

17 March 2025

Global Markets Research
Daily Market Highlights

17 Mar: Risk-on appetite in financial markets

Stocks gained amid absence of fresh tariff jitters; US government averted a shutdown

Higher UST yields on jump in consumer inflation expectations; DXY fell

EUR gained on Germany's fiscal accord; CSI 300 rose on consumption boosting measures

- US equities clawed back some of the steep losses seen over last week, as investors got a reprieve from the daily jolts of tariff headlines and after the threat of a government shutdown receded. Nasdaq and the Dow rallied and closed higher by 2.6% and 1.7% d/d, while S&P 500 climbed 2.1% d/d, despite a brief pullback after the release of weaker than expected consumer sentiments print.
- Elsewhere, Stoxx Eur 600 rallied 1.1% d/d on Germany's fiscal accord, while China's CSI 300 (+2.4% d/d) led gains in Asia, and are expected to extend their rally today after Beijing mapped out plans to raise income and boost consumption, as well as to stabilize the real estate and stocks markets.
- Amongst others, these include establishing a mechanism to adjust the minimum wage, enlarging a variety of bond-related products for individual investors, and lowering the interest rates on housing provident fund loans at an appropriate time.
- In the bond space, Treasury yields rose across the curve after the US consumer sentiment data pointed to greater inflation expectations. The benchmark 2Y was up 6bps to 4.02%, while the 10Y was 4bps higher at 4.31%. 10Y European bond yields closed 0-3bps higher save for the UK and Italian sovereign bonds.
- In the forex space, the DXY retreated 0.1% d/d to 103.72 amid a rise on risk appetite, and the Dollar weakened against all its G10 peers save CHF, JPY (-0.6% d/d to 148.64) and GBP (-0.1% d/d to 1.2935). Risk sensitive NZD, SEK and AUD (+0.6% d/d to 0.6324) led gains against the Dollar, while EUR appreciated 0.3% d/d to 1.0879 after the German government announced agreement on the nation's infrastructure and defense spending package.
- Meanwhile, regional currencies mostly appreciated against the greenback, with CNH and SGD strengthening 0.1% d/d to 7.2379 and 1.3342 respectively. MYR was one of the outliers, weakening 0.2% d/d to 4.4462.
- In the commodity space, oil prices snapped their losing streak on diminishing prospects of a quick end to the Ukraine war, which could bring back more Russian energy supplies to the markets. Both the WTI and Brent closed 1.0% d/d higher at \$67.18/barrel and \$70.58/barrel respectively.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	41,488.19	1.65
S&P 500	5,638.94	2.13
NASDAQ	17,754.09	2.61
Stoxx Eur 600	546.60	1.14
FTSE 100	8,632.33	1.05
Nikkei 225	37,053.10	0.72
CSI 300	4,006.56	2.43
Hang Seng	23,959.98	2.12
Straits Times	3,836.02	-0.04
KLCI 30	1,512.15	0.14
FX		
Dollar Index	103.72	-0.11
EUR/USD	1.0879	0.25
GBP/USD	1.2935	-0.13
USD/JPY	148.64	0.56
AUD/USD	0.6324	0.62
USD/CNH	7.2379	-0.14
USD/MYR	4.4462	0.22
USD/SGD	1.3342	-0.13
Commodities		
WTI (\$/bbl)	67.18	0.95
Brent (\$/bbl)	70.58	1.00
Gold (\$/oz)	3,001.10	0.33
Copper (\$\$/MT)	9,780.50	-0.03
Aluminum(\$/MT)	2,681.50	-0.80
CPO (RM/tonne)	4,819.50	0.39

Source: Bloomberg, HLBB Global Markets Research
* CPO dated as of 13 Mar

Consumer sentiment in the US plunged to its lowest since 2022

- The University of Michigan Consumer Sentiment index fell more than expected to 57.9 in March (Feb: 64.7), marking its third consecutive month of decline and its lowest since November 2022, as outlook for the future deteriorated across multiple facets of the economy. Confidence was dampened by the jump in both year-ahead (4.9% vs 4.3%) and long-run inflation expectations (3.9% vs 3.5%) due to tariffs, as well as uncertainty around economic policy which made it difficult for consumers to plan for the future.

UK's economy unexpectedly contracted in January due to the production sector

- The UK's economy unexpectedly contracted 0.1% m/m in January after expanding 0.4% q/q the prior month. The disappointment was led by the plunge in the production sector (-0.9% m/m vs +0.5% m/m). Construction output was unchanged at -0.2% m/m, while the services sector growth decelerated to +0.1% m/m from +0.4% m/m previously.
- In response to the data, Chancellor of the Exchequer Rachel Reeves blamed the turbulence in global politics for the surprised contraction in the economy. However in our opinion, the UK economy will face bigger headwinds from the domestic front, namely planned fiscal spending cuts.

FDI into China fell; credit growth below forecasts and largely government driven

- Still weak economic numbers from China. Foreign direct investment (FDI) fell 20.4% y/y for the period Jan-Feb, while aggregate financing came below consensus forecast at 9.3tn yuan. Government financing continued to be strong support to credit growth, while long-term loans, more indicative of underlying demand from households and corporates, fell.

House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DX	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	0.86-0.92	0.91	0.91	0.90	0.88
USD/JPY	144-151	158	155	150	146
AUD/USD	0.61-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.55-0.59	0.56	0.56	0.57	0.58
USD/CNY	7.21-7.29	7.37	7.30	7.23	7.15
USD/MYR	4.40-4.47	4.55	4.50	4.40	4.35
USD/SGD	1.32-1.35	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
17-Mar	SI Non-oil Domestic Exports YoY (Feb)	-2.10%
	CH New Home Prices MoM (Feb)	-0.07%
	CH Used Home Prices MoM (Feb)	-0.34%
	CH Industrial Production YTD YoY (Feb)	5.80%
	CH Retail Sales YTD YoY (Feb)	3.50%
	CH Fixed Assets Ex Rural YTD YoY (Feb)	3.20%
	CH Surveyed Jobless Rate (Feb)	5.10%
	US Retail Sales Advance MoM (Feb)	-0.90%
	US Empire Manufacturing (Mar)	5.7
18-Mar	US NAHB Housing Market Index (Mar)	42
	HK Unemployment Rate SA (Feb)	3.10%
	EC ZEW Survey Expectations (Mar)	24.2
	EC Trade Balance SA (Jan)	14.6b
	US Housing Starts MoM (Feb)	-9.80%
	US Building Permits MoM (Feb P)	-0.60%
	US Import Price Index YoY (Feb)	1.90%
	US New York Fed Services Business Activity (Mar)	-10.5
	US Industrial Production MoM (Feb)	0.50%
18-24 Mar	UK CBI Trends Total Orders (Mar)	-28

Source: Bloomberg

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