16 July 2026

Global Markets Research

Daily Market Highlights

16 July: Another softer than expected US price print

Further paring in rate hike bets as US PPI declined; UST yields & DXY fell

Fed Beige Book: Economic activities expanded at a slight to moderate pace

China 2Q GDP underwhelmed at 4.3%; weakest growth since 2022

- Another softer than expected inflation reading in the US saw traders further dial back bets on Fed rate hikes, and sent both US stocks and bonds up. At the point of writing, market continues to fully price in a rate hike (26bps) this year, but not before the December FOMC meeting. This compared to 43bps and as early as the September FOMC meeting earlier in the week before the release of the CPI and PPI prints.
- Consequently, treasury yields were down 3-6bps across the curve led by the shorter tenures, and the benchmark 2Y and 10Y yields closed the day at 4.14% (-6bps) and 4.55% (-4bps). In the equity space, the 3 major US indices finished up 0.3-0.6% d/d. Nasdaq led gains with traders snapping some big tech names, while the financial sector also closed in green in another busy day of earnings beat from Blackrock to Morgan Stanley.
- Elsewhere, Stoxx Eur 600 edged up 0.1% d/d as positive result from Richemont lifted the luxury sector, and offset declines in mining and telecom stocks. Trading in sovereign bonds were muted, and the 10Y yields closed higher in tune to 0-3bps save the UK gilts.
- Most major Asian bourses rose, with Nikkei 225 and Hang Seng up 1.4-1.5% d/d, while CSI 300 tumbled 0.2% d/d, partially weighed down by China's GDP miss. Stocks in the region are poised for a choppy trading day, with the escalation in geopolitical tension reviving concerns on energy supplies and saw crude oil prices ticking up around 0.3% d/d. The WTI closed the day at $79.60/barrel, and Brent at $84.95/barrel.
- DXY slipped 0.4% d/d to 100.49 after the US PPI miss. GBP (1.1% d/d to 1.3540) outperformed across the G10 space amid reports that incoming prime minister Burnham will appoint the current home secretary Shabana Mahmood as the next Chancellor, while EUR, JPY and AUD appreciated at a narrower pace of 0-0.4% d/d to 1.1463, 162.19 and 0.7004 vs the USD respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,658.64	0.29
S&P 500	7,572.40	0.38
NASDAQ	26,269.23	0.62
Stoxx Eur 600	642.71	0.10
FTSE 100	10,515.92	-0.13
Nikkei 225	68,751.51	1.49
CSI 300	4,786.78	-0.20
Hang Seng	24,681.10	1.40
Straits Times	5,559.72	1.17
KLCI 30	1,713.76	-0.36
FX		
Dollar Index	100.49	-0.43
EUR/USD	1.1463	0.38
GBP/USD	1.3540	1.12
USD/JPY	162.19	-0.04
AUD/USD	0.7004	0.42
USD/CNH	6.7687	-0.08
USD/MYR	4.0795	0.04
USD/SGD	1.2890	-0.17
USD/KHR	4,036.50	0.09
USD/THB	33.61	0.26
Commodities		
WTI ($/bbl)	79.60	0.33
Brent ($/bbl)	84.95	0.26
Gold ($/oz)	4,051.80	-0.44
Copper ($/MT)	13,581.50	-0.45
Aluminum($/MT)	3,150.00	-0.85
CPO (RM/MT)	4,512.00	-0.40

Source: Bloomberg, HLBB Global Markets Research

- Most Asian FX strengthened against the Dollar amid less hawkish bets for the Fed. SGD outperformed its regional peers with a 0.2% d/d gain to 1.2890 against the USD, while CNH appreciated 0.1% d/d to 6.7687 despite its GDP miss. MYR closed just below its flatline at 4.0795.

Fed Beige Book: Little change in the pace of growth; US PPI undershot forecasts

- Key highlights to the latest Beige Book include: 1) Economic activity increased at a slight to moderate pace in 11 of the 12 districts, while 1 reported no change. The pace of growth was quite close to the previous Beige Book, when activity expanded in 10, flat in 1, and down in 1. Fed contacts also broadly expect the economy to continue to grow in the coming months. 2) Consumer spending edged up although higher prices (in particularly fuel) dampened sales in other categories. Several districts reported cutbacks on discretionary items or trading down to more affordable varieties. 3) On the supply side, tourism was up with added boost from World Cup visitors, auto dealers reported little change in sales, manufacturers commented that supply chain issues were more widespread, service industries were up modestly, while construction and real estate activity increased slightly overall, with several districts attributing this to data center building. 4) Financial conditions were stable on net, and loan volumes up modestly. Commercial loan quality was stable, but consumer loan quality reportedly ticked down.
- Data overnight, meanwhile, showed that PPI unexpectedly fell 0.3% m/m in June following a downwardly revised 0.6% m/m increase the prior month, another sign that price pressure was easing before the recent escalation in the Middle East conflict. The June decline was primarily attributable to the 1.4% m/m drop in goods prices, weighed down by gasoline, while prices for services rebounded 0.2% m/m.
- Mortgage applications fell at a larger pace of 2.7% w/w for the week ended July 10 (prior: -2.2% w/w) with the 30Y fixed mortgage rates climbing 7bps to 6.65%, its highest since August 2025 and weighed on purchase applications.

Eurozone's industrial production ticked down in May

- Industrial output unexpectedly fell 0.2% m/m in May (prior: 0.3% m/m), with the drop mainly driven by declines in intermediate and durable consumer goods output, the latter largely a negative driver of production in recent months. Despite this downtick, overall production has held up in recent months, possibly due to businesses increasing inventories ahead of possible disruption to supply chain. With energy prices broadly lower and strong public investment expected, we are thus modestly optimistic for production in the 2H.

Sharp drop in Japan's core machine orders in May; likely to rebound in June

- Core machine orders fell more than expected by 12.4% m/m in May, pulling back from 8.7% m/m previously as orders for both manufacturing and non-manufacturing fell during the month. With orders expected to grow by 0.3% in 2Q (prior: 6.4% q/q), this nonetheless suggests that orders will likely rebound to 4.5% m/m the following month, a not too ambitious projection in our opinion given the strong external demand recently.

Weakest growth in over 3 years for China's economy

- China reported a 4.3% y/y growth in 2Q26, falling short of expectations and a slowdown from 5.0% y/y recorded in 1Q26. This marks its weakest growth in more than 3 years, and upon the release, officials commented that growth of 4.7% in 1H is within a reasonable range given the many instabilities and uncertainties externally, and the prominent supply-demand imbalance domestically. Refer to Research Alert "China's 2Q GDP growth eased more than expected" dated 15 July.
- China's slack June credit data is the latest sign that the economy needs more stimulus. New yuan loans undershot forecasts at 10.7tn yuan in 1H, amid still low households and corporate funding, a sign that business and consumer confidence remained weak and unwilling to expand their balance sheets. Government bond funding also slowed, a sign of slow progress in government investment.

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	1.32-1.36	1.29	1.30	1.32	1.33
USD/CHF	0.78-0.82	0.81	0.81	0.80	0.79
USD/JPY	159-164	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	6.76-6.82	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	32.90-33.80	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.6562	4.68	4.71	4.73	4.75
GBP/MYR	5.4625	5.37	5.36	5.36	5.36
AUD/MYR	2.8499	2.83	2.86	2.87	2.89
CNY/MYR	0.6021	0.61	0.61	0.61	0.61
SGD/MYR	3.1565	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	
16-Jul	UK Monthly GDP (MoM) (May)	-0.10%
	EC Trade Balance NSA (May)	-1.0b
	US New York Fed Services Business Activity (Jul)	-10.1
	US Philadelphia Fed Business Outlook (Jul)	10.3
	US Retail Sales Advance MoM (Jun)	0.90%
	US Initial Jobless Claims (11-Jul)	215k
	US NAHB Housing Market Index (Jul)	35
	US Pending Home Sales MoM (Jun)	3.80%
17-Jul	SI Non-oil Domestic Exports YoY (Jun)	38.40%
	MA CPI YoY (Jun)	2.00%
	MA GDP YoY (2Q A)	5.40%
	US Import Price Index YoY (Jun)	6.70%
	US Housing Starts MoM (Jun)	-15.40%
	US Building Permits MoM (Jun P)	-0.90%
	US Industrial Production MoM (Jun)	0.10%
	US U. of Mich. Sentiment (Jul P)	49.5

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.