

Trump — fuelling concerns

Saving you time

Markets reacted to Trump's tariff announcements, inflation data and earnings figures from AI behemoth Nvidia.

Resurgent inflation fears

For weeks, investors have been navigating between moderate growth prospects, divergent monetary policies and ongoing political uncertainty.

In the US, recent data revealed weakening consumer sentiment amid concerns over rising inflation driven by new tariffs and a slowing economy.

Despite inflation meeting expectations, consumer spending fell 0.2% in January, even as incomes rose 0.9%. The Fed's preferred inflation gauge, the PCE index, remained at +0.3% month-on-month and +2.5% year-on-year, edging down from 2.6% in December. These figures underscore growing economic uncertainty, prompting the Fed to hold off on rate cuts. Friday's jobs data will be crucial in assessing the extent of the economy's weakness.

Adding to concerns, the President Trump last week announced 25% tariffs on Europe, as he had earlier with Canada, and Mexico, plus the additional 10% on China. These tariffs are due to take effect on 4 March, dampening business confidence as companies brace for supply chain disruptions and margin pressures.

In Europe, business sentiment remains weak, weighed down by political and trade uncertainties. Inflation held steady at 2.5% year-on-year in January after rising in December. Against this backdrop, the ECB is expected to cut rates by 25 basis points (bp) on Thursday.

Investors cut risk

Trump's meeting with Zelensky in the Oval Office ended in confrontation, rattling markets late on Friday. European governments refuse to be sidelined as Trump aims to negotiate the conflict directly with Russia.

Beyond Trump's repeated tariff threats, chip giant Nvidia's disappointing results dragged down tech stocks. Despite solid figures, the company failed to meet investors' increasingly lofty expectations, souring market sentiment.

Investor unease over the new US administration's unpredictability and weak economic data are fuelling market volatility, leading to profit-taking in major tech names. Investors are shifting to defensive sectors and bonds to scale back their risk.

The US 10-year yield fell 20bp over the week to 4.20%, while the German Bund ended at 2.40%. The S&P 500 lost 0.98% over the week, the Nasdaq – hit by Nvidia's results – dropped 3.38%. The Stoxx Europe 600 edged up 0.6%.

Swiss Market Index (SMI)

The SMI stands to consolidate around 12950 after reaching a record high of 13100. Momentum remains strong, and the uptrend is not over.



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	0.90	0.94	13'004.48	5'463.54	22'551.43	8'111.63	8'809.74	5'954.50	18'847.28	37'155.50	1'097.25
Trend	➡	➡	⬆	➡	⬆	➡	⬆	⬇	⬇	⬇	⬇
YTD	-0.48%	-0.28%	12.10%	11.59%	13.29%	9.90%	7.79%	1.24%	-2.40%	-6.87%	2.02%

(values from the Friday preceding publication)

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