



CIO OFFICE MORNING MARKET WRAP

18 February 2025

Monday was overall a good start to the week. Global stocks gained +0.6% in developed regions and were flat in emerging ones. US Treasury yields were broadly stable, and the trade-weighted dollar strengthened +0.2%. Still, gold hit a new record high, crossing our year-end fair value of \$2,900, and the price of Brent crude gained \$1.2 to just below \$76.

There was no major data release yesterday and attention focused on US tariffs. President Trump confirmed a 25% levy on all US imports on steel and aluminum from March 4th. He added that the rate “could go higher” and that he will be looking next at cars and chips. Interestingly however, Bloomberg reports that the US considers an exemption for Australia following a phone conversation between the leaders of the two countries, due to the trade surplus and significant investments in America. Bottom-line, there is no doubt that more tariffs are on their way, but as they are meant to achieve a range of different objectives, the modus operandi could be an initial spectacular, brutally broad announcement, followed by bilateral negotiations. In any case, we will face more macro uncertainty. Mexico and Canada were just the beginning, next are the European Union (cars, “reciprocal tariffs”) and Asia (especially chips). Markets so far haven’t been too affected, but we shouldn’t be complacent.

Markets this morning:

The morning session is mixed and cautious in Asia as we write this morning. Stocks are down between -0.5% in China’s onshore markets and -0.8% in Hong-Kong, but up +0.6% in Korea while Japan is closed for a holiday – which includes US Treasuries trading. The dollar continues to grind higher, now almost flat YTD against trade-weighted counterparts. Gold trades at a new record of \$2,925, after having briefly touched \$2,940, and a barrel of Brent crude trades for \$76.

Upcoming key events/data:

There is no major data release today. Several Fed officials will deliver speeches, culminating with chairman Powell’s semiannual testimony to the Senate. Earnings releases will include Coca-Cola in the US and BP in Europe. Tomorrow will provide the monthly US CPI inflation report. Have a great day.

Chief Investment Office
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