

2025-04-22 - NewsResearch



Status

Priority

Fed independence in focus, Tesla to report, gold surges - what's moving markets

Investing.com - U.S. stock futures tick higher following declines in the prior session, as fears swirled around a possible encroachment by President Donald Trump on the longstanding independence of the Federal Reserve. Tesla (NASDAQ:[TSLA](#)) is expected to report its latest quarterly earnings after the closing bell on Wall Street, with CEO Elon Musk likely to face questions from investors over the group's plans to battle intense competition and address a backlash from his close ties to Trump. Meanwhile, gold extends a recent surge, temporarily topping the \$3,500 level.

1. Futures higher

U.S. stock futures pointed higher after equities sank in the prior session on concerns that the Trump administration may be considering moves that could threaten the independence of the Fed.

By 03:46 ET (07:46 GMT), the [Dow futures](#) contract had gained 313 points, or 0.8%, [S&P 500 futures](#) had jumped by 48 points, or 0.9%, and [Nasdaq 100 futures](#) had increased by 178 points, or 1.0%.

The main averages all fell by more than 2% on Monday, as investors assessed remarks from the White House which seemed to suggest that officials were mulling possibly ousting Fed Chair Jerome Powell. Trump has also hit out at Powell, calling him a "major loser" and "Mr. Too Late" and arguing that he has not moved fast enough to slash interest rates to support the broader economy.

The Wall Street Journal has reported that Trump may be laying the groundwork to blame Powell for any economic weakness resulting from the president's tariff policies.

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Concerns have risen that should Trump fire Powell, jitters in financial markets -- which have already been shaken by Trump's levies -- will intensify. However, Paul Ashworth, Chief North America Economist at Capital Economics, predicted that the initial market reaction to a Powell dismissal "might not be disastrous, as long as Trump quickly lines up a relatively-qualified replacement."

Ashworth added that firing Powell would only be "the first step" by Trump to dismantle the independence of the Fed.

"If Trump is set on lowering interest rates then he will have to fire the other six Fed Board Members too, which would trigger a more severe market backlash, with the dollar falling and rates at the long end of the yield curve rising," Ashworth said.

2. Tesla earnings after the bell

Tesla is scheduled to report its latest earnings after the closing bell on Wall Street on Tuesday, with expectations for the electric carmaker relatively muted as it grapples with tepid demand and a backlash to CEO Elon Musk's political activities.

Sales at Tesla have slumped as the firm deals with increased competition and controversy over Musk's close proximity to Trump. Musk has helmed the so-called Department of Government Efficiency, or DOGE, which has been tasked by the White House with helping cut the size of the federal government.

Against this backdrop, investors will likely be keen for Musk to provide more details on the roll-out of a more affordable vehicle launch and plans for Tesla's much-hyped robotaxi business.

"Tesla expectations are very low, and Musk will probably provide his usual barrage of bullish commentary on the call (he may also drop hints about when his time on DOGE will come to an end), but the company's substantial headwinds aren't going away anytime soon," analysts at Vital Knowledge said in a note to clients.

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3. 3M among results deluge

Elsewhere on a busy earnings slate, results are due out before the start of U.S. trading from consumer goods conglomerate 3M Company (NYSE:[MMM](#)).

The Scotch Tape-maker is set to be one of the first major industrial names to report its latest quarterly figures, and analysts will likely be on the lookout from

any commentary around the possible impact of Trump's tariffs.

Residential homebuilder PulteGroup (NYSE:[PHM](#)) could also provide some insight into the state of the American property sector. Rival D.R. Horton lowered its full-year guidance last week, flagging that housing activity is slow and the spring season has begun on a weaker-than-anticipated note.

Among a host of other earnings today, GE Aerospace, Verizon Communications (NYSE:[VZ](#)), RTX, Danaher (NYSE:[DHR](#)), and Lockheed Martin (NYSE:[LMT](#)) are all expected to unveil returns.

4. Fed speakers ahead

At least five Fed policymakers are on the docket to speak today, and investors will be on the hunt for any commentary around the relationship between the central bank and the Trump administration.

Fed Vice Chair Philip Jefferson and Governor Adriana Kugler will deliver remarks in Philadelphia and Minneapolis, respectively, while speeches from Fed members Thomas Barkin, Neel Kashkari and Patrick Harker are also on the diary.

The comments will come ahead of the Fed's next interest rate decision on May 7.

Last week, Powell said that Trump's tariffs have so far been larger than expected and could translate into higher inflation and slower economic growth. He added that the Fed will try to get a greater sense of clarity around the effect of the duties before mulling changes to borrowing costs.

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5. Gold hits \$3,500 level

Gold prices surged to touch a new record high on Tuesday, buoyed by sustained safe-haven appeal over elevated U.S.-China trade tensions, and concerns around Trump's possible push to overhaul the Federal Reserve.

As of 03:47 ET, spot gold had jumped 1.4% to \$3,471.70 per ounce, while gold futures expiring in June had risen by 1.7% to \$3,483.24 an ounce.

Gold soared by more than 3% on Monday and has hit consecutive record highs in the previous three sessions, driven largely by escalating geopolitical risks, strong central bank demand, and persistent inflation fears.

Explainer-What's known about whether Trump can fire Powell from the Fed

(Reuters) - President Donald Trump on Monday kept up his verbal assault on Federal Reserve Chair Jerome Powell over the Fed's refusal for now to further cut interest rates, rattling financial markets growing ever more fearful that Trump may ultimately try to fire the U.S. central bank chief over the matter.

CAN TRUMP FIRE POWELL?

Whether Trump has the authority to do so is unclear.

The Federal Reserve Act of 1913 establishing the Fed stipulates that members of its Board of Governors, appointed by the president and confirmed by the Senate to staggered 14-year terms, can be only be removed for "cause" - long thought to mean misconduct, not policy disagreement.

That said, the law omits reference to limits on removal from its description of the four-year term of the Fed chair, who is one of the seven governors.

WOULD THIS BE UNCHARTED TERRITORY?

There is no direct legal precedent, since no president has ever tried to fire a Fed chief. There are, however, lawsuits now working their way through the courts over unrelated firings by Trump being watched as possible proxies for whether he has that power. One is currently pending before the Supreme Court, where any attempt to fire Powell would almost certainly end up.

WHAT WOULD FIRING POWELL MEAN IN PRACTICAL TERMS?

A lot would hinge on just how Trump might choose to "fire" the Fed chief.

As each of his predecessors has done, Powell holds three roles - chair of the Federal Reserve System, member of the Board of Governors and chair of the Fed's interest-rate-setting Federal Open Market Committee.

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CAN TRUMP OUST HIM JUST AS FED CHAIR?

Were Trump to try to remove Powell only as chair of the Fed system, Powell could remain a governor until that term expires at the end of January 2028. The next scheduled board vacancy does not occur until January 2026, which in the meantime would leave Trump only the option of nominating one of the other incumbent governors to be chair. Two of those other six were appointed by

Trump in his first term - governors Christopher Waller and Michelle Bowman, whom Trump recently nominated as vice chair for bank oversight. Both, like Powell, have spoken about the importance of Fed independence, so it's not clear that either immediately would deliver the rate cuts Trump wants.

WHAT ABOUT REMOVING HIM AS FOMC HEAD?

Trump has no direct control over who heads the FOMC. The FOMC chair is chosen annually by the panel's 12 members - the seven governors, the president of the Federal Reserve Bank of New York and four of the other regional bank presidents, who serve on the panel on a rotating basis.

By tradition the FOMC chooses the Fed chair as its head, with the New York Fed president as its vice chair. In theory, though, they could choose any of the members, including Powell should he still be a governor.

... OR AS A GOVERNOR?

Removing Powell as a governor would have the largest impact. Were it to withstand legal challenge, it would give Trump both a board vacancy and chair vacancy to fill with a nominee of his own choosing. Also it would open the door to Trump firing as many of the other governors as he pleased to install a wider Fed leadership he saw as compliant with his wishes.

China ramps up business charm offensive towards Taiwan alongside political pressure, study shows

By Yimou Lee

TAIPEI (Reuters) -Nearly 40,000 Taiwanese joined industry events in China such as conferences and trade fairs supported by the Chinese government in 2024, a study showed on Tuesday, as Beijing ramps up a charm offensive toward the island alongside military pressure.

China, which views democratically governed Taiwan as its own despite Taipei's objections, has long taken a carrot and stick approach to Taiwan, threatening it with the prospect of military action while reaching out to those it believes are amenable to Beijing's point of view.

Taiwan security officials are wary of what they see as Beijing's influence campaigns to sway Taiwan public opinion after Taipei and Beijing gradually

resumed travel links halted by the COVID-19 pandemic, but the scale of such programmes have not previously been systematically reported.

About 39,374 Taiwanese last year joined more than 400 business events supported or organised by government units across China, according to the study by Taiwan Information Environment Research Center (IORG), a Taiwan-based non-government organisation.

IORG's research analysed more than 7,300 articles posted by a news portal run by China's top Taiwan policy maker, the Taiwan Affairs Office. These articles offered event details, including the scale, location and agenda and were examined by AI-assisted tools and verified by IORG researchers.

The number of Taiwanese attending state-supported business events in China represented a 3% increase from 2023, IORG said, adding the agriculture, tourism and biotechnology and medical industries were among the top sectors.

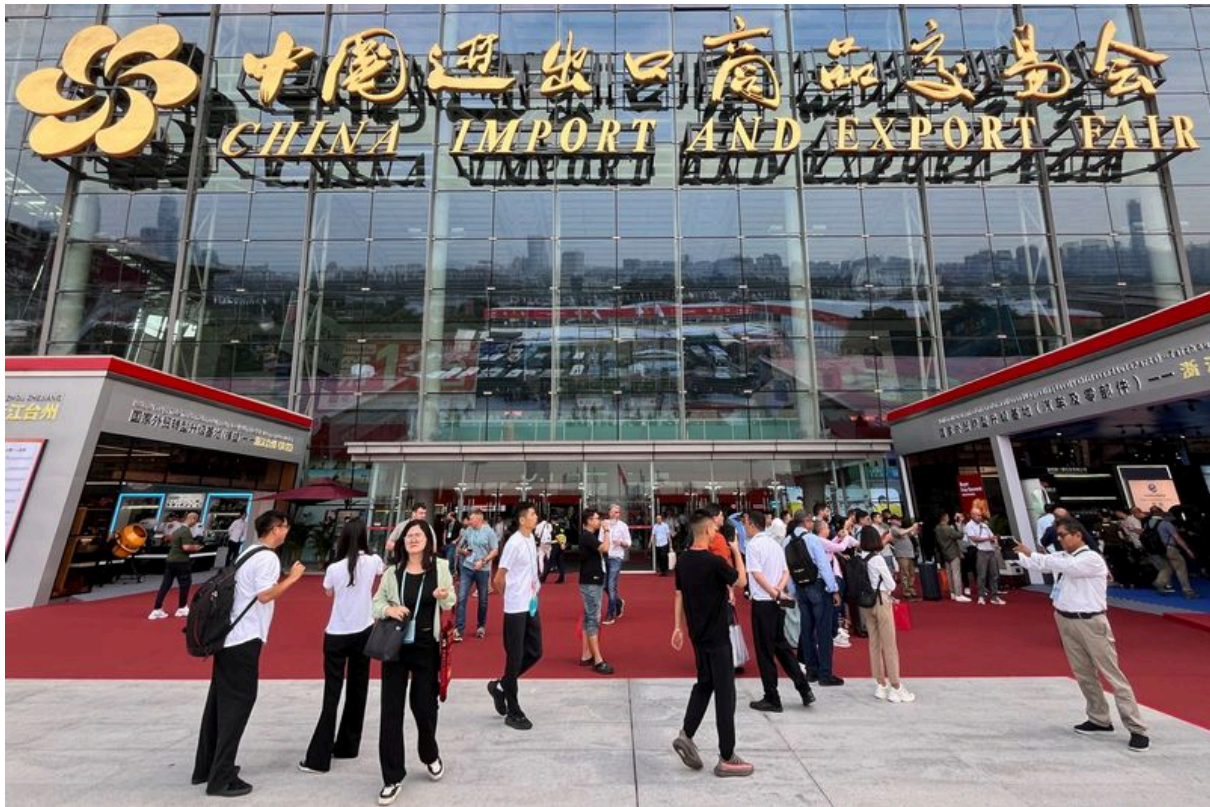
"These are common industries in which the Chinese Communist Party exerts political pressure on Taiwan through economic means," the IORG report said.

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China's Taiwan Affairs Office did not immediately respond to a request for comment.

The ruling Communist Party's fourth-ranked leader, Wang Huning, told an internal meeting on Taiwan in February that Beijing was working to expand people-to-people exchanges in a bid to "deepen cross-strait integration and development," state news agency Xinhua reported at the time.

The 2024 events surveyed by IORG included a June job fair in southeast China's Fujian province targeting more than 1,500 Taiwanese university graduates.



"Reward and punishment always go hand-in-hand in the Chinese influence campaigns on Taiwan," IORG co-director Yu Chihhao told Reuters. "Military drills and intimidation are punishment; cross-strait business cooperations are reward."

China staged two days of war games near Taiwan this month.

Morning Bid: Trying to contain US market contagion

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

There is an old saying that when the U.S. sneezes, the world catches a cold. But if the malady is a self-inflicted wound, is contagion inevitable? There might be a hint of that in Asian markets today given the Nikkei is flat even though the S&P 500 shed 2.4% on Monday. Usually it would be down 1,000 points. And that's despite a stronger yen.

After all, the money fleeing U.S. assets has to go somewhere, and not just to European defence stocks. Thus, according to LSEG Lipper data, investors bought a net \$11 billion in European equity funds and \$3.6 billion in Asian equity

funds in the week to April 16, while U.S. equity funds saw an outflow of \$10.6 billion.

Since then, President Trump has upped the stakes by attacking Fed Chair Powell for not cutting rates as speedily as Trump would like. It's not clear if he has the power to fire the Chair, but just the appearance of threatening the independence of the central bank is another body blow for investor confidence in the full faith and trust of the United States.

That saw the dollar hit another decade low on the Swissy at 0.8842, bringing losses since "tariff day" - calling them reciprocal is an insult to the English language - to more than 8%. The euro has popped above \$1.1500 and the dollar is testing the 140.00 yen bulwark. Foreign investors in the U.S. who were unhedged have had a particularly painful April.

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Yields on 10-year Treasuries climbed to 4.41%, extending the recent jump in term risk. If Trump would consider forcing Powell out and appointing a loyalist, then the idea of, say, replacing Treasuries with zero coupon perpetual bonds might not seem so unthinkable.

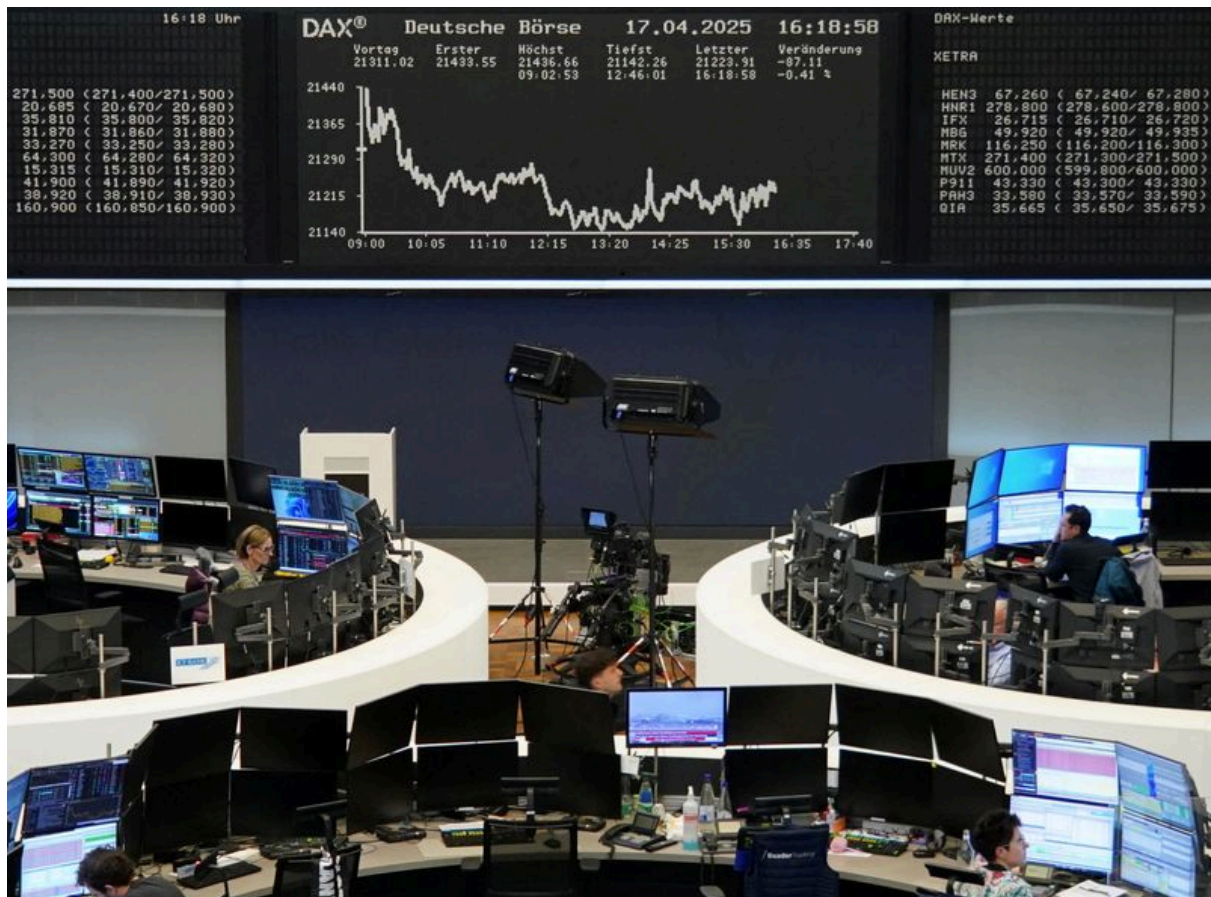
It's also counterproductive for Trump, since now the Fed might be less willing to cut rates for fear of being seen as bowing to political pressure. It was notable that Fed fund futures are down and remain 90% against a rate cut in May.

There are at least five Fed speakers on the diary today and it'll be interesting to see how they handle this thorny political issue. Dodge, maybe.

Also out today are Tesla (NASDAQ:[TSLA](#))'s results, so investors will get to see how much bad news is already in the share price.

Key developments that could influence markets on Tuesday:

- ECB members Knot and de Guindos speak, BoE's Breeden



- Fed members speaking include Jefferson, Kugler, Barkin, Kashkari and Harker
- EU consumer confidence, US Richmond Fed survey

(By Wayne Cole; Editing by Muralikumar Anantharaman)

European stocks trade in cautious manner amid economic uncertainty

Investing.com - European equity indices have reopened after the long Easter weekend, trading in a cautious manner given the degree of economic uncertainty gripping international markets.

At 03:05 ET (07:05 GMT), the DAX index in Germany dropped 0.3%, the CAC 40 in France slipped 0.2%, while the FTSE 100 in the U.K. traded largely unchanged.

Fed independence under threat

Sentiment remains extremely fragile as investors attempt to cope with the economic uncertainty brought about by U.S. President Donald Trump's volatile trade policies. However, European equities do appear to be relatively in demand as investors head away from Wall Street.

Investors bought a net \$11 billion in European equity funds and \$3.6 billion in Asian equity funds in the week to April 16, while U.S. equity funds saw an outflow of \$10.6 billion, according to LSEG Lipper data.

The major U.S. indices closed sharply lower on Wall Street on Monday after Trump introduced another major worry into the market, threatening the independence of the Federal Reserve by calling for the head of Chairman, Jerome Powell.

Trump has been seeking lower interest rates from the U.S. central bank, and upped the ante on Monday, calling on Powell to initiate "preemptive cuts" or risk a slowing economy.

The Fed decided to hold rates unchanged at its last meeting in March, looking for "greater clarity" before considering any adjustments, while Powell also pointed out last week that "tariffs are highly likely to generate at least a temporary rise in inflation."

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ECB signals more cuts ahead

There is little in the way of significant economic data due in Europe Tuesday, and thus investors are likely to pay more attention to comments out of the IMF-World Bank Spring meetings in Washington this week.

The European Central Bank cut interest rates for the seventh time in a year last week to bolster an already struggling eurozone economy facing a large hit from U.S. tariffs.

The policymakers stressed a deteriorating growth outlook, allowing investors to bet on even steeper interest rate cuts ahead given the fragile nature of the region's economic prospects.

Roche to invest \$50 billion in U.S.

There are no major earnings in the European corporate sector Tuesday, but Roche (SIX:ROG) said it will invest \$50 billion in the United States over the next

five years, in one of the biggest inward investment moves since President Donald Trump disrupted global trade with his new tariffs policy.

The Swiss pharma giant said the investment would create more than 12,000 new jobs, including nearly 6,500 construction jobs, as well as 1,000 jobs at new and expanded facilities.

German carmaker Mercedes Benz (ETR:MBGn) unveiled a new all-electric luxury limousine segment it called "Vision V" which it said marked the expansion of the top end of its vans portfolio.

Across the pond, Tesla (NASDAQ:TSLA) is scheduled to release its results later in the session, with expectations on the low side given the EV manufacturer's sales have been hit by competition and retaliation to CEO Elon Musk's far-right politics.

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Crude rebounds after sharp losses

Oil prices rose Tuesday, rebounding after the previous session's sharp losses but caution remains amid global economic uncertainty driven by U.S. trade tariffs.

At 03:05 ET, Brent futures climbed 1.2% to \$67.04 a barrel, and U.S. West Texas Intermediate crude futures rose 1.4% to \$63.27 a barrel.

Both benchmarks had settled more than 2% lower on Monday after Iran and the U.S. agreed to commence expert-level discussions to design a framework for a potential nuclear deal.

Stock Index Futures Gain With Focus on Fed Speak and Tesla Earnings

June S&P 500 E-Mini futures (ESM25) are up +0.98%, and June Nasdaq 100 E-Mini futures (NQM25) are up +1.05% this morning, signaling a rebound from yesterday's sell-off on Wall Street, while investors await comments from Federal Reserve officials and a raft of corporate earnings reports, with a particular focus on results from "Magnificent Seven" member Tesla.

Investors also remain focused on trade talks. The U.S. said it has made "significant progress" toward a bilateral trade agreement with India following

talks between Vice President JD Vance and Indian Prime Minister Narendra Modi on Monday. At the same time, Thailand said that ministerial-level talks that were scheduled for this week have been postponed.

See Also: The U.S.-China Trade War is Heating Up, but This AI Retail Company Doesn't Rely on Imports See Next: How This Adobe-Backed, pre-IPO AI Startup Grew 1,600% to Dominate Digital Ads—And How You Can to Invest

In yesterday's trading session, Wall Street's three main equity benchmarks closed sharply lower. Tesla (TSLA) slumped over -5% after Reuters reported that the production launch of the company's more affordable vehicles had been delayed, and Wedbush analyst Dan Ives warned of a "code red" moment ahead of its Q1 earnings. Also, Nvidia (NVDA) slid more than -4% after Reuters reported that Huawei plans to start mass deliveries of an advanced AI chip to Chinese customers as soon as next month. In addition, Salesforce (CRM) fell over -4% after DA Davidson downgraded the stock to Underperform from Neutral with a price target of \$200. On the bullish side, Netflix (NFLX) rose more than +1% after the streaming giant posted better-than-expected Q1 results and provided solid Q2 guidance.

Economic data released on Monday showed that the Conference Board's leading economic index for the U.S. fell -0.7% m/m in March, weaker than expectations of -0.5% m/m and the largest decline in 17 months.

Chicago Fed President Austan Goolsbee said on Monday that the central bank requires more time to assess the net impact of President Trump's policies. "The impact of tariffs on the macroeconomy could potentially be modest. We don't know what the impact on the supply chain is going to be, so I think we want to be a little more of a steady hand and try to figure out the through line before we're jumping to action," Goolsbee said in comments to CNBC.

Meanwhile, U.S. rate futures have priced in an 89.5% chance of no rate change and a 10.5% chance of a 25 basis point rate cut at May's monetary policy meeting.

First-quarter corporate earnings season is in full swing. Investors will be closely monitoring earnings reports today from prominent companies like Tesla (TSLA), GE Aerospace (GE), Verizon (VZ), Intuitive Surgical (ISRG), RTX Corp. (RTX), Lockheed Martin (LMT), and 3M Company (MMM). According to Bloomberg Intelligence, companies in the S&P 500 are expected to post an average +6.7% increase in quarterly earnings for Q1 compared to the previous year.

On the economic data front, investors will focus on the U.S. Richmond Fed Manufacturing Index, which is set to be released in a couple of hours. Economists estimate this figure will stand at -6 in April, compared to the previous value of -4.

In addition, market participants will hear perspectives from Fed Vice Chair Philip Jefferson, Philadelphia Fed President Patrick Harker, Minneapolis Fed President Neel Kashkari, and Fed Governor Adriana Kugler throughout the day.

In the bond market, the yield on the benchmark 10-year U.S. Treasury note is at 4.414%, up +0.20%.

The Euro Stoxx 50 Index is down -0.24% this morning as trading resumed after the Easter long weekend, with investors wading through a slew of headlines on U.S.-China trade tensions, the U.S. economic outlook, and the Federal Reserve's independence. Technology and healthcare stocks led the declines on Tuesday. Sentiment soured after U.S. President Donald Trump intensified his criticisms of Fed Chair Jerome Powell, sparking new worries about the central bank's independence. Also, concerns persist over the possibility of a global trade war erupting, with Beijing warning on Monday that it would retaliate against countries aligning with Washington's efforts to isolate China.

Meanwhile, a survey by the European Central Bank released on Tuesday showed that inflation in the Eurozone might be slightly higher this year than previously projected, but it is expected to stabilize at the central bank's 2% target thereafter. Investor focus is now on the Eurozone's preliminary consumer confidence data for April, due later in the session. In corporate news, Novo Nordisk A/S ([NOVOB.C.DX](#)) slumped over -7% after a pill from competitor Eli Lilly matched the weight loss and blood sugar control benefits of the company's injected blockbuster Ozempic. At the same time, Biotage AB ([BIOT.S.DX](#)) jumped more than +56% after private equity firm KKR made a take-private offer for the company for 11.6 billion kronor (\$1.2 billion).

Asian stock markets today settled mixed. China's Shanghai Composite Index (SHCOMP) closed up +0.25%, and Japan's Nikkei 225 Stock Index (NIK) closed down -0.17%.

China's Shanghai Composite Index closed slightly higher today, defying modest losses across Asia following an overnight drop on Wall Street. Consumer stocks outperformed on Tuesday. The gains came as expectations grew that China would roll out new stimulus measures to boost domestic demand and support asset prices. Chinese Premier Li Qiang stated on Friday that actions would be implemented to stabilize stock and property markets. Goldman Sachs said in a

note on Monday, "The upcoming April Politburo meeting should provide important clues on the top leadership's thinking." Meanwhile, China allowed the yuan to weaken against nearly all major currencies to bolster its economy amid the escalating trade war with the U.S. In other news, China cautioned nations on Monday against entering trade agreements with the U.S. that could harm Chinese interests. Also, the Financial Times reported on Monday that Chinese state-backed funds were suspending new investments in U.S. private equity. In corporate news, CMOG Group climbed more than +4% after revealing its plan to acquire Canadian mining company Lumina Gold.

Japan's Nikkei 225 Stock Index closed slightly lower today, tracking overnight losses on Wall Street after U.S. President Donald Trump intensified his pressure campaign on Fed Chair Jerome Powell. Export-oriented stocks slumped on Tuesday as the yen strengthened past 140 per dollar for the first time since September, driven by safe-haven demand and reports that the Bank of Japan sees little need to change its stance on rate hikes. Bloomberg reported on Tuesday that Bank of Japan officials currently see little reason to alter their existing stance of gradually increasing interest rates, despite lingering uncertainties related to U.S. tariffs. Meanwhile, investors continue to closely monitor developments related to U.S. tariffs following the "big progress" in the Japan-U.S. trade talks last week. Prime Minister Shigeru Ishiba stated on Monday that Japan will not continue making concessions to U.S. demands merely to secure a deal on tariffs. Japanese Finance Minister Katsunobu Kato is scheduled to meet with U.S. Treasury Secretary Scott Bessent in Washington this week, with the yen expected to be a key topic of discussion, though Reuters reported that Tokyo will resist any demands to prop up its currency. In other news, a high-level Japanese delegation will present a letter from Prime Minister Shigeru Ishiba to Chinese leader Xi Jinping this week. The Nikkei Volatility Index, which takes into account the implied volatility of Nikkei 225 options, closed down -0.62% to 33.64.

Pre-Market U.S. Stock Movers

The Magnificent Seven stocks are moving higher in pre-market trading, with Nvidia (NVDA) and Amazon.com (AMZN) rising over +1%.

Calix (CALX) surged more than +12% in pre-market trading after the company posted upbeat Q1 results and issued above-consensus Q2 guidance.

Texas Instruments (TXN) fell over -1% in pre-market trading after Barclays downgraded the stock to Underweight from Equal Weight with a price target of \$125.

Zions Bancorporation ([ZION](#)) slumped more than -4% in pre-market trading after the regional lender reported weaker-than-expected Q1 EPS.

You can see more [pre-market stock movers](#) here

Today's U.S. Earnings Spotlight: Tuesday - April 22nd

Tesla (TSLA), GE Aerospace (GE), Verizon (VZ), Intuitive Surgical (ISRG), Rtx Corp (RTX), Danaher (DHR), Chubb (CB), Lockheed Martin (LMT), Elevance Health (ELV), Northrop Grumman (NOC), Moody's (MCO), 3M (MMM), Capital One Financial (COF), Kimberly-Clark (KMB), MSCI (MSCI), Baker Hughes (BKR), EQT (EQT), Equifax (EFX), Halliburton (HAL), PulteGroup (PHM), Synchrony Financial (SYF), Quest Diagnostics (DGX), Steel Dynamics (STLD), Northern Trust (NTRS), Packaging America (PKG), Genuine Parts (GPC), Pentair (PNR), East West Bancorp (EWBC), Manhattan Associates (MANH), Agree Realty (ADC), Range Resources (RRC), Enphase (ENPH), Old National Bancorp (ONB), Invesco (IVZ), Pegasystems (PEGA), Valmont Industries (VMI), Zurn Water Solutions (ZWS), PennyMac Financial (PFSI), Herc Holdings (HRI), United Community Banks (UCB), Iridium (IRDM), Trustmark (TRMK), Renasant (RNST), Pathward Financial (CASH), Monarch (MCRI), National Bank Holdings (NBHC), Veritex Holdings Inc (VBTX), Hope Bancorp (HOPE), QCR (QCRH), PennyMac Mortgage (PMT), Dime Community (DCOM).

European shares fall as Trump's anti-Powell tirade adds to uncertainty

(Reuters) -European shares fell on Tuesday as heavyweight Novo Nordisk (NYSE:[NVO](#)) slumped, while U.S. President Donald Trump's vocal attacks on Federal Reserve Chair Jerome Powell shook investor confidence which is already fragile due to concerns over the trade war.

Novo Nordisk dropped 8% after U.S. rival Eli Lilly (NYSE:[LLY](#))'s experimental pill worked as well as the Danish drugmaker's blockbuster drug Ozempic to lower weight and blood sugar in a trial of diabetes patients.

The pan-European [STOXX 600](#) index was down 0.7% as of 0709 GMT.

Concerns over U.S. tariffs also kept investors on the edge as they returned from the Easter long weekend.

The week began on a dour note after Trump repeated his criticism of Powell to pressure the central bank into cutting interest rates quickly, raising concerns

about its independence and igniting a sharp selloff on Wall Street on Monday.



Biotage shares surged 55.8% after the Swedish biotechnology firm said KKR made a cash offer for the firm, valuing it at around 11.6 billion Swedish crowns (\$1.22 billion).

Japan business lobby chief says rapid forex fluctuation undesirable

TOKYO (Reuters) -The head of Japanese business lobby Keidanren, Masakazu Tokura, on Tuesday said rapid foreign exchange fluctuation is undesirable and that currencies must stabilise as much as possible to reflect economic fundamentals.



Tokura was speaking after the U.S. dollar fell below 140 yen.

He also welcomed Japan and the United States engaging in tariff talks earlier this month.

Japan sees little scope for grand deal on yen in talks with U.S

By Leika Kihara and Makiko Yamazaki

TOKYO (Reuters) -When Japanese Finance Minister Katsunobu Kato meets his U.S. counterpart Scott Bessent in Washington this week, the yen is shaping up to be a major topic of discussion, though sources say Tokyo will push back against any request to boost its currency.

While some analysts bet Washington will pressure Tokyo to help prop up the yen, Japan sees little scope for direct action such as currency intervention or an immediate interest rate hike by the central bank, according to three sources with knowledge of the negotiations.

Rather, Japanese policymakers hope to better understand what the U.S. has in mind on exchange-rate matters, and how they fit into a package of steps the two countries will negotiate in clinching a trade deal, the sources said.

That means the meeting between Kato and Bessent, which will be the first face-to-face talks between the two, will likely underwhelm expectations of some market players for a major, coordinated arrangement to boost the yen.

"Much will be about sounding out Washington's intentions," one of the sources said on Japan's strategy on the expected meeting between Kato and Bessent, which will take place on the sidelines of the spring meeting of the International Monetary Fund in Washington.

The two countries are still arranging a date for the meeting, Kato told reporters on Tuesday. Japanese policymakers say they have yet to receive any specific requests from the U.S. on currency policy.

The last major occasion when the U.S. pressured Japan into strengthening the yen was in 1985, when Washington led the G7 in a coordinated depreciation of the dollar under the Plaza Accord.

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LACKING FEASIBLE TOOLS

U.S. President Donald Trump's focus on addressing a huge trade deficit, and his past remarks criticising Japan for intentionally maintaining a weak yen, have led to market expectations that Tokyo will face pressure to strengthen the yen's value against the dollar and give U.S. manufacturers a competitive advantage.

These expectations have fuelled the yen's recent rise to seven-month highs against the dollar.

Bessent has also said he was looking forward to discussions with Japan on tariff, non-tariff barriers and exchange rates.

Sources have previously told Reuters the slow pace at which the Bank of Japan is raising borrowing costs from ultra-low levels could also come under fire in bilateral trade talks.

But there is little Japan can do to influence exchange rates in ways beneficial for both countries. Japan's latest foray into the exchange-rate market was in 2024, when it bought yen to prop up the currency from a nearly three-decade low of 161.99 to the dollar hit in early July.

With broad-based dollar declines already having pushed up the yen to around 140, Japanese officials are wary of taking steps to further strengthen the currency for fear of narrowing exporters' margin at a time of tariff strains.

If Japan were to conduct yen-buying intervention, it would need to sell U.S. Treasury holdings - something Washington may not prefer given the recent U.S. bond market rout.

The hurdle is even higher to use Japan's monetary policy as a means to prop up the yen. The BOJ is in no mood to rush into hiking rates at a time Trump's tariffs threaten to derail Japan's fragile economic recovery.

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Hiking rates in response to U.S. demands would also erode the BOJ's independence in setting monetary policy and put the central bank's credibility on the line, analysts say.

"Even if Japan and the U.S. were to discuss currency rates, there's really not much the two sides can do. It doesn't make sense to conduct currency intervention. Rate hikes are also out of the question," said Hiroyuki Machida, director of Japan FX and commodities sales at ANZ.

In the end, the two countries may seek middle ground in the language they use in describing currency moves.



"Both the euro and the yen have risen quite a bit recently, so the U.S. may not want the dollar to fall further," said Katsuhiro Oshima, chief economist at Mitsubishi UFJ (NYSE:MUFG) Morgan Stanley Securities.

"The two countries might end up just agreeing that stable exchange-rate moves are desirable, and that Japan should avoid intentionally weakening the yen," he said.