24 April 2025

## Global Markets Research

## Daily Market Highlights

# 24 Apr: Trump's softer stance spurred relief rally

### Extended gains for equities; USTs closed mixed; Dollar strengthened against G10 peers

### UK's April PMI contracted for the first time in 1.5 years; expansionary for US, EU & Japan

### Tame inflation in Asia; Malaysia's CPI and Singapore's core CPI at their 4-year lows

- President Trump's softer stance on Fed Chair Jerome Powell and trade with China (reports that the White House is considering lowering China tariffs to between 50%-65%), spurred back-to-back gains for US stocks and the Dollar. In the equity space, the Dow closed up 1.1% d/d, S&P 500 climbed 1.7% d/d, while Nasdaq rallied 2.5% d/d amid broad-based gains. Corporate earnings/guidance was mixed. Boeing's results beat forecasts, IBM's results were not strong enough to quell tariff and DOGE impact concerns, Texas Instrument delivered a rosy forecast, but Southwest withdrew its financial outlook on economic uncertainty.
- Elsewhere, Stoxx Eur 600 closed 1.8% higher on hopes of de-escalation in U.S.-China tensions. Hang Seng led gains in the Asia region with a 2.4% d/d gain and will likely extend their upward trend today following Wall Street and futures.
- In the bond space, Treasuries closed mixed again, with the front-end underperforming. The 2Y yield jumped 7bps to 3.87%, while the 10Y yield fell 2bps to 4.38%. 10Y European bond yields rose 0-6bps, a turnaround from -1 to -5bps the day before.
- In the forex space, the Dollar strengthened against all its G10 peers. The DXY closed 0.9% d/d firmer at 99.84. CHF (-1.4% d/d) and JPY (-1.3% d/d to 143.45) were the worst performers within G10s, while EUR, GBP and AUD depreciated at a narrower pace of 0.9% d/d (to 1.1316), 0.6% d/d (to 1.3254) and 0.1% d/d (to 0.6360) respectively.
- Regional currencies closed mixed against the greenback, with CNH the top performer amongst Asian currencies, strengthening 0.4% d/d to 7.2850. SGD weakened 0.4% d/d to 1.3160 after its core-inflation slid to its lowest in four years, but MYR strengthened 0.1% d/d to 4.3888 after Malaysia's CPI unexpectedly tapered off, also to its 4-year low.
- In the commodity space, oil prices slipped around 2-3% amid reports that OPEC+ would consider accelerating its oil output increases. The WTI closed the day at $62.27/barrel, and Brent at $66.12/barrel. Meanwhile, gold prices tumbled 3.7% d/d as

**Key Market Metrics**

| | Level | d/d (%) |
|---|---|---|
| **Equities** | | |
| Dow Jones | 39,606.57 | 1.07 |
| S&P 500 | 5,375.86 | 1.67 |
| NASDAQ | 16,708.05 | 2.50 |
| Stoxx Eur 600 | 516.77 | 1.78 |
| FTSE 100 | 8,403.18 | 0.90 |
| Nikkei 225 | 34,868.63 | 1.89 |
| CSI 300 | 3,786.88 | 0.08 |
| Hang Seng | 22,072.62 | 2.37 |
| Straits Times | 3,832.32 | 0.97 |
| KLCI 30 | 1,501.19 | 1.01 |
| **FX** | | |
| Dollar Index | 99.84 | 0.94 |
| EUR/USD | 1.1316 | -0.92 |
| GBP/USD | 1.3254 | -0.59 |
| USD/JPY | 143.45 | 1.33 |
| AUD/USD | 0.6360 | -0.11 |
| USD/CNH | 7.2850 | -0.37 |
| USD/MYR | 4.3888 | -0.07 |
| USD/SGD | 1.3160 | 0.37 |
| **Commodities** | | |
| WTI ($/bbl) | 62.27 | -3.17 |
| Brent ($/bbl) | 66.12 | -1.96 |
| Gold ($/oz) | 3,276.30 | -3.66 |
| Copper ($$/MT) | 9,382.50 | 0.14 |
| Aluminum($/MT) | 2,432.00 | 2.18 |
| CPO (RM/tonne) | 4,115.00 | 0.44 |

*Source: Bloomberg, HLBB Global Markets Research*
** CPO dated as of 22 April*

Trump's softer stance boosted risk sentiment and pared haven demand.

**Broadly softer composite PMIs for the majors; expansionary for the US, EU and Japan but the UK's turned contractionary**

- US flash April PMI composite (51.2 vs 54.4) pointed to a marked slowing of business activity growth at the start of 2Q, accompanied by a slump in optimism over the outlook. Manufacturing (50.7 vs 50.2) broadly stagnated amid heightened economic uncertainty, supply chain concerns and falling exports, while services (51.4 vs 54.4) slowed more than expected amid weakened demand growth, notably in terms of exports such as tourism.
- For the Eurozone, the composite PMI was a shade lower than expected at 50.1 in April (Mar: 50.9) and its lowest in four months. PMI services ended its 4-month of growth and was worse than expected at 49.7 (Mar: 51.0), but PMI manufacturing was better than expected, improving for the 4$^{th}$ month to 48.7 (Mar: 48.6). Moving forward, the higher German fiscal spending on infrastructure and defence spending across Europe should eventually benefit both sectors.
- The flash UK PMI composite was worse than expected at 48.2 (Jan: 51.5) and signalled a decline in activities for the first time in 1.5 years as weaker demand from international markets weighed on business activity for both the manufacturing (matching expectations at 44.0 vs 44.9) and services (worse than expected at 48.9 vs 52.5) sectors. On the domestic front, businesses also faced headwinds from higher staffing costs due to the changes in National Insurance and minimum wage. All in, the collapse in confidence and drop in output raises red flags as to the near-term economic outlook.
- The latest PMI suggests that Japan's private sector (headline: 51.1 vs 48.9) returned to growth, supported by a fresh rise in services activity (52.2 vs 50.0), while the downturn in manufacturing eased slightly (48.5 vs 48.4). New orders continued to diverge between both sectors, inflationary pressures remained acute, while overall optimism regarding the 1-year outlook fell to the lowest level since August 2020.

**Fed Beige Book: Economic activity was little changed but outlook worsened considerably; mixed housing indicators**

- Key highlights from the latest Beige Book include: 1) Economic activity was little changed since the previous report, but uncertainty around the trade policy was pervasive. 2) Non-auto consumer spending was lower overall, but sales of vehicles and some nondurables were moderate-to-robust due to front-loading. In cue for softer services spending in 2Q, international, leisure and business travels were all down. 3) Home sales rose amid low inventory levels.

- However, housing data released overnight was mixed. New home sales increased at a faster pace than expected by 7.4% m/m in March (Feb: +3.1% m/m), but mortgage applications plunged 12.7% m/m for the week ended April 18 (prior: -8.5% m/m) as rates increased to their highest level in 2 months (30Y fixed rate: 6.90%).
- Data on the manufacturing front was mixed too. ***Outlook in several districts worsened considerably*** amid the economic uncertainty.

**Eurozone's trade surplus widened sharply as exports jumped ahead of tariffs, construction output fell**

- In the Eurozone, construction output fell 0.5% m/m in February (Jan: +0.6% m/m) but trade balance widened more than expected to €24.0bn for the same month (Jan: +€1.0bn) as export growth outpaced imports at +6.2% y/y and +5.7% y/y respectively (Jan: +3.0% y/y and +7.6% y/y). Signs of front-loading were prevalent, as exports to the US jumped 22.4% y/y for the month, sending trade surplus up to €23.6bn (prior: +16.0% y/y and +€16.2bn).

**Japan's services PPI eased, supporting our call for a BOJ pause in 3Q**

- Services PPI came in above forecasts at 3.1% y/y in March (prior: 3.2% y/y) as prices were kept elevated by other services like machinery repair & maintenance, waste disposal & hotels. As it is, there is no change in our view that BOJ will likely to delay the next rate cut to 4Q to assess the impact from the recent trade was and latest developments.

**Slow and steady inflation for Hong Kong at 1.4%**

- Inflation stayed modest and unchanged at 1.4% y/y in March, as price pressures on major components were contained in general. Looking ahead, price pressures will likely remain mild in the near term, but escalating trade conflicts poses an upside risk for Hong Kong.

**Singapore's inflation surprised on the downside again; core CPI at its 4-year low**

- March's headline inflation came below street estimates again, unexpectedly holding steady at +0.9% y/y as higher private transport inflation was offset by the fall in core (0.5% y/y vs +0.6% y/y) and accommodation inflation. The latest print remains within the recently downgraded inflation forecasts of 0.5–1.5% in 2025 and risks to prices remain tilted on the downside given heightened uncertainties in the external environment. This is because the escalation in trade conflicts and weaker global demand is expected to exert disinflationary pressure on Singapore's imported prices, while on the domestic front, slower nominal wage growth and government subsidies will likely dampen services inflation.

**Malaysia's CPI unexpectedly tapered off to a 4-year low; benign inflation will provide more policy flexibility for BNM to prioritize growth**

- Malaysia's CPI surprised on the downside, pulling back unexpectedly to 1.4% y/y in March (Feb: +1.5% y/y), marking its smallest gain in four years. The softer CPI reading for March was due to continued slower gains in non-food prices (+0.9% vs +1.0% y/y), most notably housing & utilities (+1.9% vs +2.3% y/y). A closer look at the details also reaffirmed a very benign inflation environment. 11 out of the 13 key categories reported lower to stable inflation during the month, core CPI held steady at 1.9% y/y for the 2nd straight month, while services CPI printed 2.0% y/y for the 4th straight month. On a m/m basis, prices were stagnant.
- The latest print should erase any earlier concern of upside inflationary risks that could potentially lead to an interest rate hike. Despite concerns over potential upside risks from higher tariffs as well as policy price adjustments on domestic prices in the second half of the year, we opine overall inflation will remain well-contained, hence giving BNM more room to maneuver in adjusting monetary policy should growth outlook deteriorate sharply as a result of slowdown in global trade and growth.

## House View and Forecasts

| FX | This Week | 2Q-25 | 3Q-25 | 4Q-25 | 1Q-26 |
|---|---|---|---|---|---|
| DXY | 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 |
|---|---|---|
| 24-Apr | 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 |
| 25-Apr | UK GfK Consumer Confidence (Apr) | -19 |
| | JN Tokyo CPI YoY (Apr) | 2.90% |
| | SI Industrial Production SA MoM (Mar) | -7.50% |
| | UK Retail Sales Ex Auto Fuel MoM (Mar) | 1.00% |
| | US U. of Mich. Sentiment (Apr F) | 50.8 |
| | US Kansas City Fed Services Activity (Apr) | 0 |

*Source: Bloomberg*

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