



# MONTHLY HOUSE VIEW

May 2025

Trade Wars: Episode II

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Jérôme  
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The recent announcement of US import tariffs marked a significant turning point in global trade. Dubbed “Liberation Day”, the 2 April measures came at a time when international relations were already strained. Far from easing tensions, they further inflamed trade disputes between the United States and its major partners, particularly China and the European Union. The symbolic nature of the move, along with the retaliatory responses it provoked, underscored the growing divergence between the US and its trading allies and highlighted the central role tariffs play in the post-World War II global order.

Yet, under pressure from financial markets and the private sector, the US administration is quietly scaling back many of these proposals. Initially, the Trump administration aimed to impose average tariffs exceeding 20% on imported goods. Our analysis suggests that the final rate will likely be 15% or less. This downward revision could buoy financial markets, which shed as much as 5 600 billion dollars in value—roughly the combined market capitalisation of Apple and Nvidia—over the three trading days following 2 April.

Nevertheless, some of the damage is already done. As **Bénédicte Kukla** outlines in her article “Forecasting in the age of uncertainty”, tariffs at 15% are likely to harm US economic growth more than that of other regions. In response, the Euro Area—especially Germany—and China are making use of available fiscal leeway to cushion the blow. In his article “Trump 1, China 0? Think again”, **Francis Tan** explores how Asia may adapt to US tariffs. This evolving dynamic presents opportunities for equities in these regions, which could outperform US stocks. Our portfolios are well positioned to benefit, as we have increased expo-

sure to Europe and emerging markets relative to the MSCI benchmark.

The challenges facing the US have led us to reduce our exposure to US equities and lower our allocation to US debt instruments. However, this shift does not reflect a loss of confidence in American assets. The premium attributed to US equities continues to rest on three pillars: the vast domestic market, where firms achieve high returns—particularly in sectors like manufacturing, consumer staples, discretionary goods, and technology; the unmatched depth of US capital markets; and the reassuring quality of corporate governance.

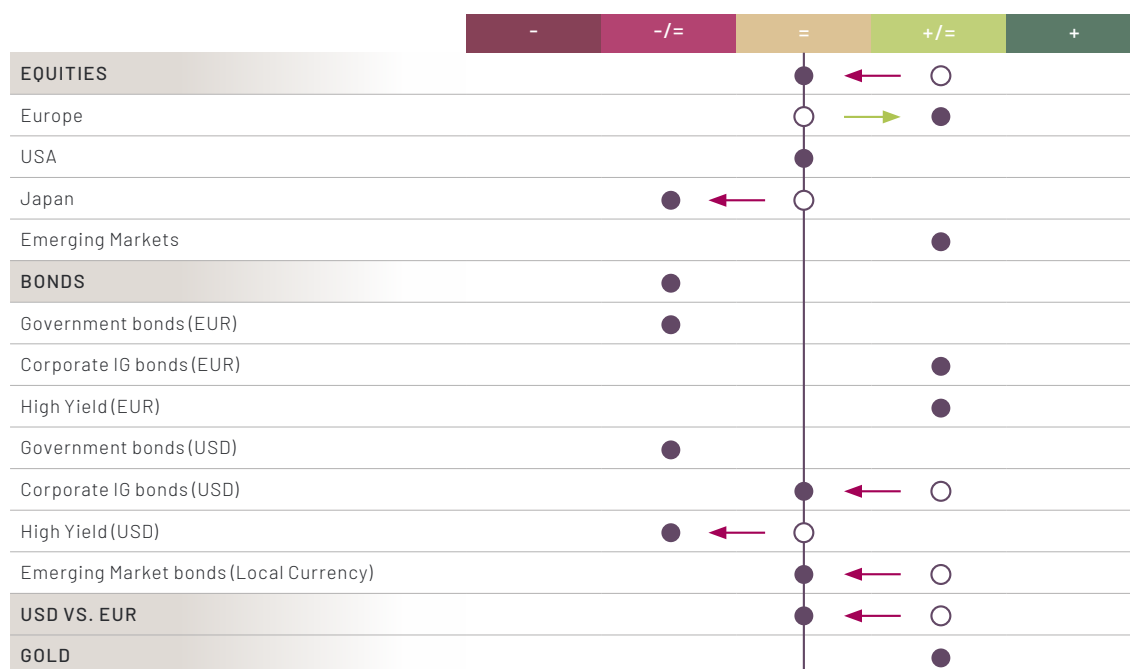
A final note on the dollar. Its current weakness stems from downgraded growth expectations, which prompted us to adopt a neutral stance, as **Lucas Meric** explains in his article “American distrust”. However, concerns that the Fed may lose its independence appear overblown. US law prohibits the president from dismissing certain federal officials on political grounds—a principle upheld by the 1935 Humphrey’s Executor ruling. This legal safeguard ensures the Fed’s independence and should reassure markets regarding the stability of US monetary policy.

In conclusion, while tariff revisions and the current economic climate pose challenges, they also present opportunities. Our portfolios, with increased exposure to Europe and emerging markets, are well placed to benefit. At the same time, US equities retain strong appeal thanks to the strength of the domestic market and the dynamism of the technology sector. Moreover, the Fed’s institutional stability should help preserve investor confidence despite a weaker dollar.



## KEY CONVICTIONS

○ March 2025    ● April 2025



Source: Indosuez Wealth Management.



Francis TAN  
Chief Strategist Asia

Global investment markets were jolted by the swift implementation of tariffs by the United States in April. This suggested a new global economic/trade order and is aimed primarily at reducing the US trade deficit and protecting domestic industries from global, and especially, Chinese competition.



### CHINA: main target of US TARIFFS

Tariff 1.0 in 2017 was targeted mainly at China, the economy with which the US had the largest trade deficit. Tariffs were introduced in several tranches, beginning in 2018, and covered a wide range of goods, including steel, aluminium and a variety of consumer products. The rationale behind these tariffs was to counteract what the US perceived as unfair trade practices, including intellectual property theft and state subsidies to Chinese companies.

Since then, Chinese-made goods, capital and labour had adjusted and moved to “US tariff-friendly” economies for re-export and/or production for export to the US. Many of these economies are based in Southeast Asia such as Malaysia, Thailand, Vietnam, and Indonesia.

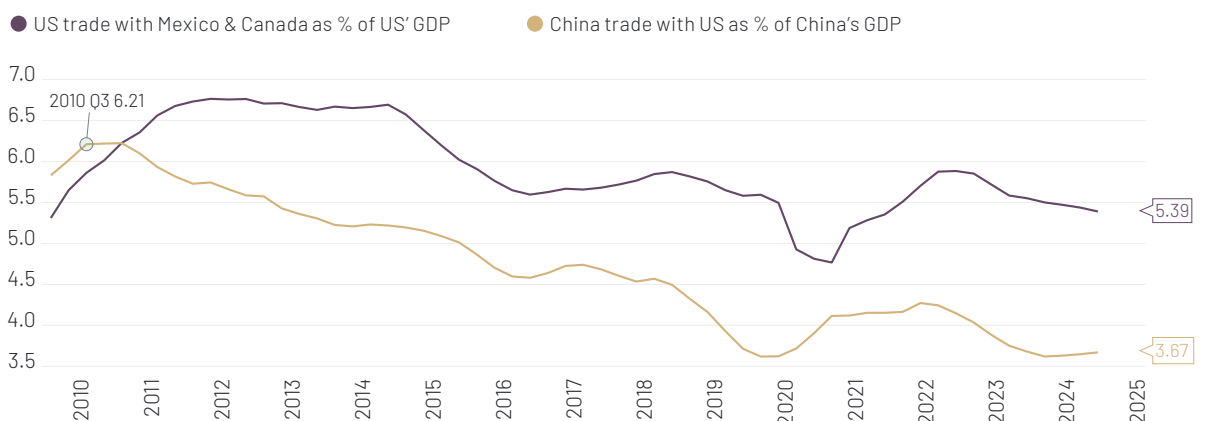
With that, Tariff 2.0 closed the gap and introduced “tariffs” on all economies based on the size of the US trade deficits with each individual economy. This is not the first time that the US has deployed tariffs on the import of goods, and it will also not be the last.

### CAN ASIA WITHSTAND US TARIFFS?

The short answer is yes. China had been (Tariff 1.0) and remains (Tariff 2.0) the primary target of US tariffs, disrupting its domestic supply chains, reducing Chinese exports to the US, decreasing revenues for global companies that based production in China and leading to an overall slowdown in economic growth.

However, a much larger explanation of the slowdown in Chinese economic growth is centred on an already weak domestic corporate and investor confidence due to government policies on real estate, technology companies and the education sector. In fact, China had already started to “decouple” from the US more than a decade ago – with its trade with the US as a percentage of its nominal GDP having declined from 6.2% in 2010 to 3.7% in 2024 (Chart 1).

CHART 1: THE US TRADES MORE WITH CANADA AND MEXICO THAN CHINA DOES WITH THE US, %



Source: Macrobond, US Census Bureau, China General Administration of Customs, China Bureau of Statistics, US Bureau of Economic Analysis, Indosuez Wealth Management.



We believe that while Tariff 1.0 accelerated China's plan to be self-sufficient in technology (becoming the global leader in 5G/6G, Artificial Intelligence (AI), electric vehicles, drones, quantum computing, semiconductors, biotechnology, etc.), Tariff 2.0 will further enhance China's friendly status as a trade and investment leader with the world (excluding the US).

As for emerging Asian economies such as Vietnam, Malaysia, Indonesia and Thailand, the effects of tariffs had been mixed. Industries such as manufacturing have benefited as companies relocate their production from China to these countries to avoid tariffs, increasing foreign direct investment (FDI) and job creation. However, Tariffs 2.0, introduced to clamp down on such "loopholes" in their trade with the US could result in these countries facing future supply chain disruptions and changing their comparative advantages, potentially spilling over to the other domestic sectors.

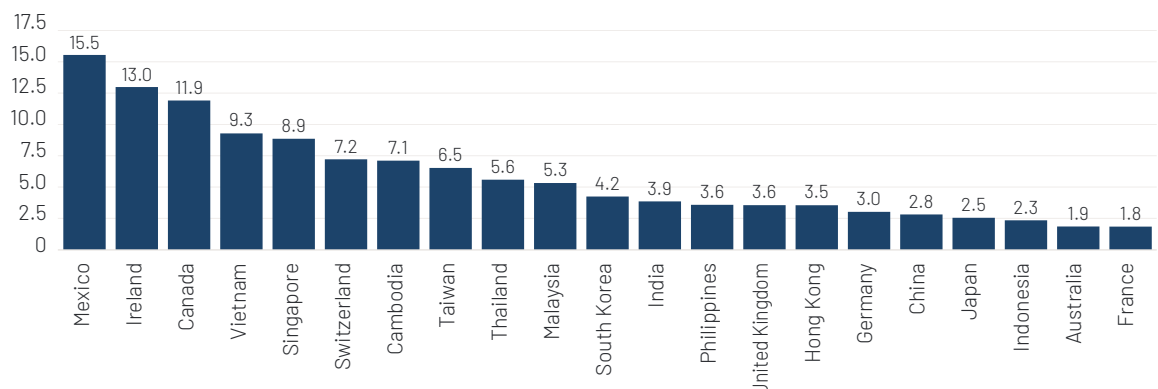
Developed economies such as Japan and South Korea had been long-standing major exporters to both China and the US, and they too have been caught in the anti-trade crossfire. The tariffs have led to a decrease in their exports and have affected their automotive and electronics industries. These countries have also faced uncertainties in their trade policies and have had to navigate the complexities of the US-China trade tensions.

To provide a more accurate picture of trade by considering where value is actually created, rather than just where goods are shipped from, we use the OECD (Organisation for Economic Co-operation and Development) TiVA (Trade in Value Added) database to effectively determine the possible economic impact of US final demand across its exporting partners. The approach of computing the value that is added by each country in the production process gives us a more accurate insight into global value chains and the economic interdependencies among countries.

The following chart shows that Mexico's exports to the world that are being demanded by US consumers stand at 15.5% of its nominal GDP. For Asia, economies that are more dependent on US final demand are Vietnam, Singapore, Cambodia, Taiwan, Thailand, Malaysia, South Korea, India and the Philippines. China, on the other hand, had quite successfully diversified away from its reliance on US final demand (Chart 2).

CHART 2: DOMESTIC VALUE ADDED EMBODIED IN FINAL DEMAND FROM THE US (2020), % OF NOMINAL GDP

● Domestic value added as % of own nominal GDP



Source: Macrobond, OECD, Indosuez Wealth Management.





Bénédicte KUKLA  
Senior Investment Strategist

Political tensions, front-loaded activity, and the growing disconnect between sentiment surveys and hard data—especially in the US—have made it exceptionally difficult to read the macroeconomic landscape. Uncertainty is not just a feature of this cycle; it's becoming the defining force. So, it is with humility—and a measure of courage—that we pick up our pens to attempt to forecast the path ahead, fully aware of downside risks but also attentive to upside forces that remain in play.

So much for President Trump's "Liberation Day"! Far from delivering clarity or confidence, early April has only created a sense of paralysis among economic agents. Businesses, households and policymakers alike are navigating a global environment shaped less by fundamentals than by political disruption and policy volatility.

#### THE US ECONOMY: STRONG STARTING POINT, WEAK VISIBILITY

Nowhere is the picture less clear than in the US. Though trade agreements may temper the blow over time, the tariff shock is already dragging on sentiment and investment. Our assumption is that the average tariff rate for the US will increase to 15%, more than we forecast a month ago (10%), but significantly less than the current rate (estimated above 25%<sup>1</sup>), with country tariffs ranging from 0 to over 100%.

Taking this into account, our GDP growth forecasts have been revised down to 1.5% for 2025 (from 1.9%) and 1.6% for 2026 (from 1.9%). The main factors: mounting uncertainty, worsening financial conditions (both from negative wealth effects from equity markets and tighter corporate financing) and lower purchasing power for US consumers from tariffs. That said, the US does not enter this phase from a position of weakness. The American consumer remains resilient, with household balance sheets in strong shape and net wealth at cycle highs. Despite rising anxiety reflected in sentiment surveys, actual consumption has held up well, a dynamic consistent with recent years, where perception and behaviour have often diverged.

In regard to inflation, forecasts for 2025 have been revised up to 3.4% (from 2.9%) and for 2026 to 2.9% (from 2.7%), driven by tariff-related price increases and more expensive imports. According to the New York Federal Reserve (Fed), consumer inflation expectations have climbed to 3.6%, the highest since October 2023, though long-term expectations remain relatively anchored. In this changing environment, the Fed is likely to hold steady for now, maintaining a wait-and-see approach. But if growth weakens as expected and tariffs continue to be considered a temporary inflationary shock, the Fed may still deliver two rate cuts before year-end, bringing its policy rate to 4%.

Macro risks abound. On the upside, the Trump trade war is not over, with a new chapter of trade deals still to come. Moreover, the President has yet to introduce tax cuts and deregulation measures. In the short term, risks remain to the downside, with tighter financial conditions, higher business input costs and a possible de-anchoring of inflation expectations. With consumer fundamentals intact and the labour market not yet flashing red, the US remains resilient, though not immune.

#### THE EURO AREA: SHOCKWAVES AND STIMULUS

Across the Atlantic, the Euro Area is dealing with the spillover effects of US trade policy, amplified by its export-heavy structure and already subdued recovery. The 2025 GDP growth forecast has been revised down to 0.5% (from 0.8%), but we remain optimistic for 2026, with growth still expected at 1.6%, but the risks here are rising too.



ASSUMPTION:  
US  
AVERAGE  
TARIFF  
rate of  
15%

1 - As Paul Krugman recently highlighted: China accounted for 13% of US imports in 2024, and if you apply the newly announced rates to 2024 imports the average rate comes up to of 24.95%, higher than before the 90-day pause. Incredibly high tariff rates on China will, however, lead to lower imports from China, so a calculation based on 2024 trade is problematic.



The continent's industrial engine finds itself at the epicentre. Recent signs of recovery, like the 1.1% month-over-month rebound in Euro Area industrial output for February, are offset by volatile trade figures. Imports surged 8% year-on-year in January due to front-loading ahead of expected tariffs, which may drag down growth figures in the first semester of 2025. Export-dependent sectors like automotive, chemicals and steel are particularly exposed to uncertainty around tariffs, and policy clarity from Washington remains elusive, which helps explain the collapse in economic sentiment in April. After climbing to 51.6 on news of the German infrastructure plan, the ZEW Index plunged to -14 in March, the steepest drop since the start of the war in Ukraine.

Yet there are reasons for medium-term optimism. Germany's 500 billion euros infrastructure investment plan is ever relevant in a context of weak economic growth and years of chronic underinvestment in infrastructure, from fibre optic network (with an estimated 11% penetration level versus 75% in France) to national rail (with a punctuality rate of 64% versus 87% in France). Unfortunately, the new tariff policies, notably in the automobile sector, currently under discussion coupled with lingering uncertainty will in part offset these gains.

France, meanwhile, is holding steady thanks to lower goods export dependency and relatively strong savings-backed domestic consumption. However, political instability and slow reform *momentum* keep the recovery muted.

On inflation, Europe tells a different story to the US. Despite trade tensions, inflation in the Euro Area should remain stable at 2% for both 2025 and 2026, underpinned by declining energy costs, a strengthening euro and the fact that fiscal stimulus is supply-side oriented and designed to improve productivity. Against this backdrop, with inflation expectations still anchored but 2025 growth faltering, the European Central Bank (ECB) is expected to bring the deposit rate to 1.75% by year-end. The primary risk to watch in our scenario is whether new US trade deals trigger EU counter-measures against China, which supplies approximately 20% of Euro Area imports.

TABLE 1: MACROECONOMIC FORECAST 2024 - 2026, %

● Downward forecasts since April

● Upward forecasts since April

	GDP			INFLATION		
	2024	2025	2026	2024	2025	2026
United States	2.8%	1.5%	1.6%	3.0%	3.4%	2.9%
Euro Area	0.8%	0.5%	1.6%	2.4%	2.0%	2.0%
China	5.0%	4.5%	4.5%	0.2%	1.4%	1.5%
World	3.2%	2.7%	3.0%	-	-	-

Source: Indosuez Wealth Management.





Lucas MERIC  
Investment Strategist

The combination of fears of a slowdown in US growth and a growing distrust among investors towards American assets, both consequences of Trump's aggressive and unpredictable tariff policy, has weighed heavily on the dollar, which faces potential headwinds that could persist or even intensify. Consequently, we have decided to shift our stance from positive to neutral on the greenback, with our primary conviction now resting on gold.

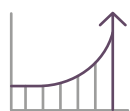
#### USD: THE BIGGEST LOSER OF TARIFF POLICY

2025 has been marked by significant underperformance of the dollar, which has returned to its lowest levels since September 2024, a time when recession fears in the United States had emerged due to employment concerns. This decline of the greenback, especially since Donald Trump's inauguration in January, results from a combination of unfavourable factors, both cyclical and more structural.

Initially, the announcements of German and European spending plans have strongly supported the EUR/USD, which, while investors were anticipating a return to parity in January, is now flirting with 1.14, its highest level since early 2022, before Russia's invasion of Ukraine. Subsequently, Donald Trump's aggressive, but above all extremely unpredictable approach to tariff policy, with tariff increase announcements being contradicted, confirmed, implemented or cancelled depending on the day, is evidently weighing on global growth prospects. This strategy creates considerable uncertainty, particularly for the US economy, affecting consumers and disrupting business investment and hiring decisions.

Finally, the geopolitical context, where the United States opposes the rest of the world, threatening each country with often exorbitant and unjustifiable tariffs, also leads investors to question the confidence placed in American institutions and governance, reducing their appeal for US assets. This development is reflected in mid-April market movements, highlighting a sort of exodus of foreign investors from US markets with a simultaneous decline in the S&P 500, US Treasury bonds and the dollar — dynamics typically observed in emerging markets.

Historically, an increase in US rates is a positive factor for the dollar due to the higher yield such a move implies and the confidence investors have in the dollar, particularly because of its status as the world's reserve currency. Additionally, investors keep in mind the idea of a "Mar-a-Lago" agreement, where Donald Trump would at some point seek to negotiate a devaluation of the dollar with key trading partners to support the competitiveness of American domestic businesses. However, this issue should be seen more as a medium-term development, with a strong dollar also viewed by some administration members as a short-term means to offset the inflationary impact of tariff increases.



THE EUR/USD  
is flirting with 1.14,  
ITS HIGHEST  
LEVEL SINCE  
EARLY 2022



## RETURN TO NEUTRALITY ON THE DOLLAR

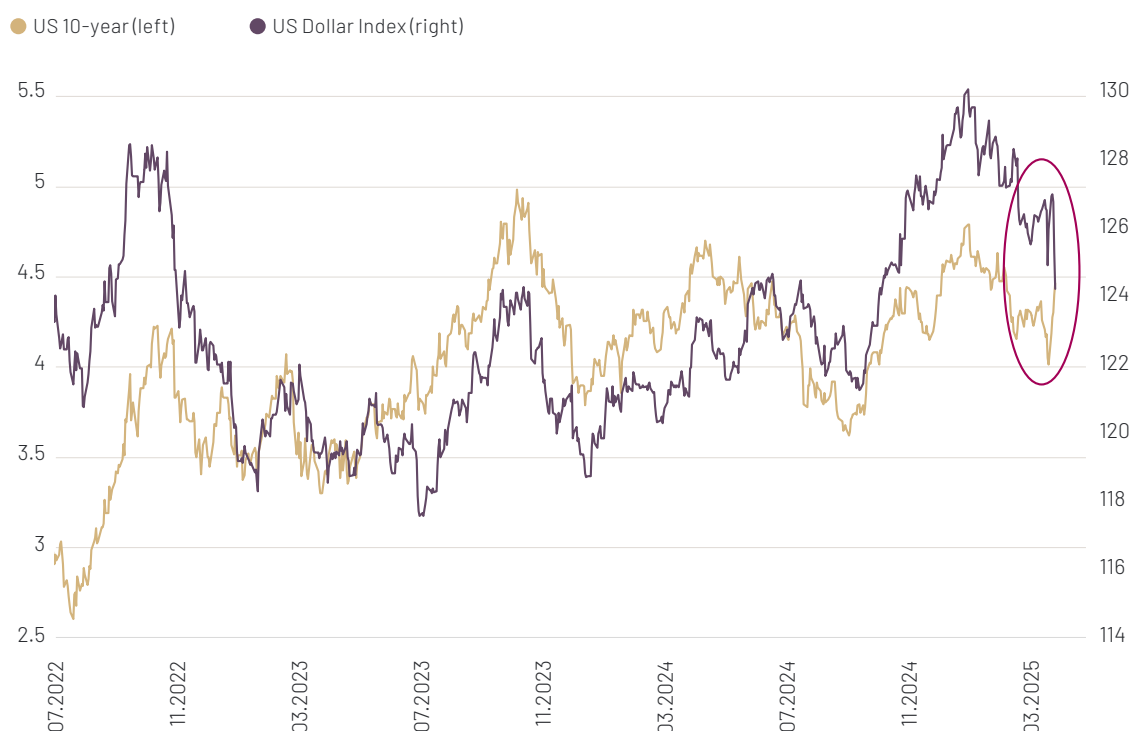
In a context where the headwinds for the dollar are multiplying, we have decided to shift from positive to neutral on the currency. Initially, we considered the dollar as a relevant diversification asset in our portfolios, especially with the emergence of Donald Trump's tariff policy, which we saw at the beginning of the year as a significant support factor for the greenback, with the imposition of tariffs acting as a brake on imports and creating a more pronounced scarcity of the dollar in the global economy.

However, rising fears of a recession, primarily in the United States, and growing distrust towards dollar-denominated assets have overshadowed this channel in investors' minds, and the increase in risk aversion has supported safe-haven currencies such as the yen and the Swiss franc, as well as the euro. In the short term, we believe that these dynamics could continue if Donald Trump maintains his confrontational and unpredictable policy stance, which may create further concerns about a potential erosion of US economic activity and the attractiveness of US assets to investors.

We remain very attentive to developments in the dollar, particularly the risk of a more pronounced depreciation of the greenback. However, we also believe that, as stated in our [Global Outlook 2025](#), discussions about de-dollarisation are exaggerated, given that alternative reserve assets, such as the euro or the renminbi, currently appear less competitive compared to the dollar, not only in terms of their current proportion in central bank reserves (58% for the dollar), but also in terms of the depth of financial markets, and growth and productivity potential.

At the same time, if the US economy were to enter a recession, it is likely that the repercussions would be felt globally, and the resulting increase in risk aversion could see the dollar regain some appeal as a global safe-haven currency. In this rapidly evolving environment for currencies, where economic and geopolitical risks remain numerous, our only real conviction remains gold, which appears as an obvious beneficiary, both of economic slowdown fears and growing distrust towards US financial markets.

CHART 3: THE DECLINE IN USD/UST CORRELATION REFLECTS EROSION OF CONFIDENCE IN THE USD



Source: Reuters, Indosuez Wealth Management.



## 08 • Market Monitor (local currencies)

### OVERVIEW OF SELECTED MARKETS



DATA AS OF 17.04.2025

GOVERNMENT BONDS	YIELD	4 WEEKS CHANGE (BPS)	YTD CHANGE (BPS)
US Treasury 10-year	4.32%	8.80	-24.41
France 10-year	3.24%	-24.10	4.50
Germany 10-year	2.47%	-31.00	10.50
Spain 10-year	3.17%	-25.50	11.20
Switzerland 10-year	0.40%	-32.70	7.60
Japan 10-year	1.31%	-19.80	22.60

BONDS	LAST	4 WEEKS CHANGE	YTD CHANGE
Government Bonds Emerging Markets	38.17	1.44%	5.77%
Euro Government Bonds	211.95	1.72%	1.31%
Corporate EUR high yield	230.94	-1.14%	-0.12%
Corporate USD high yield	362.25	-1.54%	0.19%
US Government Bonds	324.02	0.51%	2.70%
Corporate Emerging Markets	44.31	-1.84%	-0.16%

CURRENCIES	LAST SPOT	4 WEEKS CHANGE	YTD CHANGE
EUR/CHF	0.93	-2.57%	-0.80%
GBP/USD	1.33	2.28%	5.90%
USD/CHF	0.82	-6.92%	-9.55%
EUR/USD	1.14	4.67%	9.68%
USD/JPY	142.46	-4.24%	-9.47%

VOLATILITY INDEX	LAST	4 WEEKS CHANGE (POINTS)	YTD CHANGE (POINTS)
VIX	29.65	9.85	12.30

EQUITY INDICES	LAST PRICE	4 WEEKS CHANGE	YTD CHANGE
S&P 500 (United States)	5'282.70	-6.71%	-10.18%
FTSE 100 (United Kingdom)	8'275.66	-4.90%	1.26%
STOXX 600	506.42	-8.42%	-0.24%
Topix	2'530.23	-9.50%	-9.15%
MSCI World	3'474.06	-5.94%	-6.31%
Shanghai SE Composite	3'772.22	-5.10%	-4.13%
MSCI Emerging Markets	1'067.07	-6.45%	-0.78%
MSCI Latam (Latin America)	2'047.78	-3.82%	10.54%
MSCI EMEA (Europe, Middle East, Africa)	214.83	-2.01%	5.22%
MSCI Asia Ex Japan	687.83	-7.30%	-2.31%
CAC 40 (France)	7'285.86	-9.99%	-1.29%
DAX (Germany)	21'205.86	-7.80%	6.51%
MIB (Italy)	35'980.43	-8.19%	5.25%
IBEX (Spain)	12'918.00	-2.92%	11.41%
SMI (Switzerland)	11'660.96	-10.96%	0.52%

COMMODITIES	LAST PRICE	4 WEEKS CHANGE	YTD CHANGE
Steel Rebar (CNY/Tonne)	3'028.00	-3.26%	-8.19%
Gold (USD/Oz)	3'316.18	9.02%	26.36%
Crude Oil WTI (USD/Bbl)	64.68	-5.24%	-9.82%
Silver (USD/Oz)	32.47	-3.90%	11.04%
Copper (USD/Tonne)	9'188.50	-7.53%	4.80%
Natural Gas (USD/MMBtu)	3.25	-18.36%	-10.68%

Source: Bloomberg, Indosuez Wealth Management.  
Past performance does not guarantee future performance.

### MONTHLY INVESTMENT RETURNS, PRICE INDEX

- FTSE 100
- Topix
- MSCI World
- MSCI EMEA
- MSCI Emerging Markets
- STOXX 600
- S&P 500
- Shanghai SE Composite
- MSCI Latam
- MSCI Asia Ex Japan

JANUARY 2025	FEBRUARY 2025	MARCH 2025	4 WEEKS CHANGE	YTD (17.04.2025)
5.92%	13.64%	14.92%	-2.01%	10.54%
4.55%	8.76%	8.94%	-3.82%	5.22%
4.02%	6.78%	7.38%	-4.90%	1.26%
3.66%	6.60%	6.47%	-5.10%	-0.24%
3.52%	5.71%	6.06%	-5.94%	-0.78%
3.48%	5.37%	5.39%	-6.45%	-2.31%
0.64%	4.92%	1.02%	-6.71%	-4.13%
-0.27%	4.46%	0.40%	-7.30%	-6.31%
-1.71%	0.13%	-0.39%	-8.42%	-9.15%
-3.50%	-0.63%	-3.72%	-9.50%	-10.18%

Source: Bloomberg, Indosuez Wealth Management.  
Past performance does not guarantee future performance.

BEST  
PERFORMING  
+

-  
WORST  
PERFORMING



**Basis point (bps):** 1 basis point = 0.01%.

**Blockchain:** A technology for storing and transmitting information. It takes the form of a database which has the particularity of being shared simultaneously with all its users and generally does not depend on any central body.

**BLS:** Bureau of Labor Statistics.

**BNEF:** Bloomberg New Energy Finance.

**Brent:** A type of sweet crude oil, often used as a benchmark for the price of crude oil in Europe.

**CPI (Consumer Price Index):** The CPI estimates the general price level faced by a typical household based on an average consumption basket of goods and services. The CPI tends to be the most commonly used measure of price inflation.

**Cyclicals:** Cyclicals refers to companies that are dependent on the changes in the overall economy. These stocks represent the companies whose profit is higher when the economy is prospering.

**Defensives:** Defensives refers to companies that are more or less immune to the changes in the economic conditions.

**Deflation:** Deflation is the opposite of inflation. Contrary to inflation, it is characterised by a sustained decrease in general price levels over an extended period.

**Duration:** Reflects the sensitivity of a bond or bond fund to changes in interest rates. This value is expressed in years. The longer the duration of a bond, the more sensitive its price is to interest rate changes.

**EBIT (Earnings Before Interest and Taxes):** Refers to earnings generated before any financial interest and taxes are taken into account. It takes earnings and subtracts operating expenses and thus also corresponds to non-operating expenses.

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** EBITDA takes net income and adds interest, taxes, depreciation and amortisation expenses back to it. It is used to measure a company's operating profitability before non-operating expenses and non-cash charges.

**ECB:** The European Central Bank, which governs the euro and Euro Area member countries' monetary policy.

**Economic Surprises Index:** Measures the degree of variation in macro-economic data published versus forecasters' expectations.

**Economies of scale:** Decrease in a product's unit cost that a company obtains by increasing the quantity of its production.

**EPS:** Earnings per share.

**ESG:** Non-financial corporate rating system based on environmental, social and governance criteria. It is used to evaluate the sustainability and ethical impact of an investment in a company.

**Fed:** The US Federal Reserve, i.e. the central bank of the United States.

**FOMC (Federal Open Market Committee):** The US Federal Reserve's monetary policy body.

**GDP (Gross Domestic Product):** GDP measures a country's yearly production of goods and services by operators residing within the national territory.

**Growth:** Growth style refers to companies expected to grow sales and earnings at a faster rate than the market average. As such, growth stocks are generally characterised by a higher valuation than the market as a whole.

**IEA:** International Energy Agency.

**IMF:** The International Monetary Fund.

**Inflation breakeven:** Level of inflation where nominal bonds have the same return as inflation-linked bonds (of the same maturity and grade). In other words, it is the level of inflation at which it makes no difference if an investor owns a nominal bond or an inflation-linked bond. It therefore represents inflation expectations in a geographic region for a specific maturity.

**Inflation swap rate 5-Year, 5-Year:** A market measure of what 5-Year inflation expectations will be in five years' time. It provides a window into how inflation expectations may change in the future.

**IPPC:** The Intergovernmental Panel on Climate Change.

**IRENA:** International Renewable Energy Agency.

**ISM:** Institute for Supply Management.

**Metaverse:** A metaverse (portmanteau of meta and universe) is a fictional virtual world. The term is regularly used to describe a future version of the internet where virtual, persistent and shared spaces are accessible via 3D interaction.

**OECD:** Organisation for Economic Co-operation and Development.

**OPEC:** Organization of the Petroleum Exporting Countries; 14 members.

**OPEC+:** OPEC plus 10 additional countries, notably Russia, Mexico, and Kazakhstan.

**PMI:** Purchasing Managers' Index.

**Policy mix:** The economic strategy adopted by a state depending on the economic environment and its objectives, mainly consisting of a combination of monetary and fiscal policy.

**Pricing power:** Refers to the ability of a company or brand to increase its prices without affecting demand for its products.

**Quality:** Quality stocks refers to companies with higher and more reliable profits, low debt and other measures of stable earnings and strong governance. Common characteristics of Quality stocks are high return to equity, debt to equity and earnings variability.

**Quantitative easing (QE):** A monetary policy tool by which the central bank acquires assets such as bonds, in order to inject liquidity into the economy.

**SEC (Securities and Exchange Commission):** The SEC is an independent federal agency with responsibility for the orderly functioning of US securities markets.

**Spread (or credit spread):** A spread is the difference between two assets, typically between interest rates, such as those of corporate bonds over a government bond.

**Secular stagnation:** Refers to an extended period of little or no economic growth.

**SRI:** Sustainable and Responsible Investments.

**Stagflation:** Stagflation refers to an economy that is experiencing simultaneously an increase in inflation and stagnation of economic output.

**TPI:** An addition to the Eurosystem's toolkit that can be activated by the ECB to counter unwarranted, disorderly market developments if these pose a serious threat to the smooth transmission of monetary policy across the euro area. The ECB Governing Council approved the instrument on the 21 July 2022.

**Trump Put:** The perception among investors that President Trump's economic policies and statements could influence the stock markets in a way that limits their downside.

**Value:** Value style refers to companies that appear to trade at a lower price relative to its fundamentals. Common characteristics of value stocks include high dividend yield, low price-to-book ratio, and a low price-to-earnings ratio.

**VIX:** The index of implied volatility in the S&P 500 Index. It measures market operators' expectations of 30-day volatility, based on index options.

**WTO:** World Trade Organization.



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