

26 March 2025

Global Markets Research

Daily Market Highlights

26 Mar: Steady markets amid optimism over softer US tariffs

Slimmer gains for US stocks; investors shrugged off the plunge in consumer confidence
UST yields and DXY fell slightly; haven currencies broadly outperformed their peers
Australia and UK CPI on deck today; followed by US core-PCE end week

- The S&P 500 eked out a slim gain on Tuesday to post the third winning session, as sentiment continued to be supported by optimism that US' tariffs will be narrower in scope, and as investors largely looked past the plunge in US consumer confidence print. The S&P 500 added 0.2% at close, while Nasdaq gained 0.5% d/d and the Dow closed just above its flatline.
- Elsewhere, global equity markets closed mixed. Stoxx Eur 600 (+0.7% d/d) and Nikkei 225 (+0.5% d/d) rallied, the former on hopes in softer US tariffs, but Hang Seng fell more than 2% d/d.
- In the bond space, Treasuries closed in the green, recovering from earlier losses. The benchmark 2Y and 10Y yields fell 2bps each to close at 4.01% and 4.13% respectively. Meanwhile, 10Y European bond yields closed the day modestly higher between 0-4bps, having closed mixed between -1 to +5bps the previous day.
- In the forex space, the DXY closed 0.1% d/d lower at 104.18, bouncing off its session low of 103.94, and the Dollar weakened against most of its G10 peers. SEK, CAD and JPY (+0.5% d/d to 149.91) led gains against USD, while DKK and EUR (-0.1% d/d to 1.0791) lagged, the latter despite the slight improvement in German's IFO sentiment index.
- Asian currencies closed mixed (+/-0.5% d/d) against the greenback, with safer SGD appreciating 0.2% d/d to 1.3361, while CNH and MYR closed just below their flatlines at 7.2659 and 4.4360 respectively.
- In the commodity space, crude oil prices steadied and closed mixed by +/-0.2% d/d, after Russia and Ukraine agreed to a Black Sea partial truce, raising expectations that Russian crude will soon flow freely and adding supply in the global market. The WTI closed at \$69.00/barrel, while Brent at \$73.02/barrel.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	42,587.50	0.01
S&P 500	5,776.65	0.16
NASDAQ	18,271.86	0.46
Stoxx Eur 600	552.59	0.67
FTSE 100	8,663.80	0.30
Nikkei 225	37,780.54	0.46
CSI 300	3,932.30	-0.06
Hang Seng	23,344.25	-2.35
Straits Times	3,954.53	0.00
KLCI 30	1,513.60	0.65
FX		
Dollar Index	104.18	-0.07
EUR/USD	1.0791	-0.09
GBP/USD	1.2944	0.16
USD/JPY	149.91	-0.52
AUD/USD	0.6303	0.27
USD/CNH	7.2659	0.03
USD/MYR	4.4360	0.01
USD/SGD	1.3361	-0.19
Commodities		
WTI (\$/bbl)	69.00	-0.16
Brent (\$/bbl)	73.02	0.03
Gold (\$/oz)	3,025.90	0.34
Copper (\$\$/MT)	10,112.00	1.57
Aluminum(\$/MT)	2,609.50	-0.23
CPO (RM/tonne)	4,669.50	-1.10

Source: Bloomberg, HLBB Global Markets Research
 * CPO dated as of 24 Mar

US consumer confidence plunged; new home sales rebounded amid favourable weather conditions

- The Conference Board Consumer Confidence index tumbled more than expected by 7.2 points to 92.9 in March. This marks the fourth month of decline, as views on the current business conditions (134.5 vs 136.5) weakened, while consumers' expectations (65.2 vs

74.8) were especially gloomy and dipped below the 80 level that signals recession. Of the index's five components, only consumers' assessment of the present labour market improved, albeit marginally. Dented sentiment was largely worries over inflation and the impact of tariffs.

- On the housing front, new home sales rebounded more than expected by 1.8% m/m in February from -6.9% m/m previously. Some of the uptick in sales reflects more favorable weather, but we opine that steady mortgage rates also released some pent-up demand. That said, weaker leading indicators such as the plunge in consumer confidence suggests that demand may soften ahead. Accompanying data also showed that the inventory of unsold homes was elevated, representing 8.9 months' supply at the current monthly sales pace, and could weigh on construction activity going forward if demand falters.
- Meanwhile, home price indicators were mixed. While median sales price of new houses fell 1.5% y/y and 3.0% m/m to \$414.5k (prior: -0.7% y/y vs +2.5% m/m), the S&P CoreLogic Case-Shiller and FHFA House Price Indices stayed strong at +4.1% y/y (prior: 4.0% y/y) and +4.8% y/y & +0.2% m/m (prior: +4.8% y/y +0.5% m/m) in January.
- Regional indices worsened in March. The Richmond Fed Manufacturing index fell to -4 from +6 previously, while the services sector activity slowed to -14 from +1 in February. Similarly, the Philadelphia Fed Non-Manufacturing Activity index fell further into negative territory to -32.5. This marks its lowest reading since May 2020, and firms were less optimistic about future business conditions.

UK's retail sales slumped amid weak confidence, according to CBI

- CBI retailing reported sales fell more markedly than expected to -41% in March from -23% previously, and is expected to fall at a slower pace in April (-30%). Weighing on demand was lower consumer and business confidence due to the global trade tensions and Autumn Budget, and as such, a Spring Statement that addresses these concerns is needed to support a positive turnaround in confidence and sales going forward.

Slightly softer Japan's Services PPI

- Data this morning showed that services PPI unexpectedly moderated to 3.0% y/y in February from +3.2% y/y in January, and was unchanged m/m (Jan: -0.5% m/m). The softer yearly inflation was largely due to milder pressures for advertising and other services like hotels, and to a lesser extent from transportation and real activities.
- That said, services PPI has consistently increased above 3.0% y/y since 4Q of 2024 (3Q: +2.8% y/y), and as such, there is no change

in our view that inflation is here to stay for Japan and that the BOJ will continue with its hiking cycle, albeit gradually.

Hong Kong's export growth jumped

- Export growth accelerated more than expected to +15.4% y/y in February (Jan: +0.1% y/y) and posted a solid increase of +6.5% y/y YTD. Exports to Mainland China increased visibly, and those to many other Asian markets also expanded. Exports to the US rose marginally, while those to the EU declined. Moving forward, the tariff measures introduced by the US will weigh heavily on Hong Kong's trade, and any sustained growth will hinge on a sustained recovery in China's economy.

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
26-Mar	AU CPI Trimmed Mean YoY (Feb)	2.80%
	SI Industrial Production SA MoM (Feb)	4.50%
	UK CPI Core YoY (Feb)	3.70%
	UK House Price Index YoY (Jan)	4.60%
	US MBA Mortgage Applications	-6.20%
	US Durable Goods Orders (Feb P)	3.20%
27-Mar	US Cap Goods Orders Nondef Ex Air (Feb P)	0.80%
	CH Industrial Profits YTD YoY (Feb)	-3.30%
	US GDP Annualized QoQ (4Q T)	2.30%
	US Initial Jobless Claims	223k
	US Pending Home Sales MoM (Feb)	-4.60%
	US Kansas City Fed Manf. Activity (Mar)	-5

Source: Bloomberg

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