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Market Weekly Insights

10th April 2025

Global Outlook

As of April 8th, 2025

S&P 500	$4,982.77 -1.57%
DJIA	$37,645.59 -0.84%
NASDAQ	$15,267.91 -2.15%
Russell 2000	$1,760.71 -2.73%
FTSE 100	$7,910.53 +2.71%
Nikkei 225	$31,987.59 -3.12%
WTI Crude	$57.57 -3.37%
10-yr Treasury	4.30%

Eurozone Inflation Slows

France and Spain have been experiencing a continued slowdown in inflation along with other major eurozone economies. According to figures released Friday by the French statistics agency, consumer prices in France rose 0.9% year-over-year in March, like the rates in February. In Spain, annual inflation declined to 2.2% in March from 2.9% the previous month.

The recent data that has been released suggests a trend of cooling inflation within the eurozone, which may potentially set the stage for additional interest rate cuts by the European Central Bank. In March, the ECB lowered its key interest rate to 2.5%, which marked the sixth cut in nine months to help boost inflation up to at least 2%. These decisions are being made as the eurozone deals with slowing economic growth and the potential impact of proposed U.S. tariffs on metals and automobiles. Therefore, these developments contribute to uncertainty surrounding future policy decisions by the ECB.

Despite the lack of a clear stance from bank officials, market data indicates that investors are anticipating another rate cut in April. ECB Vice-President Luis de Guindos and Bank of France Governor Francois Villeroy de Galhau have both acknowledged the unpredictability of upcoming policy moves, which may lead to global economic pressures.

AP Moller-Maersk Acquires Panama Canal Railway

Danish shipowner AP Moller-Maersk announced its acquisition this week of a Panama Canal Railway that connects ports at both ends of the canal. This deal has shown relevance as it reduces US control of the train network at a time where US President Donald Trump seeks to increase influence and control over the vitally important Central American country.

Specifically, APT Terminals, the ports business division of Moller-Maersk, announced the acquisition of the Panama Canal Railway Company on Wednesday. The railway company operates a 76km line that runs close to the waterway and transports cargo between the Atlantic and Pacific Ocean.

Although the trade capacity of the railway is far less than the canal, given mounting pressure from the Trump administration to “take it back,” the railway provides and enticing alternative for foreign entities to link between ports and expand services in the world of global shipping.

Sources: CNN, Yahoo Finance, Wall Street Journal

Trump Addresses Tariffs

On Wednesday afternoon, US President Donald Trump announced a sweeping 10% tariff on all imports into the United States. Additionally, President Trump proceeded to impose higher "reciprocal" tariffs mainly targeting China and the EU but notably India as well. Specifically, Chinese imports saw a 34% tariff increase, bringing the total tariff on China to 54%. In line with his rhetoric, President Trump once again claimed the tariffs would be necessary to bolster domestic US manufacturing and job growth while also reiterating his stance that the EU alongside China has dubbed America with "unfair" trade practices.

In response, China quickly retaliated by imposing a 34% tariff on all U.S. imports taking effect on Thursday of this coming week. Additionally, Beijing implemented export controls on critical rare earth minerals, essential components in various high-tech industries including semiconductor manufacturing. The Chinese government released a statement condemning U.S. actions as a form of economic bullying, pointing out that such immense measures undermine international trade norms.

America This Week

Healthcare Affordability Crisis Grows as Coverage Shrinks and Costs Rise

A recent survey by West Health and Gallup showed that healthcare is entering a stage in which it is becoming unaffordable for many Americans. The surveys conducted between November and December of 2024 showed that 11% of respondents revealed they could not afford medical care or medication in the past three months, the highest rate since the survey began four years ago. Over a third of respondents, representing 91 million adult Americans, expressed that they could not afford care if needed. Specifically, the situation is direr in the cases of low-income households, those earning less than $24,000, of which 25% responded with their recent inability to access care.

Experts identified three main factors behind the increasing unaffordability: premium increases, cost-sharing requirements, and Medicaid coverage reductions. The Trump administration's Medicaid subsidy reductions and congressional cuts have intensified the problem, which now threatens to deny health insurance coverage to millions of people while forcing them into less extensive plans. Health policy experts predict this trend will reverse the progress made through the Affordable Care Act by restoring health insecurity to pre-ACA levels.

HHS Restructuring Cuts 10,000 Health Workers, Raises Public Health Concerns

The Department of Health and Human Services (HHS) conducted a restructuring plan, resulting in the layoff of thousands of federal health workers who worked at the FDA, CDC, and NIH. The restructuring plan removed 10,000 employees who worked as senior officials, researchers, and staff members in food safety programs, disease prevention, and drug regulation. The elimination of units focused on reproductive health, HIV prevention, vaccine research, and behavioral health occurred as part of this cut. The relocation of employees to regional Indian Health Service offices in Alaska and New Mexico has led to employee resignations, according to observations.

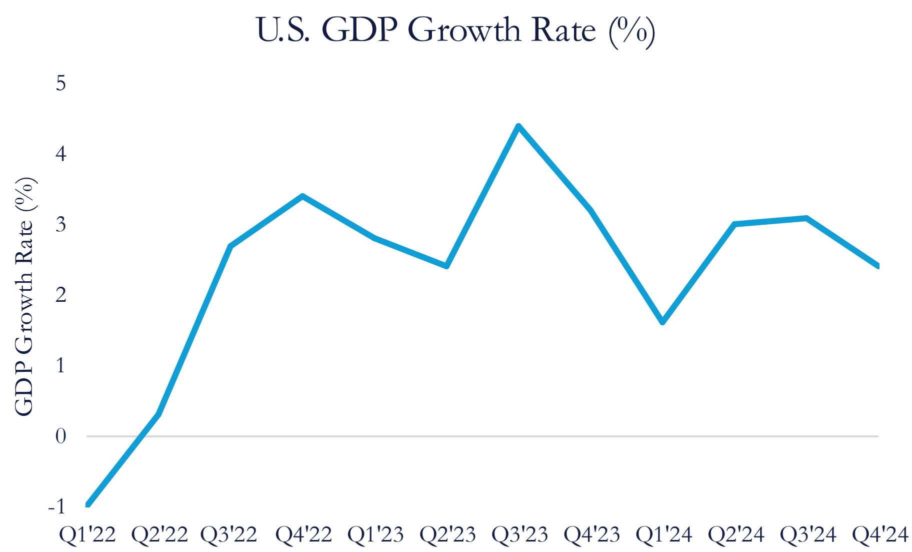
The restructuring involves creating a new division called the Administration for a Healthy America, which is meant to streamline HHS operations and reduce the workforce from 82,000 to 62,000. Communications and FOAI teams throughout agencies have been mainly impacted, as have public education roles and offices managing chronic disease, global health, and environmental health programs. Health experts have expressed concerns over the loss of specialized expertise and hinted at a potential long-term impact on the country's public health capabilities.

Sources: Wall Street Journal, Financial Times

Macro Highlights

Q4 2024 GDP Saw Growth backed by Consumer and Government Spending

In the final year of the Biden administration, the U.S. economy posted strong GDP growth, with increases of 1.6% in Q1, 3.0% in Q2, and 3.1% in Q3. In the fourth quarter of 2024, GDP rose by 2.4%, driven by gains in consumer and government spending that were offset by a decrease in investment. The third estimate revised real GDP up 0.1 percentage point from the previous estimate, primarily due to a downward revision in imports. From an industry standpoint, the increase in GDP is attributed to an increase of 2.3 percent in real value added for private goods-producing industries, an increase of 2.4 percent for private services-producing industries, and an increase of 2.7 percent for government. In addition, the price index for gross domestic purchases increased 2.2 percent in Q4 and the PCE increased 2.4 percent, both revised down by 0.1 percentage points. Compared with Q3, real gross domestic income increased 4.5 percent, which is 3.1 percentage points higher than Q3. Profits from current production, including corporate profits with inventory valuation and capital consumption adjustments, also increased $204.7 billion in Q4, which is higher than a decrease of $15.0 billion in Q3.



Job Openings in February Lowered

The job market has been cooling for the last few months and the February JOLTS report added more evidence with the number of available positions decreasing to 7.57 million from a revised 7.76 million reading. The month's decline is mostly accredited by reductions in retail trade, financial activities, accommodation, and food services. With job openings number settled around pre-pandemic level, business investment plans now halt as uncertainty around the Trump administration's policies shadow over the job market and economic growth overall.

Despite layoff rate remaining in pre-pandemic levels, job cuts have been climbing in recent months due to reductions in federal government. Recent surveys stated that consumers have been more pessimistic about job prospects and their financial situations. Meanwhile, labor turnover rate remained unchanged at 2%, down from a high of 3% in 2022. With downbeat economic outlook, the trend is expected to continue as people cling to their job security. The number of vacancies per unemployed worker, a favored ratio the Fed watches closely, stayed at 1.1, which is lower than its peak in 2022 at 2 to 1.

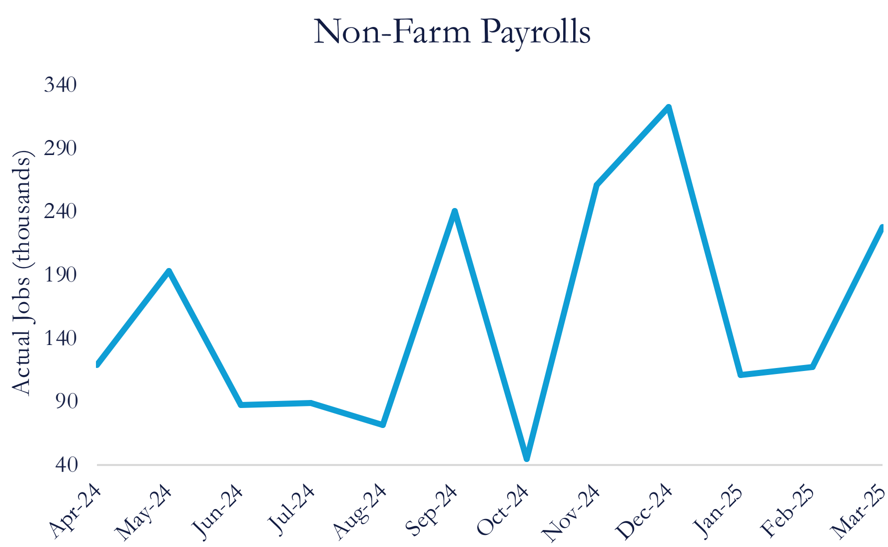
Sources: Reuters, Financial Times

US Employment Increased in March, Despite Concerns Over Tariffs

Despite recent Trump administration global retaliatory tariffs, U.S job growth climbed higher than expected in March, indicating a strong labor market. According to the BLS, nonfarm payrolls increased 228,000 last month. However, while an unexpected payroll gains signal a healthy and optimistic market, it was soon reverted with new tariffs from Trump and retaliatory measures from China. Stock market has been tumbling since Thursday and is expected to continue as negotiations between the U.S and other countries start.

Many economists fear that the U.S is at risks of a recession this year, including revised projections from the Fed for higher unemployment and inflation. With current market conditions, the Fed suffers from a choice between softening is monetary policy by lowering interest rates or controlling inflation by remain consistent with their stance for the past two months.

Leisure and hospitality employment climbed, partially credited to an unusually bad weather earlier in the year. Retail employment rebounded as well, reflected by the resolution of 10000 workers on strike at Kroger Co. Transportation and warehousing payrolls also reflected companies' efforts to push goods into the U.S to hedge against tariffs.



Industry News

Macy's to Close 150 Stores, Shift Focus to Smaller, Modern Locations

Macy's is planning to close 150 underperforming stores—about 30% of its locations—over the next three years as part of a strategy to modernize and adapt to changing consumer behavior. New CEO Tony Spring, who took over in February 2024, says the move is about "resizing the portfolio" to help customers shop the way they want. The retailer will focus on improving its remaining 350 stores while expanding its small-format Macy's locations, along with Bloomingdale's and Blue mercury stores. Macy's expects to open 30 small Macy's, 15 Bloomingdale's, and at least 30 Bluemercury stores while remodeling 30 existing Bluemercury locations.

One major location under review is Macy's San Francisco Union Square flagship, which could close in 2025. That potential closure reflects larger struggles in downtown San Francisco retail. The closures represent 25% of Macy's square footage, but only 10% of sales. Macy's expects to generate $600M–$750M in proceeds from store closures by 2026. The company is also responding to activist investor pressure and a $5.8 billion takeover attempt.

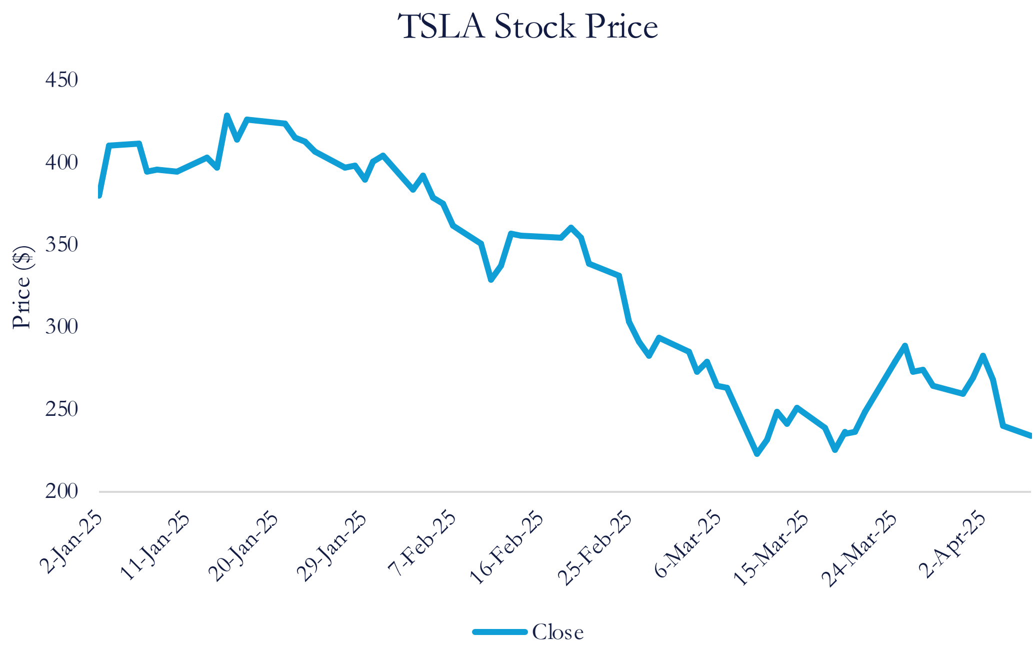
Sources: Financial Times, Wall Street Journal

Tesla Global Vehicle Deliveries down 13% in First Quarter of 2025

Tesla reported a 13% decline in global vehicle deliveries in the first quarter of 2025, totaling 336,681 units. This figure fell short of analysts' expectations, which had projected nearly 397,000 deliveries. Specifically, Tesla experienced significant sales declines in key global markets such as China, where sales dropped 49% in February but showed partial recovery in March. Vehicle sales in Germany saw a 76.3% decrease in new vehicle registrations primarily due to EU retaliation and boycotting of Tesla vehicles because of increased US tariff bullying.

This downturn also coincides with significant growth among Chinese electric vehicle (EV) manufacturers, who have expanded their market presence both domestically and internationally. Chinese EV maker BYD reported a 59.8% year-over-year increase in deliveries, reaching over 1 million vehicles in Q1 2025. Notably, BYD's battery electric vehicle (BEV) deliveries totaled 416,388 units, surpassing Tesla's figures for the same period.

With U.S. tariffs in China escalating to new heights after this week's tariff impositions and retaliations, Tesla's supply chain and pricing power in Asia may face further pressure. As the world's largest EV market becomes increasingly saturated and politically charged, Tesla's global leadership is now being tested by an arsenal of Chinese firms that are attempting to redefine the pricing and quality of the next generation of EVs.

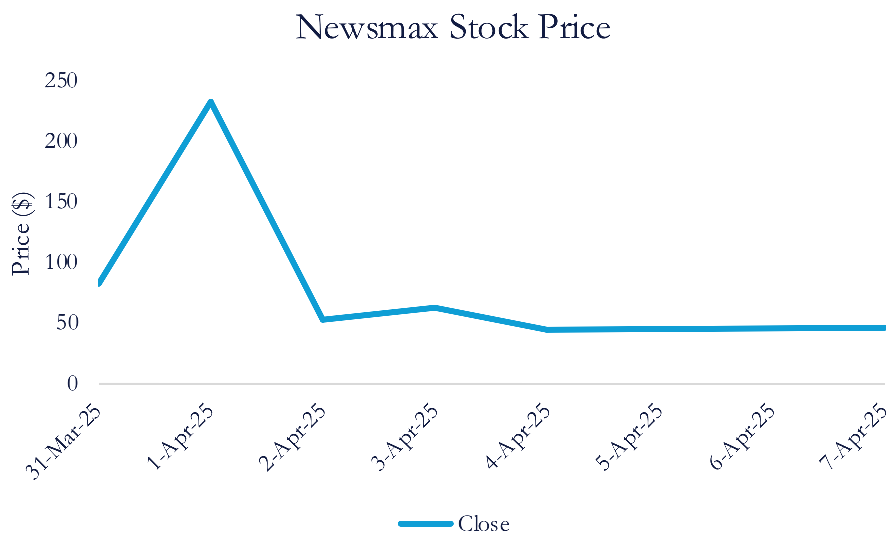


Newsmax Stock Sinks 45% After IPO Surge

After a shocking IPO debut, Newsmax shares plummeted by more than 50% on Wednesday,, falling below $120 and then recovering to a 45% loss. The conservative media company's market value fell from $20.7 billion to $11 billion in a single day. However, despite this rapid decline, the stock remains 1,200% up from its $10 IPO price, placing its valuation higher than many other media giants in the industry.

Newsmax's valuation, even after the drop, had a price-to-sales ratio of 63:9, more than 22 times that of the average S&P 500 company. For comparison, Fox Corp., which reported $15 billion in revenue and $2 million in profit last year, trades at a price-to-sales ratio 1.7. Meanwhile, Newsmax reported a $72 million net loss on $171 million in revenue in 2024. Newsmax also briefly surpassed Fox in market capitalization Tuesday and still maintains a higher valuation than other profitable media firms like the New York Times and Nexstar Media. CEO Chris Ruddy defended the valuation, calling Newsmax a "growth stock" and pointing to a 25% increase in annual revenue.

Sources: Wall Street Journal



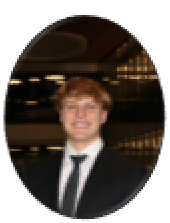
EU Fines Major Car Makers Nearly $500 Million Over Recycling Cartel

Under EU law, companies must cover the cost of disposing of vehicles and disclose their recyclability to consumers. With this, the European Commission has fined 16 major automakers and trade group ACEA a total of €458 million ($495.3 million) for participating in a long-running vehicle-recycling cartel. The probe found the companies colluded for almost 15 years (2002 to 2017) to avoid paying additional costs and to limit the knowledge of consumers about how recyclable vehicles were. Essentially, the manufacturers wanted to reduce pressure to exceed the minimum recycling standards, potentially influencing car buyers' decisions.

Volkswagen received the largest fine (€127.7M), followed by Renault-Nissan (€81.46M). Others fined include BMW, Toyota, Ford, Stellantis, Volvo, Hyundai-Kia, Honda, Jaguar Land Rover, and General Motors. Mercedes-Benz avoided a fine by reporting the cartel, while others like Stellantis and Ford saw reduced penalties for cooperation.

A parallel U.K. investigation resulted in fines of €77.68 million ($99.5M) for ten automakers and two trade groups. While ACEA acknowledged the wrongdoing, it claimed the conduct didn't harm consumers or stifle innovation.

Market Insights Team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