



MARKETS POSITIVE AS TRUMP CONCENTRATES OF TARIFFS

This week it was impossible to avoid Donald Trump's tariffs. Like a toddler with a new toy, Trump is using tariffs on everyone and everything. Mexico and Canada are threatened with 25% tariffs for failing to stop the flow of drugs and illegal migrants. Tariffs of 10% are promised for China, but these could be jacked up to 100% if TikTok's Chinese owners don't sell it to a US company. There are also promises of tariffs for the EU, if the block doesn't buy more US oil. And Russia faces further sanctions – including tariffs – if it doesn't come to the table over Ukraine.

Opinion is divided over whether Trump is serious about imposing tariffs or whether they are just bargaining chips. The threat of tariff was widely anticipated and with the exception of some currencies markets have been positive. But Trump also raised the potential for international tax disputes by ending US participation in a global tax deal designed to stop companies cherry-picking where they pay corporation tax. The withdrawal was backed by threats against countries which levy additional taxes on US firms. The penalty suggested by the White House? Yes, yet more tariffs.

THE MARKETS THIS WEEK

FTSE 100	S&P 500	Nikkei 225	STOXX 600	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Copper	GBP USD
+0.76%	+3.05%	+3.85%	+1.62%	+2.46%	+0.04%	-0.01%	-3.63%	+0.72%	-1.59%	+1.97%

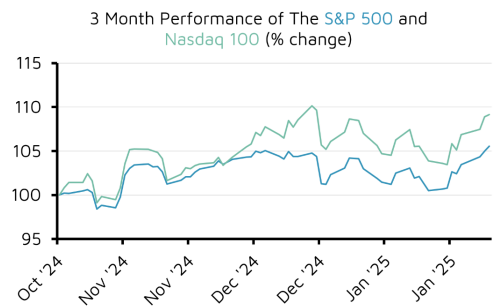
US: TRUMP'S OPENING GAMBIT ON TAXES AND TARIFFS



US equity markets reacted positively to Donald Trump's first week back in the White House as investors look to benefit from lower taxes and less regulation.

Tech companies made the biggest gains once again as the Nasdaq index outpaced the S&P 500. US government bonds were unchanged, as a rally early in the week unwound as investors tried to figure out the impact of Trump's policies on tariffs and global taxation. The dollar initially gained against most currencies but reversed as Trump called for rate cuts.

Trump threatened to impose tariffs of 25% on Canadian and Mexican imports because of their failure to stop illegal migration and drug smuggling. This caused the Mexican peso and Canadian dollar to fall. He also threatened a 10% tariff on all Chinese imports causing Chinese equities and the renminbi to slide. The US also withdrew from a new global tax agreement designed to stop multinational companies from shielding a large portion of their earnings from corporation tax.

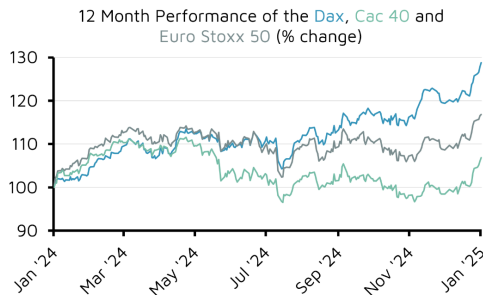


EU: EQUITIES RISE ON DOVISH TRUMP TARIFF STANCE

European shares' gained as fears of US tariffs eased and investors bought cheaper European stocks after strong corporate earnings updates. The Euro STOXX 50, the broad-based STOXX 600 index, and Germany's DAX all hit record highs this week.

The DAX rose 1% on Wednesday, driven by a 6% rise in Adidas shares due to strong annual results. The luxury goods sector also played a part as LVMH and Hermès propelling France's CAC 40 to a seven-month peak. The STOXX 600 Technology index also saw a 2% increase, led by Dutch semiconductor equipment maker ASML, as favourable revenue forecasts from Taiwanese TSMC boosted the sector's sentiment.

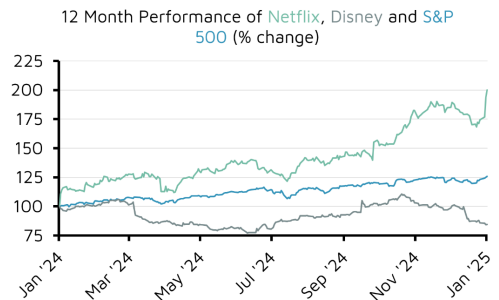
The performance was supported by relief over US tariffs as Trump focused on threatening immediate neighbours, Canada and Mexico instead, leading to a "risk-on environment" and inflows into EU shares. It was not all positive, as renewable energy companies like Orsted and Vestas saw their shares decline as Trump moved to end US investment in green energy.



EQUITIES: NETFLIX TRUMPS ALL RIVALS

Netflix had a record-breaking fourth quarter, adding 19 million subscribers, which brought its total number of subscribers to 301 million by the end of 2024. The growth was driven by popular content such as the new season of Squid Game and live sporting events, including a boxing match between Mike Tyson and Jake Paul, which attracted 65 million streams. As a result, Netflix's shares surged over 14% following its update. The company hauled in \$10.2bn revenues in Q4 and earnings per share more than doubled to \$4.27.

Other factors in Netflix's growth include its crackdown on password sharing. It is now banking on live events to keep viewers engaged and raise advertising revenue. Netflix said this is the last time it will report quarterly subscriber figures as it shifts its focus to profitability, with plans to hike subscriptions. Netflix's shares have lagged the Magnificent Seven tech stocks, but have outperformed the S&P 500 over the last year.



Data sourced from Investing.com

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