

Weekly Market Report For 28 April – 2 May 2025

Overview




- Stocks rebounded, buoyed by rising hope of trade talks and a better-than-expected job report.
- China signals its readiness to talk with the US and started to exempt some US goods from tariffs, a potential de-escalation in the trade war.
- US job growth beats expectations, but GDP contracted 0.3% due to front-loading of imports.
- US companies, especially tech companies, 1Q25 earnings beat expectations.
- Fed is in no rush to cut, investors see the next cut in July.
- BOJ keeps rates steady, cuts inflation and growth forecasts.
- Moody's downgraded the outlook for Thailand, but the SET Index gained after the MPC announced rate cut.

Market Brief




 Financial market rebounded last week thanks to signs of easing trade tensions and a stronger-than-expected US job report eases slowdown worries.


 **Trade negotiations**

- China is evaluating an offer from the US to engage in trade negotiation, the first positive sign since President Trump hiked tariffs on Chinese goods.
- US Treasury Secretary Scott Bessent updated trade deals with major trading partners, including Japan, India, and South Korea. China grants tariffs exemption on select US goods reflected Beijing's willingness to ease trade tensions.
- Investors believe Trump's tariff has passed its peak on April 2 and positive progress on trade deals should boost market sentiment.


 Oil prices tumbled as OPEC+ has agreed to boost production by 411,000 barrels per day in June. This is the second consecutive month of production hikes.

 **US economy**


- Nonfarm payrolls increased by 177,000 in April, more than the 138,000 expected by economists and the unemployment rate was unchanged at 4.2% as expected.
- The Federal Reserve is expected to continue wait-and-see posture as it wants to assess how tariffs will affect the economy. Traders now see the Fed will start cutting rates in July, delaying from June, after a surprisingly strong job report.
- The US economy contracted at an annualized rate of 0.3% in 1Q25, below market expectations of 0.2% growth, following a 2.4% growth in 4Q24.
- A 41% surge in imports contributed to the slowdown, as businesses and consumers rushed to stockpile goods before Trump administration announced reciprocal tariff on April 2.
- Core PCE slowed 2.6% YoY in March from 3.0% in a month earlier as expected. The index was unchanged on monthly basis.
- The tariffs are expected to spur a temporary rise in inflation and they should not put pressure on the economy in long term.

 **Corporate earnings**

- US big tech 1Q25 earnings beat estimates on both revenue and net income.
- Microsoft: Its Cloud division reported robust sales growth and executive offered guidance for next quarter growth above market expectations.
- Meta Platforms: Strong growth in Ad revenue, driven by AI-powered ad rating algorithm which enhance ad targeting.
- Apple: Both revenue and profit beat expectations. However, investors are concerns about the uncertain outlook posed by tariffs. Apple CEO Tim Cook estimated the current global tariff rates would add USD900 million to its costs in the June quarter and he could not project tariff effect beyond that.
- Amazon: Shares ticked lower after the company reported revenue and earnings that topped expectations but issued a disappointing outlook.
- S&P500 quarterly results from most companies have come in generally stronger than expected. However, investors should focus on executives' comments about the impacts of tariffs on corporate earnings.

 **The Bank of Japan Monetary Policy**

- BOJ keeps policy rates steady, while cutting its inflation and economic growth forecasts amid growing uncertainty over US tariffs and its impacts on Japanese exports.
- The timeline for underlying inflation to reach the BOJ's 2% target has been delayed. The bank reiterated that the pace of interest rate hikes would be gradual.
- Market assessed that the further hikes should depend on development on trade deals. Goldman Sachs expected the BOJ to delay hikes from July 2025 to January 2026.

 **Thai economy**


- Moody's ratings changes Thailand's outlook from "stable" to "Negative" but SET Index closed higher last week.
- The MPC voted 5 to 2 to cut the policy rate by 0.25%. Most committee members voted to cut rate to support the economy, while two members voted to keep rate unchanged, giving consideration to the timing when monetary policy is most effective subject to limited policy space.
- The BOT economic projections were based on 2 scenarios
 - Scenario 1: Negotiations are prolonged. The US grants tariff exemptions, but keeps 10% universal tariff in place, and grants tariff reduction for China. In this case, the BOT projects the Thai economy will grow at 2% this year.
 - Scenario 2: Negotiation outcomes lead to half reciprocal tariffs for all countries. In this case, the Thai economy may expand by 1.3% this year.

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