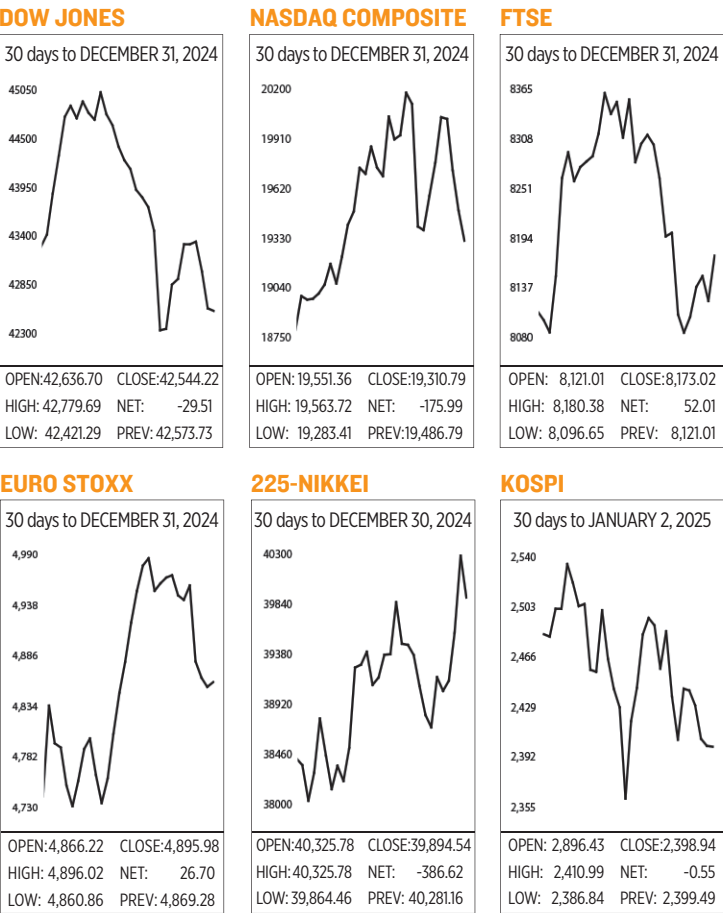




Asian equities get off to bumpy start in 2025 with Trump’s policies in focus

SINGAPORE – Asian stocks began the new year on a dour note on Thursday last year as they struggled for traction after a jittery close to 2024, while the US dollar charged higher and investor sentiment stayed cautious ahead of Donald J. Trump’s return to the White House.

The start of the New Year was shaping up to be a less favorable one for equities, as uncertainty over the policies of incoming US President Trump and a more hawkish Federal Reserve outlook looked set to dominate the market rhetoric for now.

While global shares closed out 2024 with a strong yearly gain of nearly 16%, they had clocked a monthly loss of more than 2% in December last year.

The same was the case for MS-CI’s broadest index of Asia-Pacific shares outside Japan, which slid 1.2% in December though registered a gain of more than 7% for 2024.

The index was last down 0.5% in the early Asian session on Thursday last year, with volume thinned given a trading holiday in Japan.

“I think we’re now in a bit of a twilight zone between now and January 20,” said IG market analyst Tony Sycamore.

Trump will be sworn in as president of the United States on Jan. 20 for his second term in office.

“It’s very unusual for stocks not to get a positive December last year... and that worries me a little bit, because when markets don’t go up at times like this when they should be going up, it generally means that there are other concerns,” said Sycamore.

“There’s a pretty common consensus out there that Trump’s going to run the economy red hot.”

Chinese stocks similarly fell at the open this year, with the CSI300 blue-chip index last down 1.43% while the Shanghai Composite Index lost 1%.

Hong Kong’s Hang Seng Index slid 1.74%.

Investors are closely monitoring China’s economic recovery in 2025 after officials pledged a slew of support measures to promote growth, though Mr. Trump’s talk of tariffs in excess of 60% on imports of Chinese goods could pose significant headwind.

“To avoid a more material slowdown as domestic obstacles and external pressures look set to

mount, China will remain heavily reliant on policy support,” said Yingrui Wang, China emerging market economist at AXA Investment Managers.

“With Donald Trump’s return to the White House amplifying external risks and an already fragile domestic economy, a debt-deflation trap leading to a generational downturn could be perilously close if upcoming stimulus measures are delayed or misdirected.”

Elsewhere, South Korea’s KOSPI fell 0.07%. The index was Asia’s worst performer in 2024, with a loss of more than 22% in dollar terms owing in part to a deepening political crisis.

DOLLAR SHINES

All that global uncertainty, along with expectations of fewer Fed interest rate cuts this year, left the safe-haven dollar on the front foot on Thursday.

A wide interest rate difference between the US and other economies has cast a shadow over the foreign exchange market, resulting in most currencies declining sharply against the dollar in 2024.

The dollar rose 0.3% to last trade at 157.43 yen, leaving the Japanese currency sliding toward its lowest level in more than five months.

The euro ticked 0.06% higher to \$1.0360 but strayed not too far from a more than one-month trough, while sterling eased 0.03% to \$1.2522.

Markets are now pricing in about 42 basis points (bps) worth of rate cuts from the Fed this year, compared with more than 100 bps from the European Central Bank and 60 bps from the Bank of England.

“We now expect the Fed to make just two 25 bps cuts in 2025 by skipping cuts in January and May, and instead cutting in March and possibly June,” said Eli Lee, chief investment strategist at Bank of Singapore.

Trading of cash US Treasuries was closed on Thursday owing to the Japan market holiday, but futures pointed to a rise in yields. Yields rise when bond prices fall.

“We see further upward pressure on long-dated US Treasury yields and have a 12-month 10Y UST yield forecast of 5%,” said Mr. Lee. — **Reuters**

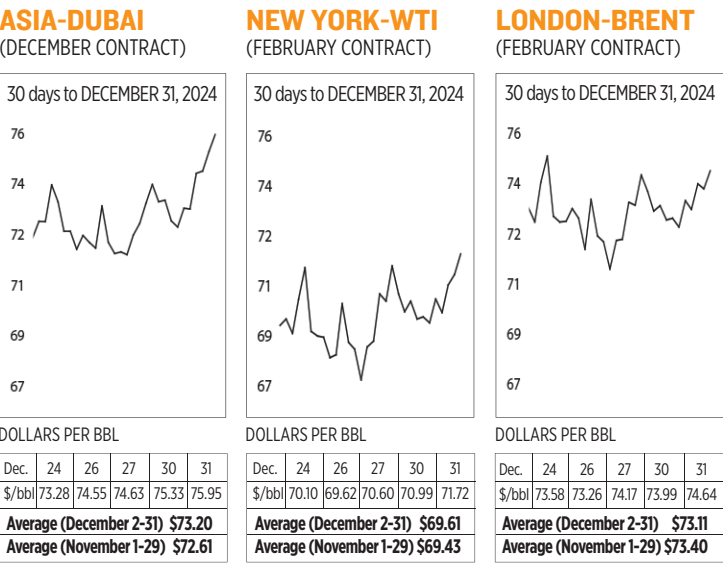
Oil prices rise as investors return from holidays, eye China recovery

SINGAPORE — Oil prices nudged higher on Thursday, the first day of trade for 2025, as investors returning from holidays cautiously eyed a recovery in China’s economy and fuel demand following a pledge by President Xi Jinping to promote growth.

Brent crude futures rose 17 cents, or 0.06%, to \$74.82 a barrel by 0547 GMT after settling up 65 cents on Tuesday, the last trading day for 2024. US West Texas Intermediate (WTI) crude futures gained 19 cents, or 0.26%, to \$71.91 a barrel after closing 73 cents higher in the previous session.

China’s Mr. Xi said on Tuesday in his New Year’s address that the country would implement more proactive policies to promote growth in 2025.

China’s factory activity grew in December, according to the private sector Caixin/S&P Global survey on Thursday, but at a slower than expected pace amid concerns over the trade outlook and risks from tariffs proposed



by US President-elect Donald J. Trump.

The data echoed an official survey released on Tuesday that showed China’s manufacturing activity barely grew in December, though services and construction recovered. The data suggested policy stimulus is trickling into

some sectors as China braces for new trade risks.

Traders are returning to their desks and probably weighing higher geopolitical risks and also the impact of Trump running the US economy red hot versus the impact of tariffs, IG market analyst Tony Sycamore said.

Gold bullion up; market awaits US data

GOLD prices inched higher on Thursday, continuing its momentum from 2024, while traders sought more clarity on the US Federal Reserve’s interest rate trajectory and President-elect Donald J. Trump’s policies.

Spot gold rose 0.39% to \$2,634.15 per ounce, as of 0255 GMT. US gold futures edged up 0.2% to \$2,646.30.

Bullion surged over 27% in 2024, its largest annual gain since 2010, driven by Fed’s substantial rate cuts and escalating geopolitical tensions.

The dollar index slipped 0.1%, making dollar-priced bullion more affordable for holders of other currencies.

Gold is likely to remain bullish (in 2025), driven by geopolitical risks and expectations of rising government debt due to a deep fiscal deficit under Trump’s administration, despite potential challenges from slower Fed rate cuts and US dollar strength, said Kyle Rodda, financial market analyst at Capital.com.

The market now awaits a fresh set of catalysts, including a slew of US economic data due next week that could influence the interest rate outlook for 2025, and Mr. Trump’s tariff policies.

Meanwhile, traders anticipate the Fed to adopt a slow and

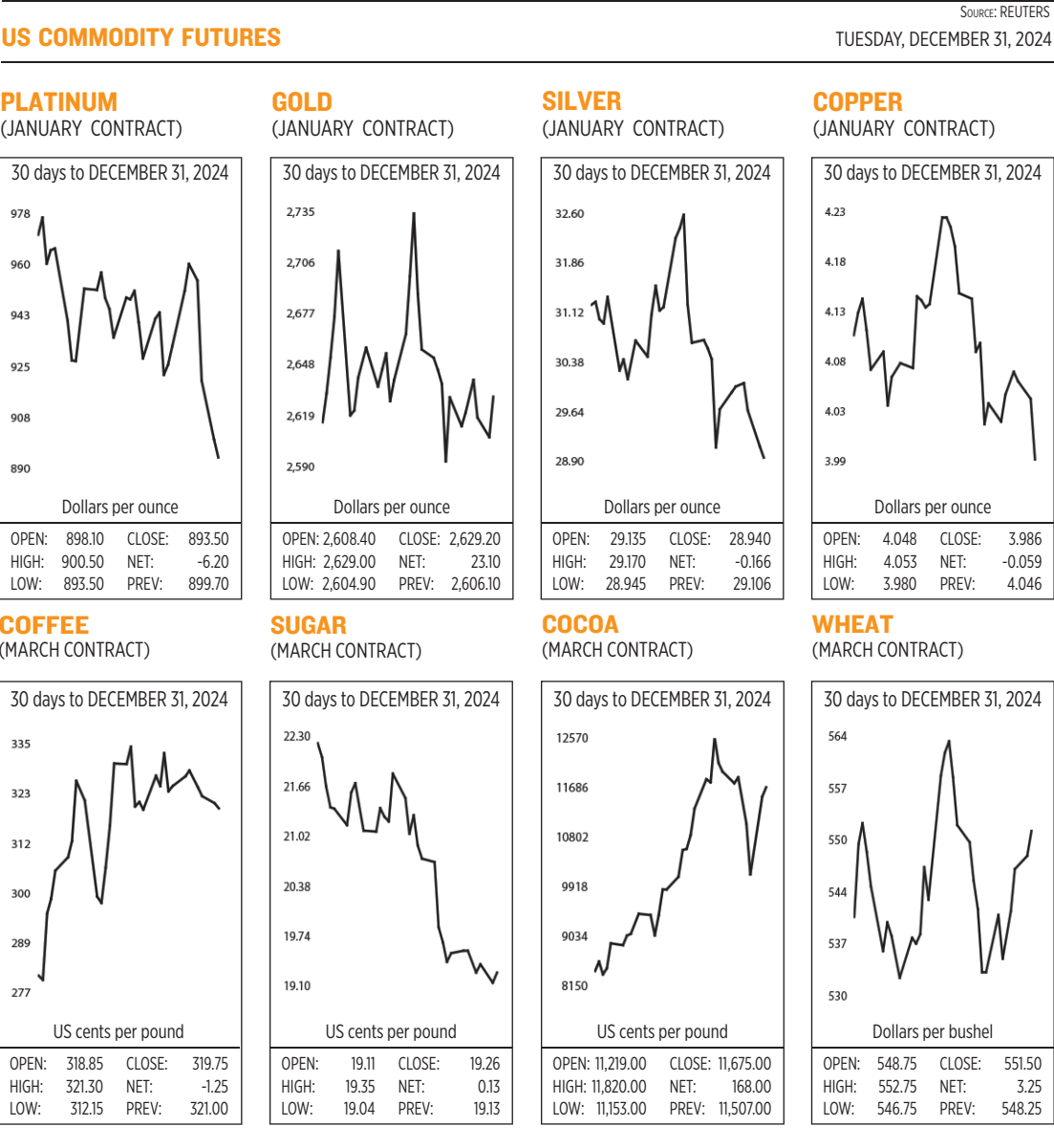
cautious approach to further rate cuts in 2025, as inflation continues to exceed its 2% target.

Gold is viewed as a hedge against inflation, particularly in times of geopolitical and economic uncertainty.

According to the CME’s Fed-Watch Tool, markets are pricing in just an 11.2% chance of a rate cut in January.

Spot silver rose 1.5% to \$29.29 per ounce, palladium added 0.9% to \$912.26, and platinum gained 0.7% to \$917.14.

Silver ended 2024 as its best year since 2020, while platinum and palladium declined. — **Reuters**



Most base metals start 2025 higher on China optimism

SHANGHAI — Most base metals rose on Thursday, the first trading session of 2025, buoyed by expectations of more proactive Chinese policies to promote growth, although gains were capped by a stronger US dollar.

Chinese President Xi Jinping said on Tuesday that the country’s gross domestic product was expected to exceed 130 trillion yuan (\$17.8 trillion) in 2024. He also said the country would implement more proactive policies to promote growth in 2025.

The dollar kicked off 2025 on the front foot after a strong year of gain against most currencies as investors pondered US interest rates staying higher for longer.

Rising US Treasury yields have been a boost for the dollar, with the key 10-year note hitting a more than seven-month high last week.

A stronger dollar makes it more expensive for holders of other currencies to buy green-back-priced commodities.

“On the macroeconomic side, the US Federal Reserve has main-

tained high interest rates, and the US dollar index has reached a two-year high, both of which have capped gains in copper prices,” a trader said.

Three-month copper on the London Metal Exchange (LME) was up 1.1% at \$8,861 per metric ton, as of 0332 GMT.

The most-traded January copper contract on the Shanghai Futures Exchange (SHFE) slid 0.6% to 73,370 yuan (\$10,051.79) a ton by the end of Asia morning trade.

Markets in both London and Shanghai were closed on Wednesday for a holiday.

LME aluminium edged up 0.6% at \$2,565 a ton; nickel rose 0.9% to \$15,465; zinc gained 1.2% to \$3,013; tin fell 0.8% to \$28,855; while lead was 0.5% higher at \$1,961.

SHFE aluminium gained 0.5% to 19,885 yuan a ton; nickel rose 0.1% to 124,630 yuan; zinc fell 0.2% to 25,265 yuan; lead gained 0.3% to 16,810 yuan; and tin edged down 0.8% at 244,110 yuan. — **Reuters**

