

## Global Markets Research

## Daily Market Highlights

## 9 Jul: Trump's tariff policy kept investors on edge

**US stocks hit a wall; Copper price spiked briefly after the 50% tariff news**

**AUD outperformed following a surprised RBA hold; GBP & JPY led losses**

**All eyes on the FOMC meeting minutes, RBNZ and BNM policy decisions today**

- President Donald Trump continued with this trade war vowing overnight, to push forward with his steep tariff rates in the coming days and offering no additional extensions on country-specific levies. Speaking at a cabinet meeting later, he also announced a **50% tariff rate on copper, discussed tariffs of up to 200% on pharmaceutical products**, additional 10% on members of the BRICS, and said that he could send a letter to the EU soon with threats of steep tariffs on the bloc. Commerce Secretary Howard Lutnick also said that around 15-20 countries will soon receive warning letters from Trump unless a deal is struck by then.
- Copper prices spiked, while US stocks hit a standstill following the tariff rumbles. In the equity space, the Dow and S&P 500 fell 0.4% d/d and 0.1% d/d respectively, while Nasdaq closed just above its flatline. European stocks (Stoxx Eur 600: +0.4% d/d) shrugged off the tariff threats as investors await a EU-US deal update. In Asia, Nikkei 225 (+0.3% d/d) and Kospi (+1.8% d/d) gained, but KLCI 30 tumbled 0.5% d/d after the US slapped the 3 countries with a stiff 25% tariff rate.
- In the bond space, treasuries continued to trade underwater following the recent strong US jobs reports, and also spillover from the weakness in JGBs and UK gilts. While the 2Y UST yield closed just below its flatline at 3.89%, the 10Y yield rose 2bps to 4.40%. Yields for the 3- 5- 7- , 20- and 30Y tenures were also up in tune to 0-2bps. Yields to the UK gilts, meanwhile, were up 1-6bps across the curve, while JGBs rose between 0-15bps with the exception of the 2Y.
- In the forex market, DXY rose to as high as 97.84 during the day before fading to close just above its flatline at 97.52. The AUD (+0.6% d/d to 0.6530) outperformed all its G10 peers after the central bank delivered a hawkish surprise, while JPY and GBP were the worst performers. JPY (-0.4% d/d to 146.58) took a hit after being slapped with the steep US tariffs, while GBP (-0.1% d/d to 1.3592) weakened after UK's fiscal watchdog warned of a £22bn surge in debt interest cost as pension schemes buy fewer bonds.

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,240.76	-0.37
S&P 500	6,225.52	-0.07
NASDAQ	20,418.46	0.03
Stoxx Eur 600	545.71	0.41
FTSE 100	8,854.18	0.54
Nikkei 225	39,688.81	0.26
CSI 300	3,998.45	0.84
Hang Seng	24,148.07	1.09
Straits Times	4,047.86	0.40
KLCI 30	1,530.14	-0.48
<b>FX</b>		
Dollar Index	97.52	0.04
EUR/USD	1.1725	0.14
GBP/USD	1.3592	-0.07
USD/JPY	146.58	0.36
AUD/USD	0.6530	0.60
USD/CNH	7.1818	0.03
USD/MYR	4.2402	0.04
USD/SGD	1.2795	-0.02
USD/KHR	4,012.20	-0.04
USD/THB	32.53	-0.14
<b>Commodities</b>		
WTI (\$/bbl)	68.33	0.59
Brent (\$/bbl)	70.15	0.82
Gold (\$/oz)	3,316.90	-0.77
Copper (\$\$/MT)	9,790.50	-0.40
Aluminum(\$/MT)	2,586.00	0.49
CPO (RM/tonne)	4,031.00	-0.04

Source: Bloomberg, HL Bank

\* Closing as of 7 July for CPO

- Regional currencies closed mixed against the greenback. KRW appreciated 0.5% d/d against USD following the tariff news, but MYR closed just below its flatline at 4.2402, the latter weighed down by expectations of a 25bps rate cut by the BNM today. SGD, meanwhile, closed just above its flatline at 1.2795.
- In the commodity space, copper prices spiked to as high as \$9888.50/mt following the tariff news, but later pared its gains to close the day 0.4% d/d lower at \$9790.50/mt. Oil gained for the second session amid fresh tension in the Middle East. The WTI rose 0.6% d/d to \$68.33/barrel, and Brent by 0.8% d/d to \$70.15/barrel.

#### **RBA delivered a surprised hawkish hold; matter of timing before the next cut**

- The Reserve Bank of Australia (RBA), in a 6 to 3 majority vote, held its cash rate unchanged at 3.85%. The decision was a surprise to consensus who had pencilled in a quarter point cut in this meeting, but in line with our expectations of a quarter point cut each in 3Q and 4Q of 2025 respectively, and another 25bps in 1Q of 2026.
- The decision to hold was driven by the board's view that they could wait for a little more information to confirm that inflation remains on track to reach 2.5% on a sustainable basis, facilitated by a gradual recovery in private domestic demand and a still tight labour market. RBA also added that the June quarter inflation was, at the margin, slightly stronger than expected and that the monetary policy is well placed to respond decisively to international developments. RBA's Bullock also added in the press conference that the likelihood of a severe trade scenario has abated.
- In terms of data, the NAB business confidence and conditions indices improved to 5 and 9 in June (Prior: 2 and 0), the latter its highest since March 2024 driven by improvement in all sub-indices save exports.

#### **Pullback in US consumer credit; small business optimism eased slightly**

- Consumer credit slowed sharper than expected to its slowest pace in three months at \$5.1bn in May (Apr: \$16.9bn) amid a pullback in credit card and other revolving debt. The slowdown coincides with the softer household spending during the month, amid cautiousness over the economy and labour market.
- Matching expectations, the NFIB Small Business Optimism index edged down 0.2ppts to 98.6 in June. The index at this level remains slightly above the 50-year average of 98.0, weighed down by excess inventories. Businesses also reported that taxes was their single most important problem, followed closely by labor costs and quality.

- The New York Fed survey showed that June's inflation expectations eased more than expected for the short term (1Y: -0.2ppts to 3.0%) and were unchanged at the medium (3Y: 3.0%) and longer-terms (5Y: 2.6%).

### Japan's Eco Watchers improved driven by the household segment

- The Eco Watchers survey outlook index rose more than expected to 45.9 in June (May: 44.8), its second consecutive month of improvement driven by the household and employment sub-indices, largely in line with moderate increasing trend for consumer spending.

### House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DX	95.75-98.75	96.88	98.60	97.69	96.58
EUR/USD	1.16-1.19	1.18	1.16	1.18	1.19
GBP/USD	1.34-1.38	1.37	1.34	1.35	1.36
USD/CHF	0.78-0.82	0.79	0.84	0.84	0.85
USD/JPY	142-148	143	146	145	142
AUD/USD	0.64-0.67	0.66	0.65	0.65	0.66
NZD/USD	0.59-0.62	0.61	0.60	0.59	0.60
USD/CNY	7.15-7.19	7.16	7.13	7.17	7.10
USD/MYR	4.19-4.26	4.21	4.24	4.24	4.20
USD/SGD	1.26-1.29	1.27	1.30	1.31	1.30
USD/THB	32.00-33.10	32.50	33.00	33.10	32.70

Rates, %	Current	2Q-25	3Q-25	4Q25	1Q26
Fed	4.25-4.50	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75
ECB	2.00	2.00	2.00	2.00	2.00
BOE	4.25	4.25	4.00	3.75	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	3.85	3.85	3.60	3.35	3.10
RBNZ	3.25	3.25	3.00	2.75	2.75
BNM	3.00	3.00	2.75	2.75	2.75

Source: HL Bank

### Up Next

Date	Events	Prior
9-Jul	CH PPI YoY (Jun)	-3.30%
	CH CPI YoY (Jun)	-0.10%
	NZ RBNZ Official Cash Rate	3.25%
	MA BNM Overnight Policy Rate	3.00%
	US Mortgage Applications	2.70%
9-15 Jul	CH Aggregate Financing CNY YTD (Jun)	18630.0b
10-Jul	US FOMC Meeting Minutes	
	JN PPI YoY (Jun)	3.20%
	US Initial Jobless Claims	233k

Source: Bloomberg

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