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Global Markets Research
Daily Market Highlights

24 Mar: Tariff concerns continue to haunt markets

US stocks made a late-session rebound; UST yields closed mixed; DXY slightly higher
Continuous easing in Malaysia's CPI reaffirmed mild inflation and steady OPR outlook
All eyes on BNM Annual Report 2024 today; preliminary March S&P PMIs for the majors

- On the day of “quadruple witching,” US stocks made a late-session rally last Friday after a volatile week of trading. Concerns over President Trump’s trade policies and retaliatory tariffs continue to haunt markets, while two economic bellwethers, FedEx and Nike, saw their shares sliding after delivering warnings on outlook. The S&P 500 and the Dow added 0.1% d/d each, rising into positive territory as the trading session drew to a close, while Nasdaq closed the day 0.5% higher.
- In Europe, the shutdown at Heathrow Airport snarled air travel and knocked European airline stocks, sending Stoxx Eur 600 and FTSE 100 sliding 0.6% d/d each. Similarly, Asian markets closed mostly in red on trade policies jitters.
- In the bond space, Treasury yields closed mixed between -2 to +3bps (prior: +/-1bps). The benchmark 2Y fell 2bps to 3.95%, while the 10Y rose 1bps to 4.25%, steepening the yield curve. Similarly, 10Y European bond yields closed mixed between -2 to +6bps (prior: -4 to +1bps).
- In the forex space, DXY closed 0.2% d/d higher to 104.09 on haven demand amid tariff risks, and possibly due to some investors booking profits from EUR’s recent rally. The EUR weakened 0.3% d/d to 1.0818 on Friday’s close. All G10 currencies weakened against the Dollar save for the NOK, and with AUD (-0.5% d/d to 0.6273), NZD and GBP (-0.4% d/d to 1.2919) underperforming their peers. Meanwhile, regional peers closed mixed against USD, with CNH and SGD depreciating 0.1% d/d each to 7.2571 and 1.3360 respectively, while MYR strengthened 0.1% d/d to 4.4205.
- In the commodity space, oil prices steadied, closing up 0.03-0.3% d/d to \$68.28/barrel for the WTI and \$72.16/barrel for Brent respectively. This comes after several members of the OPEC+ cartel pledged additional cutbacks to compensate for exceeding quotas. Markets were also rattled by US’ sanction on a Chinese refiner over its Iranian links.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	41,985.35	0.08
S&P 500	5,667.56	0.08
NASDAQ	17,784.05	0.52
Stoxx Eur 600	549.67	-0.60
FTSE 100	8,646.79	-0.63
Nikkei 225	37,677.06	-0.20
CSI 300	3,914.70	-1.52
Hang Seng	23,689.72	-2.19
Straits Times	3,926.45	-0.10
KLCI 30	1,505.45	0.09
FX		
Dollar Index	104.09	0.23
EUR/USD	1.0818	-0.30
GBP/USD	1.2919	-0.37
USD/JPY	149.32	0.36
AUD/USD	0.6273	-0.48
USD/CNH	7.2571	0.07
USD/MYR	4.4205	-0.11
USD/SGD	1.3360	0.09
Commodities		
WTI (\$/bbl)	68.28	0.03
Brent (\$/bbl)	72.16	0.22
Gold (\$/oz)	3,021.40	-0.74
Copper (\$\$/MT)	9,855.50	-0.82
Aluminum(\$/MT)	2,622.50	-1.39
CPO (RM/tonne)	4,707.00	0.01

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

Eurozone's consumer confidence unexpectedly weakened

- Consumer confidence unexpectedly weakened 0.9ppts to -14.5 in March, veering further away from its long-term average and a negative signal for consumption going forward.

UK's manufacturer orders remained subdued

- CBI's total order books remained below "normal" and long-term average at -29% in March (prior: -28%). According to the survey, manufacturers were cautious with capital investments and are conserving funds ahead of upcoming increases to National Insurance and minimum wages, while output expectations remained subdued but will likely stabilise in the short-term.

Australia's new orders PMI rose to its quickest pace since May 2022

- While modest, the S&P PMI accelerated to its fastest pace in 7 months at 51.3 in March (prior: 50.6) and was notably supported by broad-based expansions from both the manufacturing (52.6 vs 50.4) and service (51.2 vs 50.8) sectors. Although export orders declined due to weather and subdued external environment, this was more than improvements in domestic demand. This sent new orders up to its highest in almost 3 years. That said, the businesses were less confident about business activity growth in the next 12 months due to tariffs.

Malaysia's headline CPI saw extended downtrend; core CPI rose for the 2nd straight month

- Consumer Price Index (CPI) tapered off to register a smaller increase of 1.5% y/y in February as expected (Jan: +1.7% y/y). This marked its continued easing trend since October last year, and marked its smallest gain in 13 months. The softer CPI print was due to smaller/ stable price increases in 10 key groups including the heavy-weighted food & beverages, housing & utilities and transport. While the report continues pointing to overall benign inflation outlook, we noticed some upticks that are worth mentioning. Core CPI inched up for the 2nd straight month, although remained at very low levels (+1.9% vs +1.8% y/y), while CPI increased 0.4% on a m/m, its biggest monthly gain in a year.
- Overall inflation outlook is expected to remain very benign locally, at least in the foreseeable future, despite concerns over inflationary trade and tariff-related policies abroad. We continue to expect CPI prints to taper off further in the absence of both supply-push and demand-pull inflationary pressure, until and unless policy price adjustments (electricity, water) kick in in the 2H of the year. That said, overall inflation outlook is expected to remain well-contained and we therefore maintain our view for BNM to maintain its OPR unchanged at 3.00% for the whole of 2025.

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	1.07-1.10	1.03	1.03	1.05	1.06
GBP/USD	1.28-1.31	1.24	1.24	1.25	1.27
USD/CHF	0.87-0.91	0.91	0.91	0.90	0.88
USD/JPY	146-151	158	155	150	146
AUD/USD	0.61-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.56-0.59	0.56	0.56	0.57	0.58
USD/CNY	7.21-7.27	7.37	7.30	7.23	7.15
USD/MYR	4.40-4.45	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	0.25	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
24-Mar	JN Jibun Bank Japan PMI Mfg (Mar P)	49
	JN Jibun Bank Japan PMI Services (Mar P)	53.7
	SI CPI Core YoY (Feb)	0.80%
	MA BNM Annual Report	
	MA Foreign Reserves	\$118.3b
	EC HCOB Eurozone Manufacturing PMI (Mar P)	47.6
	EC HCOB Eurozone Services PMI (Mar P)	50.6
	UK S&P Global UK Manufacturing PMI (Mar P)	46.9
	UK S&P Global UK Services PMI (Mar P)	51
	US Chicago Fed Nat Activity Index (Feb)	-0.03
	US S&P Global US Manufacturing PMI (Mar P)	52.7
	US S&P Global US Services PMI (Mar P)	51
	25-Mar	HK Exports YoY (Feb)
UK CBI Retailing Reported Sales (Mar)		-23
US Philadelphia Fed Non-Manufacturing Activity (Mar)		-13.1
US FHFA House Price Index MoM (Jan)		0.40%
US S&P CoreLogic CS US HPI YoY NSA (Jan)		3.92%
US New Home Sales MoM (Feb)		-10.50%
US Conf. Board Consumer Confidence (Mar)		98.3
US Richmond Fed Manufact. Index (Mar)		6
US Richmond Fed Business Conditions (Mar)	1	

Source: Bloomberg

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