



## CIO OFFICE MORNING MARKET WRAP

18 April 2025

President Trump raised the pressure on the Fed to cut rates by calling for removal of Chairman Powell. Trump said he had been a “terrible” Fed chair who had been “too slow” to cut rates. In a 1935 case, known as Humphrey’s Executor, Congress gave members of independent agencies job protections to shield them from dismissal. However, the Trump administration may no longer defend the Humphrey’s Executor precedent and could push the Supreme Court to reverse it. Some of the cases the administration is fighting for removal of agency chairpersons reaches culmination at the Supreme court around September this year. If Supreme court rules in favour of the government, that would increase the power of the President to remove the Fed Chair. However, Treasury secretary Bessent and National Economic Council Director Hassett, have been advising against this move as that could roil the financial markets.

In tariff related news, the Trump administration has proposed a plan to impose fees on Chinese vessels docking at US ports, based on the volume of goods carried, to take effect in six months. After six months, the fee for Chinese vessels would be set at \$50 per net ton, or the volume of a ship’s revenue-earning space, and then increase incrementally over three years. The proposal follows a months-long investigation ordered by the Biden administration into whether Chinese shipbuilding threatens US national security. The plan also hits non-Chinese shipbuilders, adding a levy to any vehicle carriers not made in America calling at US ports.

S&P 500 was up 0.1% and Nasdaq was down by the same percentage last night. European equities were mostly in the red. European equities. US housing starts fell more than expected in March, showing a drop of 11.4%. Jobless claims fell to 215,000, below all estimates. The US Treasury yield curve bear steepened with long-end yields rising between 4 to 6 bps while the front-end remained anchored. The 10-year ended the US session at 4.32%.

Netflix reported record profit to start the year, with first-quarter earnings rising 25% to \$6.61 a share, beating analysts’ estimates. The company’s sales grew to \$10.5 billion, in line with projections, boosted by a recent price increase and a strong slate of programming. Netflix projected strong results in the current quarter, forecasting sales will grow 15% to \$11 billion and a 44% jump in earnings to \$7.03 a share, both above Wall Street projections. Eli Lilly & Co. shares surged 14% after its experimental pill helped patients shed weight and control blood sugar about as well as Ozempic. The pill, called orforglipron, helped diabetics lose 16 pounds, or 7.9% of their body weight, over a 40-week period, and blood sugar levels fell by an average of 1.3%.

ECB cut rates yesterday by 25 bps as expected. President Lagarde signaled openness to further easing as deflationary pressures build sending a dovish gesture. US tariffs, Chinese deflation, and a stronger euro are drags on European competitiveness — hurting profits, investment, and inflation. She made clear that in a world of heightened uncertainty and large shocks, estimates of the neutral rate are “meaningless”. What matters is the objective: bringing inflation sustainably to 2%. Echoing Draghi’s “whatever it takes” moment, she emphasized the ECB’s readiness to use any measure or instrument necessary to achieve that goal.

Meanwhile, Türkiye central bank made a surprise move by hiking one week repo rates to 46% from 42.5% and lifted its overnight lending rate to 49%. The Turkish lira strengthened by as much as 0.2% against the US dollar after the announcement. Turkish annual inflation had slowed for 10 straight months through March to 38.1% due to a tight monetary policy pursued since Erdogan’s reelection in 2023. The market crises followed by Turkish Mayor Ekrem Imamoglu’s arrest caused many investors to sell their Turkish assets. The central bank drained close to \$50 billion from its foreign reserves to stem losses in the lira. That reduced its net reserves to \$16.7 billion as of April 10, according to calculations by Bloomberg Economics.

### Markets this morning:

This morning, Nikkei is up 0.7%. Japan’s Headline CPI came below expectations at 3.6% while Core figures were in line at 2.9%. Gold closed yesterday’s session at \$3,326 and Brent ended below \$68. US markets are closed today.

### Upcoming key events/data:

Today is very data light as most of the markets are closed. Next week we get the preliminary numbers for April PMIs across the world. UK retail sales are due next Friday. Have a great end to the week.

Have a good day!

Chief Investment Office  
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