# Market Watch
## As of March 2025

## What's Been Happening

### Global

Israel violated the ceasefire agreement with Hamas, which began on 19th January 2025, with American approval. According to the terms of the deal, both sides were expected to begin negotiations on a permanent end to the war by the 16th day of the ceasefire. However, Israel refused to engage in these talks as long as Hamas remained in control of Gaza. The specific terms of the agreement were never officially published. While the deal was brokered with the involvement of the Trump administration, it was finalized under the Biden administration in its final days. With President Trump now in office, Israel saw an opportunity to push for new terms.

A revised ceasefire proposal was introduced, requiring the release of more hostages before negotiations on ending the war could commence. Israel stated that it was resuming military operations to pressure Hamas into accepting these new terms. This month, Israel also imposed a blockade on Gaza to further escalate pressure. Hamas, while engaging with mediators, remained firm in its demand to uphold the original agreement, which included withdrawing Israeli troops from the Gaza-Egypt border and initiating end-of-war discussions.

Meanwhile, Israel's military has continued its attacks on Gaza, carrying out a series of deadly overnight airstrikes that killed more than 400 Palestinians, including many women and children, and injured hundreds more. At least four government officials were also among the casualties. The latest airstrikes have made the past 24 hours one of the deadliest periods for Palestinians in Gaza since the early months of the war in 2023.

### US

In February 2025, the U.S. economy displayed a mix of stability and emerging challenges across various sectors. Growth remained steady, with an annualized GDP increase of 2.3% in Q4 2024. Inflationary pressures persisted, rising 0.2% on a seasonally adjusted basis, driven by recent tariffs and supply chain disruptions. This brought the annual inflation rate to 2.8%, slightly lower than 3.0% in January 2025. In response, the Federal Reserve maintained its benchmark interest rate at 4.25-4.50% in its latest meeting. The labor market showed mixed trends, with 151,000 jobs added in February, while total employment rose to 4.9 million, signaling underlying workforce challenges. Additionally, consumer sentiment declined notably during the same period.

### UK

The UK's real GDP grew by 0.2% in the three months leading up to January 2025, primarily driven by the services sector. However, on a monthly basis, GDP contracted by 0.1% in January after rising by 0.4% in December 2024. Inflationary pressures persisted, with the Consumer Price Index (CPI) increasing by 3% in January 2025. In response, the Bank of England (BOE) cut its benchmark interest rate by 25 basis points to 4.5% in February and maintained this rate in its March meeting. Inflation eased slightly to 2.8% in February, falling just below analysts' expectations of 2.9%. Consumer confidence, which had weakened in January, improved in February, with the index rising from 111.1 to 112.5, reflecting renewed optimism. Meanwhile, recent labor market data showed a 0.5% decline in employment over the past year, a trend often linked to recessionary conditions.

### Singapore

Singapore's core inflation rate dropped to 0.6% in February, marking its lowest level in nearly four years. To support the stock market, the government rolled out initiatives, including a 20% tax rebate for primary listings and a SGD 5 billion Equity Market Development Program, aimed at boosting market competitiveness and liquidity. Meanwhile, total trade expanded by 4.6% in February, following a 6.6% rise in January, with both exports and imports increasing. The Singapore Dollar also strengthened against the US Dollar as global markets declined due to uncertainties surrounding US interest rate policies.

## Global Benchmark Rates

| | As of 31 March 2025 | As of 28 February 2025 |
|---|---|---|
| US (The Federal Reserve) | 4.50% | 4.50% |
| UK (Bank of England) | 4.50% | 4.50% |
| MAS 3 month | 2.77% | 2.86% |

TAIB

## FX Rates

| | As of 31 March | 1 WK (%) | 1 MTH (%) | YTD (%) |
|---|---|---|---|---|
| USD/SGD | 1.3427 | 0.31 | (0.64) | (1.71) |
| EUR/SGD | 1.4524 | 0.46 | 3.57 | 2.69 |
| GBP/SGD | 1.7345 | 0.27 | 2.04 | 1.44 |
| AUD/SGD | 0.8388 | (0.31) | (0.02) | (0.82) |
| NZD/SGD | 0.7625 | (0.56) | 0.81 | (0.20) |
| CAD/SGD | 0.9333 | (0.16) | (0.11) | (1.71) |
| JPY/SGD | 0.8954 | 0.81 | (0.22) | 3.07 |
| CHF/SGD | 1.5184 | 0.16 | 1.48 | 0.83 |
| HKD/SGD | 0.1726 | 0.23 | (0.69) | (1.88) |
| SAR/SGD | 0.3581 | 0.28 | (0.64) | (1.49) |
| MYR/SGD | 0.3023 | 0.13 | (0.20) | (1.02) |
| AED/SGD | 0.3659 | 0.33 | (0.57) | (1.61) |

## FX News

The Japanese Yen (JPY) surged to a three-week high against the US Dollar (USD) as risk aversion intensified after President Trump announced sweeping tariffs. Investors sought safe-haven assets, narrowing the US-Japan rate differential and boosting JPY demand.

Meanwhile, the Australian Dollar (AUD) struggles near 0.6280 despite stronger Chinese Caixin Services PMI data (51.9 vs. 51.6 expected). Trump's proposed 54% tariffs on Chinese goods weigh on Australia's trade outlook, while a weaker-than-expected trade surplus (2,968M vs. 5,600M) adds to bearish sentiment. The Reserve Bank of Australia (RBA) issued a cautious outlook, warning of risks to investment, consumer spending, and financing costs, though reassuring that banks remain well-capitalized.

In China, the Yuan (CNY) weakened as markets awaited the PBOC fixing, with the reference rate set at 7.1889 vs. 7.1793 prior. Offshore Yuan (CNH) breached 7.30, raising concerns over further depreciation and potential intervention.

The British Pound (GBP) showed resilience, briefly testing six-month highs as Trump's tariffs were seen as less severe than expected. The administration confirmed a 10% flat tariff on all US imports, plus 25% on autos and varied country-specific levies, with potential future expansions.

With tariffs likely to drive US inflation higher, expectations for prolonged Fed rate hikes persist. Markets now turn to the US Nonfarm Payrolls (NFP) report for post-tariff economic insights.

## FX Outlook

For USD/JPY, the pair faces further downside risks amid ongoing risk aversion. Key levels to watch include support at 147.10 (March swing low) and 144.23 (major downside target), while resistance is seen at 148.65 and 150.00. If risk-off sentiment continues, USD/JPY could test 144.23 in the near term.

The AUD/USD outlook remains bearish, weighed down by external pressures from China and the US. The pair is struggling below key resistance at 0.6350 and 0.6400, with support levels at 0.6250 and 0.6200 likely to be tested if sentiment worsens.

For USD/CNH, the next moves will largely depend on PBOC intervention. If Chinese authorities step in to stabilize the yuan, the pair could consolidate around 7.25-7.30. However, if depreciation continues, the next resistance levels to watch are 7.3680 (September 2023 high) and 7.40.

GBP/USD is currently testing the 1.3000 handle, having ridden a bullish trendline breakout since mid-January's swing low near 1.2100. If price action breaks cleanly through 1.3000, an extended rally could follow. However, the upcoming US NFP report will be a key driver of the next move, as strong US labor data could weigh on GBP/USD by reinforcing USD strength.

## Outlook

### US

US GDP growth is projected to reach 2.3% in 2025, with expectations of a slowdown in the second half of the year. Following the recent FOMC meeting, policymakers signaled the possibility of two rate cuts this year, reflecting a cautious stance amid ongoing economic uncertainties. The Federal Reserve also acknowledged that tariffs are adding to inflationary pressures, with inflation expected to rise slightly to 2.7%-remaining above the Fed's 2% target. Additionally, consumer sentiment weakened, with the short-term economic outlook dropping below 80 for the first time since June 2024, a level often associated with recessionary concerns. While the U.S. economy remains on a growth path, uncertainties surrounding inflation, interest rates, and consumer confidence warrant a measured approach. The coming months will be pivotal in assessing whether economic momentum can be sustained or if further policy adjustments are necessary to mitigate potential risks.

### UK

The Bank of England (BOE) has revised its UK growth forecast for 2025, lowering its GDP projection to 0.75%, down from the previous estimate of 1.5%. This downgrade reflects the country's recent weak economic performance, rising global trade tensions–particularly tariff disputes initiated by the Trump administration–and concerns over the UK's supply capacity to meet demand without fueling inflation. Additionally, the BOE signaled a cautious stance on future rate cuts, citing persistent inflationary pressures. While the services sector continues to support growth, the broader economic outlook remains subdued due to downgraded projections, fiscal constraints, and labor market challenges.

### Singapore

A mid-February survey projected Singapore's GDP growth at 2.6% for the year, aligning with the government's estimate of 1.0% to 3.0%, factoring in global economic challenges such as geopolitical tensions. With March's low CPI, core inflation is expected to range between 1.0% and 2.0% in 2025, with potential policy easing in April's review. The Singapore dollar (SGD) is anticipated to weaken against the US dollar (USD) throughout the year, with forecasts suggesting an exchange rate of approximately 1.3829 USD/SGD by December 2025. Despite global uncertainties, Singapore's economy is expected to remain resilient, supported by proactive policy measures and structural strengths.

*Source: Bloomberg and Reuters*