

5 May 2025

## Global Markets Research

### Daily Market Highlights

## 5 May: Solid NFP saw traders paring rate cut bets

**UST yields jumped; US stocks continued with its multiday rally after solid labour prints**

**DXY closed weaker but off-low; TWD jumped on calming US-China trade tension**

**Oil prices slid; likely to be weighed down by OPEC+ output hike in June**

- US equities continued with its 9<sup>th</sup> consecutive day advance following the better-than-expected job prints last Friday and added signs of thawing trade war between Washington and Beijing, the latter after China said that it is evaluating the possibility of trade talks with the US. The S&P 500 rallied 1.5% d/d, with all sectors closing in green led by communication services and financials, while the Dow and Nasdaq closed up 1.4% d/d and 1.5% d/d.
- Similarly, Stoxx Eur 600 closed 1.7% d/d higher, led by industrials and technology stocks and solid results from ING, while Hang Seng led gains in Asia at +1.7% d/d.
- In the bond space, Treasuries fell after the solid jobs data saw traders paring rate cut bets for the whole year from 92bps to 80bps, sending yields up 7-13bps. The 2Y yield surged 13bps to 3.82%, while the 10Y rose 9bps to 4.31%. 10Y European bond yields also closed up in tune to 3-9bps.
- In the forex space, the DXY closed the day 0.2% d/d lower at 100.03, but was off its intraday low of 99.40 after the better-than-expected US non-farm payroll (NFP). The Dollar weakened against all its G10 peers save for the GBP (-0.1% d/d to 1.3272), while the hotter-than-expected Eurozone CPI appears to have a muted impact on EUR (+0.1% d/d to 1.1297). AUD (+0.8% d/d to 0.6434) outperformed most of its G10 peers ahead of its General Election and as data showed consumer spending resilience, while JPY strengthened at a milder pace of 0.3% d/d to 144.96.
- On the regional front, TWD jumped 3.8% d/d and led gains in Asia on easing trade worries, followed by KRW (+1.7% d/d) and MYR (+1.4% d/d to 4.2568) respectively. CNH and SGD appreciated, but at a softer pace of 0.9-1.0% d/d to 7.2130 and 1.2996.
- As it is, both the ruling Australia Labor Party and Singapore People's Action Party won in the General Elections over the weekend, will likely lend some support to policy certainty, and the AUD and SGD today.
- In the commodity space, concerns that major oil producers will add to global supply sent oil prices tumbling 1.4-1.6% d/d. The WTI closed the day at \$58.29/barrel, and Brent at \$61.29/barrel. At the

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	41,317.43	1.39
S&P 500	5,686.67	1.47
NASDAQ	17,977.73	1.51
Stoxx Eur 600	536.43	1.67
FTSE 100	8,596.35	1.17
Nikkei 225	36,830.69	1.04
CSI 300	3,770.57	-0.12
Hang Seng	22,504.68	1.74
Straits Times	3,845.14	0.33
KLCI 30	1,542.49	0.15
<b>FX</b>		
Dollar Index	100.03	-0.22
EUR/USD	1.1297	0.06
GBP/USD	1.3272	-0.05
USD/JPY	144.96	-0.30
AUD/USD	0.6434	0.80
USD/CNH	7.2130	-0.91
USD/MYR	4.2568	-1.37
USD/SGD	1.2996	-0.96
<b>Commodities</b>		
WTI (\$/bbl)	58.29	-1.60
Brent (\$/bbl)	61.29	-1.35
Gold (\$/oz)	3,243.30	0.65
Copper (\$\$/MT)	9,365.50	1.73
Aluminum(\$/MT)	2,431.50	0.64
CPO (RM/tonne)	3,974.50	-1.08

Source: Bloomberg, HLBB Global Markets Research

\* CPO dated as of 30 Apr

point of writing, OPEC+’ has decided to add 411k barrels/day to output in June, likely to keep prices depressed today.

### **Pullback in S&P manufacturing PMI for Malaysia; mixed revisions to finals PMIs for the majors**

- The final HCOB Eurozone Manufacturing PMI was revised up 0.3ppts to 49.0 in April (Mar: 48.6). This marks its 32-month high, a sign that the sector may be stabilizing but outlook remains susceptible to the US tariff policy. The planned sharp increase in defence spending in the EU could help negate the impact, but unlikely to fully offset the fallout.
- S&P Malaysia PMI (48.6 vs 48.8) suggests that demand conditions remained subdued in the manufacturing sector as production and new order inflows continued to moderate. Further evidence, such as manufacturers winding down stocks of raw materials and inventory and plunge in business confidence to its lowest since July 2023 due to US tariffs, suggest that business conditions will likely stay muted in the near-term.
- Within the services sector, the final Australia Services PMI was revised 0.4ppts lower at 51.0 in April (Mar: 51.6), but firms remained positive in outlook during the month supported by strongest new business flows since May 2022.

### **US labour market held firm amid the trade turmoil**

- US added more jobs than expected at +177k in April (Mar: +185k), but there were 58k downward revisions to the past two months. The unemployment rate held steady at 4.2%, but wages were a tad softer than anticipated at +0.2% m/m and +3.8% y/y (Prior: +0.3% m/m and +3.8% y/y). Details showed that employment continued to trend up in health care, transportation & warehousing, financial activities & social assistance, and fell for federal government employment. As it is, businesses have largely held back from hiring given the current unease in the policy environment and consumer uncertainty, suggesting a strong likelihood of cooling in economic activity and weaker labour numbers going forward.
- Meanwhile, factory orders came in a shade lower than expected but robust at +4.3% m/m in March (prior: +0.5% m/m), boosted by demand for aircraft, but the momentum is expected to fizzle out amid the higher tariffs in April. Of note, demand for iron & steel and aluminium was mixed after the implementation of the 25% levies for these products wef 12<sup>th</sup> March, the former dipping 1.1% m/m while aluminium surged 4.1% m/m.

### **Higher than expected unemployment rate and inflation prints for the Eurozone**

- In the Eurozone, unemployment rate came above street estimates at 6.2% in March (Feb: 6.2%), while headline and core inflation also overshot expectations at +2.2% y/y and +2.7% y/y in April (Mar:

+2.2% y/y and +2.4% y/y). Largely driving the uptick was services inflation (+3.9% y/y vs +3.5% y/y), an expected effect of Easter holidays and one that should reverse in May. This, coupled with a stronger EUR, falling energy prices (-3.5% y/y vs -1.0% y/y) due to trade turmoil and postponed retaliatory measures from the European Commission will likely keep inflation in check in the near term.

#### **Australia's retail sales rose for the third month**

- Retail sales rose for the third month, albeit picking up less than expected by +0.3% m/m in March (Feb: +0.2% m/m). Food-related spending drove the uptick, while retail turnover rose in all states, save for Queensland. Queensland saw strong spending in food retailing thanks to precautionary buying, but this wasn't enough to offset negative impact from temporary business closures for many retailers. All in, the data suggests that consumer spending continues to be in a reasonably good shape before Trump's tariff, giving leeway for the RBA to continue with its measured rate cuts moving forward.

#### **Hong Kong economy grew a solid 3.1% y/y in 1Q, its strongest since 4Q of 2023**

- Hong Kong economy grew a solid 3.1% y/y in 1Q (4Q24: +2.5% y/y), as increase in visitor arrivals and cross-boundary economic activities, as well as goods export bump before Trump's tariff, drove growth to its strongest in more than a year. Private consumption remained weak, falling at a larger pace of 1.2% y/y as compared to -0.2% y/y in 4Q as residents continue to seek bargains in neighbouring Shenzhen due to the strong HKD.
- That said, the pace is unlikely to last as exports will likely take a hit after Trump escalated his tariff war against China, likely to also cast a chilling effect on business sentiment and investment for Hong Kong. With this, the IMF has recently cut its 2025 GDP growth projection for Hong Kong from 3.0% to 1.5%, a shade lower than the Government's projection of 2-3% for the year, which was released in February before tariff announcements.

#### **Singapore's official PMI dipped below the 50-threshold**

- Mirroring regional pullbacks, Singapore's official PMI recorded its steepest fall since 2023 to 49.6 in April (Mar: 50.6), ending its 19-month streak of expansion. The electronics sector PMI also recorded a steep fall of 1.1ppts to 49.8 and remained susceptible to potential US tariffs on semiconductor that could be introduced later on.

#### **House View and Forecasts**

<b>FX</b>	<b>This Week</b>	<b>2Q-25</b>	<b>3Q-25</b>	<b>4Q-25</b>	<b>1Q-26</b>
DX	98-102	99.70	98.35	97.01	95.70

EUR/USD	1.11-1.15	1.14	1.15	1.17	1.19
GBP/USD	1.31-1.35	1.31	1.32	1.33	1.34
USD/CHF	0.80-0.85	0.81	0.80	0.79	0.78
USD/JPY	142-149	142	139	136	133
AUD/USD	0.62-0.66	0.62	0.62	0.63	0.64
NZD/USD	0.57-0.61	0.57	0.57	0.58	0.58
USD/CNY	7.23-7.33	7.43	7.35	7.28	7.21
USD/MYR	4.21-4.32	4.54	4.50	4.47	4.40
USD/SGD	1.28-1.33	1.34	1.33	1.31	1.30

Rates, %	Current	2Q-25	3Q-25	4Q25	1Q26
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75	3.25-3.50
ECB	2.25	2.00	1.75	1.75	1.75
BOE	4.50	4.25	4.00	3.75	3.50
SNB	0.25	0.25	0.25	0.25	0.25
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	4.10	3.85	3.60	3.35	3.10
RBNZ	3.50	3.25	3.00	2.75	2.50
BNM	3.00	3.00	2.75	2.75	2.75

Source: HLBB Global Markets Research

## Up Next

Date	Events	Prior
5-May	AU Melbourne Institute Inflation YoY (Apr)	2.80%
	SI Retail Sales YoY (Mar)	-3.60%
	EC Sentix Investor Confidence (May)	-19.5
	US S&P Global US Services PMI (Apr F)	51.4
	US ISM Services Index (Apr)	50.8
6-May	SI S&P Global Singapore PMI (Apr)	52.7
	AU Building Approvals MoM (Mar)	-0.30%
	AU Household Spending MoM (Mar)	0.20%
	CH Caixin China PMI Services (Apr)	51.9
	VN CPI YoY (Apr)	3.13%
	VN Exports YoY (Apr)	14.50%
	VN Industrial Production YoY (Apr)	8.60%
	VN Retail Sales YoY (Apr)	10.80%
	EC HCOB Eurozone Services PMI (Apr F)	49.7
	UK S&P Global UK Services PMI (Apr F)	48.9
	EC PPI YoY (Mar)	3.00%
	US Trade Balance (Mar)	-\$122.7b

Source: Bloomberg

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