

WEEKLY MARKETS ROUND-UP

Executive Summary

14th April 2025

Top news: Trade War and market chaos ongoing, awaiting a Powell speech on Wednesday and ECB on Thursday – last week was a roller coaster for all assets, with new lows for the S&P500 on Monday just above 4'800 following the threat by President Trump of 50% additional tariffs on China. Throughout the week, US and China continued to outbid each other for new tariffs with the week ending with 145% for Chinese goods into the US and 125% for US ones into China. In the meantime, equity markets saw several wild rallies and downside retests (finishing up 5% for the week), Treasuries got caught in a deleveraging spree with the US10Y rising 0.5% on the week, while the US Dollar tanked dropping 2 to 4 figures vs the majors. As for the macro data, it took second stage last week, yet was surprisingly weak with both US CPI and PPI much lower than expected (Headline and Core CPI at 2.4% and 2.8%, Headline and Core PPI at 2.7% and 3.3%) and Univ. of Michigan Consumer Confidence close to record lows. Bank earnings (JPM, MS, WFC) did come in positively on Friday. Early this week, the Trade War as well as the Treasuries and Equity markets will retain centerstage. US Retail sales are then expected on Wednesday, and then a speech by Powell that evening and the ECB rate decision (-0.25% exp.) on Thursday. On the earnings front, GS releases on Monday, BAC and C on Tuesday.

Equities: following new lows on Monday, markets pumped and dumped into Wednesday as disbelief about the tariffs dominated, this until the 90d pause was announced (ex China). Since then, markets have bounced while remaining Oversold. This rebound could follow through early this week, yet equities could take several months to really recover.

Fixed Income: Bund yields were stable last week while US Treasuries sold-off with the US10Y rising 50bps. Going forward, short term disruptions are still possible, yet we then expect yields to retrace towards the Summer (next page).

Forex: the US Dollar continued to drop heavily last week, especially vs EUR, CHF and JPY. It is now Oversold vs CHF or EUR and may bounce. Over the next couple of months however, it could remain under the pressure of falling yields.

Commodities: Brent did push down into the high 50s USD/bbl on Wednesday but then recovered on the 90 days pause announcement. Gold resumed its uptrend by Wednesday and then continued to make new highs above 3'200 USD/oz.

	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	5 363	Apr-24	4 967	8,0%	Feb-25	6 144	-12,7%	-8,8%	down	OS
Nasdaq100 Index	USD	18 690	Apr-24	17 038	9,7%	Feb-25	22 176	-15,7%	-11,1%	down	slightly OS
Dow Jones Industrials Index	USD	40 213	Apr-25	37 646	6,8%	Dec-24	45 014	-10,7%	-5,5%	down	slightly OS
EuroStoxx50	EUR	4 787	Aug-24	4 572	4,7%	Mar-25	5 541	-13,6%	-2,2%	neutral	OS
Swiss Market Index	CHF	11 240	Apr-25	10 888	3,2%	Mar-25	13 167	-14,6%	-3,1%	neutral	OS
Nikkei225	JPY	33 586	Apr-25	31 137	7,9%	Jul-24	42 224	-20,5%	-15,8%	down	OS
Shanghai Composite	CNY	3 238	Sep-24	2 704	19,8%	Oct-24	3 490	-7,2%	-3,4%	neutral	neutral
US 10Y Treasury Yield	%	4,50%	Sep-24	3,62%	0,9%	Jan-25	4,79%	-0,3%	-0,1%	neutral	neutral
German 10Y Bund Yield	%	2,58%	Dec-24	2,03%	0,5%	Mar-25	2,89%	-0,3%	0,2%	up	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	87	Jan-25	86	0,9%	Sep-24	100	-13,4%	-1,4%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	105	Apr-24	103	2,2%	Sep-24	113	-6,9%	-1,4%	neutral	slightly OS
US High Yield (HYG ETF, 3-4Y duration)*	USD	77	Apr-24	73	4,6%	Nov-24	80	-3,7%	-1,8%	neutral	slightly OS
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	87	Apr-24	83	5,0%	Sep-24	92	-5,2%	-1,2%	neutral	slightly OS
EUR/USD		1,14	Jan-25	1,02	10,9%	Apr-25	1,14	0,0%	9,7%	neutral	OB
GBP/USD		1,31	Jan-25	1,22	7,5%	Sep-24	1,34	-2,5%	4,5%	neutral	slightly OB
USD/JPY		144	Sep-24	141	2,0%	Jul-24	162	-11,2%	-8,7%	neutral	slightly OS
USD/CHF		0,82	Apr-25	0,82	0,0%	Apr-24	0,92	-11,3%	-10,2%	neutral	OS
AUD/USD		0,63	Apr-25	0,60	5,7%	Sep-24	0,69	-9,0%	1,6%	neutral	neutral
Brent Oil (per Barrel)	USD	65	Apr-25	63	2,9%	Apr-24	90	-28,2%	-13,5%	down	OS
Gold Spot (per Ounce)	USD	3 237	Apr-24	2 286	41,6%	Apr-25	3 237	0,0%	23,4%	up	slightly OB

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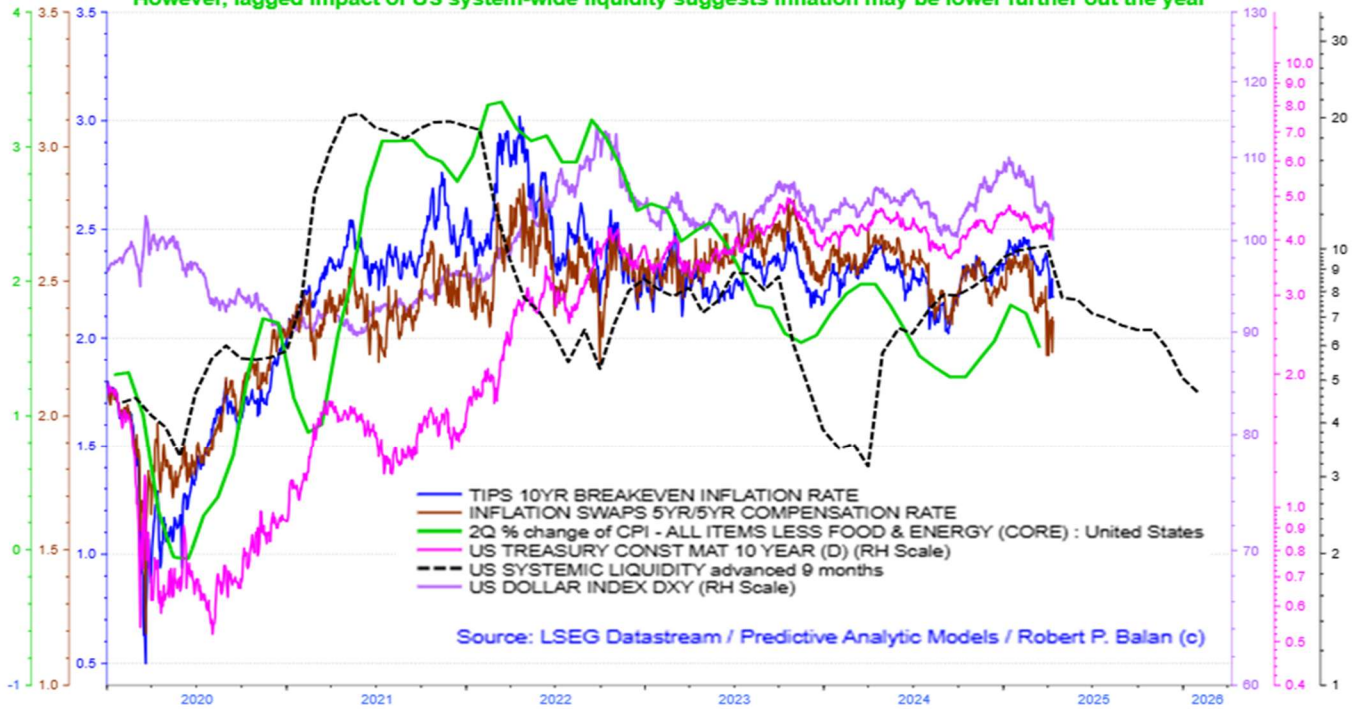
Treasury focus: sharp rise in yields questions safe-haven, or is it just a squeeze?

As Liberation Day hit on April 2nd, Treasuries initially rose sharply on Flight-to-Safety flows. However, China's retaliatory tariffs on April 4, followed by Trump's threat of an additional 50% tariff on April 7, reversed this trend, driving Treasury prices down and yields up rapidly. We suspect this began with tariff-fueled inflation fears and some PBoC Treasury sales to stabilize USD/CNY, but that the move then snowballed, hitting leveraged hedge funds long-Treasury positions. These trades are now unraveling in a cascade of negative feedback loops, amplifying liquidation. Looking past this turmoil, we refer to a chart by [@RobertPBalan1](#), a leading expert on Central Bank liquidity and its delayed impact on future cross asset price moves. It shows that liquidity and US balance sheet reductions over the past three quarters (black dotted line shifted forward 9 months) are poised to drive inflation, yields, and the US Dollar lower into late this year.

US Systemic Liquidity, 10yr Bond Yield, 10Yr TIPs, 5Y5Y Inflation Compensation Swaps, CPI

The current uptick in 10Yr yield was due to fears that Trump's tariff escalation will push CPI higher

However, lagged impact of US system-wide liquidity suggests inflation may be lower further out the year



Source: LSEG Datastream / Predictive Analytic Models / Robert P. Balan (c)

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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Primis Investment (Suisse) SA

5 rue Jacques-Balmat, 1204 Geneva –Switzerland

T: + 41 22 570 60 80

wealth-management@primis.swiss

www.primis.swiss

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