

# MARKET UPDATE

07/02/2025

## **Asia stocks mixed with gains in China shares.**

Most Asian stocks fell on Friday but Chinese shares extended gains on AI optimism despite U.S. tariffs, while the Reserve Bank of India (NSE:BOI) reduced interest rates for the first time in nearly five years.

U.S. stock index futures were largely unchanged in Asian trading after a mixed close on Wall Street.

RBI cuts rate as expected; Asian central banks see pre-emptive rate cuts

The RBI announced a 25 basis point reduction in the repo rate, bringing it down to 6.25%. This marks the first rate cut in nearly five years, aiming to stimulate the nation's slowing economy.

The move came in the first policy decision under new RBI Governor Sanjay Malhotra.

He highlighted that the combination of subdued economic growth and easing inflation provided the necessary space for this monetary easing.

India's Nifty 50 was largely unchanged after the decision, ticking down 0.2%, as the move was already priced in.

Recent domestic data showed that India's retail inflation eased to a four-month low of 5.2% in December, but was still above the RBI's medium-term target of 4%.

## **Yen bolstered by rate hike bets.**

The yen climbed to a nine-week high on Friday as market players piled on bets for more interest rate hikes in Japan this year, while the U.S. dollar and other major currencies were little changed ahead of U.S. payroll figures later in the day.

After a volatile week punctuated by back-and-forth market-moving headlines on U.S. tariff threats, traders settled in for the jobs data while keeping a wary eye on geopolitics and U.S. President Donald Trump's broad policy moves.

The U.S. labour market has remained resilient, with the unemployment rate ticking down to 4.1% in December. Economists polled by Reuters expect the unemployment rate to have remained unchanged last month while projecting the economy added 170,000 jobs. But analysts warn that January employment data may be difficult to interpret due to annual revisions, while wildfires in California and frigid temperatures in the United States are expected to have held back job growth.

## Tesla rival BYD rallies to near record high.

Shares of BYD extended a recent rally on Friday and were close to a record high after the company said it will reveal its plans for autonomous vehicles in a press conference next week.

BYD's Hong Kong-listed shares (HK:1211) rose 4.8% to a peak of HK\$332.40- coming within spitting distance of a 2022 record high. The company's Shenzhen-listed shares (SZ:002594) rose nearly 5% to 326.65 yuan. Both shares were set to rise more than 20% this week.

BYD- one of the world's best-selling electric vehicle makers and a major Tesla (NASDAQ:TSLA) rival- said on Thursday that it will reveal its vehicle intelligence strategy on February 10. The press conference is set to take place at 7:30 PM Beijing time (6:30 AM EST).

BYD's shares had skyrocketed after its announcement on Thursday, as investors bet that the company's intelligent driving systems- which could be launched at a mass-market scale- will drive a new round of sales growth.

The company sold a record 4.3 million vehicles in 2024, handily overtaking rival Tesla, who sold about 1.8 million vehicles. BYD's sales of battery electric vehicles, however, just lagged Tesla.

Still, Tesla is seen ahead of BYD in autonomous vehicles, having incorporated autonomous driving software into its vehicles as early as 2015. Tesla had also last year unveiled its Cybercab robotaxi- a fully autonomous vehicle, although it did not provide a clear timeline for production.

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