news - wk15

Status	In progress

News wk15

2025-04-07 Update

2025-04-07 09:06 Grok Summary

Key Points

- Research suggests Trump's tariffs may continue to impact inflation and growth, with markets showing signs of recovery.
- It seems likely that the tech sector, especially companies like Apple, will face ongoing challenges but may adapt through domestic investments.
- The evidence leans toward ongoing legal challenges to the tariffs, with no clear resolution yet.
- International responses vary, with some countries negotiating and others escalating countermeasures, potentially affecting global trade.
- The Federal Reserve may maintain steady rates, adding complexity to managing economic slowdown and inflation.

Market Overview

As of April 6, 2025, both the SPY (S&P 500 ETF) and QQQ (Nasdaq ETF) have shown signs of recovery, with SPY at around 505.54 USD and QQQ at 422.67 USD. This recovery follows initial sharp declines due to Trump's tariff announcements in early April, suggesting markets are adjusting to the new trade environment. The VIX, at 45.31, indicates high market volatility, reflecting ongoing uncertainty.

Impact on SPY, QQQ, and VIX

- **SPY**: Likely to remain under pressure due to trade tensions and economic data, with potential for volatility but possible stabilization if recovery continues.
- **QQQ**: May face challenges from tech sector exposure to tariffs, with recovery possible if companies adapt, but volatility remains high.
- **VIX**: Expected to stay elevated or increase, driven by trade war fears and economic uncertainty, impacting market sentiment.

Week Ahead Outlook

Next week, expect continued volatility for SPY and QQQ, influenced by tariff developments, economic data releases, and corporate earnings. VIX could spike further if trade tensions escalate, so monitor Fed actions and international responses closely.

Comprehensive Analysis of Weekend News Impacting SPY, QQQ, and VIX Performance Next Week

This analysis reviews the attached news document, "20250407-ac8bc4c5-02a4-4c1c-b7b9-5c6b89896544_news_-_wk15.pdf," dated April 7, 2025, summarizing recent developments related to President Donald Trump's tariff announcements and their potential impact on the performance of the SPDR S&P 500 ETF Trust (SPY), Invesco QQQ Trust (QQQ), and CBOE Volatility Index (VIX) for the upcoming week (April 7-11, 2025). The document details market turbulence, economic forecasts, Federal Reserve stance, and international responses, providing a foundation for understanding market dynamics. To ensure completeness, additional research was conducted to identify any missing information, including legal challenges, company-specific impacts, and evolving international responses, all relevant as of 11:49 PM PDT on Sunday, April 6, 2025.

Background and Context from the Attached News

The news summary outlines the ongoing impact of Trump's tariff announcements on April 2, 2025, which included a blanket 10% tariff on all imports and higher targeted levies (up to 49% on some nations, with China facing a cumulative 54% tariff), with additional reciprocal tariffs (11% to 50%) set to take effect on Wednesday, April 9, 2025. These measures have triggered significant market reactions, with global stock indexes experiencing declines (e.g., Japan’s Nikkei down 6.5%, China’s CSI 300 down 6%) and fears of a

"Black Monday" scenario reminiscent of 1987. The S&P 500 and Nasdaq have seen sharp drops, impacting SPY and QQQ, with SPY closing at 505.54 USD and QQQ at 422.67 USD as of April 4, 2025, per web searches. VIX, at 45.31, reflects heightened volatility.

Key points from the attachment include:

1. **Ongoing Impact of Trump's Tariffs**: The escalation of tariffs continues to unsettle markets, with retaliatory measures from China (34% tariffs on U.S. goods) and potential countermeasures from the EU, increasing fears of a global trade war. This uncertainty drives volatility, particularly affecting SPY and QQQ.
2. **Increased Recession Risks**: Major financial institutions have raised recession probabilities, with Goldman Sachs at 45% and JPMorgan at 60%. The tariffs are expected to depress consumer spending, increase inflation, and disrupt global supply chains, potentially leading to a sharp downturn in economic growth, impacting SPY and QQQ negatively.
3. **Federal Reserve and Interest Rate Expectations**: Markets are pricing in a 54–55% chance of a Fed rate cut as early as May 2025, with over 100 basis points of cuts expected by December 2025. However, Fed Chair Jerome Powell has indicated caution, stating it's too early to determine the appropriate response, which could influence VIX and market sentiment.
4. **Economic Data Releases**: Several key U.S. economic indicators scheduled for the week could sway markets:
   - Monday, April 7: Consumer Credit for February (expected +$18.1 billion).
   - Tuesday, April 8: NFIB Optimism Index for March (forecast at 100.7).
   - Wednesday, April 9: Wholesale Inventories for February (+0.3%) and FOMC Minutes.
   - Thursday, April 10: Core CPI and CPI Year Over Year (both 2.8%), Core CPI and Consumer Price Index (both +0.2%), Initial Jobless Claims, and Monthly U.S. Federal Budget for March.
   - Friday, April 11: Core PPI and PPI Year Over Year, Consumer Sentiment (Preliminary) for April (forecast at 57), and Fed speeches (e.g., New York Fed President Williams).
5. **Corporate Earnings Season**: The U.S. earnings season begins with major banks like JPMorgan Chase, Wells Fargo, and BlackRock reporting on

Friday, April 11, 2025. Analysts warn that rising tariff rates could force companies to raise prices or accept lower profit margins, potentially leading to negative revisions in profit forecasts, affecting SPY and QQQ.

6. **Global Market Reactions and Safe-Haven Flows**: The tariff fallout has caused sell-offs in Asian and European markets, with investors flocking to safe-haven assets like the Japanese yen, Swiss franc, and U.S. Treasuries. Currency markets are volatile, with the dollar weakening and commodities like oil and gold under pressure, which could elevate VIX.
7. **Potential Policy Responses**: China is considering accelerating stimulus measures, while the EU and other nations (e.g., Taiwan, Indonesia) are negotiating or preparing retaliatory actions. These developments could either escalate or mitigate market fears, impacting SPY, QQQ, and VIX.

Additional Information and Gaps Identified

While the attached news provides a comprehensive overview, several aspects warrant further exploration to ensure we are not missing critical information, especially given the dynamic nature of the situation as of April 6, 2025.

Legal Challenges to Tariffs

The document does not cover legal challenges, which are significant. Research indicates ongoing lawsuits, such as one filed by the New Civil Liberties Alliance, arguing that Trump's use of the International Emergency Economic Powers Act (IEEPA) to impose tariffs is illegal, as reported in Lawsuit Challenges Trump’s Legal Rationale for Tariffs on China. These challenges could delay or alter tariff implementation, adding uncertainty to market performance next week, particularly for SPY and QQQ, as legal outcomes could reduce tariff-related volatility, potentially lowering VIX.

Federal Reserve Chair Powell’s Specific Comments

The attachment mentions Fed rate cut expectations but lacks detail on Powell’s recent statement on April 4, 2025, that tariffs are "larger than expected" and could lead to higher inflation and slower growth, per Fed's Powell says larger-than-expected tariffs likely to boost inflation, slow growth. This reinforces market expectations for earlier rate cuts, supporting SPY and QQQ, but also raises inflation concerns, potentially increasing VIX.

Specific Retaliatory Measures from China

The attachment notes China's expected countermeasures but misses the specific detail that China has imposed a 34% tariff on U.S. goods starting April 10, 2025, as reported in China imposes 34% tariff on US goods starting April 10. This escalation could further impact tech companies in QQQ, given their China exposure, and elevate VIX due to increased trade war fears.

EU and Canada's Retaliatory Measures

While the attachment mentions potential EU countermeasures, it lacks specifics on Canada and EU's announced retaliatory tariffs, as seen in Canada and EU announce retaliatory tariffs, escalating Trump's trade war. These measures could broaden trade war impacts, negatively affecting SPY and QQQ, and pushing VIX higher.

Market Forecasts and Technical Analysis

The attachment does not include specific forecasts for SPY, QQQ, and VIX. Web searches reveal:

- SPY forecasts suggest potential declines to 480-490 USD, with some recovery possible, per S&P 500 ETF STOCK PRICE FORECAST TOMORROW, WEEK, 2025, 2026, 2027.
- QQQ forecasts indicate weakness, with predictions of further drops to 420-425 USD, per INVESCO QQQ STOCK PRICE FORECAST TOMORROW, WEEK, 2025, 2026, 2027.
- VIX is expected to remain high, potentially spiking above 50, per Stock market next week: Outlook for April 7-11, 2025, reflecting market fear.

Detailed Impact Analysis on SPY, QQQ, and VIX

Given the above, the performance of SPY, QQQ, and VIX next week is likely to be volatile, influenced by the following factors:

- **SPY**: As of April 4, 2025, SPY closed at 505.54 USD, down from recent highs. With ongoing tariff tensions and economic data releases, SPY could test support levels at 490-500 USD, per forecasts. Recovery to 510-515 USD is possible if Fed rate cut expectations materialize, but legal challenges and retaliatory measures could cap gains.
- **QQQ**: At 422.67 USD on April 4, QQQ's tech-heavy composition makes it vulnerable to China-related tariffs. Forecasts suggest potential declines to 420-425 USD, with recovery to 430-435 USD possible if companies like

Apple adapt, per INVESCO QQQ STOCK PRICE FORECAST TOMORROW, WEEK, 2025, 2026, 2027. However, trade war escalation could deepen losses.

- **VIX**: At 45.31 on April 4, VIX is already elevated, indicating high market fear. With tariff escalations and economic uncertainty, VIX could spike further, potentially above 50, per Stock market next week: Outlook for April 7-11, 2025, impacting SPY and QQQ volatility.

Comparative Table: SPY vs. QQQ vs. VIX Impact

Factor	**SPY Impact**	**QQQ Impact**	**VIX Impact**
Tariff Exposure	Broad, moderate impact	High, tech-heavy, significant impact	Increases with trade war fears
Recent Performance	Closed at 505.54 USD, down 5.85%	Closed at 422.67 USD, down 6.21%	At 45.31, up 50.93%
Potential Support Levels	490-500 USD next week	420-425 USD next week	Likely to remain above 40
Potential Resistance	510-515 USD next week	430-435 USD next week	Could spike above 50
Key Risks	Inflation, growth slowdown	Tech sector costs, China exposure	Escalating trade tensions, market fear

Conclusion and Recommendations

The attached news provides a solid foundation, but additional details on legal challenges, Powell's specific comments, China's tariff measures, and EU/Canada retaliations are crucial for a complete picture. Given the complexity, SPY and QQQ are likely to face continued volatility next week, with potential for both further declines and recovery bounces. VIX is expected to remain elevated, reflecting market uncertainty. Investors should monitor legal developments, Fed actions, economic releases, and international negotiations closely, as these will shape market sentiment and performance.

Key Citations

- Lawsuit Challenges Trump's Legal Rationale for Tariffs on China
- Fed's Powell says larger-than-expected tariffs likely to boost inflation, slow growth
- China imposes 34% tariff on US goods starting April 10

- Canada and EU announce retaliatory tariffs, escalating Trump's trade war
- S&P 500 ETF STOCK PRICE FORECAST TOMORROW, WEEK, 2025, 2026, 2027
- INVESCO QQQ STOCK PRICE FORECAST TOMORROW, WEEK, 2025, 2026, 2027
- Stock market next week: Outlook for April 7-11, 2025

Oil tumbles further as US-China trade tensions fuel recession fears

Commodities

Published 04/06/2025, 06:39 PM

Updated 04/07/2025, 03:05 AM

By Mohi Narayan

NEW DELHI (Reuters) -Oil prices extended last week's losses on Monday, with WTI falling more than 4%, as escalating trade tensions between the United States and China stoked fears of a recession that would reduce demand for crude.

Brent futures declined $2.54, or 3.9%, to $63.04 a barrel at 0745 GMT, while U.S. West Texas Intermediate crude futures lost $2.5, or 4.03%, to $59.49. Both benchmarks dropped their lowest since April 2021.

Oil plunged 7% on Friday as China ramped up tariffs on U.S. goods, escalating a trade war that has led investors to price in a higher probability of recession. Last week, Brent lost 10.9%, while WTI dropped 10.6%.

"It's hard to see a floor for crude unless the panic in the markets subsides and it's hard to see that happening unless Trump says something to arrest snowballing fears over a global trade war and recession," said Vandana Hari, founder of oil market analysis provider Vanda (NASDAQ:VNDA) Insights.

Responding to U.S. President Donald Trump's tariffs, China said on Friday it would impose additional levies of 34% on American goods, confirming investor fears that a full-blown global trade war is underway.

Imports of oil, gas and refined products were given exemptions from Trump's sweeping new tariffs, but the policies could stoke inflation, slow economic growth and intensify trade disputes, weighing on oil prices.

Federal Reserve Chair Jerome Powell said on Friday that Trump's new tariffs are "larger than expected," and the economic fallout including higher inflation and slower growth likely will be as well.

Adding to the downward momentum, the Organization of the Petroleum Exporting Countries and allies (OPEC+) decided to advance plans for output increases. The group now aims to return 411,000 barrels per day (bpd) to the market in May, up from the previously planned 135,000 bpd.

"This potential influx of supply, reversing cuts maintained over the past two years, represents a major shift in market dynamics and acts as a significant headwind for prices," said Sugandha Sachdeva, founder of SS WealthStreet, a New Delhi-based research firm.

Over the weekend, top OPEC+ ministers stressed the need for full compliance with oil output targets and called for overproducers to submit plans by April 15 to compensate for pumping too much.

On the geopolitical front, Iran on Sunday rejected U.S. demands that it hold direct nuclear talks or face strikes. Russia claimed to have captured Basivka in Ukraine's Sumy region and said its forces were attacking multiple nearby settlements.

German exports rose in February ahead of tariffs, industrial production fell

Economy

Published 04/07/2025, 02:22 AM

Updated 04/07/2025, 03:06 AM

By Maria Martinez

(Reuters) -German exports rose more than expected in February as U.S. demand increased in anticipation of tariffs by the Trump administration, but industrial production fell, showing the struggles of manufacturing in Europe's biggest economy.

Exports rose by 1.8% in February compared with the previous month, data from the federal statistics office showed on Monday.

The result compared with a forecast 1.5% increase in a Reuters poll.

Imports rose by 0.7% on a calendar and seasonally adjusted basis compared with January.

Most German exports went to the United States, up 8.5% compared with January, as demand increased in anticipation of the tariffs.

The far-reaching tariffs announced by the U.S. will deal a major blow to German industry. The U.S. was Germany's biggest trading partner in 2024, according to the statistics office, with 253 billion euros ($270 billion) worth of goods exchanged between them.

"Even if we don't know whether the announced tariffs will be passed through entirely by companies or how U.S. demand will react per product on higher prices, it is clear that an export-oriented economy like Germany's will suffer from a trade war," said Carsten Brzeski, global head of macro at ING.

The German trade balance showed a surplus of 17.7 billion euros in February, up from 16.2 billion euros in January, but below the 22.6 billion euros surplus recorded in February of 2024.

Exports to EU countries rose by 0.5% on the month, while exports to third countries rose by 3.2%.

WEAK INDUSTRY

German industrial production fell more than expected in February by 1.3% compared to the previous month, the federal statistics office said on Monday.

Analysts polled by Reuters had predicted a 0.8% decline.

"Hopes of an upturn in industry are giving way to disillusionment," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank.

With the U.S. tariffs announced, there is little prospect of an early recovery in this sector, especially as competitive pressure from countries that also face higher barriers to the U.S. market will increase, de la Rubia said.

Compared with February 2024, production was 4.0% lower after adjustment for calendar effects. German industrial production remains about 10% below its pre-pandemic levels, some five years after the onset of COVID-19.

German industrial orders stagnated in February, data showed on Friday, showing that demand remains weak.

Higher defense and infrastructure spending are still months away, so it looks likely that German industrial production will contract again in the coming months, said Franziska Palmas, senior Europe economist at Capital Economics.

"All of this means that after the fiscal U-turn optimism, the nearer-term outlook for the German economy has worsened once again," Brzeski said.

($1 = 0.9083 euros)

Japan’s Nikkei sinks to 1-1/2-year low as bank shares tumble

Stock Markets

Published 04/06/2025, 09:26 PM

Updated 04/07/2025, 03:26 AM

https://www.investing.com/news/stock-market-news/japans-nikkei-sinks-to-112year-low-bank-index-plunges-17-3969600

By Kevin Buckland

TOKYO (Reuters) -Japan’s Nikkei share average slumped on Monday to the lowest level in 1-1/2 years, with the index of Japanese bank stocks diving more than 17% at one point, as concerns over a tariff-induced global recession continued to rip through markets.

The Nikkei dropped as much as 8.8% to hit 30,792.74 for the first time since October 2023, before ending the day down 7.8% at 31,136.58. All 225 component stocks of the index finished in the red.

The broader Topix sank as much as 9.6% before closing down 7.8%.

Speaking on Sunday aboard Air Force One, U.S. President Donald Trump characterized his latest round of sweeping tariffs as "medicine", and signalled a willingness to accept the market rout.

Since Trump revealed the more-aggressive-then-anticipated levies last week, the Nikkei has tumbled 11.6% and the U.S. S&P 500 has dropped 10.6%.

"It's extremely difficult to judge how far this stock market correction will run (but) as long as there exists a lack of clarity around tariffs and each country's response, the market will remain heavy," said Maki Sawada, an equities strategist at Nomura Securities.

At the same time, "the market currently is only pricing in bad news", so if there are signs of flexibility on trade policies or the announcement of economic support measures, "it's highly likely we'll see a bottom form in the market," Sawada said.

A Topix index of banking shares slumped as much as 17.3% before recovering slightly to finish the day down 10%.

Banks have borne the brunt of the sell-off in Japanese equities, losing nearly a quarter of their combined value over the past three sessions, as recession worries compressed bond yields and push out bets for further interest rate hikes by the Bank of Japan.

"This is a sell-anything-that-has-made-money move," with banks at the forefront of that, said Rikki Malik, a portfolio manager at Springboard Capital.

However, "I think we are close to capitulation and will see a bounce very soon."

Nomura Holdings (NYSE:NMR) was the worst-performing lender on Monday, with a 13.2% slump. Shares of Mizuho Financial Group (NYSE:MFG) dropped 10.7% and Mitsubishi UFJ (NYSE:MUFG) Financial Group slid 10.4%.

Several chip-sector stocks also saw heavy selling, with chipmaker Renesas dropping 16.7% and silicon manufacturer Sumco (OTC:SUOPY) sliding 15.8%. Heavyweight chip-testing equipment manufacturer Advantest sank 11%.

Gold prices hit 3-wk low as market turmoil forces investors to cash out

Author

Ayushman Ojha

Commodities

Published 04/07/2025, 02:56 AM

https://www.investing.com/news/commodities-news/gold-prices-hit-3wk-lowas-market-turmoil-forces-investors-to-cash-out-3969755

Investing.com-- Gold prices fell to a three-week low in Asian trading on Monday, as investors liquidated positions to cover losses in other markets amid intensifying global trade tensions and mounting fears of a global recession.

As of 02:12 ET (06:12 GMT), Spot Gold slipped 0.5% to $3,023.10 per ounce, its lowest level since March 13.

Gold had hit consecutive record highs last week, but retreated after Trump's tariff announcement.

Gold futures expiring in June were largely unchanged at $3,039.0 an ounce on Monday.

Gold slides as recession fears mount after Trump tariffs

The decline in gold—typically seen as a safe haven—comes despite broader risk-off sentiment, as traders weighed the potential fallout from sweeping tariffs announced by U.S. President Donald Trump.

On April 2, Trump unveiled a blanket 10% tariff on all imports and higher, targeted duties of up to 49% on goods from key trading partners, including China and the European Union.

The move has rattled global markets, with China retaliating with a 34% tariff on a wide range of U.S. imports and the EU signaling a coordinated response. The escalating trade war has stoked fears of a sharp slowdown in global growth.

Goldman Sachs raised its forecast for a 2025 recession to 45%, up from 35% just a week earlier, while JPMorgan increased its estimate for the likelihood of a global recession this year to 60%, from a prior 40%.

"Even gold – traditionally a safe haven – tumbled from a record high it had reached earlier last week as investors sold off the precious metal along with other asset classes to cover losses elsewhere," ING analysts said in a note.

The continued weakness in the U.S. dollar, and growing bets of Federal Reserve interest rate cuts provided some support to gold, as the decline was much less compared to other financial markets.

The US Dollar Index slipped 0.5% in Asian trading on Monday, leading to gains in some precious metals.

Silver Futures jumped 2% to $29.805 an ounce, while Platinum Futures were little changed at $914.35 an ounce.

Copper jumps on weak dollar, tariff concerns persist

Copper prices rose on Friday after a weekly loss, as the weaker greenback provided respite, however, tariff concerns capped gains.

“A global trade war is bearish for industrial metals in the context of slowing global growth. China is the biggest consumer of industrial metals, so a trade war with the US is of particular interest for metals markets,” ING analysts added.

Benchmark Copper Futures on the London Metal Exchange rose 1.1% to $8,846.50 a ton, while Copper Futures expiring in May inched 0.3% lower to $4.4389 a pound.

Hedge funds capitulate, investors brace for margin calls in market rout

Stock Markets

Published 04/07/2025, 03:07 AM

Updated 04/07/2025, 03:10 AM

By Summer Zhen and Samuel Shen

HONG KONG/SHANGHAI (Reuters) -Some hedge funds say they are offloading all or most of their holdings of stocks as U.S. President Donald Trump’s trade war wipes out trillions of dollars of market value and forces them to curtail trading using borrowed cash.

In the three trading days following Trump’s announcement of broad reciprocal tariffs on almost all countries, stock markets across the world have plummeted, and bonds have become both a haven and a bet on rate cuts by the Federal Reserve, turning on their head market assumptions before Trump took office.

The selloff on Wall Street has been vicious as investors that bet on U.S. exceptionalism and economic might stampede out of its markets.

The benchmark S&P 500 index fell 10.5% over two days and lost about $5 trillion in market value. China’s CSI300 blue-chip index fell more than 5% on

Monday, while the pan-European STOXX index is down nearly 12% from its March 3 all-time closing high and in correction territory.

William Xin, chairman of hedge fund Spring Mountain Pu Jiang Investment Management based in Shanghai, said he had liquidated all of his stock positions as the current geopolitical landscape is messy, and the risk of a global recession is rising.

"The macro picture is getting very chaotic, and I cannot see the future clearly at all," said Xin, who sold his China and Hong Kong-listed shares last Thursday, ahead of a public holiday on Friday.

Hedge funds that pursue a long-short equity strategy have been particularly hard-hit as market volatility metrics surged, brokers said.

Analysts at J.P.Morgan estimated net leverage, which refers to borrowing, by hedge funds fell between 5% and 6% last week over the previous one, and that net hedge fund leverage could be around the lowest since late 2023.

The bank said on Friday that volatility targeting portfolios had between $25 billion and $30 billion in equities to sell in the coming days, as they unwind positions to reduce risk. Levered exchange-traded funds (ETFs) had an additional $23 billion to sell to rebalance into Friday’s close, mostly tech stocks, it had said.

Hedge funds typically use margin accounts in which they borrow cash from prime brokers to trade markets.

When the value of holdings in an investor’s margin account falls below the broker’s required deposit, brokers can call on an investor to top up the account with cash or to sell those stocks or bonds.

That rush for cash has seen even gold, typically a safe asset during crises, fall sharply since Trump’s "Liberation Day" tariffs were unveiled on April 2.

"In market selloffs like this, panic and forced selling via margin calls can dominate for a while," said David Seif, chief economist for developed markets at Nomura in New York.

"That’s not to say that it isn’t based on a very real negative event, which is these tariffs. But I think the ensuing selloff can take on a life of its own."

FALLING KNIVES

Bob Zhang, managing partner of Pine Street Capital, a Beijing-based hedge fund, said he has cut net exposure to Chinese stocks to 25% now from 100% in January. He has also added some hedges on the stock index to protect against downside risk.

"The volatility in China might just be starting, as positions are very crowded, and some people are trying to catch a falling knife."

Chinese investors are somewhat less likely to be affected by margin calls as the market had risen a lot earlier this year, yet the country is also the target of the biggest Trump tariffs.

The Hong Kong tech sub-index is down more than 27% in a month and back to levels at the start of the year.

China faces fresh U.S. tariffs of more than 50%, and it responded in kind on Friday by slapping extra levies on U.S. imports.

"Too many uncertainties around, and everyone is de-grossing given the elevated market volatility" said a portfolio manager at a large U.S. multi-strategy fund, based in Hong Kong.

"I think we are just in the middle of this selloff. This position unwinding usually will be sequentially affected from one hedge fund to another."

Outstanding margin finance in China remains high, at 1.9 trillion yuan ($260 billion) as of April 3.

In South Korea, where a ban on short-selling of shares was lifted just this month, data from the Korea Financial Investment Association (KOFIA) shows there were a total of 28 billion won ($19.15 million) worth of stock sales between April 1 and April 3 triggered by margin calls, compared with 11.5 billion for the whole of March, which was the biggest since September 2023.

Goldman Sachs turns defensive on European stocks as tariff risks mount

Investing.com -- Goldman Sachs has adopted a more defensive outlook on European equities after a fresh round of U.S. tariffs announced by President

Trump came in roughly three percentage points higher than expected.

The move, which surprised many in the market, has added further uncertainty to the economic and trade outlook, prompting the bank to downgrade its forecasts for European stock returns and corporate earnings.

Following GDP downgrades from its economics team and a reassessment of interest rate expectations, Goldman Sachs now sees 2.5% downside for the STOXX Europe 600 (SXXP) over the next three months.

The brokerage has also lowered its 2025 earnings per share (EPS) growth forecast for the index to 2%. Analysts flagged additional downside risks to both projections, citing growing fragility in the macroeconomic environment.

Cyclical sectors, which have underperformed defensives by 9% since the start of the year, are not seen as attractive despite the relative decline.

According to Goldman Sachs, valuations remain at the higher end of their historical range, and while current pricing aligns with economic sentiment surveys and bond yields, both indicators face potential weakness — a negative signal for cyclicals.

In response to the deteriorating outlook, Goldman made several adjustments to its sector recommendations.

The Food, Beverage & Tobacco sector was upgraded to “overweight” from

“underweight.”

Analysts said the sector is trading below historical valuation levels and is relatively insulated from tariff exposure, especially outside of spirits.

It also tends to see limited earnings contraction during downturns, similar to Healthcare, which remains an overweight recommendation.

The brokerage also upgraded Personal Care and Grocery Stores to neutral, reflecting a more balanced risk-reward view amid shifting consumer dynamics.

At the same time, Travel & Leisure and Retailers were downgraded to neutral. Travel & Leisure is viewed as especially vulnerable in a downturn, while Retailers face headwinds from rising household saving rates and weakening consumer confidence. Goldman’s analysts noted particular caution around discretionary stocks in France, the UK, and the U.S.

Financial Services was also moved to neutral. Hopes for a rebound in mergers and acquisitions in 2025 have not materialized, with deal volumes so far this year showing no growth over 2024.

As a result, Goldman has also removed its long-standing recommendation on its M&A basket (GSTRACQN).

The brokerage withdrew its long position on Germany's MDAX index, noting that although German mid-caps are up 5% year-to-date — supported by expectations of fiscal expansion — their significant exposure to Chemicals and Industrials makes them especially sensitive to trade tensions.

Despite the more cautious overall stance, Goldman maintained overweight ratings on three cyclical sectors: Banks, Technology, and Defence. Analysts believe retaining selective exposure to cyclicals is still warranted under the base case of Europe avoiding recession.

Banks are minimally affected by tariffs, Defence has benefited from tariff-driven risk sentiment, and Technology remains a top area for structural growth across the region.

Asia stocks sink; China, Japan lead losses as Trump's trade war intensifies

Author

Ayushman Ojha

Stock Markets

Published 04/06/2025, 10:51 PM

Investing.com-- Asian stocks tumbled further on Monday as a broad market sell-off deepened amid an escalating global trade war triggered by U.S. President Donald Trump's sweeping tariff announcement last week.

Stocks in Japan, China, and Hong Kong led regional declines, while broader markets across South Korea, Singapore, and Australia also retreated sharply.

Monday's sell-off followed a dismal session on Wall Street on Friday, where major U.S. indexes plummeted. Most Asian stocks suffered weekly losses.

U.S. stock index futures also fell sharply in Asian trading on Monday, leading to fears the markets will witness another "Black Monday" – as seen in 1987 – when markets around the world crashed.

Global markets rattle as Trump trade war escalates

Trump's tariffs announced on April 2, included a blanket 10% duty on all imports, alongside higher, targeted levies of up to 49% on some nations.

China now faces a combined 54% tariffs, with the 20% duties already in place.

Beijing also retaliated with a sweeping 34% tariff on a wide swath of U.S. imports, including agricultural products, energy commodities, and key tech components.

Meanwhile, President Trump said on Sunday that his new tariffs are the only way to fix major trade deficits with China and the European Union, declaring that duties will stay in place.

The tit-for-tat tariffs have rattled global markets and stoked fears of a deeper slowdown in global trade.

China, Japan, and South Korea, which count the U.S. among their top export destinations, could be hit hard as demand for their goods could weaken amid higher prices and retaliatory trade measures.

Japan hits 17-mth low, China reaches 6-mth trough, Australia at 1-yr low

Japan's Nikkei 225 index slumped as much as 9% on Monday, reaching its lowest level since early November 2023. The index was trading 6.5% lower as of 02:25 GMT.

Japan's broader TOPIX index also slid more than 8%.

Australia's S&P/ASX 200 declined as much as 6.5% to reach a one-year low on Monday.

In China, the blue-chip Shanghai Shenzhen CSI 300 index declined nearly 6%, while the Shanghai Composite also shed 6%. Both indexes reached their lowest level since late September 2024.

Hong Kong's Hang Seng index plunged more than 9% to its lowest level since early February

Other regional markets were also sharply lower.

Singapore's Straits Times Index dropped 7%, while the Philippines' PSEi Composite lost 4%.

Futures for India's Nifty 50 fell more than 1% on Monday.

Trump says tariffs only way to solve trade deficits, to remain in place

Author

Ambar Warrick

Economy

Published 04/06/2025, 07:52 PM

Investing.com-- U.S. President Donald Trump said on Sunday that his recently imposed trade tariffs were the only means to "cure" massive financial deficits with China and the European Union, and that his trade duties were here to stay.

Trump said in a social media post that the U.S. "surplus with these countries" had grown during the Biden administration, and that he was going to quickly reverse this trend.

Trump called his tariffs a "beautiful thing" for the U.S.

Trump's social media post came after he told reporters that unless the U.S. "solved" its trade deficit with China, he was not considering a deal with Beijing.

Trump also said that he had not intentionally intended a market selloff, and that the tariffs were "medicine" for markets.

Concerns over Trump's tariffs on major economies- which took effect last week and were much harsher than expected- wiped out trillions of dollars in market capitalization over the past two sessions. U.S. stock futures slumped on Sunday evening, pointing to a potential "Black Monday" scenario for global markets, which could entail even deeper losses.

Trump's tariffs wiped out about $4 trillion in global stock market value since last Wednesday.

China- which was by far the worst hit by Trump’s tariffs- retaliated against the measures over the weekend, while EU leaders were seen preparing retaliatory measures.

Indonesia wants fair and equal relationship with U.S., President says

Economy

Published 04/07/2025, 01:29 AM

Updated 04/07/2025, 01:51 AM

"We will also open negotiations with America. We will say, we want a good relationship. We want a fair relationship. We want an equal relationship," Prabowo said during a rice harvesting event in West Java.

Jakarta has said it would pursue negotiations rather than retaliate against the U.S. tariffs, and will send a high-level delegation to the United States.Indonesia is among six Southeast Asian countries that were slapped with high tariffs by U.S. President Donald Trump last week.

Goldman Sachs now sees 45% chance of 2025 US recession as tariff jitters build

Author

Ambar Warrick

Economy

Published 04/07/2025, 12:42 AM

Investing.com-- Goldman Sachs analysts said on Sunday evening that they now expect an even greater chance of a U.S. recession in 2025, especially after President Donald Trump unveiled his agenda for reciprocal tariffs.

Goldman Sachs hiked its odds of a 2025 recession to 45% from 35% a week ago. The investment bank had last week also hiked its recession forecast.

Goldman Sachs said “a sharp tightening in financial conditions, foreign consumer boycotts, and a continued spike in policy uncertainty that is likely to depress capital spending by more than we had previously assumed" drove its heightened expectations for a recession.

The investment bank also warned that its current forecast assumed that many of Trump's tariffs, which will take effect on April 9, are not imposed.

If they do, Goldman Sachs expects to change its forecast to a U.S. recession by the fourth quarter.

The investment bank expects 2025 Q4 gross domestic product at 0.5%, lower than prior expectations.

Fears of a U.S. recession rose sharply in the past week after Trump unveiled his plans for reciprocal tariffs. Markets feared increased trade disruptions, depressed consumer spending and growing distrust of U.S. policy could drive a sharp downturn in economic growth over the coming months.

Trump's reciprocal tariffs were seen as far worse than markets were anticipating, with major economies such as China now facing a 54% cumulative tariff- a bulk of which is likely to be borne by U.S. importers.

Trump's tariff 'medicine' injects turmoil into global markets

Economy

Published 04/06/2025, 11:28 PM

Updated 04/07/2025, 01:51 AM

By Trevor Hunnicutt and Leika Kihara

TOKYO (Reuters) -U.S. President Donald Trump warned foreign governments they would have to pay "a lot of money" to lift sweeping tariffs, characterising the duties as "medicine" and triggering further carnage across global financial markets on Monday.

Asian shares sank across the board and U.S. stock market futures traded sharply lower as investors feared that Trump's tariffs could lead to higher prices, weaker demand and potentially a global recession.

Speaking to reporters aboard Air Force One on Sunday, Trump indicated he was not concerned about losses that have already wiped out trillions of dollars in value from equity markets around the world.

"I don’t want anything to go down. But sometimes you have to take medicine to fix something," he said as he returned from a weekend of golf in Florida.

Trump said he had spoken to leaders from Europe and Asia over the weekend, who hope to convince him to lower tariffs as high as 50% due to take effect this week.

"They are coming to the table. They want to talk but there’s no talk unless they pay us a lot of money on a yearly basis," Trump said.

Trump’s barrage of tariffs announced last week was met with bewildered condemnation from other leaders and triggered retaliatory levies from China, the world’s No.2 economy.

Billionaire fund manager Bill Ackman, who endorsed Trump’s run for president, called for the tariffs to be paused to avert an "economic nuclear war".

Investors and political leaders have struggled to determine whether Trump’s tariffs are part of a permanent new regime or a negotiating tactic to win concessions from other countries.

On Sunday morning talk shows, Trump’s top economic advisers sought to portray the tariffs as a savvy repositioning of the U.S. in the global trade order.

Treasury Secretary Scott Bessent said more than 50 nations had started negotiations with the U.S. since last Wednesday’s announcement. Commerce Secretary Howard Lutnick said the tariffs would remain in place "for days and weeks."

Japan, one of Washington’s closest allies in Asia, is among countries hoping to strike some deal but its leader Shigeru Ishiba said on Monday results "won’t come overnight".

Investors, however, are not hanging around.

As Ishiba spoke in parliament, Tokyo’s Nikkei plunged to a 1-1/2-year low, led by the country’s banks - some of the world’s largest lenders by assets - which have shed almost a quarter of their market value over the last three trading days.

The broad market sell-off seen on Monday - which also saw global oil prices dive - comes as investors wagered that the mounting risk of recession could see U.S. interest rates cut as early as May.

White House economic adviser Kevin Hassett sought to tamp down concerns that the tariffs were part of a strategy to pressure the U.S. Federal Reserve to lower interest rates, saying there would be no "political coercion" of the central bank.

JPMorgan economists now estimate the tariffs will see full-year U.S. gross domestic product (GDP) decline by 0.3%, down from an earlier estimate of 1.3% growth.

Goldman Sachs said the tariffs could lower GDP growth in China by at least 0.7% percentage points this year and accelerate fiscal easing.

The two Wall Street banks now see the risk of a global recession at 60% and 45%, respectively.

That uncertainty has clouded the outlook for global policymakers. The Reserve Bank of New Zealand, the first major central bank to meet since Trump's tariff bombshell, is due to cut rates on Tuesday in what economists say could be the first of several this year.

TARIFF DEALMAKING

U.S. customs agents began collecting Trump's unilateral 10% tariff on all imports from many countries on Saturday. Higher "reciprocal" tariff rates of 11% to 50% on individual countries are due to take effect on Wednesday at 12:01 a.m. EDT (4:01 a.m. GMT).

Some other governments have already signaled a willingness to engage with the U.S. to avoid the duties.

Taiwan's President Lai Ching-te on Sunday offered zero tariffs as the basis for talks with the U.S., pledging to remove trade barriers and saying Taiwanese companies will raise their U.S. investments.

Israeli Prime Minister Benjamin Netanyahu said he would seek a reprieve from a 17% tariff on the country's goods during a planned meeting with Trump on Monday.

An Indian government official told Reuters the country does not plan to retaliate against a 26% tariff and said talks were under way with the U.S. over a possible deal.

Vietnamese leader To Lam agreed in a phone call with Trump on Friday to discuss a deal to remove tariffs after the Southeast Asian manufacturing hub was slapped with some of the highest duties globally.

Trump called the discussion "very productive".

China considers accelerating stimulus to counter Trump tariffs- Bloomberg

Author

Ambar Warrick

Economy

Published 04/07/2025, 01:47 AM

Investing.com-- Chinese policymakers have discussed measures to support the economy and stabilize markets in the face of U.S. President Donald Trump's heightened trade tariffs, including accelerated stimulus measures, Bloomberg reported on Monday.

Focus in the discussions was largely on stimulus measures to boost consumption, the Bloomberg report said, citing people familiar with the matter.

Top Chinese policymakers and senior government officials, including financial regulators, met in the last three days and considered accelerating measures that were planned even before Trump unveiled his latest round of tariffs.

China is set to be among the worst hit by Trump's new reciprocal tariffs, which will bring U.S. tariffs on Chinese imports up to a cumulative 54%. The tariffs are set to take effect on Wednesday.

Beijing decried the measures, retaliating with 34% tariffs on American goods, while also introducing more export controls on critical goods and minerals to the U.S.

China is expected to ramp up its stimulus measures in the face of economic headwinds from U.S. tariffs. Beijing had recently outlined plans for more fiscal support, especially through measures aimed at supporting consumer spending.

Beijing has vowed to fight "till the bitter end" with the U.S. in a rapidly escalating trade war.

China tells US companies it will always provide protection for foreign-funded firms

Economy

Published 04/07/2025, 01:44 AM

Updated 04/07/2025, 01:45 AM

HONG KONG (Reuters) - China's Vice Commerce Minister Ling Ji told U.S. companies including Tesla (NASDAQ:TSLA) and GE Healthcare that the country would always provide protection for foreign funded firms in China, including those from the United States.

China has been, is, and will be an "ideal, safe, and promising investment ground for foreign investors," Ling said at a roundtable meeting with more than 20 U.S. funded companies.

Taiwan stocks plummet in biggest one-day drop on record after US tariffs

Economy

Published 04/06/2025, 08:50 PM

Updated 04/07/2025, 01:56 AM

By Roger Tung and Faith Hung

TAIPEI (Reuters) -Taiwan stocks plummeted almost 10% on Monday, the biggest one-day percentage fall on record, in the first trading since U.S. tariffs were announced last week, with Taiwan’s president taking to X to pledge a "golden age" of shared prosperity with the U.S.

Taiwan, hit with a 32% duty, was singled out by U.S. President Donald Trump as among the U.S. trading partners with one of the highest trade surpluses with the country.

After resuming trade on Monday following market holidays on Thursday and Friday, Taiwan’s benchmark stock index plunged to its lowest level in more than a year.

Taiwan on Friday announced a T$88 billion ($2.65 billion) support package for companies hit by the tariffs, while President Lai Ching-te said on Sunday the island would buy more from and invest more in the United States, with the aim of a zero-tariff regime between the two.

Writing in English on his X account on Monday, Lai reiterated he did not seek retaliatory tariffs and that "we’ll start talking from bilateral ’zero tariffs’."

"To ensure Taiwan’s competitiveness, we’ll increase US imports & adopt other measures. Working together, we’ll usher in a golden age of shared prosperity," he added.

Taiwan has long sought a free trade deal with the United States.

While semiconductors, Taiwan’s main manufacturing strength, are not included in Trump’s tariffs, Taiwan has a trade-dependent economy highly reliant on its part in the global electronics supply chain for everything from smartphones to cars.

Shares in chipmaker TSMC and electronics maker Foxconn (SS:601138) both fell near 10%, triggering the 10% circuit breaker in the Taiwan market. "The panic selling pressure is very high," said Venson Tsai, an analyst at Cathay Futures in Taipei. "This is a problem of market confidence."

Taiwan’s top financial regulator on Sunday announced it would impose temporary curbs lasting all this week on short-selling of shares to help deal with potential market turmoil from the tariffs.

Speaking to reporters shortly after the market opened, Taiwan Stock Exchange Chairman Sherman Lin said it would coordinate with the financial regulator to take further stabilisation steps if needed.

The stock exchange will maintain flexibility in stabilisation measures this week to handle volatility stemming from new U.S. import tariffs, Lin added.

He said it would be hard for Taiwan to escape the market impact of the tariffs, but called on investors to have confidence in Taiwanese companies and the government.

Allen Huang, a vice president of Mega Financial’s securities investment unit, said in a worst-case scenario, the chance of a recession could be higher than 50%.

"We’re not expecting Trump to change his policy in the near term," he said.

Goldman Sachs downgraded Taiwan to "underweight" in its Asian market allocations on Sunday, citing high exposure to U.S. exports and market sensitivity.

($1 = 33.2020 Taiwan dollars)

Some Japan firms worry over US trade policy uncertainty, BOJ says

Economy

Published 04/07/2025, 01:17 AM

Updated 04/07/2025, 01:36 AM

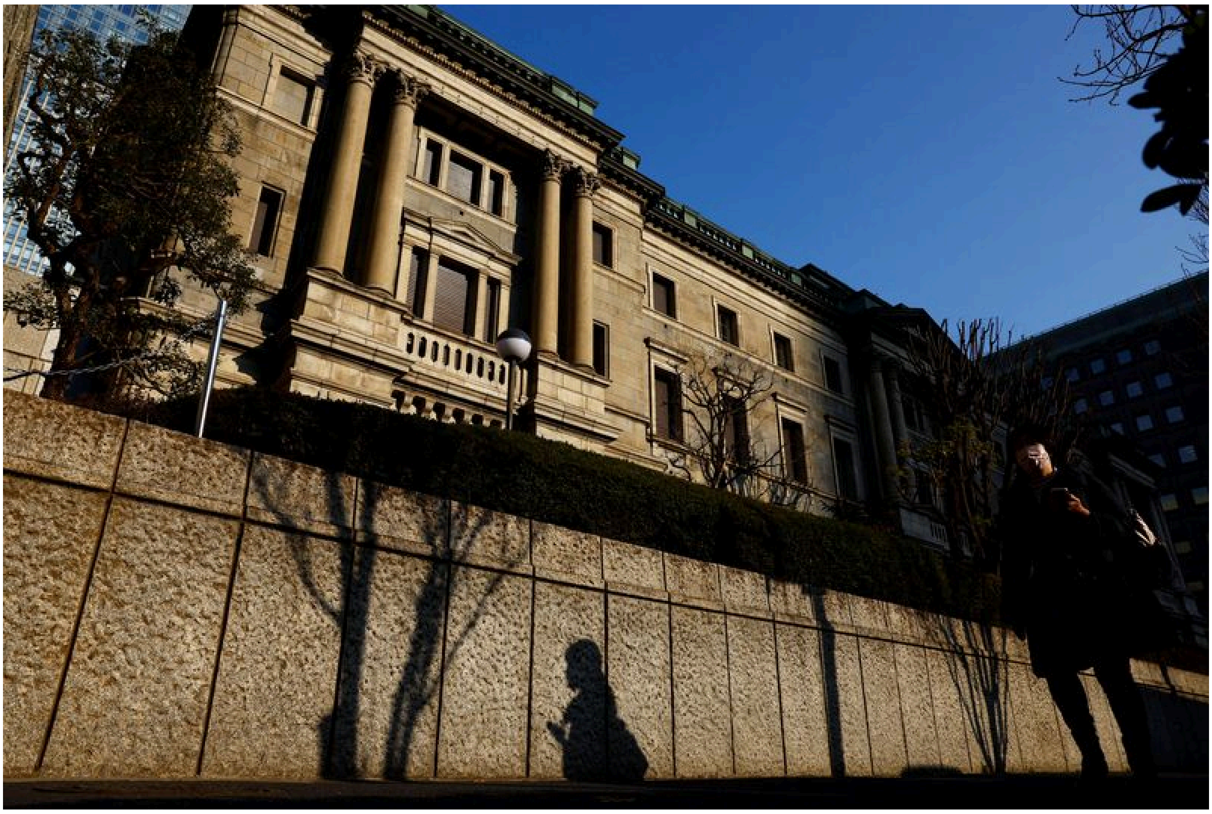
By Leika Kihara

TOKYO (Reuters) -Some Japanese companies are worried about heightened uncertainty over U.S. trade policy that could hit their profits and output, the central bank said in a statement on Monday after a quarterly meeting of its regional branch managers.

In a quarterly report on regional economies, the BOJ maintained its assessment for all nine areas to say they were either recovering or picking up moderately.

Brisk spending by overseas tourists and robust demand for luxury items have underpinned consumption, while firms maintained their robust capital expenditure plans, the BOJ said.

While the statement did not make direct mention of higher U.S. tariffs, it warned that "some firms voiced concern over the impact on output and profits" from U.S. trade uncertainty.



The BOJ said pay hikes were broadening for a wide range of sectors in regional areas, though some regions saw smaller firms voicing caution over further pay increases.

"Companies continue to pass on rising import costs at a moderate pace," with some also considering or implementing price hikes to raise funds to pay for rising labour costs, it said.

Yen, Swiss franc rise on safety bids as Trump tariff fallout grips markets

Economy

Published 04/06/2025, 08:13 PM

Updated 04/07/2025, 01:30 AM

By Rae Wee

SINGAPORE (Reuters) - Investors poured into safe havens like the yen and Swiss franc on Monday and heavily sold the risk-sensitive Australian dollar as the market rout from U.S. President Donald Trump's sweeping tariffs deepened and fears of a global recession grew.s

Global markets were sent into a tailspin on Monday as Asian stocks and Wall Street futures plunged and investors wagered that the mounting risk of a deep economic downturn could lead to a cut in U.S. interest rates as early as May.

The dollar fell 0.63% against the yen to 145.92, after tumbling more than 1% earlier in the session, as the greenback extended its 2% slide against the Japanese currency from last week.

"The big theme has been selling USD/JPY because it's a good U.S. recession proxy and it's a good U.S. yields proxy and U.S. yields tanked," said Brent Donnelly, president of market maker and analytics firm Spectra Markets.

The Swiss franc jumped more than 0.8% to 0.8531 per dollar, building on its 2.3% surge against the U.S. currency last week.

Both the yen and the franc have emerged as significant winners in the aftermath of Trump's latest tariff salvo as investors dump riskier assets and flock to safe havens in a move that has also seen gold and government bonds catch a bid.

Meanwhile, the Aussie, often used as a proxy for risk appetite, tumbled to a five-year low early in the session, and was last trading 0.5% lower at $0.6014.

The New Zealand dollar eased 0.43% to $0.5572, having slid more than 1% earlier in the session.

"Things have gone from bad to worse," said Tony Sycamore, a market analyst at IG.

"If there isn't some sort of walking back of the announcements, then we're heading for a liquidity event and liquidity will get sucked out of these markets big time across all asset classes."

Trump's tariff announcements wiped out nearly $6 trillion in value from U.S. stocks last week. When asked about the impact, Trump on Sunday said that sometimes medicine was needed to fix things, adding that he was not intentionally engineering a market selloff.

TRADERS HOPE FOR RAPID U.S. RATE CUTS

More than 50 nations have reached out to the White House to begin trade talks. China, which has struck back with a slew of countermeasures including extra levies of 34% on all U.S. goods, said on Saturday "the market has spoken".

While the dollar is also typically known to be a safe haven asset, that status seems to be eroding as uncertainty over tariffs and concern over their impact on U.S. growth intensify.

Against a basket of currencies, the dollar was last at 102.64, having tumbled 1% last week.

The euro was up 0.18% at $1.0985, while sterling eased 0.1% to $1.28925.

"Given the U.S. is at the epicentre of the trade war, the USD has been suffering from outflows" with investors "looking ... to diversify away from U.S. assets," said Rodrigo Catril, senior FX strategist at National Australia Bank (OTC:NABZY).

Traders have ramped up bets of more Federal Reserve rate cuts this year on the view policymakers would have to ease more aggressively to shore up growth in the world’s largest economy.

Markets swung to imply an around 55% chance of a Fed cut in May, and futures now point to more than 100 basis points worth of rate cuts by December this year. Investors were previously expecting the Fed to keep rates on hold next month.

Fed Chair Jerome Powell cautioned on Friday it was still too soon to know what the right response from the central bank ought to be.

In Asia, the onshore yuan fell to a 2-1/2-month low of 7.3192 per dollar.

The pace of the yuan’s decline was somewhat tempered by the central bank’s support, as it continued to set the daily official midpoint at a level firmer than market projections.

The offshore yuan eased more than 0.3% to 7.3205 per dollar.

In cryptocurrencies, bitcoin fell to a five-month low of $76,638.54 as risk sentiment soured. Ether similarly sank to a six-month trough of $1,526.19.

No Fed 'put' when it's unclear which way the economy may pivot

Economy

Published 04/07/2025, 01:08 AM

Updated 04/07/2025, 01:21 AM

By Howard Schneider

WASHINGTON (Reuters) -U.S. Federal Reserve Chair Jerome Powell has sent strong messages when he felt they were needed, going on television to pledge maximum support for the economy when the COVID-19 pandemic struck, using a terse 2022 speech for a stern message about inflation, and jumping in to backstop financial markets after the 2023 failure of Silicon Valley Bank.

But with Powell and the Fed left guessing just as much as the rest of the world about where President Donald Trump is taking the economy, the Fed chair indicated on Friday this is not the moment for a "Fed put" - Wall Street’s term for actions to shore up free-falling stock markets - even as household wealth evaporates with real risks to economic activity.

"There’s a lot of waiting and seeing going on, including by us, and that just seems like the right thing to do at a time of elevated uncertainty," Powell said, making it apparent the Fed won’t be rushing to cut interest rates as it would if there was a crisis calling for an obvious central bank response.

Indeed job growth in March remained strong, data out on Friday showed, though Powell was careful to note the figures were tallied before Trump’s tariff announcements.

"It’s not clear at this time ... the appropriate path for monetary policy," he said. "We’re going to need to wait and see how this plays out."

Though stock price moves can affect the economy by changing household wealth and shifting expectations, the dynamics of Trump’s first weeks in office have created such a blizzard of conflicting signals that the Fed, so far, can’t pick a lane.

It has recently become a maxim of central banking to move fast and with force when a problem is clear.

But it has been as important to the Fed in its recent decisions to avoid making moves that then need to be undone. That is a risk it would run if Powell and others were to appear to lean in favor of rate cuts to stabilize the economy at a time when higher inflation, and the potential need for rates to remain higher, is also a threat.

DIFFERENT STRIPE OF SHOCK

The Fed raised rates fast starting in 2022 as it needed to tame inflation, then cut them a full percentage point last year as inflation slowed.

Policymakers now seem content to wait, with tariff hikes potentially followed by other fiscal and tax measures that could shift the outlook yet again.

In the current moment, Powell’s "first job is to take out the view that the Fed is on the verge of slashing interest rates a lot in a hurry," said former Fed vice chair and Princeton economics professor Alan Blinder. "That does not mean the

Fed will never cut interest rates in response to this. If this develops into a recession, the Fed will probably cut."

No Fed official will ever admit to anything like a "Fed put" being part of their policy tool kit, but Wall Street has had faith in its existence for nearly four decades.

The term first surfaced as the "Greenspan put," coined after former Fed chief Alan Greenspan cut rates and injected liquidity following the famous "Black Monday" stock market crash in October 1987. Successive Fed leaders have responded to ensuing crises with other big actions that have helped staunch market losses or even helped reverse them.

But for now, caught between the possibility of a weakening economy alongside a tariff-driven burst of inflation, the Fed may be sidelined.

"When we faced high inflation, it was painful for the country ... but we knew what we needed to do," and began raising interest rates to curb demand and price pressures, Powell said. "During the pandemic it was very clear the direction we needed to take, with force, and we did it," with rapid interest rate cuts and an array of other programs to restore growth and jobs.

What is developing now is a shock not from disease or snarled supply chains or oil embargos, as happened in the 1970s, but from a White House policy decision to tax imports at levels far beyond what analysts expected, and in a way that has sparked retaliation from China with more countermoves expected from other nations.

The growing view, though, is that Trump's tariffs will hinder growth, if not trigger recession outright. JPMorgan joined the recession camp on Friday, with its economists estimating full year gross domestic product will decline by 0.3%, down from an earlier estimate of 1.3% growth, and the unemployment rate will climb to 5.3% from 4.2% now.

IN NO HURRY

The average tariff rate on the U.S.'s roughly $3 trillion in annual imports is now due to jump perhaps tenfold, from around 2.5% to 25% or higher.

The initial impact is expected to be felt in prices as producers and importers pass at least some of those costs along to consumers.

Economists see those higher prices translating over the year into headline inflation perhaps a percentage point or more higher than where it otherwise would be, and that much further from the Fed's 2% goal.

As households and companies adjust to the higher prices, a slowdown in demand is expected to develop as well - a mix that at least hints at stagflation.

Powell and other Fed officials don't think they are yet at the point where their ability to reach their inflation target is directly in conflict with the goal of keeping unemployment low.

"We're not in a situation like we were in the 1970s," Powell said, when double digit inflation coincided with relatively high unemployment.

"But the effects at the margin right now would be for higher inflation and perhaps higher unemployment," Powell said. "That's difficult for a central bank" since the two challenges call for different solutions.

Until it becomes clearer which direction the economy is headed and how fast, "it feels like we don't need to be in a hurry."

Futures are crashing from tariffs, worst market week in last five years, and upcoming earnings

Everything you need to know about the markets this week in three minutes or less

Unusual Whales@April 7, 2025 2:18 AM

Hi there!

Let's see what is upcoming in the markets this upcoming week, and what happened this week quickly before the week begins!

Before I begin, the markets have been crashing, with the Nasdaq entering bear territory, the worst ever three day ES futures falls ever in history (only 1987 beats the speed of percentage decline), and chaos after Trump's tariffs. You can track the futures market on Unusual Whales here: unusualwhales.com/futures_indices.
Looking at last week's markets, the markets fell SIGNIFICANTLY after Trump revealed his tariffs to the world, targeting numerous countries with high tariffs. The market had the worst two day period since covid, and is looking to continue that tomorrow.
Here is what that looked like in the heatmaps:
Trump's full tariffs can be found here at unusualwhales.com/trump-tracker
Here are the upcoming earnings this week, including the expected moves, EPS mean estimates, and notable details. See more at unusualwhales.com/earnings.

Below you can see all company earnings at https://unusualwhales.com/earnings?formats=table&order=report_date&order_direction=asc&min_options_vol=500
Report Date: 2025-04-07

- **AST SpaceMobile (ASTS)** reports at an unknown time with an expected stock move of $2.64, an expected EPS of -0.14, a stock volume of 13,320,586, and an options volume of 82,552.

- **Levi Strauss & (LEVI)** reports postmarket with an expected stock move of $1.44, an expected EPS of 0.28, a stock volume of 4,279,558, and an options volume of 3,641.
- **Dave & Buster's Entertainment (PLAY)** reports postmarket with an expected stock move of $2.85, an expected EPS of 0.64, a stock volume of 1,826,844, and an options volume of 3,975.
- **Red Cat Holdings (RCAT)** reports at an unknown time with an expected stock move of $0.74, no provided EPS estimate, a stock volume of 4,567,774, and an options volume of 13,099.
- **Northern Dynasty Minerals (NAK)** reports at an unknown time with an expected stock move of $0.20, no provided EPS estimate, a stock volume of 12,626,016, and an options volume of 5,251.

Report Date: 2025-04-08

- **Cal-Maine Foods (CALM)** reports postmarket with an expected stock move of $9.01, no provided EPS estimate, a stock volume of 1,222,438, and an options volume of 1,927.
- **Tilray Brands (TLRY)** reports premarket with an expected stock move of $0.10, an expected EPS of -0.04, a stock volume of 22,222,425, and an options volume of 22,232.
- **AEHR Test Systems (AEHR)** reports postmarket with an expected stock move of $1.42, an expected EPS of -0.02, a stock volume of 1,234,240, and an options volume of 2,734.

Truly.

As a result, I partnered with Eight Sleep to get you guys a discount for a product I love. Head over to www.eightsleep.com/whales and use the code WHALES to get $350 off your very own Pod 4 Ultra, which is customized to your sleep settings. If you sleep better, you'll likely trade better, too!

Join the warm waters at Eight Sleep, and focus on all trader's foundation: their sleep! Join here.

Report Date: 2025-04-09

- **Delta Air Lines (DAL)** reports premarket with an expected stock move of $4.09, an expected EPS of 0.41, a stock volume of 22,165,530, and an options volume of 74,793.
- **ASP Isotopes (ASPI)** reports at an unknown time with an expected stock move of $0.94, no provided EPS estimate, a stock volume of 1,926,299, and an options volume of 2,950.

Report Date: 2025-04-10

- **CarMax (KMX)** reports premarket with an expected stock move of $7.62, an expected EPS of 0.64, a stock volume of 3,650,212, and an options volume of 4,705.
- **Walgreens Boots Alliance (WBA)** reports at an unknown time with an expected stock move of $0.61, an expected EPS of 0.53, a stock volume of 26,011,575, and an options volume of 78,651.
- **Byrna Technologies (BYRN)** reports premarket with an expected stock move of $2.55, an expected EPS of 0.02, a stock volume of 947,470, and an options volume of 1,568.
- **Microalgo (MLGO)** reports at an unknown time with an expected stock move of $7.72, no provided EPS estimate, a stock volume of 11,381,744, and an options volume of 1,336.

Report Date: 2025-04-11

- **JPMorgan Chase (JPM)** reports premarket with an expected stock move of $15.60, an expected EPS of 4.62, a stock volume of 27,170,155, and an options volume of 175,275.
- **Wells Fargo (WFC)** reports premarket with an expected stock move of $4.63, an expected EPS of 1.23, a stock volume of 31,050,505, and an options volume of 158,378.
- **Progressive (PGR)** reports at an unknown time with an expected stock move of $17.68, an expected EPS of 4.6, a stock volume of 7,338,612, and an options volume of 9,467.
- **BlackRock (BLK)** reports premarket with an expected stock move of $55.47, an expected EPS of 10.68, a stock volume of 1,614,571, and an options volume of 5,240.
- **Bank of New York Mellon (BK)** reports premarket with an expected stock move of $6.17, an expected EPS of 1.49, a stock volume of 6,697,096, and an options volume of 4,231.
- **Fastenal (FAST)** reports premarket with an expected stock move of $5.23, an expected EPS of 0.52, a stock volume of 5,434,585, and an options volume of 1,629.
- **Childrens Place (PLCE)** reports postmarket with an expected stock move of $1.29, no provided EPS estimate, a stock volume of 1,146,198, and an options volume of 1,946.

Here are the economic events for the week (reminder, we added a Trump calendar seen here: https://unusualwhales.com/trump-tracker)
Here is the economic calendar this week. More at unusualwhales.com/economic-calendar:
Monday, April 7:

- **Consumer Credit** for February is reported at 12:00 PM PDT, expected to show an increase of $18.1 billion, indicating consumer borrowing habits and economic confidence.

Tuesday, April 8:

- **NFIB Optimism Index** for March is reported at 3:00 AM PDT, with a forecast of 100.7, reflecting small business confidence and economic conditions.

Wednesday, April 9:

- **Wholesale Inventories** for February are reported at 7:00 AM PDT, expected to show a 0.3% increase, indicating stock levels held by wholesalers.
- **Minutes of Fed's March FOMC Meeting** are released at 11:00 AM PDT, providing insights into the Federal Reserve's monetary policy discussions and decisions.

Thursday, April 10:

- **Core CPI Year Over Year** and **CPI Year Over Year** for March are both forecasted at 2.8%, reported at 5:30 AM PDT, indicating inflation trends minus food and energy.
- **Core CPI** and **Consumer Price Index** for March are both expected to increase by 0.2%, reported at 5:30 AM PDT, showing price changes in goods and services.
- **Initial Jobless Claims** for April are reported at 5:30 AM PDT, providing data on the number of individuals filing for unemployment benefits.
- **Chicago Fed President Goolsbee** speaks at 9:00 AM PDT, potentially discussing economic conditions and monetary policy.
- **Monthly U.S. Federal Budget** for March is reported at 11:00 AM PDT, detailing government spending and revenues.

Friday, April 11:

-

Core PPI Year Over Year is forecasted at 3.3%, and **PPI Year Over Year** at 3.2%, both reported at 5:30 AM PDT, reflecting wholesale price changes.

•

Core PPI and **Producer Price Index** for March are expected to be 0.2% and 0.0% respectively, reported at 5:30 AM PDT, indicating the price changes faced by producers.

•

Consumer Sentiment (Preliminary) for April is forecasted at 57, reported at 7:00 AM PDT, providing an early indication of consumer attitudes and economic conditions.

•

New York Fed President Williams speaks at 8:00 AM PDT, potentially offering insights into economic outlook and policy.

Lastly, a quick note from me, Mr. Whale. I know it is a scary time in the markets, with a potential for limit downs tomorrow. Please take care of yourself, your finances, be calm, and feel free to email me here. I'll try to respond if you are struggling.

I wish you all the best this week.

Asia credit starts to wobble as market pain spreads

Stock Markets

Published 04/07/2025, 01:01 AM

Updated 04/07/2025, 01:15 AM

By Tom Westbrook

SINGAPORE (Reuters) -Credit markets turned shaky in Asia on Monday, with the cost of insuring against corporate and sovereign default higher as recession fears rippled across financial markets.

The five-year credit default swap spread on the Markit Itraxx Asia ex-Japan index, comprising sovereign and company debt, rose about 26 basis points to its highest since August last year, according to S&P Global data.

Sovereign spreads for China, Vietnam, Indonesia, Thailand and Malaysia also widened, S&P Global data showed.

Unusually the pressure on credit has followed, rather than led, a tailspin in world stock markets as U.S. President Donald Trump declared a trade war in earnest by levying the highest tariffs on U.S. imports in over a century. [MKTS/GLOB]

U.S. equity futures were down nearly 4% by mid-session in Asia and selling in credit came as equity markets from Hong Kong to Sydney were crumbling.

"It’s not just the equity market. We’ve seen credit spreads gap wider materially and we’re also hearing various fund flows going the other way as well, as people try to get into cash or other commodities," said Simon Ward, head of debt capital markets for Australasia at Mizuho in Sydney.

He said the debt market would probably enter a "wait and see" mode, with deals on pause as volatility has spiked.

The spread or difference in yield between U.S. Treasuries and the Ice BOFA index of U.S. investment grade debt has widened about 20 basis points since Trump’s tariff announcements and for high-yield U.S. debt it has widened about 96 bps.MERH0A0> it has widened about 96 bps.

Stocks plunge in Asia, markets bay for rapid US rate cuts

Stock Markets

Published 04/06/2025, 06:56 PM

Updated 04/07/2025, 01:13 AM

By Wayne Cole

SYDNEY (Reuters) -Major stock indexes plunged in Asia on Monday as U.S. President Donald Trump showed no sign of backing away from his sweeping tariff plans, and investors bet the mounting risk of recession could see the Federal Reserve cutting rates as early as May.

Futures markets moved swiftly to price in almost five quarter-point cuts in U.S. rates this year, pulling Treasury yields down sharply and hampering the dollar on safe havens.

The carnage came as Trump told reporters that investors would have to take their medicine and he would not do a deal with China until the U.S. trade deficit was sorted out. Beijing declared the markets had spoken on their retaliation plans.

"The only real circuit breaker is President Trump's iPhone and he is showing little sign that the market selloff is bothering him enough to reconsider a policy stance he has believed in for decades," said Sean Callow, a senior FX analyst at ITC (NSE:ITC) Markets in Sydney.

Investors had thought the loss of trillions of dollars in wealth and the likely body blow to the economy would make Trump reconsider his plans.

"The size and disruptive impact of U.S. trade policies, if sustained, would be sufficient to tip a still healthy U.S. and global expansion into recession," said Bruce Kasman, head of economics at JPMorgan, putting the risk of a downturn at 60%.

"We continue to expect a first Fed easing in June," he added. "However, we now think the Committee cuts at every meeting through January, bringing the top of the funds rate target range down to 3.0%."

S&P 500 futures slid 3.5% in volatile trade, while Nasdaq futures dived 4.4%, adding to last week's almost $6 trillion in market losses. [.N]

The pain likewise engulfed Europe, with EUROSTOXX 50 futures down 3.6%, while FTSE futures lost 2.3% and DAX futures 4.0%.

Japan's Nikkei sank 6.6% to hit lows last seen in late 2023, while South Korea dropped 5%. MSCI's broadest index of Asia-Pacific shares outside Japan fell a gut-wrenching 7.5%.

Chinese blue chips lost 6.3%, as markets waited to see if Beijing would respond with more stimulus. Taiwan's main index, which had been shut on Thursday and Friday, tumbled nearly 10%, leading policymakers to curb short selling.

All of emerging Asia was also under water, with India's Nifty 50 sinking 4%.

The gloomier outlook for global growth kept oil prices under heavy pressure, following steep losses last week. [O/R]

Brent fell $1.35 to $64.23 a barrel, while U.S. crude dived $1.395 to $60.60 per barrel.

NEVER MIND INFLATION

The flight to safe havens saw 10-year Treasury yields drop 8 basis points to 3.916%, while Fed fund futures jumped to price in an extra quarter-point rate cut from the Federal Reserve this year.

Markets swung to imply around a 54% chance the Fed could cut as soon as May, even though Chair Jerome Powell on Friday said the central bank was in no hurry on rates.

That dovish turn saw the dollar slip another 0.5% on the safe-haven Japanese yen to 146.16 yen, while the euro held firm at $1.0966. The dollar shed 0.6% on the Swiss franc, while the trade-exposed Australian dollar dropped a further 0.4%.

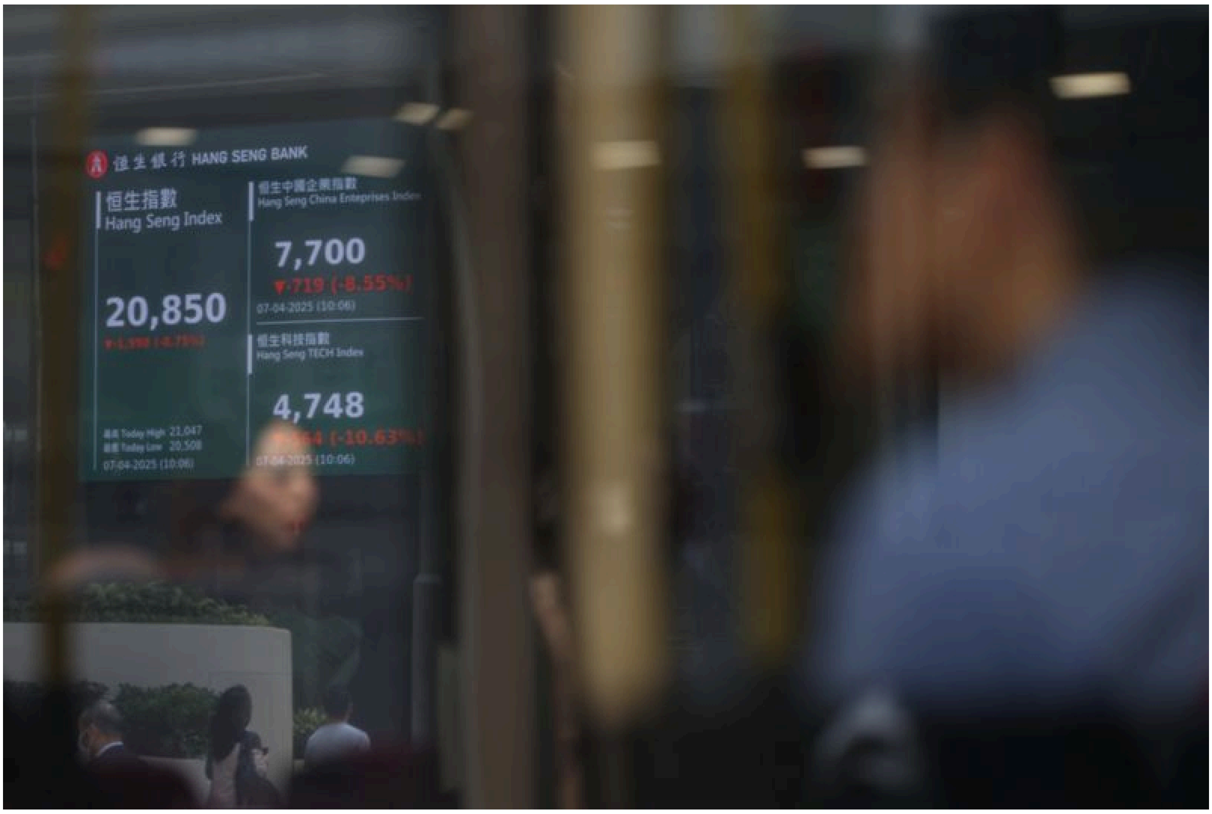
Investors were also wagering the imminent threat of recession would outweigh the likely upward shove to inflation from tariffs.

U.S. consumer price figures out later this week are expected to show another rise of 0.3% for March, but analysts assume it is just a matter of time before tariffs push prices sharply higher, for everything from food to cars.

Rising costs will also put pressure on company profit margins, just as the earnings season gets underway with some of the big banks due on Friday. Around 87% of U.S. companies will report between April 11 and May 9.

"We expect during upcoming quarterly earnings calls fewer companies than usual will provide forward guidance for both 2Q and full-year 2025," analysts at Goldman Sachs said in a note.

"Rising tariff rates will force many companies to either raise prices or accept lower profit margins," they warned. "We expect negative revisions to consensus profit margin estimates in coming quarters."



Even gold was swept up in the selloff, easing 0.3% to $3,026 an ounce. [GOL/]

The drop left dealers wondering if investors were taking profits where they could cover losses and margin calls on other assets, in what could turn into a self-feeding fire sa

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Trump tariffs could slow euro growth by up to 1 percentage point, Greek central banker tells FT

Economic Indicators

Published 04/07/2025, 12:21 AM

Updated 04/07/2025, 01:12 AM

https://www.investing.com/news/economic-indicators/trump-tariffs-could-slow-euro-growth-by-05-to-1-percentage-points-ft-reports-3969632

(Reuters) -U.S. President Donald Trump's tariff measures could slow euro area economic growth by anywhere between 0.5 and 1 percentage points, Greek central bank governor Yannis Stournaras told the Financial Times in an interview published on Monday.

Stournaras' comments come against the backdrop of European Union countries weighing approval of a first set of targeted countermeasures on up to $28 billion of U.S. imports from dental floss to diamonds in the coming days.

The 27-nation bloc faces 25% import tariffs on steel and aluminium and cars and "reciprocal" tariffs of 20% from Wednesday for almost all other goods.

In an interview with the newspaper, Stournaras warned that the looming global trade war risk sparking a large "negative demand shock" in the Eurozone that could weigh heavily on Europe's economic growth.

"A notable adverse impact on growth could lead to activity being much weaker than expected, dragging inflation below our targets," he told the FT.

The European Central Bank has estimated that a blanket U.S. tariff of 25% on European imports would lower euro zone growth by 0.3 percentage points in the first year. EU counter-tariffs on the U.S. would raise this to half a percentage point.

Stournaras said that tariffs were a deflationary measure and some of the U.S. steps were "worse than expected" creating an "unprecedented" degree of "global policy uncertainty", the FT reported.

The next ECB rate decision is due on April 17. Euro zone inflation eased to 2.2% in March from 2.3% in February, bolstering the case for another European Central Bank interest rate cut later this month.

U.S. goods imports into the EU totalled 334 billion euros ($365.6 billion) in 2024, against 532 billion euros of EU exports to the United States.

On April 2, Trump unveiled a 10% baseline tariff on all imports to the U.S. along with higher duties on dozens of other countries. The tariffs appeared to target about 60 countries.

Morning bid: Tariff medicine's crippling side effects

Economy

Published 04/07/2025, 12:34 AM

Updated 04/07/2025, 01:00 AM

(Reuters) - A look at the day ahead in European and global markets from Wayne Cole

Another day, another rout in Asian markets as President Trump shows no sign of backing away from his tariff plans despite the bonfire of wealth engulfing equity markets.

Investors had thought the spectre of trillions of dollars lost would make Trump reconsider, or at least shake his aides, but he seems to feel this harsh medicine will help in the long run. Billionaire fund manager Bill Ackman, who endorsed Trump's run for President, seemed to think otherwise, saying the tariffs were an "economic nuclear winter" for the world.

The chill was certainly felt in Asia where the Nikkei shed another 6% and Chinese blue chips almost 7%, despite talk that Beijing would come to the rescue with stimulus steps.

Poor Taiwan returned from a break with losses of almost 10% as Trump's sky-high levies threaten the supply chains that so much of the world's business has come to rely on. Taiwan's policymakers acted to curb short selling and circuit breakers were tripped in a host of markets.

Dealers were increasingly concerned the markets' losses would force investors to dump profitable assets just to cover their margin calls, leading to a self-fuelling fire sale.

JPMorgan now sees a 60% chance of a U.S. recession and Fed rate cuts from June to next January, leaving the funds rate around 3%. Futures markets were also moving that way, with the December Fed funds contract up an astonishing 30 basis points at one stage this morning, before paring that back to 16 ticks.

Markets even imply a 50-50 chance the Fed could ease as early as May, despite Chair Powell's reiteration last week that the central bank was in no hurry to move.

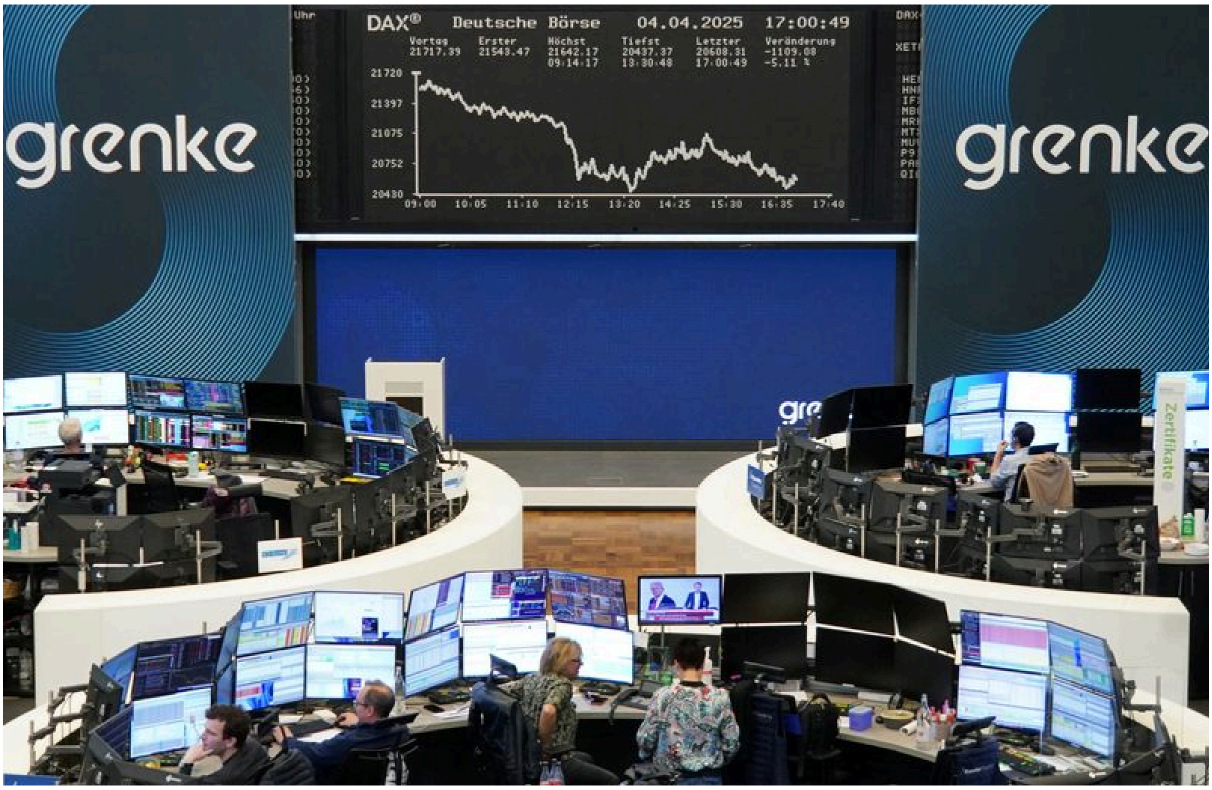
His reticence is understandable given how tariffs are set to lift the price of everything from cars to food. It's likely too early for the U.S. March consumer price report this week to show the impact, but that won't last for long.

Trump has said many countries were looking to do deals to ease the tariff pain. Problem is, the "reciprocal" U.S. rates chosen were much, much higher than the levies actually imposed by most other nations, making it hard for them to offer deals "beautiful" enough to satisfy Trump.

China seems ready for the fight, in part because it sees a chance to become the trade partner you can trust, replacing the U.S. There could also be more hints of EU reprisals when the region's trade ministers meet later on Monday.

All of this is happening just as the U.S. earnings season is due to start with major banks on Friday, and it will be a brave CEO who expresses anything but caution about the outlook for profits and sales.

Key developments that could influence markets on Monday:



- EU retail sales, Sentix investor confidence, German industrial output
- Appearances by ECB board member Piero Cipollone and Fed Governor Kugler

(By Wayne Cole; Editing by Edmund Klamann)