

14 February 2025

Global Markets Research
Daily Market Highlights
14 Feb: Return of risk appetite on momentary easing in trade tension
US equities jumped; UST yields fell; the US Dollar weakened overnight
Higher than expected US PPI; but focus was on tame sub-components feeding into PCE
UK's 4Q GDP grew 0.1% q/q; Singapore's 4Q and full year 2024 GDP growth revised up

- Wall Street jumped after the latest producer prices index (PPI) and US' tariff plan appeared to ease some, albeit temporary concerns over inflationary pressures and global trade tension. The S&P 500, Nasdaq and Dow jumped 1.0% d/d, 1.5% d/d and 0.8% d/d respectively, the latter hitting session highs after Trump signed a presidential memorandum ordering his administration to consider imposing reciprocal tariffs on foreign nations, but fell short of implementing any levies after teasing major trade policy changes this week. PPI, meanwhile, came in hotter than expected but details suggest tamer PCE price index ahead.
- Elsewhere, Asian and European stocks also closed in green, with the latter benefitting from a flurry of positive corporate earnings and Ukraine peace hopes.
- In the bond space, Treasury yields pulled back 5-10bps (prior: 7-10bps) on easing worries over inflation and global trade tensions. The 2Y yield dipped 5bps to 4.31%, while the 10Y fell 9bps to 4.53%. 10Y European bond yields also fell 3-9bps, after gaining 2-7bps the day before.
- In the forex space, the Dollar weakened post the release of US PPI, taking another leg down after Trump's tariff announcement and the DXY slid 0.6% d/d to 107.31. European currencies like EUR, CHF, SEK and NOK (+0.8-1.4% d/d) led gains and strengthened against USD, boosted by prospects of a Russia-Ukraine peace deal. GBP also appreciated 1.0% d/d to 1.2566 after UK's GDP economy unexpectedly grew by 0.1% q/q in the final quarter of last year. Meanwhile, regional currencies mostly strengthened against the Dollar, led by JPY (+1.1% d/d to 152.80) and SGD (+0.8% d/d to 1.3436). MYR appreciated at a smaller pace of 0.3% d/d to close at 4.4567.
- Oil prices were largely steady, paring early losses in the session as the pause in new US tariffs fuelled optimism, eclipsing downward pressure from a potential peace deal between Russia and Ukraine. Brent closed down 0.2% d/d to \$75.02/barrel, while the WTI slid 0.1% d/d to \$71.29/barrel.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,711.43	0.77
S&P 500	6,115.07	1.04
NASDAQ	19,945.64	1.50
Stoxx Eur 600	553.75	1.09
FTSE 100	8,764.72	-0.49
Nikkei 225	39,461.47	1.28
CSI 300	3,905.14	-0.38
Hang Seng	21,814.37	-0.20
Straits Times	3,882.58	0.21
KLCI 30	1,592.28	-0.67
FX		
Dollar Index	107.31	-0.58
EUR/USD	1.0465	0.79
GBP/USD	1.2566	0.96
USD/JPY	152.80	-1.05
AUD/USD	0.6317	0.59
USD/CNH	7.2699	-0.55
USD/MYR	4.4555	-0.31
USD/SGD	1.3436	-0.75
Commodities		
WTI (\$/bbl)	71.29	-0.11
Brent (\$/bbl)	75.02	-0.21
Gold (\$/oz)	2,925.90	0.58
Copper (\$\$/MT)	9,485.00	0.32
Aluminum(\$/MT)	2,603.50	-0.67
CPO (RM/tonne)	4,859.50	1.47

Source: Bloomberg, HLBB Global Markets Research
* CPO dated as of 12 Feb

Higher than expected PPI for the US; jobless claims remained low and stable

- PPI rose more than forecast by 0.4% m/m and 3.5% y/y in January (prior: +0.5% m/m and +3.5% y/y) on higher energy and food costs, namely prices of eggs due to avian flu outbreak. Broad-based increases were also observed for the rest of the sub-categories, but several of its components that feed into the PCE, like health care and airfares were tame.
- A separate report showed that initial jobless claims declined more than expected by 7k to 213k (prior: +12k) for the week ended February 8, while continuing claims, a proxy for the number of people receiving benefits, also fell 36k to 1.85m the week prior (Jan 25: +36k), reaffirming a still healthy labour market.

UK's economy grew slightly in 4Q after stagnated in 3Q

- The UK economy grew by 0.1% q/q in 4Q, better than expected and 3Q's flat growth. The uptick was driven by the services and construction sectors on the supply side and only because of a surge in inventories on the demand side. Household consumption, exports, and business investment, were flat or negative. As it is, poor economic performance will stack additional pressure on Chancellor Rachel Reeves, whose fiscal plans have already been criticized for increasing the tax burden on British businesses.

Australia's inflation expectation picked up pace

- Consumer inflation expectations accelerated for the second month to 4.6% y/y in February +4.0% y/y previously. While this data point is not supportive of a rate cut, it has and unlikely shake consensus view of a 25bps rate cut by the Reserve Bank of Australia next week.

Singapore's 4Q/2024 GDP growth revised up; full year GDP growth forecast maintained at 1-3%

- As anticipated, 4Q GDP growth was revised up to +5.0% y/y and +0.5% q/q (3Q: +5.7% y/y and +3.0% q/q), bringing full year growth to 4.4%. As it is, growth for the year was mainly driven by the wholesale trade, finance & insurance and manufacturing sectors, benefitting from the upturn in the global electronics cycle. Growth in the finance & insurance sector also benefitted from elevated trading activity amidst shifts in global and domestic financial market sentiments. Moving into 2025, the government is maintaining its GDP growth forecast at 1.0-3.0%.

House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DXY	106-109	109.10	108.58	106.93	105.27
EUR/USD	1.02-1.05	1.03	1.03	1.05	1.06
GBP/USD	1.23-1.26	1.24	1.24	1.25	1.27
USD/CHF	0.88-0.92	0.91	0.91	0.90	0.88

USD/JPY	148-154	158	155	150	146
AUD/USD	0.61-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.55-0.58	0.56	0.56	0.57	0.58
USD/CNY	7.24-7.30	7.37	7.30	7.23	7.15
USD/MYR	4.40-4.47	4.55	4.50	4.40	4.35
USD/SGD	1.33-1.37	1.37	1.35	1.32	1.29

Rates, %	Current	1Q-25	2Q-25	3Q-25	4Q25
Fed	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.00-4.25
ECB	2.75	2.50	2.00	2.00	2.00
BOE	4.50	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
14-Feb	MA GDP YoY (4Q F)	4.80%
	EC GDP SA QoQ (4Q P)	0.00%
	EC Employment QoQ (4Q P)	0.20%
	US Retail Sales Advance MoM (Jan)	0.40%
	US Import Price Index YoY (Jan)	2.20%
17-Feb	US Industrial Production MoM (Jan)	0.90%
	JN GDP Annualized SA QoQ (4Q P)	1.20%
	SI Non-oil Domestic Exports SA MoM (Jan)	1.70%
	EC Trade Balance NSA (Dec)	16.4b

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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