

16 April 2025

## Global Markets Research

### Daily Market Highlights

## 16 Apr: All eyes on China's 1Q GDP print today

**Tariff angst to linger in the markets amid exports restrictions to China for Nvidia**

**RBA minutes: May an "opportune time" to revisit policy setting; AUD appreciated**

**US import prices fell ahead of Trump's tariffs; Singapore to hold election on 3<sup>rd</sup> May**

- US began Tuesday with the major stock indices rising for most of the session, but drifted lower into the close to finish with mild losses, as Trump's fast revolving trade war with top trading partners, especially China, showed little signs of abating. The 3 major stock indices closed the day 0.1-0.4% d/d lower, with seven out of the eleven sectors within the S&P closing in red. Financials were one of the outliers, supported by strong bank earnings from Bank of America and Citigroup.
- Of note, US futures slumped after hours as Nvidia shares tumbled after announcing that the chipmaker faces new US restrictions on exporting its H2O to China, and will report about \$5.5bn in write-downs in fiscal 1Q due to the new rules. This tariff uncertainty will likely reverberate across international markets today.
- Meanwhile, Treasury yields were modestly lower, a reprieve amid a period of volatility in the bond market. The benchmark 2Y yield closed flattish at 3.85%, while the 10Y slipped 4bps to 4.33%. 10Y European bond yields were up 1-4bps save for the UK gilts (-2bps to 4.65%).
- In the forex space, the DXY snapped its losing streak and rebounded 0.6% d/d to 100.22. Most G10 currencies weakened against the greenback, with the EUR depreciating for the second day by 0.6% d/d to 1.1282, while JPY weakened slightly by 0.1% d/d to 143.21. GBP was the outlier and was the second best performing G10 currency against USD, reaching an intraday high of 1.3252 following the release of its labour prints before paring some of these gains to close the day 0.3% d/d stronger at 1.3231. AUD also strengthened 0.3% d/d to 0.6345 against greenback after the RBA expressed caution over future rate cuts, saying that May would be an "opportune" time to revisit its policy setting.
- On the regional front, MYR closed flat at 4.4125, while CNH and SGD weakened 0.2% and 0.3% d/d each to 7.3286 and 1.3190 respectively. China will release 1Q GDP and other first tier data today while Singapore has dissolved its Parliament paving the way for its General Election on 3<sup>rd</sup> May.

#### Key Market Metrics

|                    | Level     | d/d (%) |
|--------------------|-----------|---------|
| <b>Equities</b>    |           |         |
| Dow Jones          | 40,368.96 | -0.38   |
| S&P 500            | 5,396.63  | -0.17   |
| NASDAQ             | 16,823.17 | -0.05   |
| Stoxx Eur 600      | 508.06    | 1.63    |
| FTSE 100           | 8,249.12  | 1.41    |
| Nikkei 225         | 34,267.54 | 0.84    |
| CSI 300            | 3,761.24  | 0.06    |
| Hang Seng          | 21,466.27 | 0.23    |
| Straits Times      | 3,624.72  | 2.14    |
| KLCI 30            | 1,486.43  | 0.38    |
| <b>FX</b>          |           |         |
| Dollar Index       | 100.22    | 0.58    |
| EUR/USD            | 1.1282    | -0.61   |
| GBP/USD            | 1.3231    | 0.31    |
| USD/JPY            | 143.21    | 0.10    |
| AUD/USD            | 0.6345    | 0.27    |
| USD/CNH            | 7.3286    | 0.23    |
| USD/MYR            | 4.4125    | 0.00    |
| USD/SGD            | 1.3190    | 0.27    |
| <b>Commodities</b> |           |         |
| WTI (\$/bbl)       | 61.33     | -0.33   |
| Brent (\$/bbl)     | 64.67     | -0.32   |
| Gold (\$/oz)       | 3,218.70  | 0.43    |
| Copper (\$\$/MT)   | 9,164.00  | -0.25   |
| Aluminum(\$/MT)    | 2,375.00  | 0.04    |
| CPO (RM/tonne)     | 4,418.50  | -1.77   |

Source: Bloomberg, HLBB Global Markets Research

\* CPO dated as of 14 April

- In the commodity space, the International Energy Agency lowered its global oil demand forecast to 730k bpd this year from 1.03m bpd previously due to the brewing trade war and rising popularity of electric vehicles. This sent the WTI and Brent mildly lower by 0.3% d/d each to \$61.33/ barrel and \$64.67/barrel respectively.

#### **RBA minutes said May meeting will provide more clarity for the RBA's policy path**

- The RBA released the minutes to its latest policy meeting which was held before Liberation Day. Key highlights include: 1) Policy makers agreed that it was appropriate to maintain the cash rate as there had been insufficient information to significantly alter the outlook for the economy. That said, members also opined that the ***May meeting would be an "opportune time" to revisit the monetary policy setting.*** 2) The large fall in employment in February was more likely to be a statistical aberration rather than a turning point in labour demand. 3) There are clear downside risks to the economy stemming from the trade war, but risks to inflation were more two-sided. As it is, ***we, as well as consensus, have pencilled in a 25bps rate cut to 3.85% in the next policy meeting scheduled in May.***

#### **US import prices fell ahead of Trump's tariff**

- Import prices remained muted in March, the latest sign that inflation was moderating before Trump's sweeping tariffs came into effect. Import prices fell for the first time since September by -0.1% m/m (Feb: +0.2% m/m) as lower prices for energy more than offset higher prices for nonfuel imports, the latter driven by higher prices for capital goods, nonfuel industrial supplies & materials and foods, feeds & beverages.
- After dropping steeply the prior month, the Empire Manufacturing Index rebounded more than expected by 12 points but remained below zero at -8.1 in April. Firms turned pessimistic over the outlook, with the future general business conditions index falling to its second lowest reading in record.

#### **Eurozone's IPI unexpectedly accelerated; plunge in investors sentiment**

- Mixed prints from the Eurozone. Industrial output grew at a faster pace than expected by 1.1% m/m in March after expanding 0.6% m/m previously, largely driven by a jump in non-durable consumer goods as well as durable goods. This likely reflects producers ramping up their production ahead higher tariffs from the US, potentially signalling pull-backs going forward.

- “Liberation Day” saw the ZEW Survey Expectations plunging 58.3 points to -18.5 in March. In particular, economic expectations for export-intensive sectors, such as the automobile, chemical as well as metal, steel & mechanical engineering sectors, which recently enjoyed improved prospects, were affected. Amid softer inflationary pressures recently, this gives the ECB leeway to boost the economy by further interest rate cuts going forward.

### Steady but still elevated wage growth; cooler labour market for the UK

- Signs of contained wage growth and cooler labour market will ease concerns over inflation persistence. Couple with likely GDP hit from the US tariffs and Autumn Budget, the path is clear for the BOE to keep cutting rates at a quarterly pace, with another 25bps pencilled to end 2Q lower at 4.25%. Private pay excluding bonuses came lower than expected at 5.9% in the three months ended February (prior: 5.9%), while early estimates for March showed that payrolled employment fell for the second month and more than expected by 78k in March (Feb: -8k). Unemployment rate nonetheless held steady at 4.4%.

### Japan's core machine orders jumped

- Core machine orders surprised on the upside with a 4.3% m/m gain in February (Jan: -3.5% m/m), and was driven by a rebound in both manufacturing and manufacturing sectors. As it is, the market is expecting orders to contract 2.2% in 1Q, but we opine that March will likely outbeat forecasts.

### House View and Forecasts

| FX      | This Week | 2Q-25 | 3Q-25 | 4Q-25 | 1Q-26 |
|---------|-----------|-------|-------|-------|-------|
| DX      | 99-103    | 99.70 | 98.35 | 97.01 | 95.70 |
| EUR/USD | 1.19-1.14 | 1.14  | 1.15  | 1.17  | 1.19  |
| GBP/USD | 1.28-1.32 | 1.31  | 1.32  | 1.33  | 1.34  |
| USD/CHF | 0.79-0.88 | 0.81  | 0.80  | 0.79  | 0.78  |
| USD/JPY | 141-148   | 142   | 139   | 136   | 133   |
| AUD/USD | 0.60-0.64 | 0.62  | 0.62  | 0.63  | 0.64  |
| NZD/USD | 0.54-0.60 | 0.57  | 0.57  | 0.58  | 0.58  |
| USD/CNY | 7.25-7.34 | 7.43  | 7.35  | 7.28  | 7.21  |
| USD/MYR | 4.40-4.50 | 4.54  | 4.50  | 4.47  | 4.40  |
| USD/SGD | 1.31-1.35 | 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      | 2.50      | 2.25      | 2.00      | 2.00      | 2.00      |
| 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  |
|--------|--|--------|
| 16-Apr | AU Westpac Leading Index MoM (Mar)               | 0.07%  |
|        | CH New Home Prices MoM (Mar)                     | -0.14% |
|        | CH Used Home Prices MoM (Mar)                    | -0.34% |
|        | CH GDP YoY (1Q)                                  | 5.40%  |
|        | CH Industrial Production YTD YoY (Mar)           | 5.90%  |
|        | CH Retail Sales YTD YoY (Mar)                    | 4.00%  |
|        | CH Fixed Assets Ex Rural YTD YoY (Mar)           | 4.10%  |
|        | CH Surveyed Jobless Rate (Mar)                   | 5.40%  |
|        | UK CPI Core YoY (Mar)                            | 3.50%  |
|        | UK House Price Index YoY (Feb)                   | 4.90%  |
|        | EC CPI Core YoY (Mar F)                          | 2.40%  |
|        | US MBA Mortgage Applications                     | 20.00% |
|        | US Retail Sales Advance MoM (Mar)                | 0.20%  |
|        | US New York Fed Services Business Activity (Apr) | -19.3  |
|        | US Industrial Production MoM (Mar)               | 0.70%  |
| 17-Apr | US NAHB Housing Market Index (Apr)               | 39     |
|        | JN Exports YoY (Mar)                             | 11.40% |
|        | SI Non-oil Domestic Exports YoY (Mar)            | 7.60%  |
|        | AU Employment Change (Mar)                       | -52.8k |
|        | AU Unemployment Rate (Mar)                       | 4.10%  |
|        | EC ECB Deposit Facility Rate                     | 2.50%  |
|        | US Housing Starts MoM (Mar)                      | 11.20% |
|        | US Initial Jobless Claims                        | 223k   |
|        | US Philadelphia Fed Business Outlook (Apr)       | 12.5   |

Source: Bloomberg

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