



## Sunrise



Moving forward  
together.

Wednesday, 30 July 2025

# KBC Sunrise Market Commentary

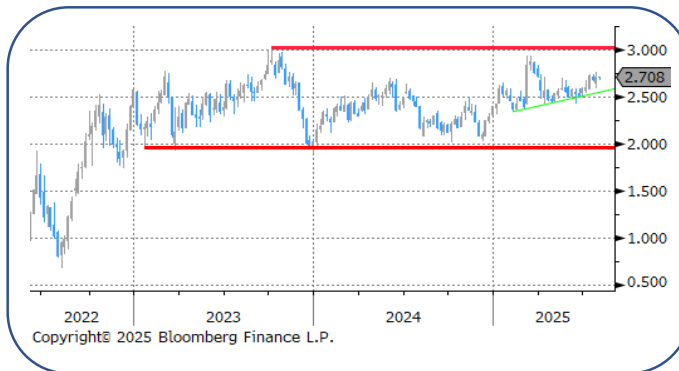
## Markets

- Yesterday's first batch of US economic data wasn't exactly groundbreaking. JOLTS job openings in June came in close to expectations with 7.43mln, easing from the 7.71mln in May while the July Conference Board's consumer confidence indicator improved a bit more than expected from 95.2 to 97.2. The present situation was seen slightly less favourable than in June but only because of an upward revision to that month's reading. The expectations component edged higher to 74.4 to nevertheless remain below both the pre- and post-pandemic levels. In any case it **didn't suffice for US yields to stop a decline that was already ongoing earlier in the day**. A strong \$44bn 7-year auction later only added to the drop. Net daily changes varied between -5.8 (2-yr) to -10.2 bps (30-yr). Such large moves also suggest some Treasury short covering ahead of tonight's FOMC meeting. Bunds underperformed with yields adding up to 2.6 bps at the front. The sharp narrowing of interest rate differentials helped EUR/USD off the intraday lows but nothing more than that. **The couple still lost the 1.1578 neckline** to end the day at 1.1547. DXY tested the previous mid-July high at 98.95 but eventually closed below that intermediate resistance. USD/JPY snapped a three-day rise at 148.46. EUR/GBP (0.8648) followed through on technical return action lower after Monday's failed test of the November 2023 high.
- Some trade headlines have been hitting the wires over the last couple of hours again. China's negotiator told reporters in the wake of a two-day meeting with US counterparts in Stockholm that they **agreed on extending the current August 12 tariff deadline**. UST Bessent was more cautious and said Trump will make the final call. In the talks with India, the US president said he thinks the country may end up with a 20-25% levy. Moving on to the busy economic calendar today we spot **a French Q2 GDP beat this morning**. Growing by 0.3% q/q was well above the 0.1% expected and follows a beat in Spain yesterday as well (0.7% q/q). Details were not as bright as the headline figure suggests though. **Inventory building offset weak domestic demand and declining capital investments**. Germany, Italy and the Euro area publish GDP numbers later today. The same goes for the US, where Q2 growth should have rebounded from an import-lead drag in Q1. The Fed policy meeting takes center stage though. **While Powell is bound to leave rates unchanged at 4.25-4.5%, markets are particularly on the lookout for any hint regarding future easing** now some (though definitely not all) of the tariff fog is ebbing away. While we don't expect that to happen given talks with another major trading partner China are still ongoing and the relative resilience of the labour market, such a scenario would pressure the US dollar and rates. Money markets price in a 65% chance for a cut in September.

## News & Views

- Australian inflation eased to 0.7% q/q from 0.9% in 2025Q2**, falling just shy of the 0.8% expected. The yearly print retreated to 2.1% from 2.4%, the lowest annual inflation rate since 2021Q1. Core gauges such as the trimmed mean and weighted median rose by 0.6% to be up 2.7% y/y. Per sector, annual goods inflation was down to 1.1% from 1.3% while services eased from 3.7% to 3.3%. The main contributors to the quarterly rise were housing (+1.2%), food and non-alcoholic beverages (+1%), and health (+1.5%) with transport (-0.7%) partially offsetting the rise due to automotive fuel (-3.4%). **The numbers further solidify market expectations for an August rate cut** by the Australian central bank (RBA). **The RBA unexpectedly kept the policy rate unchanged at 3.85% earlier this month amid risks for a higher-than-expected Q2 CPI outcome**. While technically having materialized (for the core gauge, at least), it was only marginal (2.7% vs the 2.6% the RBA expected). Front end Australian swap yields decline up to 4.5 bps. The Aussie dollar holds steady near the lower bound of an upward sloping channel around AUD/USD 0.6514.
- Oil prices rebounded over the last days** with yesterday's 3.5% spike particularly catching the eye. Brent crude trades well north of \$72/b, the highest since tensions in the Middle East hit a high after Israeli strikes on Iran. The latest uptick followed US president Trump drastically cutting the timeline for Russia to seek a ceasefire with Ukraine from 50 to 10 days. Failing to do so would prompt US sanctions on buyers of Russian oil, mainly China and India. **This risks eventually ending up in millions of barrels of reduced Russian oil exports**.

## Graphs



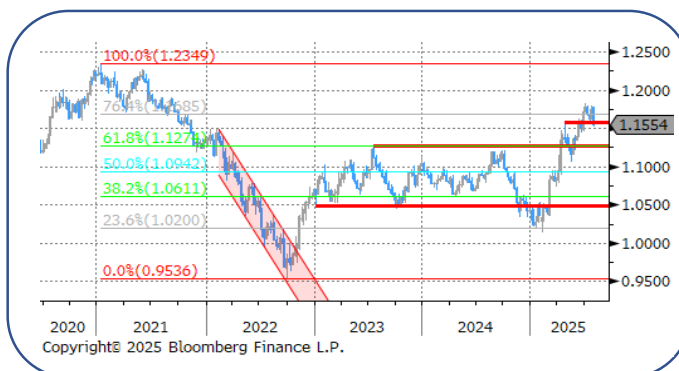
### GE 10y yield

Confidence that inflation is returning to 2% **allowed the ECB to reduce to policy rate to 2%, reaching neutral territory.** The ECB moved to an outright data-dependent approach, but overall uncertainty remains elevated. **German bunds ever more gain safe haven status** as uncertainty with respect to US assets intensifies. This slowed the rise in LT yields with market focus fluctuating between tariff wars to public finances.



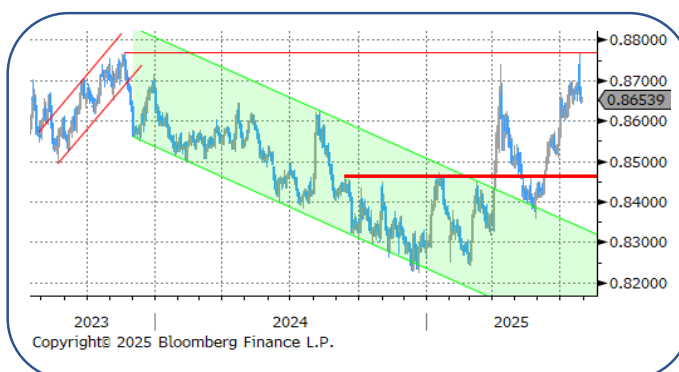
### US 10y yield

The Fed's **priority stays on inflation until the labour market is visibly weakening.** It suggests steady policy rates at least until after summer. **LT bond yields' trend higher on President Trump's big, beautiful, deficit-increasing bill recently stalled on renewed growth concerns.** This market flip-flopping between the fiscal and economic theme is here to stay.



### EUR/USD

Trump's explosive policy mix (DOGE, tariffs, big beautiful bill) triggered uncertainty on future US economic growth and sustainability of public finances with markets **showing a loss of confidence in the dollar.** **EUR/USD is in a buy-the-dip pattern on track with a medium term target at 1.2349.** The end to the ECB's easing cycle and German/European spending plans help the euro-part of the equation.



### EUR/GBP

**Long end Gilt underperformance due to fiscal risks** weighed on sterling earlier this year. Some relieve kicked in as president Trump seemed to be more forgiving towards the UK when it comes to tariffs. **Recent UK eco data led money markets back to discounting an additional two rather than one BoE rate cut this year.** Sterling suffered a new setback, bouncing off strong technical support around EUR/GBP 0.84.

# Calendar & Table

Wednesday, 30 July		Consensus	Previous
<b>US</b>			
13:00	MBA Mortgage Applications	--	0.80%
14:15	ADP Employment Change (Jul)	76k	-33k
14:30	GDP Annualized QoQ (2Q A)	2.60%	-0.50%
14:30	Personal Consumption (2Q A)	1.50%	0.50%
14:30	GDP Price Index (2Q A)	2.20%	3.80%
14:30	Core PCE Price Index QoQ (2Q A)	2.30%	3.50%
16:00	Pending Home Sales MoM/NSA YoY (Jun)	0.20%/-2.10%	1.80%/-0.30%
20:00	FOMC Rate Decision	4.25%/4.50%	4.25%/4.50%
<b>Canada</b>			
15:45	Bank of Canada Rate Decision	2.75%	2.75%
<b>EMU</b>			
11:00	Consumer Confidence (Jul F)	--	-14.7
11:00	Economic Confidence (Jul)	94.5	94
11:00	Industrial Confidence (Jul)	-11.0	-12
11:00	Services Confidence (Jul)	3.2	2.9
11:00	GDP SA QoQ/YoY (2Q A)	0.00%/1.20%	0.60%/1.50%
<b>Germany</b>			
10:00	GDP SA QoQ/WDA YoY (2Q P)	-0.10%/0.20%	0.40%/0.00%
<b>France</b>			
7:30	Consumer Spending MoM/YoY (Jun)	-0.30%/0.00%	0.20%/-0.50%
7:30	GDP QoQ/YoY (2Q P)	0.10%/0.50%	0.10%/0.60%
<b>Italy</b>			
10:00	GDP WDA QoQ/YoY (2Q P)	0.10%/0.60%	0.30%/0.70%
<b>Belgium</b>			
30JUL	CPI MoM/YoY (Jul)	-/-	0.35%/2.15%
<b>Czech Republic</b>			
9:00	GDP QoQ/YoY (2Q A)	0.40%/2.50%	0.70%/2.40%
<b>Hungary</b>			
8:30	GDP SA QoQ/YoY (2Q P)	0.30%/0.10%	-0.20%/0.00%
<b>Spain</b>			
9:00	CPI MoM/YoY (Jul P)	-0.40%/2.40%	0.70%/2.30%
9:00	CPI Core YoY (Jul P)	2.20%	2.20%
9:00	CPI EU Harmonised MoM/YoY (Jul P)	-0.40%/2.60%	0.70%/2.30%
<b>Sweden</b>			
8:00	Retail Sales MoM/WDA YoY (Jun)	-/-	-4.80%/-1.80%
9:00	Economic Tendency Survey (Jul)	--	92.8
9:00	Consumer Confidence (Jul)	--	84.6
<b>Events</b>			
Q2 earnings	Ford Motor (22:05), Meta Platforms (aft-mkt), Robinhood Markets (aft-mkt), Microsoft (aft-mkt) ...		
10:00	ECB Wage Tracker		

10-year	Close	-1d		2-year	Close	-1d	Stocks	Close	-1d
US	4.32	-0.09		US	3.87	-0.06	DOW	44632.99	-204.57
DE	2.71	0.02		DE	1.94	0.02	NASDAQ	21098.29	-80.29
BE	3.23	0.01		BE	2.03	0.02	NIKKEI	40650.25	-24.30
UK	4.63	-0.01		UK	3.89	-0.01	DAX	24217.37	247.01
JP	1.56	-0.02		JP	0.83	-0.01	DJ euro-50	5379.2	41.62
IRS	EUR	USD	GBP	EUR	-1d	-2d	USD	-1d	-2d
3y	2.17	3.52	3.68	€STR	1.9230	0.0000			
5y	2.36	3.53	3.77	Euribor-1	1.9010	0.0200	SOFR-1	4.3468	-0.0050
10y	2.68	3.80	4.12	Euribor-3	2.0260	0.0100	SOFR-3	4.3001	-0.0093
				Euribor-6	2.0830	-0.0180	SOFR-6	4.1811	-0.0148
Currencies	Close	-1d		Currencies	Close	-1d	Commodities	Close	-1d
EUR/USD	1.1547	-0.0042		EUR/JPY	171.42	-0.73	CRB	305.95	2.47
USD/JPY	148.46	-0.07		EUR/GBP	0.8649	-0.0029	Gold	3381.20	14.40
GBP/USD	1.3351	-0.0005		EUR/CHF	0.9306	-0.0007	Brent	72.51	2.47
AUD/USD	0.651	-0.0011		EUR/SEK	11.1437	0.0026			
USD/CAD	1.377	0.0031		EUR/NOK	11.7835	-0.0362			

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