

18 February 2025

Global Markets Research
Daily Market Highlights
18 Feb: All eyes on RBA's policy decision and guidance today

**AUD appreciated despite expectations of an RBA cut; JPY outperformed on GDP beat
Traders sold bonds and bought defence stocks as EU leaders held emergency meeting
Weaker CNH despite signals of support for the private sector**

- Wall Street was closed for Presidents' Day Holiday but in Europe, investors sold bonds and bought defence stocks in anticipation that the emergency meeting between the bloc's leaders in Paris will result in ramped up spending on the region's security. This lifted Stoxx Eur 600 up 0.5% d/d and 10Y bond yields rose 3-6bps (prior: 1-3bps).
- Asian stocks closed mixed, with Nikkei 225 up 0.1% d/d after Japan reported better than expected GDP growth for 4Q. CSI 300 closed 0.2% d/d higher but Hang Seng closed just below its flatline after Chinese leader Xi Jinping's meeting with business leaders including Alibaba founder Jack Ma, in a sign of support for the private sector.
- In the forex space, the Dollar closed mixed against Asian and G10 currencies, and the DXY closed 0.1% d/d lower at 106.58. JPY outperformed its peers with a 0.5% d/d gain to 151.51 after its GDP beat, while AUD appreciated 0.1% d/d to 0.6356 ahead of RBA's policy decision today. EUR weakened 0.1% d/d to 1.0484 as European officials meet to discuss ramped up defence spending, while amongst regionals, CNH and SGD depreciated between 0.1-0.2% d/d to close the day at 7.2663 and 1.3416 respectively. MYR strengthened 0.1% d/d to 4.4338.
- In the commodity space, Brent closed 0.6% d/d higher at \$75.22/barrel on reports that OPEC+ are considering pushing back its monthly supply increases due to fragile global markets, and on reports that Kazakhstan's oil export pipeline was operating at a reduced rate.

Eurozone's trade surplus widened m/m amid signs of front-loading

- Trade balance widened more than expected to €14.6bn in December from €13.3bn the prior month, as the contraction in imports outpaced those of exports at -0.8% m/m and -0.2% m/m respectively. By product, the uptick in surplus was driven by machineries and vehicles, while exports to the US jumped in further signs of frontloading ahead of potential tariff hikes, but this was negated by lower shipments to China.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,546.08	-0.37
S&P 500	6,114.63	-0.01
NASDAQ	20,026.77	0.41
Stoxx Eur 600	555.42	0.54
FTSE 100	8,768.01	0.41
Nikkei 225	39,174.25	0.06
CSI 300	3,947.40	0.21
Hang Seng	22,616.23	-0.02
Straits Times	3,904.85	0.71
KLCI 30	1,582.76	-0.56
FX		
Dollar Index	106.58	-0.13
EUR/USD	1.0484	-0.08
GBP/USD	1.2625	0.31
USD/JPY	151.51	-0.53
AUD/USD	0.6356	0.06
USD/CNH	7.2663	0.12
USD/MYR	4.4338	-0.05
USD/SGD	1.3416	0.16
Commodities		
WTI (\$/bbl)	70.74	-0.77
Brent (\$/bbl)	75.22	0.64
Gold (\$/oz)	2,883.60	-1.45
Copper (\$\$/MT)	9,395.50	-0.86
Aluminum(\$/MT)	2,645.00	0.28
CPO (RM/tonne)	4,765.00	-0.59

Source: Bloomberg, HLBB Global Markets Research
* DJIA, S&P 500, Nasdaq, WTI, Gold, CPO dated as of 14 Feb

Singapore's NODX slumped on non-electronics exports

- Non-oil domestic exports (NODX) surprised on the downside with a 2.1% y/y contraction in January, reversing the 9.0% y/y expansion seen the prior month. Electronics grew at a softer pace of 9.6% y/y (prior: +18.6% y/y), while non-electronics fell 4.8% y/y (prior: +6.6% y/y) due to pharmaceuticals, specialised machinery and miscellaneous manufactured articles. NODX to its top ten markets were mixed, growing for Hong Kong, the US and Taiwan but fell for China, Indonesia, EU, Thailand and Malaysia, and will face headwinds from potentially slower global trade growth in 2025.

House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DXY	105-109	109.10	108.58	106.93	105.27
EUR/USD	1.03-1.06	1.03	1.03	1.05	1.06
GBP/USD	1.24-1.27	1.24	1.24	1.25	1.27
USD/CHF	0.89-0.93	0.91	0.91	0.90	0.88
USD/JPY	150-155	158	155	150	146
AUD/USD	0.61-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.54-0.59	0.56	0.56	0.57	0.58
USD/CNY	7.25-7.31	7.37	7.30	7.23	7.15
USD/MYR	4.41-4.48	4.55	4.50	4.40	4.35
USD/SGD	1.33-1.36	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
18-Feb	AU RBA Cash Rate Target	4.35%
	UK Average Weekly Earnings 3M/YoY (Dec)	5.60%
	UK ILO Unemployment Rate 3Mths (Dec)	4.40%
	UK Payrolled Employees Monthly Change (Jan)	-47k
	HK Unemployment Rate SA (Jan)	3.10%
	EC ZEW Survey Expectations (Feb)	18
	US Empire Manufacturing (Feb)	-12.6
	US NAHB Housing Market Index (Feb)	47
	SI Budget (2025)	
19-Feb	AU Westpac Leading Index MoM (Jan)	-0.02%
	JN Core Machine Orders MoM (Dec)	3.40%
	JN Exports YoY (Jan)	2.80%
	AU Wage Price Index QoQ (4Q)	0.80%
	CH New Home Prices MoM (Jan)	-0.08%
	CH Used Home Prices MoM (Jan)	-0.31%
	UK CPI Core YoY (Jan)	3.20%
	UK PPI Output NSA YoY (Jan)	0.10%

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UK House Price Index YoY (Dec)	3.30%
US MBA Mortgage Applications	2.30%
US Housing Starts MoM (Jan)	15.80%
US Building Permits MoM (Jan P)	-0.70%
US New York Fed Services Business Activity (Feb)	-5.6

Source: Bloomberg

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