

5 February 2025

Global Markets Research

Daily Market Highlights

5 Feb: Trump tariff pause boosted investor sentiment

US equities closed higher; partially supported by favourable corporate earnings

Treasury yields and DXY fell following the weaker than expected JOLTS job prints

China retaliated with 15% additional import tariffs on selected US goods

- Dip buying saw investors snapping up US equities overnight and with big tech stocks leading the way, the latter lifted by bullish corporate results and outlook from Palantir to Infineon Technologies (on the German front). This sent all the three major US equity indices up between 0.3-1.4% d/d at close.
- Similarly, European and Asian markets closed largely in the green as Trump tariff pause boosted investor sentiment. European stocks also got a lift from favourable earnings from banking stocks like BNP Paribas and UBS. While CSI 300 remained closed for the Lunar New Year, Hang Seng jumped 2.8% d/d even after **China announced that it will impose additional tariffs of up to 15% on select US imports like coal and LNG wef February 10.**
- In the bond space, Treasury yield closed down 4-5bps across the curve after closing mixed the day before, weighed down by the weaker than expected JOLTS job prints reported overnight. The benchmark 2Y- and 10Y yields settled at 4.21% and 4.51% respectively. Meanwhile, 10Y European bond yields rose by 0-7bps, after falling 2-10bps the day prior.
- The DXY slid 1.0% d/d to 107.96 in tandem with the lower Treasury yields and the Dollar weakened against all its G10 peers as well as regional currencies save for the TWD. Leading gains against USD were SEK, NOK and CAD (0.7-0.9% d/d) amongst the G10s, and trade-dependent KRW, MYR (0.7% d/d to 4.4440) and SGD (0.6% d/d to 1.3522) amongst regionals. CNH appreciated 0.3% d/d against USD to 7.2869 following China's retaliatory announcement. All eyes will be on PBoC's daily USD/CNY fixing when China returns after the Lunar New Year break today.
- In the commodities market, crude oil prices pared earlier losses after Trump signed tougher sanctions against Iran, and closed mixed between -0.6% and +0.3% d/d. The WTI last closed at \$72.70/ barrel while the Brent last settled the day at US\$76.20/ barrel.

US jobs opening fell more than expected; pullback in factory orders due to civilian aircraft

- JOLTS job openings fell more than expected to 7.6m in December from 8.2m previously, its 3-month low and consistent with a

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,556.04	0.30
S&P 500	6,037.88	0.72
NASDAQ	19,654.02	1.35
Stoxx Eur 600	536.04	0.22
FTSE 100	8,570.77	-0.15
Nikkei 225	38,798.37	0.72
CSI 300	3,817.08	-0.41
Hang Seng	20,789.96	2.83
Straits Times	3,823.01	-0.09
KLCI 30	1,564.56	0.70
FX		
Dollar Index	107.96	-0.95
EUR/USD	1.0379	0.34
GBP/USD	1.2480	0.24
USD/JPY	154.34	-0.25
AUD/USD	0.6254	0.43
USD/CNH	7.2869	-0.34
USD/MYR	4.4440	-0.66
USD/SGD	1.3530	-0.60
Commodities		
WTI (\$/bbl)	72.70	-0.63
Brent (\$/bbl)	76.20	0.32
Gold (\$/oz)	2,853.30	0.68
Copper (\$\$/MT)	9,150.50	0.57
Aluminum(\$/MT)	2,637.50	0.55
CPO (RM/tonne)	4,657.50	1.25

Source: Bloomberg, HLBB Global Markets Research
* CPO dated as of 3 Feb; CSI 300 dated as of 27 Jan

gradual cooling labour market. The pullback in openings was driven by professional & business services, health care & social assistance as well as finance & insurance. The number of vacancies per unemployed worker, hiring and quits rate remained at 1.1, 3.4% and 2.0% respectively.

- Factory orders fell more than expected by 0.9% m/m in December (prior: -0.8% m/m), pulled down by a decline in bookings for civilian aircraft, but demand elsewhere was marginally firm. Civilian aircraft orders plunged 45.7% m/m, contributing to the 7.4% decline in orders for transportation equipment. Excluding transportation equipment, orders rose 0.3% after gaining 0.2% m/m previously, while orders for non-defense capital goods excluding aircraft, seen as a proxy for business spending, gained 0.4% during the month.

Australia's household spending continued to grow

- Household spending rose more than expected by +0.4% m/m in December (prior: +0.8% m/m), with year-end sales boosting discretionary spending for the third consecutive month. 5 of the 9 spending categories saw growth in December, driven by new vehicle purchases, dining out, air travel and streaming services, and supported by continued strength in clothing & footwear, furnishings & household equipment as well as goods for recreation & culture.
- The final S&P Global Australia Services PMI was revised 0.8ppts up to 51.2 in January (Dec: 50.8). This suggests that the Australian service sector is slowly but surely building momentum, supported by a pick-up in new orders and business confidence. This helped to bring employment back to growth but also suggests continuous price pressures in the near term.

Japan's wages grew at its fastest pace in three decades

- Labour cash earnings grew more than expected and at its fastest pace in three decades at +4.8% y/y in December (prior: +3.9% y/y). While the annual spring labour management wage negotiations is still underway, this data supports BOJ's recent view of sustained broadening wage hike, and our view that the central bank will deliver another rate cut within the next 6 months.

House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DXY	106-110	109.10	108.58	106.93	105.27
EUR/USD	1.02-1.06	1.03	1.03	1.05	1.06
GBP/USD	1.22-1.26	1.24	1.24	1.25	1.27
USD/CHF	0.89-0.93	0.91	0.91	0.90	0.88
USD/JPY	151-157	158	155	150	146
AUD/USD	0.61-0.64	0.62	0.63	0.64	0.66
NZD/USD	0.54-0.59	0.56	0.56	0.57	0.58
USD/CNY	7.19-7.29	7.37	7.30	7.23	7.15

USD/MYR	4.43-4.52	4.55	4.50	4.40	4.35
USD/SGD	1.34-1.37	1.37	1.35	1.32	1.29

Rates, %	Current	1Q-25	2Q-25	3Q-25	4Q25
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00	3.75-4.00
ECB	2.75	2.50	2.00	2.00	2.00
BOE	4.75	4.50	4.25	4.00	4.00
BOJ	0.50	0.50	0.50	0.75	0.75
RBA	4.35	4.35	4.10	3.85	3.60
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
5-Feb	HK S&P Global Hong Kong PMI (Jan)	51.1
	SI S&P Global Singapore PMI (Jan)	51.5
	JN Jibun Bank Japan PMI Services (Jan F)	52.7
	CH Caixin China PMI Services (Jan)	52.2
	SI Retail Sales YoY (Dec)	-0.70%
	EC HCOB Eurozone Services PMI (Jan F)	51.4
	UK S&P Global UK Services PMI (Jan F)	51.2
	EC PPI YoY (Dec)	-1.20%
	US MBA Mortgage Applications	-1.20%
	US ADP Employment Change (Jan)	122k
	US Trade Balance (Dec)	-\$78.2b
	US S&P Global US Services PMI (Jan F)	52.8
	US ISM Services Index (Jan)	54.1
6-Feb	AU Exports MoM (Dec)	4.80%
	VN CPI YoY (Jan)	2.94%
	VN Exports YoY (Jan)	12.80%
	VN Industrial Production YoY (Jan)	8.80%
	VN Retail Sales YoY (Jan)	9.30%
	EC Retail Sales MoM (Dec)	0.10%
	UK Bank of England Bank Rate	4.75%
	US Challenger Job Cuts YoY (Jan)	11.40%
	US Unit Labor Costs (4Q P)	0.80%
	US Initial Jobless Claims	207k
UK DMP 1 Year CPI Expectations (Jan)	3.00%	

Source: Bloomberg

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