

30 May 2025

Global Markets Research

Daily Market Highlights

30 May: Trump wins temporary reprieve to reinstate tariffs

Volatile stocks amid slowing economic data and legal uncertainties over Trump's tariff

US stocks pared some early gains; UST yields fell; DXY tumbled below 100 again

Contraction in US 1Q GDP; jobless claims rose; all eyes on core-PCE

- US stocks started the day with optimism after the Court of International Trade blocked President Trump's sweeping tariff, but pared gains after the appeals court reinstated the levies in the afternoon while it considers the administration's challenge to it. Meanwhile, tech stocks and Nasdaq got a boost from Nvidia's strong earnings, pushing the index up 0.4% d/d. Dow Jones and S&P 500 also gained 0.3% d/d and 0.4% d/d, but performance across the sectors were mixed.
- Asian markets broadly rallied after the US trade court blocked Trump's reciprocal tariff, but this enthusiasm faded during the European trading hours (Stoxx 600: -0.2% d/d).
- In the bond space, treasury yields fell 5-7bps across the curve (prior: +2 to +3bps) following a slew of slowing economic data, namely 1Q GDP growth and initial jobless claims. The 2Y- and 10Y yields closed the day at 3.94% and 4.42%, while 10Y European bond yields also slid 4-8bps (prior: +1 to +6bps).
- In the forex space, the Dollar erased early gains, and weakened against all its G10 peers in the aftermath of slowing economic data and uncertainties over Trump's tariff legality. DXY closed the day 0.6% d/d lower at 99.28. and with SEK, DKK and EUR (+0.6% d/d to 1.1370) outperforming their G10 peers. GBP, JPY and AUD appreciated at a narrower range of 0.2-0.4% d/d to 1.3492, 144.21 and 0.6442 respectively.
- Regional currencies closed mixed against the greenback, with CNH (+0.1% d/d to 7.1876) and SGD (+0.2% d/d to 1.2871) appreciating, while MYR (-0.4% d/d to 4.2432) and THB (-0.5% d/d to 32.77) lagged.
- In the commodity space, crude oil price tumbled (WTI: -1.5% d/d to \$60.94/barrel, Brent: -1.2% d/d to \$64.15/barrel), retreating from early gains after the International Energy Agency said that China is holding back global demand. This overshadowed the risk-on sentiment after the court blocked Trump's tariff, and as investors continue to monitor potentially new US sanctions on Russian crude flows as well as OPEC+'s output decision for July.

Key Market Metrics

| | Level | d/d (%) |
|--------------------|-----------|---------|
| Equities | | |
| Dow Jones | 42,215.73 | 0.28 |
| S&P 500 | 5,912.17 | 0.40 |
| NASDAQ | 19,175.87 | 0.39 |
| Stoxx Eur 600 | 547.88 | -0.19 |
| FTSE 100 | 8,716.45 | -0.11 |
| Nikkei 225 | 38,432.98 | 1.88 |
| CSI 300 | 3,858.70 | 0.59 |
| Hang Seng | 23,573.38 | 1.35 |
| Straits Times | 3,916.84 | 0.13 |
| KLCI 30 | 1,518.98 | -0.30 |
| FX | | |
| Dollar Index | 99.28 | -0.60 |
| EUR/USD | 1.1370 | 0.69 |
| GBP/USD | 1.3492 | 0.17 |
| USD/JPY | 144.21 | -0.43 |
| AUD/USD | 0.6442 | 0.25 |
| USD/CNH | 7.1876 | -0.07 |
| USD/MYR | 4.2432 | 0.44 |
| USD/SGD | 1.2871 | -0.18 |
| USD/KHR | 4,006.75 | 0.01 |
| USD/THB | 32.77 | 0.46 |
| Commodities | | |
| WTI (\$/bbl) | 60.94 | -1.46 |
| Brent (\$/bbl) | 64.15 | -1.16 |
| Gold (\$/oz) | 3,317.10 | 0.67 |
| Copper (\$/MT) | 9,568.00 | 0.03 |
| Aluminum(\$/MT) | 2,450.50 | -0.73 |
| CPO (RM/tonne) | 3,880.50 | 1.04 |

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 28 May for CPO

Slowing economic data for the US

- **Second reading of 1Q GDP contracted at a narrower pace than initially estimated at 0.2% q/q in 1Q (first reading: -0.3% q/q; 4Q: +2.4% q/q)** predominantly driven by the upward revisions in growth to gross fixed investment (+24.4% vs -5.6% in 4Q). The contraction in government consumption was also less than initially estimated at -0.7% (4Q: +3.1%), but these were offset by **softer than initially estimated personal consumption growth (-1.2% vs +4.0% in 4Q) and a bigger drag from net exports.**
- Initial jobless claims rose more than expected by 14k to 240k for the week ended 24-May (prior: -2k), while continuing claims jumped 26k to 1919k for the week ended 17-May (10-May: +16k). Continuing claims marked its highest level since November, possibly suggesting higher unemployment rate ahead. All in, the labour market remained broadly balanced for now, but there is risk that it could weaken substantially in the coming months given the ongoing uncertainties in trade and government policies.
- Pending home sales, a forward-looking indicator of home sales, fell more than expected by 6.3% m/m in April after gaining 5.5% m/m the month before. The pending home sales index at 71.3 also signalled a contraction in sales, as elevated mortgage rates and home prices continue to drag on demand.

Australia's capex spending fell, but businesses revised up their spending plans up to 2026

- Capex spending unexpectedly fell 0.1% in 1Q (4Q: +0.2%) but businesses revised up their expected capex to +2.2% for 2024-25 and +5.6% for 2025-26. The decline was led by non-mining industries, specifically the information media & telecommunication as well as service industries like professional, scientific & technical services and finance & insurance.

Japan's consumer confidence improved amid modest consumption

- Consumer confidence index rose more than expected and by the fastest pace since March 2023 to 32.8 in May (Apr: 31.2). All the sub-indicators improved, boding well for consumer spending who has maintained a moderate increasing trend.
- Data this morning showed that jobless rate held steady at 2.5% for the same month, helping to support retail sales at +0.5% m/m (Mar: -1.2% m/m). Industrial output fell, albeit at a smaller pace than expected, by 0.9% m/m (Mar: +0.2% m/m), as automakers hit by US tariffs cut production, while those exempted like electronics and electrical goods continued to increase.

- Tokyo's core CPI (excluding fresh food) accelerated more than expected and to its highest in 2 years at +3.6% y/y in May (prior: +3.4% y/y). While Tokyo's CPI broadly serves as a leading indicator for Japan's inflation, this reading is nonetheless partially distorted due to policy-factors, like high school subsidies only for the capital.

House View and Forecasts

| FX | This Week | 2Q-25 | 3Q-25 | 4Q-25 | 1Q-26 |
|---------|-------------|-------|-------|-------|-------|
| DX | 98-102 | 99.36 | 98.60 | 97.69 | 96.58 |
| EUR/USD | 1.11-1.15 | 1.14 | 1.16 | 1.18 | 1.19 |
| GBP/USD | 1.32-1.36 | 1.34 | 1.34 | 1.35 | 1.36 |
| USD/CHF | 0.81-0.85 | 0.83 | 0.84 | 0.84 | 0.85 |
| USD/JPY | 141-147 | 144 | 146 | 145 | 142 |
| AUD/USD | 0.62-0.66 | 0.65 | 0.65 | 0.65 | 0.66 |
| NZD/USD | 0.57-0.61 | 0.60 | 0.60 | 0.59 | 0.60 |
| USD/CNY | 7.18-7.23 | 7.06 | 7.13 | 7.17 | 7.10 |
| USD/MYR | 4.23-4.31 | 4.20 | 4.24 | 4.24 | 4.20 |
| USD/SGD | 1.27-1.31 | 1.28 | 1.30 | 1.31 | 1.30 |
| USD/THB | 32.84-33.46 | 32.70 | 33.00 | 33.10 | 32.70 |

| Rates, % | Current | 2Q-25 | 3Q-25 | 4Q25 | 1Q26 |
|----------|-----------|-----------|-----------|-----------|-----------|
| Fed | 4.25-4.50 | 4.25-4.50 | 4.00-4.25 | 3.75-4.00 | 3.50-3.75 |
| ECB | 2.25 | 2.25 | 2.00 | 2.00 | 2.00 |
| BOE | 4.25 | 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 | 3.85 | 3.85 | 3.60 | 3.35 | 3.10 |
| RBNZ | 3.25 | 3.25 | 3.00 | 2.75 | 2.75 |
| BNM | 3.00 | 3.00 | 2.75 | 2.75 | 2.75 |

Source: HLBB Global Markets Research

Up Next

| Date | Events | Prior |
|--------|--|-----------|
| 30-May | AU Retail Sales MoM (Apr) | 0.30% |
| | AU Private Sector Credit MoM (Apr) | 0.50% |
| | US Personal Income (Apr) | 0.50% |
| | US Advance Goods Trade Balance (Apr) | -\$162.0b |
| | US Personal Spending (Apr) | 0.70% |
| | US Core PCE Price Index YoY (Apr) | 2.60% |
| | US MNI Chicago PMI (May) | 44.6 |
| | US U. of Mich. Sentiment (May F) | 50.8 |
| 2-Jun | AU S&P Global Australia PMI Mfg (May F) | 51.7 |
| | JN Capital Spending YoY (1Q) | -0.20% |
| | JN Jibun Bank Japan PMI Mfg (May F) | 49 |
| | VN S&P Global Vietnam PMI Mfg (May) | 45.6 |
| | AU Melbourne Institute Inflation YoY (May) | 3.30% |
| | UK Nationwide House Px NSA YoY (May) | 3.40% |
| | EC HCOB Eurozone Manufacturing PMI (May F) | 49.4 |
| | UK Mortgage Approvals (Apr) | 64.3k |
| | HK Retail Sales Value YoY (Apr) | -3.50% |
| | UK S&P Global UK Manufacturing PMI (May F) | 45.1 |
| | SI Purchasing Managers Index (May) | 49.6 |
| | US S&P Global US Manufacturing PMI (May F) | 52.3 |
| | US ISM Manufacturing (May) | 48.7 |

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