

Shock — treatment

Saving you time

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Donald Trump has roiled economies and markets alike by imposing substantial tariffs on trading partners friend and foe. In his speech on 2 April, which he called “Liberation Day”, he detailed the new customs duties that the US would be imposing. Since 5 April, a basic tariff (10%) has been levied, followed by country-specific tariffs on 9 April.

“Reciprocal” customs duties

The tariffs were calculated simplistically, under the name of “reciprocal” duties. The Trump administration took as its basis each country’s trade surplus with the US adjusted for American imports from that country. This ratio, divided by two, represented the new customs duties on imports. The US administration also made it clear that this represents a high watermark. It is up to each country to negotiate reductions in exchange for “phenomenal” concessions.

The main trading partners, including the EU, have announced that they are willing to negotiate while preparing retaliatory measures. China did not wait, announcing on Friday that it would apply tariffs of 34% to US imports from 10 April, and has referred the matter to the WTO.

Switzerland was hit hard with a general tariff of 31%. Thankfully this does not apply to pharmaceuticals or gold (for the time being). However, Trump has already announced that he wants to address imbalances in the pharmaceutical industry. Canada and Mexico are exempt for now but continue to be subject to customs duties of 25%. The new tariffs exclude steel and aluminium exports, which are already taxed at 25%.

The reaction of the stockmarkets around the globe has been swift, with sharp falls recorded pretty much everywhere. Last week, the S&P 500 lost 9.08%, the Nasdaq 9.77% and the EuroStoxx600 8.44%. The 10-year US Treasury yield ended the week below 4%, its lowest level since October 2024, while the German Bund retraced to 2.57%. The price of gold, the world’s haven asset par excellence, soared to USD 3167, establishing a new record.

US economic activity slows

The Fed chair’s speech and the release of economic statistics went almost unnoticed amidst all this confusion. The market still was able to focus on job creation figures, which were much higher than expected (228,000 compared with 140,000). Meanwhile, ISM data echoed the slowdown in US manufacturing and services (50.8 compared with 52.9 expected).

Central bankers will probably be forced to rethink their plans in the weeks ahead, given the new paradigm in markets and the implications for growth. The ECB is likely to cut rates again at its next meeting on 17 April, while observers are now expecting the US benchmark to be cut by a full percentage point this year.

Swiss Market Index (SMI)

The SMI index broke downside of the uptrend line dating from 2022. The nearest support for the week lies around 10650 points.



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	0.86	0.94	11'648.83	4'878.31	20'641.72	7'274.95	8'054.98	5'074.08	15'587.79	33'780.58	1'087.59
Trend	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
YTD	-5.14%	0.38%	0.41%	-0.36%	3.70%	-1.43%	-1.44%	-13.73%	-19.28%	-15.33%	1.13%

(values from the Friday preceding publication)

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