

27 March 2025

**Global Markets Research**
**Daily Market Highlights**

## 27 Mar: Trump announced 25% tariff on auto imports

**Auto tariff concerns weighed on equity markets; UST yields and DXY closed higher  
US durable goods jumped ahead of tariff; businesses held back from capex plans  
GBP and AUD weakened the UK and Australia reported softer inflation prints**

- The S&P 500 and Dow lost 1.1% d/d and 0.3% each, while Nasdaq shed 2.1% d/d, as the “Magnificent Seven” and auto stocks came under pressure amid news that the White House will outline fresh tariffs for the auto industry. Notably, Tesla shares plunged nearly 6.0% d/d overnight, while General Motors shares fell 3.1% d/d. At the point of writing, President Trump had announced 25% tariffs on all cars “not made in the US” wef 2 April.
- Other global stock markets closed mixed. The tariff angst roiled European stocks (Stoxx Eur 600: -0.7% d/d), while a rally in Nintendo shares drove Nikkei 225 up 0.7% d/d.
- In the bond space, Treasury yields were 2-4bps higher across the curve led by the longer-end. The benchmark 2Y yield rose 2bps to close at 4.02%, while the 10Y increased 4bps to 4.35%. 10Y European bond yields closed the day mixed between -4 to +1bps, having closed higher between 0-4bps the previous day.
- In the forex space, the DXY closed up 0.4% d/d to 104.55 and the Dollar strengthened against all its G10 peers save for the CAD on the tariff news. NOK, JPY and GBP led losses against the greenback, GBP (-0.4% d/d to 1.2888) after UK reported an unexpected cooling in inflation, and JPY weakened 0.4% d/d to 150.57 after BOJ members Kazuo Ueda and Junko Koeda said that they will keep their options open ahead of the central bank’s next monetary policy meeting in May. AUD, meanwhile, depreciated 0.1% d/d to 0.6299 after its CPI miss.
- Similarly, regional currencies mostly weakened against the Dollar. SGD (-0.4% d/d to 1.3408) led losses amongst regionals after its IPI data miss, while MYR strengthened 0.2% d/d to close at 4.4290.
- In the commodity space, crude oil prices climbed 0.9-1.1% d/d after US stockpile data showed a drawdown in inventories, eclipsing Venezuela supply worries. The WTI closed the day at \$69.65/barrel, while Brent ended at \$73.79/barrel.

**Key Market Metrics**

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,454.79	-0.31
S&P 500	5,712.20	-1.12
NASDAQ	17,899.02	-2.04
Stoxx Eur 600	548.73	-0.70
FTSE 100	8,689.59	0.30
Nikkei 225	38,027.29	0.65
CSI 300	3,919.36	-0.33
Hang Seng	23,483.32	0.60
Straits Times	3,963.71	0.00
KLCI 30	1,518.05	0.29
<b>FX</b>		
Dollar Index	104.55	0.35
EUR/USD	1.0754	-0.34
GBP/USD	1.2888	-0.43
USD/JPY	150.57	0.44
AUD/USD	0.6299	-0.06
USD/CNH	7.2796	0.19
USD/MYR	4.4290	-0.16
USD/SGD	1.3408	0.35
<b>Commodities</b>		
WTI (\$/bbl)	69.65	0.94
Brent (\$/bbl)	73.79	1.05
Gold (\$/oz)	3,022.50	-0.11
Copper (\$\$/MT)	9,927.00	-1.83
Aluminum(\$/MT)	2,607.00	-0.10
CPO (RM/tonne)	4,638.50	-0.66

Source: Bloomberg, HLBB Global Markets Research  
\* CPO dated as of 25 Mar

### US durable goods orders surprised on the upside but capex plans appeared to be on hold

- February data showed that businesses likely booked orders ahead of tariff hikes, but held back from making capex plans,

showing cautious investment intentions amid policy uncertainty. US durable goods moderated less than expected to +0.9% m/m in February (Jan: +3.3% m/m), with transportation posting another increase, but capital goods orders nondurable, fell 0.3% m/m from +0.9% m/m previously.

- Mortgage applications extended its decline for the second week by 2.0% w/w for the week ended March 21 (prior: -6.2% y/y), primarily due to refinance applications. In contrast, purchase applications saw the strongest weekly gain in almost 2 months, as loosening housing inventory and slowly declining mortgage rates boosted Federal Housing Applications.

### **UK's inflation unexpectedly slowed, but services held steady**

- Both headline and core CPI came in softer than expected at +2.8% y/y and +3.5% y/y in February (Jan: +3.0% y/y and +3.7% y/y). The largest downward contribution to the monthly change came from clothing, with a further large downward effect from housing and household services. That said, with services inflation elevated at 5.0% y/y and BOE expecting inflation to accelerate to around 3.7% in 3Q, as such, any rate cuts will remain gradual going forward. At the point of writing, there is no change in our view of one 25bps rate cut each in 2Q and 3Q.
- Meanwhile, the Office for Budget Responsibility (OBR) in its Spring Budget, expects higher food prices, increases in the Ofgem price cap and regulated water bills to push monthly inflation up to a peak of 3.8% in July, averaging 3.2% in 2025. This is 0.6ppt upward revision from its previous forecast and higher than 2024's +2.5%. CPI is expected to fall rapidly back to around the 2.0% target from 2026 onwards.
- In terms of growth, OBR halved its GDP forecast for 2025 to 1.0%, but upgraded its growth forecast for 2026 and every single year thereafter, predicting GDP growth of 1.9% in 2026, 1.8% in 2027, 1.7% in 2028, and 1.8% in 2029. Bank Rate is expected to fall from its current level of 4.5% to 3.8% from mid-2026 onwards.
- The House Price Index increased at a faster pace of 4.9% y/y in January from +4.6% y/y previously.

### **Slightly softer inflation for Australia**

- Headline and trimmed mean CPI unexpectedly eased to +2.4% y/y and +2.7% y/y in February (Jan: +2.5% y/y and +2.8% y/y), the trimmed mean having remained relatively stable for the past three months and supporting rate cut bets going forward. The slowdown primarily reflects slower housing inflation (+1.8% y/y vs +2.1% y/y) driven by rebates for electricity for households, while annual inflation for food & non-alcoholic beverages (+3.1% y/y vs +3.3% y/y) and alcohol & tobacco (+6.7% y/y vs +6.4% y/y) were mixed.

### Singapore's manufacturing production unexpectedly weakened

- Industrial production (IPI) unexpectedly declined 1.3% y/y and 7.5% m/m in February (Jan: +8.0% y/y and +2.8% m/m). This marks its first contraction in 8-months, weighed down by the drop in biomedical (-14.3% y/y vs +18.9% y/y) and electronics (-6.4% y/y vs +15.4% y/y) clusters and will face indirect headwinds from the ongoing trade war going forward.

### 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
27-Mar	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%
28-Mar	US Kansas City Fed Manf. Activity (Mar)	-5
	JN Tokyo CPI Ex-Fresh Food YoY (Mar)	2.20%
	UK GDP QoQ (4Q F)	0.10%
	UK Retail Sales Ex Auto Fuel MoM (Feb)	2.10%
	EC ECB 3 Year CPI Expectations (Feb)	2.40%
	EC ECB 1 Year CPI Expectations (Feb)	2.60%
	EC Economic Confidence (Mar)	96.3
	US Personal Income (Feb)	0.90%
	US Personal Spending (Feb)	-0.20%
	US Core PCE Price Index YoY (Feb)	2.60%
	US U. of Mich. Sentiment (Mar F)	57.9
US Kansas City Fed Services Activity (Mar)	2	

Source: Bloomberg

### Hong Leong Bank Berhad

Fixed Income & Economic Research,  
Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936

[HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad (“HLBB”) to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group (“HLB Group”). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.