and fell for the fifth week by 7k to 221k for the week ended June 12 (prior: -4k), amid summer auto factory retooling. Cooling in hiring surveys, nonetheless, flag risk of claims picking up again from late summer.
- Import prices, meanwhile, came in a shade softer than expected at +0.1% (May: -0.4% m/m), but on a yearly basis, the 0.2% y/y declines in May-June prices are the largest since February 2024. On a monthly basis, lower fuel prices during the month were more than offset by the pick-up in non-fuel, led by higher prices for industrial supplies & materials and consumer goods. As it is, the minimal pass through from the recent tariffs suggest that foreign manufacturers are absorbing some of these costs via lower pricing.
- Matching expectations, the NAHB Housing Market index, a measure of builder confidence rose 1ppts to 33 in July, receiving a boost from the One Big Beautiful Bill Act but elevated interest rates and economic and policy uncertainty continue to act as a dampener for the housing sector.

Cooler labour market and wage growth reaffirms gradual rate cut for the BOE in 2H

- Labour data is undoubtedly cooling but the upward revision in May's data (from -109k to -25k) and still elevated albeit moderating wage growth (average weekly earnings: 5.0% in May vs 5.3% in Apr) will likely take some pressure off the BOE to heighten the pace of rate cut. We maintain our view of a quarter point cut each in the bank rate in 3Q and 4Q. June, meanwhile, saw a sharper than expected drop in payroll at 41k, while the unemployment rate unexpectedly ticked up 0.1ppts to 4.7% in May.

Easing CPI expectations and softer than expected labour print reaffirms an RBA cut in August

- Softer consumer inflation expectations (4.7% in July vs 5.0% in June) and the undershoot in June's job gain after May's drop all but raises bets of another rate cut by the RBA in August. Employment rose a mere 2k following a 1.1k decline in May, primarily lifted by job gains in part-time employment, while the unemployment rate also unexpectedly ticked up 0.2ppts to 4.3%.

Hong Kong's unemployment rate remains low and steady

- Unemployment rate was better than expected and held steady at 3.5% in June. That said, the performance across the various industries were mixed, with the unemployment rate falling for the arts, entertainment & recreation sector as well as for professional & business services, and increased for the construction sector as well as food & beverages. Unemployment could creep up in the near term with the entry of fresh graduates and school leavers during summer, but continued expansion of the Hong Kong economy should provide support to the labour market.

Singapore's NODX clocked a surprise double digit growth in June

- Growth in non-oil domestic exports (NODX) more than doubled consensus forecast at +13.0% y/y in June after contracting -3.9% y/y previously. Non-electronic exports jumped 14.5% y/y, swinging from the 5.8% y/y decline the prior month led by non-monetary gold, specialised machinery and other specialty chemicals, while exports of electronic products also picked up pace to +8.0% y/y from +1.6% y/y previously. Amongst its top 10 markets, only NODX to Hong Kong, Taiwan and South Korea grew. Exports to the US fell at a larger pace of 20.6% y/y as compared to 4.8% y/y. As it is, the government is expected to review its 2025 trade outlook in August, but at the point of writing, the base case is for trade activity to slow in 2H amid the payback from the front-loading.

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
18-Jul	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%
21-Jul	CH 1-Year Loan Prime Rate	3.00%
	CH 5-Year Loan Prime Rate	3.50%
	HK CPI Composite YoY (Jun)	1.90%
	US Leading Index (Jun)	-0.10%
21-31 Jul	SI Singapore MAS July 2025 Monetary Policy Statement	

Source: Bloomberg

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