

3 April 2025

## Global Markets Research

### Daily Market Highlights

## 3 Apr: Haven bid after Trump's "Liberation Day"

**DXY sank after Trump announced aggressive and widespread 10%-49% reciprocal tariffs  
US equity futures tumbled after hours; UST yields fell as traders raised rate cut bets  
Upward surprise in US ADP job gains; solid factory orders data ahead of the tariff hikes**

- In regular hours, US stocks finished higher in yet another volatile session as Wall Street stood ready for the rollout of President Donald Trump's tariffs. The S&P 500 advanced 0.7% d/d, while Nasdaq and the Dow added 0.9% d/d and 0.6% d/d respectively.
- That said, it should be noted that US stock futures tank in after hours, after the **White House unveiled a baseline tariff rate of 10% across the board wef April 5, with steeper tariff rates on many countries wef April 9.**
- **Our first take is the tariffs are more aggressive and blatant than initially expected**, more so after Trump indicated earlier that it will be more selected and measured. The latest tariff plans by the US has taken into consideration not only tariff from each countries, but also non-monetary barriers, currency manipulation, among others, that President Trump said has undermined the US economy.
- **Asia economies appeared to see some stark differences** compared to the rest of the regions, ranging from 10% (e.g. Singapore) to 49% for Cambodia, being the highest among more than 180 countries. We however found comfort in that Canada and Mexico, and selected goods (steel, aluminium, lumber, copper, semiconductor among others) are exempted from this new tariff regime, hence soothing fear of a "double-tariff".
- **Taking a closer look at Malaysia's key trading partners, China will be the hardest hit, as it will be slapped a total of 54% tariff rates** (34% reciprocal + 20% existing tariff). Tariff on ASEAN+3 countries ranges from 10%-49%, lowest being Singapore and highest being Cambodia (49%) followed by Vietnam (48%) while the EU will see a reciprocal tariff of 20% vis-à-vis the 24% on Malaysia. Given the 24% tariff on Malaysia remains on the relatively lower compared to other import sources of the US, we believe we can still benefit somewhat from trade diversion, although we will most likely than not be hit by indirect spillover impact from slower global trade flows and more moderate global growth.
- The situation remains fluid at the moment to fully assess its impact and we will be watching out for upcoming negotiations,

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,225.32	0.56
S&P 500	5,670.97	0.67
NASDAQ	17,601.05	0.87
Stoxx Eur 600	536.92	-0.50
FTSE 100	8,608.48	-0.30
Nikkei 225	35,725.87	0.28
CSI 300	3,884.39	-0.08
Hang Seng	23,202.53	-0.02
Straits Times	3,954.21	-0.37
KLCI 30	1,526.52	0.85
<b>FX</b>		
Dollar Index	103.81	-0.43
EUR/USD	1.0853	0.56
GBP/USD	1.3007	0.65
USD/JPY	149.28	-0.22
AUD/USD	0.6299	0.33
USD/CNH	7.2964	0.21
USD/MYR	4.4525	0.32
USD/SGD	1.3457	0.11
<b>Commodities</b>		
WTI (\$/bbl)	71.71	0.72
Brent (\$/bbl)	74.95	0.62
Gold (\$/oz)	3,139.90	0.67
Copper (\$\$/MT)	9,700.50	0.08
Aluminum(\$/MT)	2,490.50	-0.66
CPO (RM/tonne)	4,748.00	1.52

Source: Bloomberg, HLBB Global Markets Research  
\* CPO dated as of 28 Mar

countermeasures/ retaliations from the world especially China and EU.



Country	Tariffs Charged to the U.S.A.	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
Israel	33%	17%
Philippines	34%	17%
Chile	10%	10%
Australia	10%	10%
Pakistan	58%	29%
Turkey	10%	10%
Sri Lanka	88%	44%
Colombia	10%	10%

  

Country	Tariffs Charged to the U.S.A.	U.S.A. Discounted Reciprocal Tariffs
Peru	10%	10%
Nicaragua	36%	18%
Norway	30%	15%
Costa Rica	17%	10%
Jordan	40%	20%
Dominican Republic	10%	10%
United Arab Emirates	10%	10%
New Zealand	20%	10%
Argentina	10%	10%
Ecuador	12%	10%
Guatemala	10%	10%
Honduras	10%	10%
Madagascar	93%	47%
Myanmar (Burma)	88%	44%
Tunisia	55%	28%
Kazakhstan	54%	27%
Serbia	74%	37%
Egypt	10%	10%
Saudi Arabia	10%	10%
El Salvador	10%	10%
Côte d'Ivoire	41%	21%
Laos	95%	48%
Botswana	74%	37%
Trinidad and Tobago	12%	10%
Morocco	10%	10%

Source: White House

- Earlier in European session, Stoxx Eur 600 slipped 0.5% d/d and Asian markets closed mixed as traders braced for Trump's tariff plans.
- In the bond space, Treasuries saw a modest haven bid, sending yields down 2-4bps across the curve, but were off their intraday lows. The 2Y yield fell 2bps to 3.86%, while the 10Y yield slid 4bps to 4.13%. 10Y European bond yields rose modestly between 0-4bps,
- In the forex space, the Dollar was the clear loser and weakened against all its G10 peers as traders raised bets for more rate cuts in 2025 (87bps vs 77bps a day ago). The DXY plunged 0.4% d/d to close at 103.81, with SEK, NZD and GBP (+0.7% d/d to 1.3007) leading gains against the greenback. EUR, JPY and AUD appreciated at a narrower pace of 0.2-0.6% d/d to close at 1.0853, 149.28 and 0.6299 respectively.
- Regional currencies closed mixed, with KRW, TWD and JPY leading gains, while MYR (-0.3% d/d to 4.4525), CNH (-0.2% d/d to 7.2964) and THB lagged. SGD weakened albeit at a narrower pace of 0.1% d/d to close at 1.3457 vs its regional peers, given the lower baseline 10% tariff slapped on the nation.
- In the commodity space, oil prices narrowed earlier gains after Trump's sweeping tariff on major trading partners, raising concerns over demand. Still, the WTI and Brent managed to close the day 0.6-0.7% d/d higher at \$71.71/barrel and \$74.95/barrel respectively.

### **Strong ADP job gains for the US; factory orders jumped ahead of tariff hikes**

- ADP employment change beat consensus forecasts with 155k job gains in March (prior: +84k), as manufacturing delivered stronger-than-average job gains for the second straight month. Construction hiring slowed, while natural resources & trade, transportation and utilities lost jobs. Y/y pay gains slowed to 4.6% for job-stayers and to 6.5% for job-changers. In short, despite policy uncertainty and downbeat consumers, the March data points to a solid labour market, if not necessarily for all sectors.
- Factory orders increased solidly in February, likely as businesses front-loaded orders ahead of tariffs. Factory orders rose 0.6% m/m following an upwardly revised +1.8% m/m previously. The softer growth was largely due to commercial aircraft orders, which plunged 5.0% m/m. Orders for motor vehicles, parts and trailers jumped 1.9% m/m ahead of the auto tariffs. Orders for computers and electronic products were unchanged (prior: +1.8% m/m), while machinery orders increased 0.6% m/m (prior: no change).
- Mortgage applications fell for the third week by 1.6% w/w for the week ended March 28 (prior: -2.0% w/w) as both refinance and applications fell. That said, overall purchase activity has shown y/y growth for more than two months as the inventory of existing homes for sale continues to increase, a positive to near-term outlook demand wise.

### **Australia's building approvals fell; upward revision in S&P Services PMI**

- Mixed prints from Australia. Building approvals fell at a softer pace than expected by -0.3% m/m in February (prior: +6.9% m/m). Approvals varied across the building types, but notably, total residential building value rose to an all-time high for a second consecutive month. Meanwhile, the final Services PMI was revised 0.4ppts up to 51.6 in March (Feb: 50.8). This is the highest reading in 7 months and forward-looking indicators, including the new orders, suggest that services activity will continue to grow in the near-term.

### **Factory activity in Singapore slowed slightly**

- The official PMI slipped 0.1ppts to 50.6 in March, while the lynchpin electronics sector PMI also fell to 50.9. As it is, factory activity has moderated for the third consecutive month, increasing concerns about the sustainability of growth especially amid global trade risks from both ongoing geopolitical and trade tensions.

### Malaysia's manufacturing sector remained under pressure

- The S&P Manufacturing PMI signalled a steeper deterioration in the manufacturing sector at 48.8 in March (prior: 49.7). New orders faced a renewed reduction, while output, employment, and inventory levels all softened. Accordingly, the subdued environment was broad-based and business confidence waned further, slipping to its lowest point in just over 1.5 years.

### House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DXY	102-106	104.21	108.58	106.93	105.27
EUR/USD	1.06-1.10	1.08	1.03	1.05	1.06
GBP/USD	1.27-1.31	1.29	1.24	1.25	1.27
USD/CHF	0.87-0.91	0.88	0.91	0.90	0.88
USD/JPY	148-154	150	155	150	146
AUD/USD	0.61-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.56-0.59	0.57	0.56	0.57	0.58
USD/CNY	7.23-7.28	7.26	7.30	7.23	7.15
USD/MYR	4.40-4.47	4.44	4.50	4.40	4.35
USD/SGD	1.32-1.36	1.34	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: HLBB Global Markets Research

### Up Next

Date	Events	Prior
3-Apr	HK S&P Global Hong Kong PMI (Mar)	49
	SI S&P Global Singapore PMI (Mar)	51
	JN Jibun Bank Japan PMI Services (Mar F)	49.5
	AU Exports MoM (Feb)	1.30%
	CH Caixin China PMI Services (Mar)	51.4
	EC HCOB Eurozone Services PMI (Mar F)	50.4
	UK DMP 1 Year CPI Expectations (Mar)	3.10%
	UK S&P Global UK Services PMI (Mar F)	53.2
	EC PPI YoY (Feb)	1.80%
	US Challenger Job Cuts YoY (Mar)	103.20%
	US Trade Balance (Feb)	-\$131.4b
	US Initial Jobless Claims	224k
	US S&P Global US Services PMI (Mar F)	54.3
	US ISM Services Index (Mar)	53.5
4-Apr	AU Household Spending MoM (Feb)	0.40%
	SI Retail Sales SA MoM (Feb)	2.40%
	US Change in Nonfarm Payrolls (Mar)	151k
	US Unemployment Rate (Mar)	4.10%
	US Average Hourly Earnings MoM (Mar)	0.30%
	US Average Weekly Hours All Employees (Mar)	34.1

Source: Bloomberg

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