

Weekly Newsletter

February 14th, 2025

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Musings

"Economic warfare is warfare just as much as shooting a gun."

—Franklin D. Roosevelt

Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	6,114.62	1.47%	3.96%
Nasdaq Composite	20,026.77	4.02%	3.71%
10Y UST Yield	4.478	-0.33%	-2.08%
Crude oil	70.74	-0.37%	-1.37%
Gold	2,882.48	0.74%	9.84%
DXY	106.79	-1.21%	-1.56%
USD/INR	86.58	-1.15%	1.23%
Euro STOXX 50	5,482.50	3.20%	12.86%
India (Nifty)	22,929.25	-2.68%	-3.03%
Japan (Nikkei)	39,149.43	0.93%	-1.87%
China (CSI 300)	3,939.01	1.19%	0.10%
Saudi (TASI)	12,385.00	-0.39%	2.90%
Abu Dhabi (ADX)	9,625.68	0.41%	2.19%
Dubai (DFM)	5,361.95	2.36%	3.94%

News from the markets

Markets continued to gyrate in response to the twin triggers of US inflation and tariffs, but finished the week strong.

January's producer price index report, released on February 12th, as well as the consumer price index report released February 11th, suggested a softer reading for the personal consumption expenditures price index.

Trump has signed a memo that instructed staff to develop custom tariffs for each country, taking into account features such as their existing tariffs, exchange rates, trade balances and other rules. The memo asked that staff report back for a plan for "reciprocal trade and tariffs" within 180 days.

Traders shrugged off **data released on February 14th that reflected a 0.9% slump in retail sales** for January, worse than the Dow Jones estimate for a 0.2% decline.

Airbnb reported strong earnings per share of \$ 0.73 on revenue of \$ 2.48 billion for the quarter ended December 2024. The consensus estimate was \$ 0.58 on revenue of \$ 2.42 billion. The stock rose ~ 19% in response.

Bond prices were very volatile, with the 10y UST yield going up and down by ~ 9 bp within the same week, but ending close to where it started the week.

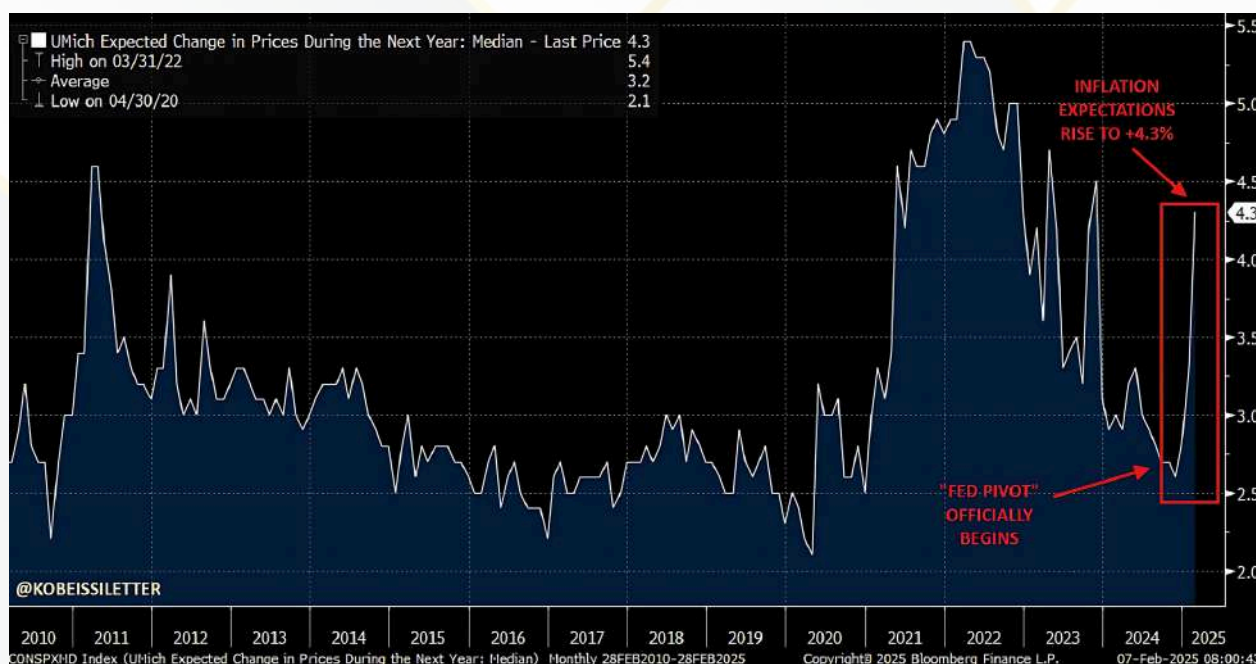
Chinese stocks rose to their highest level in four months, as the hype over DeepSeek continued to drive sentiment. **Alibaba Group Holding rallied strongly** after reports that the e-commerce giant tied up with Apple to develop artificial intelligence (AI) features for iPhones in China.

The Indian stock market has witnessed a significant downturn over the last eight trading sessions in their worst performance since 2022. The continuous decline has been attributed to foreign investor selling, global economic concerns, and high stock valuations.

Key economic events coming this week

February 17th	-
February 18th	• Baidu, Arista Networks, Occidental, Cadence earnings
February 19th	• UK CPI (Jan) • US FOMC Meeting Minutes • Carrefour earnings
February 20th	• Philadelphia Fed Manufacturing Index (Feb) • US Crude Oil Inventories • US Initial Jobless Claims • Alibaba, Walmart, Mercado Libre, Schneider Electric, Airbus, Renault, Mercedes earnings
February 21st	• US Existing Home Sales (Jan)

Chart of the Week



Since the Fed 'pivoted' CPI has risen to a 7-month high and PPI just hit its highest since February 2023

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