

# TARIFFS

## Weekly Market Report For 24 – 28 March 2025

### Overview



- ✿ Global shares fell, weighed down by worries over trade war.
- ✿ Gold prices surged to a fresh record high amid tariff concerns. Goldman Sachs raised its end-2025 gold price forecast to USD3,300 per ounce.
- ✿ Trump announced 25% tariffs on imported cars. Automaker shares fell.
- ✿ Canada and Japan threaten retaliation to Trump tariffs.
- ✿ Trump said he may cut China tariffs to seal TikTok deal.
- ✿ Core PCE rose more than expected amid concerns over US economic recession.
- ✿ Goldman Sachs now see the Fed will cut rates 3 times versus earlier bets on 2 cuts this year as tariffs dent economic outlook.

### Market Brief



**Last week, trade war remained a major factor causing market volatility. VIX index climbed and stock markets dropped.**

- o S&P500 -1.5% WoW and Nasdaq -2.6% WoW.
- o Euro STOXX 600 and Asian shares also fell.



**Gold prices hit record highs on Friday (Mar 28) as tariff uncertainties lift safe-haven demand. Goldman Sachs raised its end-2025 gold price forecast to USD3,300 per ounce, citing sustained central bank demand and ETF inflows.**



#### Tariffs uncertainty

- o Global markets saw positive new at the beginning of the week as Trump said there would be some flexibility in his reciprocal tariffs as it will target at some specific industries and some countries will get exemptions.
- o Later, President Donald Trump said he would place 25% tariffs on all cars that are not made in the US and auto parts. The tariffs would take effect on April 2. Shares of General Motors and Ford Motor dropped.
- o US trading partners have been preparing retaliate measures
  - o Canada plans to impose additional tariffs. Donald Trump said if Canada works with the European Union in order to do economic harm to the US, he will impose large scale tariffs on those two countries.
  - o Japan's Prime Minister said he is considering every option in order to reach the most appropriate response.
  - o China: Trump revealed that he could reduce tariffs on China in exchange for TikTok sales to an American company. He expected to secure at least the outline of the deal by this week. However, there is no respond from China.



#### US economic data

- o The core PCE rose by 2.8% YoY, above expectations of 2.7%. On monthly basis, core PCE was up 0.4%, surpassing market estimates of 0.3%.
- o The University of Michigan 12-month inflation expectations was revised higher.
- o Concerns about stagflation, where growth stalls and inflation persists, have risen. However, market expected the Fed would likely cut rates 2-3 times this year. The 10-year US treasury yield dropped by 11 bps on Friday (Mar 28).
- o Goldman Sachs forecast the US Federal Reserve to deliver three rate cuts this year (in July, September, and November), up from two cuts in its previous call as concerns mount that tariffs will hamper economic growth.
- o Trump's reciprocal tariffs might impact economic growth and inflation outlook, and hit overall markets.



#### Market Outlook

- o KSAM expects stock markets will be under pressure as Trump prepares reciprocal tariff announcements for April 2. The SET Index is expected to fall in-line with global markets and concerns over an impact from Friday (Mar 28) earthquake may add downside risks.

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