HongLeong Bank

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Global Markets Research
Daily Market Highlights

8 July: All eyes on the FOMC meeting minutes today

Tech stocks tanked despite Samsung's strong results and outlook
Higher crude oil prices, treasury yields and DXY amid renewed airstrikes
Wider trade deficit for the US; RBNZ expected to deliver a rate hike today

- Samsung's stellar results and outlook failed to meet investors' lofty expectations and saw a renewed sell-off in tech stocks overnight. The downward pressure in the AI trade began in Asian markets, pushing the KOSPI down 8.2% in intraday trading and triggering the circuit breaker before narrowing losses to 4.9% d/d at close, weighed down by the plunge in shares of the chip giant Samsung. Nikkei 225, Hang Seng and CSI 300 slid 0.5-2.1% d/d, while Europe's Stoxx 600 also tumbled 0.7% d/d.
- In Wall Street, the 3 major stock indices slipped 0.3-1.2% d/d with Nasdaq leading losses, with added dampener from the higher crude oil prices. The WTI and Brent rallied more than 2.0% d/d each to $70.44/barrel and $74.16/barrel after the US revoked the waiver authorizing the sale of Iranian oil and launched air strikes in Iran, renewing threats to the ceasefire.
- Worries over higher energy costs and inflationary pressures saw a drop in treasuries, and the benchmark 2Y and 10Y yields closed up 8bps each to 4.19% and 4.55%. Similarly in Europe, 10Y sovereign bond yields rose a wider pace of 3-6bps, up from +1bps the day before.
- In the FX space, haven demand from the renewed geopolitical tension saw the DXY rebounding 0.2% d/d to 101.02. JPY steadied at 162.10, while NZD weakened 0.4% d/d ahead of RBNZ's policy decision today, where a 25bps rate hike to 2.50% is expected. EUR, GBP and AUD depreciated 0.3-0.4% d/d to close the day at 1.1412, 1.3359 and 0.6928.
- Regional currencies closed mixed against the greenback. KRW (1.1% d/d) outperformed all its peers amid expected inflows related to the SK Hynix listing, while MYR appreciated 0.4% d/d to 4.0703 ahead of BNM's policy decision tomorrow, where we expect no change to the OPR and neutral policy tone. CNH and SGD closed 0-0.1% d/d weaker at 6.8035 and 1.2926 against the greenback respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,925.15	-0.25
S&P 500	7,503.85	-0.45
NASDAQ	25,818.69	-1.16
Stoxx Eur 600	646.29	-0.65
FTSE 100	10,665.88	0.13
Nikkei 225	68,256.96	-2.12
CSI 300	4,792.26	-1.03
Hang Seng	23,496.89	-0.51
Straits Times	5,342.24	1.57
KLCI 30	1,682.93	-0.04
FX		
Dollar Index	101.02	0.17
EUR/USD	1.1412	-0.25
GBP/USD	1.3359	-0.25
USD/JPY	162.10	0.01
AUD/USD	0.6928	-0.39
USD/CNH	6.8035	0.14
USD/MYR	4.0703	-0.37
USD/SGD	1.2926	0.02
USD/KHR	4,031.70	0.01
USD/THB	33.31	-0.12
Commodities		
WTI ($/bbl)	70.44	2.76
Brent ($/bbl)	74.16	3.01
Gold ($/oz)	4,157.40	-0.24
Copper ($/MT)	13,365.50	-0.28
Aluminum($/MT)	3,137.50	0.71
CPO (RM/MT)	4,490.00	0.16

Source: Bloomberg, HLBB Global Markets Research

US trade deficit widened to its biggest in more than a year

- Although less than expected, trade deficit widened to its biggest in more than a year at $77.6bn in May (prior: -$54.6bn). The wider deficit was driven by broad-based increases for imports (3.3% m/m vs 2.0% m/m), while exports fell 3.2% m/m (prior: 3.0% m/m) led by a plunge in nonmonetary exports of gold. Trade has subtracted from GDP for two straight quarters and this will remain so in 2Q taking cue from the latest data. The Atlanta Federal Reserve's model is currently forecasting GDP to increase at a 1.4% annualised rate in 2Q, slowing from 1Q's 2.1%.

Japan's wages comfortably above inflation, household spending fell on energy-related spending, leading index up for the fourth month

- Labour cash earnings growth eased more than expected to 3.2% y/y in May from 3.6% y/y previously. Despite this downtick, wages remained comfortably above inflation and as such, likely reinforces BOJ's stance towards raising rates.
- Separate data showed that household spending fell 0.4% y/y for the same month. The result was nonetheless better than forecast, narrowing from 0.5% y/y previously and was primarily weighed down by energy-related spending. Stripping this, spending was broadly higher across most categories.
- Wrapping up, although lower than expected, the leading index improved to 116.8 from 116.1 previously, while current assessment of the economy was maintained as "improving."

Malaysia foreign reserves rebounded to $132.6bn as of end June

- Foreign reserves rebounded to $132.6bn as of end June. This marks an increase of $2.1bn from mid-June (1H: -$0.1bn to $130.5bn) and has taken into account quarterly foreign exchange revaluation changes. The reserves position is sufficient to finance 4.7 months of imports of goods and services, and is 0.9 times of total short-term external debt.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	99-103	102.28	100.86	99.42	98.07
EUR/USD	1.13-1.16	1.13	1.14	1.16	1.18
GBP/USD	1.32-1.35	1.29	1.30	1.32	1.33
USD/CHF	0.78-0.82	0.81	0.81	0.80	0.79
USD/JPY	158-163	162	159	155	153
AUD/USD	0.68-0.71	0.68	0.70	0.71	0.72
NZD/USD	0.55-0.59	0.56	0.56	0.57	0.57
USD/CNY	6.77-6.81	6.85	6.78	6.72	6.65
USD/MYR	4.05-4.12	4.15	4.11	4.07	4.03

USD/SGD	1.28-1.31	1.31	1.30	1.28	1.27
USD/THB	32.64-33.60	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.6514	4.68	4.71	4.73	4.75
GBP/MYR	5.4462	5.37	5.36	5.36	5.36
AUD/MYR	2.8260	2.83	2.86	2.87	2.89
CNY/MYR	0.5991	0.61	0.61	0.61	0.61
SGD/MYR	3.1508	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	2.25	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	
8-Jul	JN Bank Lending Ex-Trusts YoY (Jun)	6.30%
	NZ RBNZ Official Cash Rate	2.25%
	JN Eco Watchers Survey Outlook SA (Jun)	40.7
	US MBA Mortgage Applications (Jul 3)	0.0%
	US FOMC Meeting Minutes	
	US Consumer Credit (May)	$20.733b
9-Jul	CH PPI YoY (Jun)	3.90%
	CH CPI YoY (Jun)	1.20%
	MA Industrial Production YoY (May)	8.20%
	MA Manufacturing Sales Value YoY (May)	9.10%
	MA BNM Overnight Policy Rate	2.75%
	US Initial Jobless Claims (Jul 4)	215k
	US Existing Home Sales MoM (Jun)	3.20%
	CH New Yuan Loans CNY YTD (Jun)	9110.0b

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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