

WEEKLY MARKETS ROUND-UP

Executive Summary

7th April 2025

Top news: as the tariffs fall-out may persist, US CPI and PPI are then expected Thursday and Friday – last week, along with Global markets, US markets experienced their largest 2-day market value wipe-out ever, dropping \$6.6 trillion (or more than 9% for the S&P500). It was triggered by President Trump's announcement of widespread tariffs on Thursday evening. Initially, the 4.8% sell-off spared some defensive and domestic sectors on Thursday, but Friday saw another 4.5% yet broader decline across all stocks, as China retaliated with 35% tariffs. Previous news last week now seems insignificant. They mostly came in slightly negative including the ISM Manufacturing and Services data or the JOLTs job openings. Friday's Non-Farm Payrolls, on the other hand, were quite positive early that afternoon (228k vs 137k exp.) yet couldn't prevent the further drop in US and global markets. Today's market open remains painful and uncertain. Conditions are very Oversold, yet systematic selling persists. Upcoming events include the FOMC minutes on Wednesday, US CPI (exp. down to +0.1% MoM on Headline, yet up to +0.3% on Core) on Thursday, and then on Friday, US PPI (exp. higher), UoM Consumer Sentiment, potentially testing its 2022 lows, inflation expectations, which could remain around 5%, as well as initial earnings from JPM, Wells Fargo, Morgan Stanley, and BNY Mellon.

Equities: the S&P500 and Nasdaq100 dropped -8.6 and -9%, the EuroStoxx50 and the SMI by -9.3 and -10.3%, Japan by -8.3% while the Shanghai Comp. dropped 0.2% on Thursday and was closed on Friday. The US is getting Oversold and the Nasdaq100 has just shifted to a downtrend. A short term bounce is possible early this week, yet will it hold?

Fixed Income: yields are also retracing rapidly. The US10Y tested 4% on Friday and the 10YBund briefly below 2.5%. US yields are getting Oversold, yet could still slide into mid-April initially, perhaps towards last year's lows (3.8-3.5%).

Forex: the first reaction to the tariffs was a 2% USD sell-off vs most currencies. It has since started to reverse, with many Commodity, NOK, SEK or Asian Currencies now already making new lows vs USD, and potentially falling further.

Commodities: Brent fell 10% last week on growth concerns and reaffirmed its downtrend. Even Gold dropped 4% on Thursday and Friday, following new ATHs on Wednesday, suggesting some Gold collateral being sold on margin calls.

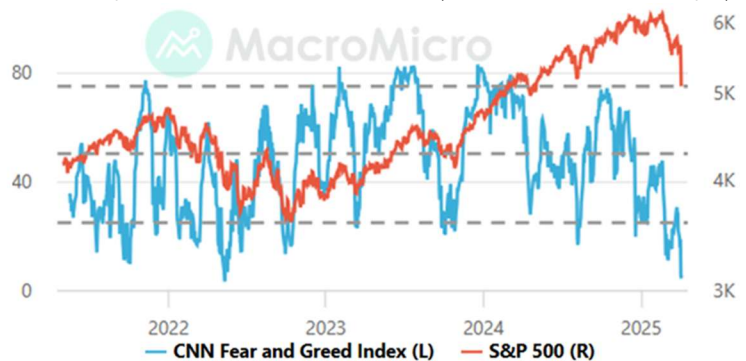
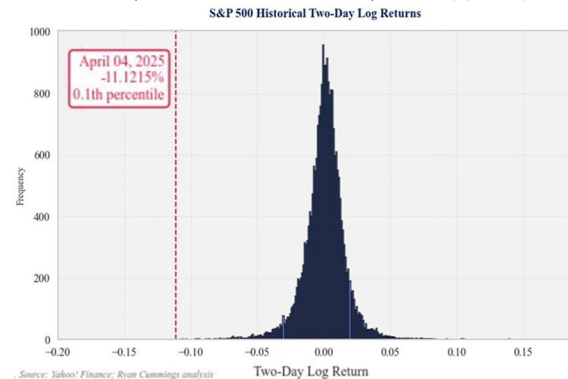
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	5 074	Apr-24	4 967	2,2%	Feb-25	6 144	-17,4%	-13,7%	neutral	slightly OS
Nasdaq100 Index	USD	17 398	Apr-24	17 038	2,1%	Feb-25	22 176	-21,5%	-17,2%	down	slightly OS
Dow Jones Industrials Index	USD	38 316	Apr-24	37 735	1,5%	Dec-24	45 014	-14,9%	-9,9%	neutral	slightly OS
EuroStoxx50	EUR	4 878	Aug-24	4 572	6,7%	Mar-25	5 541	-12,0%	-0,4%	up	neutral
Swiss Market Index	CHF	11 648	Apr-24	11 197	4,0%	Mar-25	13 167	-11,5%	0,4%	up	neutral
Nikkei225	JPY	33 781	Aug-24	31 458	7,4%	Jul-24	42 224	-20,0%	-15,3%	down	OS
Shanghai Composite	CNY	3 342	Sep-24	2 704	23,6%	Oct-24	3 490	-4,2%	-0,3%	neutral	neutral
US 10Y Treasury Yield	%	4,00%	Sep-24	3,62%	0,4%	Jan-25	4,79%	-0,8%	-0,6%	neutral	slightly OS
German 10Y Bund Yield	%	2,59%	Dec-24	2,03%	0,6%	Mar-25	2,89%	-0,3%	0,2%	up	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	93	Jan-25	86	7,9%	Sep-24	100	-7,5%	5,3%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	109	Apr-24	103	5,6%	Sep-24	113	-3,7%	1,9%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	77	Apr-24	73	4,7%	Nov-24	80	-3,7%	-1,7%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	89	Apr-24	83	6,5%	Sep-24	92	-3,9%	0,2%	neutral	neutral
EUR/USD		1,10	Jan-25	1,02	7,0%	Aug-24	1,12	-2,0%	5,9%	neutral	slightly OB
GBP/USD		1,29	Jan-25	1,22	6,0%	Sep-24	1,34	-3,9%	3,1%	neutral	slightly OB
USD/JPY		147	Sep-24	141	4,5%	Jul-24	162	-9,1%	-6,5%	neutral	slightly OS
USD/CHF		0,86	Sep-24	0,84	2,4%	Apr-24	0,92	-6,4%	-5,2%	neutral	slightly OS
AUD/USD		0,60	Apr-25	0,60	0,0%	Sep-24	0,69	-12,6%	-2,4%	neutral	neutral
Brent Oil (per Barrel)	USD	66	Apr-25	66	0,0%	Apr-24	91	-27,2%	-11,7%	down	neutral
Gold Spot (per Ounce)	USD	3 038	Apr-24	2 286	32,9%	Apr-25	3 133	-3,0%	15,8%	up	slightly OB

* These large fixed income ETFs are used as proxies to assess the state of duration trades as well as of credit markets

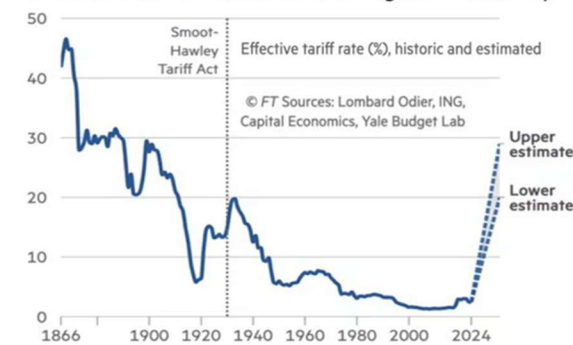
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Amid the Crash: extreme fear as US stock market registered worst 2 days ever

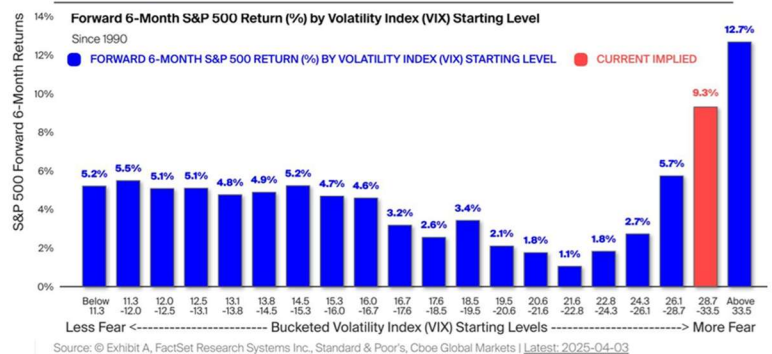
Following the sweeping announcements of new US tariffs on almost every country (ex. Mexico, Canada and Russia) on Thursday evening, the dive in US and Global markets on Thursday and Friday was historical (-11.12% or one of the 5 worst 2-days drops since 1945 on US markets – top-left graph - and the largest ever in terms of US markets cap. with a USD 6.6 trillion wiped-out). This also registers has the worst drawdown following a policy decision by any US President ever. The new tariffs are themselves historical, reaching their highest levels in almost a century (between 20-30% average effective tariffs, bot.-left), or since the 1930 ill-fated Holly Smooth Tariff Act. This 2-days crash has now pushed the CNN Fear & Greed index to its lowest level since May-22 (at 4.24, top-right), while many other Oversold measures are at historical sold-off level. While systematic trend following flows (CTA flows) may still weigh on price over the next few days, historically such Oversold conditions (VIX around/above 30) have typically triggered strong recoveries within 6 months (data since 1990, bot-right).



New effective tariff rate could be the highest in a century



The Impact of Fear on S&P 500 Forward Returns



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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