

22 July 2025

## Global Markets Research

### Daily Market Highlights

## 22 Jul: Signs of jittery ahead of the August tariff deadline

**Global equity markets closed mixed; bonds rallied on haven buying**

**Dollar weakened broadly; JPY strengthened after the ruling coalition lost majority**

**PBoC left lending rates unchanged; all eyes on the RBA meeting minutes today**

- Global equity markets closed mixed, while bonds rallied to start the week. In the equity space, the S&P 500 and Nasdaq rose 0.1% d/d and 0.3% d/d respectively, closing at record highs but off their best, amid another batch of robust earnings from major companies like Verizon, and optimism over upcoming results by major tech names like Alphabet and Amazon.
- European stocks fell (Stoxx Eur 600: -0.1% d/d) amid tariff uncertainty ahead of the August 1 deadline, while Asian markets ended mixed. Hang Seng and CSI 300 rallied 0.7% d/d each after the PBoC stood pat on its lending rates, while Japanese markets were closed for a public holiday. With US stocks giving away most of their gains on Monday, Asian equity markets are poised for sluggish trading day ahead.
- In the bond space, Treasury yields piggy backed on the strong rally in European bonds on haven buying. Gains in Treasuries were led by longer-maturities, and the benchmark 2Y- and 10Y yields closed the day 1bps (to 3.86%) and 4bps (to 4.38%) lower. 10Y European bond yields fell in tune to 4-10bps, a turnaround from +1 to +6bps the previous day.
- In the forex space, the Dollar (DXY: -0.6% d/d to 97.85) weakened broadly, while JPY (+1.0% d/d to 147.38) strengthened across the board, the latter after Japan's ruling coalition lost its majority in the upper house, suggesting the result was largely expected, while investors braced for market unease ahead of a deadline on US tariff negotiations and upcoming FOMC meeting.
- Amongst regionals, SGD and MYR were amongst the best performers, gaining +0.2% to 4.2347 and +0.4% d/d to 1.2806 respectively, while CNH appreciated 0.1% d/d to 7.1710.
- In the commodity space, oil prices edged lower amid expectations that the latest EU sanction on Russian exports will have minimal disruption on supplies, while concerns over US tariffs weighing on demand continue to linger. The WTI and Brent closed the day 0.1-0.2% d/d lower at \$67.20/barrel and \$69.12/barrel respectively.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,323.07	-0.04
S&P 500	6,305.60	0.14
NASDAQ	20,974.17	0.38
Stoxx Eur 600	546.58	-0.08
FTSE 100	9,012.99	0.23
Nikkei 225	39,819.11	-0.21
CSI 300	4,085.61	0.67
Hang Seng	24,994.14	0.68
Straits Times	4,207.13	0.42
KLCI 30	1,524.59	-0.08
<b>FX</b>		
Dollar Index	97.85	-0.64
EUR/USD	1.1694	0.58
GBP/USD	1.3493	0.57
USD/JPY	147.38	-0.96
AUD/USD	0.6525	0.25
USD/CNH	7.1710	-0.14
USD/MYR	4.2347	-0.21
USD/SGD	1.2806	-0.37
USD/KHR	4,010.50	0.00
USD/THB	32.36	-0.06
<b>Commodities</b>		
WTI (\$/bbl)	67.20	-0.21
Brent (\$/bbl)	69.21	-0.10
Gold (\$/oz)	3,406.40	1.43
Copper (\$/MT)	9,860.00	0.83
Aluminum (\$/MT)	2,646.50	0.65
CPO (RM/tonne)	4,230.50	1.79

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 18 July for CPO

### PBoC kept lending rates unchanged; FDI tumbles

- No surprises on the China front. FDI remained contractionary at 15.2% y/y in 1H and the People's Bank of China (PBoC) left its 1Y and 5Y lending rates unchanged at 3.00% and 3.50% respectively. PBoC's decision was within expectation, as the recent round of resilient economic data would have likely given the central bank confidence to wait-and-see pending more clarity on the US tariff front and its impact on the economy. Moreover, with interest rates already low, we opine that improved confidence and fiscal stimulus would be a more effective measure to drive up domestic demand going forward.

### US leading index fell on lower consumer confidence and new orders

- Matching expectations, the leading index fell 0.3% in June after no change previously. For the second month, the stock price rally supported growth, but this was more than offset by the still low consumer confidence and weak new orders for manufacturing. The 6-month growth rate also weakened below the 50-threshold triggering the recession signal, but a US recession remains NOT our base for the US economy at this juncture.

### Modest inflationary pressure for Hong Kong

- Inflation eased sharper than expected to 1.4% y/y in June from +1.9% y/y previously, largely weighed down by Government's one-off relief subsidies on electricity charges. Stripping this, prices underlying inflation held steady at 1.0% y/y and should stay modest in the near term as pressures from domestic costs and external prices should stay broadly in check.

### House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DX	97.50-100.25	98.32	96.29	94.99	93.77
EUR/USD	1.14-1.18	1.16	1.19	1.20	1.22
GBP/USD	1.32-1.36	1.36	1.38	1.39	1.40
USD/CHF	0.78-0.81	0.81	0.80	0.79	0.78
USD/JPY	146-151	147	144	140	137
AUD/USD	0.63-0.67	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	1.27-1.30	1.29	1.26	1.24	1.22
USD/THB	32.20-32.90	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
22-Jul	AU RBA Minutes of July Policy Meeting	
	MA CPI YoY (Jun)	1.20%
	MA Foreign Reserves	\$120.6b
	US Philadelphia Fed Non-Manufacturing Activity (Jul)	-25
	US Richmond Fed Manufact. Index (Jul)	-7
	US Richmond Fed Business Conditions (Jul)	-16
23-Jul	AU Westpac Leading Index MoM (Jun)	-0.06%
	SI CPI Core YoY (Jun)	0.60%
	US MBA Mortgage Applications	-10%
	EC Consumer Confidence (Jul P)	-15.3
	US Existing Home Sales MoM (Jun)	0.80%

Source: Bloomberg

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