

TARIFFS

Weekly Market Report For 7 – 11 July 2025

Overview



- ❖ S&P 500 hit new highs during the week, but new tariffs sent the index down at the end of the week.
- ❖ Trump announces new tariffs on several countries, including Thailand, that will take effect on August 1.
- ❖ Nvidia's stock market value hits USD4 trillion.
- ❖ Fed keeps rates at 4.25%-4.5% but still expects two cuts this year if tariffs impacts proved temporary.
- ❖ China plans CNY1.5 trillion stimulus to stabilize FX, fight deflation and curb price war.

Market Brief



US shares volatile as trade war intensifies

o S&P 500 surged to new highs during the week but closed lower at the end of the week after Trump sent tariff letters to US trading partners. Trump also warned that any retaliation will lead to higher tariff.



Trump sent out a series of letters to 14 countries informing them that their goods exports to the US could face fresh tariffs starting on August 1. He confirmed no extension on the new tariff deadline.

- o Countries that received Trump's tariff letters.
 - o Thailand, Indonesia and South Korea were unrevised at 36%, 32% and 25% respectively.
 - o Cambodia will be hit with a 36% tariff, downed from 49% .
 - o Japan and Malaysia will face a 25% tariff, up from 24%.
 - o Laos and Myanmar were imposed the highest rates of 40%, lowered from 48% and 44% respectively.

o Trump has warned that any country aligning themselves with the anti-American policies of BRICS will be charged an additional 10% tariff. However, he has not elaborated which BRICS policy is being considered anti-America and it is unclear when the new tariff will take effect.

o Trump also threatened to impose additional tariffs on copper and pharmaceutical imports, setting the stage to impose tariffs on national security grounds.



US tariffs on other trading partners

- o Trump announced a 35% tariff on Canadian imports, an escalation from the 25% rate, citing Canada's failure to prevent the flow of fentanyl into the US. The new tariffs will not apply to goods that comply with the USMCA. The US will consider an adjustment to a 35% tariff if Canada works with the US to stop the flow of Fentanyl.
- o Trump has imposed a 30% tariff on imports from Mexico and the European Union. The US president said the 30% rate was separate from all sectoral tariffs, indicating 50% levies on steel and aluminum imports and a 25% tariff on auto imports would remain.
- o The EU remained ready to continue working towards an agreement by August 1 and reiterated that the bloc was prepared to take the necessary steps to safeguard its interests, including the adoption of proportionate countermeasures if required.



The FOMC minutes shows the policymakers votes to keep policy rate unchanged at 4.25% - 4.50% with split view on interest rates. Some officials expect tariff impact on inflation to be temporary. The Dot Plot penciled in two rate cuts in 2025.



Tech stocks led Wall Street higher. Nvidia briefly reached a market capitalization of USD4 trillion, making it the first company in the world to reach the milestone, benefiting from an ongoing surge in demand for AI and semi-conductors.



China

- o A gauge of Chinese property shares jumped the most in nearly nine months, fueled by speculation a high-level meeting will be held next week to help revive the struggling sector. President Xi Jinping and other top officials are showing sign of taking action to address deflation and price wars that have plagued much of China's economy for almost 3 years.
- o While no formal plan has been announced, optimism is building that a more coordinated policy response is on the way.
- o Academics including an adviser to the PBoC said China should add as much as 1.5 trillion yuan in fresh stimulus to boost consumer spending and maintain currency flexibility to counter US tariffs' drag on growth.

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