The Week Ahead

Date 14 April - 2025

Chinese Q1 GDP

On April 16, China will release its first quarter GDP data. Year-on-year growth is expected to decelerate from the previous quarter's 5.4% rate to 5.1%. Financial institutions have a pessimistic outlook on China GDP growth forecast, with Goldman Sachs revising its forecast down 0.5% to just 4%, whilst Citi also forecasts a GDP growth forecast of 4.2%. This represents a largely pessimistic review of China's economy as of late.

China's economy remains under pressure. China have faced major difficulties with international trade, particularly in the face of the US' 125% tariff imposed on Chinese goods. This trade war has dampened export demand and diminished investor confidence. Additionally, consumer confidence remains weak, with sluggish income growth. Furthermore, real estate investment has dropped 9.8% year-on-year in 2025, with the IMF warning the property crisis is harming recovery, with house prices falling. This has decreased household wealth, restricting consumption, thus inciting a decline in GDP growth.

If China's GDP is weaker than expected, it would reinforce fears that its recovery is losing momentum. Given China's major role in global demand, this would likely put downward pressure on goods such as oil and metals as consumption slows. Emerging market currencies could weaken as lower Chinese demand reduces exports and triggers capital outflows. Global equity markets, particularly sectors tied to growth such as materials, energy, and technology, would also likely fall over concerns of weaker global economic momentum. This portrays China's global influence over markets and how its downturns ripple throughout other economies.

Economic Calendar

Monday
- JP: Industrial Production (Feb)
- GER: Wholesale Price Index (Mar)
- UK: Unemployment Rate (Feb)

Tuesday
- GER: ZEW Economic Sentiment
- UK: Climate Count Change (Mar)
- US: NY Empire State Manufacturing Index

Wednesday
- CN: GDP Growth Rate (Q1)
- UK: CPI (Mar)
- US: Retail Sales (Mar)

Thursday
- JP: Trade Balance (Mar)
- US: Initial Jobless Caims
- US: Philadelphia Fed Manufacturing Index

Friday
- JP: Japan CPI (Mar)
- IT: Balance of Trade (Feb)
- IT: COnstruction Output (Feb)

Importance Level: Low Medium High

ECB Governing Council Meeting

The European Central Bank (ECB) Governing Council's meeting on April 17, 2025, is going to be essential for the eurozone, as policymakers tackle present economic challenges. The meeting is expected to focus on adjusting interest rates and reviewing forecasts in reaction to growing trade tensions and slowing growth.

Since June 2024, the ECB has cut interest rates six times, with another cut expected, lowering interest rates to 2.25%. Lowering interest rates further, aims to counter the economic drag from US imposed tariffs. Lowering rates would make borrowing cheaper, promoting spending and investment across Europe, in the hopes that this can promote growth higher than the 0.9% forecast.

Inflation continues to be a key concern within Europe, with the ECB's March monetary policy statement, emphasising that inflation is expected to average 2.3% in 2025. Whilst this is still above the target 2%, disinflation is on track, suggesting the easing of inflationary pressures. This allows the ECB some room to cut rates without exacerbating inflation.

Additionally, the ECB's quantitative tightening, through the runoff of 2.7 trillion bond portfolio, has presented upward pressure on borrowing costs, this could potentially offset the effects of rate reductions. The strong Euro and falling energy prices also push inflation down, allowing for more expansionary monetary policy. We can predict that in the current climate of Europe, expansionary policy is likely to be employed in the ECB's meeting.

90 Day Tariff Step-Back

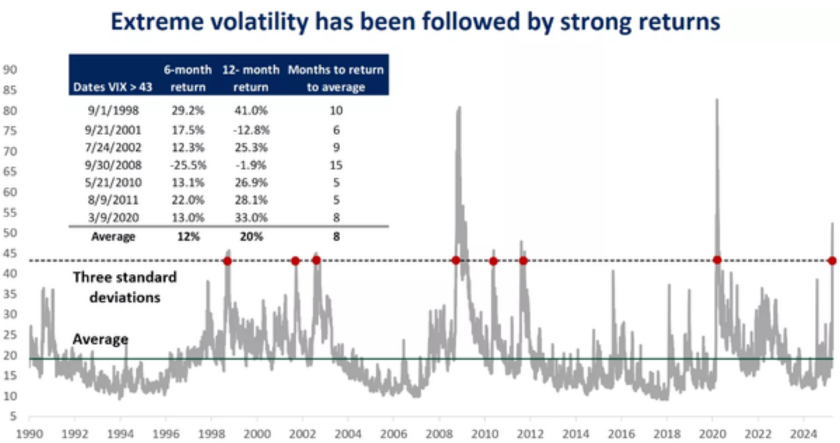
Donald Trump backing away from the tariffs provided some insight to the methods of his madness. Stephen Miran's framework, which lays out a five-part approach to how trade partners might respond constructively to tariffs: by accepting tariffs without retaliation, opening their markets to U.S. goods, increasing defense spending and buying from U.S. firms, investing directly in American industry, or even writing checks to the U.S. Treasury. Tariffs, in this view, are not primarily about protection—they are about a matter of national security, strategic leverage, and preserving America's capacity to lead. Understanding this framework reveals a more calculated and systemic logic behind Trump's tariff push.

Insight to Trumps Tariff Strategy

Trump's tariffs were publicly justified as responses to national security threats and longstanding currency misalignments. As Miran notes, persistent overvaluation of the U.S. dollar, driven by its role as the global reserve currency, weakens American competitiveness and forces the U.S. to run unsustainable trade deficits. Tariffs, in this view, are not simply protectionist tools but instruments to rebalance global burden-sharing. Miran's first recommendation is that other countries accept U.S. tariffs without retaliation—framing them as revenue tools to fund American public goods, including the global security infrastructure from which many of these countries benefit.

However, enforcing tariffs like these are economically harmful to all parties. For surplus economies, the rational response is not retaliation, but internal restructuring—shifting from export-led models to domestic investment in technology and green infrastructure. Europe and China must "blow up" their export-dependent models and look inward for growth. Yet Miran's plan expects foreign governments to act against their interests by meeting U.S. demands—opening markets, boosting defense purchases, relocating factories, or even directly funding the U.S. Treasury. Their main goal is actually to reduce reliance on China in the event of conflict, as China can immediately stop imports and can damage critical U.S. supply chains, leaving the economy and national security infrastructure vulnerable. Despite being framed as tools for national security and economic growth, tariffs have failed to benefit ordinary Americans. They raise prices, disrupt supply chains, and even when partially offset by currency depreciation, still act as a hidden tax—hitting low-income households hardest.

Volatility Surges, But So Do Opportunities



Dates VIX > 43	6-month return	12- month return	Months to return to average
9/1/1998	29.2%	41.0%	10
9/21/2001	17.5%	-12.8%	6
7/24/2002	12.3%	25.3%	9
9/30/2008	-25.5%	-1.9%	15
5/21/2010	13.1%	26.9%	5
8/9/2011	22.0%	28.1%	5
3/9/2020	13.0%	33.0%	8
Average	12%	20%	8

Markets were gripped by extreme turbulence this week as the S&P 500 posted some of its wildest swings since the pandemic. The average intraday move has soared to 7%—a staggering jump from the historical norm of 1%—following the announcement of the aggressive new tariff plan on April 2. This shock drove the VIX (Volatility Index) to its highest reading since early 2020, peaking at 52 on April 8—an event that has occurred only eight times in the past 35 years.History tells us, however, that such fear often marks opportunity. When the VIX crosses 43, forward six- and twelve-month equity returns have typically been strong. These spikes tend to happen when pessimism is already priced in, creating room for recovery—even if the path isn't linear.

While investors should not expect a swift V-shaped rebound, there are signs of underlying resilience. Valuations have meaningfully reset, with all major indexes now trading at or below their 10-year averages. This reset may set the stage for more attractive long-term returns, especially if earnings expectations stabilise and trade tensions de-escalate.

Most anticipated earnings release

For the week beginning

APRIL 14 - APRIL 19 2025

Monday	Tuesday	Wednesday	Thursday	Friday
Goldman Sachs	Bank of America	Nestlé	United Healthcare	Reliance Industries Limited
M&T Bank	Airbus	ASML	Netflix	China Unicom 中国联通
HP	Citigroup	British American Tobacco	LVMH	Harris
Great Eastern	PNC	Abbott	中国移动 China Mobile	长城汽车 Great Wall Motors
Flughafen Zürich	Johnson & Johnson	Zürcher Kantonalbank	American Express	Hindustan Zinc
			Blackstone	

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