

WEEKLY BULLETIN

February 2025: Issue #3

Quote of the Week.

“He who is prudent and lies in wait for an opportunity will be victorious” – Sun Tzu

Another eventful week has been marked by significant market volatility driven by 2 key developments.

First, Trump's tariff threats are beginning to significantly affect US companies. Nearly one-third of the top 500 firms have cited the term 'tariff' or "tariffs" during their earnings calls for the fourth quarter. Given that approximately 40% of the components needed for US-made products are sourced internationally, tariffs on imported goods are likely to drive production costs higher—a concern echoed by CEOs at companies such as Ford and Walmart. Beyond the direct cost pressures, these tariffs are undermining trust among global trading partners. With heightened uncertainty surrounding future capital expenditure plans even as closed allies, many large corporations and countries may soon reconsider their business dealings with the US. Although trade relationships have not yet reached a critical threshold, the risk of higher inflation is already shaking investor confidence.

Target	Tariff	Status	Authority	Retaliation
Most nations	25% on steel, Aluminum	Take effect March 12	Section 232	Pledged by EU & other economies
Canada, Mexico	25% on most goods; 10% on Canadian energy	Delay to March 4	IEEPA	Canada targeted \$107 billion worth of US goods; Mexico pledged unspecified retaliation
China	10% on all goods	Started Feb 4th	IEEPA	China impose \$14 billion worth of US goods.
Colombia	25% on all goods, 50% after a week	Threatened and resolved Jan 26	Migration emergency	Colombia threatened 25% attriffs on US goods.
All nations	Reciprocal tariffs	Deadline April 1	301, 232 possibly IEEPA	Pledge by EU an other economies
All nations	25% on autos, chips & Pharma	Take effect April 2	TBD	TBD
Mexico, China	US suggest Mexico to impose tariffs on China to avoid US duties		TBD	TBD



Secondly, the news of mass layoffs across federal agencies has sparked notable market reactions. Employment has long been a cornerstone of the US economy, fuelling consumption growth and bolstering business confidence. The timing of these layoffs, combined with similar moves in the tech sector aimed at boosting shareholder returns, could introduce bigger market risks than intended. While no major systemic issues have emerged so far, market analysts are anticipating a potential 10% pullback from the recent S&P 500 record high. Given the current political climate, it remains important to stay vigilant, and it is likely that policymakers—including a business-minded President—will strive to maintain a strong US equity market.

Last Week 's Notable Events.

US Economy/Politics

- Uni.of Michigan sentiment 64.7 vs exp 67.8, 5-10 Yr inflation 3.5% vs exp 3.3% - 21st Feb
- Trump tariff and land grab threats signal US expansionist ambitions – 23rd Feb
- Trump paralyzes the US Wind Power industry – 23rd Feb
- Trump order use of CFIUS to restrict Chinese investments in strategic areas – 23rd Feb
- Trump administration eliminating 2,000 USaid positions in US, notice says – 24th Feb

Europe Economy/Politics

- ECB Schnabel calls for debate on 'halt' to rate cuts – 20th Feb
- Europe leaders want a say in talks to end Russian's war in Ukraine the US is brushing them off – 19th Feb

Asia Pacific Economy/Equity

- RBA cut rates by 25bps – 18th Feb
- RBNZ lowers rates by 50 bps – 19th Feb
- Meituan has taken its sister food delivery platform Keeta to the Middle East – 22nd Feb
- Thailand grapples with cybersecurity crisis as attacks soar 70% higher than global average – 24th Feb
- Vietnam outpaces Malaysia and Thailand in 2024 export growth – 24th Feb

Weekly Data Monitor

Weekly chart:

- S&P 500 slides on U.S. economic concerns over tariff inflation risk and mass layoffs in federal offices.
- DeepSeek AI optimism lifts China and Hong Kong indexes higher, in turn boosting the MSCI Asia Pacific index.

Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

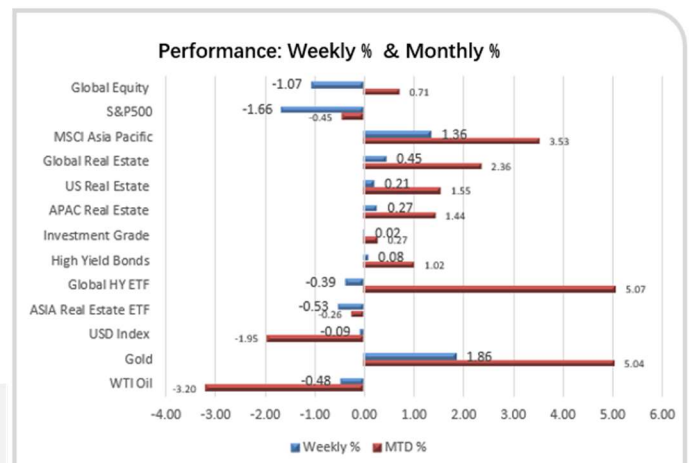
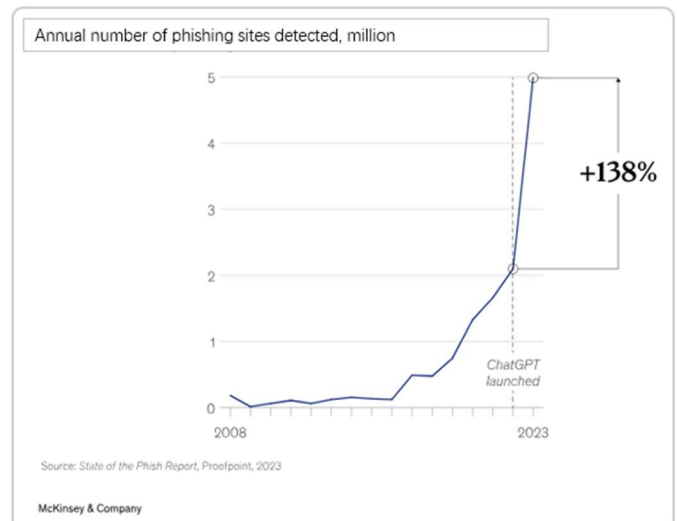


Chart of the Week.

As the U.S. market enters a healthy correction, macro opportunities in cybersecurity are emerging. The rapid adoption of AI and generative AI has accelerated cyber threats, with McKinsey data showing a 138% surge in phishing sites since ChatGPT's launch. Cyber-attackers now use generative AI to craft sophisticated phishing emails and deepfakes, increasing the need for advanced cybersecurity measures globally. As enterprises upgrade their defences, companies offering AI-enhanced security—such as Palo Alto, CrowdStrike, Fortinet, Zscaler, and CyberArk—are poised to benefit. Investors should monitor AI-driven cybersecurity developments as part of a diversified long-term strategy.



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