US Market Wrap - 25th April 2025

Stocks mixed amid strong Google earnings while trade uncertainty lingers

- **SNAPSHOT**: Equities mixed, Treasuries up, Crude up, Dollar flat
- **REAR VIEW**: Trump says will not drop China tariffs unless they give the US something; Trump says Xi called him and high tariffs remaining a year from now would be a "total victory"; China denies Trump's claim he spoke with Xi and is reportedly considering exempting some US goods from tariffs; Trump signs executive order boosting the deep-sea mining industry; Final UoM revised up; Hotter-than-expected Tokyo CPI; UK Retail Sales top expectations while Canada meets expectations; GOOGL earnings beat, INTC guidance disappoints, TMUS postpaid phone net customers miss
- **COMING UP**: **Data:** US Dallas Fed Manufacturing Business Index. **Events:** BoC's Market Participants Survey. **Speakers:** ECB's Rehn, de Guindos. **Supply:** EU. **Earnings:** Domino's Pizza, Roper, NXP Semiconductors, Schneider Electric, Henkel.
- **WEEK AHEAD:** Highlights include US NFP, ISM Mfg. PMI, PCE, GDP, BoJ, EZ CPI, Aussie CPI, EZ and UK GDP. To download the report, click here.
- **CENTRAL BANK WEEKLY:** Previewing BoJ; Reviewing PBoC LPR/MLF. To download the report, click here.
- **WEEKLY US EARNINGS ESTIMATES:** Plethora of earnings ahead, highlights include AAPL, AMZN, META, MSFT, LLY, MA. To view the full list, click here.

MARKET WRAP

Stocks were mixed on Friday with outperformance in the Nasdaq seen thanks to Alphabet's (GOOGL) earnings beat last night, while the SPX also finished green. Dow and Russel lagged, however. Trade uncertainties remain, although there were mixed messages on Friday. Overnight, Bloomberg reported China is said to be considering exempting some US goods from tariffs as costs increase, while Caijing noted how several tech companies confirmed that eight tariff codes related to semiconductors and integrated circuits are now exempt from additional tariffs. There was further pushback from China, stating they are not having talks on tariffs with the US, and it is not familiar with the specifics of tariff exemptions. Trump claimed he spoke to China's President Xi, but this was once again denied by China, as well as sources from Washington and Beijing to the Financial Times. During trade, Trump said that he will not drop China tariffs unless they give the US something, adding that another tariff pause is unlikely. Despite the mixed messages, the risk tone was a positive one with gains in the aforementioned indices helping crude prices to settle in the green. T-notes continued to grind higher as the trade uncertainty continued to mount with T-notes extending their move off the mid-April lows. Gold was sold amid bid equities but the yellow metal ended the session off its lows, around USD 3,300/oz. The Dollar was ultimately flat, with underperformance in the Yen ahead of next week's BoJ. The data highlight saw the final UoM revised up from the preliminary thanks to an improvement in current conditions. There was no Fed speak on Friday, but WSJ's Timiraos gave some clarity on Fed's Hammack comment on Thursday that hinted at a June cut. The fed watcher downplayed the signal, stating she made clear she was talking about any number of points in the future, not just June, noting the word IF was doing a lot of heavy lifting.

US

UOM: The Final April University of Michigan Consumer Sentiment Survey was revised up to see the headline at 52.2, above the prior and expected 50.8. Looking into the report, expectations also beat at 47.3, despite expectations for a downward revision to 47.1 from 47.2. However, the primary cause for the increase was the rise in current conditions to 59.8 from 56.5, despite expectations for this to be left unchanged. Looking into the April report, "Consumers perceived risks to multiple aspects of the economy, in large part due to ongoing uncertainty around trade policy and the potential for a resurgence of inflation looming ahead". On employment, it said labour market expectations "remained bleak". It also highlights that "consumers anticipated weaker income growth for themselves in the year ahead. Without reliably strong incomes, spending is unlikely to remain strong amid the numerous warning signs perceived by consumers". On inflation, 1yr consumer expectations eased to 6.5% from 6.7% in the preliminary reading while the 5yr was maintained at 4.4%. Note, that a Fed study was released on Thursday, suggesting what consumers have been saying differs from what they have been doing post-pandemic. It highlights how this makes consumer sentiment surveys on their own a weaker indicator of future consumer behaviour and the health of US consumers.

FIXED INCOME

T-NOTE FUTURES (M5) SETTLED 9+ TICKS HIGHER AT 111-16+

T-notes bull flatten into Fed blackout period as trade uncertainty dominates. At settlement, 2s -2.5bps at 3.766%, 3s -3.5bps at 3.758%, 5s -4.0bps at 3.887%, 7s -4.3bps at 4.071%, 10s -3.7bps at 4.268%, 20s -3.4bps at 4.754%, 30s -2.7bps at 4.739%

INFLATION BREAKEVENS: 5yr BEI -4.1bps at 2.386%, 10yr BEI -3.5bps at 2.266%, 30yr BEI -2.8bps at 2.214%.

THE DAY: T-notes were bid throughout the majority of the session despite some weakness in the European morning, perhaps in response to the stronger-than-expected UK Retail Sales report, which saw Gilts gap lower at the open of UK trade. Nonetheless, the bid quickly resumed in T-notes as trade uncertainty continued to linger. The latest uncertainty comes as US President Trump continues to suggest he has spoken with China, adding that Chinese President Xi called him today, however, this was once again denied by Chinese officials, while sources via the FT from Washington and Beijing also suggested this call did not occur. Also likely helping the upside was commentary overnight from China, the PBoC affirmed that monetary policy is to be moderately loose and will defend global economic stability while vowing to drive the Chinese economy. Meanwhile, the Politburo Chief said China's fiscal policy will be more proactive, and China is to cut the RRR and rates when needed in a timely manner. President Xi also said that China plans to help struggling businesses with targeted measures in the face of increased external shocks. Elsewhere, the data highlight was the final revision to the University of Michigan consumer sentiment survey, which was revised up to 52.2, above analyst expectations, led by the increase in current conditions, while expectations only ticked up marginally. Meanwhile, the consumer inflation expectations saw the 1yr ease slightly to 6.5% from 6.7%, but the 5yr was unchanged at 4.4%. The boost in sentiment saw T-notes dip briefly, before then paring and continuing to fresh highs. Further trade uncertainty was fuelled by US President Trump on Air Force 1, noting the US will not drop China tariffs, unless they give the US something. He also said another tariff pause is unlikely. There were few Fed speakers on Friday, but the Fed enters the blackout period on Saturday. Nonetheless, WSJ's Timiraos spoke about Hammack's June cut comment on Thursday, downplaying the remark as a signal for June, stating she made clear she was talking about any number of points in the future, not just June.

SUPPLY:

US Treasury to sell:

- USD 68bln 26-wk bills and USD 76bln 13-wk bills on April 28th
- USD 70bln 6-wk bills on April 29th

STIRS/OPERATIONS:

- **Market Implied Fed Rate Cut Pricing: May 3bps (prev. 2bps), June 17bps (prev. 17bps), July 38bps (prev. 36bps), Dec 89bps (prev. 87bps).**
- NY Fed RRP op demand at USD 94bln (prev. 130bln) across 27 counterparties (prev. 33).
- EFFR at 4.33% (prev. 4.33%), volumes at USD 103bln (prev. 107bln).
- SOFR at 4.29% (prev. 4.28%), volumes at USD 2.542tln (prev. 2.475tln).

CRUDE

WTI (M5) SETTLED USD 0.23 HIGHER AT 63.02/BBL; BRENT (M5) SETTLED USD 0.32 HIGHER AT USD 66.87/BBL

Crude prices were modestly higher on Friday but remained lower for the week, underperforming other risk assets ahead of US-Iran technical nuclear talks on Saturday. Overnight, updates from China's Politburo failed to offer a bid to crude prices, in which they noted China's fiscal policy will more more proactive and China is to cut the RRR and rates when indeed in a timely manner. Again, crude prices were unfazed by BBG reports that China is said to consider exempting some US goods from tariffs as costs increase. Thereafter, risk-off was the theme in the European morning on headlines from US President Trump's interview with Time. The President views high tariffs present a year from now as a "total victory". The move next was lower, putting WTI and Brent at session lows of USD 61.80/bbl and USD 65.55 bbl respectively. As the US session progressed, risk appetite picked up across risk assets, which saw crude price pick up alongside stocks turning green, leaving the complex higher by around USD 0.30/bbl, before trimming on Trump stating he won't drop China tariffs unless they give the US something. Geopolitical tensions between Indian and Pakistan remained elevated, with ANI reporting via the Indian Water Resources Minister that the country is working on measures that "not even a drop" of water goes to Pakistan, a prospect that Pakistan has said would be seen as an "act of war" and would be responded with "full force". Separately, Trump noted Crimea will remain with Russia while the Iran situation is going well, and floated the potential for an interim deal with Iran (via BBG). On energy, the weekly US Baker Hughes rig count saw Oil +2 at 483, Natgas +1 at 99 and total +2 at 587.

EQUITIES

CLOSES: SPX +0.74% at 5,525, NDX +1.14% at 19,433, DJI +0.05% at 40,114, RUT +0.00% at 1,958

SECTORS: Materials -0.73%, Financials -0.42%, Utilities -0.38%, Consumer Staples -0.24%, Real Estate -0.13%, Energy -0.11%, Industrials +0.01%, Health +0.51%, Communication Services +1.02%, Technology +1.62%, Consumer Discretionary +1.96%.

EUROPEAN CLOSES: DAX: +0.78 % at 22,236, FTSE 100: +0.09 % at 8,415, CAC 40: +0.45 % at 7,536, Euro Stoxx 50: +0.80 % at 5,156, AEX: +0.10 % at 873, IBEX 35: +1.33 % at 13,355, FTSE MIB: +1.47 % at 37,348, SMI: +0.29 % at 11,952, PSI: +0.93 % at 6,943.

EARNINGS

- **Alphabet (GOOGL):** EPS & rev beat; authorised USD 70bln buyback, raised dividend by 5% and backed FY25 CapEx view.
- **Intel (INTC):** Q2 guidance disappointed.
- **T-Mobile US (TMUS):** Q1 postpaid phone net customers fell short.
- **AbbVie (ABBV):** Q1 EPS, revenue & 2025 adj. EPS outlook beat.
- **Gilead Sciences (GILD):** Q1 revenue missed; cut FY EPS view.
- **Colgate-Palmolive (CL):** Q1 profit & revenue topped expectations.
- **Aon (AON):** Q1 profit and revenue underwhelmed.
- **Skechers (SKX):** Q1 revenue missed; withdrew FY25 annual outlook.

STOCK SPECIFICS

- **Apple (AAPL):** Plans to shift the assembly of all US-sold iPhones to India as soon as next year.
- **Meta Platforms (META):** Laying off an unspecified number of workers in its Reality Labs unit.

- **Charles Schwab (SCHW):** Upgraded to 'Buy' from 'Neutral' at Goldman Sachs.
- **Google (GOOGL)** could face another trial over its antitrust practices in September, according to a proposal filed by both Google and the Department of Justice with a Virginia court on Thursday, The Information reports.
- Dan Loeb's Third Point Capital has built a stake in **Kenvue (KVUE),** FT reports.
- FDA asked **Novavax (NVAX)** to complete new clinical trial for delayed COVID-19 shot, via WSJ.
- **TikTok** Chinese owner eyes major data centre investment in northeast Brazil, according to Reuters citing sources

FX

The Dollar Index was firmer on Friday, with trade developments showing mixed signals. Dollar strength in the morning was supported by BBG reports offering optimism over an easing trade war between the US and China, whereby China is said to consider exempting some US goods from tariffs as costs increase. That said, sentiment was weighed on by US President Trump's comments on trade, noting that if high tariffs were to remain a year from now, that would be a "total victory". Additionally, Trump further hit the risk tone after noting he will not drop China tariffs unless they give the US something. The buck weakness following Trump's remarks was more gradual than other risk assets, with gains already trimmed from the European morning. US data was on the positive side, the UoM was revised higher on all three fronts, with Conditions seeing the largest jump from the second reading. For the week ahead, data highlights include US Core PCE (Mar), GDP Adv (Q1), ISM Mfg (Apr), and NFP (Apr).

G10 FX was either lower or unchanged, JPY led the weakness, where weakness stemmed overnight on the said story China is considering US tariff exemptions, while activity currencies were marginally weaker. Data highlights in the space included Retail Sales out of the UK, which beat in March, 0.4% (exp. -0.4%), albeit the prior was revised lower. Meanwhile, Canadian Retail Sales met expectations on the headline with ex-autos a touch above expectations. Separately, Tokyo CPI was hotter than expected in April on both the core and headline. As it stands, money market pricing has ~18bps of tightening by year-end for the BoJ. Focus turns to the BoJ and outlook report next week.

SNB Chairman Schlegel delivered the annual SNB's annual report today and did not rule out an economic slowdown in Switzerland. Other than that, little was said by the Chairman on the policy path. ING believe the SNB's FX intervention powers are constrained and that EUR/CHF will quickly trade to 0.92 again should financial market volatility pick up this quarter. Note that markets see a 77% chance of a 25bps rate cut at the June meeting and about a total of ~ 29bps of easing by December 2025, with the first cut fully priced by September.

CNH: Updates were plenty out of China, the Politburo said fiscal policy will be more proactive, and the economic recovery needs to be further reinforced. On the monetary policy tools, China is to cut the RRR and rates when needed and in a timely manner. While remarks aligned with PBoC Governor Pan overnight to use a moderately loose monetary policy. Into the weekend, USD/CNH sits at ~ 7.287, in a tight range between its 50 DMA (7.2756) and 100 DMA (7.28905).