

# MARKET UPDATE

27/03/2025

## **Asia stocks hit by Trump auto tariffs.**

Most Asian stocks fell on Thursday after U.S. President Donald Trump's announcement of automobile tariffs ramped up concerns over his trade agenda.

Major technology and chipmaking stocks also fell in tandem with their U.S. peers on growing concerns over a potential supply glut in data center and computing supply for the artificial intelligence industry.

Japanese shares were the worst hit in Asia, given the Nikkei's high concentration of automakers and tech, while Chinese markets were steady.

Hong Kong shares advanced on strength in local tech names, which have become increasingly disconnected from their U.S. and global peers in recent months, amid optimism over China's AI prospects and more stimulus from Beijing.

Broader regional markets tracked overnight weakness in their U.S. peers, as Wall Street tumbled on Trump's tariff threats. His 25% auto tariffs will take effect from April 2, with the U.S. President also expected to announce a host of other tariffs on that date.

## **Gold prices rise as Trump auto tariffs rattle markets.**

Gold prices rose in Asian trade on Thursday, buoyed by renewed safe haven demand after U.S. President Donald Trump imposed 25% trade tariffs on all automobile imports, marking an escalation in his tariff agenda.

Goldman Sachs also hiked its 2025 gold price target, forecasting strong central bank demand and strong inflows from exchange-traded funds.

Trump's tariffs- which will be imposed on April 2 along with a host of other duties, sparked a risk-off move across global markets, with Wall Street and Asian stocks clocking deep losses.

This drove safe haven plays into gold, amid growing fears that Trump will make good on his other tariff threats.

Gold underpinned by haven demand on Trump tariff woes

While gold saw some profit-taking earlier this week, it still remained close to record highs as uncertainty over U.S. trade and economic policies underpinned haven demand.

## German auto shares lower after Trump 25% tariffs.

The euro rose slightly following three straight sessions of declines, while the yen edged lower against the greenback, pressured by a rise in U.S. Treasury yields.

The U.S. dollar index, which measures the currency against a basket of six counterparts, was flat at 104.15 as of 0525 GMT, after touching 104.22 on Friday for the first time since March 7. Last week, the index rose 0.4%, its first week of gains this month.

The dollar has been under pressure for most of this year as the market's assumptions that Trump would quickly usher in pro-growth policies transformed into worries that the president's aggressive and erratic trade policies could trigger a recession.

The next round of tariffs is due on April 2, when the White House will announce reciprocal levies on many countries.

"We downgraded our dollar forecasts last week but still expect some dollar strength from current levels," Goldman Sachs analysts wrote in a research note.

"The market has rapidly repriced the shift in the growth outlook, and ran ahead of the forecast changes our teams have made for 2025," they said.

Additionally, "our economists downgraded U.S. growth because we now expect tariffs to rise more substantially, which we think should still be positive for the dollar."

The dollar gained 0.35% to 149.83 yen. The currency pair tends to track changes in bond yields, and 10-year Treasury yields added as much as 2.5 basis points to 4.2790% on Monday.

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