

Weekly Market Report For 8 – 11 April 2025

Overview



- ❖ US announced 90-day pause on reciprocal tariffs with exception of China. US shares surged.
- ❖ EU suspend for 90 days its countermeasures against the US in response to Trump's decision to allow trade negotiations.
- ❖ Smartphones, computers and semiconductors are granted 1-month exemption from Trump's tariffs. A temporary pause on auto and parts tariffs is under considerations.
- ❖ Big banks earnings beat expectations, CEO gave cautious outlook.
- ❖ China provides support to capital market and adds that Beijing has sufficient tools to fully address external challenges.
- ❖ China economy grew 5.4% in 1Q25, exceeding market expectations, amid tariffs worries.

Market Brief




 Last week, US shares soared after Trump announced 90-day pause on reciprocal tariffs. On weekly basis, Dow Jones +5%, S&P500 +5.7% and NASDAQ +7.3%.

 **Reciprocal tariff pause**


- o President Donald Trump dropped new tariff rates on imports from most US trade partners to 10% for 90 days.
- o Levies on steel, aluminum, autos, and other goods remain unchanged. The tariffs on Canada and Mexico under the fentanyl orders remain unchanged. Those include 25% on non-USMCA trade and 10% on energy and potash.
- o The EU suspends its planned tariffs on US goods for 90 days, matching US President Donald Trump's pause on new trade measures and allowing time for negotiations.

 **US – China trade war**


- o China was left out from 90-day reciprocal tariffs pause and China is not backing down from Trump's tariff war. US raised China tariffs to 145%.
- o Beijing retaliated by increasing tariffs on US goods from 84% to 125% and said it will not respond to any further US tariff hikes as it would no longer have any economic significance.

 **Update on Trump tariffs**


- o US granted exclusions from steep tariffs on smartphones, computers and semiconductors, that sent US shares higher at the beginning of the week. However, Trump said such exemption would last for just only 1 month.
- o On April 15, Trump signaled a possible delay to auto and parts.

 **US economy and financial markets**


- o Last week, investors sold US Treasury for 5 consecutive days amid tariff uncertainty. The sell-off in Treasuries was unusual as during times of uncertainty investors generally tend to flock to the safety of US debt.
- o Investor suspected that an unusual move in Treasury market force Donald Trump to suspend the duties for 90 days and delay tariff on smartphones, computers, and semiconductors. The US Treasury market has returned to normal since the beginning of this week.
- o The dollar weakened against major currencies as its safe haven status is questioned, prompting flight from US assets. The euro, Japanese yen, Korean Won, and Thai baht gained, and gold prices hit an all-time peak.
- o Inflation rate eased further to 2.4% in March, below forecasts, down from 2.8% in February and the lowest in 4 years. Core CPI was at 2.8% YoY. Shelter rose 0.2% MoM and 4% YoY, the smallest gain since November 2021.

 **Big banks earnings**

- o JP Morgan, Wells Fargo and Morgan Stanley reported better-than-expected 1Q25 results.
- o JP Morgan and Morgan Stanley earnings were boosted by trading revenue. However, CEO gave cautious outlook on the economy amid Trump tariffs uncertainty.

 **China stock market**

- o Market was highly volatile, fell sharply at the beginning of the week, but managed to rebound during the latter half of the week.
- o Beijing vowed to provide support for state-owned financial institutions to increase its exposure in stock market.
- o A slew of listed firms announced share buybacks.
- o Premier Li Qiang reiterated that China's economy remains resilient and flexible enough as the country has enough policy tools to handle economic challenges and is fully capable of countering external shocks.

 **China economic data**


- o March's inflation dipped 0.1% YoY, missing market forecasts of an unchanged, while producer price index fell 2.5% YoY, the biggest decline since November 2024.
- o China's economy grew 5.4% YoY in 1Q25, exceeding market expectations. Retail sales increased 5.9% and industrial production rose 7.7%, surpassing expectations.
- o House prices continued to decline in March, but falling at a slower pace. China economy improved in 1Q25 amid Trump tariffs effect.

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