

22 January 2025

Global Markets Research
Daily Market Highlights

22 Jan: Risk-on mood lifted by Trump's tariff relief for now

Dollar whipsawed and closed marginally weaker; UST yields closed lower

EUR and GBP closed stronger despite dovish ECB speak and soft UK labour data

All eyes on Malaysia's CPI followed by BNM's OPR decision and policy statement today

- Stocks climbed after President Donald Trump held fire on tariffs on the first day of his return to the White House and on optimism that his policies will boost Corporate America. That said, Trump did warn subsequently that he was considering 25% tariffs on Mexico and Canada effective on February 1.
- The Dow added 1.2% d/d, while the S&P 500 and Nasdaq gained 0.9% and 0.6% d/d respectively. On the same ground, European and Asian stocks mostly rose on the tariff relief, but Trump's warning on Mexico and Canada weighed on auto stocks in Europe but boosted General Motors in the US.
- Treasury yields slipped 1-5bps following Trump's return to the White House and a slew of new executive orders. The 2Y yield fell 1bps to 4.27%, while the 10Y dropped 5bps to 4.57%. Trading in European bonds remained muted, and 10Y bond yields closed lower in tune to 0-5bps (prior: -1 to -3bps). Notably, UK gilts fell between 4-7bps across the curve post-its labour prints.
- Dollar whipsawed in an early reminder under President Donald Trump. The DXY rose early in the day but gave back all its gains as investors weighed Trump's tariff threat. The DXY closed just below the flatline at 108.06 and the Dollar weakened against all its G10 peers save for the AUD and CAD, the latter hit by Trump's tariff comment. EUR reversed losses and closed up 0.1% d/d even as ECB's Francois Villeroy de Galhau commented that rate cuts are possible in every meeting. Similarly, GBP weakened following its weaker labour print, but later rebounded to close the day 0.2% stronger against USD. Similarly, regional currencies appreciated against the USD save for the IDR, HKD and CNH (0 to -0.2% d/d). THB, TWD and MYR led gains against the greenback between 0.3-0.6% d/d, while SGD appreciated by 0.3% d/d. The MYR last closed at 4.4760 while the SGD ended Tuesday at 1.3528.
- On the commodity front, crude oil prices plunged 1.1-2.6% d/d as Trump weighs tariffs and aims to boost energy production in the US as he signed an executive order declaring a national energy emergency.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,025.81	1.24
S&P 500	6,049.24	0.88
NASDAQ	19,756.78	0.64
Stoxx Eur 600	525.98	0.40
FTSE 100	8,548.29	0.33
Nikkei 225	39,027.98	0.32
CSI 300	3,832.62	0.08
Hang Seng	20,106.55	0.91
Straits Times	3,795.37	-0.33
KLCI 30	1,580.46	0.52
FX		
Dollar Index	108.06	-0.01
EUR/USD	1.0428	0.12
GBP/USD	1.2350	0.18
USD/JPY	155.52	-0.06
AUD/USD	0.6274	-0.02
USD/CNH	7.2674	0.06
USD/MYR	4.4760	-0.38
USD/SGD	1.3528	-0.27
Commodities		
WTI (\$/bbl)	75.89	-2.56
Brent (\$/bbl)	79.29	-1.07
Gold (\$/oz)	2,759.20	0.38
Copper (\$\$/MT)	9,284.50	0.10
Aluminum(\$/MT)	2,646.00	-1.69
CPO (RM/tonne)	4,578.50	0.02

Source: Bloomberg, HLBB Global Markets Research
* CPO dated as of 20 Jan

Softening in non-manufacturing activities for the Philadelphia region

- January's Philadelphia Fed Non-Manufacturing Activity index (-9.1 vs -3.4) suggests some softening in activities for the region. Sales/revenues sub-indices were positive but low, new orders index improved and turned positive, full-time employment index suggests steady employment, while the prices paid index continues to indicate general price increases. Overall, firms expect growth in the region over the next six months.

Divergence between Eurozone's and Germany's investor sentiment

- Eurozone's ZEW Survey Expectations index was more positive at 18 (prior: 17), but financial market experts' sentiment for Germany soured 5.4ppts to 10.3. As it is, a lack of private household spending, subdued demand in the construction sector, greater political and policy uncertainties suggest that Germany could fall further behind the other countries of the Eurozone.

Elevated UK wage growth even as job market cools

- Wage growth stayed stubbornly strong in the three months to November (+5.6% y/y vs +5.2% y/y) though a softening job market suggests a gradual reduction in pay pressures in 2025 and is unlikely to stand in the way for another rate cut in February. In further signs of weakening labour market, unemployment rate edged up 0.1ppts to 4.4% in the three months to November, while vacancies continued with its downward trend and fell by 24k in 4Q. The early estimate of payrolled employees for December dropped by 47k, worse than street estimates and November's -32k.

Renewed decline in Australia's leading index signalled slower growth ahead

- Westpac leading index fell 0.02% m/m in December after two consecutive months of gains, driven by moderation in most sub-indices while the international components (US industrial and commodity prices) stayed in contraction zone. All in, thus suggests slower growth going forward amid risks of intensifying headwinds for the year.

Hong Kong's inflation rate has and will likely remain tame

- Inflation rate remained modest and unexpectedly held steady at 1.4% y/y as prices for food and price pressures on other major components remained mild. This brings full year inflation to 1.1% and looking ahead, overall inflation should remain moderate in the near term despite some upward pressure from domestic cost.

House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DXY	107-111	109.10	108.58	106.93	105.27
EUR/USD	1.01-1.05	1.03	1.03	1.05	1.06
GBP/USD	1.21-1.24	1.24	1.24	1.25	1.27
USD/CHF	0.90-0.92	0.91	0.91	0.90	0.88
USD/JPY	152-158	158	155	150	146
AUD/USD	0.61-0.64	0.62	0.63	0.64	0.66
NZD/USD	0.55-0.57	0.56	0.56	0.57	0.58
USD/CNY	7.24-7.31	7.37	7.30	7.23	7.15
USD/MYR	4.47-4.53	4.55	4.50	4.40	4.35
USD/SGD	1.35-1.38	1.37	1.35	1.32	1.29

Rates, %	Current	1Q-25	2Q-25	3Q-25	4Q25
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00	3.75-4.00
ECB	3.00	2.50	2.00	2.00	2.00
BOE	4.75	4.50	4.25	4.00	4.00
BOJ	0.25	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
22-Jan	MA CPI YoY (Dec)	1.80%
	MA Foreign Reserves	\$116.2b
	MA BNM Overnight Policy Rate	3.00%
	US MBA Mortgage Applications	33.30%
	US Leading Index (Dec)	0.30%
23-Jan	JN Exports YoY (Dec)	3.80%
	SI CPI YoY (Dec)	1.60%
	UK CBI Trends Total Orders (Jan)	-40
	US Initial Jobless Claims	217k
	EC Consumer Confidence (Jan P)	-14.5
	US Kansas City Fed Manf. Activity (Jan)	-4

Source: Bloomberg

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