

Weekly Market Report For 26 – 30 May 2025

Overview



- US stocks rise on easing inflation and upbeat job data.
- A US trade court blocked most of President Donald Trump's tariffs, but the US Court of Appeals for the Federal Circuit granted the Trump administration's request for a temporary administrative stay.
- President Donald Trump and Chinese Premier Xi Jinping could talk on trade soon.
- US Treasury yield moved lower amid investor demand.
- Nvidia's earnings beat with strong demand for AI chips.

Market Brief



Last week, the US stock markets move higher. Dow Jones +1.6%, S&P 500 +1.9% and NASDAQ +2% as Nvidia led gain on upbeat earnings and PCE moves toward Fed's target amid uncertainty on Trump tariff after two rulings – halting the tariffs, then staying that decision.



US stocks ticked higher at the beginning of this week, boosted by upbeat job data. Job openings rose to 7.39 million in April from 7.2 million in March, indicating strong labor demand.



The US Court of International Trade (CIT) ruled that Trump tariffs is illegal and exceeded his authority, but the Appeals Court halts the CIT decision.

- Trump uses International Emergency Economic Powers Act (IEEPA) to impose tariffs on other nations. The court emphasized that the Constitution assigns the authority to set import duties to Congress, and therefore the President's power to impose tariffs must be located in specific statutes delegating that authority to the Executive.

- The appeals court granted the stay later on, setting a deadline of June 5 for the plaintiffs to respond and June 9 for the government to reply.

- Trump may use alternative routes if reciprocal tariff was blocked. The administration has considered using a provision of the Trade Act of 1974 to implement tariffs of up to 15% for 150 days.

- Trump signed an order under separate legal authorities to double tariffs on steel and aluminum imports to the US, from 25% to 50%, effective from June 4. The UK was granted a temporary reprieve while the details of the U.S.-UK trade deal are worked out.



US trade negotiation update.

- US-China and US-EU trade talks make limited progress.

- Trump claimed that China violated its current trade agreement with the US. China refuted Washington's claims and accuses the US for breaching deal terms by tightening restrictions on tech exports to China and stepping up scrutiny of Chinese students applying for US visas. China said those steps seriously undermine the deal reached in Geneva.

- Treasury Secretary Bessent said that US-China trade talks are a bit stalled. He suggested that a phone call between the two leaders might be necessary to break the deadlock. The White House said that US President Donald Trump was likely to speak with Chinese leader Xi Jinping soon.



US economic data.

- GDP contracted 0.2% in 1Q25, mainly due to weak consumer spending and high import tariffs.

- The core PCE, which is closely watched by the Federal Reserve, stayed at low level, +0.1% M/M and +2.5% YoY, the least in 4 years. This has led to lower expectations for long-term inflation.

- Personal spending edged up 0.1% in April, slowing from a 0.7% increase in March, suggesting that US consumers pulled back spending amid tariff uncertainty.

- Imports tumbled 20% MoM, the sharpest rate on record, mainly due to higher imports levies in April.



US Treasury yield ticked down driven by improved demand from investors. Fears over the US and Japanese bond markets have been easing. The 2-year Treasury attracted high demand. However, investors remain concerns over the US fiscal trajectory as President Trump's sweeping tax legislation, estimated to add \$4 trillion to the national debt over the next decade.



NVIDIA reports \$44.1 billion 1Q25 revenue, 69% YoY increase. Data center revenue up 73%. Earnings per share is \$0.96, higher than expected. The company is continuing to grow aggressively, powered by global demand for its AI chips, amid political tension. Nvidia told investors to expect fiscal second-quarter revenue of \$45 billion, slightly below expectations, reflecting a roughly \$8 billion hit due to export curbs on sales of its H20 products to China.

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