



CIO OFFICE MORNING MARKET WRAP

16 April 2025

Nvidia announced yesterday post market that the ban on exporting H20 chips earlier designed to comply with the U.S. export restrictions to China will cost the company \$5.5 Bn. According to some estimates the chip generated \$12 billion to \$15 billion in 2024. Chip stocks sank post market. AMD and Nvidia were among the biggest decliners, both falling more than 6%. The market sentiment had soured prior to this. S&P 500 gave up early gains to close 0.2% lower. Nasdaq was flat. European stocks had fared better earlier in the day. FTSE 100 gained 1.4% and MSCI Europe rose 1.6%. DM stocks gained 0.2% while EM equities were up 0.9%. US Treasury yields were richer by 2bp to 6bp across the curve, with belly-led gains steepening 5s30s spread by 1.5bp. Treasury will auction \$13bn of reopened 20-year notes today, unchanged in size from the last reopening in March.

There were reports that the US administration was probing into the need for tariffs on critical minerals and WSJ reported that the government was pressuring partners to limit their dealings with China. Meanwhile, Bloomberg reported that there was little progress between the EU and US regarding tariff negotiations. Bloomberg also reported that there is a proposal to raise tax rates to 40% for taxpayers earning more than \$1 Mn per year. Treasury Secretary Scott Bessent said in an interview Monday with Bloomberg News that “everything is on the table” with regards to the tax bill. The current top tax rate is 37% for individuals earning more than \$626,350 a year.

Markets this morning

China’s economy grew 5.4% in the first quarter from a year earlier, exceeding estimates, while industrial production and retail sales data for March also topped expectations. But markets looked through the positive data with Hang Seng tumbling 2.5% and mainland stocks down 0.9%. Japanese Central Bank chief Kazuo Ueda told that a policy response to tariff turmoil may be needed. Given that a rate cut is unlikely now, the BOJ may increase bond purchases if sentiment doesn’t improve. Nikkei dropped 0.6%. Yen continued to strengthen and was trading around 142.5. US 10-year benchmark treasuries were trading around overnight levels of 4.32%. Gold has rallied to \$3,276. Brent Crude trades slightly lower at \$64.5 per barrel.

Upcoming key events/data:

From the US we get Retail Sales data and industrial Production figures. UK inflation may have slowed to 2.7% in March. Eurozone core CPI is expected to be flat around 2.4%. Chairman Powell is scheduled to speak today at the Economic Club of Chicago. Today’s earnings include ASML, Abbott Labs, and Nordea Bank.

Have a good day!

Chief Investment Office
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