

14 March 2025

## Global Markets Research

### Daily Market Highlights

## 14 Mar: Haven bid again on fresh tariff threats on EU

**Trump threatened 200% tariff on alcohol from the EU**

**Haven buying and softer PPI sent UST yields down; DXY up but off intraday high**

**UK's monthly GDP and US' consumer sentiment & inflation expectations up next today**

- It was another rough day for Wall Street, as investors remained edgy over new tariff threats from President Trump, the latest being a 200% tariff on all alcoholic drinks from the EU. The US is one of the key export markets for EU alcoholic drinks, accounted for about 20% of wine and spirits exports from the region. This sent the three major stock indices sliding 1.3-2.0% d/d, with Nasdaq underperforming and ten out of the eleven sectors within S&P 500 closing in red.
- Stoxx Eur 600 also closed 0.2% d/d lower, with autos and wine & spirit firms like Pernod Ricard, Rémy Cointreau and Davide Campari, the biggest laggards. Asian markets closed mixed, but are expected to retreat today following futures and the correction at Wall Street overnight.
- Haven buying and lower than expected PPI for the US saw UST yields sliding 3-5bps across the curve. The 2Y yield fell 3bps to 3.96%, while the 10Y dropped 4bps to 4.27%. 10Y European bond yields closed mixed between -5 to +4bps, after declining 0-4bps the prior day.
- In the forex space, the Dollar strengthened against all its G10 peers on haven bid, and the DXY closed 0.2% d/d higher at 103.83, even after paring gains following the softer than expected PPI. JPY was the outlier, strengthening 0.3% d/d to 147.81, after BOJ's Governor said that he expects real wages and consumer spending to improve, as imported inflation subsides and robust wage gains continue.
- Regional currencies closed mixed against the greenback, with CNH (-0.1% d/d to 7.2480), MYR (-0.2% d/d to 4.4365) and SGD (-0.2% d/d to 1.3359) underperforming the Dollar and most of their Asian peers.
- In the commodity space, crude oil prices retreated by 1.5-1.7% d/d to \$66.55/barrel for WTI and \$69.88/barrel for Brent, after the International Energy Agency (IEA) flagged risks that the trade war could dampen global demand. The IEA also added that global oil supply could exceed demand by around 600k barrels/day this year.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	40,813.57	-1.30
S&P 500	5,521.52	-1.39
NASDAQ	17,303.01	-1.96
Stoxx Eur 600	540.44	-0.15
FTSE 100	8,542.56	0.02
Nikkei 225	36,790.03	-0.08
CSI 300	3,911.58	-0.40
Hang Seng	23,462.65	-0.58
Straits Times	3,837.52	0.00
KLCI 30	1,510.03	1.70
<b>FX</b>		
Dollar Index	103.83	0.21
EUR/USD	1.0852	-0.33
GBP/USD	1.2952	-0.08
USD/JPY	147.81	-0.30
AUD/USD	0.6285	-0.57
USD/CNH	7.2480	0.09
USD/MYR	4.4365	0.19
USD/SGD	1.3359	0.23
<b>Commodities</b>		
WTI (\$/bbl)	66.55	-1.67
Brent (\$/bbl)	69.88	-1.51
Gold (\$/oz)	2,991.30	1.51
Copper (\$\$/MT)	9,783.50	0.14
Aluminum(\$/MT)	2,703.00	0.02
CPO (RM/tonne)	4,801.00	0.06

Source: Bloomberg, HLBB Global Markets Research  
\* CPO dated as of 12 Mar

### Flat producer prices for the US, jobless claims fell

- Producer prices inflation (PPI) unexpectedly stagnated m/m in February (prior: +0.6% m/m), as the 0.2% m/m decline in services costs offset the 0.3% d/d uptick in prices for goods. Two-thirds of the increase for the latter was due to the jump in prices for chicken eggs due to the avian flu, while the latter was driven by margins for machinery and vehicle wholesaling. Categories that feed into PCE calculation, however, were largely firmer, driven by a 1.0% increase in hospital inpatient care and a 0.5% rise in portfolio management costs.
- Initial jobless claims unexpectedly fell 2k to 220k for the week ended March 8 (prior: -20k), while continuing claims, a proxy for hiring, decreased 27k to 1870k the week prior (Feb 22: +42k). Going forward, the escalating trade war and sharp government spending cuts could likely threaten labour market strength, the latter has yet to significantly filter through to official labour market data at this juncture.

### Signs of stability in the Eurozone's manufacturing sector

- Industrial production rebounded more than expected to 0.8% m/m in January (prior: -0.4% m/m), in another sign that the manufacturing sector may be bottoming out. As it is, optimism for a recovery is rising especially in view of the fiscal spending measures announced recently, improved PMIs and jump in intermediate and capital goods, the latter a good proxy of business confidence and investment outlook going forward.

### House View and Forecasts

<b>FX</b>	<b>This Week</b>	<b>1Q-25</b>	<b>2Q-25</b>	<b>3Q-25</b>	<b>4Q-25</b>
DX	102-106	109.10	108.58	106.93	105.27
EUR/USD	1.06-1.10	1.03	1.03	1.05	1.06
GBP/USD	1.27-1.31	1.24	1.24	1.25	1.27
USD/CHF	0.87-0.92	0.91	0.91	0.90	0.88
USD/JPY	145-150	158	155	150	146
AUD/USD	0.62-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.55-0.59	0.56	0.56	0.57	0.58
USD/CNY	7.22-7.30	7.37	7.30	7.23	7.15
USD/MYR	4.39-4.46	4.55	4.50	4.40	4.35
USD/SGD	1.31-1.35	1.37	1.35	1.32	1.29

<b>Rates, %</b>	<b>Current</b>	<b>1Q-25</b>	<b>2Q-25</b>	<b>3Q-25</b>	<b>4Q25</b>
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	0.50	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

### Up Next

Date	Events	Prior
14-Mar	UK Monthly GDP (MoM) (Jan)	0.40%
	US U. of Mich. Sentiment (Mar P)	64.7
	US U. of Mich. 1 Yr Inflation (Mar P)	4.30%
17-Mar	SI Non-oil Domestic Exports YoY (Feb)	-2.10%
	CH New Home Prices MoM (Feb)	-0.07%
	CH Used Home Prices MoM (Feb)	-0.34%
	CH Industrial Production YTD YoY (Feb)	5.80%
	CH Retail Sales YTD YoY (Feb)	3.50%
	CH Fixed Assets Ex Rural YTD YoY (Feb)	3.20%
	CH Surveyed Jobless Rate (Feb)	5.10%
	US Retail Sales Advance MoM (Feb)	-0.90%
	US Empire Manufacturing (Mar)	5.7
	US NAHB Housing Market Index (Mar)	42

Source: Bloomberg

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