

WEEKLY MARKETS ROUND-UP

Executive Summary

26th May 2025

Top news: NVIDIA earnings on Wednesday, US Core PCE on Friday – last week was negative for equity markets, the first weekly setback in 5 (-2% for US and Europe). Long term yields were bid up again, USD dropped, and Gold was bid as the US fiscal pressure took centerstage. Indeed, on Thursday evening, the House passed the new administration's "Big, beautiful" tax bill with a narrow margin (215 vs 214 votes). The bill renews the 2017 tax cuts, adds tip tax breaks, raises the debt ceiling past midterms, and prioritizes border and military funding while slashing Medicaid, clean energy, student loans, and food assistance. It will now head to the Senate, facing opposition from social program advocates and fiscal conservatives, with a soft deadline in early July. On the tariffs front, April/May saw a record intake of Customs Duties to above 20bn USD/month, more than doubling from early this year. The battle is now heating up with Europe with a 50% tax on all European goods announced on Friday. This week will start with reactions to this threat as well as to its delay until July to give time for negotiations, as discussed on Sunday between President Trump and Ursula von der Leyen. We will then await the latest FOMC minutes on Wednesday evening, along with NVIDIA's earnings, the Preliminary US GDP on Thursday and finally Core PCE inflation on Friday (exp. at a tamed +0.1% MoM).

Equities: the week should start under better auspices with the delay of the European tariffs. NVIDIA's earnings will then take centerstage Wednesday after the close. Revenue and Earnings are expected up 66 and 30% YoY respectively.

Fixed Income: benchmark yields did retrace slightly late last week after the tax bill, perhaps following a subtle sell the news dynamic. UST yields remain slightly Overbought and we believe there is room for further retracement into June.

Forex: USD seems to be resuming lower vs most currencies as the US budgetary discussions could heat up in the Senate. Most pairs are slightly Overbought now vs USD, yet may still rise 2-3 figures into early Summer.

Commodities: Oil has held lately yet may come under pressure again as OPEC plans for further increases in production at its 1st June meeting. Gold has bounced back reacting to the US fiscal considerations and could be eyeing new highs.

	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	5 803	Apr-25	4 983	16,5%	Feb-25	6 144	-5,6%	-1,3%	neutral	neutral
Nasdaq100 Index	USD	20 916	Apr-25	17 090	22,4%	Feb-25	22 176	-5,7%	-0,5%	neutral	slightly OB
Dow Jones Industrials Index	USD	41 603	Apr-25	37 646	10,5%	Dec-24	45 014	-7,6%	-2,2%	down	neutral
EuroStoxx50	EUR	5 326	Aug-24	4 572	16,5%	Mar-25	5 541	-3,9%	8,8%	neutral	neutral
Swiss Market Index	CHF	12 199	Apr-25	10 888	12,0%	Mar-25	13 167	-7,4%	5,2%	neutral	neutral
Nikkei225	JPY	37 160	Apr-25	31 137	19,3%	Jul-24	42 224	-12,0%	-6,9%	down	neutral
Shanghai Composite	CNY	3 348	Sep-24	2 704	23,8%	Oct-24	3 490	-4,1%	-0,1%	neutral	neutral
US 10Y Treasury Yield	%	4,51%	Sep-24	3,62%	1,9%	May-25	5,51%	0,0%	0,9%	neutral	slightly OB
German 10Y Bund Yield	%	2,57%	Dec-24	2,03%	0,5%	Mar-25	2,89%	-0,3%	0,2%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	85	May-25	84	0,7%	Sep-24	100	-15,7%	-4,1%	neutral	slightly OS
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	106	May-24	104	1,9%	Sep-24	113	-5,9%	-0,4%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	May-24	75	6,0%	Nov-24	80	-0,9%	1,1%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	90	May-24	85	6,0%	Sep-24	92	-2,4%	1,7%	neutral	neutral
EUR/USD		1,14	Jan-25	1,02	11,0%	Apr-25	1,15	-1,3%	9,7%	up	slightly OB
GBP/USD		1,35	Jan-25	1,22	11,3%	May-25	1,35	0,0%	8,2%	up	slightly OB
USD/JPY		143	Sep-24	141	1,4%	Jul-24	162	-11,8%	-9,3%	down	slightly OS
USD/CHF		0,82	Apr-25	0,81	1,5%	Jan-25	0,92	-10,5%	-9,5%	down	slightly OS
AUD/USD		0,65	Apr-25	0,60	9,2%	Sep-24	0,69	-6,0%	5,0%	neutral	neutral
Brent Oil (per Barrel)	USD	65	May-25	60	7,6%	Jul-24	87	-25,9%	-13,3%	down	neutral
Gold Spot (per Ounce)	USD	3 359	Jun-24	2 293	46,5%	May-25	3 432	-2,1%	28,0%	up	neutral

* 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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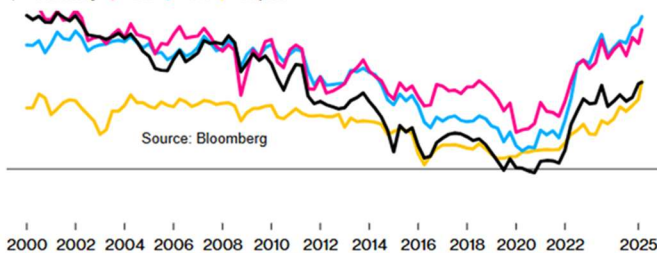
Treasury focus: long end breaks 5% as fiscal pressure tops inflationary fears

Last week, the US30Y treasury yield retested its Oct-23 highs, just above 5% (top-left graph). The US10Y was lower but did reach back above 4.6%. This pressure echoes other bond markets globally, where the long ends are also rising aggressively, and for now at least, inflation isn't the main influencing factor anymore (mostly true for the US and the EuroZone, less so for Japan and the UK). Indeed, in the US, Core PCE data should come in quite low this week (+0.1% MoM expected), while personal spending may also be retreating, potentially providing further relief for future price increases (top-right). In fact, the driver for long-term yields is now mostly fiscal. This trend isn't new as the term premium has accounted for most of the rise in long term yields since 2020, yet it has been re-accelerating lately (bot-left), and the "Big, beautiful" tax bill passed by the House last week would also suggest higher deficit projections, over the first few years at least (bot-right). To conclude, long term yields may continue to rise in coming years, yet we do expect some relief into the Summer, perhaps as the fiscal bill does take some time to be confirmed in the Senate while, in the meantime, inflation could see a temporary dip.

World Long-End Is Suffering

30-year government bond yields are rising globally

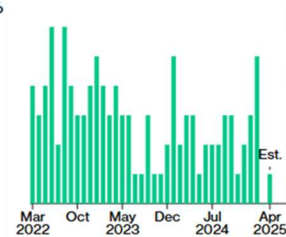
Germany / US / UK / Japan



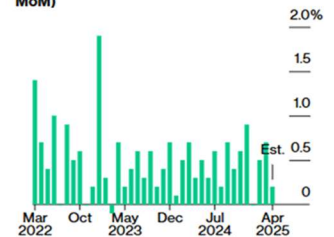
US Inflation Stayed Cool at Start of Second Quarter

Forecasters also expect consumer demand moderated after solid March

Change in core PCE price index (MoM)

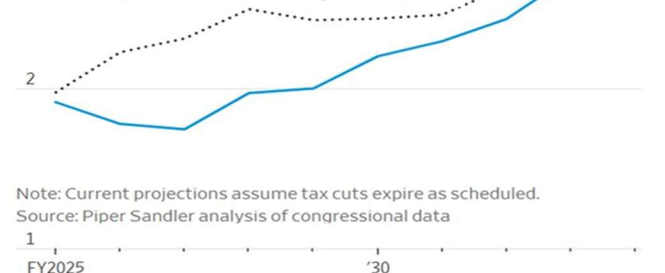


Change in personal spending (nominal, MoM)



Budget-deficit scenarios

Deficit projections after House GOP bill / Current deficit projections



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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