



## Weekly Market Report For 3 – 7 February 2025

### Overview



- ✦ Global stock markets come under pressure amid ‘Trump tariff tantrum’.
- ✦ Trump agrees to a 30-day pause tariffs on Mexico and Canada after they pledge to boost border security.
- ✦ China counters Trump, imposes 15% tariff on coal and LNG, and 10% tariff on oil imports from US.
- ✦ Gold prices jumped to a new record high, boosted by concerns over trade war.
- ✦ China's stock market recovers after Chinese New Year, led by tech stocks and positive sentiment.
- ✦ US companies' 4Q24 earnings beat analysts' estimates, earning growth is revised up to 12% from 8%.

### Market Brief





 Last week, the overall market was quite volatile caused by trade conflicts and Trump's tariff threats.

- Tariffs on Mexico and Canada:
  - o Trump imposes a 25% tariff on imports from Mexico and Canada and a 10% tariff on energy imports from Canada.
  - o However, Trump agreed to a 30-day pause on his tariff threats as Mexico and Canada pledge to lift border security and drug trafficking.
  - o Trump uses tax policy as a negotiation tool, while carefully ensuring that they did not overly impact the US economy.
- US-China trade war:
  - o President Donald Trump imposed a 10% tariff on goods from China.
  - o Beijing response by imposing a 15% levy on US coal and liquefied natural gas, and targeted US oil and agricultural equipment with a 10% fee. In addition, China will investigate Google for alleged antitrust violations.
  - o Goldman Sachs sees the US should get limited impacts from China retaliation as the US supplied little coal, LNG and oil to China. China's response allows Beijing to be seen as doing something and appeared carefully targeted to avoid major blowback on China's economy.
- President Trump announced a plan to impose retaliatory tariffs on trade partners, matching the tariffs that those partners impose on the US.
  - o US President Donald Trump said on Sunday he will introduce new 25% tariffs on all steel and aluminum imports into the US, applying them to all countries and matching the tariff rates levied by each country.
  - o Trump planned to impose a 25% tariff on steel and aluminum imports on all countries with no exceptions or exemptions. The effective date will be defined later.
  - o The largest sources of US steel imports are Canada, Mexico, Brazil and South Korea. Canada is the largest supplier of primary aluminum metal.


 Gold prices hit new historical high, driven by escalating trade tensions.

 China stock markets rose after returning from Chinese New Year holidays. Tech stocks led gain as the rise of Chinese AI start-up DeepSeek is seen as a turning point for the technology industry and demonstrated Chinese tech companies' ability to develop globally competitive AI models. The rise of Chinese AI is forcing investors to re-evaluate the nation's technology companies amid concerns over trade conflicts with the US.

 US companies' earnings for 4Q24 exceeded expectations, prompting the market to revise its growth forecast to 12%, up from 8%. Goldman Sachs anticipates a 11% YoY earnings growth for S&P 500 companies in 2025.

 Central banks meetings:

- o The BOE vote 7-to-2 to cut its benchmark rates by 0.25% to 4.5% as expected. Two committee members voted for a 0.50% cut. The BOE governor signals further rate cuts this year.
- o The Reserve Bank of India cut its policy rate by 0.25% to 6.25%, the first rate cut in almost 5 years as easing inflation opens the door for the central bank to provide stimulus to sluggish economy.

 US economic data:

- o Nonfarm payrolls increased by 143,000, less than the 169,000 expected by economists.
- o Unemployment rate dipped to 4.0%, lower than market estimates of 4.1%.
- o Wages rose 4.1% YoY, above the 3.8% economists had expected.

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