

25 February 2025

## Global Markets Research

### Daily Market Highlights

## 25 Feb: US tariffs on Canada & Mexico to proceed as planned

**Trump's tariff comments dented appetite for equities; kept DXY supported**

**Negative US regional indices; Eurozone's inflation & Japan's Services PPI accelerated**

**SGD weakened after Singapore's inflation eased sharply to its lowest since 2021**

- US equities were volatile and ended mixed, with losses in tech weighing heavily on Nasdaq. While the Dow inched up 0.1% d/d, the S&P 500 and Nasdaq closed the day 0.5% d/d and 1.2% d/d lower, with Palantir shares tumbling -10.5% d/d and weighing heavily on the latter. Driving the downtick was cautiousness ahead of Nvidia's results, as well as dented sentiment after President Trump said that tariffs to Canada and Mexico will move forward as planned.
- Stoxx Eur 600 closed 0.1% d/d lower after Germany's federal election, weighed down by France's CAC 40, while Germany's DAX gave up some of its earlier gains to end 0.6% higher.
- Asian markets closed mostly in red, and will likely extend their downward trend today following futures. Of note, shares of Alibaba tumbled after Trump signed a National Security Presidential Memorandum to promote foreign investment amongst allies, but also to enhance restrictions on China's spending on tech and other strategic sectors.
- In the Treasury space, the 2Y auction drew strong demand, pushing yields down 2bps to 4.18%. The 10Y yield also fell 3bps to 4.40%. Trading in European bond yields was largely muted, with the 10Y yields closing mixed between -1 to +3bps.
- In the forex space, DXY closed just below the flatline at 106.60, erasing earlier gains after Trump's tariff comment and with CAD (-0.3% d/d) among the G10 laggards. JPY (-0.3% d/d to 149.72), AUD (-0.1% d/d to 0.6350) and GBP (-0.1% d/d to 1.2625) also weakened against the greenback, but EUR strengthened 0.1% d/d to 1.0468 after Germany's election result.
- On the regional front, SGD weakened 0.2% d/d to 1.3387 after Singapore's inflation rate moderated to its lowest since early 2021, backing recent policy easing. CNH and MYR appreciated between 0-0.2% d/d to 7.2532 and 4.4113 respectively.
- In the commodity space, oil prices edged higher amid fresh US sanctions on Iran and geopolitical uncertainty from the Russia-Ukraine peace talks, which more than eclipsed news that Iraq is planning to increase its crude productions. The WTI rose 0.4% d/d to \$70.70/barrel, while Brent jumped 0.5% d/d to \$74.78/barrel.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	43,461.21	0.08
S&P 500	5,983.25	-0.50
NASDAQ	19,286.93	-1.21
Stoxx Eur 600	553.39	-0.08
FTSE 100	8,658.98	0.00
Nikkei 225	38,776.94	0.26
CSI 300	3,969.72	-0.22
Hang Seng	23,341.61	-0.58
Straits Times	3,927.75	-0.06
KLCI 30	1,584.25	-0.43
<b>FX</b>		
Dollar Index	106.60	-0.02
EUR/USD	1.0468	0.10
GBP/USD	1.2625	-0.06
USD/JPY	149.72	0.30
AUD/USD	0.6350	-0.11
USD/CNH	7.2532	-0.02
USD/MYR	4.4113	-0.16
USD/SGD	1.3387	0.16
<b>Commodities</b>		
WTI (\$/bbl)	70.70	0.43
Brent (\$/bbl)	74.78	0.47
Gold (\$/oz)	2,947.90	0.35
Copper (\$\$/MT)	9,494.50	-0.67
Aluminum(\$/MT)	2,655.50	-1.21
CPO (RM/tonne)	4,868.00	0.57

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

### **US regional indices turned negative, suggesting a sluggish manufacturing sector**

- Regional manufacturing indicators turned negative in January. While expectations are for increased manufacturing activity six months from now, this sector could face additional headwinds from higher input costs from tariffs moving forward, not boding well for the sector in the near term. The Chicago Fed National Activity Index (CFNAI) decreased to -0.03 in January from +0.18 in December, while the Dallas Fed Manufacturing Activity fell sharply by 22 points to -8.3.

### **Eurozone's January inflation rate was left unchanged at 2.5%**

- The final Eurozone's CPI was left unchanged at 2.5% in January, an uptick from 2.4% in December. As the acceleration was mainly driven by energy (1.9%, y/y vs 0.1% y/y) while the rest of the main components were stable or eased, this does not change our view that price pressures remain on a gradual moderating trend and that the ECB will lower its main refinancing rates again in the next meeting on 6<sup>th</sup> March.

### **Japan's Services PPI accelerated slightly**

- Matching expectations, services producer prices inflation (PPI) accelerated to 3.1% y/y in January from 3.0% previously and in a nod to further tightening policies going forward. Largely driving the uptick was higher logistic & freight costs, real estate and other services like hotels and machinery repair & maintenance.

### **Singapore's inflation eased sharply to its lowest since 2021 in rebased data**

- Both headline and core inflation eased sharply to 1.2% y/y and +0.8% y/y respectively in January (prior: +1.5% y/y and +1.7% y/y), in rebased data to reflect new consumption patterns. The downtick was driven by lower inflation across all broad core CPI categories, as well as accommodation inflation, the latter due to smaller increases in both housing rents and housing maintenance & repair costs.
- For 2025, MAS is expecting headline inflation to average 1.5–2.5% (prior: 2.4%) for the year, amid an anticipated pickup in private transport inflation, while core to average 1.0–2.0%. Imported inflation is expected to remain moderate, reflecting favourable supply conditions in key food commodity markets, lower global oil prices as well a trade-weighted S\$ exchange rate policy band which remains on a modest and gradual appreciation path. Domestically, unit labour costs are projected to rise gradually, while government subsidies for essential services will continue to dampen services inflation.

## House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DX	105-108	109.10	108.58	106.93	105.27
EUR/USD	1.03-1.07	1.03	1.03	1.05	1.06
GBP/USD	1.25-1.28	1.24	1.24	1.25	1.27
USD/CHF	0.88-0.93	0.91	0.91	0.90	0.88
USD/JPY	146-153	158	155	150	146
AUD/USD	0.62-0.66	0.62	0.63	0.64	0.66
NZD/USD	0.54-0.59	0.56	0.56	0.57	0.58
USD/CNY	7.22-7.29	7.37	7.30	7.23	7.15
USD/MYR	4.39-4.46	4.55	4.50	4.40	4.35
USD/SGD	1.32-1.35	1.37	1.35	1.32	1.29

Rates, %	Current	1Q-25	2Q-25	3Q-25	4Q25
Fed	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.00-4.25
ECB	2.75	2.50	2.00	2.00	2.00
BOE	4.50	4.50	4.25	4.00	4.00
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	4.10	4.10	3.85	3.60	3.60
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

## Up Next

Date	Events	Prior
25-Feb	HK Exports YoY (Jan)	5.20%
	UK CBI Retailing Reported Sales (Feb)	-24
	US Philadelphia Fed Non-Manufacturing Activity (Feb)	-9.1
	US FHFA House Price Index MoM (Dec)	0.30%
	US House Price Purchase Index QoQ (4Q)	0.70%
	US S&P CoreLogic CS US HPI YoY NSA (Dec)	3.75%
	US Conf. Board Consumer Confidence (Feb)	104.1
	US Richmond Fed Manufact. Index (Feb)	-4
	US Richmond Fed Business Conditions (Feb)	7
	US Dallas Fed Services Activity (Feb)	7.4
26-Feb	AU CPI Trimmed Mean YoY (Jan)	2.70%
	SI Industrial Production SA MoM (Jan)	-0.70%
	US MBA Mortgage Applications	-6.60%
	US New Home Sales MoM (Jan)	3.60%
	HK GDP Annual YoY (2024 F)	2.50%

Source: Bloomberg

### Hong Leong Bank Berhad

Fixed Income & Economic Research,  
Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936

[HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.