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Global Markets Research
Daily Market Highlights

3 Aug: AI cloud revival lifts risk; Japan intervenes

US, Nikkei led gains; Amazon's AWS surge revived AI trade
Yields rose across the curve; USD/JPY whipsawed on record yen intervention
China's PMI unexpectedly contracted; Eurozone core CPI surprised to the upside

- Amazon's blowout Q2 results - AWS revenue surged 37% y/y to $42.2bn, its fastest growth in 18 quarters, revived confidence in the AI-infrastructure trade overnight, lifting the 3 major stock indices to close higher: the Dow Jones +0.53% d/d, the S&P 500 +0.70% d/d, and the Nasdaq Composite +1.00% d/d, led by cloud and technology stocks. The outlier on the downside was Apple, which slid ~7.4% d/d after its Q4 revenue guidance of 9–11% growth fell short of the ~12% consensus, with management flagging worsening component shortages expected to intensify through the September quarter. It goes without saying that the Amazon-Apple divergence encapsulates the session's central tension: AI infrastructure spending is accelerating, but supply constraints are beginning to bite at the hardware layer.
- Elsewhere, Stoxx 600 edged down -0.12% d/d and the FTSE 100 -0.27% d/, as firmer-than-expected Eurozone core CPI and rising gilt yields weighed on sentiment. Sentiment in Asia was sharply divergent: the Nikkei 225 surged +4.03% d/d - its best single-session gain since June, led by chip-related names including Ibiden and SoftBank as the AI trade rebounded, while South Korean equities posted a record single-day jump (a regional spillover that amplified the tech rally across Asia). The CSI 300 edged up +0.85% d/d and the Hang Seng +0.10% d/d despite the PMI shock, suggesting markets are pricing in a policy response; the STI was the lone ranger, falling -0.79% d/d, while the FBMKLCI added +0.26% d/d.
- In the bond space, a combination of sticky Eurozone core inflation, firm US wage data, and hawkish BOJ signalling drove a broad sell-off across the curve. The benchmark 2Y and 10Y US Treasury yields closed the day at 4.29% (+5bps) and 4.73% (+6bps) respectively, with European yields rising in tandem — the German Bund 10Y closed at 3.21% (+5bps) and the UK Gilt 10Y at 5.05% (+7bps). The sell-off reflects markets treating virtually every major central bank meeting as live for further tightening.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,485.03	0.53
S&P 500	7,489.72	0.70
NASDAQ	25,373.85	1.00
Stoxx Eur 600	649.19	-0.12
FTSE 100	10,868.05	-0.27
Nikkei 225	64,362.02	4.03
CSI 300	4,588.20	0.85
Hang Seng	25,884.43	0.10
Straits Times	5,628.50	-0.79
KLCI 30	1,724.90	0.26
FX		
Dollar Index	99.91	0.05
EUR/USD	1.1527	-0.01
GBP/USD	1.3483	0.13
USD/JPY	157.40	-1.34
AUD/USD	0.7019	-0.11
USD/CNH	6.7524	0.07
USD/MYR	4.0860	-0.10
USD/SGD	1.2828	0.09
USD/KHR	4,043.50	0.02
USD/THB	33.39	-0.61
Commodities		
WTI ($/bbl)	84.67	1.29
Brent ($/bbl)	90.12	1.22
Gold ($/oz)	4,049.10	-1.24
Copper ($/MT)	13,791.00	-0.09
Aluminum($/MT)	3,184.00	-0.36
CPO (RM/MT)	4,531.00	-0.51

Source: Bloomberg, HLBB Global Markets Research

- The DXY edged up +0.05% d/d, broadly steady as yen volatility dominated the session and offsetting G10 moves largely cancelled out. GBP (+0.13% d/d) led G10 gainers against the USD, supported by resilient UK housing data. USD/JPY was the lone ranger, whipsawing between 160.88 and 158.55 before closing -1.34% d/d at 157.40, as Japan's record intervention on Thursday and a second round of operations on Friday were only partially sustained by Ueda's hawkish press conference tone. The MYR strengthened -0.10% d/d, supported by firmer oil prices and a modest risk-on tone in local equities. The SGD closed just above its flatline (+0.09% d/d) as Singapore's unemployment rate held steady at 2.0% in June (prior: 2.0%; consensus: 2.1%), beating expectations and consistent with MAS's assessment of a broadly balanced economy.
- Amid continued Middle East supply risk following the collapse of the US-Iran ceasefire, oil prices rose, with WTI climbing +1.29% d/d to $84.67/barrel and Brent +1.22% d/d to $90.12/barrel. Gold retreated -1.24% d/d as risk appetite recovered on the Amazon-led tech rally, reducing safe-haven demand.

BOJ holds at 1.00%; Ueda turns hawkish as record yen intervention reshapes policy calculus

- The Bank of Japan held its policy rate at 1.00% (8-1 vote; board member Takata dissented in favour of an immediate hike) at its July meeting, as unanimously expected following June's 25bps raise to a three-decade high. The decision came hours after Japan's Ministry of Finance - with apparent US Treasury coordination - executed what Bloomberg estimates was the largest single-day yen-buying operation on record at ~¥8.45trn (~$53bn) on Thursday, followed by a second round of confirmed intervention on Friday.
- Despite the hold, Governor Ueda's press conference was characterised by market consensus as mildly to moderately hawkish: he flagged that the yen's pass-through to domestic prices is now larger than before, that upside CPI risks must be monitored more closely, and that the BOJ will "keep raising rates in response to economic and price developments" - keeping a September move firmly in play. In short, the data backdrop reinforces the hawkish lean, in line with our view of one 25bps hike by year end.

US labour costs and activity data remained firm; consumer sentiment revised higher

- The Q2 Employment Cost Index rose 0.9% q/q (prior: 0.9%; consensus: 0.8%), matching the Q1 pace and signalling that wage pressures remain sticky - a consideration for the Fed as it assesses the timing of any further tightening. The MNI

Chicago PMI jumped to 57.6 in July (prior: 56.7; consensus: 56.0), adding to the picture of resilient US activity, while the University of Michigan final consumer sentiment index was revised up to 55.2 (preliminary: 54.4; prior: 49.5; consensus: 54.0) - above the top of the forecast range - with 5-10 years inflation expectations holding at 3.3% (prior: 3.3%), suggesting longer-term anchoring remains broadly intact despite elevated near-term concerns where 1-year expectations stand at 4.2%.

China's factories and services unexpectedly contracted; first PMI miss in five months raises policy urgency

- China's official Manufacturing PMI fell to 49.2 in July (prior: 50.3; consensus: 50.1) — the first contraction in five months and below the entire range of Bloomberg survey estimates — while the Non-manufacturing PMI slipped to 49.0 (prior: 50.2; consensus: 50.0), dragging the Composite PMI to 49.3 (prior: 50.6). Construction activity slumped to its weakest since the start of the pandemic, pointing to a broadening of the economic slowdown that saw Q2 GDP undershoot the government's 4.5–5.0% target range.
- At this juncture, the PMI shock will likely accelerate the timeline for targeted easing measures. The Politburo last week signalled a more supportive tone, pledging to "roll out pragmatic and effective new policies in a timely manner," though it stopped short of announcing fresh stimulus.

French inflation surprised above every estimate; Eurozone core CPI beat keeps ECB hike in view

- Eurozone flash CPI rose 2.9% y/y in July (prior: 2.8%; consensus: 2.9%), with core CPI at 2.5% y/y — a 0.1ppt beat vs the 2.4% consensus, driven by firmer services prices and an energy component running ~10% y/y as elevated oil prices fed through. The in-line headline masked a significant upside shock from France, where harmonised CPI jumped to 2.4% y/y (prior: 2.0%; consensus: 2.0%), above every estimate in the Bloomberg survey, on services and electricity costs.
- While the Eurozone headline print was within consensus, the core beat and the French upside surprise reinforce market pricing for another ECB rate hike; traders were reportedly pricing ~89% probability of a move following the French data. In our view, it's close to a done deal.

Hong Kong's Q2 GDP advance estimate missed sharply on sequential contraction

- Hong Kong's Q2 advance GDP came in at +4.3% y/y (prior: +5.9%; consensus: +4.9%) and -0.6% q/q SA (prior: +2.9%; consensus: +0.2%), its first quarterly contraction in nearly four years, as moderating inventory accumulation and softer domestic demand offset a record export surge driven by AI-related goods. The government's full-year forecast range of

2.5–3.5% remains intact for now, though a sustained sequential softening in H2 would test the upper end of that range.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	98.75-101.25	102.28	100.86	99.42	98.07
EUR/USD	1.14-1.17	1.13	1.14	1.16	1.18
GBP/USD	1.33-1.36	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.82	0.81	0.81	0.80	0.79
USD/JPY	156-162	162	159	155	153
AUD/USD	0.69-0.71	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.60	0.56	0.56	0.57	0.57
USD/CNY	6.74-6.80	6.85	6.78	6.72	6.65
USD/MYR	4.07-4.12	4.15	4.11	4.07	4.03
USD/SGD	1.27-1.30	1.31	1.30	1.28	1.27
USD/THB	33.00-33.80	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.70	4.68	4.71	4.73	4.75
GBP/MYR	5.50	5.37	5.36	5.36	5.36
AUD/MYR	2.87	2.83	2.86	2.87	2.89
CNY/MYR	0.61	0.61	0.61	0.61	0.61
SGD/MYR	3.18	3.18	3.17	3.17	3.17

Rates, %	Current	3Q26	4Q26	1Q27	2Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
ECB	2.25	2.50	2.50	2.50	2.50
BOE	3.75	3.75	3.75	3.75	3.75
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	1.00	1.00	1.25	1.25	1.25
RBA	4.35	4.35	4.35	4.35	4.35
RBNZ	2.50	2.50	2.50	2.50	2.50
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	
3 Aug	AU S&P Global Australia PMI Mfg (Jul F)	51.7
	JN S&P Global Japan PMI Mfg (Jul F)	54.7
	MA S&P Global Malaysia PMI Mfg (Jul)	50.7
	VN S&P Global Vietnam PMI Mfg (Jul)	51.8
	CH RatingDog China PMI Mfg (Jul)	51.7
	VN CPI YoY (Jul)	4.69%
	VN Exports YoY (Jul)	28.10%
	VN Imports YoY (Jul)	45.20%
	VN Trade Balance (Jul)	-$2644m
	VN Industrial Production YoY (Jul)	12.70%
	VN Retail Sales YoY (Jul)	14.80%
	EC S&P Global Eurozone Manufacturing PMI (Jul F)	52
	UK S&P Global UK Manufacturing PMI (Jul F)	52.8
	SI Electronics Sector Index (Jul)	52.2
	SI Purchasing Managers Index (Jul)	51.3
	US S&P Global US Manufacturing PMI (Jul F)	53.8

	US ISM Manufacturing (Jul)	53.3
	US Construction Spending MoM (Jun)	0.10%
4 Aug	HK Retail Sales Value YoY (Jun)	7.90%
	US Trade Balance (Jun)	-$77.6b
	US Factory Orders (Jun)	-1.30%
	US JOLTS Job Openings (Jun)	7594k
	US Durable Goods Orders (Jun F)	0.30%

Source: Bloomberg

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