



# Investment Outlook

05 Mar 2025

# Agenda

- 01** U.S Low Confidence.
- 02** U.S Inflation Eased Slightly.
- 03** EU Early Reaction to Tariffs.
- 04** Euro Zone Inflation Eased.
- 05** China Vows To Retaliate.
- 06** Portfolio (Tokio Marine List).

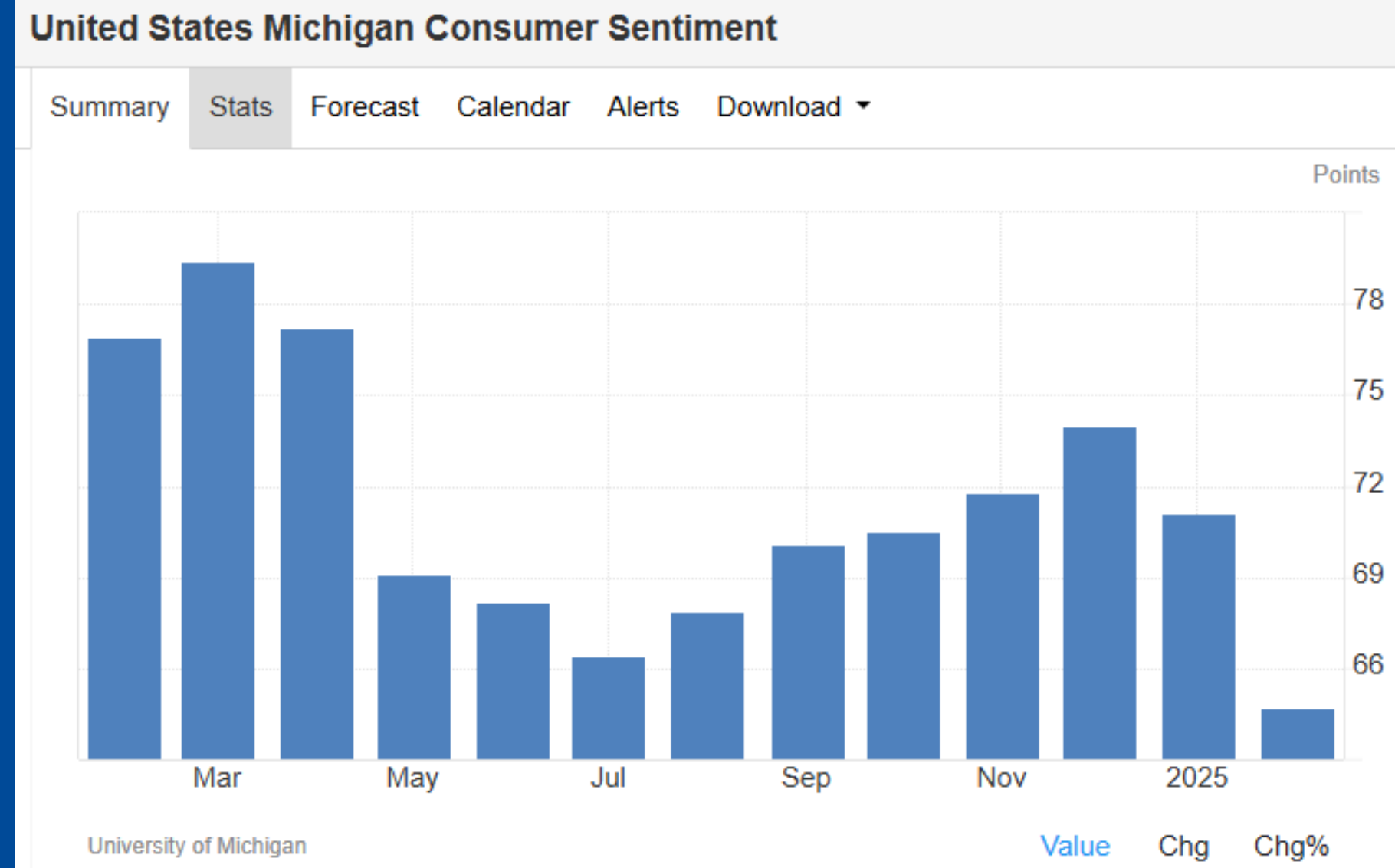
# 01: U.S Low Confidence.



# U.S Low Confidence.

## ■ What happened:

- Consumers grew more pessimistic about the economic outlook in February as worries brewed about a slowing economy and rising inflation.
- The lowest reading since June 2024 and the largest monthly drop since August 2021.
- The decline in consumer confidence comes with President Donald Trump threatening additional tariffs against U.S trading partners.
- Economists worry that the tariffs could spark another round of inflation at a time when the Federal Reserve is considering whether to lower interest rates further or hold steady.



# U.S Low Confidence.

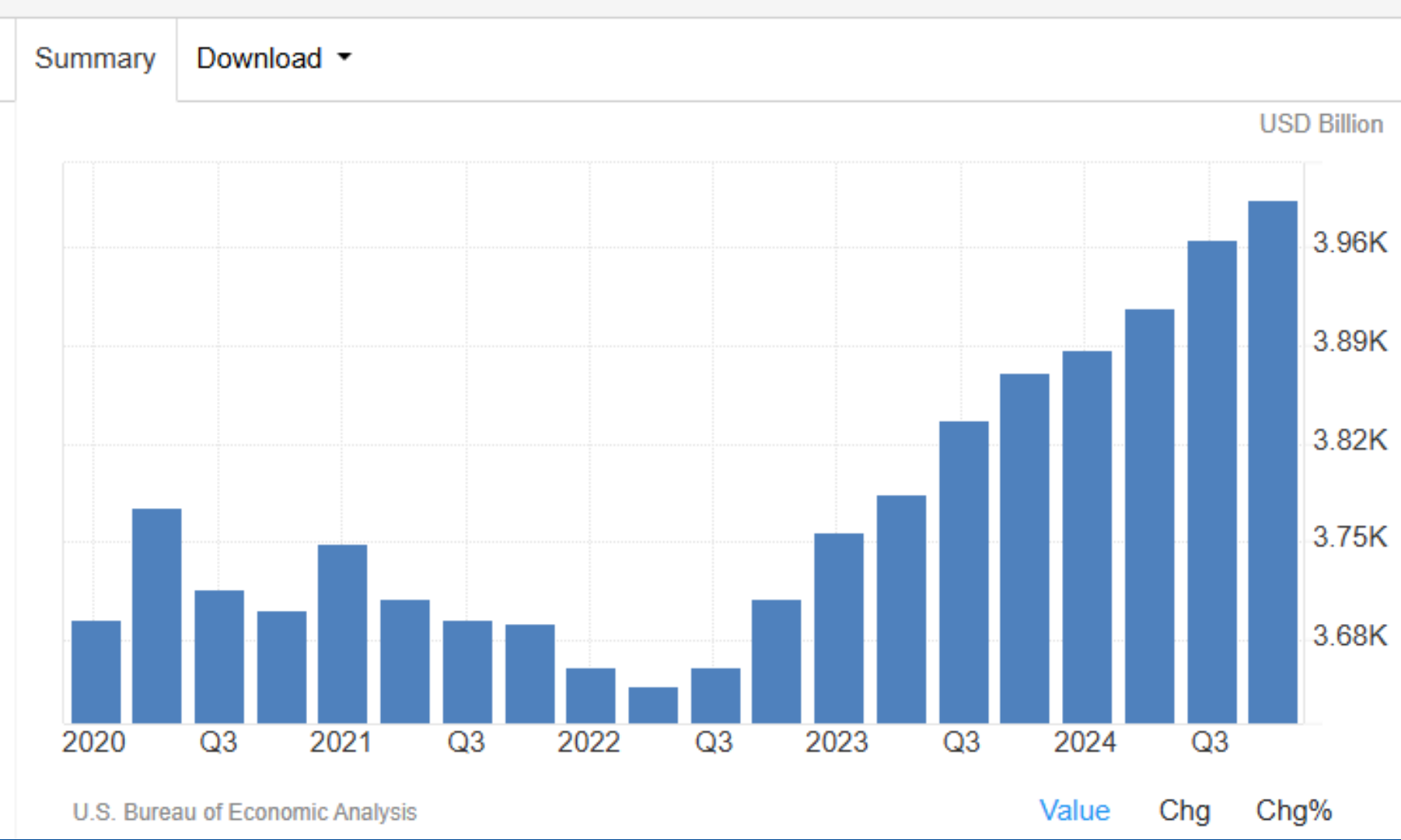
## ■ Treasury Secretary Scott Bessent:

- The [previous administration's over-reliance on excessive government spending and overbearing regulation](#) left us with an economy that may have exhibited some reasonable metrics but ultimately was brittle underneath, and heading for an unstable equilibrium.

## ■ LPL Financial chief U.S Economist, Jeffrey Roach:

- We should expect [some short-term behavioural shifts within the consumer](#).
- Consumers are increasingly [nervous about the unknown impacts from potential tariffs](#) and could pull forward consumer demand as they [anticipate higher prices for imports](#) in the near future.

United States Government Spending



## 02: U.S Inflation Eased Slightly.



# U.S Inflation Eased Slightly.



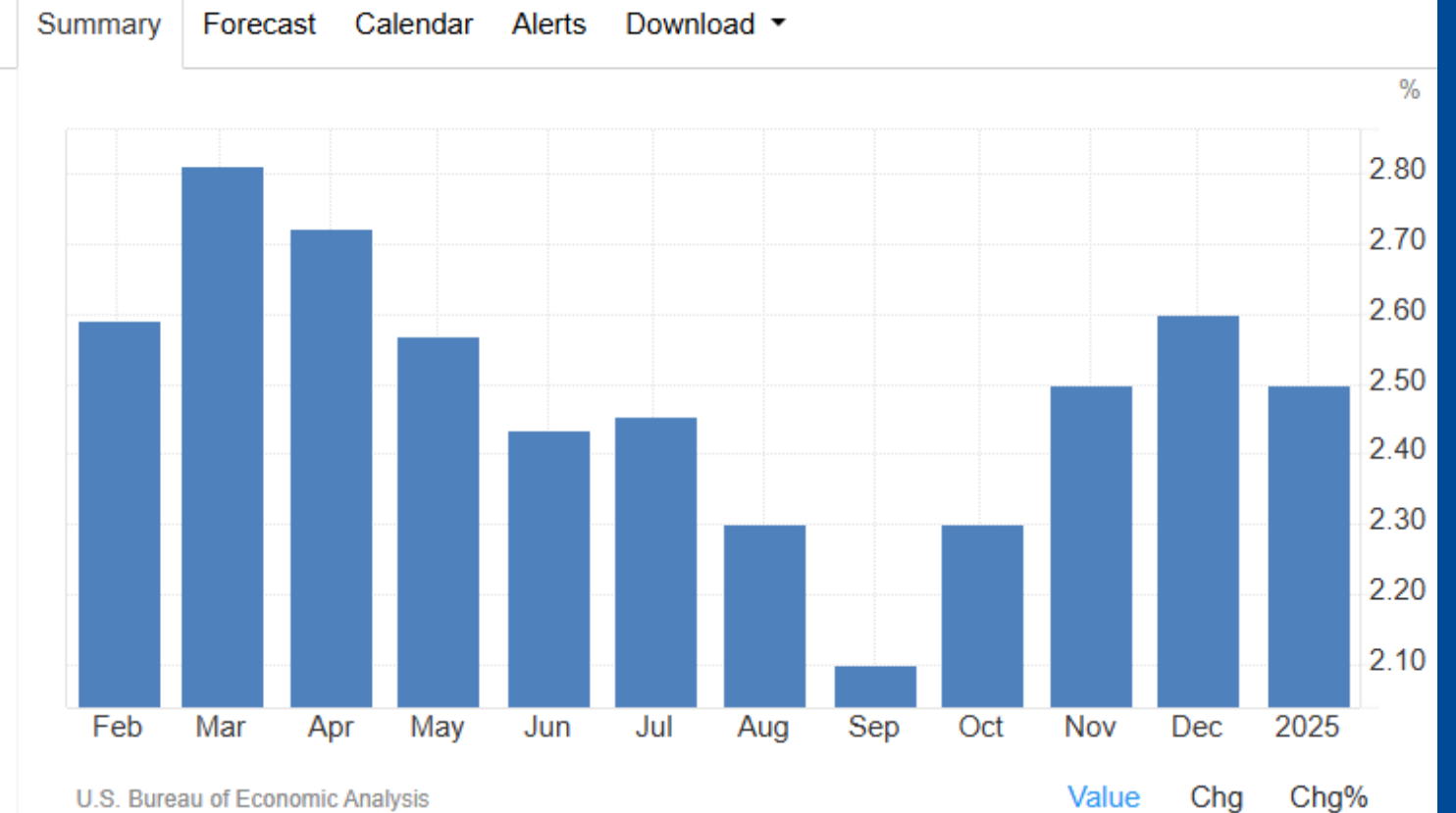
## ■ Inflation:

- Inflation eased slightly in January - the personal consumption expenditures price index (**PCE**), the Federal Reserve's preferred inflation measure, increased 0.3% MoM and showed a 2.5% YoY.
- The numbers all were in line with Dow Jones consensus estimates and likely keep Fed Chair Jerome Powell and his colleagues on hold for the time being regarding interest rates.
- Stock market futures pointed higher following the report while Treasury yields were mostly lower.

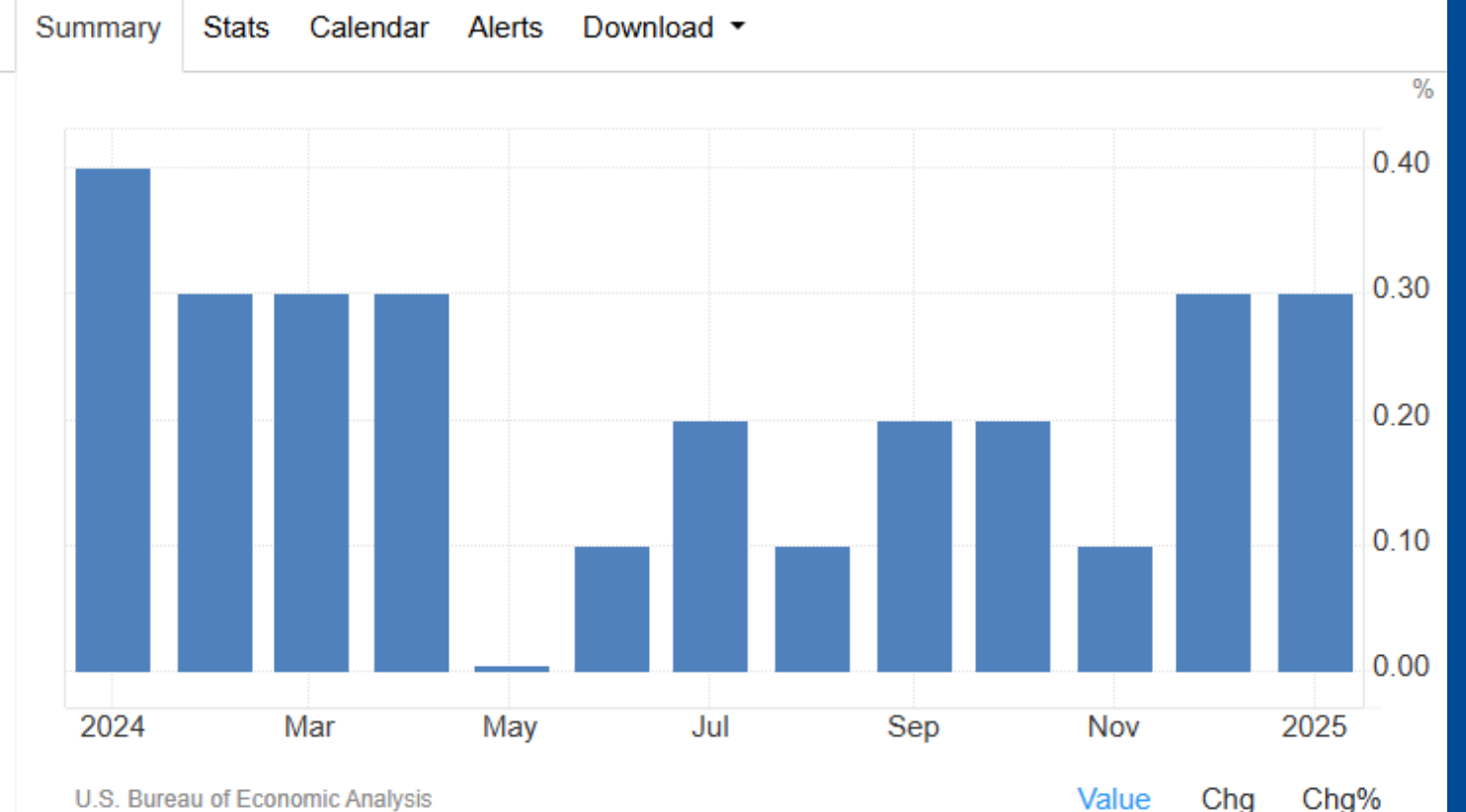
## ■ Consumers:

- **Personal income** posted a much sharper increase than expected, up 0.9% MoM against expectations for a 0.4% increase.
- However, higher incomes did not translate into spending, which decreased 0.2% MoM, versus forecast for a 0.1% gain.

United States PCE Price Index Annual Change



United States PCE Price Index Monthly Change



## 03: EU Early Reaction to Tariffs.





# EU Early Reaction to Tariffs.

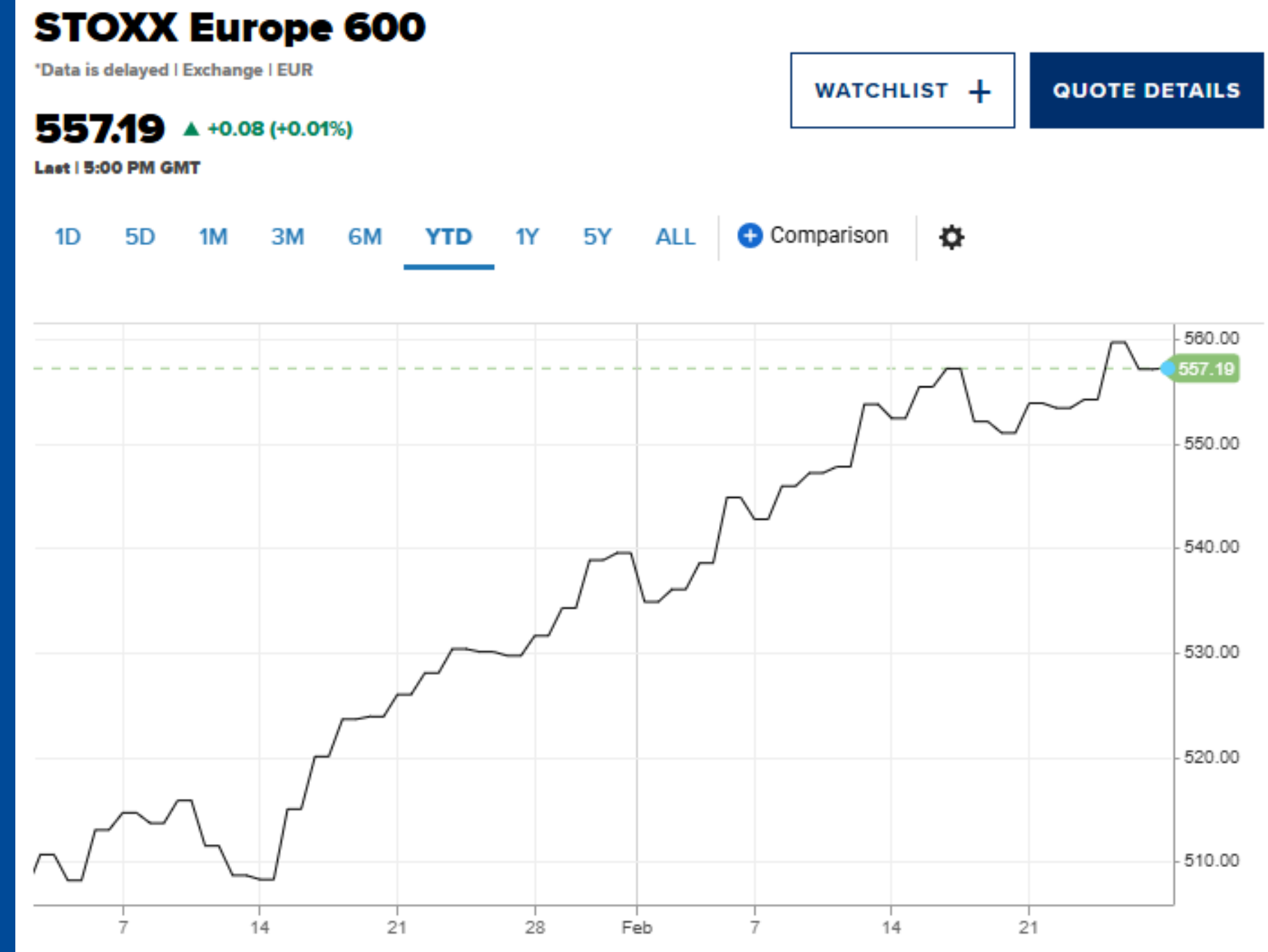


## ■ What happened:

- The pan-European Stoxx 600 index **opened lower with almost every sector losing ground, after** U.S President Donald **Trump threatened once again to slap tariffs on the EU** and followed through with new levies on Canada and Mexico.
- The president also confirmed that sweeping **25% tariffs on goods entering the U.S from Canada and Mexico** would come into **effect on 04 March**, saying the tariffs would be announced “very soon” and apply to “cars and all other things.”
- While **China** will face **additional 10% tariffs** from that date.

## ■ United Kingdom:

- U.S President Donald **Trump signalled the UK could broker a real trade deal and escape tariffs** amid ongoing negotiations sweetened by British Prime Minister Keir Starmer’s visit to the White House.



## 04: Euro Zone Inflation Eased.



# Euro Zone Inflation Eased.



## ■ What happened:

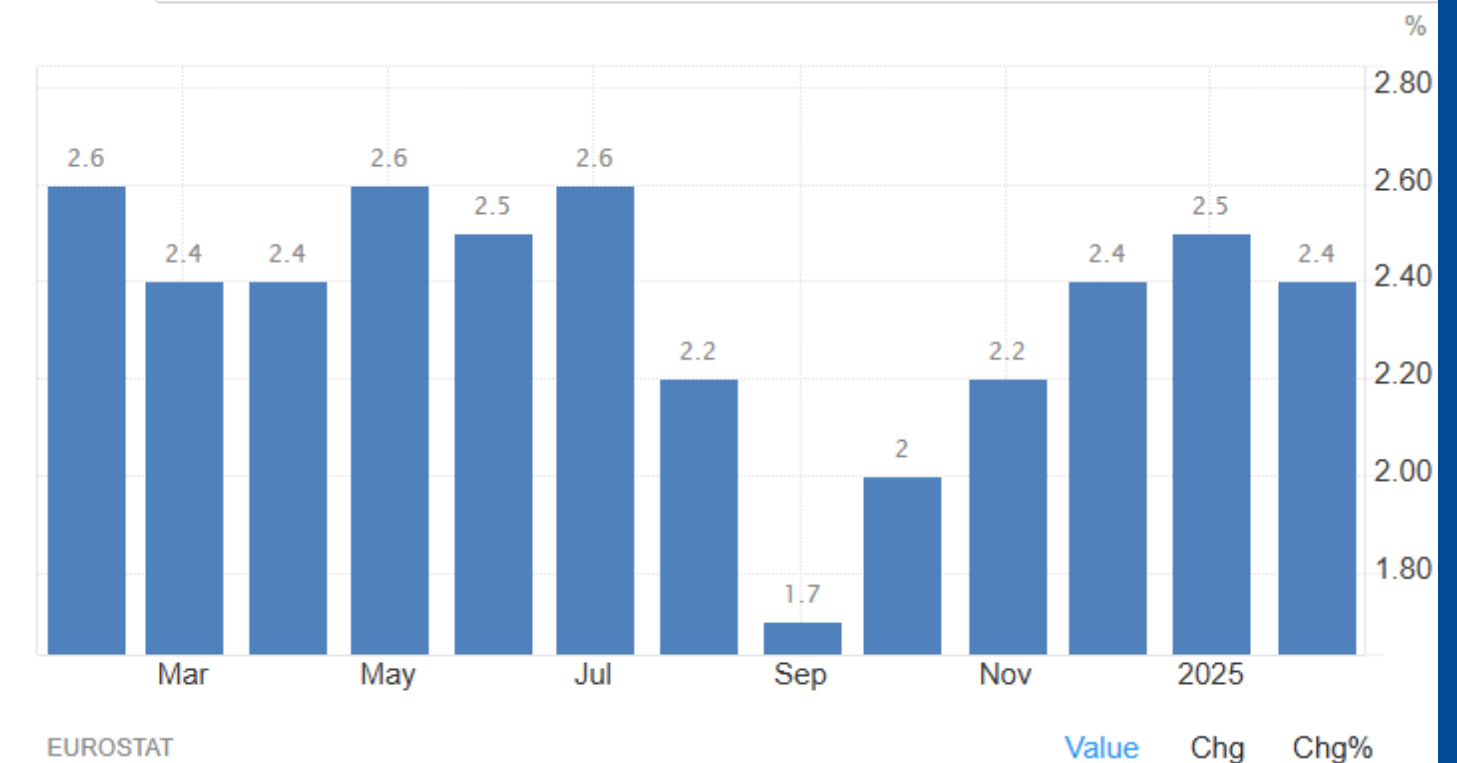
- Euro zone **inflation** eased to **2.4% YoY** in February but came in slightly above analyst expectations.
- The closely watched **services inflation** reading, which has **proven sticky over recent months, also eased**, coming in at **3.7% YoY** in February, compared to the January reading of 3.9% YoY.

## ■ Capital Economics deputy chief euro zone economist, Jack Allen-Reynolds:

- February's decline in headline inflation was encouraging because it was partly due to lower services inflation.
- We think **February's decline in services inflation is the start of a trend that will pull the core rate down substantially this year.**
- However, as energy prices are expected to rise slightly and food inflation is forecast to stay.

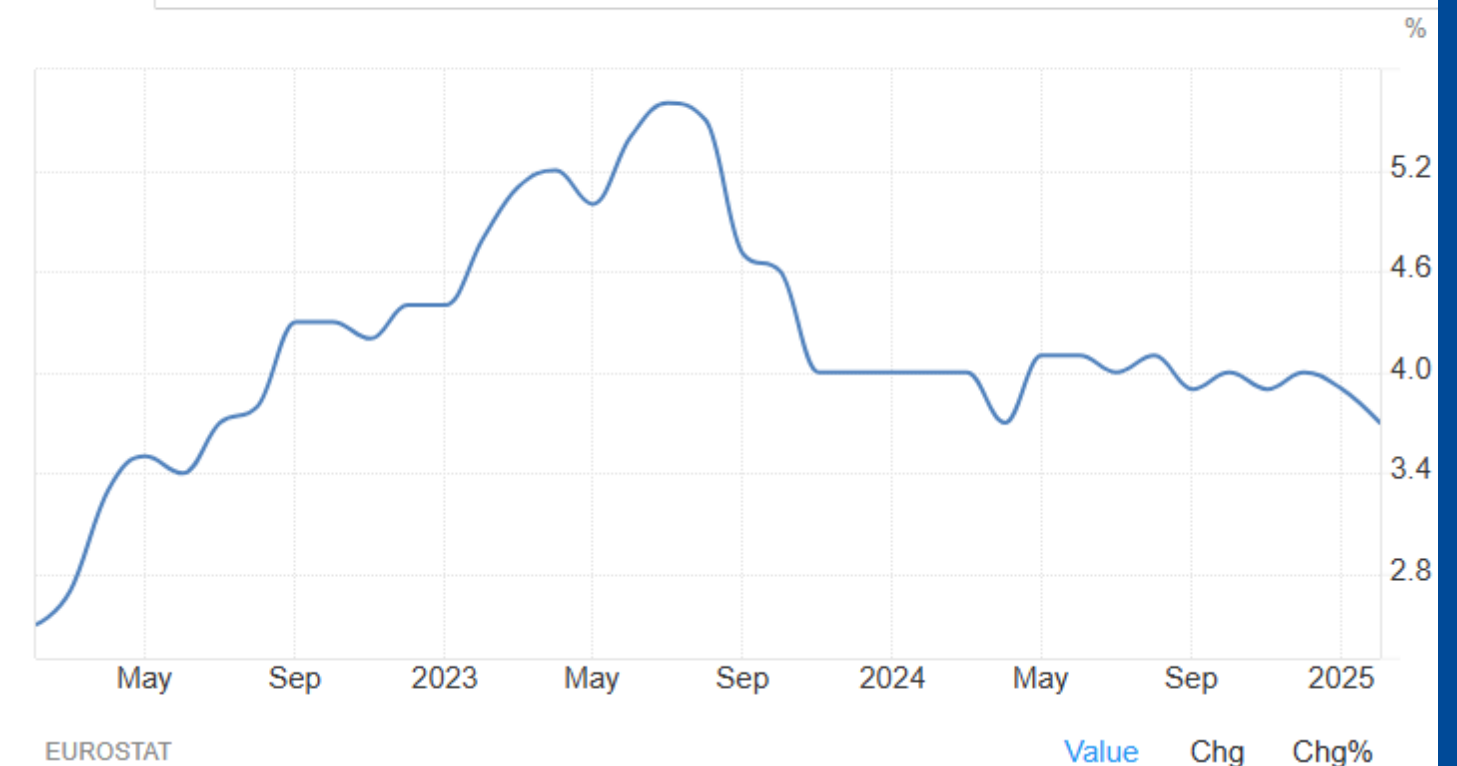
### Euro Area Inflation Rate

Summary Stats Forecast Calendar Alerts Download ▾



### Euro Area Services Inflation

Summary Download ▾



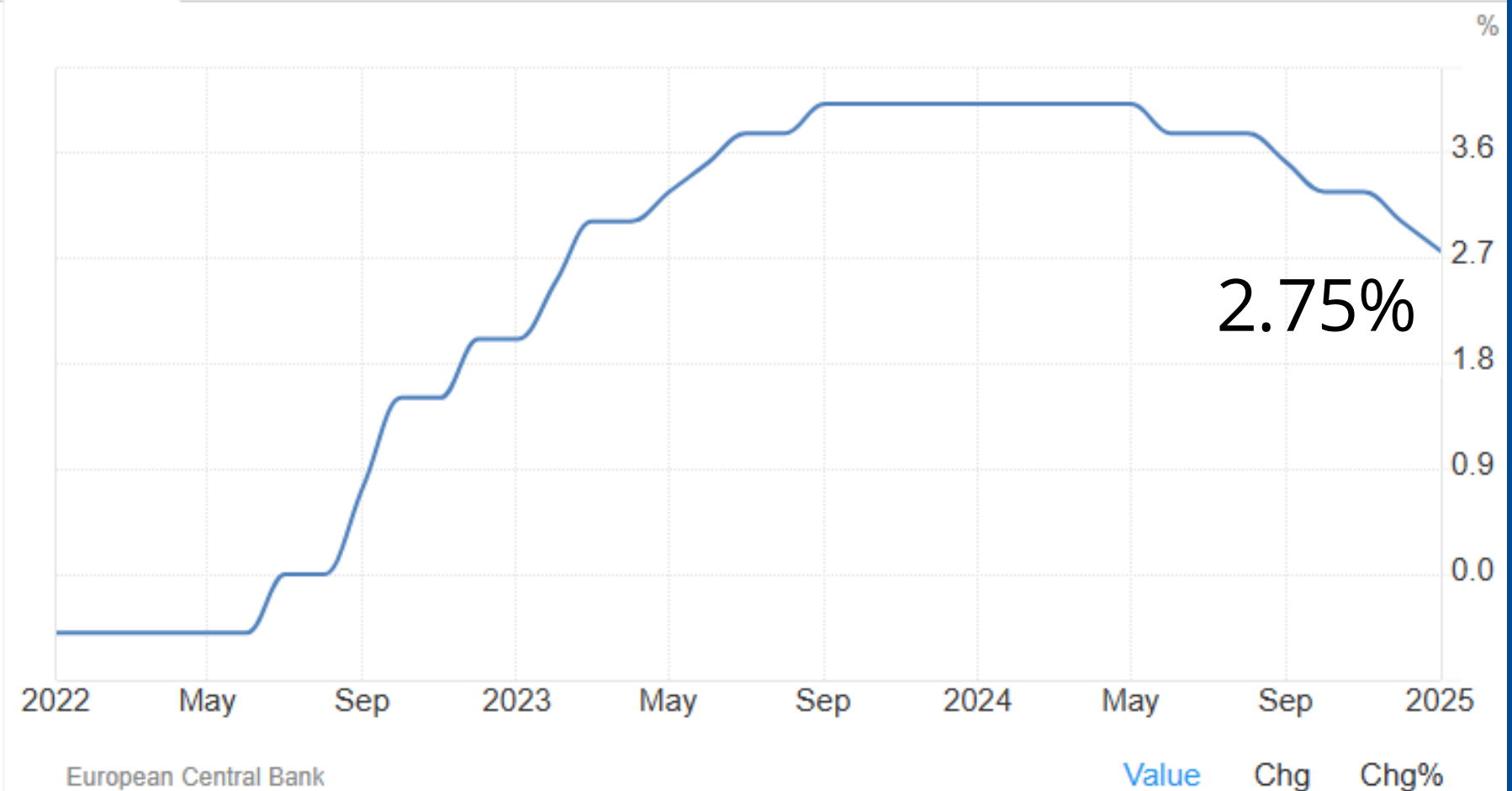
# Euro Zone Inflation Eased.

## ■ Next:

- The [ECB meets again later this week](#) and is widely [expected to announce another interest cut](#), which would mark its 6th reduction since it started easing monetary policy back in June.
- [Markets will also pay close attention](#) to the ECB statement accompanying the rate decision, searching for clues on policymakers' assessment of inflation and monetary policy restrictions.

## Euro Area Deposit Facility Rate

Summary Stats Forecast Calendar Alerts Download ▾



## 05: China Vows To Retaliate.



# China Vows To Retaliate.

## ■ China Ministry of Commerce spokesperson:

- If the U.S insists on its own way, [China will take all necessary countermeasures to defend](#) its legitimate rights and interests.
- We [urge the U.S side to not repeat its own mistakes](#), and to return to the right track of properly resolving conflicts.

## ■ Background:

- Trump recently [announced an additional 10% duty on Chinese imports](#) to be enforced on 04 March, which coincides with the start of China's annual parliamentary meetings.
- The [new tariffs are on top of 10% further tariffs levied on 04 Feb.](#)
- Trump announced the 2 rounds of China duties were being imposed in response to Chinas role in the fentanyl trade.
- The addictive drug, precursors to which are mostly produced in China and Mexico, has led to tens of thousands of overdose deaths each year in the U.S.

# China Vows To Retaliate.

## ■ What happened:

- After the first round of tariffs earlier this month, China's retaliatory measures included raising duties on certain U.S energy imports and putting 2 U.S companies on an unreliable entities list that could restrict their ability to do business in China.
- China has also increased controls on exports of critical minerals that the U.S needs.

## ■ Head of China Center at The Conference Board, Alfredo Montufar-Helu:

- While Beijing may maintain a restrained stance – China's exports have been a rare bright spot in an otherwise slowing economy.
- The U.S is China's largest trading partner on a single-country basis – upcoming moves will likely target industries that matter the most to Trump supporters.
- E.g. critical minerals that can't readily be sourced elsewhere.

## • Note:

- High likelihood of China's exports worsening. Another impact on its important growth pillars.
- The recent Chinese tech (DeepSeek) gains will be a new bright spot.





# Portfolio (Tokio Marine List).



Cautious			
Equities	Infinity US 500 Stock Index SGD	<a href="#">SG9999003289</a>	20%
Fixed Income	MS Global High Yield Bond Fund Dis USD (MACS)	<a href="#">LU2638073168</a>	45%
Fixed Income	United Asian High Yield Bond Acc USD (UAAU)	<a href="#">SG9999010037</a>	20%
Fixed Income	Fidelity US High Yield Fund Acc USD (FADU)	<a href="#">LU0605520377</a>	15%
(funds count)			4

Balance			
Equities	Infinity US 500 Stock Index SGD	<a href="#">SG9999003289</a>	25%
Fixed Income	MS Global High Yield Bond Fund Dis USD (MACS)	<a href="#">LU2638073168</a>	40%
Thematic	Nikko AM Japan Dividend Equity SGD Hdg	<a href="#">SG9999010490</a>	20%
Thematic	Guinness Global Innovators C USD ACC	<a href="#">IE00BQXX3F31</a>	15%
(funds count)			4

Growth			
Equities	Infinity US 500 Stock Index SGD	<a href="#">SG9999003289</a>	45%
Fixed Income	MS Global High Yield Bond Fund Dis USD (MACS)	<a href="#">LU2638073168</a>	13%
Thematic	Nikko AM Japan Dividend Equity SGD Hdg	<a href="#">SG9999010490</a>	15%
Thematic	Guinness Global Innovators C USD ACC	<a href="#">IE00BQXX3F31</a>	15%
Thematic	United Gold & General Fund Acc SGD (UACS)	<a href="#">SG9999001143</a>	12%
(funds count)			5



End

