

11 March 2025

Global Markets Research

Daily Market Highlights

11 Mar: Haven flows on tariff uncertainty & recession fear

Trump's "a period of transition" does not sit well with investors

Global equity markets tumbled; treasuries & haven currencies like JPY gained

US inflation expectations ticked up; Japan's 4Q GDP revised slightly lower to +0.6%

- Fears that the tariff uncertainty would tip the US economy into a recession rattled global markets overnights, sending the three major US stock indices tumbling 2.1-4.0% d/d, Stoxx Eur 600 dipping 1.3% d/d and Asian markets closing mostly in red save for the Nikkei 225. The concern was fanned by President Trump's weekend comment that the US is in "a period of transition", not soothed by poor corporate guidance recently as well.
- Market is currently pencilling a low 25% probability of the US heading into a recession at this juncture, but this fear saw investors dumping tech stocks in favour of safer stocks like consumer staples.
- Treasuries saw strong gains on haven flows and expectations that the Fed will lower rates in June, sending yields plunging 6-12bps across the curve. The 2Y yield plunged 12bps to 3.88%, while the 10Y yield slid 9bps to 4.21%. 10Y European bond yields closed the day mixed between -1 to +10bps.
- In the forex space, haven currencies were the winners for the day amid tariff and recession fears. The DXY closed 0.1% d/d up at 103.90, while JPY also appreciated 0.5% d/d against USD to close at 147.27. The rest of the G10 currencies closed mixed against the Dollar, with EUR closing just above the flatline at 1.0834, but GBP and AUD weakened 0.3% d/d to 1.2879 and 0.4% d/d to 0.6278 respectively.
- Asian currencies mostly weakened against the USD, with INR, THB and KRW leading losses, while CNH, MYR and SGD depreciated between 0.2-0.3% d/d to end the day at 7.2634, 4.4240 and 1.3339 respectively.
- In the commodity space, oil prices tumbled as tariff uncertainty fanned concerns that this will sap global oil demand. The WTI and Brent tumbled more than 1.0% d/d each to close at \$66.03/barrel and \$69.28/barrel.

New York Fed: Short-term inflation expectations ticked up, steady for the medium- and longer-term

- New York Fed 1Y inflation expectations increased 0.1ppts to 3.1% but were unchanged at 3.0% at the 3Y and 5Y ahead horizons. That

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	41,911.71	-2.08
S&P 500	5,614.56	-2.70
NASDAQ	17,468.32	-4.00
Stoxx Eur 600	546.20	-1.29
FTSE 100	8,600.22	-0.92
Nikkei 225	37,028.27	0.38
CSI 300	3,928.80	-0.39
Hang Seng	23,783.49	-1.85
Straits Times	3,899.07	0.00
KLCI 30	1,536.46	-0.70
FX		
Dollar Index	103.90	0.06
EUR/USD	1.0834	0.01
GBP/USD	1.2879	-0.32
USD/JPY	147.27	-0.52
AUD/USD	0.6278	-0.43
USD/CNH	7.2634	0.25
USD/MYR	4.4240	0.27
USD/SGD	1.3339	0.22
Commodities		
WTI (\$/bbl)	66.03	-1.51
Brent (\$/bbl)	69.28	-1.53
Gold (\$/oz)	2,899.40	-0.50
Copper (\$\$/MT)	9,528.50	-0.88
Aluminum(\$/MT)	2,694.00	-0.43
CPO (RM/tonne)	4,827.50	1.07

Source: Bloomberg, HLBB Global Markets Research
* CPO dated as of 7 Mar

said, uncertainty over future inflation also increased at all three horizons.

Improved investor confidence for the Eurozone after fiscal announcement

- Sentix investor confidence improved more than expected to -2.9 in February (prior: -12.7), while the expectations index recorded its best reading since July 2021. Driving the uptick was optimism following the announcement of debt-financed armaments programmes (EU and Germany) and infrastructure investments for Germany.

Australia's consumer confidence posted solid improvement

- Westpac consumer confidence posted a solid increase to 95.9 in February (prior: 92.2). This marks the highest level since March 2022 in a positive sign for consumer spending, especially since consumers' intention to buy a major household and dwelling picked up pace during the month.

Japan's leading index barely improved; Eco Watchers worsened; consumer spending decelerated; 4Q GDP revised lowed

- Altogether broadly softer prints from Japan, but one that suggests the economy has and is expected to continue with its moderate recovery going forward. The leading index disappointed, inching up a mere 0.1ppts to 108.0 in January, with the sub-indicators recording mixed performance while the assessment for coincidence was maintained as "halting-to-fall." The Eco Watchers Outlook index also worsened to 46.6 for February (prior: 48.0) with the diffusion indices from households to businesses trending lower.
- Data this morning meanwhile, showed that 4Q GDP was revised 0.1ppts lower to +0.6% in 4Q mainly on account of downward revisions to its private consumption and inventory contributions to GDP. That said, growth during the quarter was still a pick up from 3Q's +0.4% q/q, and will likely be sustained in 1Q given that household spending grew by +0.8% m/m in January (prior: +2.7% y/y).

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
11-Mar	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%
12-Mar	JN BSI Large All Industry QoQ (1Q)	5.7
	JN PPI YoY (Feb)	4.20%
	MA Industrial Production YoY (Jan)	4.60%
	MA Manufacturing Sales Value YoY (Jan)	5.70%
	US MBA Mortgage Applications	20.40%
	US CPI YoY (Feb)	3.00%
	US CPI Ex Food and Energy YoY (Feb)	3.30%
	US Real Avg Weekly Earnings YoY (Feb)	0.70%

Source: Bloomberg

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