

Global Markets Research

Daily Market Highlights

28 Mar: Tariff concerns continued to roil financial markets

UST yields closed mixed; DXY lower amid still solid US economic data

China's industrial profits fell slightly; Tokyo's inflation rate unexpectedly quickened

All eyes on US PCE prices today; consensus expecting core PCE to accelerate to 2.7%

- Trump's 25% tariffs on automotive imports shook automakers in the US and international rivals, sending US and European equity indices into back-to-back losses. The Dow, S&P 500 and Nasdaq dropped 0.3-0.5% d/d, while Stoxx Eur 600 closed 0.4% d/d lower. Asian stocks closed mixed, with Toyota shares weighing on Nikkei 225 (-0.6% d/d), but CSI 300 and Hang Seng closed up 0.3-0.4% d/d. As it is, tariffs news will continue to hang over the market with the April 2 date for tariffs looming. Investors will also stay cautious with US core-PCE prices up on deck today.
- In the bond space, Treasuries closed mixed with the long end underperforming. The 2Y yield closed the day 3bps lower at 3.99%, while the 10Y yield closed up 1bps to 4.36%. Save for the UK gilts, 10Y European bond yields fell modestly between 2-3bps (prior: -4 to +1bps).
- In the forex space, DXY narrowed losses to close the day 0.2% d/d lower at 104.34. The US Dollar weakened against all its G10 peers save for the CAD and JPY (-0.3% d/d to 151.05). NOK, SEK and GBP (+0.5% d/d to 1.2949) led gains against greenback, while EUR and AUD appreciated at a narrower pace of 0.4% d/d (to 1.0801) and +0.1% d/d (to 0.6305) respectively, the latter after Prime Minister Anthony Albanese called for an election on May 3. Regional currencies closed mixed against USD, with CNH strengthening 0.2% d/d to 7.2680 and SGD firmed up by 0.1% d/d to 1.3397, while MYR weakened 0.1% d/d to end at 4.4318.
- In commodity news, WTI and Brent closed up 0.3-0.4% d/d to \$69.92/barrel and \$74.03/barrel, continuing to draw support from the drawdown in US stockpile data recently, which more than eclipsed a wider trade war concern.

US' final 4Q GDP revised slightly higher; goods trade deficit narrowed; increase for pending home sales; jobless claims remain low

- The final 4Q GDP was revised 0.1ppts up to 2.4% q/q in 4Q (prior: 3.0% q/q), primarily reflecting a downward revision to imports, while private consumption was also revised 0.2ppts lower to +4.0% q/q (3Q: 3.7% q/q). Moving into 1Q, the Atlanta Fed's GDPNow model estimate for real GDP growth at -1.8%.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	42,299.70	-0.37
S&P 500	5,693.31	-0.33
NASDAQ	17,804.03	-0.53
Stoxx Eur 600	546.31	-0.44
FTSE 100	8,666.12	-0.27
Nikkei 225	37,799.97	-0.60
CSI 300	3,932.41	0.33
Hang Seng	23,578.80	0.41
Straits Times	3,981.57	0.00
KLCI 30	1,535.73	1.16
FX		
Dollar Index	104.34	-0.20
EUR/USD	1.0801	0.44
GBP/USD	1.2949	0.47
USD/JPY	151.05	0.32
AUD/USD	0.6305	0.10
USD/CNH	7.2680	-0.16
USD/MYR	4.4318	0.06
USD/SGD	1.3397	-0.08
Commodities		
WTI (\$/bbl)	69.92	0.39
Brent (\$/bbl)	74.03	0.33
Gold (\$/oz)	3,061.00	1.27
Copper (\$\$/MT)	9,846.50	-0.81
Aluminum(\$/MT)	2,562.50	-1.71
CPO (RM/tonne)	4,624.50	-0.30

Source: Bloomberg, HL Bank

* CPO dated as of 26 Mar

- Goods trade deficit narrowed less than expected to \$147.9bn in February from \$155.6bn previously on stronger exports (+4.1% m/m vs +1.6% m/m), though high import levels (-0.2% m/m vs +12.5% m/m) still suggest companies frontloading ahead of the tariffs. Moving forward, the trade deficit is likely to stay elevated in March ahead of more stockpiling by businesses. By product, the increase in exports were due to a surge in demand for autos, while the pullback in imports from a record high was due to industrial supplies.
- Pending home sales, a forward-looking indicator of home sales, rebounded more than expected by 2.0% m/m in February (prior: -4.6% m/m). Despite the modest monthly increase, contract signings remain well below normal historical levels. The accompanying statement also shows that NAR expects mortgage rates to average 6.4%, median home prices to grow at a moderate pace of 3%, existing and new home sales to increase by 6% and 10% respectively in 2025.
- Initial jobless claims unexpectedly fell 1k to 224k for the week ended March 22 (prior: +2k), while the volatile continuing claims dropped 25k to 1856k the week prior (Mar 8: +30k). As it is, claims have remained steady, and will unlikely to show a big surge in federal workers seeking unemployment benefits until after June 9 (workers will receive pay until then).
- Regional factory activity in the Kansas region was better than expected and fell modestly in March (Manufacturing Activity index: -2 vs -5). Nondurable manufacturing and employment declined during the month, while production was flat.

China's industrial profits fell slightly YTD

- Industrial profit fell 0.3% y/y for the first two months of the year. The decline in profits suggests that economic recovery remains fragile, and will continue to face headwinds by rising tariffs and deflationary risks. By sector, the dip was due to mining products, which more than offset stronger profits from the manufacturing sector, notably for autos, agriculture food processing and non-ferrous metal smelting.

Tokyo's inflation accelerates, keeping BOJ on rate hike cycle

- Tokyo's headline and core CPI was higher than expected, accelerating to +2.9% y/y and +2.4% y/y in March (Feb: +2.8% y/y and +2.2% y/y). The leading indicator for Japan's inflation, this will likely keep the central bank mulling over the timing of next rate hike, with consensus largely expecting BOJ to wait until 3Q of this year. Leading the surprise uptick were prices for both discretionary and non-discretionary goods, namely household goods, medical care, clothing & footwear as well as transport & communication.

House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DXY	102-106	109.10	108.58	106.93	105.27
EUR/USD	1.07-1.10	1.03	1.03	1.05	1.06
GBP/USD	1.28-1.31	1.24	1.24	1.25	1.27
USD/CHF	0.87-0.91	0.91	0.91	0.90	0.88
USD/JPY	146-151	158	155	150	146
AUD/USD	0.61-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.56-0.59	0.56	0.56	0.57	0.58
USD/CNY	7.21-7.27	7.37	7.30	7.23	7.15
USD/MYR	4.40-4.45	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	2.50	2.50	2.00	2.00	2.00
BOE	4.50	4.50	4.25	4.00	4.00
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	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: HL Bank

Up Next

Date	Events	Prior
28-Mar	UK GDP QoQ (4Q F)	0.10%
	UK Retail Sales Ex Auto Fuel MoM (Feb)	2.10%
	EC ECB 1 Year CPI Expectations (Feb)	2.60%
	EC Economic Confidence (Mar)	96.3
	US Personal Income (Feb)	0.90%
	US Personal Spending (Feb)	-0.20%
	US Core PCE Price Index YoY (Feb)	2.60%
	US U. of Mich. Sentiment (Mar F)	57.9
	US Kansas City Fed Services Activity (Mar)	2
	31-Jan	UK Lloyds Business Barometer (Mar)
JN Industrial Production MoM (Feb P)		-1.10%
JN Retail Sales MoM (Feb)		0.50%
AU Melbourne Institute Inflation YoY (Mar)		2.20%
AU Private Sector Credit MoM (Feb)		0.50%
CH Manufacturing PMI (Mar)		50.2
CH Non-manufacturing PMI (Mar)		50.4
UK Mortgage Approvals (Feb)		66.2k
HK Retail Sales Value YoY (Feb)		-3.20%
US MNI Chicago PMI (Mar)		45.5
US Dallas Fed Manf. Activity (Mar)	-8.3	

Source: Bloomberg

General Disclaimer by the Bank

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 in this report does not constitute the provision of investment advice and is not to be regarded as an offer to sell or a solicitation of an offer to buy with respect to the purchase or sale of any of the financial instruments mentioned in this report and/or to participate in any trading strategy. This report 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 HL Bank to be reliable and in good faith, but no warranties or guarantees, representations are made by HL Bank with regard to the accuracy, completeness, correctness 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 HL Bank or any of the companies within the Hong Leong Bank Group (“HLB Group”). The opinions reflected in this report may change without notice and the opinions do not necessarily correspond to the opinions of HL Bank. HL Bank does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient in the event that any matter stated in this report, or any opinion, projection, forecast, valuation or estimate in this report, changes or subsequently becomes inaccurate. The information contained in this report may be incomplete, condensed and it may not contain all material information concerning the company or currency referred to in this report.

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 nor will any liability be accepted for any loss whatsoever that may arise from any use and/or reliance on this report. HL Bank may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in ‘market making’ of securities or currencies mentioned in this report. The past performance of financial instruments is not indicative of future results. The value of and the income that is produced by the financial instruments mentioned in this report may fluctuate so that an investor may get back less than originally invested. 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 in this report would yield favorable investment results. Recipients should seek the advice of their independent financial advisor before taking any investment decision based on any recommendations that may be contained in this report. Any recommendation that may be contained in this report does not consider the specific investment objectives, financial situation, suitability and the particular needs of a particular customer. This report is for the information of the addressee only and is not to be taken in substitution for the exercise of judgment by the addressee who should obtain separate independent legal or financial advice.

Past performance does not always indicate future performance or future results. The value of any investment or income from any investment may go up as well as down. All investments involve an element of risk including the potential to lose the entire amount that is invested.

HL Bank may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HL Bank endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HL Bank 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, copied, duplicated or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HL Bank. 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 agrees to be bound by all limitations contained in this report.

This report is being distributed in Singapore by HL Bank (Company registration number S56FC1182L) to Accredited Investors, Expert Investors or Institutional Investors, as defined in the Securities and Futures Act (Chapter 289 of Singapore). HL Bank is an Exempt Financial Adviser, as defined in the Financial Advisers Act (Chapter 110 of Singapore), and regulated by the Monetary Authority of Singapore. HL Bank is a branch of Hong Leong Bank Berhad, a limited liability company incorporated in Malaysia. HL Bank holds a full bank license in Singapore. Hong Leong Bank Berhad is also a member of the Hong Leong Group Malaysia.