

Global Markets Research
Daily Market Highlights

7 Aug: All eyes on the US NFP today

Gains in NFP expected to pick-up; Challenger: Layoffs in the US fell sharply
Signs of a flare up in geopolitical tension saw investors turning risk adverse
Higher oil prices, UST yields and DXY; major equity bourses mostly in red

- Signs of a flare up in geopolitical tension in the Middle East and an absence of a US-Iran deal saw oil prices rising more than 2% d/d overnight to end the day at \$77.29/barrel for the WTI and \$82.49/barrel for Brent.
- In Wall Street, concerns over inflation saw traders slightly upping Fed rate hike bets and Treasury yields jumping 6-7bps across the curve. The benchmark 2Y yield closed the day 6bps higher at 4.25%, while the 10Y rose 7bps to 4.68%.
- In the equity space, the 3 major US indices started on a positive note, but quickly lost its steam following the higher oil prices and dampened risk sentiment, while on the corporate front, were weighed down by the strong but still underwhelming results from Scandisk and Western Digital. The S&P 500 and Nasdaq extended their losses by 0.1-0.2% d/d, while the Dow broke its winning streak, closing down 0.9% d/d.
- Most Asian bourses closed in red, led by the 1.5% d/d losses logged by Hang Seng, and are likely to extend their downward today given US-Iran deal jittery. Stoxx Eur 600 (0.2% d/d) was the outlier, gaining for the fourth straight day with strong earnings supporting sentiment. In the bond space, trading was muted with 10Y sovereign bond yields up just a shade 0-5bps.
- The DXY rose 0.3% d/d to 99.93 tracking the gains in oil and treasury yields, while JPY underperformed most of its G10 peers and weakened 0.4% d/d to 158.43 against USD. With Japanese household spending (-3.3% y/y in June vs -0.4% y/y in May) surprisingly on the downside this morning, we expect further softening for the yen today. EUR, GBP and AUD, meanwhile, depreciated 0.1-0.4% d/d to 1.1525, 1.3455 and 0.7032 respectively.
- Regional currencies traded mixed against the greenback. MYR and CNH appreciated modestly between 0-0.1% d/d to 4.0900 and 6.7476, while SGD underperformed most of its G10 peers at 1.2837 (-0.2% d/d).

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	53,885.10	-0.85
S&P 500	7,709.96	-0.18
NASDAQ	26,348.35	-0.06
Stoxx Eur 600	658.19	0.16
FTSE 100	10,867.89	-0.19
Nikkei 225	65,683.26	-0.93
CSI 300	4,651.31	-0.15
Hang Seng	25,530.28	-1.49
Straits Times	5,638.99	1.03
KLCI 30	1,737.15	-0.63
FX		
Dollar Index	99.93	0.25
EUR/USD	1.1525	-0.24
GBP/USD	1.3455	-0.10
USD/JPY	158.43	0.43
AUD/USD	0.7032	-0.37
USD/CNH	6.7476	-0.01
USD/MYR	4.0900	-0.09
USD/SGD	1.2837	0.21
USD/KHR	4,055.50	0.06
USD/THB	33.06	-0.45
Commodities		
WTI (\$/bbl)	77.29	2.75
Brent (\$/bbl)	82.49	3.83
Gold (\$/oz)	4,242.00	-0.09
Copper (\$/MT)	14,103.50	-0.05
Aluminum(\$/MT)	3,259.00	0.56
CPO (RM/MT)	4,534.00	0.33

Source: Bloomberg, HL Bank

US layoffs fell, AI led reasons for the fifth month

- Labour data overnight showed that initial jobless claims increased at a softer pace than expected by 1k to 199k for the week ended August 1, narrowing from +9k the previous week, while continuing claims jumped 24k to 1801k for the week ended July 25 (prior: -12k).
- A separate report from Challenger, Gray and Christmas, meanwhile, showed that layoffs (-46.1%y/y to 33.4k vs -4.5% y/y to 45.8k) fell sharply in the month of July. This marks its lowest in 2 years, and the fifth time this year cuts are lower than the corresponding month one year earlier. As it is, layoff plans continue to be announced primarily in tech, and AI reasons still the main driver for layoffs. Bottomline, with layoffs limited and labour market still stable, this will give Fed room to focus on any inflation fallout from the Middle East conflict.

Unexpected drop in Eurozone's retail sales

- Retail sales unexpectedly fell 0.3% m/m in June after gaining 0.4% y/y previously, as higher energy prices notably weighed heavily on lower income households. While consumption has remained relatively subdued and an unlikely driver to 2Q GDP growth, improved employment expectations recently, should lend some support in the third quarter.

Unexpected trade surplus for Australia

- Australia unexpectedly posted a trade surplus of A\$1.9bn in June (prior: -\$2.4bn) as exports surged 9.6% m/m (prior: -7.6% m/m) underpinned by commodities, while imports slid 0.2% m/m (prior: 0.9% m/m). While the June data is supportive of GDP calculation, Australia's trade position has largely deteriorated with fuel imports increasing due to the Iran war, not helped by imports of data-center construction-related materials.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXV	98.75-101.25	102.28	100.86	99.42	98.07
EUR/USD	1.14-1.17	1.13	1.14	1.16	1.18
GBP/USD	1.33-1.36	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.82	0.81	0.81	0.80	0.79
USD/JPY	156-162	162	159	155	153
AUD/USD	0.69-0.71	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.60	0.56	0.56	0.57	0.57
USD/CNY	6.74-6.80	6.85	6.78	6.72	6.65
USD/MYR	4.07-4.12	4.15	4.11	4.07	4.03
USD/SGD	1.27-1.30	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
SGD/MYR	3.1899	3.18	3.17	3.17	3.17
EUR/SGD	1.4796	1.47	1.48	1.49	1.50
GBP/SGD	1.7271	1.69	1.69	1.69	1.69
AUD/SGD	0.9024	0.89	0.90	0.91	0.91

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: HL Bank

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Date	Events	
7-Aug	JN Leading Index CI (Jun P)	116.5
	MA Foreign Reserves (31-Jul)	\$131.8b
	US Change in Nonfarm Payrolls (Jul)	57k
	US Unemployment Rate (Jul)	4.20%
	CH Exports YoY (Jul)	27.00%
10-Aug	JN Bank Lending Ex-Trusts YoY (Jul)	6.30%
	JN Eco Watchers Survey Outlook SA (Jul)	45.7
	EC Sentix Investor Confidence (Aug)	-3.1

Source: Bloomberg

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