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Global Markets Research

Daily Market Highlights

17 July: Concerns over lofty tech valuations resurfaced

Positive US job data and hawkish Fed speaks reaffirmed Fed rate hike bets
UST yields and DXY inched up; equities under pressure on tech concerns
All eyes on Malaysia's advanced 2Q GDP and CPI today

- Global equities largely traded on a softer note as investors stayed nervous amid lingering concerns over stretched valuations on tech stocks, in the absence of fresh headlines on the geopolitical front overnight. The tech-heavy Nasdaq fell 1.5% d/d while the broader S&P500 and Dow Jones slipped a more modest 0.2-0.5% d/d on the back of rotation from tech into consumers and healthcare stocks.
- European stocks traded in green overall with the Eur Stoxx 600 and FTSE 100 clocking in gains of 0.2 and 0.5% on the day respectively. Asian stocks meanwhile traded more mixed with losses led by KOSPI (-6.4% d/d) and Nikkei 225 (-2.8% d/d). Hang Seng advanced 1.3% while the KLCI rose 0.5% on the day to a 2-month high. Asian stocks are poised to open in red this morning tracking overnight's Wall Street's decline and futures.
- UST yields advanced amid positive jobless claims data and as retail sales continued to paint a resilient consumer picture. Hawkish Fed speaks echoing Fed Chair Kevin Warsh's testimony also kept Fed rate hike expectations intact. Fed's Schmid said inflation which has been too hot for too long is the biggest worry and implied that it is premature to conclude that inflation risks is over. Meanwhile, Fed's Logan said inflation does not appear to be easing sustainably back to the 2.0% target and hence warrant a modestly higher interest rate to better balance the outlook and risks of the Fed's dual mandate on price stability and full employment. UST yields inched up within 1bp across the curve with the 2-year and 10-year note yield last settled at 4.14% and 4.55% respectively. European sovereign bond yields meanwhile inched up between 1-3bps.
- The greenback saw broad-based gains against the majors as positive jobless claims data added to signs of a resilient US economy. The SEK fell the most (0.6% d/d), followed by the GBP and CHF while commodity currencies posted the least declines. The sterling and CHF weakened 0.5% on the day to

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,552.97	-0.20
S&P 500	7,533.77	-0.51
NASDAQ	25,881.95	-1.47
Stoxx Eur 600	643.73	0.16
FTSE 100	10,572.24	0.54
Nikkei 225	66,835.54	-2.79
CSI 300	4,698.44	-1.85
Hang Seng	25,008.60	1.33
Straits Times	5,539.38	-0.37
KLCI 30	1,722.19	0.49
FX		
Dollar Index	100.71	0.21
EUR/USD	1.1442	-0.18
GBP/USD	1.3478	-0.46
USD/JPY	162.39	0.12
AUD/USD	0.6996	-0.11
USD/CNH	6.7732	0.07
USD/MYR	4.0730	-0.16
USD/SGD	1.2903	0.10
USD/KHR	4,034.50	-0.05
USD/THB	33.59	0.01
Commodities		
WTI ($/bbl)	79.58	-0.82
Brent ($/bbl)	84.86	-0.24
Gold ($/oz)	3,979.90	-2.14
Copper ($/MT)	13,543.50	-0.28
Aluminum($/MT)	3,177.00	0.76
CPO (RM/MT)	4,517.00	-0.44

Source: Bloomberg, HLBB Global Markets Research

1.3478 and 0.8089 respectively vs the greenback. The EUR fell 0.2% d/d to 1.1442 while the JPY and AUD depreciated 0.1% d/d each to 162.39 and 0.6996 against the USD. Persistent JPY weakness above the 162-handle is keeping BOJ intervention risks alive, hence limiting losses in the JPY. Aussie traded back below 0.70s again after the brief spike a day ago following a pullback in consumer inflation expectation print from 5.5% to 4.7% in July.

- Meanwhile, regional FX traded mixed. KRW and IDR led gainers while TWD and SGD underperformed among the major Asian pairs. The KRW rallied 0.7% d/d following a 25bps hawkish hike by BOK yesterday. MYR remained firm and held on to the 4.07 levels for the 8th straight day, last closed at 4.0730 vs the USD on Thursday, marking a 0.2% d/d appreciation. The CNH and SGD each weakened 0.1% to 6.7732 and 1.2903 vs the USD respectively for the day.
- On the commodity front, gold declined 2.1% d/d to $3979.89/ oz as a stronger USD dampened the appeal of non-yielding precious metal, while oil prices lost between 0.2-0.8% on the day on profit-taking after recent rally. WTI last closed at $79.58/ barrel while Brent last settled at $84.85/ barrel as at Thursday's close, oscillating between $84-87/barrel since the flare-up in the Middle East conflict again earlier this week.

Positive bag of US retail sales and job data reaffirmed a resilient growth outlook

- Retail sales posted a more moderate growth of 0.2% m/m in Jun as expected (May: 1.0% m/m upwardly revised). Control group sales, which filters down to GDP calculation, eased at a lesser margin from 0.8% to 0.5% m/m, suggesting consumer spending remained resilient overall and will continue to underpin growth in 2Q.
- Initial jobless claims which unexpectedly pulled back to 208k for the week ended 11-Jul (prior: 216k), its lowest in 10 weeks, sprang another positive surprise, and so were the decline in the 4-week moving averages claims to 214.25k (prior: 219.00k), and continuing claims from 1821k to 1805k. All these did nothing but reaffirmed a still very healthy labour market in the US that would allow the Fed to raise rates to tackle inflation issues, if need be.
- On regional activities, the New York Fed Services Business Activity bounced back to a positive print of 8.7 in July (Jun: -10.1), driven by an improvement in business climate. The 6-month ahead index jumped from 8.3 to 23.2, driven by employment and wages. In a separate release, Philadelphia Fed Business Outlook jumped 4x higher to 41.4 in July (Jun: 10.3), beating the 12.5 consensus reading amid a broad improvement in new orders, shipment, employment and

prices paid. All these offered tentative signs of better sentiments and momentum as businesses looked pass the geopolitical uncertainties and moved ahead.

- Housing data was the only weak link in yesterday's data bag from the US. NAHB housing market index and pending home sales both pointed to a softer housing market. NAHB index eased slightly from 36 to 34 in July while pending home sales posted a bigger than expected decline of 5.4% m/m in Jun (May: 3.5% m/m).

UK GDP rebounded more than expected in May underpinned by services

- UK monthly GDP rebounded more than expected to 0.1% m/m in May (Apr: -0.1% m/m), suggesting the UK economy is still holding up despite the energy shocks and political uncertainty. Underlying details were mixed, with services remained the largest component underpinning growth, as manufacturing and construction fell, pointing to patchy growth in economic sectors. The index of services rebounded more than expected to increase 0.3% m/m in May (Apr: -0.1% m/m), while industrial production and construction output fell more than expected by 0.5% m/m and 0.8% m/m respectively (Apr: 0.2% m/m; -0.1% m/m). Lingering domestic and external headwinds imply growth outlook will likely remain subdued and below trend going into the 2H of the year.

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	4.67	4.68	4.71	4.73	4.75
GBP/MYR	5.50	5.37	5.36	5.36	5.36
AUD/MYR	2.85	2.83	2.86	2.87	2.89
CNY/MYR	0.60	0.61	0.61	0.61	0.61
SGD/MYR	3.16	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	
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
20-Jul	CH 1-Year Loan Prime Rate	3.00%
	CH 5-Year Loan Prime Rate	3.50%
	MA Exports YoY (Jun)	45.30%
	US Leading Index (Jun)	0.10%

Source: Bloomberg

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