

WEEKLY MARKETS ROUND-UP

Executive Summary

31st March 2025

Top news: expected Tariffs announcement on Wednesday, Non-Farm Payrolls on Friday – last week finished with a 2% US market sell-off as both PCE and Univ. of Michigan Inflation Expectations surprised to the upside (see next page). Earlier in the week, the Flash PMIs on Monday had come in less negative than expected for Manufacturing in Europe, yet worse in the US, while for Services, Europe deceived, and the US surprised positively. On Thursday, US annualized QtoQ revised GDP for Q4 then ticked up slightly to +2.4% (vs 2.3% expected). Markets ,however, started to correct, as they were already shifting their focus to this week's tariffs announcement, expected on Wednesday (Friday's inflation data just made things worse). Indeed, April 2nd has been dubbed "Liberation day" by the US administration, i.e. the day when further tariffs will be announced. The scope and extent of these will probably be pivotal for many assets. If they are aggressive, a sharp drop in equities and a rise in inflation fears and yields are likely, while if they leave some room for negotiations, delays or exceptions, the reactions should then be very positive. Other news items this week include the ISM Manufacturing and Services PMIs on Tuesday and Thursday, the JOLTs Job openings on Tuesday and finally the US Non-Farm Payrolls on Friday. These are expected at 139k vs 151k last month.

Equities: the Nasdaq100 dropped more than 2% last week, the S&P500 -1.5% and the Dow Jones -1%. Europe was also at -2%, Japan -1.5% and China -0.5%. This week April 2nd announcement will indeed be crucial for future trends.

Fixed Income: following a slight bounce early last week, the US and Bund 10Y gave up these gains into Friday. Growth concerns currently seem to outweigh Inflation fears, which may point to further drops in yields into mid/late Q2.

Forex: the US Dollar remained weak last week, with all USD pairs slightly lower, while USD/JPY rose to 150 from 149. The tariffs announcement will also be crucial for FX markets, with rather aggressive measures probably USD positive.

Commodities: Brent rose another 1\$ last week to 73 \$/bbl. It is now up 6% from its lows, yet for now the previous downtrend probably still dominates. Gold continued to make new highs finishing off at 3'084 USD/oz on Friday.

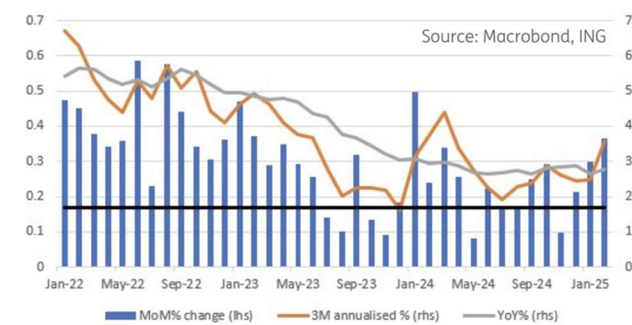
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance YTD in %	Trend last 6m ¹	Exaggeration OB / OS ²
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	5 581	Apr-24	4 967	12,4%	Feb-25	6 144	-9,2%	-5,1%	neutral	neutral
Nasdaq100 Index	USD	19 281	Apr-24	17 038	13,2%	Feb-25	22 176	-13,1%	-8,2%	neutral	neutral
Dow Jones Industrials Index	USD	41 584	Apr-24	37 735	10,2%	Dec-24	45 014	-7,6%	-2,3%	neutral	neutral
EuroStoxx50	EUR	5 331	Aug-24	4 572	16,6%	Mar-25	5 541	-3,8%	8,9%	up	slightly OB
Swiss Market Index	CHF	12 840	Apr-24	11 197	14,7%	Mar-25	13 167	-2,5%	10,7%	up	slightly OB
Nikkei225	JPY	37 120	Aug-24	31 458	18,0%	Jul-24	42 224	-12,1%	-7,0%	neutral	neutral
Shanghai Composite	CNY	3 351	Sep-24	2 704	23,9%	Oct-24	3 490	-4,0%	-0,0%	neutral	neutral
US 10Y Treasury Yield	%	4,25%	Sep-24	3,62%	0,6%	Jan-25	4,79%	-0,5%	-0,3%	neutral	neutral
German 10Y Bund Yield	%	2,73%	Dec-24	2,03%	0,7%	Mar-25	2,89%	-0,2%	0,4%	up	slightly OB
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	90	Jan-25	86	4,7%	Sep-24	100	-10,2%	2,3%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Apr-24	103	5,3%	Sep-24	113	-4,0%	1,6%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	Apr-24	73	7,4%	Feb-25	80	-1,1%	0,9%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	90	Apr-24	83	8,7%	Sep-24	92	-1,9%	2,2%	neutral	neutral
EUR/USD		1,08	Jan-25	1,02	5,7%	Aug-24	1,12	-3,2%	4,6%	neutral	slightly OB
GBP/USD		1,29	Jan-25	1,22	6,4%	Sep-24	1,34	-3,5%	3,4%	neutral	slightly OB
USD/JPY		150	Sep-24	141	6,5%	Jul-24	162	-7,3%	-4,7%	neutral	neutral
USD/CHF		0,88	Sep-24	0,84	4,8%	Apr-24	0,92	-4,2%	-2,9%	neutral	neutral
AUD/USD		0,63	Jan-25	0,61	2,3%	Sep-24	0,69	-9,1%	1,6%	neutral	neutral
Brent Oil (per Barrel)	USD	73	Mar-25	69	5,9%	Apr-24	91	-19,6%	-1,9%	down	neutral
Gold Spot (per Ounce)	USD	3 084	Apr-24	2 245	37,4%	Mar-25	3 084	0,0%	17,5%	up	slightly OB

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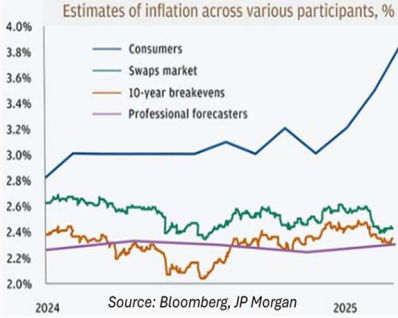
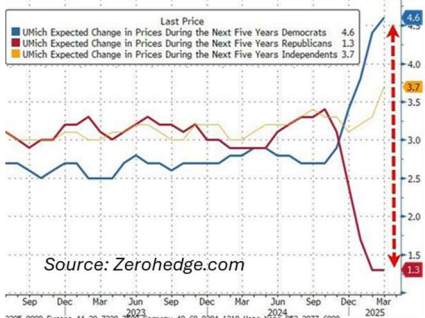
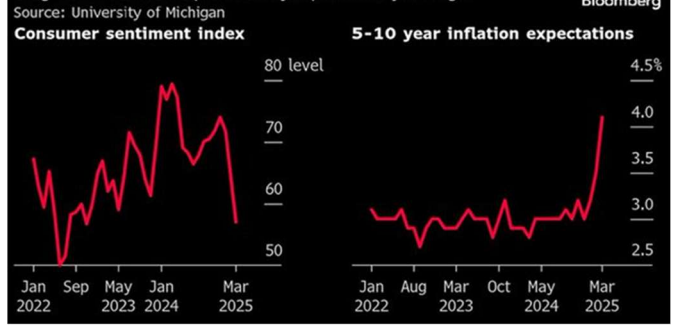
Inflation Focus: some caveats to Friday's higher Core PCE and Inflation Expect.

Friday proved challenging for Inflation and Inflation Expectations. Core PCE, the FED's preferred inflation measure, exceeded forecasts (+0.4% MoM vs. +0.3% expected, +2.8% YoY vs. +2.7% anticipated), hitting its peak since Jan-24 (top-left graph). The revised University of Michigan survey confirmed 1-year Inflation Expectations at 5%, with the steadier 5-10 year figure at 4.1% (top-right), the highest since Feb-93. Though these figures seem concerning, several nuances exist. Inflation Expectations data reveals a divide (bot.-left), with Democrats projecting +4.6% inflation over five years (due to tariff worries and more), while Republicans predict a decline to +1.3%. Additionally, Professional Forecasters and market indicators (inflation breakevens and swap rates) point to levels 1.5% below these current Consumer expectations (bot.-middle). Meanwhile, Truflation, an independent and precise real-time inflation tracker, estimates current inflation at +1.78% YoY (bot.-right), far below both inflation expectations and Core PCE. Coupled with the sharp recent dip in Consumer Sentiment (top-middle) and rising Saving rates (also published as part of Friday's PCE data), these factors suggest moderation. Notably, the US10Y yield fell on Friday after the reports, indicating that Growth concerns presently seem to overshadow Inflation fears.

US core PCE inflation metrics look increasingly ugly



US Consumer Sentiment Plunges Over Inflation Concerns



Notes:

- Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.05% the trend is then "up", below -0.05% then "down", otherwise it is "neutral".
- Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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