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## BCA sees 35% chance of China-Taiwan military escalation in next 12 months

https://www.investing.com/news/economy-news/bca-sees-35-chance-of-chinataiwan-military-escalation-in-next-12-months-3992213

Investing.com -- BCA Research has raised the probability of a military escalation between China and Taiwan to 35% over the next 12 months, pointing to a sharp deterioration in U.S.-China economic ties under President Trump's second term.

The new estimate includes a 10% chance of a full-scale conflict and a 25% chance of a limited or proxy war, up from a combined 30% previously.

"The probability that Beijing uses military force to absorb its wayward province of Taiwan has doubled from 5% to 10%," BCA strategists led by Matt Gertken said in a note, adding that the overall risk of military conflict has risen to 35%.

The escalation reflects what BCA calls a "Reckoning" scenario—where the U.S. seeks to permanently impair China's economic growth and block tariff circumvention, resulting in severe geopolitical strain.

But this also means that China may no longer maintain "strategic patience" if it views recent U.S. actions as a shift from containment to outright economic sabotage.

"President Trump has just raised tariffs to levels that, if sustained, will halt U.S.-China trade," strategists continued.

"Combined with export controls, looming investment restrictions, and various other existing or threatened sanctions, the U.S. strategy will start to look like an all-out economic war against Beijing.

This would give Chinese policymakers "significant domestic cover for retaliation that goes beyond trade."

In such a context, Beijing could pursue actions short of a full-scale invasion. BCA's Geopolitical Strategy team estimates a 25% chance of a limited or proxy conflict in the next year, pointing to the possibility that China could seize a small outlying island to signal its readiness to use force.



The macro research firm also explains that there is a timing aspect to the forecast. "If Beijing does not use its military to unite with Taiwan in the next 12 months, it may not do so for a very long time afterwards," it wrote.

In other words, according to BCA, Beijing may view the current trade war as an opportune window. "President Trump's maximalist tariffs give Beijing an excuse and a window of opportunity," the report said.

If China chooses not to respond within this period, its leadership is likely to resume efforts to stabilize the economy, expand regional influence—including over Taiwan—and pursue long-term competition with the U.S.

Despite the heightened risk, BCA noted that the base case remains one of continued status quo, assigned a 65% probability. Still, it advised investors to consider hedging against tail risks, pointing to bets on "large double-digit declines in Taiwanese stocks, or TSMC or NVDA share prices," as cost-effective insurance in the current environment.

# US Vice President says he is 'optimistic' Russia-Ukraine war can be ended

https://www.investing.com/news/economy-news/us-vice-president-says-he-is-optimistic-russiaukraine-war-can-be-ended-3992280

ROME (Reuters) - The United States is optimistic it can put an end to the war between Russia and Ukraine, Vice President JD Vance said on Friday as he met Italian Prime Minister Giorgia Meloni for the second time in 24 hours.

Vance saw Meloni in Washington on Thursday and the two have since flown to the Italian capital ahead of the Easter holidays.

"I want to update the prime minister on some of the negotiations between Russia and Ukraine ... even in the past 24 hours, we think we have some interesting things to report on," Vance told reporters sitting alongside Meloni.

"Since there are the negotiations I won't prejudge them, but we do feel optimistic that we can hopefully bring this war, this very brutal war, to a close," he added.

Hours earlier, U.S. Secretary of State Marco Rubio had said U.S. President Donald Trump would walk away from trying to broker a Russia-Ukraine peace deal within days unless there were clear signs that a deal could be done.

# China's fiscal revenue falls 1.1% in January-March

https://www.investing.com/news/economic-indicators/chinas-fiscal-revenue-falls-11-in-januarymarch-3992267

BEIJING (Reuters) - China's fiscal revenue decline slowed in the first three months this year as Beijing works to shore up its economy while weathering the storm from mounting U.S. tariffs.

Fiscal revenue in the January-March period totalled 6.0 trillion yuan ($821.54 billion), down 1.1% year-on-year, data from the finance ministry showed on Friday, a deceleration from a 1.6% decline in the first two months of 2025.

China’s tax revenue fell 3.5% in the first quarter from the previous year, while non-tax revenue surged 8.8%, the ministry said. Fiscal expenditure rose 4.2% on year in the January to March period.

China has set a budget deficit target to around 4% of GDP this year, its highest on record, to help hit its growth target of around 5%, though analysts believe it may be increasingly difficult to achieve in the face of hefty U.S. tariffs.

Earlier this month, global ratings agency Fitch downgraded China’s sovereign credit rating, citing rapidly rising government debt and risks to public finances, suggesting a tricky balancing act for policymakers seeking to expand consumption to guard against a trade downturn.

Recent data showed an even recovery in the world’s second-largest economy, which is facing increasing headwinds from an escalating trade war with the United States.

China’s new bank lending and exports beat expectations in March but deflationary pressures persisted as consumer prices fell for the second straight month and factory-gate deflation worsened.

China’s economic recovery since the COVID-19 has been shaky despite state stimulus, as domestic demand remains sluggish due to weak confidence in the face of a years-long property market crisis and renewed deflationary pressure.


Policymakers have repeatedly said the country has ample room and tools to bolster the economy and premier Li Qiang this month pledged to roll out more proactive policy measures.

($1 = 7.3034 Chinese yuan renminbi)

# China issues plan for expanding service sector opening-up

https://www.investing.com/news/stock-market-news/china-issues-plan-for-expanding-service-sector-openingup-3992246

BEIJING (Reuters) - China on Friday issued a plan to further open the country's service sector, proposing to lift foreign equity ratio restrictions for app store services.

China's move to lure more foreign investment into its burgeoning services sector comes as government officials pledge to take steps to boost services consumption to support the economy amid rising trade tensions with the United States.

The plan expands the list of cities included in a pilot programme to open up the services sector and lays out tasks including promoting faster industrial application of artificial intelligence technology, according to the document released by the commerce ministry.

China will further open its value-added telecommunications services and related digital services to foreign investors, and make efforts to open up the medical and health care sectors, the document added.

The country will also allow financial institutions to expand the scope of their business, supporting multinational companies that invest or register locally to conduct cross-border centralised fund operations in yuan and stepping up the pilot scheme for the Qualified Foreign Limited Partner (QFLP) programme, it said. The QFLP was launched in 2010 and allows foreign investors to invest in the country’s private equity market through a limited partnership structure.

China will also promote participation of Chinese and foreign commercial banks and insurers in the trading of yuan treasury bond futures for risk management purposes.

# Busy US earnings week confronts market grappling with tariff fallout

https://www.investing.com/news/economy-news/busy-us-earnings-week-confronts-market-grappling-with-tariff-fallout-3992240

By Lewis Krauskopf

NEW YORK (Reuters) - A heavy slate of U.S. company results in the coming week will test a stock market shaken by a U.S. trade policy overhaul that upended the outlook for the global economy and corporate America.

Investors remain on edge after President Donald Trump's sweeping April 2 tariff announcement stunned markets and sparked some of the most volatile trading since the onset of the COVID-19 pandemic five years ago.

After rebounding somewhat last week, the benchmark S&P 500 stock index fell this week and was down 14% from its February record high. Volatility levels moderated from five-year peaks but remain elevated by historic measures.

Tesla (NASDAQ:TSLA) and Google parent Alphabet (NASDAQ:GOOGL) - two of the so-called Magnificent Seven megacap companies whose shares have faltered after two years of stock leadership - are among those closely watched for financial results as investors seek guidance about the fallout from tariffs that are very much in flux.

"The view of the CEOs going forward has never been more important," said JJ Kinahan, CEO of IG North America and president of online broker Tastytrade.

Companies and investors are grappling with a tariff landscape poised to keep shifting as the Trump administration negotiates with other countries. While he has paused some of the heftiest levies on imports, the U.S. is also locked in a trade battle with China, the world's second-largest economy.

Economists polled by Reuters this week put odds of a recession in the next year at 45%, up from 25% last month.



In one corporate report this week that caught the attention of investors, United Airlines laid out two scenarios for the year, including one warning of a significant hit to revenue and profit if there is a recession.

United's dual forecast provided a type of "roadmap" by acknowledging and quantifying risks, said Julian Emanuel, head of equity and derivatives strategy at Evercore ISI.

"Putting parameters on what may unfold is how stakeholders ... make decisions in an environment where traditional guidance is bound to be considered relatively unreliable," Emanuel said in a note on Thursday.

Elon Musk's electric vehicle maker Tesla, which reports results on April 22, is in the spotlight in part because of the billionaire's close ties to Trump.

Alphabet will be watched for any detail on advertising spending and capital expenses tied to artificial intelligence capacity, as investors scrutinize AI project costs. The company was dealt a setback on Thursday, when a judge ruled Google illegally dominates two markets for online advertising technology.

All the Magnificent Seven megacap stocks are sharply lower in 2025, with Alphabet down about 20% and Tesla off 40%.

The Magnificent Seven "led everything to the upside," Kinahan said. "If they can't continue to perform, I think it gives people a pause overall, especially as we're looking for footing after the last couple of weeks."

Boeing (NYSE:BA)'s results are also in focus, after China reportedly ordered its airlines not to take further deliveries of the planemaker's jets. IBM (NYSE:IBM), Merck (NSE:PROR), Intel (NASDAQ:INTC) and Procter & Gamble (NYSE:PG) are among the major U.S. companies set to post results in the coming week.



Projections for U.S. profit growth have pulled back, with S&P 500 earnings estimated to rise 9.2% in 2025, down from the 14% gain estimated at the start of the year, according to LSEG IBES data. Investors are bracing for even greater contraction as companies report results and account more for the tariffs.

The market's attention was also on the Federal Reserve, after Trump on Thursday said Fed Chair Jerome Powell's termination "cannot come fast enough," while calling for the U.S. central bank to cut interest rates. A day earlier, Powell said the Fed would wait for more data on the economy's direction before changing rates.

Investors will be hoping that the heart of earnings season can restore more calm to markets. The Cboe Volatility index, an options-based measure of investor anxiety, hit around 60 in the aftermath of Trump's tariff announcement, but has since pulled back to about 30.

Still, that level is well above its long-term median level of 17.6, according to LSEG Datastream.


Ayako Yoshioka, senior investment strategist at Wealth Enhancement, said the index would need to recede to the "mid-teens in order to say maybe that volatility has subsided a little bit."

If it stays around 30, Yoshioka said, "it doesn't mean we're out of the woods."

# Japan cautions about uncertainty from Trump trade policies

https://www.investing.com/news/economy-news/japan-cautions-about-uncertainty-from-trump-trade-policies-3992220

TOKYO (Reuters) - Japan's government warned of uncertainty over the impact of U.S. trade policies as tariffs could hurt the global economy but it also said in a monthly report on Friday that the domestic economy was recovering moderately thanks to a solid corporate sector.

Tokyo also said the downside risks to its economic outlook were growing due to U.S. President Donald Trump's tariffs and it warned of the impact of market volatility.

President Trump touted "big progress" in tariff talks with Japan on Wednesday, although it was only the one of the first rounds of face-to-face talks since he announced a barrage of duties on global imports, rocking markets and stoking recession fears. The two nations plan to hold a second meeting later this month.

"The economy is recovering moderately, while uncertainty is arising from U.S. trade policies," Japan’s Cabinet Office said in its monthly report for April, issued on Friday.

The government expects the economy to continue recovering but higher U.S. tariffs could impact Japan via trade and market turmoil, it said.

"It is necessary to be more vigilant than before about the impact on the domestic and international economies," an official at the Cabinet Office said.


While consumer sentiment was weakening due to higher inflation - notably for daily necessities such as food, private consumption, which accounts for more than half of the economy, showed signs of picking up, the report said.

The government cut its view of corporate sentiment for the first time since March 2022, saying it was "almost flat" after a Bank of Japan survey showed big manufacturers' business sentiment worsened to a one-year low in the three months to March.

# Russian rouble strengthens past 81 vs U.S. dollar, up 40% since start of 2025

https://www.investing.com/news/forex-news/russian-rouble-strengthens-past-81-vs-us-dollar-up-40-since-start-of-2025-3992218

MOSCOW (Reuters) - The Russian rouble strengthened past 81 to the U.S. dollar, supported by rising oil prices, reaching its highest level since June 28, 2024.

At 0900 GMT the rouble was up 1.5% 80.90 to the U.S. currency in thin trade ahead of the Orthodox Easter holiday. The price for oil, Russia's main commodity, rose by 3% on April 17.

The Russian currency is up by over 40% against the dollar since the start of the year, mainly on expectation of easing of tensions between Russia and the United States.

The rouble has ignored the statement by U.S. Secretary of State Marco Rubio, that President Donald Trump will walk away from trying to broker a Russia-Ukraine peace deal within days unless there are clear signs that a deal can be done.

Against the Chinese yuan, which is used by Russia's central bank for its foreign exchange interventions and is currently the most traded foreign currency in Russia, the rouble was up 0.1% to 11.08 on the Moscow Stock Exchange.

# Ukraine says aiming to wrap up mineral deal talks within a week

https://www.investing.com/news/commodities-news/ukraine-says-aiming-to-wrap-up-mineral-deal-talks-within-a-week-3992211

By Anastasiia Malenko and Christian Lowe

KYIV (Reuters) -Kyiv said on Friday it aims to complete talks by the end of next week about a deal with Washington on jointly exploiting Ukrainian mineral resources, an agreement Ukrainian officials hope will go some way to firming up softening U.S. support for them in their war with Russia.

Though the terms of the eventual deal are not finalised, Washington has signalled it expects to have privileged access to Ukraine's natural resources by way of repayment for U.S. military support for the country over the past three years.

Late on Thursday, the U.S. and Ukrainian governments signed a memorandum of intent, signalling their intent to finalise the minerals deal.

The memorandum represented a step towards repairing ties between Kyiv and Washington that appeared to be hanging by a thread in February, when an Oval Office meeting between U.S. President Donald Trump and Ukrainian President Volodymyr Zelenskiy turned into a shouting match.

According to the text of the memorandum, published by the Ukrainian government on Friday, the aim of both sides is to complete discussions on the final deal by April 26, and to sign it soon after.

The memorandum said Ukrainian Prime Minister Denys Shmyhal will travel to Washington at the start of next week to meet U.S. Treasury Secretary Scott Bessent and work on the deal together.

"We are happy to announce the signing with our American partners," Yulia Svyrydenko, Ukraine’s first deputy prime minister and economy minister, said on social media on Thursday, referring to the memorandum of intent.



She said the document "testifies to the constructive joint work of our teams and the intention to finalise and conclude an agreement that will be beneficial to both our peoples."

According to the text of the memorandum, it paves the way for an economic partnership deal and the setting up of an investment fund for the reconstruction of Ukraine.

The text did not give any details about the terms of the eventual deal, including what access the United States would have, and how much revenue it would stand to gain.

In Washington, Trump told reporters: "We have a minerals deal, which I guess is going to be signed on Thursday."

Trump has been critical of the billions of dollars of aid that his predecessor, Joe Biden, gave to Ukraine, saying it was a bad deal for the United States. He has also indicated he wants closer ties with Moscow, which launched a full-scale invasion of Ukraine in 2022.

The White House did not respond to a request for further details on the timing and contents of the agreement.

PRIZED RESOURCES

A draft of the minerals deal that was under discussion earlier this month would give the U.S. privileged access to Ukraine’s mineral deposits and require Kyiv to place in a joint investment fund all income from the exploitation of natural resources by Ukrainian state and private firms, according to a source with knowledge of the matter.

The draft deal included mineral deposits in Ukraine and also infrastructure for the transit of natural gas, the source said.



The proposed deal, however, would not provide U.S. security guarantees to Ukraine - a top priority of Kyiv’s - for its fight against Russian forces occupying some 20% of its territory.

Inna Sovsun, a member of Ukraine’s parliament, said she was grateful to Washington for the aid it has given, but said of a proposed minerals deal: “I do think that for us as Ukrainians, it feels a little bit like another country is using our vulnerability, which was not created by us.”

"It’s also critically important when we are designing the future to keep in mind that people will live here in the future,” she told Reuters, speaking before the memorandum was signed.

Ukraine has sizable deposits of natural resources, including rare earths that are prized for use in electronics. It has deposits of graphite, lithium, titanium and uranium, among other minerals.

The path to a deal on minerals has been bumpy. A previous iteration of the deal was ready for signing in February, when Zelenskiy came to the White House to meet Trump.

That though was shelved after their meeting turned acrimonious - and Washington also briefly paused intelligence sharing with Ukraine, which is vital in its effort to resist the Russian invasion.

Later, Kyiv launched an effort to salvage the relationship, and began talking to U.S. officials again about cooperation on natural resources.

# What the proposed Mar-a-Lago Accord could mean for investors

https://www.investing.com/news/economy-news/what-the-proposed-maralago-accord-could-mean-for-investors-3991065

Investing.com -- The proposed "Mar-a-Lago Accord," a set of evolving policy ideas circulating within the U.S. administration, could reshape global capital flows and unsettle bond markets, according to UBS.

While not officially endorsed, the framework outlines measures designed to preserve the U.S. dollar's (USD) global dominance while intentionally weakening its value.

UBS strategists note that these measures aim to lower Treasury yields and reduce the cost of U.S. debt servicing, in part by targeting foreign official holders of Treasuries.

Among the key elements are the potential withholding of interest payments and the issuance of ultra-long-dated or even perpetual bonds to selected foreign reserve holders.

"Withholding one percent of interest from all of them would reduce spending by $34bn," strategists said. These steps fall under what economists call financial repression, where governments use regulatory powers to lower the cost of borrowing.

UBS warns that these ideas, if enacted, could jeopardize the safe-haven status of Treasuries and spark spikes in long-term yields.

The plan, inspired by historical precedents like the Plaza and Louvre accords, comes against a backdrop of deteriorating fiscal dynamics. The U.S. budget deficit stood at $2.2 trillion in 2024, with debt servicing costs now the largest single budget line item.

Strategists point out that "returning to a sustainable debt path still requires Congress to legislate measures to meaningfully reduce the budget deficit."

From an investor standpoint, the implications are significant. The potential erosion of confidence in U.S. debt could prompt a reallocation toward other high-quality sovereign bonds, safe-haven currencies, and gold.

“Such episodes can be countered by further financial repression, lowering yields again,” the report adds, while also warning of increased volatility and reduced appeal of longer-dated bonds.

The proposed accord also contemplates a meaningful devaluation of the dollar, which would support higher commodity prices and likely fuel stronger demand for gold as a diversification asset.

“We have already seen investors allocating more to gold in an effort to reduce USD exposure and reap the potential gains of gold’s diversification benefits,” the strategists wrote.

They think that the dollar’s elevated valuation, alongside persistent twin deficits, makes a sharp downward reset increasingly likely if such policies take hold.

While most countries are seen as unlikely to voluntarily join such a pact, those dependent on U.S. security guarantees may be pressured to comply.

UBS said it would consider changes to its asset allocation should some of those ideas gain traction.

# Wall St analysts cut S&P 500 target - survey

https://www.investing.com/news/stock-market-news/wall-st-analysts-cut-sp-500-target-friday-3992215

Investing.com -- Wall Street analysts have markedly lowered their year-end forecasts for the S&P 500, reflecting growing unease over the economic fallout from rising tariffs.

According to a Bloomberg survey, the average projection for the benchmark index has fallen by 8% in April compared to the previous month.

The consensus now stands at 6,047, down from 6,539 in March. While that still implies a 15% gain from Wednesday’s close, it would mark just a 2.8% advance for the full year—on track to be the weakest annual performance since 2022.

Of the 21 strategists surveyed, 13 downgraded their outlooks. JPMorgan’s Dubravko Lakos-Bujas made the steepest revision, cutting his target by 20% to

5,200, now the most bearish forecast in the group.

Notable downward adjustments also came from Evercore ISI, Oppenheimer, Bank of America, and Ned Davis Research, each trimming their estimates by more than 15%.

U.S. stocks ended Thursday on a mixed note, supported by gains in Eli Lilly (NYSE:LLY) and Apple (NASDAQ:AAPL), as investors balanced renewed optimism over trade talks with Japan against lingering concerns about the path of interest rates.

Sentiment improved after U.S. President Donald Trump spoke of “big progress” in negotiations with Japan, helping to steady markets following a sharp selloff the previous day.

Trump also said he expects to strike a trade agreement with China, though he offered no details on how discussions between the two countries might resume.

The S&P 500 trimmed earlier gains late in the session, while the Nasdaq slipped into the red, reflecting some investor caution ahead of the long holiday weekend. U.S. markets will be closed Friday for the Good Friday holiday.



At the close, the S&P 500 edged up 0.13% to 5,282.70 and the Nasdaq slipped 0.13% to finish at 16,286.45.

The S&P 500 is down 10.2% year-to-date.

# Investing.com deep dive: Is Jerome Powell’s job safe amid Trump’s threats?

https://www.investing.com/news/economy-news/investingcom-deep-dive-is-jerome-powells-job-safe-amid-trumps-threats-3992202

Investing.com -- Federal Reserve Chair Jerome Powell is once again in the crosshairs of U.S. President Donald Trump, who is openly threatening to fire him unless the central bank cuts interest rates.

Fresh wave of criticism, delivered via Truth Social and reinforced in comments to reporters, raises fresh concerns over the independence of the U.S. Federal Reserve and the potential consequences for markets and monetary policy.

Trump’s frustration with Powell stems from the central bank’s reluctance to lower rates to offset the economic drag caused by the president’s own tariff policies.

While Powell’s term doesn’t expire until next year, Trump’s remarks have reignited debate over whether a president can legally remove a Fed chair midterm—and what such a move would mean for the credibility of U.S. monetary policy.

"It would be far too damaging to the credibility of U.S.," Tom Bruce, macro investment strategist at Tanglewood Total Wealth Management, told Investing.com.

## Trump’s Latest Threats to Powell

President Trump escalated his attacks on Federal Reserve Chair Jerome Powell this week, renewing calls for his removal and criticizing the Fed’s handling of interest rates.

In a post on Truth Social, Trump wrote, “Jerome Powell of the Fed, who is always TOO LATE AND WRONG, yesterday issued a report which was another, and typical, complete ‘mess!’ Oil prices are down, groceries (even eggs!) are down, and the USA is getting RICH ON TARIFFS.”

He added, “Too Late should have lowered Interest Rates, like the ECB [European Central Bank], long ago, but he should certainly lower them now. Powell’s termination cannot come fast enough!”



A day later, Trump doubled down, saying, “If I want him out, he’ll be out of there real fast, believe me.”

The remarks come as Trump faces growing economic headwinds tied to his own trade policies and seeks lower interest rates to cushion the impact.

Tom Graff, Chief Investment Officer of Facet Wealth, believes that the Fed is already in a tricky situation.

"Any action they take will seem somewhat political," he said to Investing.com. "Trump ramping up political pressure is only going to encourage them to try to show their independence.

At best it has no effect, but it could cause the Fed to wait on cutting."

## Can a President Fire the Fed Chair?

Legally removing the Federal Reserve Chair is far from straightforward—and potentially unprecedented. Jerome Powell's current term as chair runs through May 2026, and while the president appoints the Fed chair, the law does not clearly authorize dismissal without cause.

"I think it's unlikely the President would attempt to fire Powell. It's questionable whether he even has the legal authority to do so—and even if he did, his advisors would likely steer him away from such a destabilizing move," Bruce said.

Most legal experts agree that a Fed chair cannot be removed over a mere policy disagreement, especially one concerning interest rate decisions. Powell himself has repeatedly emphasized that the Federal Reserve's independence is protected by law. "Our independence is a matter of law," he said in recent remarks.

Any attempt to fire him would likely provoke a major legal challenge, which, according to reporting from The Wall Street Journal, Powell is prepared to fund personally. The White House, however, appears increasingly open to challenging longstanding institutional norms.



The Justice Department is currently seeking to overturn a 90-year legal precedent that protects regulatory officials, including those at the Fed, from removal over policy disputes. If successful, that challenge could weaken the legal protections surrounding Powell's role.

Historical precedent offers little guidance, as no sitting Fed chair has ever been fired.

"I do not expect Trump to actually try to fire Powell, although unfortunately we can't rule it out," Graff added.

## Implications for Markets and the Economy

While political pressure on the central bank is not new, an outright attempt to remove the chair would likely trigger severe market volatility and damage global perceptions of U.S. monetary stability.

"Firing Powell would likely backfire by pushing long-term Treasury yields higher, contradicting the administration's stated preference for lower yields," Felix Vezina-Poirier, a cross-asset/global macro strategist at BCA Research, wrote in a client note.

Bruce added that such a move "would be extremely negative for market confidence."

"The U.S. dollar would likely come under significant pressure, while gold would benefit from both the loss of confidence and the potential for looser monetary policy. Stocks might initially sell off, but some sectors could rally if investors expect easier policy or use equities as an inflation hedge.

Bonds could struggle also due to the loss of confidence and rising inflation expectations, but if markets anticipate potential quantitative easing that might offer some support," Bruce told Investing.com.

Similarly, Graff argues that Trump's closest economic advisors are likely "warning him of the market chaos that could create, and that it is better to just wait until Powell's term is up in 2026.



I'd expect the dollar to drop materially, and for long-term bond yields to spike higher. Ultimately this would have no positive effects for the President," Graff added.

In the meantime, the central bank faces an especially difficult balancing act. Trump's sweeping new tariffs are far broader than those in his first term and risk pushing up prices in the short term. That poses a challenge for the Fed, which is already grappling with inflation above its 2% target.

A trade war-driven supply shock could force the Fed to choose between curbing inflation and supporting the labor market—two goals that may increasingly come into conflict.

Rate cuts might cushion the economy, but if inflation remains stubbornly high, such moves could backfire. Conversely, tightening policy to contain prices could worsen job losses. In this scenario, no interest rate decision is without economic pain.

## What's next for Powell and the Fed?

Even if a near-term legal or political clash between President Trump and Fed Chair Jerome Powell is avoided, Trump will still have a chance to reshape the Federal Reserve when Powell's term ends in 2026. That future appointment could give him lasting influence over U.S. monetary policy—regardless of whether Powell is removed.

Ultimately, the Fed cannot solve problems that stem from political decisions. If the president wants stronger growth and more stable markets, ending the tariff campaign and advancing pro-growth fiscal and regulatory reforms would be more effective than pressuring the central bank.

"What happens after his term ends is much harder to predict, and it will depend significantly on who’s appointed next," Bruce said.

# Iran says nuclear deal is possible if Washington is realistic

https://www.investing.com/news/world-news/iran-says-nuclear-deal-is-possible-if-washington-is-realistic-3992285

MOSCOW (Reuters) -Iran believes reaching an agreement on its nuclear programme with the United States is possible as long as Washington is realistic, Foreign Minister Abbas Araqchi said on Friday on the eve of a second round of talks with the Trump administration.

"If they demonstrate seriousness of intent and do not make unrealistic demands, reaching agreements is possible," Araqchi told a news conference in Moscow after talks with Foreign Minister Sergei Lavrov of Russia.

Iran had noted the United States’ seriousness during a first round of talks on the deal, which took place in Oman last week, Araqchi said. The second round is set for Saturday in Rome and will be held through Omani Foreign Minister Badr al-Busaidi, Iran’s foreign ministry spokesperson, Esmaeil Baghaei, said.

"Given the contradictory positions we have heard from various U.S. officials over the past few days, we expect the U.S. side to first provide an explanation in this regard and to remove the serious ambiguities that have arisen regarding its intentions and seriousness," Baghaei told state media without elaborating.

Iran told the United States in talks last week it was ready to accept some limits on its uranium enrichment but needed water-tight guarantees that President Donald Trump would not again ditch a nuclear pact, a senior Iranian official said on Friday.

Trump has threatened to attack Iran if it does not reach a deal with the U.S. over its nuclear programme, which Iran says is peaceful but the West says is aimed at building an atomic bomb.



"I'm for stopping Iran, very simply, from having a nuclear weapon. They can't have a nuclear weapon. I want Iran to be great and prosperous and terrific," Trump told reporters on Friday when asked if he would consider letting Tehran keep a civil nuclear programme.

Lavrov said Russia was "ready to assist, mediate and play any role that will be beneficial to Iran and the U.S.A."

Moscow has played a role in Iran's nuclear negotiations in the past as a veto-wielding U.N. Security Council member and signatory to an earlier deal that Trump abandoned during his first term in 2018.

Iranian Supreme Leader Ali Khamenei sent Araqchi to Moscow with a letter for President Vladimir Putin to brief the Kremlin about the negotiations. Araqchi will also visit Beijing within the next few days, the Iranian state news agency IRNA reported on Friday, without providing further details.

U.S. Secretary of State Marco Rubio said earlier on Friday that the U.S. administration is looking for a peaceful solution with Iran but will never tolerate the country developing a nuclear weapon.

# Iran, US to hold talks in Rome in bid to reach nuclear deal

https://www.investing.com/news/world-news/iran-us-to-hold-talks-in-rome-in-bid-to-reach-nuclear-deal-3992503

By Parisa Hafezi

DUBAI (Reuters) -Iran and the United States will hold a new round of nuclear talks in Rome on Saturday to resolve their decades-long standoff over Tehran's atomic aims, under the shadow of President Donald Trump's threat to unleash military action if diplomacy fails.

Iran's Foreign Minister Abbas Araqchi and Trump's Middle East envoy Steve Witkoff will negotiate indirectly through mediators from Oman, a week after a first round in Muscat that both sides described as constructive.

Araqchi has arrived in Rome to attend the second round of the talks, according to a post on his Telegram account. He said in Moscow on Friday that Iran believes reaching an agreement on its nuclear programme with the United States is possible as long as Washington is realistic.

Tehran has however sought to tamp down expectations of a quick deal, after some Iranian officials speculated that sanctions could be lifted soon. Iran's utmost authority, Supreme Leader Ayatollah Ali Khamenei, said this week he was "neither overly optimistic nor pessimistic".

For his part, Trump told reporters on Friday: "I'm for stopping Iran, very simply, from having a nuclear weapon. They can't have a nuclear weapon. I want Iran to be great and prosperous and terrific."

Trump, who ditched a 2015 nuclear pact between Iran and six powers during his first term in 2018 and reimposed crippling sanctions on Tehran, has revived his "maximum pressure" campaign on Iran since returning to the White House in January.

Washington wants Iran to halt production of highly enriched uranium, which it believes is aimed at building an atomic bomb.

Tehran, which has always said its nuclear programme is peaceful, says it is willing to negotiate some curbs in return for the lifting of sanctions, but wants watertight guarantees that Washington will not renege again as Trump did in 2018.

Since 2019, Iran has breached and far surpassed the 2015 deal's limits on its uranium enrichment, producing stocks far above what the West says is necessary for a civilian energy programme.

A senior Iranian official, who described Iran's negotiating position on condition of anonymity, listed Iran's red lines as never agreeing to dismantle its uranium enriching centrifuges, halt enrichment altogether or reduce its enriched uranium stockpile below levels agreed in the 2015 deal. Iran also rejects negotiating about defence capabilities such as missiles.

While both Tehran and Washington have said they are set on pursuing diplomacy, there is still a wide gap between them on the dispute that has rumbled on for more than two decades.

Witkoff and Araqchi interacted briefly at the end of the first round last week, but officials from the two countries have not held direct negotiations since 2015, and Iran said the Rome talks would also be held indirectly through the Omani mediators.

Russia, a party to Iran’s 2015 nuclear agreement, has offered "to assist, mediate, and play any role" that will be beneficial to Iran and the United States.

# Bankers get creative to sign M&A deals in Trump’s trade war

https://www.investing.com/news/stock-market-news/bankers-get-creative-to-sign-ma-deals-in-trumps-trade-war-3992395

By Milana Vinn, Amy-Jo Crowley and Abigail Summerville

(Reuters) - After U.S. President Donald Trump’s tariffs sent global markets sideways, Silicon Valley private equity firm Silver Lake Partners added some new terms to a deal it had spent months negotiating with chipmaker Intel (NASDAQ:INTC).

“The volatility of the market, and the risk of a recession, and the tariff impact on semiconductors has made investing a lot more difficult,” Silver Lake Chairman and Managing Partner Ken Hao told Reuters in an interview. They delayed the signing for about a week and inserted a new clause into the final agreement that deferred close to a third of the $4.46 billion it was paying for a majority stake in Intel’s programmable chip business Altera.

Amid the market slump and unpredictable tariff fight, bankers and investors are finding creative ways to get some multibillion-dollar deals done, albeit delayed, from Silver Lake’s purchase of Altera to Prada (OTC:PRDSY)’s acquisition of Versace, both announced in the last two weeks.

Some investors are adding clauses that protect them if the markets do not rebound while others have had to sweeten terms to get deals signed, interviews with more than a half dozen investors, bankers and corporate executives say.

M&A ACTIVITY FALLS

While global dealmaking rose 12.6% in the first quarter to $984.38 billion from the year-ago period, it has since fallen off a cliff, according to data compiled by Dealogic for Reuters. M&A volume during the first half of April slid 29% from the same time last year to just $98 billion, the worst kickoff to the second quarter since 2020, the data shows.

“We live in turbulent times,” Hans De Cuyper, CEO of multinational insurance company Ageas (EBR:AGES), told Reuters in an interview. He said his team gamed out several different economic scenarios before deciding to buy home insurer esure from Bain Capital for 1.3 billion pounds ($1.7 billion), announced last week.

Dealmakers say some companies are modifying terms with lenders or floating creative financing structures to bridge gaps in valuations that have tumbled in recent weeks.

"People are rethinking deals, maybe cutting them a little bit. We saw this in 2008-2009 where deals had contingent value rights and earnouts because valuations were depressed. That might come back,” Alex Hecker, vice chairman of global M&A at Deutsche Bank, said in an interview.

RECALCULATING NUMBERS

Global Payments (NYSE:GPN) was close to closing an already complex, three-way, $24.3 billion deal to buy one of its rivals on April 2 when Trump announced sweeping tariffs on his self-proclaimed Liberation Day that sent the company’s shares plunging by nearly 15% over the next two days.

Days before executives hoped to finalize the agreement to buy Worldpay, they had to quickly recalculate their numbers, according to a person familiar with the matter. To seal the deal, part of which was being financed with stock, Global Payments executives decided to honor the company’s pre-Liberation Day share price of $97, despite the fact it was trading in the low $80s, according to this person.

For Silver Lake, Altera was also still worth the price, but Hao said he wanted to mitigate some of the new risk that came with the tariffs.



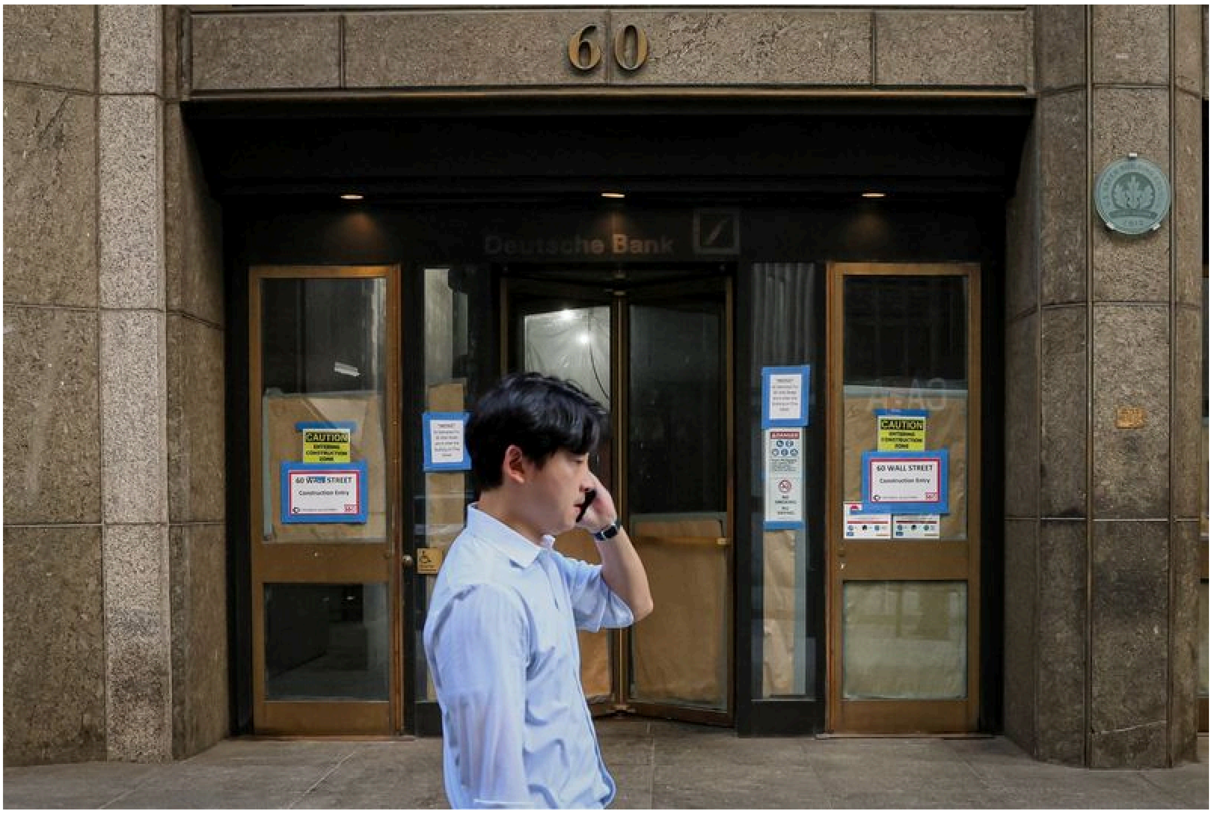
“We were open with the changing dynamics all the way through, and we made no secret that the tariff environment made the short term a lot more unpredictable – and not in a positive way for the business," he said.

Instead of lowering its bid, Silver Lake decided to defer $1 billion of the purchase, $500 million to be paid at the end of next year and the last payment at the end of 2027. While it does not save money, it increases Silver Lake’s internal rate of return, a key metric for PE firms that measures an investment’s profitability, Hao said.

ENHANCED STRUCTURE

If the market rebounds to pre-Liberation Day levels in the next few months, as measured by the Philadelphia Semiconductor Index, the first $500 million payment will be paid when the transaction closes later this year, he said.

"It's not full protection, but it's certainly an enhanced structure for us that contemplates volatility over the next year or two," he said.




Other deals getting done in this turbulent market have been in the works for months and make a lot of strategic sense, like Prada's $1.38 billion April 10 agreement to buy rival Versace from Capri Holdings (NYSE:CPRI), dealmakers said. The two Milan fashion houses started talking in November after U.S. regulators blocked Capri's merger with U.S. retailer Tapestry (NYSE:TPR), which owns the brands Kate Spade and Coach .

"If a deal makes a lot of sense and it's good in any scenario – a strategic deal, easy to fund – then you keep moving along and do it," Hecker said.

# Ford halts shipments of vehicles to China amid tariffs, WSJ reports

https://www.investing.com/news/stock-market-news/ford-halts-shipments-of-vehicles-to-china-amid-tariffs-wsj-reports-3992391

(Reuters) -Ford Motor has halted shipments of its SUVs, pick-up trucks and sports cars to China in the wake of President Donald Trump's tariffs, the Wall Street Journal reported on Friday, citing people familiar with the matter.

The company this week halted shipments of its F-150 Raptors, Mustangs and Michigan-built Bronco SUVs as well as Kentucky-made Lincoln Navigators to China, the report said.

China's retaliatory tariffs in response to U.S. import taxes have seen these vehicles face a tariff as high as 150%.

The automaker did not immediately respond to a Reuters request for comment.

The development comes as U.S. automakers scramble to find ways to tackle Trump's on-again, off-again tariffs, which are expected to dent profits of carmakers and parts suppliers likewise.


Ford also exports U.S.-built engines and transmissions to China, which the report says will continue despite the pause on exports of assembled vehicles.

Its Lincoln Nautilus model, which is manufactured in China, is also expected to have continued shipments, despite heavy tariffs, the report added.

# Trump studying whether to fire Fed Chair Powell, adviser says

https://www.investing.com/news/economy-news/trump-will-study-whether-to-fire-fed-chair-powell-adviser-says-3992342

By Andrea Shalal

WASHINGTON (Reuters) -White House economic adviser Kevin Hassett on Friday said President Donald Trump and his team were continuing to study if they could fire Federal Reserve Chair Jerome Powell, a sign that such a move, a matter of great consequence for the central bank's independence and for global markets, is still an option.

"The president and his team will continue to study that matter," Hassett said at the White House when a reporter asked if "firing Jay Powell is an option in a way that it wasn't before."

Hassett's remarks came a day after Trump ramped up a long-simmering feud with the Fed chair, accusing Powell of "playing politics" by not cutting interest rates and asserting he had the power to evict Powell from his job "real fast."

Trump doubled down on his criticism of Powell on Friday, telling reporters during an Oval Office event: "If we had a Fed chairman that understood what he was doing, interest rates would be coming down. He should bring them down."

Hassett appeared to distance himself from a 2021 book in which he argued that firing Powell during Trump's first term would have harmed the reputation of the Fed as an objective and independent manager of the U.S. money supply, potentially compromising the credibility of the dollar and crashing the stock market.

"I think that at that time, the market was a completely different place. And, you know, I was referring to legal analysis that we had back then. And if there's new legal analysis that says something different, then we need to rethink our response," Hassett said.



It was not immediately clear what new legal analysis he was referencing, but a case over whether Trump overstepped his authority in firing two Democrats from federal labor boards now pending at the Supreme Court is being closely watched as a potential precedent for whether Trump could remove Powell.

Powell has said that the law would not allow his removal, that he would not leave if asked to by Trump, and that he intends to serve through the end of his term as chair in May 2026. Powell, whose term as a member of the Fed’s Board of Governors extends through January 2028, also said this week he does not think the current case on appeal at the U.S. high court will apply to the Fed.

’NOT HAPPY WITH HIM’

Powell, first appointed to the Fed by President Barack Obama, was elevated to Fed chair by Trump during his first term, but the Republican president soon soured on him for raising interest rates. Trump repeatedly berated Powell in public and considered trying to fire him but never did.

The issue has arisen again in the last week with Powell and other Fed officials saying they believe Trump’s aggressive tariffs could put them in a bind with the potential for them to push up inflation while harming overall economic growth and labor markets. Trump on Thursday chastised Powell again for not cutting rates.

"The Fed really owes it to the American people to get interest rates down. That’s the only thing he’s good for," Trump said. "I am not happy with him. If I want him out of there he’ll be out real fast believe me."

# Volvo to cut up to 800 US jobs as Trump’s tariffs bite

https://www.investing.com/news/stock-market-news/volvo-to-cut-up-to-800-us-jobs-as-trumps-tariffs-bite-3992380

By Chris Prentice

NEW YORK (Reuters) - Volvo (OTC:VLVLY) Group plans to lay off as many as 800 workers at three U.S. facilities over the next three months due to market uncertainty and demand concerns in the face of President Donald Trump’s tariffs, a spokesperson said on Friday.

Volvo Group North America said in a statement it has told employees it plans to lay off 550-800 people at its Mack Trucks site in Macungie, Pennsylvania, and two Volvo Group facilities in Dublin, Virginia, and Hagerstown, Maryland.

The company, part of Sweden’s AB Volvo, employs nearly 20,000 people in North America, according to its website.

Trump has upended the global trading system that has been in place for over 75 years with a plan for tariffs on products from across the world. His vacillating trade policy has undermined consumer and business confidence, and caused economists to raise their forecasts for a U.S. recession.

Volvo Group’s lay-offs are the latest response from a car and truck industry that is reeling from the Republican president’s tariffs on certain parts, which is expected to increase the cost of manufacturing vehicles.


"Heavy-duty truck orders continue to be negatively affected by market uncertainty about freight rates and demand, possible regulatory changes, and the impact of tariffs," a spokesperson for Volvo Group North America said in an emailed statement.

"We regret having to take this action, but we need to align production with reduced demand for our vehicles."

# With inflation progress slow, Fed’s Daly says rate cuts may need to wait

https://www.investing.com/news/economy-news/with-inflation-progress-slow-feds-daly-says-rate-cuts-may-need-to-wait-3992378

(Reuters) -San Francisco Federal Reserve President Mary Daly said on Friday that while she is still comfortable with a couple of interest rate cuts this year, rising risks of inflation mean the central bank may need to do less, especially given that uncertainty over President Donald Trump's trade policy has so far done little to disrupt still-solid U.S. economic growth.

"Continuing to gradually reduce the policy rate with no urgency to react fast is the right thing to do," she said at an event held by the University of California, Berkeley's Fisher Center for Real Estate & Urban Economics.  "Ultimately, we made a single promise to the American people - I think you all remember what it was - we are going to restore price stability. That is the critical foundation of all other things we do."

The Fed has held the policy rate steady in the 4.25%-4.50% range since December. Policymakers have generally said tariffs are likely to increase inflation and slow the economy. Many, including Fed Chair Jerome Powell, say they want to wait and see what actually happens on trade and other policies before making any adjustments, a view that Daly also embraced.

The Fed's wait-and-see approach on interest rates has angered Trump, and on Friday a Trump adviser said the administration is studying options for firing Powell.

Daly said it is possible the Fed could deliver more than two rate cuts this year if inflation drops faster than expected or the labor market falters. But it was clear she sees more danger on the other side of the coin.



"Ultimately the economy is heading to where we wanted it to be, on a sustainable trajectory where we can bring the rate back to neutral," she said, adding that she estimates a "neutral" policy rate to be around 3%. "The one challenge, of course, is that inflation remains above our target and the risks to inflation are more elevated than they were a year ago, so the consequence of that is we might have to hold policy tighter for longer than we had thought."

Very gradual progress on inflation, she said, requires a restrictive monetary policy stance; and a strong economy gives the Fed plenty of time to wait for more clarity on the total impact of the new administration's policies, which also include tax cuts, reductions to government spending, deregulation and immigration restrictions. So far, she said, the uncertainty over those policies has not slowed the economy.

"We haven't heard a lot about pulling back and hunkering down," she said. "Uncertainty has not stalled out activity ... people are ready to engage."

Daly noted that recent developments suggest Trump's tariff policy will not be as big, broad, or take as immediate effect as what was initially announced - factors that could reduce its impact on the economy.

# Google to appeal against part of US court's decision in monopoly case

https://www.investing.com/news/stock-market-news/google-to-appeal-against-part-of-us-courts-decision-in-monopoly-case-3992268

(Reuters) -Alphabet's Google (NASDAQ:GOOGL) plans to appeal against the "adverse" portion of the court decision in the U.S. Department of Justice's monopoly case against the technology giant.

On Thursday U.S. District Judge Leonie Brinkema found Google liable for "willfully acquiring and maintaining monopoly power" in markets for publisher ad servers and ad exchanges.

Publisher ad servers are platforms used by websites to store and manage their digital advertising inventory. Along with ad exchanges, the technology allows news publishers and other online content providers make money by selling advertising.

The judge also ruled that Google illegally dominates two markets for online advertising technology.


The company said on Friday that the judge had issued a mixed decision, where she ruled that the DOJ failed to show that Google’s advertiser tools or acquisitions of DoubleClick and AdMeld were anticompetitive but that Google’s publisher tools violated antitrust laws by excluding rivals.

The DOJ had said that Google should have to sell off at least its Google Ad Manager, which includes the company’s publisher ad server and ad exchange.

# Italy agrees with US to oppose 'discriminatory' tech taxes

https://www.investing.com/news/economy-news/italy-agrees-with-us-to-oppose-discriminatory-tech-taxes-3992348

WASHINGTON (Reuters) - Italy and the United States issued a joint statement against "discriminatory" taxes on digital services on Friday, in a possible signal Rome is moving away from a levy that has irked Washington.

The statement came as Meloni held back-to-back transatlantic meetings with Donald Trump and his deputy JD Vance, winning a warm welcome from the U.S. president that contrasted with his frostier treatment of other European leaders.

European levies aimed at hitting dominant U.S. tech giants such as Alphabet (NASDAQ:GOOGL)'s Google, Meta's Facebook (NASDAQ:META), Apple (NASDAQ:AAPL) and Amazon (NASDAQ:AMZN) have been a longstanding irritant for U.S. administrations, including Trump's.

Italy applies a 3% levy on revenue from internet transactions for digital companies with sales of at least 750 million euros ($853.35 million), which is worth less than 500 million euros in revenue for the state each year.

"We agreed that a non-discriminatory environment in terms of digital services taxation is necessary to enable investments from cutting-edge tech companies," Rome and Washington said following Meloni's visit to the White House on Thursday.

The statement - which also said Trump would pay an official visit to Italy in the near future - did not clarify whether Rome had committed to scrapping the tax.

Despite the relatively small level of revenue the measure generates in a country with total budget spending topping 800 billion euros, the Italian web tax is a thorny issue for Meloni.

While she has to deal with the U.S. pressure, parties in her ruling coalition want her to increase pressure on big tech to secure funding needed to adopt costly measures without straining Italy's fragile public finances, political sources said.



Economy Minister Giancarlo Giorgetti said on Thursday that negotiations with the U.S. on big tech taxation should be conducted bilaterally, not through the

EU, adding he would meet Treasury Secretary Scott Bessent next week at a G20 gathering.

The joint statement also welcomed American investments in AI computing and cloud services in Italy to support Italy as the key regional data hub for the Mediterranean and North Africa.


Amazon’s computing unit AWS said last year it would invest 1.2 billion euros in Italy over five years in a further expansion of its data centre business in the country.

($1 = 0.8789 euros)