20 July 2026

Global Markets Research
Daily Market Highlights

20 July: Geopolitical risks will continue to keep a lid on risk assets

Equities closed broadly in red; UST yields mixed; DXY modestly higher
KLCI rose but MYR weakened amid Malaysia's 2Q GDP beat at 5.8% y/y
US import prices reaffirmed inflation risks but 1Y inflation expectations softened

- The US-Iran standoffs further intensified over the weekend with both sides exchanging fires and leading to an increase in death toll. The strikes have also manifested into Iranian attacks on other Gulf countries in a retaliation to US strikes, and have also expanded beyond military targets to include public infrastructure, utilities and port facilities with reports of some flight cancellations as well. This should continue to suppress risk appetite as markets open today. Equities closed mostly in red last Friday with market jitters squarely on the ratcheting-up in geopolitical tensions.
- The three major US benchmark equity indices lost between 0.7-1.4% d/d as at Friday's close, and was down 0.9-2.9% on the week. European stocks declined between 0.3-1.0% d/d on Friday but the UK FTSE 100 witnessed a 0.3% gain on the day. In Asia, declines were led by Taiwan TAIEX (-6.5% d/d) and South Korean KOSPI (-6.4% d/d), while the Nikkei and CSI300 fell 4.0% and 3.6% on the day respectively. KLCI bucked the trend and clocked in a 0.5% gain at 1731.45 as at Friday's close, off its intraday high of 1735.67 but still marked its highest in two months, spurred by the better than expected advanced 2Q GDP print from Malaysia.
- On the bond front, it was a mixed and muted day. UST traded mixed with the front end underperforming while the long-end saw modest gain, hence flattening the yield curve. The 2Y note yield added 4bps to 4.18% while the 10Y slipped within a bp to 4.55%. European sovereign bond yields settled mixed between -3 to +1bps.
- In the FX space, the greenback strengthened for a 2nd straight day as the flare-up in geopolitical tension drove Fed rate hike bets and flight to safety bids. The Dollar Index inched up by 0.05% on the day to 100.76, but was still down 0.2% w/w. Major G10s traded mixed against the USD with GBP the notable loser (-0.2% d/d) and NOK the outperformer (+0.3% d/d). EUR weakened only modestly by less than 0.1% d/d to 1.1439, and so was the JPY (0.01% d/d to 162.40 against the USD. Aussie meanwhile weakened 0.2% on the day to 0.6984. remaining

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,146.42	-0.77
S&P 500	7,457.69	-1.01
NASDAQ	25,520.24	-1.40
Stoxx Eur 600	641.53	-0.34
FTSE 100	10,600.37	0.27
Nikkei 225	64,141.12	-4.03
CSI 300	4,529.10	-3.60
Hang Seng	24,562.24	-1.78
Straits Times	5,509.43	-0.54
KLCI 30	1,731.45	0.54
FX		
Dollar Index	100.76	0.05
EUR/USD	1.1439	-0.03
GBP/USD	1.3452	-0.19
USD/JPY	162.40	0.01
AUD/USD	0.6984	-0.17
USD/CNH	6.7774	0.06
USD/MYR	4.0968	0.58
USD/SGD	1.2917	0.11
USD/KHR	4,035.75	0.03
USD/THB	33.63	0.12
Commodities		
WTI ($/bbl)	82.47	3.63
Brent ($/bbl)	88.26	4.01
Gold ($/oz)	4,023.00	1.08
Copper ($/MT)	13,528.00	-0.11
Aluminum($/MT)	3,166.50	-0.33
CPO (RM/MT)	4,527.00	-0.22

Source: Bloomberg, HLBB Global Markets Research below the 0.70-handle for a 2nd straight day. Asian currencies also traded on a weaker note overall. The MYR registered the biggest losses among its peers last Friday despite the Malaysia 2Q GDP beat, weakening 0.6% to 4.0968 vs the USD, followed by KRW and TWD tracking the selloffs in their stock bourses. The CNH (-0.06% d/d to 6.7774) and SGD (-0.1% d/d to 1.2917) saw mild losses.

- Moving on to commodities, global oil prices climbed higher again on Friday amid heightening geopolitical tension. WTI rose 3.6% d/d to $82.47/ barrel while Brent crude increased 4.0% d/d to $88.26/ barrel. Compared to a week ago, WTI rallied 15.3% while Brent jumped 17.3% w/w as at last Friday's close, and Brent rallied further by 3.0% to over $90/ barrel early this morning, marking a 5-week high and above YTD average of $78.48/ barrel.

US import prices remained elevated reaffirming inflation risks; industrial production and housing painted a softer outlook; consumer sentiments recovered

- Contrary to the softer than expected CPI and PPI reports released earlier last week, import prices in the US turned out to be higher than expected at 0.3% m/m in June (May: 1.9% and consensus: -0.7% m/m) with the bulk of the increases coming from China and Taiwan. Despite the upside surprise, this marked the smallest gain in six months, amid declines in the prices of petroleum (-0.7% vs 13.2% m/m), food & beverages (-0.2% vs -0.3% m/m), and auto parts (-0.1% vs 0.2% m/m), while industrial supplies, capital goods and consumer goods all registered smaller increases.
- Meanwhile, export prices took a turn and fell 0.6% m/m during the same month (May: 1.3% m/m), dampened by a decline in industrial supplies while other sectors were mixed – softer gains in agriculture, food & beverages but bigger increases in capital goods, auto parts, and consumer goods. On an annual comparison, import prices unexpectedly picked up from 6.6% to 7.1% y/y, its highest in almost four years, while export prices expectedly tapered off but remained near its 4-year high too, from 11.3% to 10.2% y/y in June, suggesting inflation risks are not over yet and will keep the Fed on alert mode.
- Industrial production came in slightly softer than expected and held steady at 0.1% m/m in June amid stagnant manufacturing production (May: 0.1% m/m upwardly revised). The slowdown was rather broad-based evident in slower growth in selected high-tech industries (0.5% vs 1.8% m/m) such as semiconductors (0.5% vs 2.5% m/m) and 2nd straight month of decline in computers & equipment (-0.5% vs -0.9% m/m). Production of motor vehicles & parts also moderated for a 2nd consecutive month from 1.8% to 0.7% m/m in June.
- US housing starts surprised on the upside with a bigger than expected rebound from a 15.2% m/m decline in May to an increase of 19.0% m/m to 1.427m units in June, driven by large

multifamily units which overshadowed the 3rd straight month of decline in single family homes. On a less positive note, building permits, which is a forward-looking indicator, surprised on the downside with an expected contraction of 3.0% m/m during the month (May: -0.9% m/m), suggesting the housing market will remain a soft patch in the US economy.

- The University of Michigan consumer sentiment index rose more than expected to a 5-month high at 54.4 in July (Jun: 49.5), as consumers turned more upbeat about the current condition as well as future outlook following the drop in gasoline prices. Consumers were more positive on prospects of household finances, business expectations, as well as the job market, and more proportion of the respondents opined it's a good time to buy major household items including houses and vehicles. Further adding to the positive vibes were inflation expectations, where the 1Y inflation expectations eased off more than expected from 4.6% to 4.2% while the longer term 5-10Y inflation expectations stabilized at 3.3% , a sign of dissipating inflation concerns.

Singapore non-oil domestic exports retreated more than expected in June

- Non-oil domestic exports decelerated more than expected to 20.7% y/y in June, from a 22-year high of 38.4% y/y in May, mainly dampened by a contraction in non-electronics exports (-2.9% vs +17.7% y/y) following continued contractions in petrochemicals and renewed decline in pharmaceutical exports. This offset the phenomenal 105.1% y/y increase in electronics exports (May: 94.8% y/y), led by ICs, personal computers and disk drives. Despite the pullback, we remain cautiously optimistic that exports will continue to expand, albeit at a more moderate pace, and support overall GDP growth going forward, riding on continued demand for AI-related products.

Stronger 2Q26 growth but softer June CPI for Malaysia; no change to OPR pause view

- Advanced 2Q GDP growth defied gravity and picked up to 5.8% y/y (1Q: 5.4% y/y and consensus: 5.2% y/y). This does not come as an entire surprise to us after seeing the robust performance in external trade that drove trade surplus to a record high in May. While demand side indicators are not made available in preliminary estimate by the Department of Statistics, the robust trade surplus suggests positive net exports are likely the main growth catalyst behind the growth pick-up in 2Q. We expect the sizeable surplus position to persist in June, keeping the positive momentum of 2Q intact. On the supply side, manufacturing (+7.5% vs +5.9% y/y) and mining (+10.2% vs -2.1% y/y) were the two main growth engines, offsetting the slower expansion in services, construction, and the contraction in agriculture. We are cautiously optimistic that growth prospects of the Malaysian economy will remain sanguine, with full year growth averaging at the higher end of the official forecast range of 4.0-5.0%, probably at 4.8%, above our current forecast of 4.6%.

- In a separate release from DOSM, CPI unexpectedly pulled back to 1.9% y/y in June (May: 2.0% y/y), below both ours as well as market expectations for a steady print. The three key components i.e. food, utilities, and transport that accounted for almost two third of overall CPI basket weightage, saw mild increases of 1.4%, 1.4% and 2.8% y/y respectively in June (May: 1.4%, 1.2% and 3.7% y/y). Core CPI that eased from 2.0% to 1.9% y/y, and steady gain in services CPI (2.4% y/y) also added to signs of a very benign inflation environment, with limited cost pass-through in the system.
- Please refer "Research Alert: Stronger advanced 2Q GDP growth and softer June CPI" dated 17 July 2026 for details.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	99-102	102.28	100.86	99.42	98.07
EUR/USD	1.13-1.16	1.13	1.14	1.16	1.18
GBP/USD	1.33-1.36	1.29	1.30	1.32	1.33
USD/CHF	0.79-0.82	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	0.57-0.60	0.56	0.56	0.57	0.57
USD/CNY	6.76-6.80	6.85	6.78	6.72	6.65
USD/MYR	4.05-4.10	4.15	4.11	4.07	4.03
USD/SGD	1.28-1.30	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	4.69	4.68	4.71	4.73	4.75
GBP/MYR	5.51	5.37	5.36	5.36	5.36
AUD/MYR	2.86	2.83	2.86	2.87	2.89
CNY/MYR	0.60	0.61	0.61	0.61	0.61
SGD/MYR	3.17	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	
20-Jul	CH 1-Year Loan Prime Rate	3.00%
	CH 5-Year Loan Prime Rate	3.50%

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	MA Exports YoY (Jun)	45.30%
	US Leading Index (Jun)	0.10%
21 Jul	UK Average Weekly Earnings 3M/YoY (May)	4.40%
	UK ILO Unemployment Rate 3Mths (May)	4.90%
	UK Payrolled Employees Monthly Change (Jun)	2k
	HK CPI Composite YoY (Jun)	2.00%
	EC ZEW Survey Expectations (Jul)	9.5
	US Philadelphia Fed Non-Manufacturing Activity (Jul)	-25.8

Source: Bloomberg