

CIO Views – Weekly Bulletin

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What's top of investors' minds?

US payrolls in the eye of the storm

US payroll employment of 139k in May exceeded the consensus expectation for 126k, but prior month gains were revised down 95k. US employment growth is clearly slowing. What matters most for near-term consumption growth is that aggregate weekly payrolls growth (what businesses paid to employees) remained robust at 5.0% yoy. If the May CPI to be released this week meets consensus expectations for 2.5% yoy it would imply that real payroll income for households continued to grow 2.5% yoy in May, a healthy rate.

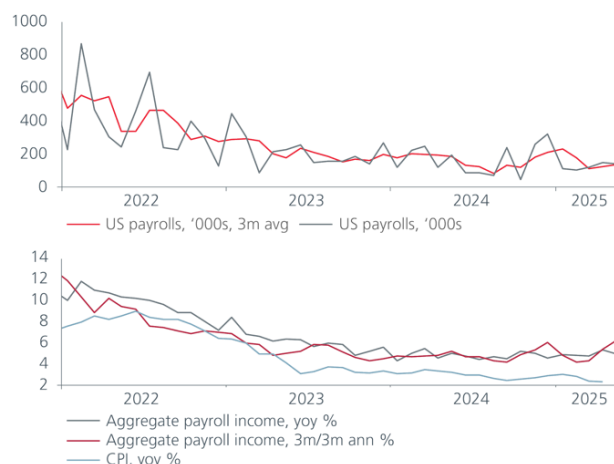
Rising US government tariff collections point to higher goods prices for consumers in the coming months. Resilient May income growth increases the capacity of households to absorb higher prices in the near term. This is a slightly longer, more gradual slowing in consumption growth and reduced US recession risk. If correct, the Fed is likely to remain on hold for longer with the next rate cut likely having to wait until December. We expect that to be 25bps, but if the unemployment rate were to jump higher to over 4.5% by November it could set up a 50bps move.

We continue to expect US employment growth to slow and the unemployment rate to rise in H2. One reason is that surveys of small businesses and consumers suggest hiring is slowing (which the May payrolls data confirm). Another is that the sudden stop in US immigration – official data on border encounters suggest illegal immigration has ground to a halt and deportations are rising – points to an increasing labour supply constraint on US employment. The chart on the right shows that about 82% of US employment since end-2019 has come from foreign born labour. That ratio has fallen over the past year as the US native born labour force recovered from COVID. However, foreign born labour has still accounted for about 40% of employment growth since end-2023. Absent foreign labour, growth in the US native born labour force implies breakeven payrolls gains of less than 100k/month next year. And this implies a sharp slowing in growth in aggregate household employment income that should slow consumption growth.

But are tariffs really having an impact? The Port of Los Angeles reports that container ship arrivals for the seven days to June 6 dropped to only 5 vs. the seasonal norm of 10 – 12/week and new bookings do not appear to be rising. Longshoreman job openings are down almost 50%. Against this background, the 1.3% yoy fall in Korean exports in May despite soaring DRAM prices appears ominous. China's exports also slowed in May to 4.8% yoy from 8.1% yoy in April, with exports to the US contracting 34% yoy. This increases the focus on the May data from Taiwan.

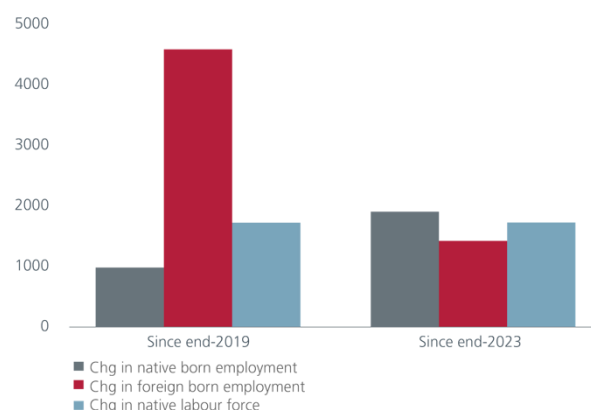
Asian markets need an unexpected breakthrough in the China-US trade talks beginning today in London to avoid anticipating a large slowing in export growth into the summer.

US payrolls provide a cushion going into the tariff shock



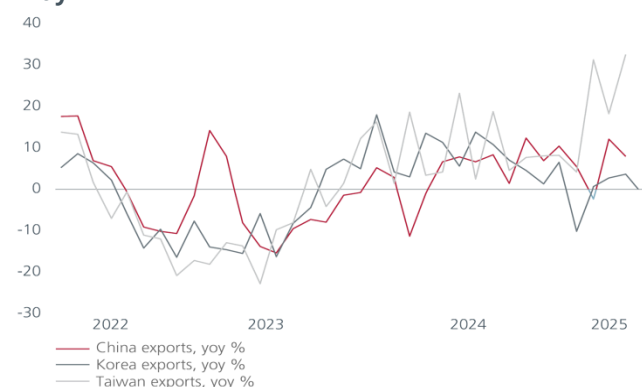
Source: LSEG Datastream, June 2025.

The collapse in US immigration is likely to slow US employment gains and so household income growth



Source: LSEG Datastream.

Focus on Taiwan exports after Korea's and China's fall in May



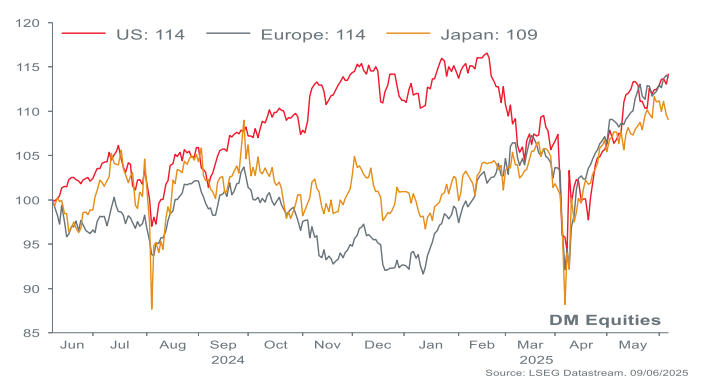
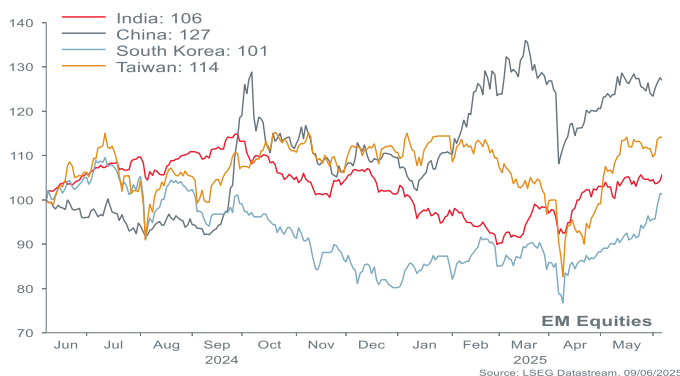
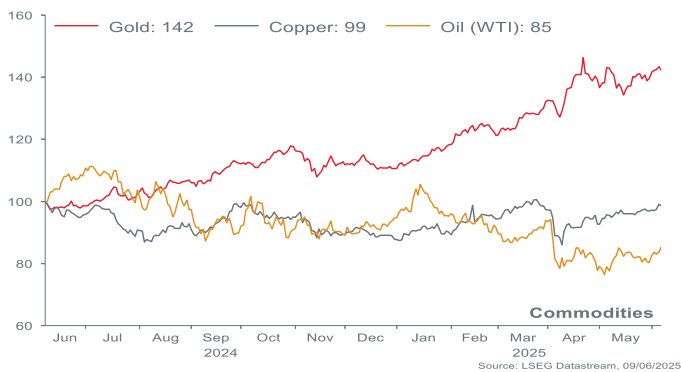
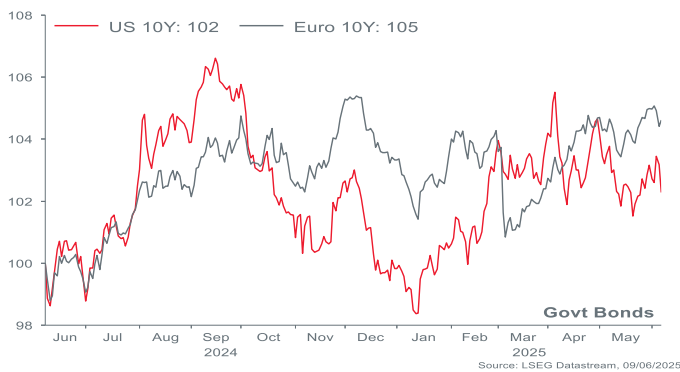
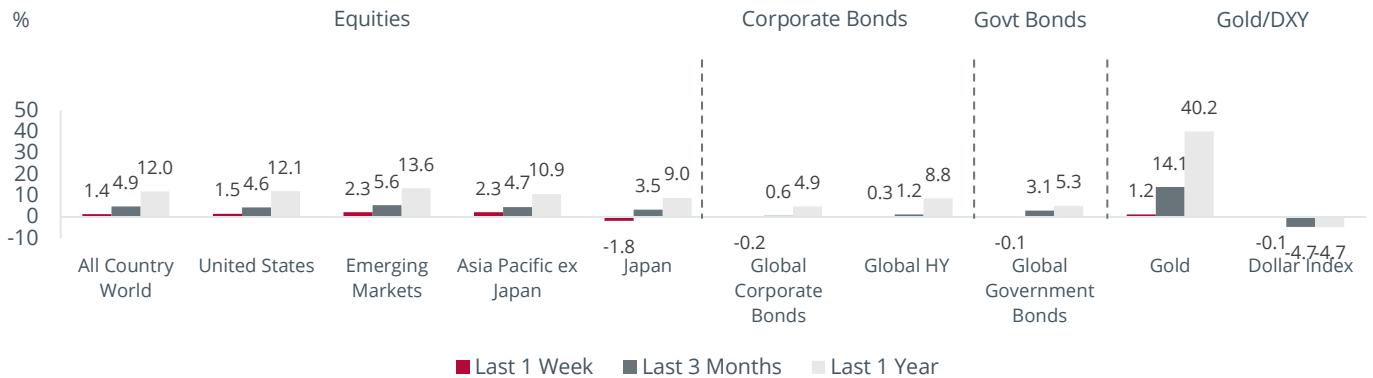
Source: LSEG Datastream, June 2025

Market Review

Global equities returned 1.4% over the past week. The S&P 500 rose by 1.5%, while Asia Pacific ex-Japan and Emerging Market equities both rose by 2.3%. Within Asia, Japan equities declined by -1.8% on a USD basis, while China returned 1.1%. The Global Sovereign Bond index declined by -0.1%. The yield on 10Y US treasuries rose by 10bps, whilst the yield on 10Y Singapore gov bonds declined by 10bps and the price of Gold rose by 1.2%.

The US Dollar was mostly weaker against major currencies, with the Dollar index DXY declining by -0.1%.

Asset Performances



Market Data

Equity Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
World								
MSCI AC World Index (USD)	891.96	1.42	5.95	4.89	11.98	6.02	891.96	742.96
North America								
US S&P 500 Index	6,000.36	1.50	7.02	4.56	12.09	2.02	6,147.43	4,835.04
US Nasdaq Composite Index	19,529.95	2.18	10.40	8.08	13.72	1.13	20,204.58	14,784.03
Europe								
MSCI Europe	2,402.25	1.34	3.66	4.70	10.17	19.94	2,408.15	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	622.81	2.28	4.49	4.70	10.88	9.38	629.66	513.60
Japan Nikkei 225	37,741.61	-0.59	2.47	0.10	-2.49	-5.40	42,426.77	30,792.74
Shanghai Stock Exchange Composite	3,385.36	1.13	2.09	0.13	11.04	1.00	3,674.40	2,689.70
Hong Kong Hang Seng	23,792.54	2.16	4.99	-2.37	28.77	18.61	24,874.39	16,441.44
Taiwan TAIEX	21,660.66	1.47	5.55	-4.64	-1.11	-5.97	24,416.67	17,306.97
Korea KOSPI	2,812.05	4.24	9.85	9.16	4.56	17.19	2,896.43	2,284.72
India NIFTY 50	25,003.05	1.02	2.56	10.90	9.56	5.74	26,277.35	21,743.65
Australia Stock Exchange 200	8,515.70	0.96	4.47	5.20	8.87	4.37	8,615.20	7,169.20
Indonesia Jakarta Composite	7,113.43	-0.87	3.12	7.49	1.99	0.47	7,910.56	5,882.61
Thailand SET	1,136.43	-1.11	-4.33	-4.47	-14.45	-18.84	1,506.82	1,056.41
Malaysia FTSE Bursa KLSE	1,516.79	0.56	-1.30	-2.70	-6.07	-7.64	1,684.68	1,386.63
Philippines Stock Exchange PSE	6,376.79	0.56	-0.65	2.52	-2.04	-2.33	7,604.61	5,804.56
Singapore FTSE Straits Times Index	3,934.29	1.02	1.91	0.44	18.12	3.87	4,005.18	3,198.44

Government Bonds	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
US Treasury Yield (%)								
10 Year	4.51	2.08	4.69	5.32	5.35	-1.46	4.81	3.62
10 Year Bond Yield (%)								
Japan	1.45	-3.32	15.03	-4.09	51.30	33.27	1.59	0.78
China	1.70	-0.29	3.54	-4.35	-26.53	0.89	2.31	1.61
Australia	4.27	-0.58	-1.43	-4.86	1.50	-2.24	4.70	3.82
Singapore	2.27	-7.05	-8.41	-17.78	-29.39	-20.80	3.29	2.27
Malaysia	3.53	-0.28	-3.74	-6.82	-8.96	-7.67	3.99	3.53
Indonesia	6.75	-1.16	-1.73	-1.97	-2.43	-3.86	7.30	6.43

	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bond Indices								
Bloomberg Global Aggregate USD	93.76	-0.29	-0.42	0.05	0.94	-	96.21	92.16
Bloomberg U.S. Aggregate USD	90.99	-0.57	-0.74	-1.04	0.75	0.62	94.86	89.27

Currencies (vs USD)	Latest	1 week Change	1 Month Ago	3 Months ago	1 Year Ago	YTD	52 week high	52 week low
Developed Markets								
EUR	-0.44	0.41	0.23	5.67	4.65	10.06	1.15	1.02
GBP	-0.35	0.46	1.14	4.96	5.73	8.07	1.36	1.22
CHF	0.23	-0.12	-0.06	-7.01	-7.60	-9.45	0.92	0.81
JPY	0.93	0.56	1.71	-2.10	-6.91	-7.84	161.68	140.60
Asia								
CNY	0.19	-0.15	-0.39	-0.80	-0.77	-1.52	7.35	7.01
HKD	0.01	0.08	1.20	0.96	0.48	1.01	7.85	7.75
INR	-0.06	0.31	1.74	-1.44	2.75	0.24	87.63	83.33
MYR	-0.05	-0.66	-0.12	-4.52	-9.95	-5.44	4.72	4.12
KRW	0.34	-1.65	-1.13	-6.09	-0.33	-7.96	1,485.83	1,308.30
SGD	0.30	-0.12	0.13	-3.25	-4.21	-5.57	1.37	1.28
TWD	-0.08	0.05	-0.09	-9.02	-7.24	-8.74	33.25	29.16
IDR	-	-0.09	-1.06	-0.34	0.09	1.12	16,865.00	15,095.00

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Sources

Asset performances: (top chart) Eastspring Investments, Refinitiv, as at 6 June 2025. Equities: using MSCI indices in USD, United States is using the S&P 500. Corporate Bonds: using ICE BofA indices in USD. Government Bonds: using the FTSE Global Sovereign Bond index, in USD. Gold is London Bullion Market US Dollar per Metric Tonne. DXY is US Dollar Index. **(remaining charts)** Eastspring Investments, Refinitiv, as at the end of the prior week, rebased to 100 as at 1 year ago. Equities: MSCI indices, in USD. Corporate Bonds: using Bloomberg indices in USD. Government Bonds: using ICE BofA US 10 Year US Treasury and ICE BofA 7-10 Year Euro Government indices. Commodities: Gold is London Bullion Market US Dollar per Metric Tonne Ounce. Copper is LME Copper Grade A Cash US Dollar per Metric Tonne. Oil is Crude Oil WTI Spot Cushing US Dollar per Barrel. US Dollar is US Dollar Index.

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