

10 March 2025

## Global Markets Research

### Daily Market Highlights

# 10 Mar: Cooling but still solid labour market for the US

**US NFP grew less than expected; Powell said no rush to adjust policy rates**

**US stocks & DXY tumbled initially but made U-turns; UST yield closed slightly higher**

**Trade & CPI miss for China; 2% CPI target for 2025 at risk given soft domestic demand**

- The three major US equity indices seesawed again last Friday, with US equities falling initially following the weaker than expected non-farm payrolls (NFP). Stocks nonetheless staged a rebound later after Fed Chair Jerome Powell said that the Fed is in no rush to adjust its policy rates, sending S&P 500, Nasdaq and Dow Jones closing the day 0.6% d/d, 0.7% d/d and 0.5% d/d higher. Within S&P, 8 out of the eleven sectors closed in green, with utilities, energy and information technology sectors notable outperformers.
- Elsewhere, European equities (Stoxx Eur 600: -0.5% d/d) retreated on tariff jitters, with losses led by miners, industrial stocks and luxury-goods makers. Asian stock also closed in the red, led by Nikkei 225 (-2.2% d/d), and are expected to extend their losses today following futures.
- In the bond space, Treasury yields closed 2-4bps higher (prior: -5 to +1bps) following Powell's comments and the 2Y- and 10Y yields closed the day at 4.00% (+4bps) and 4.30% (+2bps) respectively. 10Y European bond yields closed mixed between -4 to +2bps, after closing up between 3-12bps the day before.
- In the forex space, the DXY tumbled to as low as 103.46 after the NFP print, before trimming some of these losses to close the day in red at 103.84 (-0.2% d/d). G10 currencies closed mixed against the Dollar with SEK, CHF, DKK EUR (0.5-0.8% d/d) leading gains against USD while CAD, AUD and NZD (-0.4-0.5% d/d) lagged.
- Regional currencies mostly appreciated against USD, led by MYR (+0.3% d/d to 4.4120), THB and IDR, while SGD appreciated at a smaller pace of 0.2% d/d to 1.3310. CNH closed just below its flatline at 7.2452 after its trade data miss.
- In the commodity space, crude oil prices were up but retreated from their intraday highs after President Trump threatened sanctions on Russia if it fails to reach a cease-fire with Ukraine. The WTI closed the day 1.0% d/d up at \$67.04/barrel, while Brent gained 1.3% d/d to \$70.36/barrel.

#### US NFP picked up, albeit less than expected

- NFP rose less than expected by 151k in February (prior: +125k) and there were a 2k of downward revisions to the past two months. The

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,801.72	0.52
S&P 500	5,770.20	0.55
NASDAQ	18,196.22	0.70
Stoxx Eur 600	553.35	-0.46
FTSE 100	8,679.88	-0.03
Nikkei 225	36,887.17	-2.17
CSI 300	3,944.01	-0.31
Hang Seng	24,231.30	-0.57
Straits Times	3,914.48	-0.07
KLCI 30	1,547.27	-0.75
<b>FX</b>		
Dollar Index	103.84	-0.22
EUR/USD	1.0833	0.45
GBP/USD	1.2920	0.29
USD/JPY	148.04	0.04
AUD/USD	0.6305	-0.44
USD/CNH	7.2452	0.02
USD/MYR	4.4120	-0.31
USD/SGD	1.3310	-0.17
<b>Commodities</b>		
WTI (\$/bbl)	67.04	1.02
Brent (\$/bbl)	70.36	1.30
Gold (\$/oz)	2,914.10	-0.43
Copper (\$\$/MT)	9,613.50	-1.24
Aluminum(\$/MT)	2,705.50	0.32
CPO (RM/tonne)	4,776.50	1.36

Source: Bloomberg, HLBB Global Markets Research  
\* CPO dated as of 6 Mar

unemployment rate unexpectedly ticked higher to 4.1% from 4.0% previously, while hours worked remained unchanged at 34.1 hours, lower than expected. Wages came in line at 0.3% m/m, but a moderation from +0.4% m/m previously.

- Commenting on the data, ***Fed Chair Jerome Powell said that the labor market is solid and broadly in balance***, but we opine that DOGE's action and trade uncertainty could suggest some softness in the labour market ahead. ***Powell also added that the Fed does not need to hurry to adjust its policy rates and is well positioned to wait for greater clarity on net effect of Trump's policy change*** and at the point of point of writing, market is pencilling the next rate cut only in the June FOMC meeting and 2-3 quarter point cuts by end 2025.
- Consumer credit dialled back its pace of borrowing to +\$18.1bn in February from +37.1bn previously, as non-revolving and revolving credit slowed, the latter in line with the pull-back in retail sales print during the month.

#### **Mild upward revision in Eurozone's 4Q GDP**

- The economy grew at a faster pace than initially estimated at +0.2% q/q in 4Q, bolstered by consumer spending and business investments at the end of the year. It nevertheless marked a slowdown from +0.4% q/q in 3Q, and will continue to face headwinds from uncertainty at home and abroad, as well as on slower employment growth (+0.1% q/q vs +0.2% q/q).

#### **Australia's household spending continued to grow, albeit less than expected and driven by both discretionary and non-discretionary services**

- Household spending was softer than expected at +0.4% m/m in January (prior: +0.2% m/m). While spending on goods pushed up overall spending in late 2024, a 1.5% m/m jump in services spending drove growth for January and were led by both discretionary and non-discretionary items like health services, air travel, and sports & physical recreation services. Goods spending fell, but this comes after 3-months of increases as households took advantage of promotional activity like Black Friday sales.

#### **Sluggish trade data from China; first contraction in consumer prices in 13 months**

- Trade data was softer than expected in Jan-Feb, with exports growing at a slow pace of 2.3% y/y while imports unexpectedly plunged 8.4% y/y. This is a negative sign for China, as a softening external demand appears to outweigh front-loading by US importers and could likely see more pull back post-tariff hike.
- Meanwhile, the sharp drop in imports shows that domestic demand remains weak, and this is also reflected by China's consumer's prices falling more than expected and registering its first

contraction in 13 months at -0.7% y/y (Jan: +0.5% y/y). While high base effects could have contributed to this downtick, the deflation in services and decline in prices of consumer goods despite the government subsidy program also highlights sluggish consumption and thus, it remains to be seen if the government's target of 2% for CPI is achievable at this juncture.

#### Japan's bank lending, base pay accelerated

- Broadly positive data from Japan this morning. Although labour cash earnings eased more than expected to +2.8% y/y in January (prior: +4.4% y/y), base pay accelerated to +3.1% y/y in a nod for further rate hikes for the Bank of Japan, while bank lending also accelerated to 3.1% y/y from 2.9% y/y previously.

#### Smaller increase in Malaysia's foreign reserves in 2H of February

- Reserves increased at a smaller pace of \$0.6bn in 2H of February to \$118.3bn as at 28 February. This is compared to +\$1.3bn in 1H of the month, and is sufficient to finance 5.0 months of imports and is 0.9 times of the total short-term external debt.

#### 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	1.06-1.10	1.03	1.03	1.05	1.06
GBP/USD	1.27-1.31	1.24	1.24	1.25	1.27
USD/CHF	0.87-0.92	0.91	0.91	0.90	0.88
USD/JPY	145-150	158	155	150	146
AUD/USD	0.62-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.55-0.59	0.56	0.56	0.57	0.58
USD/CNY	7.22-7.30	7.37	7.30	7.23	7.15
USD/MYR	4.39-4.46	4.55	4.50	4.40	4.35
USD/SGD	1.31-1.35	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	0.50	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
10-Mar	JN Leading Index CI (Jan P)	108.3
	JN Eco Watchers Survey Outlook SA (Feb)	48
	EC Sentix Investor Confidence (Mar)	-12.7
	US NY Fed 1-Yr Inflation Expectations (Feb)	3.00%
11-Mar	JN Household Spending YoY (Jan)	2.70%

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	AU Westpac Consumer Conf SA MoM (Mar)	0.10%
	JN GDP SA QoQ (4Q F)	0.70%
	AU NAB Business Confidence (Feb)	4
	US NFIB Small Business Optimism (Feb)	102.8
	US JOLTS Job Openings (Jan)	7600k
11-18 Mar	CH FDI YTD YoY CNY (Feb)	-13.40%

Source: Bloomberg

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