

27 February 2025

Global Markets Research

Daily Market Highlights

27 Feb: US stocks struggled amid Trump's tariff confusion

Tech stocks gained ahead of Nvidia's results which came in above forecasts

UST yields fell at a narrower pace; DXY oscillated before closing slightly higher

US new home sales plunged with house prices at its highest since October 2022

- Tech stocks rose overnight ahead of Nvidia's results, sending Nasdaq up 0.3% d/d, but elsewhere, stocks struggled and lost ground as confusion over US tariff exacerbated uncertainties. This comes after President Trump said that **tariffs against Canada and Mexico will take effect on April 2 (previously set for March 4th), and added that he will soon expand his trade war to include the EU. White House later clarified that the tariff effective date remains on March 4, but Trump is reviewing another extension.** The S&P broke its 4-day running losses with minor gains, while the Dow slid 0.4% d/d. Of note, Nvidia rose in after-hours trading following its earnings beat and strong guidance.
- Meanwhile, European stocks (Stoxx Eur 600: +1.0% d/d) closed higher as a slate of corporate earnings boosted sentiment, while Asian markets traded mixed. Hang Seng rallied 3.3% d/d with consumers and technology stocks gaining after the city pledged to develop itself into an AI hub in its latest budget.
- In the bond space, Treasury yields fell at a narrower pace of 2-5bps (prior: 7-11bps) and the 2Y and 10Y yields closed the day at 4.07% and 4.26% respectively. 10Y European bond yields also dropped 1-5bps, after declining 1-7bps the day before.
- DXY oscillated between small gains and losses amid confusion over timing of tariffs for Canada and Mexico before closing up 0.1% d/d at 106.42. The Dollar strengthened against all its G10 peers save for the GBP (+0.1% d/d to 1.2676), while AUD underperformed its peers at -0.6% d/d to 0.6305. EUR and CAD weakened between 0.2-0.3% d/d against the greenback, with the CAD getting a brief lift from the tariff timing confusion.
- Regional currencies mostly weakened against the USD as well, with SGD (-0.2% d/d to 1.3388), IDR (-0.2% d/d), CNH (-0.1% d/d to 7.2653) and MYR (-0.1% d/d to 4.4288) notable laggards. THB ended the day unchanged at 33.71 despite the surprised BOT rate cut.
- Trump's trade blitz caused uncertainty and concern over weakening demand, coupled with a build-up in US inventories sent the WTI down 0.5% d/d to \$68.62/barrel and Brent sliding 0.7% d/d to \$72.53/barrel.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	43,433.12	-0.43
S&P 500	5,956.06	0.01
NASDAQ	19,075.26	0.26
Stoxx Eur 600	559.67	0.99
FTSE 100	8,731.46	0.72
Nikkei 225	38,142.37	-0.25
CSI 300	3,959.94	0.87
Hang Seng	23,787.93	3.27
Straits Times	3,908.05	-0.20
KLCI 30	1,588.71	1.32
FX		
Dollar Index	106.42	0.10
EUR/USD	1.0485	-0.28
GBP/USD	1.2676	0.08
USD/JPY	149.10	0.05
AUD/USD	0.6305	-0.61
USD/CNH	7.2653	0.14
USD/MYR	4.4288	0.10
USD/SGD	1.3388	0.19
Commodities		
WTI (\$/bbl)	68.62	-0.45
Brent (\$/bbl)	72.53	-0.67
Gold (\$/oz)	2,916.80	0.42
Copper (\$\$/MT)	9,460.00	0.62
Aluminum(\$/MT)	2,632.50	-0.23
CPO (RM/tonne)	4,792.50	0.06

Source: Bloomberg, HLBB Global Markets Research

* CPO dated as of 25 Feb

US mortgage applications and new home sales fell, as elevated home prices and mortgage rates dampens affordability

- Mortgage applications (-1.2% w/w for the week ended Feb 21 vs -6.6% w/w for Feb 14) and new home sales (-10.5% y/y in Jan vs +8.1% m/m in Dec) fell as persistently high mortgage rates and house prices deterred potential buyers. While the steep drop for new home sales was partially due to weather factors, the latest data reaffirms expectations that the housing market and overall economic activity slowed in early 2025 and that outlook remains cloudy for the spring home selling season. Of note, the median new house price increased 3.7% y/y to \$446.3k in January, its highest since October 2022.

A slight pick-up in Australia's underlying inflation

- Inflation unexpectedly held steady at 2.5% y/y in January, but its annual trimmed mean inflation accelerated to +2.8% y/y from +2.7% y/y previously, driven by higher food & non-alcoholic beverages (+3.3% y/y vs +2.7% y/y), housing (+2.1% y/y vs +1.5% y/y) and alcohol & tobacco prices (+6.4% y/y vs +5.8% y/y). Despite the uptick, underlying inflation remains within the central bank's target band, and as such, there is no change in our further easing policy view going forward.

Singapore's industrial output accelerated on biomedical and electronics

- Matching expectations, industrial output grew at a faster pace of 9.1% y/y in January (prior: 5.2% y/y), with the uptick largely driven by the volatile biomedical segment as well as electronics (+18.9% y/y vs +3.1% y/y), the latter driven by strong demand globally due to the upcycle in the industry as well as on signs of front-loading of shipments ahead of US tariffs.

Hong Kong expects sustained 2-3% GDP growth for 2025

- No change to the final 4Q and 2024 GDP prints for Hong Kong. The economy grew at a faster pace in 4Q (+2.4% y/y & +0.8% q/q vs +1.9% y/y & -0.1% q/q), bringing full year growth to 2.5% (2023: 3.2%). With moderate growth of 2.5% in 2024, the Government is expecting the economy to hold steady and grow between 2-3% in 2025. This is in line with the IMF's projection of 3.0% y/y, as well as consensus forecast's +2.2% y/y. In our opinion, the GDP growth target for 2025 is achievable but is subject to high uncertainty, with risks tilted to the downside.
- Meanwhile, the government is expecting underlying and headline inflation rate to average higher at 1.5% and 1.8% (2024: 1.1% and 1.7%), with higher domestic cost pressures offset by lower and contained external price pressures for now.

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
SNB	0.50	0.25	0.25	0.25	0.25
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	4.10	4.10	3.85	3.60	3.60
RBNZ	3.75	3.75	3.50	3.25	3.00
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
27-Feb	AU Private Capital Expenditure (4Q)	1.10%
	EC Economic Confidence (Feb)	95.2
	US GDP Annualized QoQ (4Q S)	2.30%
	US Durable Goods Orders (Jan P)	-2.20%
	US Cap Goods Orders Nondef Ex Air (Jan P)	0.40%
	US Initial Jobless Claims	219k
	US Pending Home Sales MoM (Jan)	-5.50%
28-Feb	US Kansas City Fed Manf. Activity (Feb)	-5
	JN Tokyo CPI Ex-Fresh Food YoY (Feb)	2.50%
	JN Retail Sales MoM (Jan)	-0.70%
	JN Industrial Production MoM (Jan P)	-0.20%
	UK Lloyds Business Barometer (Feb)	37
	AU Private Sector Credit MoM (Jan)	0.60%
	UK Nationwide House Px NSA YoY (Feb)	4.10%
	EC ECB 1 Year CPI Expectations (Jan)	2.80%
	US Advance Goods Trade Balance (Jan)	-\$122.1b
	US Personal Income (Jan)	0.40%
	US Personal Spending (Jan)	0.70%
	US Core PCE Price Index YoY (Jan)	2.80%
	US MNI Chicago PMI (Feb)	39.5

Source: Bloomberg

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