

8 April 2025

Global Markets Research

Daily Market Highlights

8 Apr: US threatens additional 50% tariff on China

**S&P 500 saw short-lived intraday gains; Hang Seng, CSI 300 & Nikkei 225 plunged 7-13%
Treasuries saw deep losses; Haven bids saw USD and CHF outperforming their G10 peers
Drop in US consumer credit signals cautious consumer spending going forward**

- It was another volatile session for global equities, with Trump's tariff rattling global stocks for the third consecutive days. In Wall Street, the Dow slid 0.9% d/d, S&P 500 closed 0.2% d/d lower after briefly trading in green, while Nasdaq ticked 0.1% d/d higher with investors buying shares of key megacap technology names like Nvidia and Palantir.
- Elsewhere, Stoxx Eur 600 shed another 4.5% d/d. Hang Seng led losses in the Asia region and plunged 13.2% d/d, its biggest drop since the Asian financial crisis of 1997. CSI 300 plummeted 7.1% d/d while Nikkei 225 fell 7.8% d/d. Earlier in the day, trading in Japanese futures was suspended due to the market hitting circuit breakers. Meanwhile, tariff uncertainty continues to haunt the market, with Trump threatening more tariffs (additional 50%) on China but teases talks with others.
- In the bond space, Treasuries finished with deep losses after a roller coaster day as markets were jolted by fake news on a 90-day tariff pause, with the 2Y yield closing 11bps higher at 3.76%, and the 10Y yield up 19bps to 4.18%. Save for the Norwegian bonds, 10Y European bond yields rose 4-16bps, a turnaround from -1 to -13bps the day before.
- In the forex space, haven bids saw investors pouring into safer currencies like Dollar and CHF overnight. The DXY closed 0.2% d/d higher at 103.26, while CHF appreciated 0.2% d/d against the greenback. The risk-sensitive AUD (-0.9% d/d to 0.5984) and NZD (-1.0% d/d), as well as SEK (-0.6% d/d) and NOK (-1.9% d/d), all tumbled against the Dollar. Meanwhile, regional currencies mostly weakened against the greenback, with CNH, MYR and SGD depreciating d/d to 7.3450 (-0.7%), 4.4835 (-1.1%) and 1.3528 (-0.4%) respectively. Of note, SGD/AUD closed at 1.2350, its highest in record.
- In the commodity space, losses in crude oil prices deepened as Trump tariffs stoked recession fears. The WTI and Brent closed the day 2.1% d/d lower each at \$60.70/barrel and \$64.21/barrel respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	37,965.60	-0.91
S&P 500	5,062.25	-0.23
NASDAQ	15,603.26	0.10
Stoxx Eur 600	474.01	-4.50
FTSE 100	7,702.08	-4.38
Nikkei 225	31,136.58	-7.83
CSI 300	3,589.44	-7.05
Hang Seng	19,828.30	-13.22
Straits Times	3,540.50	-7.46
KLCI 30	1,443.80	-4.01
FX		
Dollar Index	103.26	0.23
EUR/USD	1.0912	-0.40
GBP/USD	1.2724	-1.26
USD/JPY	147.84	0.62
AUD/USD	0.5984	-0.93
USD/CNH	7.3450	0.68
USD/MYR	4.4835	1.05
USD/SGD	1.3528	0.41
Commodities		
WTI (\$/bbl)	60.70	-2.08
Brent (\$/bbl)	64.21	-2.09
Gold (\$/oz)	2,951.30	-2.02
Copper (\$\$/MT)	8,732.00	-0.55
Aluminum(\$/MT)	2,370.50	-0.34
CPO (RM/tonne)	4,764.50	-0.95

Source: Bloomberg, HLBB Global Markets Research
* CPO dated as of 4 April

Unexpected drop in US consumer credit

- Consumer credit unexpectedly fell for the first time in February (-\$0.8bn vs +8.9bn), reflecting a sharp pullback in credit card balances (+\$0.1bn vs +\$6.6bn) and a decrease in motor vehicles sales and other non-revolving loans (-\$0.9bn vs +\$2.3bn). These figures suggest that households are getting cautious over their spending and debt level amid concerns over higher prices due to Trump's tariff. The abrupt plunge in the equities market also does not bode well for household's net worth, all not supportive of consumer spending outlook going forward.

Eurozone's retail sales grew less than expected; investor's confidence plummeted

- Mixed data from the Euro bloc. On the consumer front, retail sales grew less than expected by +0.3% m/m in February (prior: no change) as gains in non-food products and automotive fuel offset spending on food, drinks and tobacco.
- Trump's tariff, meanwhile, sent Sentix investor confidence plummeting more than expected by 16.7 points to -19.5 in April, its lowest since October 2023. Economic expectations for the Eurozone in particular fell 33.8 points, its second sharpest drop ever recorded.

Mixed prints from Japan, coupled with vulnerable external environment clouds BOJ rate hike outlook

- Mixed prints from Japan. Leading index fell less than expected to 107.9 in February (Jan: 108.3) with most sub-components worsening, while assessment of coincidence was maintained as "halting-to-fall." On the pay wages front, nominal cash earning accelerated more than expected to +3.1% y/y in February (Jan: +2.8% y/y), but base pay for full time workers unexpected decelerated to +1.9% y/y from 2.0% y/y, moving away from Governor Kazuo Ueda's target of 3% that is consistent with the 2% inflation target. This will complicate BOJ's rate hike outlook in an already rapidly deteriorating external environment and saw traders largely scaling back rate cut bets for 2025. As it is, the OIS is currently pencilling in no rate hike for the rest of 2025.

House View and Forecasts

FX	This Week	1Q-25 Act	2Q-25	3Q-25	4Q-25
DX	100-104	104.21	108.58	106.93	105.27
EUR/USD	1.09-1.12	1.08	1.03	1.05	1.06
GBP/USD	1.29-1.33	1.29	1.24	1.25	1.27
USD/CHF	0.83-0.89	0.88	0.91	0.90	0.88
USD/JPY	142-149	150	155	150	146
AUD/USD	0.62-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.56-0.60	0.57	0.56	0.57	0.58
USD/CNY	7.24-7.29	7.26	7.30	7.23	7.15

USD/MYR	4.40-4.47	4.44	4.50	4.40	4.35
USD/SGD	1.31-1.35	1.34	1.35	1.32	1.29

Rates, %	Current	1Q-25 Act	2Q-25	3Q-25	4Q25
Fed	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.00.-4.25
ECB	2.50	2.50	2.00	2.00	2.00
BOE	4.50	4.50	4.25	4.00	4.00
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	4.10	3.85	3.60	3.60
RBNZ	3.75	3.75	3.50	3.25	3.00
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

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Date	Events	Prior
8-Apr	AU Westpac Consumer Conf SA MoM (Apr)	4.00%
	AU NAB Business Confidence (Mar)	-1
	JN Eco Watchers Survey Outlook SA (Mar)	46.6
	MA Foreign Reserves	\$118.0b
	US NFIB Small Business Optimism (Mar)	100.7
9-Apr	JN Consumer Confidence Index (Mar)	35
	US MBA Mortgage Applications	-1.60%
9-15 Apr	CH Aggregate Financing CNY YTD (Mar)	9290.0b

Source: Bloomberg

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