

26 June 2025

## Global Markets Research

### Daily Market Highlights

## 26 June: More muted trading amid cautious mood

**Global financial markets traded mixed digesting geopolitical headlines and Fed speaks**  
**US stocks closed mixed; UST yields marginally lower on continued Fed rate cut outlook**  
**DXY saw extended decline for a 5th straight day to its lowest since Mar-22**

- US stocks traded on a more muted note on Wednesday as investors continued to digest geopolitical headlines and Fed speaks with Powell going into his second day of testimony to the Senate, which did not offer more fresh leads other than reaffirming that inflation expectations have come off from April. Investors were also concerned over stretched equities as the three major stock indices continued hovering at record highs and as headlines surfaced that President Trump is looking for replacement for the Fed Chair position. All the three key US benchmark stock indices bounced back off their intraday lows, with the Dow closing in the red, S&P500 little changed, while the Nasdaq managed to close the day 0.3% d/d higher, led by a surge in Nvidia to its record high. European stocks settled the day mainly in the red. Asian bourses ended on a generally positive note but futures are pointing to a mixed opening this morning tracking the moves in overnight Wall Street.
- In the government bond space, US treasuries saw more muted gains, with yields falling by a modest 0-1bps on the day (prior: 4-5bps decline). The benchmark 2-year note yields slipped 1bp to 3.78% while 10-year bond yields edged down less than 1bp to end the day flattish at 4.29%. 10-year European bonds yields ended the day generally higher by 1-4bps (prior: -2 to +4bps).
- On the FX front, the Dollar Index extended its decline for the 5<sup>th</sup> straight day, by a further 0.3% d/d to 97.71 as at Wednesday's close, its lowest since Mar-22. Increased Fed rate cut bets, and headlines of President Trump's plan to replace Powell with candidates in the like of Warsh, Hasset and Bessent, dented the USD. The greenback weakened against all G10s except for the JPY, NOK and CAD. NZD led gainers with a 0.6% d/d increase, while the EUR advanced to its strongest since Nov-21 at 1.1659, up 0.4% on the day.
- Asian currencies traded mixed against the USD. The CNH gave back prior day's gain and weakened 0.1% d/d to 7.1731. The MYR strengthened further on the day, albeit at a more modest pace of 0.3% to 4.2365 against the USD while the SGD gained 0.1% d/d

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,982.43	-0.25
S&P 500	6,092.16	0.00
NASDAQ	19,973.55	0.31
Stoxx Eur 600	536.98	-0.74
FTSE 100	8,718.75	-0.46
Nikkei 225	38,942.07	0.39
CSI 300	3,960.07	1.44
Hang Seng	24,474.67	1.23
Straits Times	3,925.98	0.56
KLCI 30	1,519.79	0.36
<b>FX</b>		
Dollar Index	97.71	-0.26
EUR/USD	1.1659	0.43
GBP/USD	1.3664	0.36
USD/JPY	145.24	0.21
AUD/USD	0.6513	0.37
USD/CNH	7.1731	0.10
USD/MYR	4.2365	-0.25
USD/SGD	1.2785	-0.10
USD/KHR	4,009.25	-0.01
USD/THB	32.52	-0.38
<b>Commodities</b>		
WTI (\$/bbl)	64.94	-0.11
Brent (\$/bbl)	67.61	-0.31
Gold (\$/oz)	3,346.40	0.24
Copper (\$\$/MT)	9,727.00	0.65
Aluminum(\$/MT)	2,566.50	-0.06
CPO (RM/tonne)	4,000.00	-2.15

Source: Bloomberg, HLBB Global Markets Research

\* Closing as of 24 June for CPO

to 1.2785. The HKD was unchanged at 7.8500 for the 4<sup>th</sup> day in a row as at yesterday's close and intervention by HKMA to defend the peg saw US\$HKD pulling back to 7.8492 at the point of writing, off a low of 7.8488 earlier this morning.

- Oil prices remained under pressure on the back of contained geopolitical risks and prospects of slower demand, overshadowing an EIA report showing a drop in crude inventories in the US. WTI slipped 0.1% d/d to US\$64.94/ barrel while the Brent crude fell 0.3% d/d to US\$67.61/ barrel.

### **Bigger than expected decline in new home sales; mirroring recent lackluster housing indicators**

- New home sales contracted at a bigger than expected pace of 13.7% m/m to 623k units in May (Apr: downwardly revised to +9.6% m/m). This marked its biggest decline since 2022, falling to its lowest level in seven months, as home buyers were deterred by affordability issue and softer confidence. Meanwhile, the final print of building permits confirmed declining 2.0% m/m in May (Apr: -4.0% m/m), all suggesting a lackluster housing market that will impede growth in the US economy in the foreseeable future.
- In a separate release, MBA mortgage applications rebounded to increase 1.1% w/w for the week ended 20-Jun (prior: -2.6% w/w), helped by a rebound in refinancing (+3.0% vs -2.1%) and smaller decline in new purchases (-0.4% vs -3.0%), supported by average 30-year mortgage rates of 6.88%, which remained below the 7.00% threshold despite the slight uptick from 6.84% a week ago.

### **Japan leading index revised higher but still pointed to slower growth outlook ahead**

- Final reading of leading index was revised higher to show a smaller than initially estimated pullback to 104.2 in April (Mar: 107.6) while the coincident index was revised higher to show an uptick to 116.0 (Mar: 115.8). This suggest the slowdown in the Japanese economy is not as severe as initially estimated. In a separate release, machine tool orders grew 3.4% y/y in May as preliminary estimate suggested (Apr: +7.7% y/y), confirming its 2<sup>nd</sup> straight month of moderation and slower growth traction in business spending.

### **Australia CPI eased more than expected bolstering the case for a July RBA cut**

- Australia CPI surprised on the downside with a bigger than expected pullback to a 7-month low at +2.1% y/y in May, after holding steady at +2.4% y/y for the last three months. The softer inflation was due to slower increases in the prices of food/ non-alcoholic beverages, housing, recreation, insurance/ financial services, as well as continued decline in transport prices. The

trimmed mean CPI which smoothed out more volatile items also softened considerably from 2.8% to 2.4% y/y during the month, its slowest in 3.5 years, and is nudging to the lower end of RBA's target range of 2-3%. This shall support the case for an RBA cut at the next policy meeting in July.

### House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DX	97-100	99.36	98.60	97.69	96.58
EUR/USD	1.13-1.17	1.14	1.16	1.18	1.19
GBP/USD	1.33-1.36	1.34	1.34	1.35	1.36
USD/CHF	0.81-0.83	0.83	0.84	0.84	0.85
USD/JPY	143-148	144	146	145	142
AUD/USD	0.63-0.66	0.65	0.65	0.65	0.66
NZD/USD	0.58-0.61	0.60	0.60	0.59	0.60
USD/CNY	7.16-7.20	7.06	7.13	7.17	7.10
USD/MYR	4.23-4.30	4.20	4.24	4.24	4.20
USD/SGD	1.27-1.30	1.28	1.30	1.31	1.30
USD/THB	32.50-33.20	32.70	33.00	33.10	32.70

Rates, %	Current	2Q-25	3Q-25	4Q25	1Q26
Fed	4.25-4.50	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.25	4.25	4.00	3.75	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	3.85	3.60	3.35	3.10
RBNZ	3.25	3.25	3.00	2.75	2.75
BNM	3.00	3.00	2.75	2.75	2.75

Source: HLBB Global Markets Research

### Up Next

Date	Events	Prior
26-Jun	SI Industrial Production YoY (May)	5.9%
	HK Exports YoY (May)	14.7%
	US GDP Annualized QoQ (1Q T)	-0.2%
	US Chicago Fed Nat Activity Index (May)	-0.3
	US Durable Goods Orders (May P)	-6.3%
	US Initial Jobless Claims (21-Jun)	245k
	US Pending Home Sales MoM (May)	-6.3%
	US Kansas City Fed Manf. Activity (Jun)	-3.0
27-Jun	JN Jobless Rate (May)	2.5%
	JN Tokyo CPI YoY (Jun)	3.4%
	JN Retail Sales YoY (May)	3.3%
	JN Dept. Store, Supermarket Sales YoY (May)	1.5%
	CH Industrial Profits YTD YoY (May)	1.4%
	EC Economic Confidence (Jun)	94.8
	US Personal Income (May)	0.8%
	US Personal Spending (May)	0.2%
	US Core PCE Price Index YoY (May)	2.5%
	US U. of Mich. Sentiment (Jun F)	60.5
	US U. of Mich. 1 Yr Inflation (Jun F)	5.1%
	US U. of Mich. 5-10 Yr Inflation (Jun F)	4.1%
	US Kansas City Fed Services Activity (Jun)	11.0

Source: Bloomberg

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