



The Week Ahead

Date 07 April - 2025

Japanese Consumer Confidence Changes

The Bank of Japan (BoJ) has acknowledged that newly announced U.S. tariffs; particularly those targeting Japan's key automotive sector, pose downside risks to both the domestic and global economic outlooks. While the BoJ maintains a cautiously optimistic stance on Japan's moderate recovery, it has also emphasised the need to closely monitor the impact of external shocks like trade restrictions when assessing monetary policy. Governor Ueda specifically highlighted that these tariffs are expected to exert downward pressure on the Japanese economy and consumer prices, adding to the uncertainty.

At the same time, household spending has been shrinking year-over-year, and retail sales growth has slowed considerably. These indicators, paired with softening sentiment around income growth and durable goods purchases, reflect increasing caution among consumers. Even though inflation data—particularly in Tokyo—suggests upward price movement and supports potential policy tightening, consumer confidence appears to be reacting more to external economic threats and domestic cost-of-living concerns than to any optimism about wage growth or employment.

Taken together, the predicted dip in the CCI to 34.9 reflects a continuation of this cautious mood. It signals that Japanese consumers remain wary about their future economic prospects, likely driven by trade tensions, rising prices, and slower household consumption. Unless external pressures ease or wage growth picks up meaningfully, consumer sentiment may remain subdued in the months ahead.

US Inflation Rate Expectations

President Trump's sweeping April 2 tariffs—featuring a 10% universal duty on all imports and steep reciprocal tariffs on goods from 90 countries—are expected to significantly impact the US economy. While aimed at repatriating manufacturing and boosting domestic industry, the immediate effect will likely be higher consumer prices and slower economic growth.

Economists broadly agree the tariffs will accelerate inflation. Forecasts suggest CPI could rise to between 3.9% and 4.5% this year, with low-income households facing up to \$2,100 in additional costs. The affected imports, including electronics and clothing from China, Vietnam, and Taiwan, form a core part of everyday consumption, making price hikes widespread and regressive.

At the same time, the economic drag from higher costs and potential retaliatory tariffs—such as China's new 34% duty on U.S. goods—could slow GDP growth. Oxford Economics, Deutsche Bank, and Nationwide have revised down their forecasts, some predicting near-zero or even negative growth. Business uncertainty and consumer confidence have also taken a hit. Federal Reserve Chair Jerome Powell has warned that the inflationary effects may be persistent. The Fed is now likely to maintain its current policy rate of 4.3% as it monitors developments. With the dual threat of inflation and stagnation, the risk of stagflation has resurfaced. Early in Trump's second term, they are placing the Fed in a difficult policy position.

Economic Calendar

Monday

- UK: Halifax House Price Index
- GER: Balance of Trade (Feb)
- GER: Industrial Production (Feb)
- EU: Retail Sales (Feb)

Tuesday

- AU: Westpac Consumer Confidence Change
- CA: Ivey PMI s.a (Mar)

Wednesday

- US: Crude Oil Inventories
- JAP: Consumer Confidence (Mar)

Thursday

- CN: Inflation Rate YoY
- US: Inflation Rate YoY
- US: Core Inflation Rate YoY

Friday

- UK: GDP MoM (Feb)
- UK: Balance of Trade (Mar)
- US: Producer Price Index (Mar)

Importance Level: Low ● Medium ● High ●

Most anticipated earnings release For the week beginning APRIL 07 - APRIL 11 2025					
Monday	Tuesday	Wednesday	Thursday	Friday	
LEVI STRAUSS & CO. AMERICAN CLOTHING QUALITY CLOTHING CALIFORNIA GIVE & TAKE MASTERS	RPM EM Cal-Maine Foods WD-40 COMPANY TILRAY BRANDS Sigma Roc	Constellation Brands DELTA SIMPLY GOOD PriceSmart NEOGEN ZiJin	CARMAX Walgreens Boots Alliance Balfour Beatty Construction PROGRESSIVE FAST RETAILING TESCO	J.P.Morgan Morgan Stanley BlackRock WELLS FARGO BNY MELLON FASTENAL	



The Week Prior

Date 07 April - 2025

How Were The Tariffs Calculated?

The Trump administration employed a simple equation to calculate these 'reciprocal tariffs', dividing the trade deficit with the US by the goods exported to the US, then multiplying the result by a constant one-half, producing a result that seemingly reflects a country's trade surplus relative to its export value. This method of comparing trade deficits has been widely criticised for its oversimplification of trade dynamics, with the equation seemingly resting on the assumption that bilateral trade deficits are caused by tariff barriers, which has been described by some as "*nonsense*".



Country	Tariffs Charged to the U.S.A. (Current Tariffs and Trade Agreements)	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%

Why Did Trump Impose These Tariffs?

The stated objective is to address the US's trade deficits, which totalled a record \$1.2 trillion in 2024, and to stimulate domestic production by incentivising US firms to produce internally. Trump rationalised this policy by framing these tariffs to correct foreign trade exploitation, believing these measures would increase job creation and growth. However, many remain sceptical over the effects of this policy, warning that tariffs could raise consumer prices, disrupt supply chains, and induce retaliatory measures from trading partners.

Effect On US Economy And Markets

The immediate effect has caused turbulence in financial markets, with markets experiencing the steepest declines in years since the announcement. Within the US domestic market, increased import costs are expected to create higher inflationary pressures, straining industries reliant on global supply chains. JP Morgan estimates these tariffs could add a potential 2% to CPI inflation in 2025. The agricultural industry could look to struggle to find affordable inputs, whilst also facing declining exports amid likely retaliatory tariffs from abroad, increasing pressures on an already struggling industry. Whilst Trump is hoping for a resurgence in US manufacturing dominance, this could take years to come to fruition, if at all, with critics questioning if the long-term goal is worth the short-term economic pain.



Global Reproussions

The EU plans to retaliate against Trump's 20% levy on EU exports, imposing countermeasures targeting \$28 billion worth of US imports. A notable example is the 50% tariff imposed on Bourbon, prompting the threat of further counter-tariffs on EU alcohol. This potential trade war threatens to harm the eurozone's economic recovery. Policymakers at the European Central Bank (ECB) are seeking to cut interest rates to cushion the blow.

The UK has also suffered from these tariffs. The automotive industry has been hit with a 25% tariff on imported cars, with Jaguar Land Rover pausing US shipments, threatening approximately 25,000 jobs. Despite relatively lower tariffs on the UK, at 10%, exporters remain cautious, looking to redirect their focus into alternative markets amid US volatility. In response to Trump's policy, the UK government is consulting businesses on the possibility of retaliatory measures, whilst also pursuing diplomatic solutions.

China has hit back at US exports, matching the US' latest 34% tariff, escalating the ongoing trade war between the two nations. These tariffs have been hard on China, totalling 54% on exported goods to the US, with Chinese firm, Kaiyuan Securities, predicting these tariffs could lead to a 30% drop in Chinese exports to the US, harming China's growth by a possible 1.3 percentage points.



Most anticipated earnings release

For the week beginning

APRIL 07 - APRIL 11 2025

Monday

Tuesday

Wednesday

Thursday

Friday



Cal-Maine Foods



Walgreens
Boots
Alliance



J.P.Morgan

Morgan Stanley

BlackRock



BNY MELLON



Sources

"Earnings Calendar." Nasdaq, www.nasdaq.com/market-activity/earnings. Accessed 6 Apr. 2025.

"Economic Calendar - Bloomberg - Bloomberg Markets." Economic Calendar, www.bloomberg.com/markets/economic-calendar. Accessed 6 Apr. 2025.

"Financial Diary." Hargreaves Lansdown, www.hl.co.uk/shares/financial-diary?month=04&year=2025. Accessed 6 Apr. 2025.

"Trading Economics." Earnings Calendar, tradingeconomics.com/earnings-calendar. Accessed 6 Apr. 2025.

U.S. Bureau of Labor Statistics, U.S. Bureau of Labor Statistics, 4 Apr. 2025, www.bls.gov/.

"内閣府." 内閣府ホームページ, www.cao.go.jp/. Accessed 6 Apr. 2025.

Al Jazeera. "Trump's Reciprocal Tariffs: How Much Will Each Country Be Hit?" Al Jazeera, 3 Apr. 2025, www.aljazeera.com/news/2025/4/3/trumps-reciprocal-tariffs-how-much-will-each-country-be-hit. Accessed 5 Apr. 2025.

Blenkinsop, Philip. "EU Seeks Unity in First Strike Back at Trump Tariffs." Reuters, 6 Apr. 2025, www.reuters.com/markets/eu-seeks-unity-first-strike-back-trump-tariffs-2025-04-06/. Accessed 6 Apr. 2025.

Cole, Alan. "Trump's Reciprocal Tariff Calculations Are Nonsense, Will Punish Mutually Beneficial Trade." Tax Foundation, 3 Apr. 2025, taxfoundation.org/blog/trump-reciprocal-tariffs-calculations/. Accessed 6 Apr. 2025.

Cooban, Anna. "Trump's Tariffs Will Be Bad for You. And You, and You, and You, and You." CNN, 4 Apr. 2025, edition.cnn.com/2025/04/04/economy/recession-trump-tariffs-intl/index.html.

Gonzales, Freschia. "Economist Says 'Confusion Is the Key Word' in Trump's Tariff Policy." Wealthprofessional.ca, Wealth Professional, 7 Mar. 2025, www.wealthprofessional.ca/news/industry-news/economist-says-confusion-is-the-key-word-in-trumps-tariff-policy/388531?utm_source. Accessed 6 Apr. 2025.

Jett, Jennifer, and Peter Guo. "China Hits Back at Trump with 34% Tariff on U.S. Imports." NBC News, 4 Apr. 2025, www.nbcnews.com/news/world/china-hits-back-trump-34-tariff-us-imports-rcna199665. Accessed 6 Apr. 2025.

Lowe, Yohannes, et al. "Era of Globalisation 'at an End', Says UK Minister, as Countries Mull Tariff Responses – Live Updates." The Guardian, The Guardian, 6 Apr. 2025, www.theguardian.com/us-news/live/2025/apr/06/donald-trump-tariffs-keir-starmer-uk-world-live-news-updates. Accessed 6 Apr. 2025.

MacDonald, Alistair. "The U.K. Escaped the Worst Tariffs, but Exporters Are Holding Back Anyway." The Wall Street Journal, 5 Apr. 2025, www.wsj.com/livecoverage/trump-tariffs-trade-war-markets-04-05-25/card/the-u-k-escaped-the-worst-tariffs-but-exporters-are-holding-back-anyway-joomb2DTPtG0cK0hXZfq. Accessed 6 Apr. 2025.

Ofori, Morgan. "'It Would Affect the Area Massively': Fear in Solihull as Home of Jaguar Plant Awaits Impact of Trump Tariffs." The Guardian, The Guardian, 6 Apr. 2025, www.theguardian.com/uk-news/2025/apr/06/it-would-affect-the-area-massively-fear-in-solihull-as-home-of-jaguar-plant-awaits-impact-of-trump-tariffs.

Roberts, Ken. "U.S. Had Biggest Trade Deficits with These 10 Nations in 2024." Forbes, 7 Feb. 2025, www.forbes.com/sites/kenroberts/2025/02/07/us-had-biggest-trade-deficits-with-these-10-nations-in-2024/. Accessed 6 Apr. 2025.

Schiffler, Antje. "How Will Trump's Tariffs Affect Eurozone Interest Rates?" Morningstar UK, Morningstar, Inc., 4 Apr. 2025, www.morningstar.co.uk/uk/news/263068/how-will-trumps-tariffs-affect-eurozone-interest-rates.aspx. Accessed 6 Apr. 2025.

Swanson, Ana. "Why Did Trump Impose Tariffs, and What's Next? Everything to Know." The New York Times, 3 Apr. 2025, www.nytimes.com/2025/04/03/business/economy/trump-tariffs-trade.html. Accessed 6 Apr. 2025.

Webber, Jude, et al. "Keir Starmer Relieved as Donald Trump Imposes 10% Tariff on UK Exports." FinancialTimes, Financial Times, 2 Apr. 2025, www.ft.com/content/a5780ef1-28e9-43f4-a74c-42ced08084b2. Accessed 6 Apr. 2025.

Zhang, Ellen, and Casey Hall. "Trump's Global Tariffs Hurt China with 'All-Round Blockade.'" Reuters, 3 Apr. 2025, www.reuters.com/world/china/trumps-global-tariffs-hurt-china-with-all-round-blockade-2025-04-03/. Accessed 6 Apr. 2025.