

Macro Microscope

Potential Financial Market Implications from Trade Uncertainty

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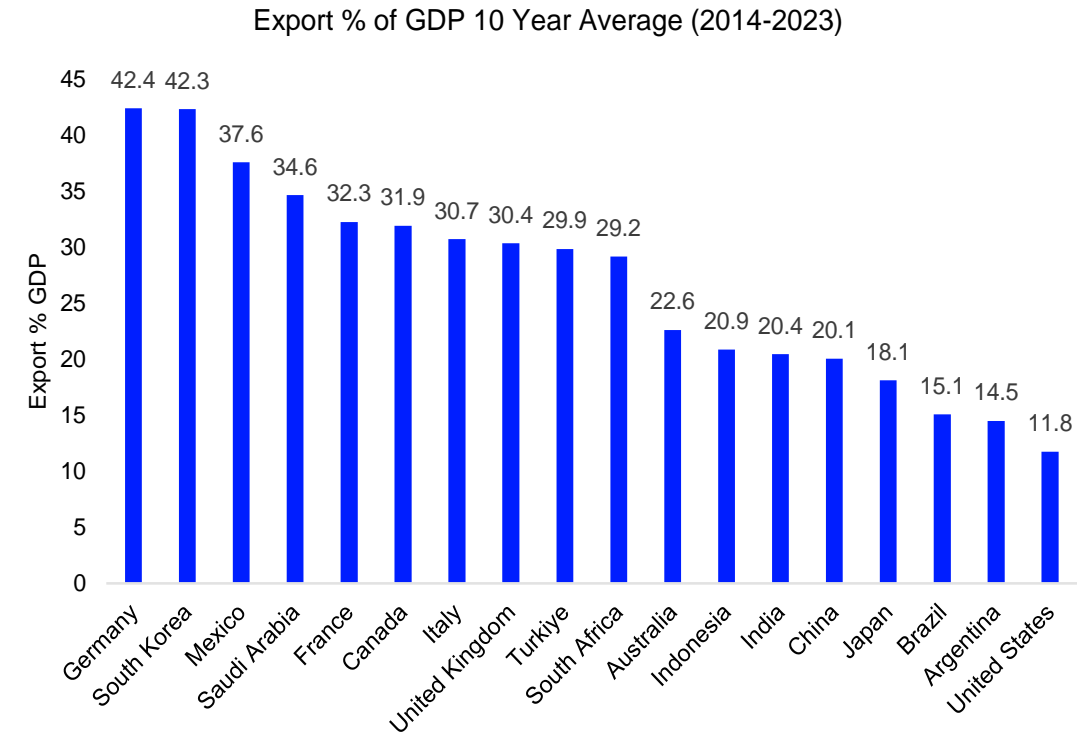
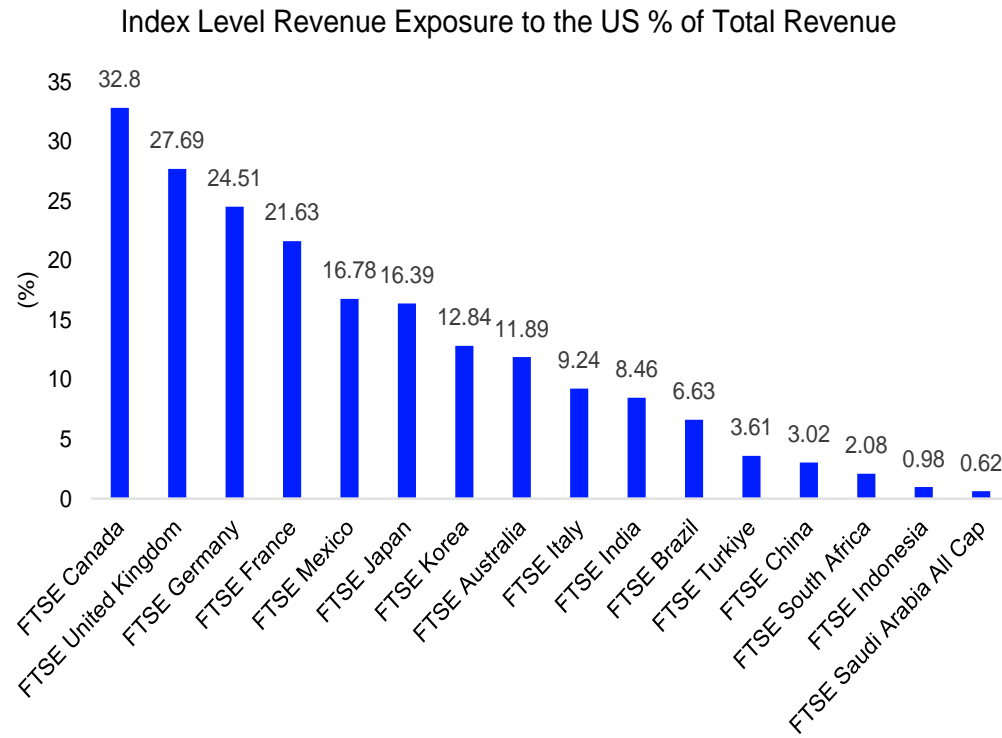
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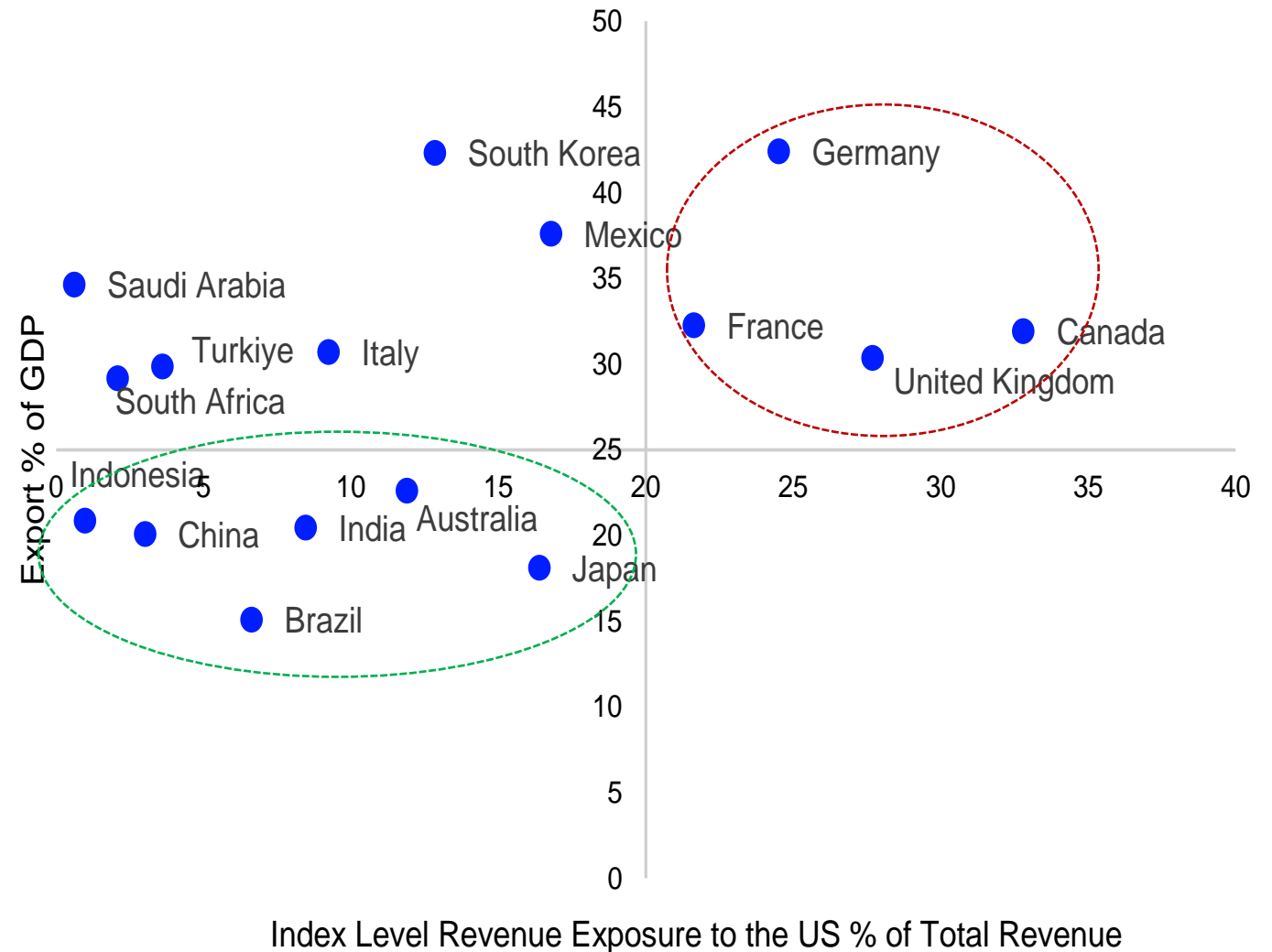
Tariff Tremors: Assessing the Global Impact of New US Trade Policies

- ❖ The interconnected nature of global supply chains means that **tariffs may not only affect the targeted nations but also have broader implications for international trade dynamics.**
- ❖ **Country equity indexes with high revenue exposure to the US** have higher exposure to issues of access to US market.
- ❖ **Countries with high export dependencies**, such as Germany and South Korea, may experience significant economic impacts due to potential disruptions in trade flows.



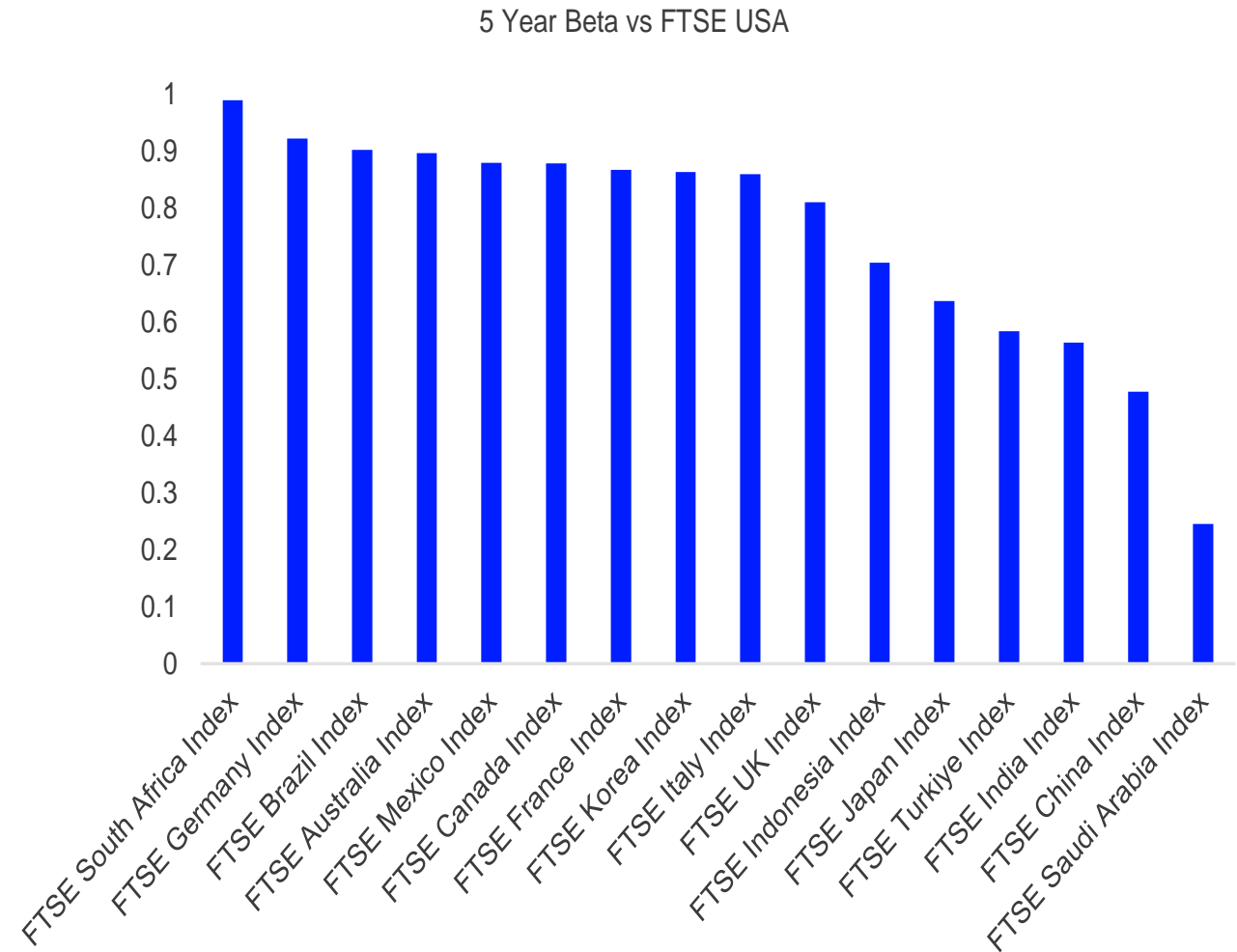
Tariff Tremors: Assessing the Global Impact of New US Trade Policies

- ❖ Nations with both high export dependency and significant US revenue exposure are particularly vulnerable to (first order) tariff-induced disruptions.
- ❖ Countries with lower US revenue exposure but high exports as a share of GDP may still experience indirect effects through supply chain disruptions and economic fragmentation.
- ❖ Economies with diversified trading partners and lower reliance on exports may be more resilient to trade policy shifts.



Tariff Tremors: Assessing the Global Impact of New US Trade Policies

- ❖ Volatility in the US equity markets due to increased trade uncertainty could also affect other countries' equity markets, particularly country indices with a higher beta to the US, leading to amplified global volatility.
- ❖ Diversified markets with lower beta exposure to the US may exhibit relative resilience, but broader global instability could still dampen investor confidence globally.



Key Central Bank Rate Decisions: 2025's First Round Completed

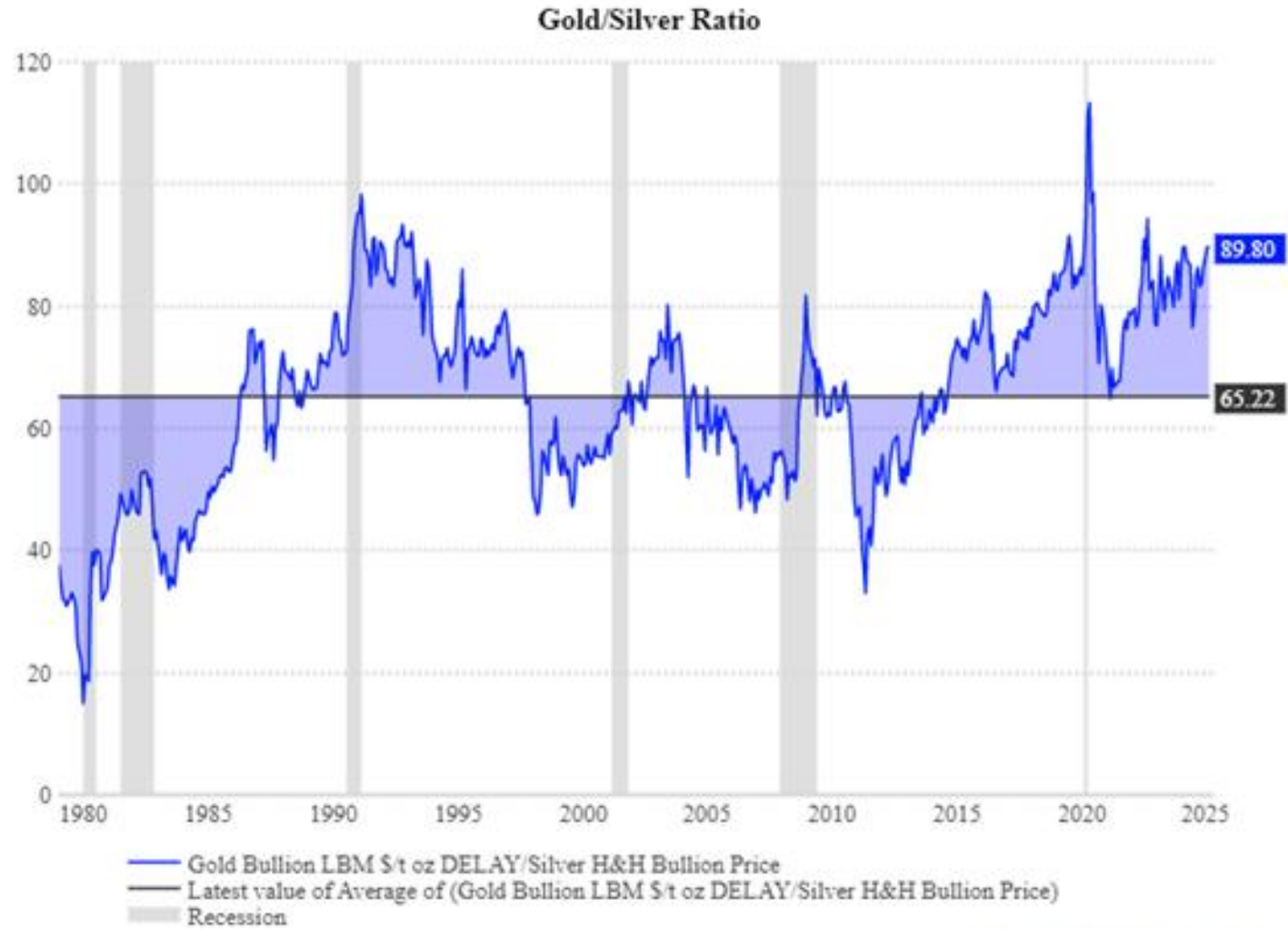
Local Date	Local Time				Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Min	Max	Smart Economics®	Predicted Surprise		
15 Jan	07:30	≈			18.2 12.0	7-Day Reverse Repo	Jan	6.00%	⚡↓	5.75%	-0.250%	6.00%	6.00%	6.00%	6.000%	0.000%
15 Jan	07:30	≈			18.2 12.0	Lending Facility Rate	Jan	6.75%	⚡↓	6.50%	-0.250%	6.75%	6.75%	6.75%	6.750%	0.000%
16 Jan	01:00	≈			18.2 12.0	Bank of Korea Base Rate	Jan	2.75%		3.00%	0.250%	3.00%	2.75%	3.00%	2.801%	0.051%
23 Jan	11:00	≈			18.2 12.0	CBT Weekly Repo Rate	Jan	45.00%		45.00%	0.000%	47.50%	45.00%	45.00%	45.000%	0.000%
24 Jan		≈			18.2 12.0	JP BOJ Rate Decision	27 Jan	0.50%		0.50%	0.000%	0.25%	0.25%	0.50%	0.453%	-0.047%
29 Jan	14:45	≈			18.2 12.0	BoC Rate Decision	30 Jan	3.00%		3.00%	0.000%	3.25%	3.00%	3.25%	3.046%	0.046%
29 Jan	19:00	≈			18.2 12.0	Fed Funds Tgt Rate	30 Jan	4.25-4.5%		4.25-4.5%	0.0000%	4.25-4.5%	4.25-4.5%	4.25-4.5%	4.3750%	0.0000%
29 Jan	21:30	≈			18.2 12.0	Selic Interest Rate	29 Jan	13.25%		13.25%	0.000%	12.25%	13.25%	13.25%	13.250%	0.000%
30 Jan	13:00	≈			18.2 12.0	Repo Rate	Jan	7.50%		7.50%	0.000%	7.75%	7.50%	7.75%	7.517%	0.017%
30 Jan	13:15				18.2 12.0	ECB Refinancing Rate	Jan	2.90%		2.90%	0.000%	3.15%	2.90%	2.90%	2.900%	0.000%
30 Jan	13:15				18.2 12.0	ECB Deposit Rate	Jan	2.75%		2.75%	0.000%	3.00%	2.75%	2.75%	2.750%	0.000%
6 Feb	12:00	≈			18.2 12.0	BOE Bank Rate	Feb	4.50%		4.50%	0.000%	4.75%	4.50%	4.50%	4.500%	0.000%
6 Feb	19:00	≈			18.2 12.0	Interest Rate	Jan	9.50%		9.50%	0.000%	10.00%	9.50%	9.75%	9.551%	0.051%
7 Feb	04:30	≈			18.2 12.0	Repo Rate	7 Feb	6.25%		6.25%	0.000%	6.50%	6.25%	6.50%	6.319%	0.069%

- ❖ Of the 12 central banks covered, only the Federal Reserve kept rates steady.
- ❖ 9 central banks cut rates, including the European Central Bank and the Bank of England.
- ❖ The central banks of Brazil and of Japan continuing with their monetary tightening.

Return of Macro Uncertainty: Incidence of Extraordinary Economic Surprises Increases

Local Date	Local Time				Indicator Name	Period	Reuters Poll		Actual	Surprise	Prior	Min	Max	Smart Economics®	Predicted Surprise
5 Feb	08:50				HCOB Composite PMI	Jan	48.3	↘	47.6	-0.70	48.3	48.3	49.0	48.36	0.06
5 Feb	08:55				HCOB Composite Final PMI	Jan	50.1	↗	50.5	0.40	50.1	50.1	50.2	50.11	0.01
5 Feb	09:30				S&P GLOBAL SERVICE PMI	Jan	51.2	↘	50.8	-0.40	51.2	51.1	51.3	51.20	-0.00
5 Feb	09:30				S&P GLOBAL PMI: COMPOSITE - OUTPUT	Jan	50.9	↘	50.6	-0.30	50.9	50.8	50.9	50.89	-0.01
5 Feb	13:15	≈			ADP National Employment	Jan	150k	↗	183k	33.0k	122k	95k	165k	144.8k	-5.2k
6 Feb	07:00	≈			Industrial Orders MM	Dec	2.0%	↗	6.9%	4.90%	-5.4%	-1.0%	4.0%	1.74%	-0.26%
6 Feb	09:30	≈			S&P Global CONSTRUCTION PMI	Jan	53.4	↘	48.1	-5.30	53.3	52.5	54.5	53.25	-0.15
6 Feb	23:30	≈			All Household Spending YY	Dec	0.2%	↗	2.7%	2.50%	-0.4%	-1.6%	1.5%	0.22%	0.02%
6 Feb	23:30	≈			All Household Spending MM	Dec	-0.5%	↗	2.3%	2.80%	0.4%	-2.2%	1.7%	-0.35%	0.15%
7 Feb	07:00	≈			Exports MM SA	Dec	-0.6%	↗	2.9%	3.50%	2.1%	-1.5%	0.8%	-0.48%	0.12%
7 Feb	07:00	≈			Trade Balance, EUR, SA	Dec	17.0B	↗	20.7B	3.70B	19.7B	15.8B	20.0B	17.93B	0.93B
7 Feb	07:00	≈			Halifax House Prices MM	Jan	0.2%	↗	0.7%	0.50%	-0.2%	0.0%	0.4%	0.21%	0.01%
7 Feb	13:30	≈			Average Earnings MM	Jan	0.3%	↗	0.5%	0.20%	0.3%	0.1%	0.4%	0.31%	0.01%
7 Feb	13:30	≈			Average Earnings YY	Jan	3.8%	↗	4.1%	0.30%	3.9%	2.7%	3.9%	3.66%	-0.14%
7 Feb	13:30	≈			Average Workweek Hrs	Jan	34.3	↘	34.1	-0.20	34.3	34.2	34.4	34.29	-0.01
7 Feb	13:30	≈			Unemployment Rate	Jan	6.8%	↘	6.6%	-0.20%	6.7%	6.7%	6.8%	6.78%	-0.02%
7 Feb	15:00	≈			U Mich Sentiment Prelim	Feb	71.1	↘	67.8	-3.30	71.1	69.0	73.1	70.95	-0.15
7 Feb	20:00	≈			Consumer Credit	Dec	12.35B	↗	40.85B	28.500B	-7.49B	6.00B	40.00B	16.520B	4.170B
11 Feb	11:00	≈			Manuf Production MM	Dec	-0.3%	↘	-2.4%	-2.10%	-1.1%	-1.4%	0.4%	-0.29%	0.01%
11 Feb	12:00	≈			Industrial Output MM	Dec	-0.5%	↘	-1.4%	-0.90%	0.1%	-1.0%	0.2%	-0.55%	-0.05%
11 Feb	12:00	≈			Industrial Output YY	Dec	-0.9%	↘	-2.7%	-1.80%	-1.4%	-2.1%	1.6%	-0.92%	-0.02%
11 Feb	13:30	≈			Building Permits MM.	Dec	1.7%	↗	11.0%	9.30%	-5.9%	0.6%	3.5%	2.12%	0.42%
11 Feb		≈			Foreign Trade	Dec	7.000B	↘	5.575B	-1.4250B	6.018B	5.600B	7.746B		
12 Feb	09:00	≈			Industrial Output MM SA	Dec	-0.2%	↘	-3.1%	-2.90%	0.3%	-0.5%	0.8%	-0.17%	0.03%

Market Pricing in Risk: Assessing the Gold/Silver Ratio



Source: LSEG Datastream

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