

Weekly Market Report For 16 – 18 April 2025

Overview



- ❖ Trump tariffs are still driving the markets.
- ❖ Both the US and China have made significant moves in their trade wars.
- ❖ Trump said he was reluctant to push China tariffs higher, and China is ready to start trade talks.
- ❖ China economic growth outstripped expectations, but property downturn remained a drag.
- ❖ The ECB trimmed interest rates for the seventh time in a row.

Market Brief



Reciprocal tariff pause

- o President Donald Trump dropped new tariff rates on imports from most US trade partners to 10% for 90 days.



Wall Street ended lower last week as tariff uncertainty remained high. Dow Jones -2.7%, S&P500 -1.5% and NASDAQ -2.6%



Stocks under pressure amid tariff concerns

- o Federal Reserve Chair Jerome Powell said at the Economic Club of Chicago that Trump's tariffs are likely to boost inflation and slow economic growth. The Fed will not be in any hurry to cut rate as it waits for further evidence about what the economy is doing.



Tech stocks

- o Nvidia tumbled 6% WoW as it will take a quarterly charge of USD5.5 billion tied to exporting H2O graphic processing units to China and other destinations.
- o ASML reported lower-than-expected orders for the first quarter, reflecting slowing chip equipment maker demand amid uncertainty from new US trade restrictions.
- o TSMC's revenue +42% YoY and net income +60% YoY, but Trump policies cloud outlook.
- o Netflix revenue +13% YoY and earnings +25% YoY, a new record high, boosted by subscription price hikes and advertising earnings.



Update on US-China trade war

- o Trump's tariff uncertainty continues to put global shares under pressure. Both the US and China made some critical moves last week.
- o China
 - o China has barred its airlines from accepting deliveries of Boeing aircraft, the latest move in its tit-for-tat trade war with the US.
 - o President Xi Jinping made state visits to Vietnam, Malaysia and Cambodia to strengthen ASEAN-China free trade and economic cooperation, reaffirming China's role in the region.
 - o China have shown fresh signs of willingness to engage in trade negotiations, but demanded a lead negotiator with Trump's full backing to ensure structured and effective discussions.
- o US
 - o Trump ordered a probe into potential new tariffs on all US critical minerals and rare earth imports.
 - o US tightened chip export controls on China.
 - o Trump said he was reluctant to continue increasing tariffs on China because it could hurt trade and overall economy. He said China has reached out a number of times.



China

- o GDP grew 5.4% YoY in 1Q25, surpassing analysts' expectations for a rise of 5.2%, driven by factories rushing shipments to beat the latest Trump tariffs.
- o Fixed asset investment increased by 4.2% in 1Q25 as infrastructure investment and manufacturing grew but real estate development investment fell by 9.9%.
- o Retail sales increased by 5.9% in March, exceeding market expectations of a 4.3% gain, supported by policy incentives.
- o Industrial production rose by 7.7% YoY in March, marking the strongest expansion since June 2021.
- o National Bureau of Statistic of China said more policy support will be needed as the trade war impacts will likely take hit from the second half of April.
- o Analysts see China's economy is likely to miss the government's 5% growth target unless more stimulus measures are implemented. Goldman Sachs, UBS, Citi Group cut China 2025 GDP forecasts to 4% or lower.
- o Analysts anticipated Beijing to announce more stimulus packages. Possible measures include PBOC policy rates and RRR cuts, front-loaded issuance and deployment of local government bonds, a ramp-up of the consumer goods trade-in program, faster housing inventory digestion, and fiscal stimulus.



Europe

- o The ECB lowered its policy rates by 0.25%, sending its main deposit facility rate to 2.25%.
- o Market expected three additional cuts this year as uncertainty remains high due to Trump's tariff policies.



WTI +5.2% as US sanctions on Iran oil exports.




Gold price jumped 3% last week to its new all-time high of USD3,358. Price retreated later to USD3,317 as investor book profits. Gold remains known as a safe haven asset amid tariff uncertainty.

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