

Global Markets Split as U.S. Hits Highs and Asia Faces Trade Doubts

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Asian equities closed mixed on Friday, capping a volatile session marked by fading optimism and persistent uncertainty over the trajectory of U.S.-China trade relations that have preoccupied investors for months.

Early trading in the region was buoyed by a strong performance on Wall Street, where the S&P 500 advanced 0.8% overnight, approaching its all-time closing high set in February. The rally followed a series of encouraging economic indicators that underscored the

resilience of U.S. consumers and manufacturers despite ongoing tariff pressures. Data showed durable goods orders rising steadily, while initial jobless claims declined further, fueling expectations that the world's largest economy remains on solid footing.

However, sentiment in Asia deteriorated as the session progressed. Market participants grappled with conflicting signals emanating from Washington and Beijing. President Donald Trump announced that a long-anticipated trade agreement had been signed earlier in the week, yet Commerce Secretary Howard Lutnick declined to provide substantive details, noting only that "the president likes to close these deals himself."

China's Commerce Ministry was similarly opaque, acknowledging that "details of the framework" had been discussed without clarifying whether the U.S. would gain access to China's strategic rare earth minerals critical inputs for advanced technology manufacturing. The lack of transparency stoked uncertainty and weighed on risk appetite.

Hong Kong's Hang Seng Index slipped 0.3% to 24,250.77, while the Shanghai Composite retreated 0.7% after China reported a concerning 9.1% year-on-year decline in industrial profits, the steepest contraction since October.

"Beijing may have paused the worst of the tariff conflict, but the scars are showing," observed Stephen Innes, Managing Partner at SPI Asset Management. "Absent a meaningful recovery in demand, manufacturers will continue to feel the pressure."

In contrast, Japan's Nikkei 225 rose 1.4% to 40,150.79, supported by a modest decline in consumer prices that offered some relief to household budgets. South Korea's KOSPI fell 0.8%, while Australia's S&P/ASX 200 lost 0.4% amid broader caution across regional markets.

Government bond markets also reflected heightened unease. The yield on the U.S. 10-year Treasury note edged down to 4.24%, while the two-year yield declined to 3.71%, as speculation mounted that President Trump could imminently announce a replacement for Federal Reserve Chair Jerome Powell. Investors are concerned that an early nomination could undermine perceptions of the Fed's independence as it confronts persistent inflationary pressures.

With Wall Street hovering near record highs and Asia contending with unresolved trade issues, global markets appear poised for continued volatility as investors await further

clarity in this protracted geopolitical standoff.