


WSJ Global Market Update

 Thursday, 11 April 2025

 Source: The Wall Street Journal (Apr 11 Edition)

1. 🇺🇸 Global Market Jitters & US-China Trade War Escalation

Wall Street closed sharply lower Thursday as fears of prolonged trade war disruption hit investor confidence.

- **Dow fell 2.5%,**
- **S&P 500 dropped 3.5%,**
- **Nasdaq lost 4.3%,** erasing much of the prior day's rally triggered by the temporary tariff pause.

President Trump clarified that **tariffs on Chinese goods are now at 145%**, not 125% as previously reported, due to the inclusion of fentanyl-related penalties [cite: pA1].

🌐 The escalation is rippling through global supply chains:

- U.S. manufacturers report cancelled orders.
 - Chinese firms are placing workers on unpaid leave.
 - **Trans-Pacific shipping volumes are falling sharply.**
 - Fast-fashion retailer **Shein** faces dual threats as the **'de minimis' exemption** for duty-free goods under \$800 from China is being revoked [cite: pB1].
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2. 📉 Market Volatility & Unusual Asset Moves

The chaotic market reaction reflects growing uncertainty.

- The **U.S. Dollar Index fell**, while **Treasury yields unexpectedly rose** — a rare signal suggesting investors may now view U.S. assets as less safe during global risk-off phases [cite: pA4].
 - **Gold hit an all-time high**, as traders rushed for safety amid geopolitical and financial market strain [cite: pA4].
 - Wall Street banks began reassessing **recession risk** models.
 - CEOs voiced concern about lasting **"psychological damage"** to investor sentiment [cite: pA4].
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3. 💬 Negotiation Dynamics & Diplomatic Implications

Trump's decision to pause tariffs on **over 70 nations** is seen by analysts as potentially weakening the U.S. negotiating stance.

- Some countries may now **bargain harder**, sensing U.S. urgency.
 - The **EU suspended its retaliatory tariffs** for 90 days to explore dialogue [cite: pA5].
 - U.S. trade officials are in a **time-sensitive sprint** to lock in bilateral deals before the pause ends [cite: pA5].
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4. 🇨🇳 China Retaliation: Films, DuPont, Students

Beijing is hitting back on multiple fronts:

- **Reduced import volumes for U.S. films**, hurting Hollywood's bottom line [cite: pB2].
- Launched an **antitrust probe into DuPont**, echoing previous playbooks [cite: pB1].
- Issued **travel and education warnings** for Chinese students considering the U.S., threatening higher-ed revenues and the U.S. service account surplus [cite: pA2].

5. 🚫 Cyber Acknowledgement & Strategic Messaging

In a closed-door setting, **Chinese officials admitted** involvement in **cyberattacks** targeting U.S. critical infrastructure, linking them directly to **U.S. policy on Taiwan**. The message: further escalation will have multidomain consequences.

6. 🏢 Economic Impact on China

China's export engine is under threat.

- U.S.-bound exports are likely to **contract sharply**, risking layoffs and production freezes [cite: pA9].
- Some **factories are already halting operations**, while delisting from U.S. exchanges is being discussed in Beijing circles [cite: pA9].
- Officials are exploring a **pivot to domestic consumption** as a longer-term buffer [cite: pA9].

7. 🌐 Emerging Markets: Recalibrating Strategy

- **Vietnam** and **South Africa**, initially hit by high U.S. reciprocal tariffs (now paused), are entering talks to renegotiate access to the U.S. market [cite: pA5].
- **Fast Retailing (Uniqlo owner)** sees resilient growth in North America and Europe but flags U.S. tariffs as a potential risk. The firm noted that **most of its U.S. goods are made outside China**, offering some agility [cite: pB3].

8. 🏠 U.S. Inflation, Employment & Housing Signals

- **March CPI** came in cooler than expected: **-0.1% MoM, +2.4% YoY**, but **tariff-related inflation is expected to rise** soon [cite: pA4].
- **Jobless claims remain low**, suggesting labor market resilience [cite: pA2].
- **Mortgage rates are still high**, cooling housing activity amid recession anxiety [cite: pA3].

9. 🛢️ Commodities & Energy

- **U.S. crude oil prices dropped** significantly on trade fears, undermining momentum in energy exports [cite: pB1].
- China's retaliatory tariffs are also **hitting U.S. LNG shipments**, further weakening the energy export narrative [cite: pB1].

10. 🛍️ Corporate Deals, Chips & Strategic Industries

- **Prada completed a \$1.38B acquisition** of Versace from Capri Holdings, navigating intense market volatility [cite: pB1].
- The **FTC's earlier block** of a Capri-Tapestry deal indirectly helped European luxury players [cite: pA14].

- **STMicroelectronics** announced plans to cut **~3,000 jobs**, citing declining demand for legacy semiconductors [cite: pB4].

11. 🌐 **Diplomatic Channels: U.S.–Russia Prisoner Swap**

The **U.S. and Russia executed a prisoner swap**, releasing Ksenia Karelina (dual national) for Arthur Petrov, indicating **backchannel diplomacy remains active**, despite broader geopolitical tensions [cite: pA16].

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🖋️ *The format, for example, "[cite: p17]" is used by Gemini to indicate the source of the information within the Wall Street Journal newspaper.*

End of Brief 🌐