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Global Markets Research
Daily Market Highlights

12 Mar: Another day of selloff amid trade war flip-flops

Trump held back from a 50% metal tariff after Ontario paused electricity surcharge threats

US JOLTS job openings surprised on the upside in a nod to still solid labour market

All eyes on the US CPI today; Malaysia's IPI data for January is also on deck

- It was another choppy session for Wall Street, with markets closing in red but off their lows amid signs of a thaw in trade talks between US and Canada. This comes after President Trump said that he would slap another 25% tariff on Canadian steel and aluminium (to 50%) in retaliation to Ontario's plan to impose a 25% electricity surcharge to the US, sending all the three major indices tumbling. Stocks later narrowed losses after Ontario said that it would be pausing this planned levy, prompting Trump to walk back on his tariff threat. At the end of the trading session, the three major US stock indices closed 0.2-1.1% d/d lower.
- Meanwhile, European stocks (Stoxx Eur 600: -1.7% d/d) also dropped another session after Trump ratcheted up tensions with Canada. Asian stocks mostly fell, and are expected to extend their declines today following Wall Street's wild ride overnight.
- In the bond space, haven demand faded, sending Treasury yields up between 5-7bps (prior: -6 to -12bps). The 2Y yield rebounded 6bps to 3.94%, while the 10Y yield rose 7bps to 4.28%. Meanwhile, 10Y European bond yields closed the day up between 3-6bps save for the Norwegian sovereign bonds (prior: -1 to +10bps).
- In the forex space, DXY tumbled 0.5% d/d to 103.42 amid the tariff risks, and the Dollar weakened against all its G10 peers save for the CHF and JPY (-0.4% d/d to 147.78). Leading gains against the Dollar were SEK, NOK and EUR (+0.8% d/d to 1.0919), the latter after Germany's Greens Party said that it was ready to negotiate a deal that would allow for increased state borrowing to boost defence spending.
- Similarly, Asian currencies mostly strengthened against the Dollar, led by CNH (+0.5% d/d to 7.2268), PHP and SGD (+0.3% d/d to 1.3301). MYR appreciated at a narrower pace of 0.2% d/d to 4.4145.
- Amid a weaker Dollar, crude oil prices closed marginally higher between 0.3-0.4% d/d to \$66.25/barrel for the WTI and \$69.56/barrel for Brent. That said, crude demand concerns and tariff risks will likely cap gains for crude oil prices.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	41,433.48	-1.14
S&P 500	5,572.07	-0.76
NASDAQ	17,436.10	-0.18
Stoxx Eur 600	536.89	-1.70
FTSE 100	8,495.99	-1.21
Nikkei 225	36,793.11	-0.64
CSI 300	3,941.42	0.32
Hang Seng	23,782.14	-0.01
Straits Times	3,825.83	0.00
KLCI 30	1,520.15	-1.06
FX		
Dollar Index	103.42	-0.46
EUR/USD	1.0919	0.78
GBP/USD	1.2951	0.56
USD/JPY	147.78	0.35
AUD/USD	0.6298	0.32
USD/CNH	7.2268	-0.50
USD/MYR	4.4145	-0.21
USD/SGD	1.3301	-0.28
Commodities		
WTI (\$/bbl)	66.25	0.33
Brent (\$/bbl)	69.56	0.40
Gold (\$/oz)	2,920.90	0.74
Copper (\$\$/MT)	9,662.50	1.41
Aluminum(\$/MT)	2,703.00	0.33
CPO (RM/tonne)	4,840.00	0.26

Source: Bloomberg, HLBB Global Markets Research
* CPO dated as of 10 Mar

US JOLTS job openings surprised on the upside; small business optimism fell on inflation and labour quality worries

- In a nod to a still solid labour market, JOLTS job openings surprised on the upside at 7.7m in January (prior: 7.5m), driven by vacancies in the financial services and retail trade sectors. Other labour indicators were equally favourable. Job openings to unemployed workers, a proxy of the balance between labour demand and supply, also inched up to 1.13 from 1.09 previously, while the quits rates, which measures the percentage of people voluntarily leaving their jobs rose to 2.1%, its highest since July, a sign of confidence in the labour market. The layoff and discharge rate also eased to 1.0% from 1.1%. That said, this data is backward looking before President Trump's policy actions from DOGE and tariffs kicked in, and as such, we expect to see some softening in the labour data moving forward.
- The NFIB Small Business Optimism Index fell more than expected by 2.1 points to 100.7 in February. While optimism remains above its long-term average, uncertainty is high and rising amid inflation and labour quality concerns. Consequently, small business owners "expecting better business conditions in the next 6-months" and "viewing the current period as a good time to expand" fell during the month, not boding well for investment outlook going forward.

Slump in Australia's business confidence

- NAB business confidence fell to negative territory of -1 in February from +5 previously despite business conditions improving to +4 from +3 the prior month. This suggests ongoing uncertainty in the business environment, as persistent cost pressures and subdued profitability appears to be weighing on sentiment, keeping confidence below long-term norms.

Japan's producer prices eased; business outlook amongst manufacturers tumbled

- Data this morning showed that the BSI Large All Industry index grew at a narrower pace of 2.0% q/q in 1Q after expanding 5.7% q/q in 4Q of last year. The downtick was mainly driven by a negative outlook amongst manufactures, and is expected to extend its downward trend in 2Q (+1.5% q/q) before picking up in 3Q (+5.7% q/q).
- Matching expectations, producer prices (PPI) decelerated to 4.0% y/y in February and were unchanged m/m (Jan: +4.2% y/y and +0.3% m/m). Prices were mixed and mild on a monthly basis, with higher prices for agriculture, forestry & fishery products offset by lower electricity and gas prices, the latter due to subsidies.

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
12-Mar	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%
13-Mar	AU Consumer Inflation Expectation (Mar)	4.60%
	EC Industrial Production SA MoM (Jan)	-1.10%
	US PPI Final Demand YoY (Feb)	3.50%
	US Initial Jobless Claims	221k

Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

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