

10 April 2025

Global Markets Research

Daily Market Highlights

10 Apr: Relief rally after Trump backpedalled on tariffs

A 90-day tariff pause for many countries; further increase in tariffs on China to 125%

S&P 500 logged its biggest daily gain since 2008; DXY fell just below the 103 level

FOMC meeting minutes: Inflation appears to be on the forefront of FOMC's discussion

- Relief rally in the US equity markets overnight, after President Trump jolted investors with announcement that he would pause the higher reciprocal tariffs on many non-retaliating countries for 90 days, while raising duties on China to 125%. The Dow closed up 7.9% d/d, outpaced by Nasdaq (+12.2% d/d) and S&P 500 (+9.5% d/d), the latter marking its biggest daily gain since 2008. Every sector with S&P traded in green, with tech stocks leading gains.
- Earlier in the day, Stoxx Eur 600 closed 3.5% d/d lower, while Asian markets closed mixed after Trump's reciprocal tariffs took effect and China retaliated with an 84% tariff on US goods.
- Trump's tariff pause saw many paring their recession forecasts, and traders paring rate cut bets to 3 quarter point cuts to end-2025. This saw UST yields closing mixed during the day, with the 2Y yield jumping 18bps to 3.91%, and the 10Y gaining 4bps to 4.33%, flattening the curve. 10Y European bond yields closed mixed between -5 to +17bps.
- In the forex space, AUD soared 3.2% d/d to 0.6153 after Trump's tariff pause, while haven currencies CHF (-1.1% d/d) and JPY (-1.0% d/d to 147.76) traded weaker against the Dollar amid a relief rally. EUR closed 0.1% d/d weaker at 1.0949 against USD, while GBP strengthened 0.4% d/d to 1.2820 amid higher gilt yields. NZD appreciated +2.0% d/d against greenback even after the RBNZ lowered its cash rate by 25bps to 3.50% as expected, and flagged further easing. For the DXY, the index rose to an intra-day high of 103.33, before erasing all gains to close 0.1% d/d lower at 102.90.
- Regional currencies closed mixed against the Dollar, with CNH and SGD leading gains against greenback at 7.3490 (+1.1% d/d) and 1.3410 (+0.9% d/d) respectively. MYR weakened 0.1% d/d to close at 4.4960.
- In the commodity space, crude rallied more than 4.0% after Trump paused tariffs for most countries save for China. The WTI and Brent closed the day at \$62.35/barrel and \$65.48/barrel respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	40,608.45	7.87
S&P 500	5,456.90	9.52
NASDAQ	17,124.97	12.16
Stoxx Eur 600	469.89	-3.50
FTSE 100	7,679.48	-2.92
Nikkei 225	31,714.03	-3.93
CSI 300	3,686.79	0.99
Hang Seng	20,264.49	0.68
Straits Times	3,393.69	-2.18
KLCI 30	1,400.59	-2.98
FX		
Dollar Index	102.90	-0.05
EUR/USD	1.0949	-0.08
GBP/USD	1.2820	0.43
USD/JPY	147.76	1.02
AUD/USD	0.6153	3.24
USD/CNH	7.3460	-1.07
USD/MYR	4.4960	0.10
USD/SGD	1.3410	-0.92
Commodities		
WTI (\$/bbl)	62.35	4.65
Brent (\$/bbl)	65.48	4.23
Gold (\$/oz)	3,056.50	2.97
Copper (\$\$/MT)	8,613.00	-0.49
Aluminum(\$/MT)	2,316.00	-1.40
CPO (RM/tonne)	4,576.50	-1.45

Source: Bloomberg, HLBB Global Markets Research

* CPO dated as of 8 April

Inflation appears to have dominated FOMC's discussion

- Highlights to the latest FOMC meeting minutes include: 1) Inflation appears to have dominated the discussion, with a majority of participants seeing **risk that the inflationary effects from Trump's tariffs to be "more persistent" than initially expected**. 2) Some factors that could contribute to this persistence include tariffs on intermediate goods which could affect input costs, the extent to which complex supply chains need to be restructured, retaliatory actions of trading partners and the stability of longer-term inflation expectations. 3) Some FOMC members noted that it could be especially difficult to distinguish between persistent changes in inflation and more temporary ones due to the tariffs. 4) The committee is well positioned to wait for more clarity on the outlook for inflation and economic activity, **suggesting a "wait-and-see" attitude for now**. 5) Participants appear to hold varying views regarding the balance sheet runoff.
- Mortgage applications jumped 20.0% w/w to its highest level since September for the week ended April 4 (prior: -1.6% w/w), as purchase and refinance applications picked up in a volatile week where economic uncertainty caused rates to drop across the board. The 30Y fixed mortgage rate stood at 6.61%, its lowest rate since October.

Japan's consumer confidence slid for the fourth month

- Consumer confidence fell more than expected by 0.7ppts to 34.1 in March. This marks its lowest since March 2023, as consumer's perceptions for overall livelihood, income growth and employment all worsened, potentially weighing on consumer spending going forward.

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	1.26-1.33	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	0.58-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.54-0.60	0.57	0.56	0.57	0.58
USD/CNY	7.24-7.35	7.26	7.30	7.23	7.15
USD/MYR	4.40-4.50	4.44	4.50	4.40	4.35
USD/SGD	1.31-1.36	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	3.50	3.75	3.50	3.25	3.00
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
10-Apr	JN PPI YoY (Mar)	4.00%
	JN Bank Lending Incl Trusts YoY (Mar)	3.10%
	AU Consumer Inflation Expectation (Apr)	3.60%
	CH PPI YoY (Mar)	-2.20%
	CH CPI YoY (Mar)	-0.70%
	US CPI Ex Food and Energy YoY (Mar)	3.10%
	US Initial Jobless Claims	219k
	US Real Avg Weekly Earnings YoY (Mar)	0.60%
11-Apr	MA Industrial Production YoY (Feb)	2.10%
	MA Manufacturing Sales Value YoY (Feb)	3.50%
	UK Monthly GDP (MoM) (Feb)	-0.10%
	US PPI Final Demand YoY (Mar)	3.20%
	US U. of Mich. Sentiment (Apr P)	57
	US U. of Mich. 1 Yr Inflation (Apr P)	5.00%

Source: Bloomberg

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