

MARKET UPDATE

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Asia stocks rise as China tech rallies.

Most Asian stocks advanced on Tuesday with Chinese technology stocks rallying further ahead of key quarterly earnings from the sector.

Australian stocks traded lower, showing little reaction to an as expected interest rate cut by the Reserve Bank of Australia. The central bank struck a hawkish stance on the prospect of further easing.

Regional markets took few cues from Wall Street, given that U.S. markets were closed on Monday. Wall Street futures rose slightly in Asian trade, amid persistent uncertainty over President Donald Trump's trade tariffs, and high-for-longer interest rates.

Chinese stocks muted, tech extends AI rally ahead of earnings

China's Shanghai Shenzhen CSI 300 and Shanghai Composite indexes moved little on Tuesday. But Hong Kong's Hang Seng index was a standout performer, surging 2% on sustained strength in technology stocks.

Some of China's biggest technology firms- such as Baidu (NASDAQ: BIDU) Inc (HK:9888) and Alibaba Group Holding Ltd (HK:9988)- are set to report quarterly earnings this week. Baidu rose 0.4%, while Alibaba (NYSE: BABA) rallied nearly 5%.

Bitcoin price today falls to \$95.4k.

Bitcoin edged lower on Tuesday, marking its third consecutive day of declines as market participants remained cautious amid uncertainty surrounding U.S. trade tariffs and the Federal Reserve's interest rate outlook.

The world's largest cryptocurrency inched 0.8% lower to \$95,424.7 by 01:14 ET (5:14 GMT).

Crypto investors on edge; await clarity to US tariffs, interest rates

Investors are closely monitoring developments in U.S. trade policy, as President Donald Trump's administration signaled potential new reciprocal tariffs on every country taxing U.S. imports.

The prospect of escalating trade tensions has raised concerns about a slowdown in global economic growth, which could weigh on risk assets like Bitcoin.

Analysts noted that cryptocurrencies, often seen as a barometer for risk appetite, are particularly sensitive to shifts in macroeconomic sentiment.

European shares score record highs.

European futures hit record peaks on Tuesday as defence stocks soared on expectations of a spending bump, while Hong Kong shares were on the verge of three-year highs as investors cheered business leaders' meeting with President Xi Jinping.

Australia's central bank began its rate cutting cycle, as expected, and the Australian dollar found support at \$0.6350 as the cut came with caution on further easing.

S&P 500 futures were up 0.2% and European futures added 0.1%. Japan's Nikkei rose 0.5% with bank and defence-related shares taking their cues from Europe's rally.

On Monday, the pan-European STOXX 600 index closed 0.5% higher as a gauge of defence and aerospace stocks surged 4.6% to lifetime peaks, having already more than doubled in value since Russia invaded Ukraine three years ago.

Investors expect earnings in the industry to continue to rise strongly, reckoning a long era of modest defence budgets has ended and a rush to buy arms is beginning.

"If European defence spending gets anywhere near Trump's 5% of GDP target, European defence companies like Rheinmetall (ETR:RHM), SAAB, BAE Systems (LON:BAES), Thyssenkrupp (ETR:TKAG), and Thales (EPA:TCFP) can extend considerably their overnight gains," said Tony Sycamore, analyst at IG Markets in Sydney.

The euro hovered around \$1.0455 in the Asia session, though Sycamore said a sustained break of \$1.0530 would open the way to \$1.06 and beyond ahead of Germany's weekend election.

Russian and U.S. officials are scheduled to meet for bilateral talks on Tuesday in Saudi Arabia. Ukraine's President Volodymyr Zelenskiy has said the country would not recognise any decisions made in deliberations where they were not present.

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