

# Weekly Newsletter

May 30<sup>th</sup>, 2025

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## Musings

*"Success is not final, failure is not fatal: It is the courage to continue that counts"*

— Winston Churchill

## Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,911.68	1.88%	0.51%
Nasdaq Composite	19,113.77	2.01%	-1.02%
10Y UST Yield	4.398	-2.46%	-3.83%
Crude oil	60.79	-1.20%	-15.24%
Gold	3,289.70	-2.04%	25.36%
DX	99.43	0.33%	-8.34%
USD/INR	85.48	0.39%	-0.06%
Euro STOXX 50	5,362.00	0.77%	10.38%
India (Nifty)	24,750.70	-0.41%	4.68%
Japan (Nikkei)	37,965.10	2.17%	-4.84%
China (CSI 300)	3,840.23	-1.08%	-2.41%
Saudi (TASI)	10,990.41	-1.77%	-8.69%
Abu Dhabi (ADX)	9,685.10	0.20%	2.83%
Dubai (DFM)	5,480.50	0.30%	6.24%

## News from the markets

The tariff twists and turns continue unabated.

### **Trump's authority to impose tariffs challenged in Court**

On May 28<sup>th</sup> the U.S. Court of International Trade ruled that the Constitution gave Congress, not the president, the power to levy taxes and tariffs, and that the president had exceeded his authority by invoking the International Emergency Economic Powers Act, a law intended to address threats during national emergencies. This threatened to kill or at least delay the imposition of Trump's so-called Liberation Day tariffs on imports from most U.S. trading partners and additional tariffs on goods from Canada, Mexico and China. Some sector-specific tariffs, such as on imports of steel, aluminum and automobiles, were imposed under separate authorities on national security grounds and were unaffected by the ruling.

On May 29<sup>th</sup>, the United States Court of Appeals for the Federal Circuit in Washington said it was pausing the lower court's ruling to consider the government's appeal, and ordered the plaintiffs in the cases to respond by June 5<sup>th</sup> and the administration by June 9<sup>th</sup>.

**Market consensus is that even if the Administration loses the appeal, it will figure out other ways to carry on with its policies.**

### **Temperatures rising on trade deal with European Union**

On May 23<sup>rd</sup>, Trump expressed frustration with the pace of talks with the European Union and threatened to raise the tariff rate to 50% as soon as 1<sup>st</sup> June. On May 25<sup>th</sup>, he wrote on social media that he was pushing his deadline back to 9<sup>th</sup> July, after a "very nice" call with Ursula von der Leyen, the European Commission chief.

On May 30<sup>th</sup>, **Trump announced that he would increase tariffs on imported steel and aluminum to 50% from 25%.** In response, the **European Commission said it "strongly" regrets the plan to increase tariffs, adding that "the (European Union) is prepared to impose countermeasures."**

### **Trump unhappy with China**

On May 31<sup>st</sup>, Trump accused China of violating an agreement to mutually roll back tariffs and trade restrictions for critical minerals. Previously, Treasury Secretary Scott Bessent told Fox News Channel that U.S. trade talks with China were "a bit stalled" and that getting a deal over the finish line will likely need the direct involvement of Trump and Xi.

### **Agreement on the future of U.S. Steel is taking shape**

President Donald Trump suggested that an agreement on a "partnership" was at hand to resolve Nippon Steel's nearly \$15 billion bid to buy iconic American steelmaker U.S. Steel that has been blocked on national security grounds. The agreement purportedly entails an American CEO, an American-majority board and a golden share which requires U.S. government approval of a number of the board members that allows the U.S. to ensure that production levels aren't cut. Nippon Steel has not issued a confirmation yet.

### **Markets trading on a new buzzword – the "TACO" Trade**

The word TACO stands for 'Trump Always Chickens Out' and refers to Trump's signature cycle of threatening to impose sweeping tariffs and then 'chickening out' to scale them back or delay their implementation. Regardless of the justification for the moniker, it is hard to argue against its potential to destabilize markets.

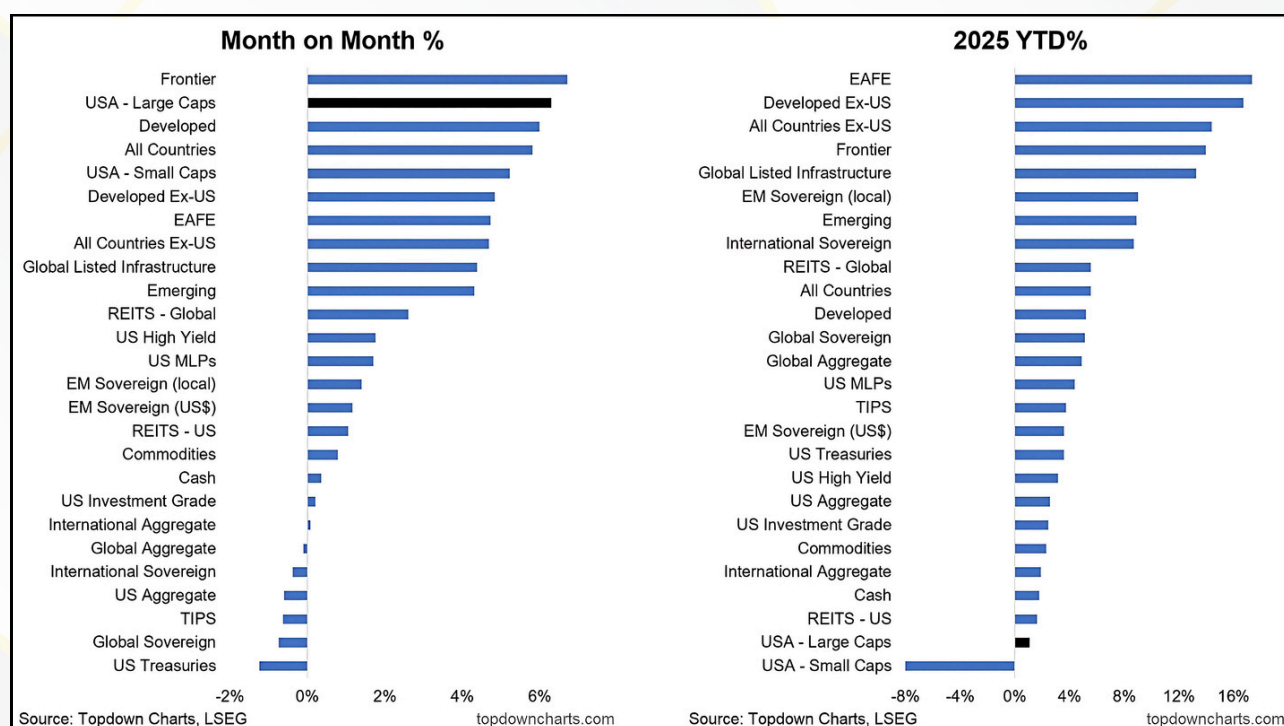
Drinks company Diageo and automakers General Motors and Ford are among those that have abandoned forecasts for the year ahead. Non-U.S. companies including Honda, Campari, Roche and Novartis have said they are considering moving operations or expanding their U.S. presence to mitigate the impact of tariffs.



## Key economic events coming this week

<b>June 02<sup>nd</sup></b>	<ul style="list-style-type: none"> <li>China Market Holiday (Dragon Boat Festival)</li> <li>US Manufacturing PMI (May)</li> </ul>
<b>June 03<sup>rd</sup></b>	<ul style="list-style-type: none"> <li>EUR CPI (May)</li> <li>US JOLTS Job Openings (Apr)</li> <li>Dollar General, CrowdStrike, HP earnings</li> </ul>
<b>June 04<sup>th</sup></b>	<ul style="list-style-type: none"> <li>US ADP Nonfarm Employment Change (May)</li> <li>US Services PMI (May)</li> <li>US Crude Oil Inventories</li> <li>Dollar Tree Earnings</li> </ul>
<b>June 05<sup>th</sup></b>	<ul style="list-style-type: none"> <li>UAE, KSA Market Holiday (Day of Arafat)</li> <li>EUR Rate Decision</li> <li>US Initial Jobless Claims</li> <li>Broadcom, Lululemon, Rubrik earnings</li> </ul>
<b>June 06<sup>th</sup></b>	<ul style="list-style-type: none"> <li>UAE, KSA Market Holiday (Eid-Al-Adha)</li> <li>US Unemployment Rate (May)</li> <li>US Nonfarm Payrolls (May)</li> </ul>

## Chart of the Week



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