

Markets are proving resilient despite the prevailing mood of uncertainty. News about Trump's tariff have strained the markets, but investors have begun to see these shock-and-awe announcements as a negotiating tool rather than a serious threat.

## Markets shaken by tariff increases

Investors were last week unnerved by the introduction of 25% tariffs on goods from Canada and Mexico, America's two foremost trading partners. Shares in trade-sensitive sectors such as automotive and consumer goods suffered particularly badly. A sense of relief blew through the markets when negotiations proved possible. For example, Mexican president Claudia Sheinbaum and Canadian PM Justin Trudeau both reached last-minute agreements with Trump to tighten border controls, which had the effect of putting customs duties on hold.

China was threatened with an additional 10% on top of existing customs duties, to which it retaliated by imposing duties on certain types of American product.

The only major region or country spared from these tariffs is Europe... for the time being.

In the US, manufacturing activity recovered to 50.9 in January, after two years in contraction territory. Supply in the labour market remained tight. Despite a minor slowdown in hiring, the unemployment rate remains low by past standards at 4%, reducing expectations of a cut in interest rates.

Yields rose again towards the end of the week following the release of US non-farm payrolls and fears of resurgent inflation driven by tariffs. The US 10-year yield climbed to 4.49% and the German equivalent ended at 2.37%.

## Economic forecasts remain hopeful overall

The market is underpinned by AI investments, with groups such as Google, Microsoft and Meta spending massively. This is also benefiting ecosystem stocks such as Nvidia. The mood of uncertainty is also helping havens such as gold.

Meanwhile, crude oil has dropped by more than 10% since mid-January, in line with Trump's policy of reducing energy prices to boost consumer spending.

Economic forecasts remain hopeful overall, but the inflationary pressures and trade tensions are real. Markets are set to remain volatile, ebbing and flowing with Trump's announcements and news about AI breakthroughs.

In view of the above, indices behaved differently relative to the previous week, with the S&P 500 edging down by 0.24%, Nasdaq stable at +0.06% while the Stoxx Europe 600 gained 0.6%.

## Swiss Market Index (SMI)

The SMI last week tested a key support line, which held up under the strain. But MACD is pointing to possible short-term consolidation that could pull the index towards the 12380 focal point.



## 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	0.91	0.94	12 593.34	5 325.40	21 787.00	7 973.03	8 700.53	6 025.99	19 523.40	38 787.02	1 108.48
Trend	➡	➡	⬆	⬆	⬆	⬆	⬆	➡	➡	➡	⬆
YTD	0.27%	0.01%	8.55%	8.77%	9.45%	8.02%	6.45%	2.45%	1.10%	-2.78%	3.07%

(values from the Friday preceding publication)

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