

WEEKLY BULLETIN

May 2025: Issue #1

Quote of the Week.

"You can fool all people some of the time, and some of the people all the time, but you cannot fool all the people all the time" – Abraham Lincoln

The early week of May revealed more than just market volatility — it marked a critical pivot in global power dynamics.

Three key events stand out:

A "Trade Deal" with the UK—on Paper Only

In a rushed announcement, President Trump unveiled a new trade agreement with the UK. Yet behind the headlines, no signed documents or binding terms exist. This symbolic gesture appears more like a calculated signal to demonstrate America's global alliances amid its standoff with China. Investors, however, were not convinced. The market response was muted, recognizing the lack of material impact.

India-Pakistan Conflict—And the Rise of Chinese Defense Tech

A brief but intense escalation between India and Pakistan brought China's growing military influence into sharp focus. Reports indicate that six Indian fighter-jets were downed by Pakistan using Chinese-made defense systems — marking the first verified success of such systems against U.S.-aligned military equipment. This incident serves as a wake-up call to defense strategists: Chinese military exports are no longer unproven—they're effective.

Trump's Trade Truce with China – A Tactical Pause

On May 13, President Trump announced a 90-day pause in the U.S.–China trade war following high-level talks in Geneva. Under the agreement, the U.S. will reduce tariffs on Chinese goods from 145% to 30%, while China lowers tariffs on U.S. exports from 125% to 10%. Global equity markets surged on the news, with the S&P 500, Dow Jones, and Nasdaq all posting significant gains.

Strategic Takeaway

Wall Street may have celebrated the truce, but it is a short-term reprieve, not a long-term solution. The deal sidesteps deeper issues—such as China's state-led economic model and its challenge to U.S. global leadership, both economically and militarily. This 90-day window offers a temporary calm, but investors should not be lulled into complacency.

Unless structural progress is made, tensions could reignite quickly. For now, U.S. equities may benefit from short-term relief, but the likelihood of another tariff standoff remains high as we get closer to the next deadline.

Last Week 's Notable Events.

US Economy/Politics

- US Ports face massive slowdowns as Trump tariffs bite hard – 2nd May
- Trump announces India will drop tariffs on US imports to 'nothing' – 7th May
- Trump, Starmer hail limited US-UK trade deal, but 10% duties remain – 8th May
- Trump says China tariffs will come down from 145% - 8th May
- Powell rules out a pre-emptive rate cut to blunt any tariff impact – 8th May
- US and China agree to temporarily slash tariffs in bid to defuse trade war – 11th May

Europe Economy/Politics

- EZ inflation holds above target as ECB weighs cuts – 2nd May
- EU threatens to target US cars, planes if Trump tariff talks fail – 8th May
- Bank of England cuts rates to 4.25% to cushion UK from Trump's trade war fallout – 8th May
- Trump says European Union is nastier than China – 13th May

Asia Pacific Economy/Equity

- India just agreed a massive trade deal- but its not with the US but UK – 6th May
- Asia-Pacific stocks mostly climb as China lays out plans to ease policy – 7th May
- China exports surge as shipments to Southeast Asia countries offset plunge in US trade – 9th May
- Xi defiance pays off as Trump meets most of China trade demands – 13th May

Weekly Data Monitor

Weekly chart:

- Global market improves as Trump signals China tariff concession over Geneva trade talk.
- USD recovers on US/China trade talk in Geneva..
- Real Estate falls as Fed signals no cut.

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

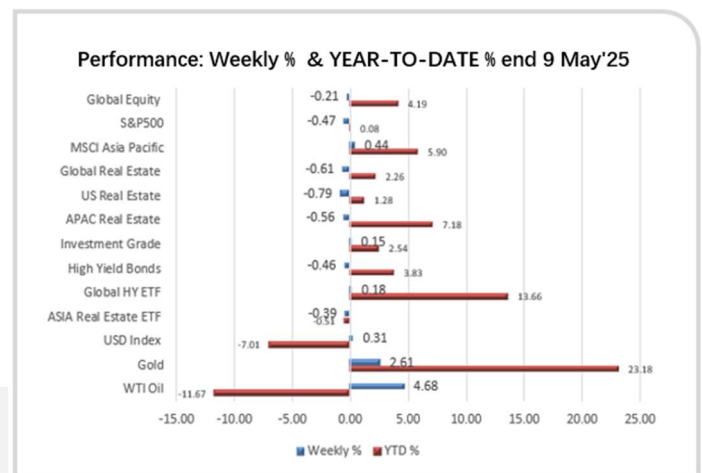


Chart of the Week

A picture paints a thousand warnings.

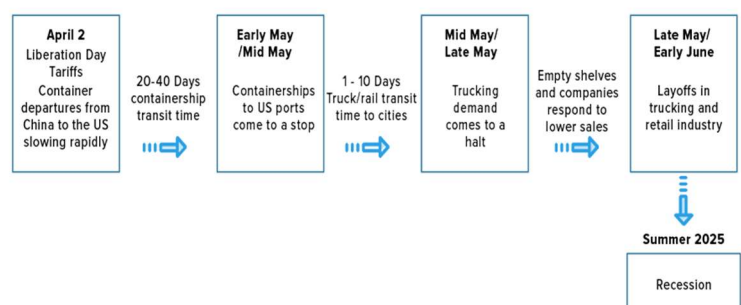
The chart above shows a staggering collapse in container bookings from China to the U.S., with year-over-year declines accelerating to nearly -49% by April 21, 2025. This isn't just a slowdown—this is a full-blown chokehold on the arteries of U.S. commerce.

According to forecasts from Apollo Global Management, if this trade freeze continues:

- U.S. ports will run dry by early to mid-May.
- Trucking and rail demand will collapse by mid-May as there's nothing left to move.
- By late May, retailers will face empty shelves, and layoffs in logistics and consumer sectors will begin.
- A technical recession could arrive by summer 2025—triggered not by financial contagion, but by supply-chain starvation.



Trade Reset Forecast to Trigger a Recession by Summer 2025



Source: Apollo Global Management, U.S. Global Investors

This data may explain the sudden urgency in Washington to claim trade negotiations with China—even when none exist.

It also clarifies why the U.S.-UK “trade deal” was rushed out with no substance: to maintain the illusion of global leverage.

But numbers don't lie. The U.S. has 4–5 weeks before visible economic strain hits households and headlines. This gives China a position of strength—a rare instance where silence in negotiation speaks louder than sanctions.

Portfolio Impact

- Consumer Goods & Retail: Expect margin compression and weak earnings if inventory shortages worsen.
- Logistics & Transport Stocks: Downside risk ahead from volume declines.
- Chinese Industrial & Defense Stocks: May gain attention as China asserts economic and technological leadership.
- Bond Market: A supply-driven recession could revive rate cut expectations and drive Treasury demand.

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