

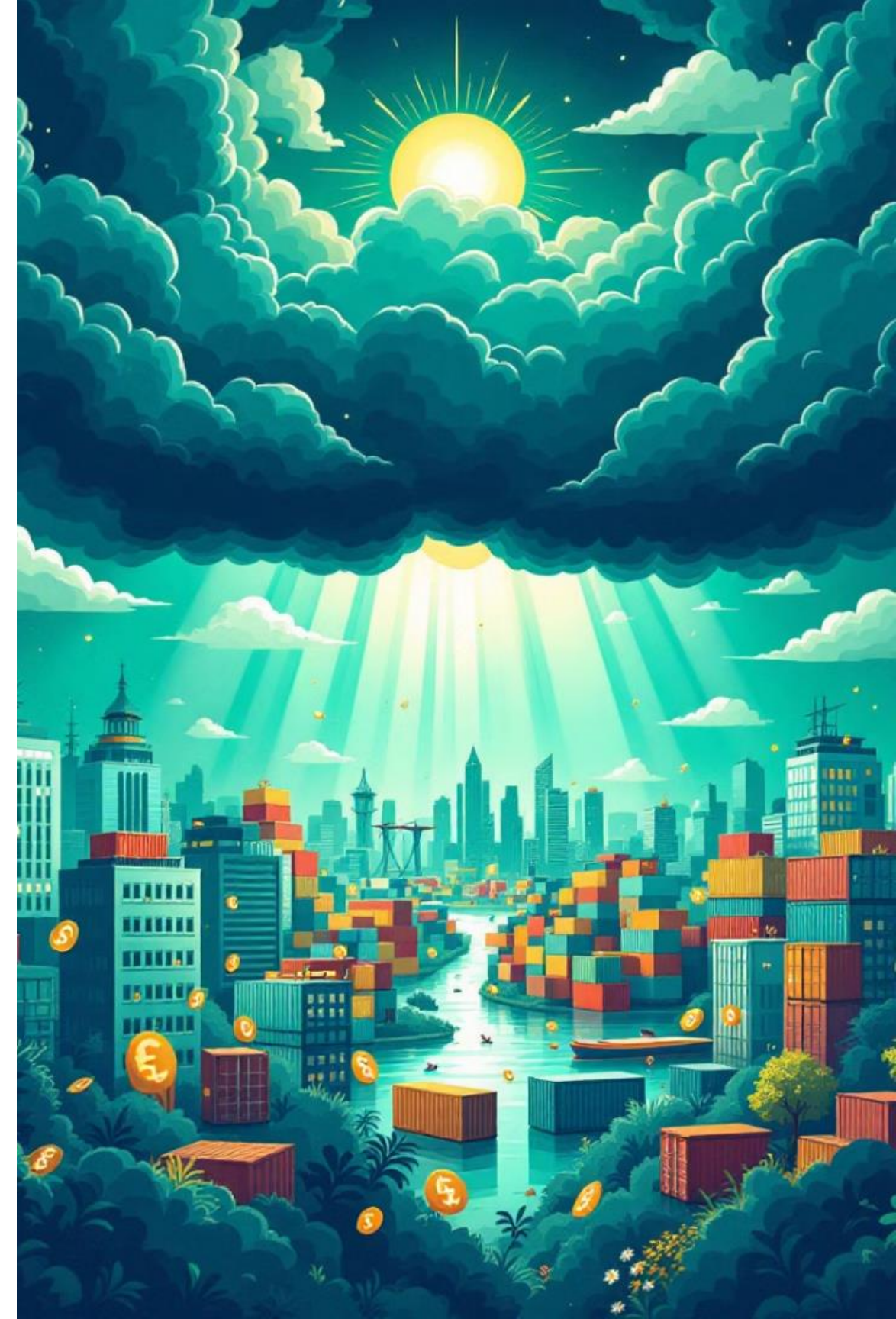
Playbook: As of 15 May 2025

Tariff Watch: Top Currency Pairs to Monitor

The 2025 US tariff regime has dramatically reshaped global trade dynamics, with a 10% baseline tariff on all imports since April 5 and 145% tariffs on Chinese goods (up from 2.5% pre-2025), triggering a WTO trade growth revision to -0.2% and unprecedented supply chain realignments.

With currency pairs experiencing their highest volatility since 2022, companies must adapt their hedging strategies. In this playbook, we break down:

- Latest developments in US-China trade relations and global economic impact
- Trump's policies and their effects on global supply chains
- Top currency pairs to watch



Trump's Trade Tariffs Timeline

February 1, 2025



The US imposes a 10% tariff on all imports from China and 25% tariffs on most imports from Canada and Mexico, citing concerns over fentanyl smuggling and trade imbalances.

April 5, 2025



The baseline 10% tariff on nearly all US imports goes into effect, marking the most significant US protectionist trade action in decades.

April 11, 2025



China retaliates with 125% tariffs on US goods, declares it will no longer respond to further US tariff hikes, and signals a halt to most US imports under current tariff levels.

May 12-14, 2025



In a major breakthrough, the US and China agreed to sharply reduce most tariffs for 90 days starting May 14, 2025: US tariffs on Chinese imports will drop from 145% to 30%, while China will cut its tariffs on US goods from 125% to 10%.

April 2, 2025 ("Liberation Day")



Trump announces a universal 10% tariff on all US imports (effective April 5) and unveils higher country-specific tariffs, raising Chinese import duties to 54% (later increased to 145%).

April 9-10, 2025



A 90-day pause on reciprocal tariffs for 75 countries is announced after bond market instability. China is excluded from the pause and faces a tariff hike to 145%, triggering yuan devaluation.

May 2, 2025



The US ends the de minimis exemption for China, imposing a 120% duty on UPU shipments and 145% on courier deliveries, further restricting low-value Chinese imports.

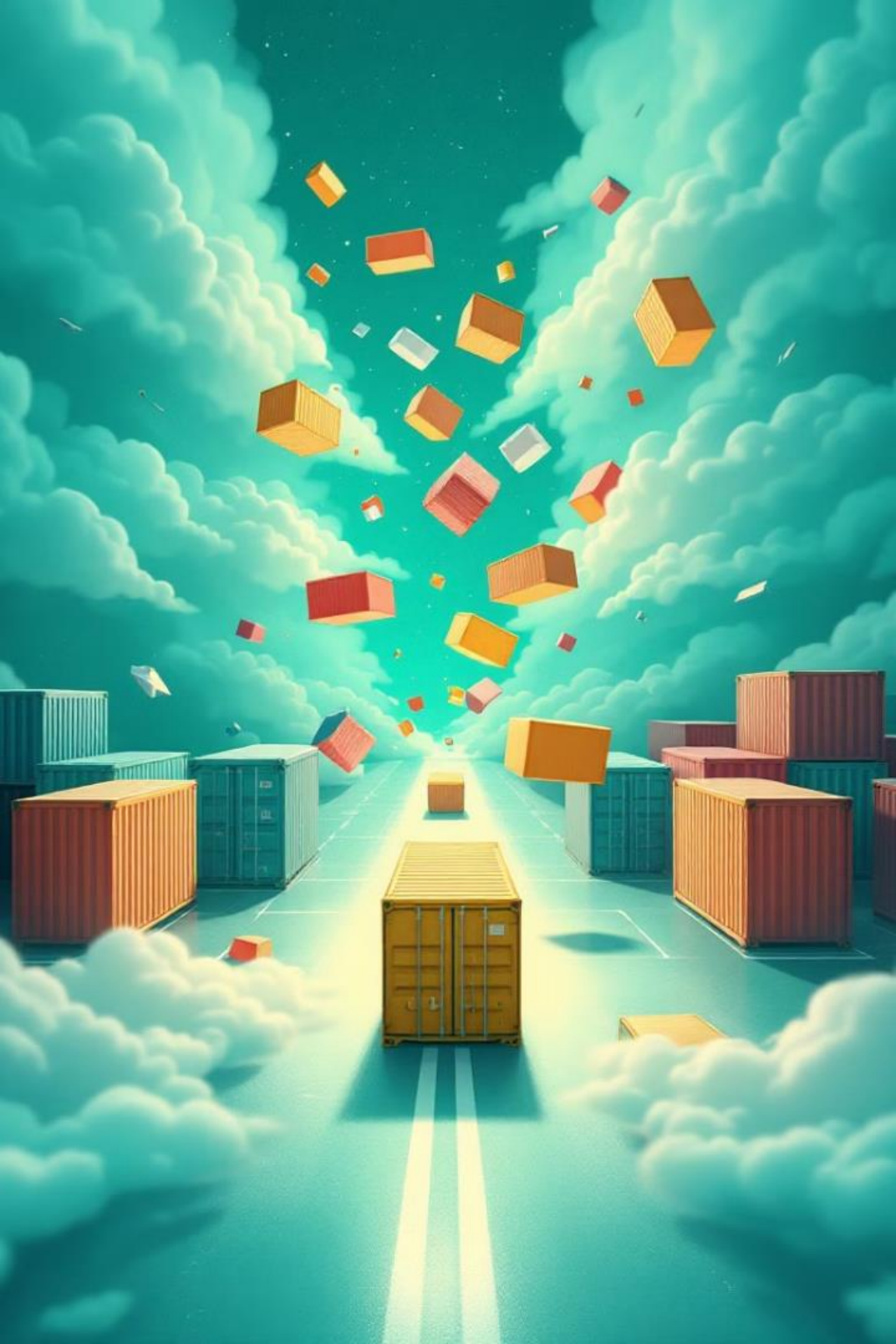
Trumponomics 2.0: Policies & Impact

Tariffs as Central Policy

- Global trade landscape is fragmented, driven by rising geopolitical tensions and shifting national policies.
- The April 2nd tariffs signal a shift away from traditional free trade, forcing companies to focus on margin protection and “friend-shoring”.
- Supply chain diversification is now critical, especially for businesses in Asia, with intra-Asian tariffs and retaliatory measures reshaping regional trade flows.

Policy Uncertainty

- Trump’s aggressive trade approach has driven global policy uncertainty higher.
- This leads to frequent shifts in alliances and economic policies that complicate risk assessments.
- Volatility increases difficulty for businesses to plan long-term, impacting investor confidence, and highlights need for agile risk management.



China Shock 1.0 vs. 2.0

China Shock 1.0: Manufacturing Dominance

China's accession to the WTO in 2001 marked the start of "China Shock 1.0" - an era where China emerged as the world's manufacturing superpower, surpassing the combined output of the next nine largest nations.

Turning Point: Export Model Challenges

China's traditional export-driven growth model is facing competition from increased factory development in Vietnam, Thailand, and Malaysia. Escalating protectionism and trade restrictions are forcing companies to rethink their reliance on China-centric supply chains.

China Shock 2.0: Fragmentation

ASEAN has overtaken China as the top destination for OECD manufacturing investment. This marks the beginning of "China Shock 2.0" - a shift from a single, China-centric supply chain to a more fragmented, regionalised model.



PAIR	DRIVERS	VOLATILITY OUTLOOK	WHAT TO MONITOR
USD/CNY	US-China tariffs, capital outflows, Chinese stimulus	High	Tariff announcements, PBOC policy, FDI trends
USD/SGD	US dollar strength, Singapore trade flows, MAS policy	Medium	MAS policy moves, US data, regional risk sentiment
USD/MYR	US rates, Malaysian FDI, commodity prices	Medium-High	US Fed signals, FDI inflows, palm oil/energy prices
USD/IDR	Commodity exports, BI intervention, capital controls	High	BI FX actions, US trade policy, commodity prices
USD/VND	US-Vietnam trade, FDI, SBV intervention	High	Tariff threats, FDI announcements, SBV FX reserves
USD/JPY	US-Japan yield gap, risk sentiment, BoJ policy	High	BoJ meetings, US yields, geopolitical tensions
EUR/USD	ECB vs Fed policy, Eurozone growth, global risk	Medium-High	ECB/Fed statements, inflation data, trade headlines
AUD/USD	Commodity demand, RBA policy	Medium	Iron ore prices, RBA meetings



Top Currency Pairs to Watch

Business Strategies for Uncertain Times

Currency Hedging

Protect against currency volatility with forward contracts and options. Maintain cash reserves in multiple currencies.

Strategic Partnerships

Navigate regulations and access markets by forming alliances with companies in stable trade areas.

Diversify Supply Chains

Reduce reliance on single countries or regions. Consider multi-sourcing and nearshoring strategies.

Innovation Focus

Invest in technology to improve visibility across operations. Enable rapid response to disruptions.



Protecting Margins Amidst Market Uncertainty

Locking in Costs or Revenue



Using instruments like forward contracts can help lock in rates and protects businesses against currency volatility, allowing for reliable cost and revenue predictions.

Improving Cashflow Predictability

Hedging provides financial predictability by mitigating cash flow disruptions from tariffs and currency fluctuations.



Reducing FX-Related Losses



FX risk management stabilises earnings, enhancing credibility with banks and investors, supporting growth and expansion plans.

Building Institutional Discipline

Effective FX management involves using automated tools, providing real-time visibility of financial exposures.



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