

23 July 2025

## Global Markets Research

### Daily Market Highlights

## 23 Jul: Trade deals likely to spur sentiment today

**Trump announced 15% tariff deal with Japan; 19% tariff for Philippines goods**

**RBA minutes reaffirmed our expectations of a 25bps rate cut each in 3Q and 4Q**

**Malaysia's CPI eased to a 52-month low at 1.1%; 2025 CPI to average below 2.0%**

- It was a good day for Treasuries but mixed for equities. The three major US equity indices closed mixed but near their all-time highs, with the Dow and S&P 500 ending higher by +0.4% d/d and +0.1% d/d respectively, while Nasdaq was the outlier and slid 0.4% d/d.
- Driving sentiment was optimism over the megacap earnings season and Treasury Secretary Bessent supporting Fed Chair Jerome Powell to serve his full term. On the trade front, Bessent also said that trade discussion with China is in a "good place," while President Trump also announced a 19% tariff deal with the Philippines and 15% tariff with Japan.
- Elsewhere, Stoxx Eur 600 fell 0.4% d/d amid a slew of mixed earnings and as trade worries continue to linger, while Asian markets ended mixed. Nikkei 225 pared earlier gains and ended the day down 0.1% after the election. Amid the trade deal, appetite for Asian equity markets, as well as for JPY, will likely be well supported today.
- In the bond space, the upcoming tariff deadlines continued to boost haven demand, sending UST yields sliding in tune to 3bps across the curve. The 2Y yield closed the day at 3.83%, and the 10Y at 4.34%. Similarly, 10Y European bond yields were also lower between 0-3bps.
- In the forex space, DXY was weaker (-0.5% d/d to 97.39) for another session in tandem with the lower UST yields, and the Dollar softened against most of the G10 and regional currencies. NOK, CHF and SEK (0.7-0.8%) led gains amongst G10, while JPY (+0.5% d/d to 146.63), PHP (+0.2% d/d) and SGD (+0.2% d/d to 1.2783) led gains amongst regionals. MYR traded slightly stronger by 0.1% d/d to close the day at 4.2325.
- In the commodity space, continuous worry over the trade war weighed on crude oil prices for the third day, sending the WTI down 1.5% d/d to \$66.21/barrel and Brent sliding 0.9% d/d to \$68.59/barrel.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,502.44	0.40
S&P 500	6,309.62	0.06
NASDAQ	20,892.69	-0.39
Stoxx Eur 600	544.34	-0.41
FTSE 100	9,023.81	0.12
Nikkei 225	39,774.92	-0.11
CSI 300	4,118.96	0.82
Hang Seng	25,130.03	0.54
Straits Times	4,208.26	0.03
KLCI 30	1,519.40	-0.34
<b>FX</b>		
Dollar Index	97.39	-0.47
EUR/USD	1.1754	0.51
GBP/USD	1.3533	0.30
USD/JPY	146.63	-0.51
AUD/USD	0.6556	0.48
USD/CNH	7.1712	0.00
USD/MYR	4.2325	-0.05
USD/SGD	1.2783	-0.18
USD/KHR	4,008.35	-0.05
USD/THB	32.31	-0.17
<b>Commodities</b>		
WTI (\$/bbl)	66.21	-1.47
Brent (\$/bbl)	68.59	-0.90
Gold (\$/oz)	3,443.70	1.09
Copper (\$\$/MT)	9,919.50	0.60
Aluminum(\$/MT)	2,658.50	0.45
CPO (RM/tonne)	4,198.00	-0.77

Source: Bloomberg, HLBB Global Markets Research  
\* Closing as of 21 July for CPO

### **RBA minutes reaffirmed our expectations of a 25bps rate cut every remaining quarter in 2025**

- Highlights to the latest RBA monetary policy meeting minutes include: 1) The decision to hold rates at the July meeting was to ensure that inflation is heading sustainably towards 2.5%, and that the policy makers opine that it would be prudent to wait for the quarterly inflation report and more labour indicators in August before making any rates adjustment. 2) The current policy rate remains modestly restrictive and RBA's outlook including on inflation, warrant further reductions in the cash rate going forward. 3) Focus on the meeting was on the timing and extent of easing, but a third rate cut within the space of 4 meetings is inconsistent with the RBA's cautious and gradual stance.

### **Improved regional indices for the service sector for the US; worsened for manufacturing**

- Mixed regional indices reported overnight. The Richmond Fed Manufacturing Index deteriorated to -20 in July from -8 in June, and with all three of its component indices contracting during the month. Its services sector, on the other hand, improved slightly to -8 from -14 previously, and future indices signal improvements in business conditions for both sectors. In the Philadelphia region, the non-manufacturing index (-10.3 vs -25.0) suggests that the services sector also improved. and services providers continue to expect increases in activity at their own firms over the next six months

### **Malaysia's CPI continued to surprise on the downside reaffirming muted price pressure**

- Malaysia's Consumer Price Index (CPI) surprised on the downside for the 2nd straight month, registering a back-to-back moderation to +1.1% y/y in June (May: +1.2% y/y), hitting its smallest growth pace in 52 months. Core inflation on the other hand, held steady at 1.8% y/y during the month, hovering at its lowest since January, confirming a very muted inflationary condition. Further reinforcing our view is that CPI was stagnant on a month-on-month basis, and out of the thirteen key categories, six saw softer price gains/ steeper declines, five reported steady price gains, while only two registered quicker price increases – healthcare (+1.2% vs +1.1% y/y) and miscellaneous goods & services (+4.2% vs +3.7% y/y). Please refer to Research Alert "June CPI tapered off further to a fresh 4-year low" on 22 July for further details.
- On a separate note, foreign reserves stood at \$120.9bn as at 15-July, up +0.3bn in 1H of the month as compared to +\$0.7bn in 2H of June. The reserves position is sufficient to finance 4.8 months

of imports of goods and services, and is 0.9 times of the total short-term external debt.

### House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DXY	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
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%
24-Jul	AU S&P Global Australia PMI Mfg (Jul P)	50.6
	AU S&P Global Australia PMI Services (Jul P)	51.8
	JN S&P Global Japan PMI Mfg (Jul P)	50.1
	JN S&P Global Japan PMI Services (Jul P)	51.7
	EC HCOB Eurozone Manufacturing PMI (Jul P)	49.5
	EC HCOB Eurozone Services PMI (Jul P)	50.5
	UK S&P Global UK Manufacturing PMI (Jul P)	47.7
	UK S&P Global UK Services PMI (Jul P)	52.8
	UK CBI Trends Total Orders (Jul)	-33
	EC ECB Deposit Facility Rate	2.00%
	US Chicago Fed Nat Activity Index (Jun)	-0.28
	US Initial Jobless Claims	221k
	US S&P Global US Manufacturing PMI (Jul P)	52.9
	US S&P Global US Services PMI (Jul P)	52.9
	US New Home Sales MoM (Jun)	-13.70%
	US Kansas City Fed Manf. Activity (Jul)	-2

Source: Bloomberg

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