

24 July 2025

Global Markets Research

Daily Market Highlights

24 Jul: All eyes on July's PMIs for the major economies

US-Japan trade deal, optimism over trade talks with the EU boosted risk appetite

Unwinding in haven assets weighed on Treasuries and the Dollar

PM Anwar announced appreciation goodies for citizens; neutral on MYR

- The US-Japan trade deal and signs of progress with the EU, boosted investors' confidence and saw an unwinding of haven demand. This sent most global equity indices closing higher overnight, weighing on Treasuries and European sovereign bonds.
- Within the equity space, the 3 major indices jumped 0.6-1.1% d/d, Stoxx Eur 600 closed up 1.1% d/d, while in Asia, Nikkei 225 surged 3.5% d/d.
- In the bond space, Treasury yields rose in tune to 2-5bps across the curve, with the 2Y benchmark closing at 3.88%, and the 10Y at 4.38%. 10Y European bond yields were mostly higher between 1-7bps
- In the forex space, the Dollar continues to weaken and the JPY strengthened after the US-Japan trade deal announcement. The DXY dipped 0.2% d/d to 97.21 and the Dollar weakened against all its G10 peers save NOK. NZD and AUD (+0.7% d/d to 0.6602) led gains amongst G10, while JPY and EUR appreciated 0.1% d/d each to 146.51 and 1.1771.
- Regional currencies also strengthened against greenback save INR. THB, KRW and TWD outperformed their peers, while MYR and SGD appreciated at a narrower pace of 0.1% d/d to 4.2277 and 1.2768.
- In the commodity market, the WTI (-1.5% d/d to \$65.25/barrel) and Brent (-0.1% d/d to \$68.51/barrel) edged lower with focus on trade talks. In the physical market, an US Energy Information Administration's report showing that inventory at Cushing, Oklahoma rose to its highest since June, also dragged on prices.

Key Market Metrics

| This | Level | d/d (%) |
|--------------------|-----------|---------|
| Equities | | |
| Dow Jones | 45,010.29 | 1.14 |
| S&P 500 | 6,358.91 | 0.78 |
| NASDAQ | 21,020.02 | 0.61 |
| Stoxx Eur 600 | 550.22 | 1.08 |
| FTSE 100 | 9,061.49 | 0.42 |
| Nikkei 225 | 41,171.32 | 3.51 |
| CSI 300 | 4,119.77 | 0.02 |
| Hang Seng | 25,538.07 | 1.62 |
| Straits Times | 4,231.28 | 0.55 |
| KLCI 30 | 1,529.79 | 0.68 |
| FX | | |
| Dollar Index | 97.21 | -0.18 |
| EUR/USD | 1.1771 | 0.14 |
| GBP/USD | 1.3582 | 0.36 |
| USD/JPY | 146.51 | -0.08 |
| AUD/USD | 0.6602 | 0.70 |
| USD/CNH | 7.1518 | -0.27 |
| USD/MYR | 4.2277 | -0.11 |
| USD/SGD | 1.2768 | -0.12 |
| USD/KHR | 4,010.00 | 0.04 |
| USD/THB | 32.16 | -0.45 |
| Commodities | | |
| WTI (\$/bbl) | 65.25 | -1.45 |
| Brent (\$/bbl) | 68.51 | -0.12 |
| Gold (\$/oz) | 3,397.60 | -1.34 |
| Copper (\$\$/MT) | 9,930.50 | 0.11 |
| Aluminum(\$/MT) | 2,651.00 | -0.28 |
| CPO (RM/tonne) | 4,193.50 | -0.11 |

Source: Bloomberg, HLBB Global Markets Research
* Closing as of 22 July for CPO

US existing home sales tumbled to its 9-month low but mortgage applications rebounded

- Mixed data from the housing sector. Existing home sales fell at a larger pace of 2.7% m/m in June (prior: +1.0% m/m) to its 9-month low, while mortgage applications rebounded to +0.8% m/m for the week ended July 18 (prior: -10.0% w/w). For the latter, the rebound was driven by purchase applications despite

higher mortgage rates reported during the week, a sign of pent-up demand.

- As it is, years of undersupply have driven home prices to its record high. Coupled with elevated mortgage rates, these have weighed on housing sales. If rates were to decline in 2H however, we do expect sales to increase on the back of pent-up demand and still resilient labour market and wage growth.

Less pessimistic consumers in the Eurozone

- Consumer confidence came in better than expected at -14.7 in July as compared to -15.3 in June. The less gloomy outlook comes on the back of a series of interest rate cuts by the ECB and as inflation stabilizes. The ECB is also set to meet today, and we are expecting the central bank to maintain all their policy rates unchanged in this meeting.

Australia's leading index signals a soft economy in 2Q

- The Westpac leading index fell 0.03% in June after rising +0.5% m/m previously, dragged down by the commodity prices, sentiment and hours worked sub-indices. As it is, the current 'around trend' is a clear step-down from the modestly above-trend growth at the start of the year, suggesting that economic activity will likely remain soft for the rest of 2025.

Steady inflationary pressures for Singapore

- Headline and core inflation came in below forecasts and were unchanged at +0.8% y/y and +0.6% y/y in June. Apart from core holding steady, higher private transport inflation was offset by lower accommodation inflation for headline, while within core, higher retail & other goods inflation was offset by lower inflation in all other major core categories.
- At the same time, MAS maintained both its headline and core-CPI forecasts for 2025 at 0.5–1.5% in 2025, but warned that uncertainties to inflation remain high amid increased risks in the external sector.

Five short-term consumption boosting measures for Malaysia

- YAB Dato' Sri Anwar Ibrahim announced five key measures to alleviate the cost of living as a token of appreciation for the people. These measures include: 1) Every citizen above 18 years of age will receive RM100 as a one-off under the SARA programme. 2) Additional public holiday on 15 September. 3) Doubling the allocation for Rahmah MADANI sales to RM600m for 2025. 4) Postponing the scheduled upward revisions to toll rates for 10 highways. 5) The government plans to announce the RON95 petrol subsidy rationalisation measures by end-September. This move is expected benefit 18m car

drivers/motorcyclists and is expected to lower the price of the RON95 to RM1.99/litre.

- We have a neutral outlook on the above stimulus measures and expect it to have a negligible impact on MYR today and government coffers this year. 1) Our calculation estimates that the total RM2.8bn extra spending will add 0.1-0.2ppts to the government's expenditure and Malaysia's GDP respectively. 2) We expect the fiscal deficit target of 3.8% to largely remain intact, as we expect the extra spending to be negated by lower subsidies from the lower oil prices as well as higher revenue from the SST expansion (RM5bn).

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 |
|--------|--|---------|
| 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% |

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|--------|--|--------|
| 25-Jul | US Kansas City Fed Manf. Activity (Jul) | -2 |
| | UK GfK Consumer Confidence (Jul) | -18 |
| | JN Tokyo CPI YoY (Jul) | 3.10% |
| | JN PPI Services YoY (Jun) | 3.30% |
| | SI Industrial Production SA MoM (Jun) | -0.40% |
| | UK Retail Sales Inc Auto Fuel MoM (Jun) | -2.70% |
| | US Durable Goods Orders (Jun P) | 16.40% |
| | US Cap Goods Orders Nondef Ex Air (Jun P) | 1.70% |
| | US Kansas City Fed Services Activity (Jul) | 3 |

Source: Bloomberg

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