

# Increasingly shaky as the new tariff deadline approaches

Saving you time

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The global economy is experiencing turbulence fuelled by growing concerns over the implementation of reciprocal tariffs by the Trump administration on 2 April.

## PMI indices have risen marginally

The Eurozone composite PMI (purchasing managers index) rose at a slower pace than expected, crawling its way back into expansion territory at 50.4 but falling short of the 50.7 that was expected.

In Germany, the composite PMI index edged up to a firmer 50.9, signalling moderate future growth in the private sector. German business sentiment also recovered, buoyed by the government's adoption of an ambitious spending plan. The Ifo indicator responded by rising to 86.7 points, its highest level for many months.

In the US, economic data in the services sector showed a surprise recovery, but the outlook remains uncertain. The PMI rebounded in March, but consumer confidence continues to recede, falling to a 12-year low. The gloomy outlook among households about the future is stoking fears of a recession exacerbated by inflation.

The PCE price index was reported in line with expectations, at 2.5% year-on-year, signalling again that inflation is not weakening. Core inflation, excluding energy and food, accelerated to 2.8%, which was slightly worse than expected.

The picture is all the more worrying in view of the Trump administration's trade policies, with the new tariffs due to take effect on 2 April. These duties will hit core sectors such as automotive, steel and aluminium industries, and will affect countries such as China and India, which are already in Washington's crosshairs. These measures are adding to economic uncertainty just as investors are turning to safe havens such as gold.

## High volatility in financial markets

Financial markets last week reacted by driving volatility higher in equities and pushing down the US dollar, as investors worried about the repercussions of the new tariffs in terms of global growth and corporate profits. Persistent inflation and the threat of recession are fuelling fears of stagflation whereby weak growth is matched by high inflation – a scenario that the Fed fears especially.

The global economy remains shrouded in uncertainty. Trade tensions coupled with persistent inflation and geopolitical flashpoints leave the global economy in a vulnerable position. Markets continue to navigate an unstable environment, making the economic recovery more fragile as we approach the 2 April deadline for the new tariffs.

In all, the S&P 500 contracted by 1.53%, the tech-focused Nasdaq by 2.39% while the Stoxx 600 Europe drifted lower by 1.38%.

## Swiss Market Index (SMI)

The SMI tested the 12736 mark last week, but this morning fell back into a dangerous zone that could drive it back towards 12470. MACD remains positive but has been receding for several weeks.



## Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI Emerging Markets
Latest	0.88	0.95	12'840.43	5'331.40	22'461.52	7'916.08	8'658.85	5'580.94	17'322.99	37'120.33	1'120.72
Trend	➡	➡	⬇	⬇	⬇	⬇	➡	⬇	⬇	➡	➡
YTD	-2.95%	1.50%	10.68%	8.89%	12.84%	7.25%	5.94%	-5.11%	-10.29%	-6.95%	4.21%

(values from the Friday preceding publication)

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