21 July 2026

Global Markets Research
Daily Market Highlights

21 July: Torn between geopolitical and tariff jitters

Extended risk-off sentiments amid unabated geopolitical and tariff jitters
Equities and sovereign bonds fell; Dollar Index and oil saw extended rallies
Malaysia: fastest exports growth in ~4 years; net exports to spur GDP growth

- Markets stayed nervous amid unabated geopolitical tensions and resulted in continued selloffs in risk assets globally. Meanwhile, oil prices continued to climb a 2nd straight day albeit more modestly by 0.6% d/d to $82.96/ barrel for the WTI and $88.81/ barrel for the Brent.
- The three benchmark US equity indices fell 0.1-0.6% on the day led by the Dow. The bulk of the losses were seen in materials (-2.3% d/d), industrials (-1.4% d/d), and healthcare (-1.2% d/d) while energy, communication services and information technology advanced, suggesting the rotation out of tech stocks was taking a temporary breather. European stocks were also lower with d/d losses of 0.3% in Eur Stoxx 600 and 0.7% in FTSE 100. Asian bourses traded mixed. Hang Seng (+2.4%) and CSI 300 (+1.5%) led gains while KOSPI (-4.5%) and Nikkei (-4.0%) underperformed. Singapore Straits Times fell 0.2% d/d while the Malaysia KLCI shed 0.5% on the day. Futures suggest Asian markets are poised for a mixed open this morning.
- While markets were still tyring to digest and navigate through the Middle East conflict, the Trump administration vowed to impose fresh 50% tariff on some Canadian goods (including milk and cream, hockey equipment and alcohol), and that goods under the current USMCA trade pact, will not be spared. However, the tariff plans are said to exclude major resource imports like energy, potash, fish, and critical materials, as well as auto and steel under the sectoral tariff segment.
- Sovereign bonds were also seeing a sea of red. UST yields were up 3-5bps across the curve tracking the jump in UK gilt yields. 2-year note yields added 3bps on the day to 4.21% while the 10s rose 4bps d/d to 4.59%. The 10-year UK gilt yield added 8bps to 5.03%, after new Prime Minister Andy Burnham said he will seek "any flexibility" in managing the country's finances, raising fear the country's fiscal position will be at risks. His surprised appointment of former Defense Secretary John Healey as his Chancellor of the Exchequer also added more concerns over fiscal risks on potentially bigger increase in military spending. Meanwhile, European sovereign bond yields rose 2-3bps.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	51,839.26	-0.59
S&P 500	7,443.28	-0.19
NASDAQ	25,508.07	-0.05
Stoxx Eur 600	639.60	-0.30
FTSE 100	10,524.76	-0.71
Nikkei 225	64,141.12	-4.03
CSI 300	4,598.32	1.53
Hang Seng	25,143.05	2.36
Straits Times	5,498.95	-0.19
KLCI 30	1,722.29	-0.53
FX		
Dollar Index	101.00	0.24
EUR/USD	1.1414	-0.22
GBP/USD	1.3431	-0.16
USD/JPY	162.50	0.06
AUD/USD	0.6998	0.20
USD/CNH	6.7692	-0.12
USD/MYR	4.0925	-0.10
USD/SGD	1.2911	-0.05
USD/KHR	4,037.25	0.04
USD/THB	33.64	0.03
Commodities		
WTI ($/bbl)	82.96	0.59
Brent ($/bbl)	88.81	0.62
Gold ($/oz)	4,011.80	-0.28
Copper ($/MT)	13,644.50	0.86
Aluminum($/MT)	3,136.00	-0.96
CPO (RM/MT)	4,568.00	0.91

Source: Bloomberg, HLBB Global Markets Research

- In the FX space, the Dollar Index (DXY) gained grounds for a 3rd straight day, strengthening 0.2% d/d to 101.00, its highest in a week. The USD strengthened against all G10s except the AUD. The Aussie pushed above 0.70 and reached an intraday high of 0.7015 before narrowing gains to close the day 0.2% stronger at 0.6998. The EUR and GBP weakened 0.2% d/d each to 1.1414 and 1.3431 respectively against the greenback. Regional FX traded mixed, with IDR (-0.3% d/d) and INR (-0.2% d/d) leading losses while KRW (+0.6% d/d) and TWD (+0.2% d/d) led gains. The CNH, MYR and SGD saw more modest gains of 0.1% on the day, last closing at 6.7692, 4.0925, and 1.2911 vs the USD respectively.

US leading index fell more than expected in June signalling softer growth outlook

- Leading index fell for the first month in three, and more than expected by 0.2% m/m in June (May: 0.1% m/m), pointing to a softer growth outlook in the next 3-6 months. Declines in average consumer expectations exerted the biggest drag, followed by building permits and jobless claims.

China kept Loan Prime Rates unchanged as expected

- China left its 1-year and 5-year Loan Prime Rate unchanged at 3.00% and 3.50% respectively as expected for the 14th straight month. While our base case call for no change in the LPR for the remaining of the year, the weaker than expected growth in 2Q could prompt the PBoC to ease policy rates in the 2H of the year to stimulate growth. We will be closely monitoring messages from the upcoming Politburo meeting for more clues on possible policy rate moves.

Continued robust growth in Malaysia's external trade

- Exports growth picked up steam for the 3rd straight month to expand 45.4% y/y in June (May: 44.7% y/y downwardly revised). This marked its strongest growth in 46 months despite coming in slightly below market expectations for a 47.3% y/y increase. Imports growth also grew at 3x the pace of May, by 43.9% y/y in June (May: 14.4% y/y), and this pushed trade surplus down to a 7-month low, at RM14.9bn (May: RM39.9bn). Despite this, trade surplus remained sizeable at RM84.0bn in 2Q, 33% higher than RM63.2bn in 1Q and was 5.5x bigger than 2Q25, providing a substantial boost to 2Q GDP.
- The net export boost came in very timely indeed, at a time when domestic demand is facing headwinds from higher cost pressures stemming from the Middle East standoff, and as business investment took on a more cautious stance in the wake of lingering geopolitical uncertainties. Looking ahead, we remain cautiously optimistic that exports outlook will

remain sanguine in the months ahead, underpinned by continuous demand for E&E exports, recovery in non E&E products, and favourable commodity prices. Please refer Research Alert "Continued robust expansion in external trade" dated 20 July 2026 for more 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	4.68	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	
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
22 Jul	JN Exports YoY (Jun)	17.00%
	AU Westpac Leading Index MoM (Jun)	-0.04%
	UK CPI Core YoY (Jun)	2.60%
	UK PPI Input NSA YoY (Jun)	8.70%
	MA Foreign Reserves (15-Jul)	$132.6b
	US MBA Mortgage Applications (17-Jul)	-2.7%

Source: Bloomberg

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