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100 Days of Trump – An Investor's Perspective

13 May 2025, 2:52 pm CEST, written by Daniel Kalt

Donald Trump's aggressive tariff policy came as a surprise and triggered sharp market setbacks. Now that the markets have stabilized, we would consider gradual purchases.

Remember the narrative surrounding financial market prospects at the beginning of the year when President Trump took office? The outlook was shaped by hopes for deregulation, tax cuts, and a continuation of the US stock market boom. However, after 100 days, the picture looks somewhat different. In the very first weeks, President Trump set a clear focus on an aggressive trade policy: he announced comprehensive tariffs on imports from China, Europe, Mexico, and Canada, which unsettled the markets and led to one of the sharpest corrections in recent years. The S&P 500 temporarily fell by more than 10 percent, while European and Chinese equities benefited from fiscal stimulus and proactive economic policies, posting significant gains. The announcement of "reciprocal" tariffs on April 2 triggered another bout of extreme market volatility. But that was not all. Uncertainty about the independence of the US Federal Reserve was heightened by Trump's public criticism of Fed Chair Powell, which led to a decline in the US dollar and a rise in the price of gold. Traditional assets that many had considered safe havens, such as the US dollar and US Treasuries, offered no protection during this period, while gold reached new record highs.

The Swiss franc benefitted from being regarded as a safe haven once again, appreciating strongly, even though Switzerland had come under disproportionate scrutiny from US tariff policy. However, it is now one of the 15 countries with which the US is seeking a priority agreement, so there is some hope for relief. At least, after the initial tariff shock, the market recovered quickly when Trump announced a 90-day suspension of most tariffs, signaled a willingness to negotiate, and also moderated his calls for Fed Chair Powell's resignation. Markets are now pricing in the possibility that tariffs could be reduced again in the medium term. Furthermore, it appears that Donald Trump is responding to clear signals from the financial markets that his policy of maximum pressure could cause significant damage. The upcoming US midterm

elections next year are also likely to contribute to the president paying increasing attention to ensuring that the economy and financial markets do not suffer excessive setbacks.

We believe that the fundamental outlook for US equities remains intact despite political uncertainties, especially for companies with structural growth potential. For investors, broad diversification with a focus on quality stocks, gold, and other alternative investments is recommended to limit increased volatility. Even though markets will continue to be shaped by political headlines, there are medium-term opportunities for gradual, selective purchases, particularly for investors with an underweight equity allocation. The US economy is likely to stabilize after the tariff shock, with the Fed expected to respond to any potential economic slowdown with interest rate cuts. Overall, the situation remains volatile, but for long-term-oriented investors, there are attractive opportunities for gradual investments in quality assets and future-oriented themes.

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