

# MARKET UPDATE

06/03/2025

## Asia stocks jump as Trump delays auto tariffs.

Most Asian stocks jumped on Thursday led by a surge in Hong Kong shares, as President Donald Trump's delay of 25% auto tariffs on Mexico and Canada eased immediate trade war fears, while optimism was further boosted by China's new stimulus measures.

Major U.S. stock indexes jumped on Wednesday, in anticipation that the U.S. administration may be open to tariff negotiations.

Asia stocks jump as Trump's auto tariff delay signals softer stance

On Tuesday, President Trump escalated trade tensions by imposing 25% tariffs on Canadian and Mexican goods, and increased levies on Chinese products to 20%.

In his congressional speech on Wednesday, Trump reaffirmed plans for reciprocal tariffs, set to take effect on April 2. This move could further escalate trade tensions.

However, the White House announced on Wednesday a one-month exemption from the newly imposed 25% tariffs on vehicle imports from Mexico and Canada, offering temporary relief to global markets.

The White House said Trump is open to considering more tariff exemptions after they took effect Tuesday.

## Euro hits 4-month peak.

The euro extended four-month highs to the U.S. dollar on Thursday, following a surge in European bond yields on Germany's proposed 500 billion euro (\$539.85 billion) infrastructure fund and overhaul in borrowing limits.

The greenback wallowed near a four-month trough against a basket of major peers after U.S. President Donald Trump's administration gave a one-month reprieve on auto import levies to Canada and Mexico, again showing how rapidly the trade landscape can shift.

The risk-sensitive sterling and Australian dollar benefitted, with the British currency touching a four-month peak. The Aussie reached a one-week high, buoyed additionally by solid economic growth at home and pledges of more stimulus from top trading partner China.

The yuan, though, slipped back from a four-month top."The moves in European markets were remarkable ... as the German government, after long last, exercises its ample balance sheet," said Kyle Rodda, senior financial markets analyst at Capital.com.



## Copper prices rally.

The recent rally of copper in New York is primarily driven by the risk of tariffs on US copper imports, and not by supply-demand dynamics, BCA strategists said in a note.

This rally is expected to completely unwind if the tariffs are not imposed.

However, if the US does impose tariffs on copper imports, the prices on the Chicago Mercantile Exchange (CME) will trade at a substantial premium compared to the London Metal Exchange (LME) and Shanghai Futures Exchange (SHFE) prices.

The potential for tariffs comes in light of President Trump's recent Tuesday speech to Congress, where he indicated the administration's objective to substantially revive and expand the metals refining capacity in the US.

## Stocks rise as tariff tensions could ease.

Asian stocks rose on Thursday as investors held out hope that trade tensions could ease after U.S. President Donald Trump exempted some automakers from tariffs for a month, while the euro stood tall ahead of the European Central Bank's meeting.

Japanese government bonds fell sharply after German long-dated bonds were swept up in their biggest sell-off in decades as the parties in talks to form Germany's new government agreed to try to loosen fiscal rules.

Japan's 10-year government bond yield, which moves inversely to prices, hit a near 16-year high, while Australian bond yields rose 12 basis points. The yield on benchmark U.S. 10 year Treasury notes rose 5 bps in Asian hours.[JP/]

Much of the focus in markets remains on an escalating global trade war after 25% tariffs on imports from Mexico and Canada were imposed on Tuesday along with fresh duties on Chinese goods, sparking fears about economic growth.

**Important Note:** The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement