

# Trade-related threats — intensifying

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The Trump administration's belligerent trade policy is beginning to have a serious impact on US equity indices. The American business community, sceptical about the White House's strategy, is anxious about the long-term consequences for the world's largest economy. Investor mistrust is also dampening the dollar, which is languishing at its lowest level in five years. It is particularly weak against the Swiss franc.

## Economic fundamentals deteriorating in the US

The German Bund ended the week at 2.47% while the US counterpart was static at around 4.30%.

US consumer spending is holding up for now, but economic fundamentals are deteriorating.

America's retail sales rose by 1.4% month-on-month in March, having increased by 0.2% in February. However, excluding the sometimes volatile auto sector, these retail sales rose just 0.5% last month, broadly in line with the economist consensus.

The state-side construction market recorded an 11.4% fall in housing starts in March compared with the previous month, resulting in an annualised, seasonally adjusted rate of 1,324,000 units. In contrast, building permits for new homes, which act as a leading indicator for housing starts, rose slightly last month.

Turning our attention to jobs, the Department of Labour reported 215,000 initial jobless claims in the week beginning 7 April, which was 9,000 fewer than in the previous week. The four-week moving average, which is more representative of the underlying trend, stood at 220,750, which was down 2,500 on the previous week.

Additionally, the number of claimants receiving regular benefits rose by 41,000 to 1,885,000 in the week commencing 31 March. This figure will gradually be inflated by job cuts in the US administration as a result of Doge's current purge.

## ECB cuts by a quarter-point

Here in Europe, the ECB lowered its benchmark policy rate by 25 basis points (bp) last Thursday. The reasons given included the disinflation phase in the Eurozone, with inflation averaging 2.20% in March. The ECB also stressed that the uncertainty arising from US tariffs is having a negative impact on the growth outlook.

Last week the S&P 500 dropped by 1.50%, Nasdaq by 2.30% while the Stoxx Europe 600 gained 4.04%.

## Swiss Market Index (SMI)

Momentum is still on the downside. As a result, we expect the SMI to fluctuate between 11370 and 11750 during the week.



## 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	0.82	0.93	11'660.96	4'935.34	21'205.86	7'285.86	8'275.66	5'282.70	16'286.45	34'377.60	1'067.07
Trend	↓	↓	↓	↓	↓	↓	→	↓	↓	↓	↓
YTD	-9.67%	-0.87%	0.52%	0.80%	6.53%	-1.29%	1.26%	-10.18%	-15.66%	-13.83%	-0.78%

(values from the Friday preceding publication)

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