31 July 2026

Global Markets Research

Daily Market Highlights

31 July: All eyes on BOJ today amid intervention talks on JPY

US stocks advanced amid renewed rally in tech stocks; bonds remained biddish
BOE voted 6-3 for a rate pause; Governor Bailey tempered tightening expectations
Dollar Index slipped below 100s amid softer than expected 2Q GDP and core PCE

- US stocks ended on a positive note spurred by renewed gains in technology stocks, which saw the Nasdaq registering positive gain (+2.8% d/d) for the first time in seven trading days. Earnings and price reactions from mega cap stocks were mixed at best, but enough to revive interest in tech names. Microsoft soared on strong revenue hit. Amazon shares surged on "booming" cloud growth for the 5th straight quarter and revenue beat. Apple revenue topped estimates as iPhone sales surged 22% but its stock fell after hours on weak China sales. Meta also tank after disappointing earnings and softer than expected revenue guidance. Geopolitical headlines took a backseat during the day, while oil prices continued to retreat for a 4th straight day. The WTI last settled 0.8% d/d lower at $83.96/ barrel while the Brent fell 1.4% d/d to $89.45/ barrel.
- The broader S&P500 advanced 1.7% d/d, led by tech and consumer discretionary stocks, while the Dow ended the day 1.2% higher. European and Asian stocks ended mixed overall. Stoxx Eur 600 climbed 0.8% d/d higher but FTSE slipped 0.1% on the day. Nikkei 225 and Hang Seng advanced but CSI 300 and STI fell. KLCI reported a 0.3% d/d gain, continuing its recent whipsaw trade pattern as investors weigh both external and domestic factors. Asia markets are set for a higher opening this morning tracking overnight gains in Wall Street.
- The sovereign bond space remained biddish overall, with yields lower for the UST and major European bonds. UST yields fell up to 3bps for the front end up to 10Y but the longer and ultra long end saw higher yields of around 1bp. Meanwhile, 10Y European sovereign bond yields fell 1-5bps overall. Yield of the 10-year UK gilt fell with the front-end seeing their biggest daily decline in over a month as BOE downplayed odds of a rate hike.
- The Dollar Index lost its 100s fort for the first time in six weeks, plummeting 0.8% d/d to 99.97, also its lowest in six weeks following the release of weaker than expected

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	52,208.06	1.19
S&P 500	7,437.63	1.66
NASDAQ	25,122.18	2.78
Stoxx Eur 600	649.95	0.77
FTSE 100	10,897.27	-0.10
Nikkei 225	61,867.43	0.71
CSI 300	4,549.72	-1.10
Hang Seng	25,858.88	0.20
Straits Times	5,673.58	-0.69
KLCI 30	1,720.40	0.28
FX		
Dollar Index	99.97	-0.82
EUR/USD	1.1528	0.53
GBP/USD	1.3466	0.72
USD/JPY	159.53	-2.37
AUD/USD	0.7027	1.02
USD/CNH	6.7480	-0.18
USD/MYR	4.0900	-0.01
USD/SGD	1.2817	-0.58
USD/KHR	4,042.50	0.04
USD/THB	33.45	-0.05
Commodities		
WTI ($/bbl)	83.96	-0.76
Brent ($/bbl)	89.45	-1.39
Gold ($/oz)	4,099.90	0.85
Copper ($/MT)	13,798.50	1.30
Aluminum($/MT)	3,193.00	0.52
CPO (RM/MT)	4,539.00	-0.26

Source: Bloomberg, HLBB Global Markets Research advanced 2Q GDP growth numbers and core PCE. All G10s strengthened against the USD, led by a 2.4% d/d rally in the JPY, which sparked talks that intervention was at works. This was followed by NZD (1.4% d/d) and SEK (1.2% d/d). The EUR advanced 0.5% on the day to 1.1528 while the GBP gained 0.7% d/d to 1.3466, its strongest in 10 days spurred by a hawkish BOE rate pause yesterday. The Aussie also strengthened by 1.0% d/d to 0.7027, recouping some losses after the softer than expected CPI reports, and back above the 0.70 big figure for the first time in 11 days.

- In the region, major Asian currencies saw mixed trading with KRW leading gains as exporters sold USD and on expectation of a positive growth outlook in South Korea. On the contrary, PHP underperformed and most on the day and fell to a record low on concerns over impact from protracted high oil prices. CNH and SGD saw weakened marginally by less than 0.1% on the day, last settling at 6.7711 and 1.2929 vs the USD respectively. Meanwhile, the MYR depreciated 0.2% d/d to 4.0918 at close amid political noises, overturning early session gains spurred by the overnight pullback in the USD after the FOMC delivered a divided and hawkish pause.

Bank of England voted 6-3 to keep rates unchanged; but signalled it is not edging towards a hike

- The Bank of England voted 6-3 (last meeting 7-2) to keep interest rates on hold at 3.75%, extending the pause into its 5th straight policy meeting now, essentially keeping rates flat so far this year. However, the split in the votes denoted widening differences among policy makers at this meeting, with three (Pill, Greene, Mann) voted for a 25bps hike compared to two votes previously (Pill, Greene). While this reflects that policy makers are increasingly skewed towards policy tightening on concerns over second round effects and prefer an "insurance hike" per se, BOE Governor Bailey was adamant in tempering expectations for a tightening at its press conference. BOE noted "clear signs" that domestic inflationary pressures are easing and there are "little evidence" that suggests the energy shock has triggered wage growth and higher prices elsewhere.
- This rhetoric was in line with the softer than expected inflation readings from the UK recently (CPI tapered off more than expected from 2.8% to 2.6% y/y), and probably explained why the BOE wanted to tone down tightening expectations. Similar to the Fed, we are maintaining our house view for a rate pause from the BOE at this juncture given the downside surprises in inflation readings, but will continue to monitor the situation for any signs of a shift in the balance or risks that warrant a change in our call.

Softer than expected US growth and inflation data continued dampening Fed rate hike expectations

- US advanced 2Q GDP, personal income & spending, jobless claims and core PCE all came in softer than expected. Manageable upside inflationary risks and softer growth trajectory are expected to continue reinforce the case for a Fed rate pause in our view, despite the hawkish shift in the FOMC decision with 3 dissenters voting for a 25bps hike earlier this week.
- Advanced 2Q GDP growth moderated more than expected to 1.5% q/q in 2Q (1Q: 2.0% q/q). Declines in government consumption and net exports exerted a drag on overall GDP growth during the quarter, and offset the higher contribution from personal consumption.
- Contrary to the quicker expansion in private consumption (+3.2% vs +0.5% y/y), personal income and spending surprised on the downside. Personal income tapered off more than expected to 0.2% m/m in June (May: 0.7% m/m), while personal spending eased from 0.9% m/m to 0.3% m/m, spurring fear of a slowdown in the consumer sector.
- On inflation, tracking recent signs of downside surprises in inflation, core PCE also came in softer than expected. Headline moderated from 4.1% to 3.7% y/y while core PCE also moderated, from 3.4% to 3.3% y/y, both very much within expectations, due to slower gains in services and durable goods prices.
- Initial jobless claims ticked up again after taking a breather last week, albeit less than expected at 197k for the week ended 25-Jul (prior: 188k). Four-week moving averages (202.75k vs 207.75k) and continuing claims (1782k vs 1789k) also trended lower, reaffirming a stable labour market.

Upside surprises in Eurozone advanced 2Q GDP and economic confidence reaffirmed our ECB rate hike view

- Advanced 2Q GDP growth from the Eurozone surprised on the upside at 0.4% q/q and 1.0% y/y. picking up from the 0.0% q/q and 0.5% y/y increase seen in 1Q (revised higher from -0.2% q/q and 0.3% y/y announced previously). This marked its strongest growth in five quarters and was supported by growth in German, France, Italy and Spain, despite headwinds from the energy shock.
- Growth outlook going forward appeared sanguine, taking cue from the broad improvement in confidence levels across all segments in July – economic confidence (96.9 vs 95.4), industrial confidence (-6.1 vs -7.5), services confidence (4.7 vs 4.2), and consumer confidence (-15.9 vs -17.6). Stable unemployment rate at 6.3% for five out of the six months this year, also reaffirmed the case of a stable labour market for the region. The positive bag of economic releases reaffirmed our house view for one more rate hike from the ECB this year.

Japan consumer confidence edged up more than expected in July

- Consumer confidence climbed more than expected to 34.9 in July (Jun: 33.8), representing its 3rd straight month of upticks and the highest since the outbreak of the Middle East conflict. This suggests consumers are slowly but surely shrugging off fallout from the energy shocks and supply chain disruptions. Confidence improved from all fronts including overall livelihood, income growth, employment and most importantly, willingness to buy durable goods. The better confidence levels are expected to translate into better growth prospects ahead, allowing the BOJ to maintain its policy tightening policy, hence no change to our house view for one more 25bps hike this year.

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	4.69	4.68	4.71	4.73	4.75
GBP/MYR	5.47	5.37	5.36	5.36	5.36
AUD/MYR	2.85	2.83	2.86	2.87	2.89
CNY/MYR	0.61	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	
31 Jul	JN Tokyo CPI YoY (Jul)	1.70%
	JN Jobless Rate (Jun)	2.50%
	JN Retail Sales MoM (Jun)	1.90%
	JN Industrial Production MoM (Jun P)	0.10%

	CH Manufacturing PMI (Jul)	50.3
	CH Non-manufacturing PMI (Jul)	50.2
	JN Housing Starts YoY (Jun)	33.90%
	HK GDP YoY (2Q A)	5.90%
	EC CPI YoY (Jul P)	2.80%
	US MNI Chicago PMI (Jul)	56.7
	US U. of Mich. Sentiment (Jul F)	54.4
	JN BOJ Target Rate	1.00%
3 Aug	AU S&P Global Australia PMI Mfg (Jul F)	51.7
	JN S&P Global Japan PMI Mfg (Jul F)	54.7
	MA S&P Global Malaysia PMI Mfg (Jul)	50.7
	VN S&P Global Vietnam PMI Mfg (Jul)	51.8
	CH RatingDog China PMI Mfg (Jul)	51.7
	VN CPI YoY (Jul)	4.69%
	VN Exports YoY (Jul)	28.10%
	VN Imports YoY (Jul)	45.20%
	VN Industrial Production YoY (Jul)	12.70%
	VN Retail Sales YoY (Jul)	14.80%
	EC S&P Global Eurozone Manufacturing PMI (Jul F)	52
	UK S&P Global UK Manufacturing PMI (Jul F)	52.8
	SI Electronics Sector Index (Jul)	52.2
	SI Purchasing Managers Index (Jul)	51.3
	US S&P Global US Manufacturing PMI (Jul F)	53.8
	US ISM Manufacturing (Jul)	53.3
	US Construction Spending MoM (Jun)	0.10%

Source: Bloomberg

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