

TAM Talks – Weekly Update – 16th April 2025

April has been a month of high emotion so far. The Trump roller coaster that began on 'Liberation Day' saw the S&P 500 rally 5.7% last week—including a nearly 10% surge on Wednesday—after Trump announced a 90-day pause on tariffs and reduced levies for many countries. While this doesn't mean tariffs are off the table, it highlights just how quickly sentiment can shift—and how powerful even a mild change in narrative can be when investor confidence is at a low. This is also a timely reminder of the importance of staying invested through volatile periods. The potential exclusion of smartphones and some electronics has extended the positive momentum into the start of this week.

An unlikely casualty in the recent market turmoil has been US Treasuries. Traditionally seen as a safe-haven asset, the 10-year Treasury yield surged by 49 basis points—equating to a price drop of roughly 5%. At the same time, the US dollar has continued to weaken. Trump's policies have added a political risk premium to US assets, while European bonds have proven far more resilient.

A new German coalition was formed to revive growth and counter rising trade tensions. The CDU and the centre-left Social Democrats have agreed to form a government focused on tax cuts, lower energy

prices, and increased defence spending. The coalition also plans to review Germany's strict "debt break" to allow for more infrastructure investment and will advocate for a transatlantic free trade deal as part of a unified response to global protectionism.

Meanwhile, amid criticism from the US, Spanish President Pedro Sánchez made an official visit to China in bid to strengthen trade ties with the world's second-largest economy. The timing is controversial, given the ultra-high tariffs imposed in the US-China trade war, which have effectively declared a trade embargo on each other.

The recent easing in trade tensions has supported oil prices, which had been falling amid concerns that the trade war could weigh on fuel demand. In addition, the US may move to halt Iranian oil exports as part of its pressure campaign over Iran's nuclear programme—another factor that could add short-term momentum to prices.

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