HongLeong Bank

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Global Markets Research
Daily Market Highlights

28 July: Easing oil prices revived market sentiments

Brent fell further below $90/barrel amid easing of geopolitical temperature
Global equities and bonds advanced; Dollar Index held on to the 101-handle
Rebound in US durable goods suggests investment will underpin growth in 2Q

- Markets turned less anxious amid continued "ceasefire" and brokerage of peace talks in the Middle East. As a result, global crude oil prices plummeted between 9.5% to $81.91/ barrel (WTI) and 11.0% to $87.81/ barrel (Brent) on the day. The pace of the pullback is rather quick from $101/ barrel just last Thursday, falling 13.1% over a short span of two trading days. Equities also regained some lost ground and most major stock indices closed in greens. The Dow added 0.5% led by materials, communication services and consumer staples. Meanwhile, the broader S&P 500 rose only marginally by 0.02% d/d, dragged by energy, utilities and tech counters. Nasdaq has been falling for the 4th straight trading day, down 0.2% d/d and 3.5% cumulatively since last Tuesday.
- Across the Atlantic, major European stock benchmarks closed up as much as 1.0% d/d (German DAX), while the Stoxx Eur 600 eked out a marginal gain of 0.02% d/d. FTSE100 rose 0.4% d/d. Asian bourses saw broad-based advances. CSI 300 rose 1.2% d/d, followed by Hang Seng (1.0%), KLCI (0.7%), STI (0.6%) and Nikkei 225 (0.5%). CXMT, China's biggest chip IPO skyrocketed as much as over 600% in intraday debut, before settling the day 466% higher at close. Futures are pointing to a mixed to lower opening in Asian markets today as tech concerns ahead of corporate earnings releases by mega caps this week are expected to overshadow easing geopolitical tension for now.
- Sovereign bonds also traded on a biddish note pushing yields lower as lower oil prices soothed inflation fear. UST yields fell 1-3 bps across the curve led by the longer end and bull flattened the curve. 2-year bond yield shed 1bp to 4.32% while the 10-year UST yields fell 3bps to 4.65%. 10-year European sovereign bond yields fell 4-6bps.
- On the FX front, the Dollar Index eked out another day of marginal gains for the 3rd straight trading day (+0.05% d/d to 101.52) amid retreating oil prices as a resemblance of "calm" returns. Most G10s weakened against the greenback except for the marginal gains in the AUD (0.2% d/d to 0.6992) and JPY

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,210.08	0.51
S&P 500	7,413.18	0.02
NASDAQ	24,932.08	-0.18
Stoxx Eur 600	644.62	0.02
FTSE 100	10,781.75	0.42
Nikkei 225	64,931.19	0.50
CSI 300	4,702.43	1.15
Hang Seng	25,207.18	0.98
Straits Times	5,620.24	0.57
KLCI 30	1,713.09	0.71
FX		
Dollar Index	101.52	0.05
EUR/USD	1.1369	-0.01
GBP/USD	1.3289	-0.27
USD/JPY	163.75	-0.05
AUD/USD	0.6992	0.19
USD/CNH	6.7655	-0.09
USD/MYR	4.0837	-0.17
USD/SGD	1.2910	0.03
USD/KHR	4,040.75	0.02
USD/THB	33.63	-0.20
Commodities		
WTI ($/bbl)	81.91	-9.46
Brent ($/bbl)	87.81	-11.03
Gold ($/oz)	4,078.60	0.56
Copper ($/MT)	13,759.50	1.09
Aluminum($/MT)	3,173.00	0.25
CPO (RM/MT)	4,551.00	-0.91

Source: Bloomberg, HLBB Global Markets Research

(0.05% d/d to 163,.75). EUR fell marginally by 0.01% d/d to 1.1369, while the sterling slipped 0.3% to 1.3289 as at Monday's close. On the contrary, major Asian FX traded on a more positive note against the greenback, led by INR, THB and PHP. The MYR and CNH closed with more modest gains of 0.1% and 0.2% d/d respectively at 6.7655 and 4.0837 vs the USD while SGD last settled the day marginally weaker at 1.2910 (-0.03% d/d).

Weaker than expected US durable goods orders and Dallas Fed manufacturing activity

- Durable goods orders rebounded less than expected by 0.3% m/m in Jun (May: -4.0% m/m), while non-defence core capital goods orders ex-aircraft moderated to 0.9% m/m in the month in review, beating expectations for a 0.7% m/m increase and May's figure was revised sharply higher from 1.4% to 1.9% m/m. This signalled that investment (led by tech spending) will continue to underpin growth in the 2Q. Advanced 2Q GDP will be released on Thursday, and growth is expected to sustain at 2.0% q/q (1Q: 2.1% q/q).
- Dallas Fed manufacturing activity index rose less than expected to a reading of 1.3 in July (Jun: 0.0), vs expectation for a climb higher to 2.0. The upticks, driven by production, new orders, and manufacturer's outlook, nonetheless signalled a good start to 3Q

Japan leading index and PPI services both came in on the softer side

- The final print of May leading index for Japan was revised down from 116.8 to 116.5, suggesting a smaller than initially estimated pick-up from April's 116.1. Nonetheless, this did little to dent the outlook of continuous sustained growth in the Japanese economy, as the leading index has been improving for the 12th consecutive month now.
- In a separate release, PPI services defied expectations for a pick-up and decelerated to 3.2% y/y in June (May: 3.4% upwardly revised), a 4-month low amid broad moderation across all segments, except for the upticks in finance & insurance (1.0% vs 0.7% y/y). This added to signs of muted inflation pressure and likely limited cost pass-through to consumer prices in the next few months.

China industrial profits reaffirmed slower profitability and uneven cross-sector growth

- Industrial profits grew at a slower pace of 15.1% y/y in Jun (May: 21.1% y/y), suggestive of slower topline growth and margin pressures as costs rose. This marked its 2nd straight month of moderation and its slowest since December last year.

- Although YTD growth at 18.7% y/y in the first six months of the year (1H25: 18.8% y/y) appears robust, cross-sector details revealed uneven profitability and growth outlook going forward. Growth continued to be led by non-ferrous metal smelting (99.4%), telecommunication (96.9%) and chemical (67.8% y/y), while "old economy" sectors like furniture, steel and automobile underperformed.

Hong Kong exports grew at its fastest pace in three decades

- Hong Kong exports accelerated more than expected to 53.4% y/y in Jun (May: 40.8% y/y), its fastest growth in 31 years. The phenomenal growth was spurred by higher exports to most major export markets boosted by strong demand for AI-related electronic products and this trajectory is expected to continue in the next few months. Exports to the US jumped at a record pace of 114.3% y/y while shipment to China rose 59.2% y/y, its fastest since 1992. Imports also surprised on the upside with a quicker growth of 45.4% y/y (May: 42.0% y/y). Trade deficit widened less than expected as a result, to HKD52.0bn (May: -HKD 44.2bn).

Singapore industrial production tapered off more than expected in June

- Growth in Singapore industrial production pulled back more than expected to 7.2% y/y in June, also skewed by an upwardly revised reading from 13.0% to 17.8% y/y in May. The deceleration was broad-based, including continued falls in biomedical (-11.4% vs -24.7% y/y) and chemicals (-11.7% vs -11.4% y/y), on top of slower increase in electronics (21.3% vs 49.2% y/y), and precision engineering (14.9% vs 30.5% y/y). The softening growth momentum is expected to continue into the second half of the year as factories adjusted to the "new norms" and as prior stock-building activities waned. On a month-on-month basis, industrial production fell more than expected by 7.2% m/m in June whilst May number was revised from a mild contraction to a 6.7% m/m increase.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	100-103	102.28	100.86	99.42	98.07
EUR/USD	1.12-1.15	1.13	1.14	1.16	1.18
GBP/USD	1.31-1.35	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.82	0.81	0.81	0.80	0.79
USD/JPY	160-165	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	4.06-4.13	4.15	4.11	4.07	4.03
USD/SGD	1.28-1.31	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	4.65	4.68	4.71	4.73	4.75
GBP/MYR	5.43	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	
28 Jul	US Advance Goods Trade Balance (Jun)	-$105.8b
	US Wholesale Inventories MoM (Jun P)	0.10%
	US FHFA House Price Index MoM (May)	-0.10%
	US S&P Cotality CS 20-City YoY NSA (May)	1.14%
	US Richmond Fed Manufact. Index (Jul)	4
	US Conf. Board Consumer Confidence (Jul)	91.2
	US Dallas Fed Services Activity (Jul)	2.9
29 Jul	AU CPI YoY (Jun)	4.00%
	AU CPI Trimmed Mean YoY (Jun)	3.60%
	JN Machine Tool Orders YoY (Jun F)	52.80%
	UK Mortgage Approvals (Jun)	56.2k
	US MBA Mortgage Applications (24-Jul)	1.9%

Source: Bloomberg

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