

# MARKET UPDATE

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## Asia FX tumbles as Trump tariff threats rattle markets.

Asian currencies declined on Friday, led by sharp losses in the South Korean won and Malaysian ringgit, as markets were rattled by fresh tariff threats from U.S. President Donald Trump, while the Japanese yen remained steady following strong inflation data from Tokyo.

Trump threatened that he would impose significant trade tariffs on BRICS nations should the bloc pursue plans to develop a common currency aimed at reducing reliance on the U.S. dollar.

The US Dollar Index was marginally higher in Asian trading hours on Friday, while Dollar Index Futures rose 0.4%.

The greenback was supported by expectations of slower rate cuts in 2025, and the lingering impact of Trump's tariff policies.

Trump's tariff threat sparks risk-off mood, Asia FX tumbles

Trump's proposal to impose steep tariffs rattled markets, particularly export-reliant economies.

## Dollar firms as tariff threat lingers.

Global shares drifted on Friday as investors reflected on relatively strong earnings from tech bellwethers in a week that started with a market rout sparked by the emergence of a low-cost Chinese artificial intelligence model.

Fresh threats from U.S. President Donald Trump of tariffs on Mexico and Canada lifted the dollar and pushed gold prices to record high as traders brace for the Saturday deadline set by Trump to impose 25% tariffs.[FRX/] [GOL/]

Nasdaq futures rose 0.58% after Apple (NASDAQ:AAPL) executives forecast relatively strong sales growth. European futures pointed to a muted open after Europe's benchmark index closed at a record high the previous day.

The pan-European STOXX 600 is on course for an over 6% gain in January, its strongest monthly performance since November 2023.

## Yen set for best January in seven years.

The yen was on track for its best monthly start to the year since 2018 on Friday, helped by the view that the Bank of Japan (BOJ) is likely to keep raising rates this year while its global peers elsewhere look to ease policy.

The Mexican peso and Canadian dollar were on guard ahead of a looming Feb. 1 deadline which U.S. President Donald Trump has said would be the date he imposes 25% tariffs on imports from the two countries.

The loonie languished near a five-year low at C\$1.4477 and was set for a weekly decline of close to 1%.

Mexico's peso was recovering from its steep fall from the previous session and last stood at 20.6643 per dollar, though it remained on track for its worst weekly performance since October with a 1.85% fall.

"If (Trump) wants to talk tough, he's got to act tough as well, and that starts with actually announcing something concrete tomorrow," said Tony Sycamore, a market analyst at IG.

In Japan, the yen weakened on Friday and was last 0.34% lower at 154.84, after BOJ Governor Kazuo Ueda said the central bank must maintain loose monetary policy to ensure underlying inflation gradually accelerates toward its 2% target.

Still, the yen has climbed more than 0.7% for the week thus far and is set to gain 1.6% for the month, which would mark its best January performance in seven years.

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