

# MARKET UPDATE

**10/03/2025**

## **Asia stocks mixed amid tariff worries.**

Asian stocks traded mixed on Monday as investors remained cautious ahead of impending tariffs from U.S. President Donald Trump, while Chinese markets declined after data showed ongoing deflationary pressures in the country.

Futures for major U.S. stock indices fell in Asia hours after Wall Street closed sharply lower for the week.

Investors cautious amid Trump tariff concerns

Last week, President Trump heightened trade tensions by imposing 25% tariffs on Canadian and Mexican goods and increasing levies on Chinese products to 20%.

However, he later softened his stance, by delaying tariffs by four weeks on most Mexican and Canadian goods, but remained firm on his stance on China.

A day earlier, U.S. Commerce Secretary Howard Lutnick said on NBC's "Meet the Press" that Trump remains firm on applying tariff pressure on Mexico, Canada, and China due to their handling of fentanyl.

Data on Sunday showed that China's deflationary pressures intensified in February, as both consumer and producer prices declined more than anticipated amid weak consumer spending.

## **Tariff worries drag U.S. dollar.**

The dollar was softer on Monday and trading near its lowest level in four months against major currencies as concerns over a global trade war troubled investors, lifting safe havens the yen and the Swiss franc.

Markets have been fixated on trade tensions as U.S. President Donald Trump slapped tariffs on top trading partners only to delay some of them for a month amid growing signs and fears of a U.S. economic slowdown.

That has led to investors losing faith in the U.S. economy which has been outperforming its peers. On currency futures markets, investors have slashed net long dollar positions to \$15.3 billion from a nine-year high of \$35.2 billion in January.

Risk-averse investors have sought the Japanese yen and Swiss franc instead sending both currencies to multi-month highs. On Monday, the yen was 0.25% firmer at 147.68 per dollar, just below the five-month high of 146.94 it touched on Friday.



## Stocks slip, yen gains on Trump trade war.

Wall Street futures sank and the safe-haven yen and Swiss franc strengthened on Monday as building deflationary pressures in China added to growth worries from a lacklustre U.S. economy and an escalating global trade war.

U.S. S&P 500 stock futures pointed 0.5% lower and Nasdaq futures sagged 0.6% as of 0609 GMT.

Hong Kong's Hang Seng slumped 1.8%, and an index of mainland Chinese blue chips eased 0.7%.

Taiwan's equity benchmark slipped 0.5%, although Japan's Nikkei was 0.4% higher after flipping between small gains and losses.

The yen strengthened some 0.3% to 147.605 per dollar, while the franc firmed 0.2% to 0.8780 per dollar.

European markets offered a bright spot though, with pan-European STOXX 50 futures pointing up 0.55%.

Data on Sunday showed China's consumer price index fell at the sharpest pace in 13 months in February, while producer price deflation extended to a 30th straight month.

Beijing pledged more stimulus to boost consumption and foster innovation in artificial intelligence at the start of the week-long National People's Congress meeting that runs until Tuesday.

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