

28 July 2025

Global Markets Research

Daily Market Highlights

28 Jul: 15% US-EU trade deal to boost sentiment

Risk-on in the US amid trade deal optimism; easing concerns over Fed's independence

All eyes on the Thailand-Cambodia ceasefire talk after Trump's warning

FOMC meeting, US NFP, big-tech earnings will put markets to test this week

- Wall Street was in a rally mood last Friday. A number of factors supported this optimism, including easing trade tension as deals are made and negotiations underway, on earnings beats and fading concerns over the Fed's independence. The Dow rallied 0.5% d/d, while S&P 500 and Nasdaq gained 0.4% d/d and 0.3% d/d.
- Elsewhere, Stoxx Eur 600 (-0.3% d/d) clawed back early losses after Trump said of a 50:50 chance of a trade deal with the EU. Asian markets closed mostly in red, but are poised for rebound today after **Trump announced that the US has reached an agreement with the EU to lower tariffs to 15%** on Sunday.
- This week, the record-breaking run in Wall Streets will also be put to test, with FOMC policy meeting and US non-farm payroll data up on deck. Trade deadline is also due on August 1st, as well a charade of big-tech earnings including from Meta and Apple.**
- In the bond space, Treasury yields recovered from early losses to close the day mixed. The benchmark 2Y yield closed the day 1bps higher at 3.92%, while the 10Y slipped 1bps to 4.39%. 10Y European bond yields closed the day up in tune to 1-3bps, after climbing 2-9bps the previous day.
- In the forex space, the DXY inched up 0.3% d/d to 97.65 and the Dollar traded stronger against all its G10 peers save for the SEK. GBP (-0.5% d/d to 1.3438) underperformed its peers after data showed that UK's retail sales barely grew in 2Q, even as sizzling temperatures spurred spending in June. EUR depreciated slightly by 0.1% d/d to 1.1742 following Trump's 50:50 announcement of an US-EU trade deal, but could likely strengthen today following the US-EU trade deal.
- Most Asian currencies also traded weaker against the USD, with KRW, JPY (-0.5% d/d to 147.69) and THB (-0.4% d/d to 32.38) underperforming all their regional peers. SGD and MYR depreciated at a narrower pace of 0.2-0.3% d/d to 1.2618 and 4.2225 respectively. As it is, Asian currency watchers will largely be monitoring developments in Thailand and Cambodia, after

Key Market Metrics

This	Level	d/d (%)
Equities		
Dow Jones	44,901.92	0.47
S&P 500	6,388.64	0.40
NASDAQ	21,108.32	0.24
Stoxx Eur 600	549.95	-0.29
FTSE 100	9,120.31	-0.20
Nikkei 225	41,456.23	-0.88
CSI 300	4,127.16	-0.53
Hang Seng	25,388.35	-1.09
Straits Times	4,261.06	-0.28
KLCI 30	1,533.76	-0.43
FX		
Dollar Index	97.65	0.28
EUR/USD	1.1742	-0.06
GBP/USD	1.3438	-0.53
USD/JPY	147.69	0.46
AUD/USD	0.6566	-0.36
USD/CNH	7.1679	0.21
USD/MYR	4.2225	0.15
USD/SGD	1.2816	0.31
USD/KHR	4,006.50	-0.04
USD/THB	32.38	0.36
Commodities		
WTI (\$/bbl)	65.16	-1.32
Brent (\$/bbl)	68.44	-1.07
Gold (\$/oz)	3,335.60	-1.12
Copper (\$\$/MT)	9,769.50	-1.09
Aluminum(\$/MT)	2,635.50	-0.43
CPO (RM/tonne)	4,240.50	0.43

Source: Bloomberg, HLBB Global Markets Research

* Closing as of 24 July for CPO

Trump said that the two nations agreed to ceasefire talks and warned that continued fighting could jeopardize their trade deal with the US.

- Meanwhile, crude oil prices (WTI: -1.3% d/d to \$65.16/barrel; Brent: -1.1% d/d to \$68.44/barrel) tumbled amid USD strength and lingering cautiousness over the trade negotiations and looming glut concerns due to increased supply from OPEC+. The cartel will next meet on August 3 to decide on production levels.

Soft capex spending for the US amid tariff and policy uncertainties

- Uncertainty over trade and government policies weighed on business capex in June. Core-capital goods orders unexpectedly fell 0.7% m/m after gaining 2.0% m/m previously, while booking for all durable goods plunged more than expected by 9.3% m/m (prior: +16.5% m/m). Orders for the latter were weighed down by lower demand for aircraft by Boeing, and stripping this, orders were slightly softer by +0.2% m/m (prior: +0.6% m/m). Before the durables report, the Atlanta Fed's GDPNow forecast anticipated an annualised 0.5ppts decline in business equipment outlays for the 2Q, after reporting positive contribution in 1Q of the year,
- The Kansas City Fed Services Activity index fell modestly to -5 in July, down from 3 in June and 11 in May but expectations for future services activity remained positive, as firms' anticipated revenue and employment growth remained favorable.

Warm weather boost for UK's retail sales

- Retail sales rose by 0.9% m/m in June following a downward revised drop of 2.8% m/m previously. The increase was broad-based and partially attributed to the warm weather and promotions, which boosted demand for food as well as for fuel. Growth in non-food was a little weaker, in line with the soft consumer confidence (-19 in July vs -18 in June) and our expectations that the economy could likely flatline in 2Q.

Singapore's IPI growth supported by non-tariff sectors

- Better than expected industrial production data from Singapore. Growth in industrial output accelerated to 8.0% y/y in June from a downward-revised +3.6% y/y in May. All clusters saw y/y rises in production, with the exception of the general manufacturing cluster. Specifically, the electronics and pharmaceutical clusters, which are currently excluded from Trump's tariff, accelerated to 6.6% y/y and +11.3% y/y (May: +3.4% y/y and +4.6% y/y).

China industrial profit fell for the second month

- China's industrial profits fell for the second month in June (-4.3% y/y vs -9.1% y/y), as earnings in the mining sector was dragged down by lower commodity prices, while Trump's tariff also squeezed profit margins of Chinese manufacturers. As it is, top economic policymakers have pledged to crack down on "disorderly" low-price competition that has been dragging down prices.

House View and Forecasts

FX	This Week	3Q-25	4Q-25	1Q-26	2Q-26
DX	95.50-98.50	98.32	96.29	94.99	93.77
EUR/USD	1.16-1.19	1.16	1.19	1.20	1.22
GBP/USD	1.33-1.37	1.36	1.38	1.39	1.40
USD/CHF	0.78-0.82	0.81	0.80	0.79	0.78
USD/JPY	144-149	147	144	140	137
AUD/USD	0.64-0.68	0.63	0.65	0.67	0.68
NZD/USD	0.58-0.62	0.59	0.60	0.61	0.61
USD/CNY	7.15-7.19	7.20	7.16	7.12	7.10
USD/MYR	4.19-4.25	4.28	4.25	4.22	4.18
USD/SGD	1.26-1.30	1.29	1.26	1.24	1.22
USD/THB	32.20-32.70	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
28-Jul	HK Exports YoY (Jun)	15.50%
	UK CBI Total Dist. Reported Sales (Jul)	-39
	US Dallas Fed Manf. Activity (Jul)	-12.7
29-JUL	EC ECB 1 Year CPI Expectations (Jun)	2.80%
	UK Mortgage Approvals (Jun)	63.0k
	US Advance Goods Trade Balance (Jun)	-\$96.6b
	US FHFA House Price Index MoM (May)	-0.40%
	US S&P CoreLogic CS US HPI YoY NSA (May)	2.72%
	US JOLTS Job Openings (Jun)	7769k
	US Conf. Board Consumer Confidence (Jul)	93
	US Dallas Fed Services Activity (Jul)	-4.4

Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

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