

18 April 2025

## Global Markets Research

### Daily Market Highlights

## 18 Apr: ECB delivered a dovish 25bps cut

**EUR weakened after ECB delivered a dovish cut; concerns over deteriorating outlook**

**Resilient labour data for the US & Australia; Singapore's NODX slowed**

**Quiet day ahead with most majors out for Good Friday; prelim 1Q GDP due for Malaysia**

- US equities closed mixed overnight, with the S&P 500 swinging between gains and losses before closing mildly higher by 0.1% d/d. Nasdaq nonetheless slid 0.1% d/d, as shares of Nvidia retreated another 2.9% after news on its China exports restrictions the day before. The 30-stock Dow also dropped 1.3% d/d, weighed down by a whopping 22.4% d/d plunge in UnitedHealth stocks following the insurer's earnings miss.
- That said, stocks did briefly took a leg up on Thursday afternoon after President Trump said that he expects trade deals to be reached with EU and Japan, but tension between the White House and Fed President Jerome Powell escalated, after the President stepped up his attacks on Powell, calling for the central bank to lower rates and saying that the Fed chair's "termination cannot come fast enough."
- Elsewhere, Stoxx Eur 600 (-0.1% d/d) pared losses after ECB's rate cut, while Asian markets closed mostly higher led by Hang Seng (+1.6% d/d) and Nikkei 225 (+1.4% d/d). It will likely be a quieter session today, with most major markets closed for Good Friday.
- In the bond space, the Treasury yield curve shifted higher by 3-6bps (prior: -4 to -9bps). The 2Y yield rose 3bps to 3.80%, while the 10Y increased 5bps to 4.33%. Save for Swedish bonds, 10Y European bond yields fell 0-5bps after ECB's decision, after closing mixed between -2 to +4bps the day before.
- In the forex space, the Dollar found some stability amid the ongoing trade talks. The DXY closed flattish at 99.38 and the Dollar traded mixed against its G10 peers. Haven currencies like JPY and CHF underperformed, depreciating 0.8% d/d and 0.4% d/d (to 142.43) respectively. EUR weakened 0.3% d/d to 1.1365 following ECB's rate cut. The AUD weakened to its intraday low of 0.6333 post its labour prints, but rebounded later to close 0.3% d/d stronger at 0.6390.
- On the regional front, Asian currencies mostly weakened against the Dollar by 0-0.4% d/d. CNH closed below its flatline at 7.3012,

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	39,142.23	-1.33
S&P 500	5,282.70	0.13
NASDAQ	16,286.45	-0.13
Stoxx Eur 600	506.42	-0.13
FTSE 100	8,275.66	0.00
Nikkei 225	34,377.60	1.35
CSI 300	3,772.22	-0.02
Hang Seng	21,395.14	1.61
Straits Times	3,720.33	1.58
KLCI 30	1,483.27	0.43
<b>FX</b>		
Dollar Index	99.38	0.00
EUR/USD	1.1365	-0.30
GBP/USD	1.3266	0.17
USD/JPY	142.43	0.39
AUD/USD	0.6390	0.30
USD/CNH	7.3012	0.03
USD/MYR	4.4073	-0.05
USD/SGD	1.3114	0.06
<b>Commodities</b>		
WTI (\$/bbl)	64.68	3.54
Brent (\$/bbl)	67.96	3.20
Gold (\$/oz)	3,308.70	-0.54
Copper (\$\$/MT)	9,188.50	-0.16
Aluminum(\$/MT)	2,365.50	-0.69
CPO (RM/tonne)	4,248.50	-2.32

Source: Bloomberg, HLBB Global Markets Research

\* CPO dated as of 16 April

while SGD depreciated 0.1% d/d to 1.3114. MYR was one of the outliers, appreciating 0.1% d/d to 4.4073.

- In the commodity market, crude oil prices rallied more than 3% on the new sanctions on Iran. The WTI closed up at \$64.68/barrel, while Brent rose to \$67.96/barrel.

#### ECB delivered a 25bps dovish cut to its benchmark policy rates

- As per consensus forecast, the ECB lowered the 3 key policy rates by 25bps each, to 2.25% for the deposit facility rate, 2.40% for the main refinancing operations and 2.65% for the marginal lending facility rate. Moving forward, traders are pencilling in another 2-3 quarter point cuts to end 2025, while we are expecting a 25bps cut in the June ECB meeting and another in 3Q.
- The accompanying statement was relatively more dovish, with key highlights include: 1) In terms of economic growth, the central bank warned that **outlook has deteriorated owing to rising trade tensions**, downside risks to growth have increased and has removed the sentence “monetary policy is becoming meaningfully less restrictive” entirely from its statement. 2) The language on inflation was less alarming, paving the way for more rate cuts. The ECB dropped the line “Domestic inflation remains high” in the statement, adding that services inflation, which has been ECB’s main area of concern, has eased markedly over recent months. 3) Most importantly, ECB President Christine Lagarde said during the press conference that the **policy makers debated the option of a 50bp cut, but said the decision to lower rates by 25bp was unanimous.**

#### Resilient labour data for the US; homebuilding activities fell amid tariffs

- Initial jobless claims unexpectedly fell to its 2-month low of 215k for the week ended April 12 (-9k vs +5k), suggesting a stable and resilient labour market, though tariff uncertainty is making businesses hesitant to hire, while impact from the DOGE actions will likely be visible starting June. Meanwhile, continuing claims jumped 41k to 1885k for the week ended April 5 (prior: -49k), suggesting that some laid-off workers are finding it difficult to find jobs.
- On the housing front, starts fell more than expected by 11.4% m/m in March (Feb: +9.8% m/m) to 1324k, while building permits unexpectedly grew 1.6% m/m to 1482k (Feb: -1.0% m/m). Looking ahead, trade policy which will raise building costs and slow demand, likely to create more headwinds for home building activities.
- The Philadelphia Fed Business Outlook index (-26.4 vs +12.5) suggests that manufacturing activity declined in the region as the general activity, new orders, and shipments all fell into

negative zones. The employment index suggests steady employment conditions, while price indices continue to signal overall price increases. The future activity indicators signal subdued expectations for growth over the next 6 months.

### Still solid labour data for Australia

- Australia's labour markets remained solid despite the softer than expected headline. Employment gains rebounded by +32k (Feb: -57.5k) in March, while the unemployment rate remained stable within the 3.9-4.1% range, trending up slightly by 0.1ppts to 4.1%. The number of monthly hours worked fell 0.3% m/m, its second month of consecutive decline, but this was due to bad weather rather than structural decline.
- We think that labour demand may soften ahead given the intense trade war between its largest trading partner, China and the US, and as such, the still solid labour print is unlikely to be a roadblock to RBA's easing cycle forward. At the point of writing, consensus as well as us, have pencilled in a 25bps rate in policy rate to 3.85% by the end of 2Q.

### Singapore's NODX slowed more than expected

- Non-oil domestic exports (NODX) rose at a slower pace than expected by 5.4% y/y in March (prior: +7.6% y/y), with the acceleration in electronics exports (+11.9% y/y vs +6.9% y/y) due to front-loading and low base effect, offset by easing growth in non-electronics (+3.8% y/y vs +7.7% y/y) ones. Singapore's trade agency noted in its press release that Singapore is "actively monitoring the evolving tariff situation and will adjust the NODX forecast for 2025 as necessary to reflect the changing market conditions," suggesting a potential downward revision to its NODX forecast for the year from 1-3% currently (2024: +0.2% y/y).

### 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>
DXY	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

<b>Rates, %</b>	<b>Current</b>	<b>2Q-25</b>	<b>3Q-25</b>	<b>4Q25</b>	<b>1Q26</b>
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
18-Apr	JN Natl CPI Ex Fresh Food YoY (Mar)	3.00%
	MA GDP YoY (1Q A)	5.00%
21-Apr	CH 1-Year Loan Prime Rate	3.10%
	CH 5-Year Loan Prime Rate	3.60%
	US Leading Index (Mar)	-0.30%

Source: Bloomberg

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