

Weekly Market Report For 13 - 16 May 2025

## Overview



- US shares surged with Dow Jones +3.4% S&P 500 +5.3% and Nasdaq +7.2%.
- The US and China agreed to suspend tariffs for 90 days, tariffs rate on China will be lowered to 30% and levies on US goods will drop to 10%.
- Goldman Sachs predicted S&P 500 reaching 6,500 in the next 12 months.
- Big Tech shares surged amid Trump's Middle East visit, and Trump's plan to rescinds AI chips curb.
- % US CPI +0.2% MoM and PPI -0.5%, a 5-year low.
- Fed may adjust inflation target, investors expected 2 cuts this year.
- Moody's downgraded the US credit rating from the highest investment grade "Aaa" to "Aa1".

# Market Brief





### **US-China trade deals**

o The US and China agreed to lower tariffs for the next 90 days. The US agreed to drop the 145% tax Trump imposed last month to 30%. China agreed to lower its tariff rate on US goods to 10% from 125%. The tariff reductions were larger than markets had anticipated.

Global Shares closed higher last week. Dow Jones +3.4%, S&P 500 +5.3% and Nasdaq +7.2% to hit more than one-month high, while gold fell almost 5% on cooling trade tensions between the US and China.



US shares higher.

- **US-China trade deals** o The US and China agreed to lower tariffs for the next 90 days, which sent
  - o The US agreed to drop the 145% tax Trump imposed last month to 30%.
  - o China agreed to lower its tariff rate on US goods to 10% from 125%.
- o JPMorgan lifted US economic growth forecasts and saw lower chance that a recession would hit the US in 2025.
- o Goldman Sachs expected the S&P 500 to reach 6,500 points in the next 12 months. Goldman Sachs now see the S&P 500 EPS growth of 7% in both 2025 and 2026, up from 3% and 6% in its previous projections.
- o Goldman Sachs reduced its 12-month odds of a US recession to 35% from 45%.



### the Middle East amid Trump's tour o Trump was weighting a deal allowing the UAE to import more than a million

US Big Tech shares surged last week as tech giants strike major deals in

- advanced Nvidia chips in 2027. o NVIDIA and AMD have partnered with Saudi Arabian AI company Humain
- to supply semiconductors for a hyperscale data centre project. o The Trump administration plans to rescind Biden AI chip exports rule.

The new rule could shift toward negotiating individual deals with countries.

### **US' April economic data** o Headline CPI and core CPI went up by 0.2% MoM, below the expected 0.3%

- increase. On yearly basis, headline CPI rose 2.3% and core CPI grew 2.8%. Prices for some sectors which are most affected by tariffs e.g. vehicles and apparel were flat, while tourism and leisure were relatively tame. o Producer Price Index fell 0.5%, the biggest drop in 5 years, due mainly to
- a decrease in margins, suggesting businesses may be absorbing some of the impact from higher tariffs. o Retail sales slowed to a 0.1% gain as consumers scaled back spending on
- auto, sporting goods and other import goods, while spending at food services and drinking places grew for the 2<sup>nd</sup> straight month. Fed

### o Fed Chair Jerome Powell said that longer-term interest rates are likely to

- be higher. Powell also said the Fed may reconsider its focus on targeting average inflation over time -- an approach which gives policymakers the leeway to take a longer-term view if inflation deviations from its long-run 2% target for short periods. o According to CME FedWatch Tool, market participants expect the Fed will cut rates twice this year, beginning in September.
- Moody's cuts US credit rating

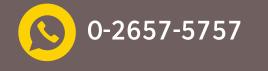
### o Moody's cut the US government's long-term credit rating from "Aaa" to "Aa1", citing escalating deficits and the increasing burden of refinancing debt

- amid elevated interest rates. The downgrade brings Moody's in line with Fitch and S&P, which previously stripped the US of its top-tier rating. o The US Treasury Secretary Scott Bessent said that Moody's ratings were a "lagging indicator" and insisted that the administration is on track to cut
- spending and spur economic growth. o After Moody's announcement, the 10-year US Treasury yield climbed to 4.48%, US stock futures dipped on May 19 morning, the dollar weakened, and bullion rose more than 1%.

Disclaimer • The information contained in this document is correct and accurate at the time of publication, but does not provide any

warranty of its accuracy. However, the Company reserves the rights to change any information, opinions and estimates contained in this document without giving prior notice. Investment contains certain risks. Investors should carefully study the fund prospectus before

making investment decision. Past performance is not an indicative of future performance.













www.krungsriasset.com

krungsriasset