HongLeong Bank

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Global Markets Research
Daily Market Highlights

25 Apr: Wall Street gained on continuous relief rally

US stocks rose amid mixed tariff headlines and corporate earnings/guidance
Solid gains for Treasuries amid dovish Fed talks; Dollar weakened against G10 peers
US durable & capital goods orders signals cautious corporates; job market stays resilient

- The relief rally in US equities continues to barrel forward. Stocks were sharply higher for the third day with tech-heavy Nasdaq (+2.7% d/d) leading gains. The S&P 500 gained at a milder pace of 2.0% d/d, while the Dow added 1.2% d/d. Lifting sentiment was President Trump's recent comment that his team is "actively" talking to Beijing, despite the latter's denial.
- Meanwhile, the latest batch of earnings and guidance showed growing unease over the economy. In the tech sector, Alphabet reported stronger than expected 1Q revenue growth but Intel issued weak guidance. PepsiCo and Procter & Gamble also lowered their forecasts.
- Elsewhere, Stoxx Eur 600 closed 0.4% d/d higher but Asian markets traded mixed after Trump softened its stance on China, the latter poised to trade higher today tracking Wall Street's rally overnight.
- In the bond space, Treasuries saw a solid rally following dovish comments from Fed's Hammack and Waller, the former suggesting a June rate cut was possible, the latter commenting that he'd support rate cuts if tariffs drove job losses. Treasury yields fell 5-9 across the board, with the 2Y closing 7bps down at 3.80%, while the 10Y yield was also 7bps lower at 4.32%. 10Y European bond yields fell 3-8bps, a turnaround from 0 to +6bps the day before.
- In the forex space, Dollar staged a broad retreat against its G10 peers, sending the DXY down 0.5% d/d to 99.38. NOK, SEK and NZD led gains against the Dollar at 0.9-1.3% d/d, while GBP, JPY and AUD appreciated 0.6-0.8% d/d to close at 1.3342, 142.63 and 0.6408 respectively. EUR strengthened 0.7% d/d to 1.1390 even after ECB's Olli Rehn commented that ECB will probably have to lower rates further, and shouldn't discount a larger cut.
- Regional currencies closed mixed against the Dollar, with JPY, SGD (+0.4% /d to 1.3113) and MYR (+0.4% d/d to 4.3723) outperforming its peers. MYR gained even after BNM Governor said that Malaysia's 2025 growth may be revised lower due to the tariffs.
- In the commodity space, crude oil prices climbed in tune to 0.7-0.8% d/d (WTI: $62.79/barrel, Brent: $66.55/barrel) on supply

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	40,093.40	1.23
S&P 500	5,484.77	2.03
NASDAQ	17,166.04	2.74
Stoxx Eur 600	518.61	0.36
FTSE 100	8,407.44	0.05
Nikkei 225	35,039.15	0.49
CSI 300	3,784.36	-0.07
Hang Seng	21,909.76	-0.74
Straits Times	3,831.92	-0.01
KLCI 30	1,506.52	0.36
FX		
Dollar Index	99.38	-0.47
EUR/USD	1.1390	0.65
GBP/USD	1.3342	0.66
USD/JPY	142.63	-0.57
AUD/USD	0.6408	0.75
USD/CNH	7.2900	0.07
USD/MYR	4.3723	-0.38
USD/SGD	1.3113	-0.36
Commodities		
WTI ($/bbl)	62.79	0.84
Brent ($/bbl)	66.55	0.65
Gold ($/oz)	3,332.00	1.70
Copper ($$/MT)	9,392.50	0.11
Aluminum($/MT)	2,449.00	0.70
CPO (RM/tonne)	4,143.00	0.68

Source: Bloomberg, HLBB Global Markets Research
** CPO dated as of 23 April*

worries due to on/off tension between Russia and Ukraine. Texas shale-oil company Matador Resources plans to drop one of its drilling rigs by mid-year due to the recent softer prices, a sign that producers are curtailing their spending plans, adding to supply worries and likely keeping oil prices well supported.

US durable and capital goods orders signals increasing cautiousness in investment plans; existing home sales fell sharply; jobless claims ticked up slightly

- Durable goods orders rose sharper than expected in March (+9.2% m/m vs +0.9% m/m), with commercial aircraft (+139% m/m) behind the lift off. Stripping this, orders was unchanged (prior: 0.7% m/m), while capital goods orders nondef ex air barely grew at +0.1% m/m (prior: -0.3% m/m), suggesting firms are growing increasingly cautious in their investment plans amid uncertainty surrounding tariffs.
- In the housing market, high mortgage rates, still elevated home prices and economic uncertainty saw existing home sales tumbling the most since 2022 and more than expected by 5.9% m/m in March (Feb: +4.4% m/m). The inventory of unsold existing homes jumped 8.1% m/m to 1.33m, or the equivalent of 4.0 months' supply at the current monthly sales pace (Feb: 3.5 months), while a small deceleration in home price gains (+2.7% y/y to $403.7k) would be a welcome improvement for affordability.
- Matching expectations, initial jobless claims rose slightly by 6k to 222k for the week ended April 19 (prior: -8k), while the 37k decline in continuing claims to 1841k the week ended April 12 (prior: +34k) signals downward pressure on the unemployment rate. As it is, Fed President Tom Barkin has indicated that while companies are cautious in hiring, there are few signs of widespread layoffs, which need close monitoring for any further sign of recession risks in our opinion.
- Regional indices showed slight worsening in economic activities and heightened uncertainty in outlooks. The Chicago Fed National Activity Index (CFNAI) decreased to –0.03 in March from +0.24 in February, while the Kansas City Fed Manufacturing Activity index worsened to -4 in April -2 in March. Expectations for future activity for the latter suggests that the economy will cool but remain expansionary.

UK's manufacturing orders, consumer confidence worsened

- Downbeat data from the UK. Total order books, according to the CBI, remained below "normal" but unexpectedly improved to -26% in March (Feb: -29%). Looking ahead, orders are expected to fall in the 3-months to July, as geopolitical and global economic uncertainty due to the tariffs is expected to weigh on orders, while financial pressures, market instability and falling confidence could also see manufacturers cutting back on employment and investment.

- Consumer confidence remains subdued, with the Gfk index below its long-term average of -10 and fell more than expected to -23 in April from -19 in March. Consumers' economic outlook and climate for purchases worsened, while outlook for personal finances turned negative.

Tokyo's inflation rate accelerated

- As an early indicator to Japan's inflation numbers for April, Tokyo's headline and core inflation came above street estimates at 3.5% y/y and +3.4% y/y (Mar: +2.9% y/y and +2.4% y/y), largely driven by a jump in utilities costs. Elsewhere, gains were broad-based, indicating stronger domestic demand for the capital, if not for Japan.

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
25-Apr	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
28-Apr	HK Exports YoY (Mar)	15.40%
	UK CBI Retailing Reported Sales (Apr)	-41
	US Dallas Fed Manf. Activity (Apr)	-16.3

Source: Bloomberg

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