

Action and Reaction Tariffs and Inflation Thoughts

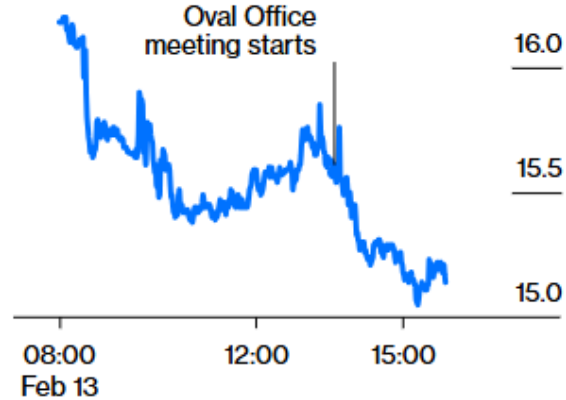
Source: Bloomberg and John Authers

Markets React to Delay in Reciprocal Tariffs

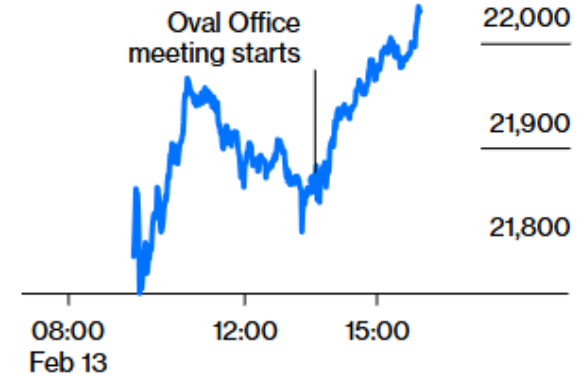
Day of the Tariff (or Not)

Markets reacted to trade war news as though it were a trade ceasefire

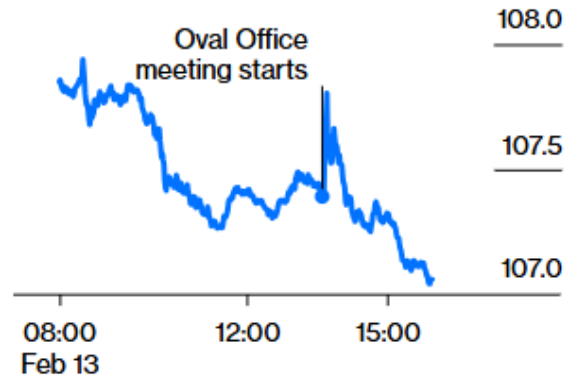
VIX Index



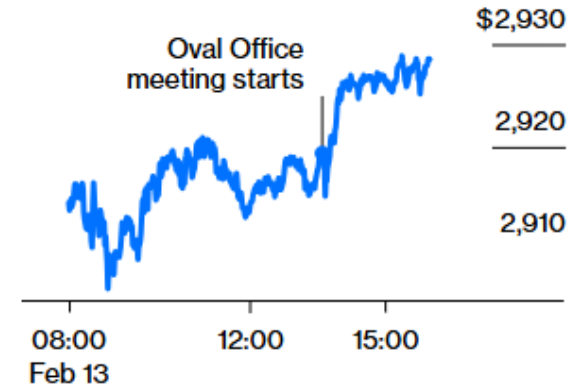
Nasdaq-100 Index



DXY Dollar Index



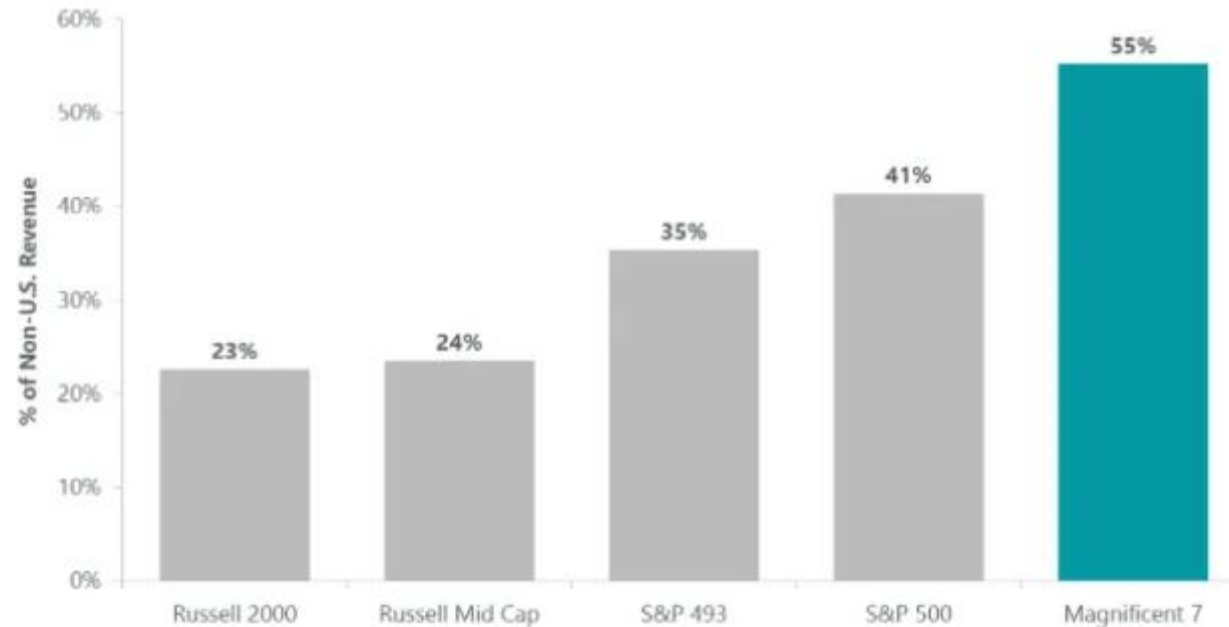
Gold



Source: Bloomberg

Weak Dollar
will benefit
MAG 7

Exhibit 4: Mag7 Soft Spot?



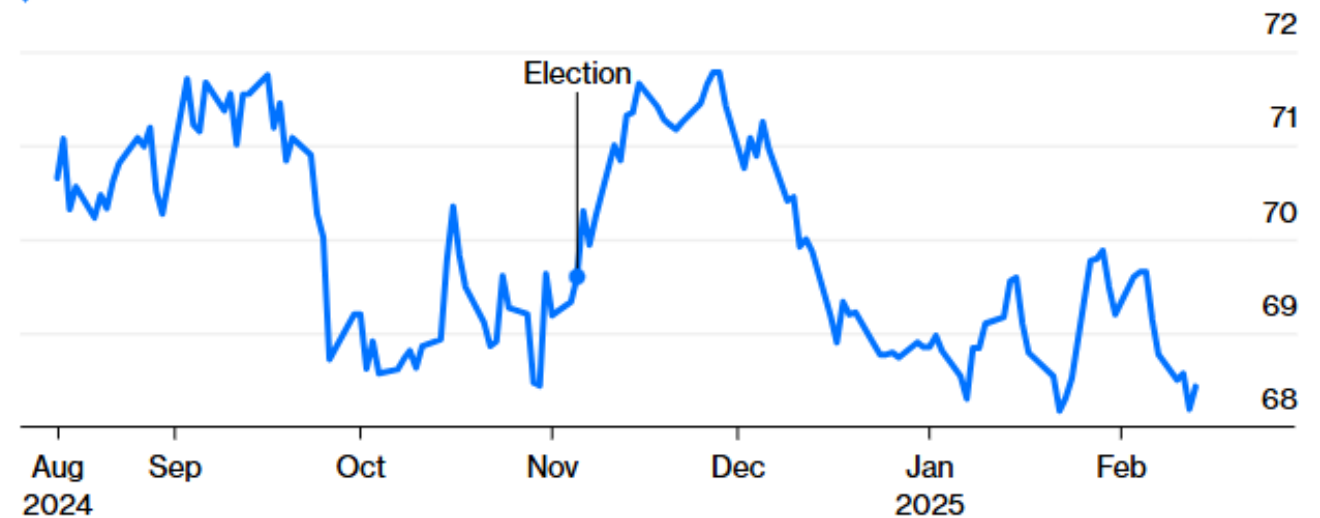
Magnificent 7 data refers to the following set of stocks: Microsoft (MSFT), Amazon (AMZN), Meta (META), Apple (AAPL), Google parent Alphabet (GOOGL), Nvidia (NVDA), and Tesla (TSLA). Data as of Jan. 31, 2025. Sources: FactSet, Russell, S&P.

Domestically
focused
companies
underperforming
since election

Homebodies Give Up Their Gains

Trade-exposed stocks have slightly outperformed since the election

Goldman Sachs US Domestic vs International Sales Basket

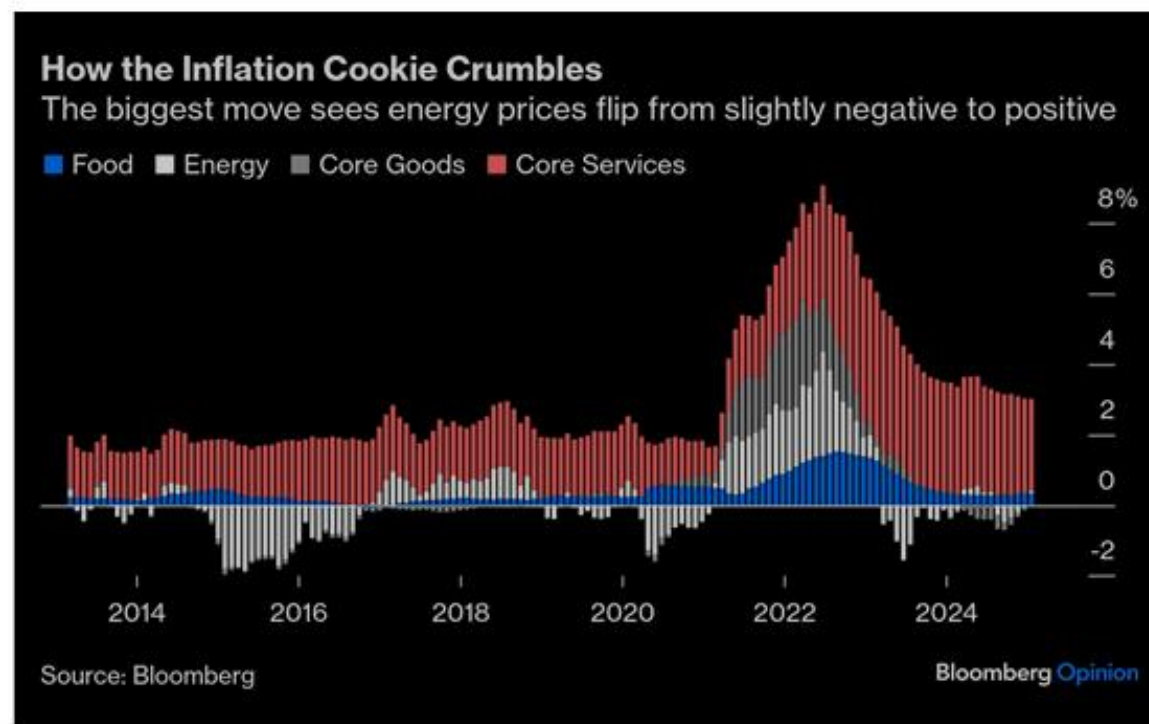


Source: Goldman Sachs, Bloomberg

Inflation Expectations Unhinged



Core Services Leading Stubborn Inflation

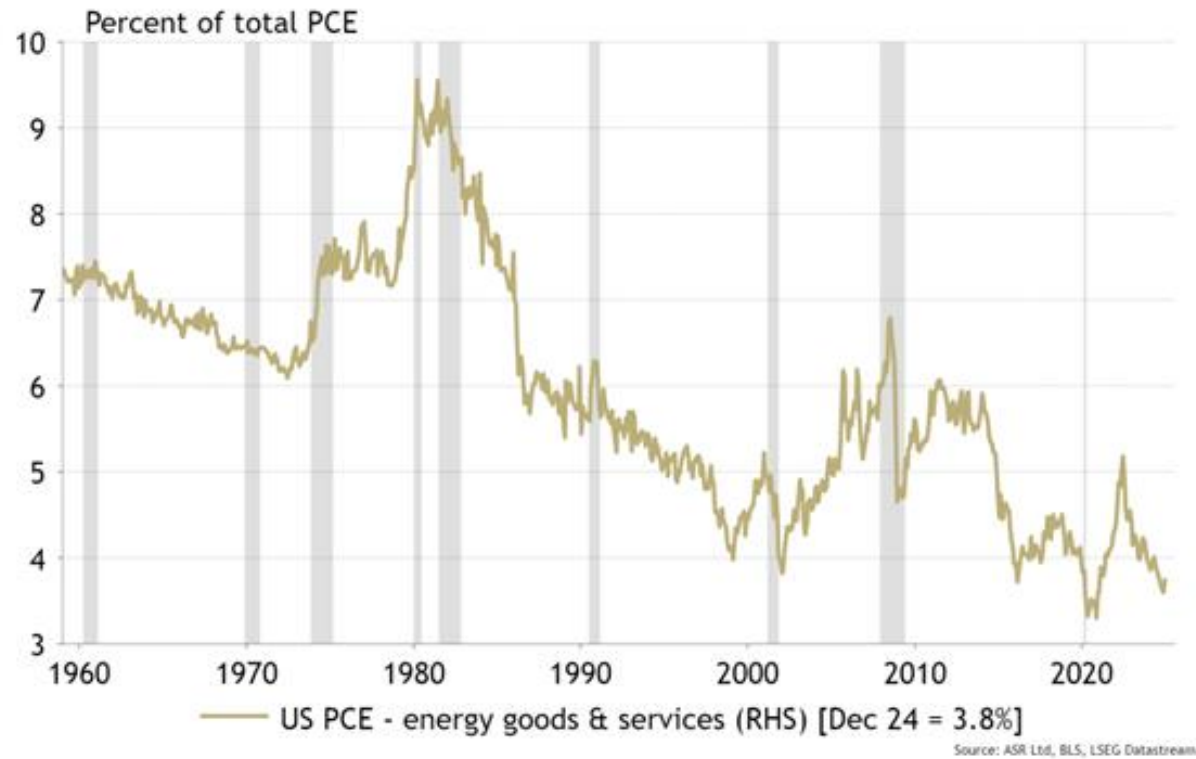


Inflation in Certain Service Categories not Relenting



Used cars, whose prices went ballistic in the aftermath of the pandemic, were another problem last month. The same was true of motor vehicle insurance. This isn't good, but it's important to point out that inflation in these categories was far, far worse two years ago:

Oil is less
Important for
US Inflation
as Compared
to Ealy 2000's



A Surge in Oil Prices preceded the Financial Crisis

