4 June 2026

Global Markets Research

Daily Market Highlights

4 June: The House voted to end US-Iran war

The House's vote is a blow to Trump; Senate vote up next

Another better than expected ADP job data and ISM services for the US

Elevated PPI for the Eurozone; softer than expected 1Q GDP for Australia

- The S&P 500 snapped its 9-day winning streak after the latest clashes between the US-Iran pushed oil prices and Treasury yields higher on Wednesday trading. The WTI and Brent jumped around 2.0% d/d each to $96.02/barrel and $97.81/barrel, while treasury yields also moved up 4-5bps across the curve amid worries of higher inflation, and after the latest jobs data left Fed rate hike expectations intact. At the point of writing, market is pencilling probability of one full Fed rate hike by next March, while the 2Y and 10Y yields closed the day at 4.08% and 4.50%.
- The S&P 500 pulled back 0.7% d/d, while the Dow and Nasdaq fell 1.2% and 0.9% d/d. Finance and consumer discretionary stocks were laggards, while declines in AI stocks also weighed on the broader market.
- This morning, headlines surfaced that the House of Representatives have also voted to halt President Trump from taking further military action in Iran. The vote will not end military attacks on Iran for now, and will still need Senate vote to pass the resolution. President Trump also suggested that a cease fire between the US-Iran remains in place, while Israel and Lebanon have also agreed to implement ceasefire.
- Tuesday's buoyant mood was carried over to most of Asia's early trading on Wednesday. Nikkei 225 (2.5% d/d) and CSI 300 (0.5% d/d) gained, but the Hang Seng slid 1.6% d/d. Stoxx Eur 600 nonetheless tumbled 0.7% d/d amid US proposals for sweeping new tariffs on selected trading partners over their alleged failure to ban goods made with forced labor. Eurozone's elevated PPI bolstered ECB hike bets, and saw European sovereign bond yields up 2-7bps for 2Y bonds and 3-9bps for the 10Ys.
- All G10 currencies weakened against the greenback and the DXY closed up for the third day, by 0.3% d/d at 99.53. NZD (-1.1% d/d), SEK (-1.0% d/d) and AUD (-0.7% d/d to 0.7129) lagged their G10 peers, the latter slipping after its softer than expected 1Q GDP report. EUR and GBP depreciated 0.3-0.4%

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	50,687.07	-1.21
S&P 500	7,553.68	-0.74
NASDAQ	26,853.97	-0.89
Stoxx Eur 600	621.19	-0.66
FTSE 100	10,332.30	-0.40
Nikkei 225	68,402.13	2.50
CSI 300	4,938.81	0.49
Hang Seng	25,633.21	-1.56
Straits Times	5,138.24	0.80
KLCI 30	1,672.74	-0.61
FX		
Dollar Index	99.53	0.31
EUR/USD	1.1597	-0.29
GBP/USD	1.3418	-0.36
USD/JPY	160.07	0.10
AUD/USD	0.7129	-0.71
USD/CNH	6.7803	0.27
USD/MYR	3.9985	0.86
USD/SGD	1.2834	0.30
USD/KHR	4,024.35	0.02
USD/THB	32.57	0.08
Commodities		
WTI ($/bbl)	96.02	2.41
Brent ($/bbl)	97.81	1.89
Gold ($/oz)	4,436.70	-1.17
Copper ($/MT)	13,825.00	-1.53
Aluminum($/MT)	3,703.50	-1.31
CPO (RM/MT)	4,615.00	0.22

Source: Bloomberg, HLBB Global Markets Research
**Dated 2nd June for USD/THB*

d/d to 1.1597 and 1.3418 respectively, while JPY weakened 0.1% d/d to 160.07 even after BOJ Governor Ueda hinted at a rate hike later this month.

- Similarly, most Asian currencies depreciated against the greenback amid the US-Iran hostility. MYR lagged at 3.9985 (-0.9% d/d), while CNH and SGD traded 0.3% d/d weaker each to settle at 6.7803 and 1.2834 respectively.

US employers added the most jobs since January 2025; rebound in the services sector

- Highlights to the latest Beige Book include: 1) Economic activity increased at a slight to moderate pace for 10 of the 12 Fed districts, one reported a slight decline and one no change, an improvement from 8 slight-to-moderate pace, 2 little change and 2 slight-to-modest declines reported in the previous Beige Book. 2) Consumer spending remained mixed and increasingly bifurcated across the different income groups. Overall, there were reports of increased credit card usage, fewer retail visits and stronger demand for necessities. Auto dealers also reported softer new vehicle demand due to affordability and fuel costs. 3) Manufacturing activity increased at a modest to strong pace for most districts. 4) Banking conditions were stable although residential mortgages, consumer, and agricultural loan delinquencies were noted as rising in several districts. 5) Little change to the business outlook, as elevated uncertainty and signs of weakening consumer spending continue to weigh on sentiment.
- Data wise, economic activity in the services sector continued to expand in May with the ISM services coming in better than expected at 54.5 (prior: 53.6). Driving most of the uptick was the price index that surged to its highest reading since August 2022 at 71.3 (prior: 70.7), largely due to petroleum-related products. The new orders index also jumped 3.8ppts to 57.3, although this was partially attributable to seasonality and beyond this, most demand sub-indicators were softer. Employment (-0.1ppts to 48.0), meanwhile, contracted for the third consecutive month, a contrast to recent slew of positive labour prints reported recently.
- The ADP report showed that private sector employment increased at a faster than expected pace by 122k in May (prior: 105k), showing sustained momentum going into the summer hiring season. Hiring was more broad-based led by education & health services, trade, transportation & utilities as well as professional and business services. Wage growth was steady at 4.4% y/y for job stayers, but eased to 6.5% y/y for job changers (prior: 6.6% y/y).

- Wrapping up on the data front were the stronger than expected April's factory orders (4.8% m/m vs 1.8% m/m), its largest increase in nearly a year amid strong demand for commercial aircraft, underpinned by the AI boom and as higher prices saw stock piling orders for primary metals and fabricated metals.
- Mortgage applications fell for the third week, albeit at a narrowed pace of 2.5% w/w for the week ended May 29 (prior: -8.5% w/w) as 30Y FRM mortgage rates eased slightly to 6.57% from 6.65%.

Mostly upward revisions to the services PMIs for the majors; China's RatingDog PMI services unexpectedly picked up; Hong Kong's PMI turned expansionary

- May's final services PMIs for the US was revised down (-0.2ppts to 50.7 vs Apr: 51.0), left unchanged at the neutral level for Japan (50.0 vs 51.0) but revised up for the Eurozone (+1.3ppts to 47.7 vs 47.6) and the UK (+1.4ppts to 49.3 vs 52.7) and Australia (+1.0ppts to 48.7 vs 50.7).
- The RatingDog China Services PMI unexpectedly improved to 54.4 in May from 52.6 previously, underpinned by broad-based growth in new business and employment, along with robust business confidence, the latter supported by improved market conditions, new projects and a brighter economic outlook.
- Hong Kong's headline PMI (50.4 vs 48.6) returned to expansion territory for the first time in three months as companies reported substantial growth in new export orders, while weak domestic demand kept overall sales under pressure. Although business environment improved slightly, companies remained concerned about their business prospects for the coming year amid elevated cost pressures, geopolitical risks and tariff policies.

Eurozone's PPI remained elevated

- As expected, producer prices (PPI) decelerated to 0.6% m/m in April (prior: 3.4% m/m) but annual inflation remained sharply higher at 4.9% y/y (prior: 2.0% y/y). Softer energy prices largely contributed to the milder monthly inflation, but details suggests that price pressures are becoming increasing broad-based and saw prices from intermediate and durable consumer goods accelerating during the month.

Material impact from higher policy rates and fuel prices on households likely to trickle in later for Australia

- GDP growth for 1Q slowed more than expected to 0.3% q/q in 1Q (prior: 0.9% q/q) amid modest household and public sector expenditure, as well as cyclone disruptions to mining and export activities. As it is, impact from rising interest rates and higher fuel costs has started to trickle in although limited, saw consumers turning cautious, and cutting spending across a range of household expenditure categories recently, and as such, we maintain our view that the RBA will likely maintain the cash rates unchanged at 4.35% for the rest of the year.

Vietnam's inflation accelerated due to higher gasoline prices and partially due to weather

- Rising electricity and water prices due to high demand during hot weather, along with increases in construction materials, rental housing and gasoline prices sent prices accelerating to 5.6% y/y in May from 5.5% y/y previously. The CPI print was below expectations, while other economic indicators were mixed. Retail sales were just a tad softer at 11.8% y/y (prior: 12.1% y/y) on slower trade-related sales, while IPI growth slowed to 8.8% y/y (prior: 9.9% y/y) in line with the softer than expected export growth at 18.0% y/y (prior: 21.0% y/y). Despite CPI above official target, there is no change in our view that the SBV to maintain its monetary policy stance to support credit growth and official's ambitious GDP target of 10% this year.

House View and Forecasts

FX	This Week	2Q-26	3Q-26	4Q-26	1Q-27
DXY	98-101	100.63	99.80	97.96	96.48
EUR/USD	1.15-1.18	1.14	1.15	1.17	1.19
GBP/USD	1.32-1.36	1.31	1.32	1.34	1.35
USD/CHF	0.76-0.81	0.79	0.78	0.76	0.75
USD/JPY	156-161	159	155	152	152
AUD/USD	0.70-0.73	0.68	0.69	0.70	0.71
NZD/USD	0.57-0.61	0.57	0.58	0.58	0.59
USD/CNY	6.75-6.81	6.93	6.88	6.84	6.77
USD/MYR	3.93-4.00	3.98	3.96	3.93	3.90
USD/SGD	1.26-1.29	1.29	1.28	1.27	1.25
USD/THB	32.20-33.20	31.60	31.80	31.80	31.40

FX	Last close	2Q-26	3Q-26	4Q-26	1Q-27
EUR/MYR	4.6422	4.55	4.55	4.60	4.66
GBP/MYR	5.3770	5.23	5.23	5.26	5.28
AUD/MYR	2.8641	2.72	2.72	2.75	2.77
CNY/MYR	0.5906	0.58	0.58	0.58	0.58
SGD/MYR	3.1178	3.09	3.10	3.11	3.12

Rates, %	Current	2Q26	3Q26	4Q26	1Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
ECB	2.00	2.25	2.50	2.50	2.50
BOE	3.75	4.00	4.25	4.25	4.25
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	1.00	1.00	1.00	1.00

RBA	4.35	4.35	4.35	4.35	4.35
RBNZ	2.25	2.25	2.25	2.25	2.25
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
4-June	SI S&P Global Singapore PMI (May)	57.9
	AU Exports MoM (Apr)	-2.70%
	EC Retail Sales MoM (Apr)	-0.10%
	US Challenger Job Cuts YoY (May)	-20.90%
	US Initial Jobless Claims	215k
5-June	JN Scheduled Full-Time Pay - Same Base YoY (Apr)	2.60%
	JN Household Spending YoY (Apr)	-2.90%
	SI Retail Sales YoY (Apr)	4.80%
	JN Leading Index CI (Apr P)	114.0
	EC GDP SA QoQ (1Q T)	0.10%
	EC Employment QoQ (1Q F)	0.10%
	US Change in Nonfarm Payrolls (May)	115k
	US Average Hourly Earnings MoM (May)	0.20%
	US Average Weekly Hours All Employees (May)	34.3
	US Unemployment Rate (May)	4.30%
	US Consumer Credit (Apr)	$24.855b

Source: Bloomberg

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