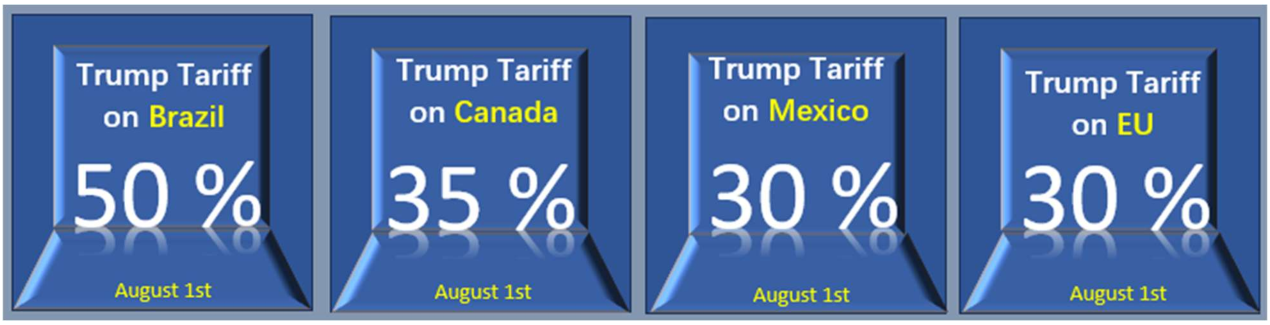
NEW DIMENSIONS CAPITAL

WEEKLY BULLETIN

July 2025: Issue #2

Quote of the Week.

"Be fearful when others are greedy" – Waffen Buffett



Markets took a breather this week as a fresh wave of tariff threats from US President Trump weighed on sentiment. The Dow, S&P, and Nasdaq all posted modest declines as investors digested an aggressive slate of proposed tariffs—50% on Brazil, 35% on Canada, and 30% each on Mexico and the EU, all slated for August 1st.

Surprisingly, despite the dramatic headlines, US equity markets have held up remarkably well, still trading closer to its all-time high. This resilience highlights the continued strength of retail investor flows and the sense of complacency that has crept into Wall Street. Much of this is likely driven by optimism that Trump is simply revisiting his Art of the Deal strategy—using outsized threats to negotiate better terms without actually implementing the full-scale measures like in US/China trade deal.

But make no mistake: the threat is real.

Key Observations:

1. Tariff Delayed ≠ Tariff Cancelled

The shift of the deadline from July 9th to August 1st has been interpreted as a sign that a deal is likely. But history reminds us of that brinkmanship often results in last-minute escalations. If negotiations stall, these steep tariffs could become reality.

2. Retaliation Risk is Rising

Canada and the EU are unlikely to accept such punitive measures quietly. Political pressure to respond may grow, leading to countermeasures that could disrupt trade and weaken business confidence—especially in sectors like autos, agriculture, and materials.

3. Not All Countries Have China's Leverage

Unlike China, many of the targeted economies lack comparable size, market depth, or resource leverage. This means Trump may find less resistance and be more inclined to follow through on his tariff threats—especially if domestic political support depends on appearing tough.

4. US Overconfidence May Backfire

With trade volumes between the US and China having stabilized somewhat, there's a belief that tariffs don't hurt that much. But the real impact of these new threats may not be fully priced in—especially if consumers end up footing the bill through inflation or corporate margins take a hit.

5. Uncertainty Around Collection and Impact

As we near August 1st, expect the market to grow jittery if there's still no clarity around how the tariffs will be enforced or who will bear the brunt. Confusion breeds volatility—and Wall Street may not stay calm for long.

We remain constructive over the medium term but urge caution in the short run.

Last Week 's Notable Events.

US Economy/Politics

- Jamie Dimon says Trump was right to chicken out on tariffs but markets are getting too complacent – 11th Jul
- Goldman sees near-term complacency on Trump tariff risks – 14th Jul

Europe Economy/Politics

- European shares fell amid fresh Trump tariff threat, autos lead decline – 14th Jul
- EU finance ministers brace for Trump's surprise 30% EU tariffs, 'If you want peace, you have to prepare for war – 14th Jul

Asia Pacific Economy/Equity

- ASEAN should 'double down' on its integration amid Trump tariff threat – 11th Jul
- China deepens economic ties with Brazil and Indonesia through and industrial cooperation – 11th Jul
- China's Exports jump 5.8% in June as tariffs reprieve prompts a rush of orders – 14th Jul

Weekly Data Monitor

Weekly chart:

- Global equities fall in marginal differences on Trump's tariff threats.
- USD strengthen against EUR, CAD on high EU and Canada tariffs.
- Oil surges on perceived risk of disruption

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

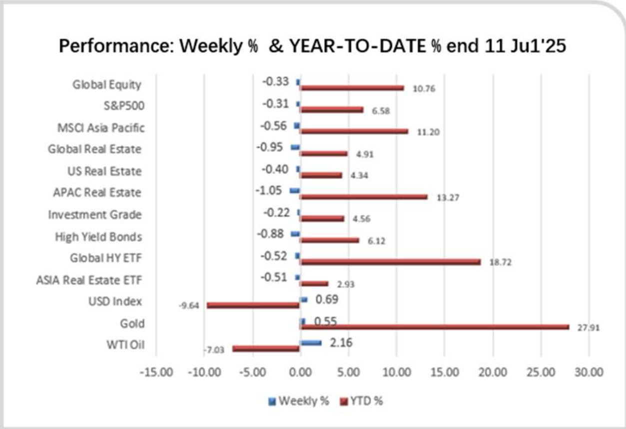
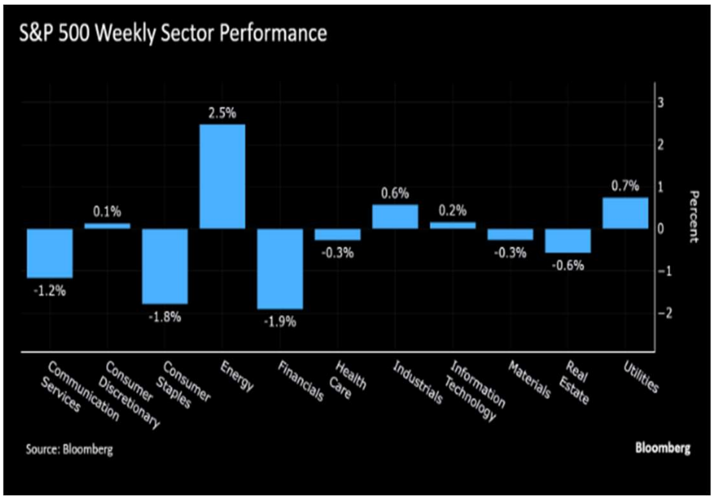


Chart of the Week

The S&P 500 Weekly Sector Performance chart offers a clear view of market sentiment. Last week saw a strong rally in Energy (+2.5%) and Utilities (+0.7%), while Financials (-1.9%) and Consumer Staples (-1.8%) lagged. The strong energy performance likely reflects oil price support and inflation hedging, while utilities attracted defensive capital.

As Trump's tariff threats ramp up and global trade tensions escalate ahead of the August 1st deadline, monitoring sector flows becomes critical. These shifts tell us where institutional and retail investors are seeking refuge—or avoiding exposure.



In the next two weeks, as negotiations intensify, we'll be watching for signs of rotation into safe-haven sectors like Utilities, Healthcare, and Consumer Staples, or renewed strength in Energy if geopolitical uncertainty persists. Likewise, continued weakness in Financials or Discretionary could signal rising caution on growth outlook and consumer health. This real-time flow data helps us gauge risk appetite and adjust our portfolio positioning to stay ahead of market moves.