

23 April 2025

Global Markets Research

Daily Market Highlights

23 Apr: IMF lowered global GDP growth forecasts

IMF: Downside risks to intensity amid tariff, policy uncertainty; CPI forecasts revised up
Risk-on sentiment after Bessent raised hopes of a de-escalation in US-China trade war
Fed Beige Book and PMIs for the majors in focus today; pullback in Australia PMIs

- The three major US equity indices rallied in tune to 2.5-2.7% d/d overnight, as risk appetites made a return on bets that the White House will clinch trade deals with top economic partners, and hopes that U.S.-China trade tension could ease, after Treasury Secretary Scott Bessent said that there “will be a de-escalation” in the trade war with China soon.
- Tuesday’s gains erased the sharp losses suffered in the previous sessions, and with all the sectors within the S&P 500 closing in green. Financials were the biggest gainers, but big tech stocks also rallied. Traders nonetheless turned their focus on Tesla’s earnings after market closed, which saw a sharp drop in 1Q and missed consensus forecasts.
- European markets (Stoxx Eur 600: +0.3% d/d) recovered from earlier declines, also boosted by the rally in US tech stocks and better-than-expected earnings from L’Oreal, while trading in Asian markets were subdued and mixed.
- In the bond space, Treasuries closed mixed again, though the front-end underperformed and reversed Monday’s trade. The 2Y yield rose 6bps to 3.82%, while the 10Y fell 1bps to 4.40%. Meanwhile, 10Y European bond yields started the week -1 to -5bps lower.
- In the forex space, DXY snapped its losing streak and traded up 0.7% d/d to 98.92. The US Dollar strengthened against all its G10 peers save for the CAD (+0.2% d/d). EUR weakened 0.8% d/d to 1.1421 after ECB President Christine Lagarde commented that the central bank has almost achieved its goal of returning inflation to target (2%), paving for more rate cuts ahead. Similarly, GBP weakened 0.4% d/d to 1.3332 after rallying for the past week, after BOE’s Megan Greene commented that Trump’s tariffs may be disinflationary for the UK but also added that markets are getting too far ahead of BOE in pricing cuts.
- Meanwhile, JPY weakened 0.5% d/d to 141.57, while AUD depreciated 0.8% d/d to 0.6367. Closer to home, CNH was 0.3% d/d weaker at 7.3122, while MYR and SGD depreciated 0.5% d/d each to 4.3920 and 1.3112 respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	39,186.98	2.66
S&P 500	5,287.76	2.51
NASDAQ	16,300.42	2.71
Stoxx Eur 600	507.71	0.25
FTSE 100	8,328.60	0.64
Nikkei 225	34,220.60	-0.17
CSI 300	3,783.95	-0.02
Hang Seng	21,562.32	0.78
Straits Times	3,795.41	0.96
KLCI 30	1,486.25	-0.88
FX		
Dollar Index	98.92	0.65
EUR/USD	1.1421	-0.82
GBP/USD	1.3332	-0.35
USD/JPY	141.57	0.50
AUD/USD	0.6367	-0.75
USD/CNH	7.3122	0.26
USD/MYR	4.3920	0.50
USD/SGD	1.3112	0.54
Commodities		
WTI (\$/bbl)	64.31	1.95
Brent (\$/bbl)	67.44	1.78
Gold (\$/oz)	3,400.80	-0.16
Copper (\$\$/MT)	9,369.00	1.96
Aluminum(\$/MT)	2,380.00	0.61
CPO (RM/tonne)	4,097.00	-2.14

Source: Bloomberg, HLBB Global Markets Research
 * CPO dated as of 21 April

- In the commodity space, the US issued fresh sanctions targeting an Iranian liquefied petroleum gas and crude oil shipping magnate and his corporate network, sending prices up in 1.8-2.0% d/d overnight. The WTI closed at \$64.31/barrel, and the Brent at \$67.44/barrel respectively.

IMF lowered its GDP forecasts for 2025 & 2026; downside risks to intensify amid policy shifts

- ***The IMF sharply lowered its global GDP growth forecast to 2.8% in 2025 and 3.0% in 2026, down 0.5ppt and 0.3ppt respectively from its initial forecast of 3.3% for both years (2024: 3.3%).*** Growth at this level is significantly below its historical (2000–2019) average of 3.7%, as the swift escalation of trade tensions and policy uncertainty are expected to weigh on growth (the forecast incorporates information as of April 4). ***Global headline inflation is also expected to ease at a slightly slower pace than initially expected, easing from 5.7% in 2024 to 4.3% (+0.1ppts) in 2025 and 3.6% (+0.1ppts) in 2026 because of these tariffs.***
- By region: 1) Growth in the US is expected to slow to 1.8% (-0.9ppts) in 2025. Tariffs are also expected to weigh on growth in 2026 (-0.4ppts to 1.7%), amid moderate private consumption. 2) Growth in the Euro area is expected to soften slightly to 0.8% (-0.2ppts) in 2025, before picking up to 1.2% (-0.2ppts) in 2026, the latter supported by stronger spending due to higher real wages and fiscal easing in Germany. 3) For Japan, growth projection was lowered to 0.6% (-0.5ppts) for 2025 and 0.6% (-0.2ppts) for 2026 (2024: 0.1%). 4) For the UK, the economy is expected to hold steady at 1.1% at 2025, but this marks a -0.5ppts downward revision on assumption of a smaller carryover from 2024, the impact of recent tariff announcements, increase in gilt yields and weaker private consumption due to higher inflation. Growth is nonetheless expected to accelerate to 1.4% in 2026 (-0.1ppts). 5) For China, GDP growth projections were revised down to 4.0% for 2025 and 2026 (-0.6ppts and -0.5ppts), sharply lower than 2024 and Beijing's target of 5.0%.

Fed regional indicators pointed to slower economic activities

- The Richmond Fed Manufacturing index fell more than expected to -13 in April from -4 in March, as shipments and new orders fell notably. Services activity also slowed for the region, as well as for Philadelphia, as seen in the indices falling to -30 (Mar: -14) and -42.7 (Mar: -32.5) respectively. The future general activity indices suggest that firms continue to expect declines in activity over the next six months.

Eurozone's consumer confidence worsened to its lowest level in 18 months

- Consumer confidence fell more than expected by 2.2ppts to -16.7 in April, its lowest level in 18 months and well below its long-term average. The downturn in sentiment will likely continue as the wave of trade restrictions unsettles consumers and businesses, not boding well for spending and investing plans ahead.

Australia's PMIs eased slightly but remained expansionary

- The S&P PMIs suggests that business activities continued to grow in April, albeit at a slightly softer pace (Manufacturing: 51.7 vs 52.1, Services: 51.4 vs 51.6). Domestic demand continues to support growth, employment expanded at a solid pace but subdued exports following the higher tariff announcements and intensification have started to dent business sentiment.

Hong Kong's unemployment rate held steady at 3.2%; but could tick up following fallouts from trade war

- Unemployment rate held steady as expected at 3.2% in March. Performance within the various industries were mixed, with unemployment rate declining for transportation and the insurance sectors, but increased for information & communications sector, social work activities, construction, professional and business services sector. The increasingly uncertain external environment due to the trade war will likely weigh on hiring sentiment, but consumption and business supportive policies from Mainland China and Hong Kong may help to mitigate this negative impact.

Uptick in Malaysia's reserves in 1H of April

- Foreign reserves rebounded to increase \$0.9bn in 1H of April to \$118.4bn as at 15 April (2H of March: -\$0.5bn to \$117.5bn). The reserves position is sufficient to finance 4.9 months of imports of goods and services and is 0.9 times of the total short-term external debt.

House View and Forecasts

FX	This Week	2Q-25	3Q-25	4Q-25	1Q-26
DX	97-101	99.70	98.35	97.01	95.70
EUR/USD	1.12-1.15	1.14	1.15	1.17	1.19
GBP/USD	1.30-1.35	1.31	1.32	1.33	1.34
USD/CHF	0.77-0.85	0.81	0.80	0.79	0.78
USD/JPY	139-145	142	139	136	133
AUD/USD	0.62-0.65	0.62	0.62	0.63	0.64
NZD/USD	0.55-0.61	0.57	0.57	0.58	0.58
USD/CNY	7.26-7.34	7.43	7.35	7.28	7.21
USD/MYR	4.37-4.44	4.54	4.50	4.47	4.40
USD/SGD	1.30-1.33	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	2.25	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
23-Apr	JN Jibun Bank Japan PMI Mfg (Apr P)	48.4
	JN Jibun Bank Japan PMI Services (Apr P)	50
	MA CPI YoY (Mar)	1.50%
	EC HCOB Eurozone Manufacturing PMI (Apr P)	48.6
	EC HCOB Eurozone Services PMI (Apr P)	51
	HK CPI Composite YoY (Mar)	1.40%
	UK S&P Global UK Manufacturing PMI (Apr P)	44.9
	UK S&P Global UK Services PMI (Apr P)	52.5
	EC Construction Output MoM (Feb)	0.20%
	EC Trade Balance NSA (Feb)	1.0b
	US MBA Mortgage Applications	-8.50%
	US S&P Global US Manufacturing PMI (Apr P)	50.2
	US S&P Global US Services PMI (Apr P)	54.4
	US New Home Sales MoM (Mar)	1.80%
24-Apr	US Fed Releases Beige Book	
	JN PPI Services YoY (Mar)	3.00%
	UK CBI Trends Total Orders (Apr)	-29
	US Chicago Fed Nat Activity Index (Mar)	0.18
	US Durable Goods Orders (Mar P)	1.00%
	US Cap Goods Orders Nondef Ex Air (Mar P)	-0.20%
	US Initial Jobless Claims	215k
	US Existing Home Sales MoM (Mar)	4.20%
	US Kansas City Fed Manf. Activity (Apr)	-2

Source: Bloomberg

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