

# MARKET UPDATE

05/03/2025

## Oil prices wallow near 5-mth low.

Oil prices fell slightly in Asian trade on Wednesday as markets remained on edge over tariff-related headwinds and increasing global production, with focus turning to stimulus measures in top importer China.

Prices had tumbled to a five-month low on Tuesday as investors fretted over worsening demand amid economic headwinds from increased U.S. trade tariffs. This came as U.S. President Donald Trump delivered on his threats of higher tariffs against China, Canada, and Mexico.

Oil markets were also rattled by reports that the Organization of Petroleum Exporting Countries and allies (OPEC+) will proceed with a plan to begin increasing production, albeit marginally, from April.

Still, crude prices found some relief from China- the world's biggest oil importer- setting a 5% economic growth target for 2025 while outlining a slew of stimulus measures. Industry data also showed a bigger-than-expected draw in U.S. inventories.

Brent oil futures expiring in May fell 0.2% to \$70.93 a barrel, while West Texas Intermediate crude futures fell 0.3% to \$67.46 a barrel by 20:51 ET (01:51 GMT). Both contracts remained close to a five-month low hit earlier this week.

## Dollar falls, currencies volatile.

The dollar dropped to a three-month low on Wednesday as markets reeled from a trade war triggered by U.S. President Donald Trump, who again vowed reciprocal tariffs in his first speech to Congress since taking office.

Moves in currencies were volatile as investors fretted about the impact of escalating global trade tensions on the world economy.

In an address to Congress, Trump said further tariffs would follow on April 2, including "reciprocal tariffs" and non-tariff actions aimed at balancing out years of trade imbalances.

The dollar initially ticked higher as Trump was speaking, though later erased those gains to hit a low of 105.46 against a basket of currencies, its weakest since December 6.

Investors have sold the dollar in a reversal of the so-called "Trump trades" which first gathered steam late last year, as they become increasingly concerned with the growth outlook for the world's largest economy, which is already showing signs of a slowdown.

## Trump reiterates plans for tariffs.

U.S. President Donald Trump repeated his plans for tariffs against America's biggest trading partners during an address to Congress on Tuesday evening, calling for an end to what he saw as unfair trading practices.

His comments came as Trump's 20% tariffs on China and 25% tariffs on Canada and Mexico took effect earlier in the day, potentially marking the beginning of a global trade war.

Trump said reciprocal tariffs against major economies- which will match their tariffs on U.S. exports- will take effect from April 2. He lambasted unfair trading conditions for U.S. companies, citing India and South Korea's automobile duties as an example.

"We've been ripped off for decades, and we will not let that happen any longer," Trump said. "Tariffs are about making America rich again, making America great again."

Trump also said he wants to make interest payments on American-made automobiles tax deductible.

Trump claimed that his policies will benefit American farmers, but warned that there would be a bit of an "adjustment period" after he announced tariffs on agricultural imports, beginning from April 2.

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