# JEME CAPITAL

# WEEKLY NEWSLETTER

May 5<sup>th</sup>, 2025



05/05/2025

Index	1w ch. %	Bonds 10yrs		Commodities		
STOXX 600	5.94%	BUND	2.520	GOLD	3,240.73	
S&P 500	7.65%	OAT	3.234	WTI Crude Oil	58.32	
NIKKEI 225	6.05%	BTP	3.618	EUR/USD	1.13	
MSCI WORLD INDEX	2.31%	UST	4.330	EUR/GBP	0.75	
ISHARES MSCI EEM	3.57%	JGB	1.257	EUR/JPY	144.92	

#### MARKETS & POLITICS NEWS

United States: The U.S. GDP contracted by 0.3% in Q1 2025, the first decline since 2022, following 2.4% growth in the previous quarter. The slowdown was driven by President Trump's trade policies, leading businesses to increase imports in anticipation of higher tariffs.

Meanwhile, **inflation eased**, with the **PCE price index** rising **2.3%** on a yearly basis in March, **down from 2.5%** in February. **Core PCE inflation** increased **2.6%**, **down from 3%** in February.

The labour market **added 177K jobs** in April, **exceeding expectations** but below March's 185K. The **unemployment rate** stayed at **4.2%**. April also marked the **worst 100-day market start** to a presidency **since Nixon**, as investor confidence remained shaky and economic uncertainty grew.



President Trump at his first cabinet meeting on Wednesday, looking at Defense Secretary Hegseth.

**Euro Zone**: **Inflation** in the 20 euro-using nations **rose to 2.2%**, above the **expected 2.1%**, driven by **higher prices in services and unprocessed foods**, which offset the dip in energy costs. Despite the increase in price pressures, **another interest rate cut is still expected** to shield the economy from the fallout of a global trade war.

Markets: After a second weekly gain for US equities, the S&P 500 extended its rally with a nine-day winning streak, the longest since 2004, recovered all the losses since Liberation Day (April 2nd), but is still down 7.50% from February highs and down 3% year-to-date. Big tech outperformed: Microsoft jumped 11.10%, Meta surged 9.10%, while Apple lagged with a 1.90% dip. The dollar strengthened (DXY +0.50%), while gold fell 1.70% for a second week. WTI crude tumbled 7.50% to finish below \$60, as Saudi Arabia signalled comfort with lower prices.

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#### CORPORATE NEWS



Bill Gates, the co-founder of Microsoft.

- On Friday, Microsoft's stock rose 7% to \$435.28 after Azure revenue grew 33% in Q1 2025, driven by AI demand and an increase in capital expenditure by 53%.
- On Wednesday, Tesla shares dropped 3% after claims of the board searching for a new CEO. Tesla denied it on Thursday, and shares rose 1.60% in early trading.
- On Monday, Nvidia's stock dropped 2.10% amid reports that Huawei is testing its new AI chip. However, the stock rebounded strongly on Friday, closing at \$114.50, up 2.60%.
- Deutsche Bank posted a Q1 2025 net profit of €1.78B, a 39% increase year-over-year, marking its best quarterly result in 14 years and beating estimates of €1.64B.

#### --- JEME CAPITAL'S HIGHLIGHTS -----

- Warren Buffett announced he will step down as Berkshire Hathaway CEO at yearend after 60 years, naming Vice Chairman Greg Abel as his successor, he will remain as an advisor, retaining his shares and expressing confidence in Abel's leadership.
- IBM announced a \$150B US investment over 5 years, including \$30B for quantum and mainframe R&D in Poughkeepsie, while projecting \$13.50B FCF in 2025.
- On Monday, Mediobanca launched a €6.30B all-share offer through a share-swap, offering Assicurazioni Generali shares in exchange for Banca Generali's, aiming to double its wealth management revenue to €2B.
- Pirelli's board voted to strip Sinochem of control status despite its 37% stake, aiming to safeguard market access throughout geopolitical tensions.

#### LAST WEEK BIGGEST MOVERS IN S&P 500



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#### WHAT'S AHEAD NEXT WEEK IN THE MARKETS

- Date	— Event (U.S.) –	Prev. Value	Exp. Value	– – Date	— Event (EU) —	Prev. Value	Exp. Value
05-May	S&P Global Comp. PMI (Apr)	53.50	51.20	06-May	EU PPI (YoY) (Mar)	3.00%	2.40%
05-May	ISM Services PMI (Apr)	50.80	50.30	06-May	France HCOB Comp. PMI (Apr)	48.00	47.30
06-May	Imports (Mar)	\$401.10B	\$417.60B	06-May	UK S&P Global Composite PMI (Apr)	51.50	48.20
06-May	Exports (Mar)	\$278.50B	\$280.50B	06-May	Italy HCOB Comp. PMI (Apr)	50.50	51.00
07-May	Fed Interest Rate Decision	4.50%	4.50%	06-May	German HCOB Comp. PMI (Apr)	51.30	49.70

#### ---- Fed Interest Rate Decision

The Fed is set to announce its **interest rate** decision on Wednesday. Analysts expect rates to **remain unchanged**, citing recent data showing a **contraction** in the U.S. economy and weakening consumer spending. However, with **inflation** still running **above** the Fed's **2% target** and trade-related **cost pressures** mounting, policymakers face a delicate **balancing act**. Therefore, investors coherently believe a **rate cut** is **expected** as early as **June**.

---- U.S. Indicators ------

U.S. economic activity is expected to cool due to continued trade wars, with April's S&P Global Composite PMI forecast to drop to 51.2 from 53.5 and the ISM Services PMI to 50.3 from 50.8, pointing to softer growth in services and overall business activity. Thereafter, March trade data is projected to show imports rising to \$417.6B from \$401.1B and exports increasing to \$280.5B from \$278.5B, suggesting a widening trade gap.

#### ---- EU Indicators -

On Tuesday, **Composite PMI** figures from major European economies are expected to **show decreases**, with **Germany** falling to **49.7** from **51.3**, the UK to **48.2** from **51.5**, and **France** to **47.3** from **48.0**. Italy's Composite PMI, in contrast, is projected to increase to **51.0** from **50.5**, suggesting modest growth. Meanwhile, March's EU PPI is expected to ease to **2.4%** year-over-year from **3.0%**, signalling a cooling of inflationary pressures.

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#### ---- Asia's Market Signals ---

China's April trade data, due Friday, is expected to show exports down 2.0% and imports falling 5.0% year-over-year, a sharp reversal from March's 12.4% export growth and 4.3% import drop. The trade surplus is seen narrowing to \$70.0B from \$102.64B. Additionally, the Singapore dollar may attract future investor interest as the appreciation of the Swiss franc, due to U.S. dollar uncertainty, raises concerns for Swiss policymakers.

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#### WHAT'S AHEAD NEXT WEEK FOR CORPORATES



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- Palantir is expected to announce \$864.11M in revenue and \$0.13 EPS. The firm secured a \$30M contract with U.S. Immigration and Customs Enforcement to develop "ImmigrationOS," a surveillance platform aimed at monitoring undocumented immigrants.
- Ford Motor is projected to report \$38.15B in revenue and a loss of \$0.0213 in EPS. The company is continuing its efforts to transition to electric vehicles while facing challenges in the global automotive market.

#### 06/05/25

AMD anticipates \$7.11B in revenue and \$0.95 EPS. The company announced that new U.S. export restrictions on chip sales to China are expected to reduce its revenue by approximately \$800M in 2025.

#### 07/05/25

- Uber is expected to post \$11.62B in revenue and \$0.51 EPS. They announced a partnership with Volkswagen to deploy autonomous electric vans in U.S. markets starting in 2026, marking a significant step in its autonomous vehicle strategy.
- UniCredit projects €6.12B in revenue and €1.61 EPS. The firm partnered with the European Bank for Reconstruction and Development (EBRD) this month on a €77.50M synthetic securitisation in Romania to boost capital and support green lending.

#### 08/05/25

 Toyota is forecast to report ¥26,028.72B (\$182.41B) in revenue and ¥216.04 (\$1.51) EPS. The firm announced a collaboration with Waymo to develop autonomous vehicle platforms, aiming to integrate self-driving technology into its future vehicle lineup.



The Palantir headquarters in Palo Alto, California, United States.

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