

# Action and Reaction Tariffs and Inflation Thoughts

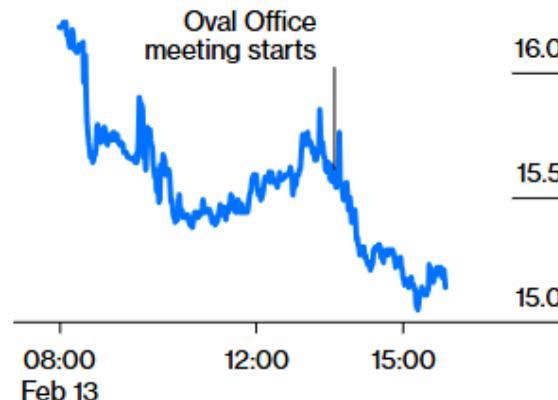
*Source: Bloomberg and John Authers*

# Markets React to Delay in Reciprocal Tariffs

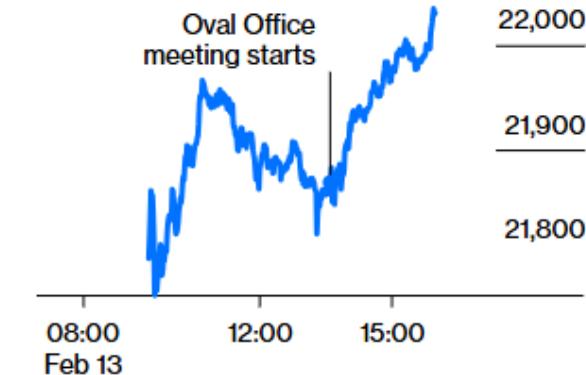
## Day of the Tariff (or Not)

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

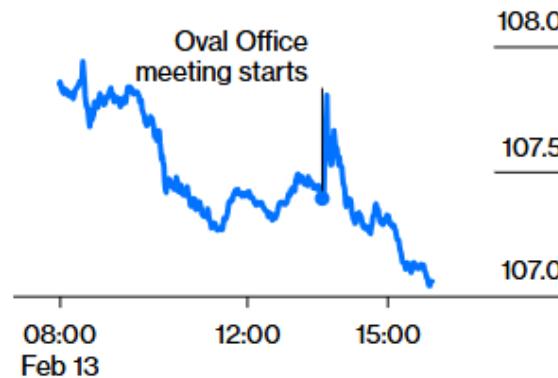
VIX Index



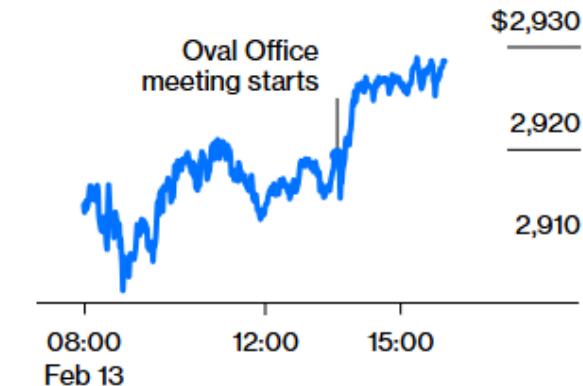
Nasdaq-100 Index



DXY Dollar Index



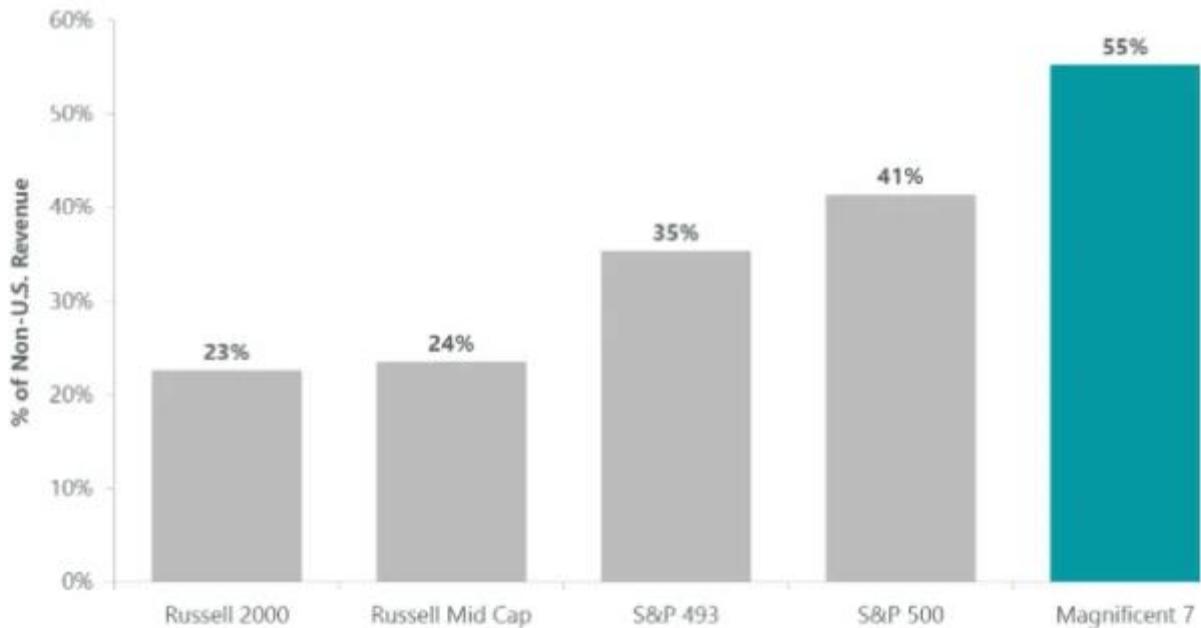
Gold



Source: Bloomberg

# Weak Dollar will benefit MAG 7

Exhibit 4: Mag7 Soft Spot?



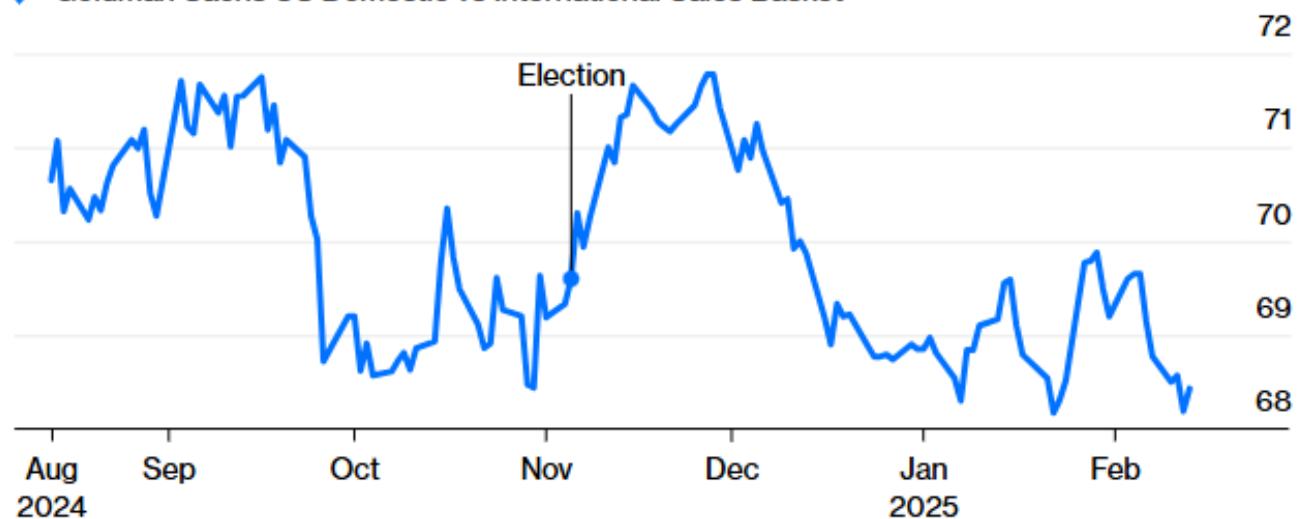
Magnificent 7 data refers to the following set of stocks: Microsoft (MSFT), Amazon (AMZN), Meta (META), Apple (AAPL), Google parent Alphabet (GOOGL), Nvidia (NVDA), and Tesla (TSLA). Data as of Jan. 31, 2025. Sources: FactSet, Russell, S&P.

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

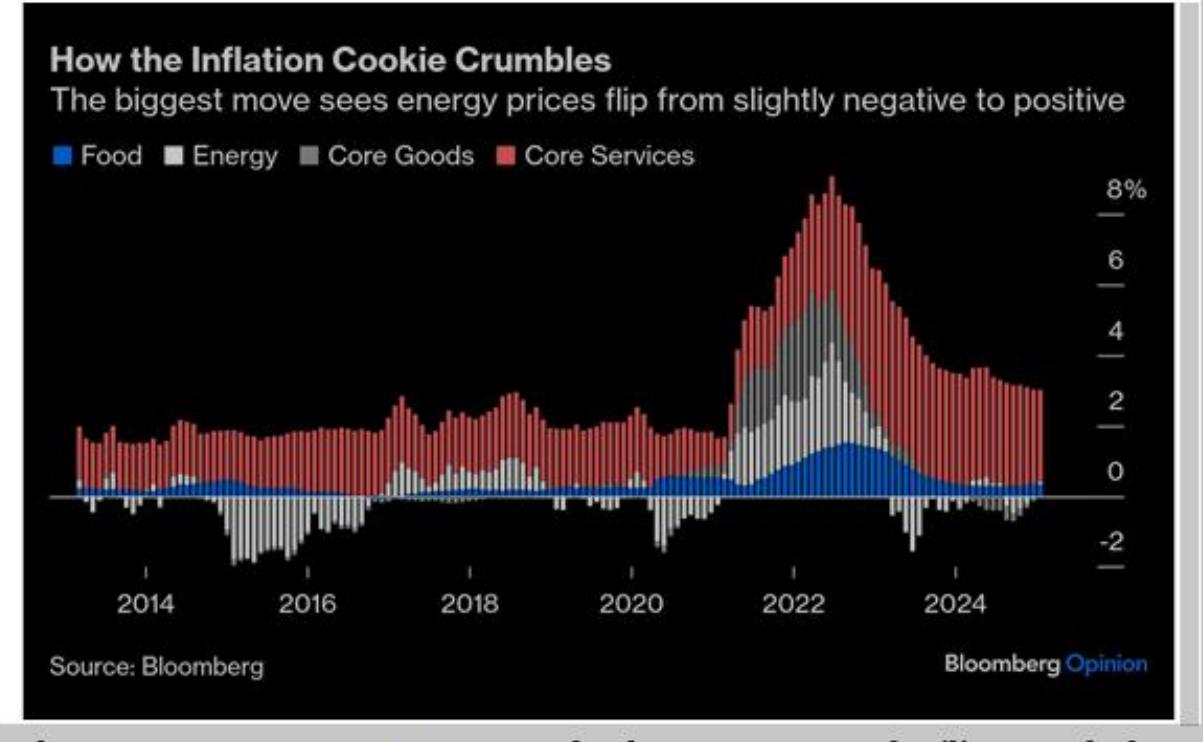


Source: Goldman Sachs, Bloomberg

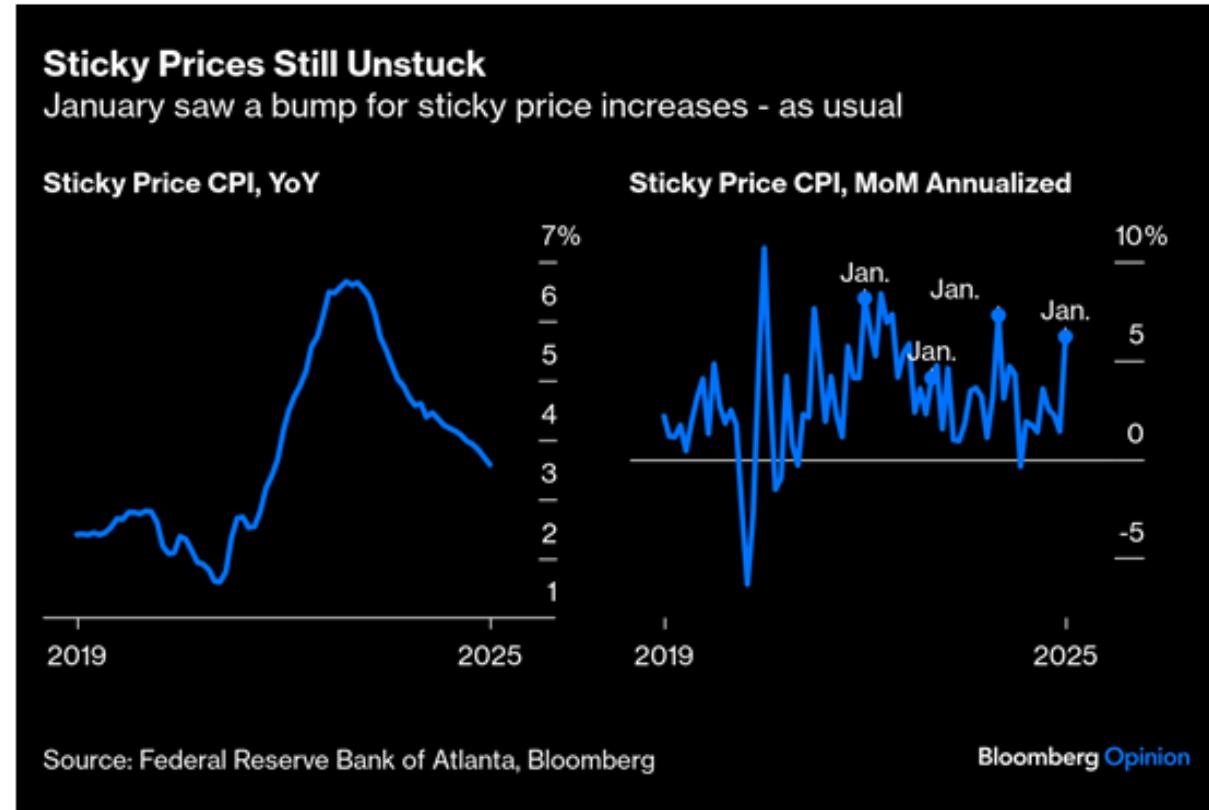
# Inflation Expectations Unhinged



# 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 Early 2000's



# A Surge in Oil Prices preceded the Financial Crisis

