

Weekly Newsletter

October 10th, 2025

MUSINGS

"He who lives by the crystal ball will eat shattered glass"

Ray Dalio

LAST WEEK IN THE MARKETS

	Closing level	Weekly change	YTD change
S&P 500	6,552.51	-2.43%	11.41%
Nasdaq Composite	22,204.43	-2.53%	14.98%
10Y UST Yield	4.059	-1.50%	-11.24%
Crude oil	58.90	-3.25%	-17.88%
Gold	4,016.68	3.35%	53.06%
DXY	98.85	1.17%	-8.88%
USD/INR	88.73	0.02%	3.74%
Euro STOXX 50	5,502.50	-2.64%	13.28%
India (Nifty)	25,285.35	1.57%	6.94%
Japan (Nikkei)	48,088.08	5.07%	20.54%
China (CSI 300)	4,616.83	-0.51%	17.33%
Saudi (TASI)	11,583.31	0.76%	-3.77%
Abu Dhabi (ADX)	10,113.91	0.41%	7.38%
Dubai (DFM)	5,982.15	1.09%	15.96%

NEWS FROM THE MARKETS

In a post on Truth Social on Friday, Donald Trump said the **US would impose an additional 100% tariff on Chinese goods, and export controls on all critical software** starting on November 1st, 2025.

For the record, there is no evidence that this is connected to the fact that this happened on the day the 2025 Nobel Peace Prize was awarded to someone else.

In an uncharacteristically long post, Trump said the move was prompted by China taking an "extraordinarily aggressive" position on trade by announcing new export controls that would take effect next month.

China has, indeed, placed curbs this week on exports of rare earth minerals, slapped new port fees on US ships and launched an antitrust investigation into US-based Qualcomm. Beijing has also halted the purchase of US soybeans.

However, the possibility of a full-scale trade war between the US and China has been viewed with alarm by financial analysts and investors around the world, who warn that a confrontation between the two powers could roil global markets and spark a recession.

Not surprisingly, markets moved into a 'risk-off' mode.

In US stock markets, the Dow fell almost 900 points. The S&P 500 lost 2.7%, and the Nasdaq Composite sank over 3.5% in their worst days since April.

However, **the American administration signaled openness over the weekend to a deal with China.** Vice President JD Vance called on Beijing to "choose the path of reason" claiming that Trump has more leverage if the fight drags on. Trump later posted a statement that hinted at a possible off-ramp for Chinese President Xi Jinping while issuing a veiled threat that a full trade war would wound China.

Oil sunk to the lowest since May 2025. On the one hand, Trump's statements revived concerns that a tariff war between the world's two largest economies would hurt oil consumption. In another headwind to prices, Israel began the process of withdrawing troops from Gaza while the US started the clock on a 72-hour window for Hamas to release all remaining hostages.

At this time, it is not clear whether this is simply an instance of both sides raising the stakes in a run-up to the meeting scheduled between the two leaders during Trump's visit to South Korea.

Donald Trump said he was **making good on threats to fire thousands of federal workers amid a government shutdown** now in its 10th day, as his administration made job cuts across departments including Health and Human Services, Homeland Security, Treasury and Commerce.

A deal was agreed with AstraZeneca Plc to slash consumer prices on some of the company's drugs in exchange for tariff relief, in the second major deal between the White House and a pharmaceutical company seeking to reduce healthcare costs for Americans.

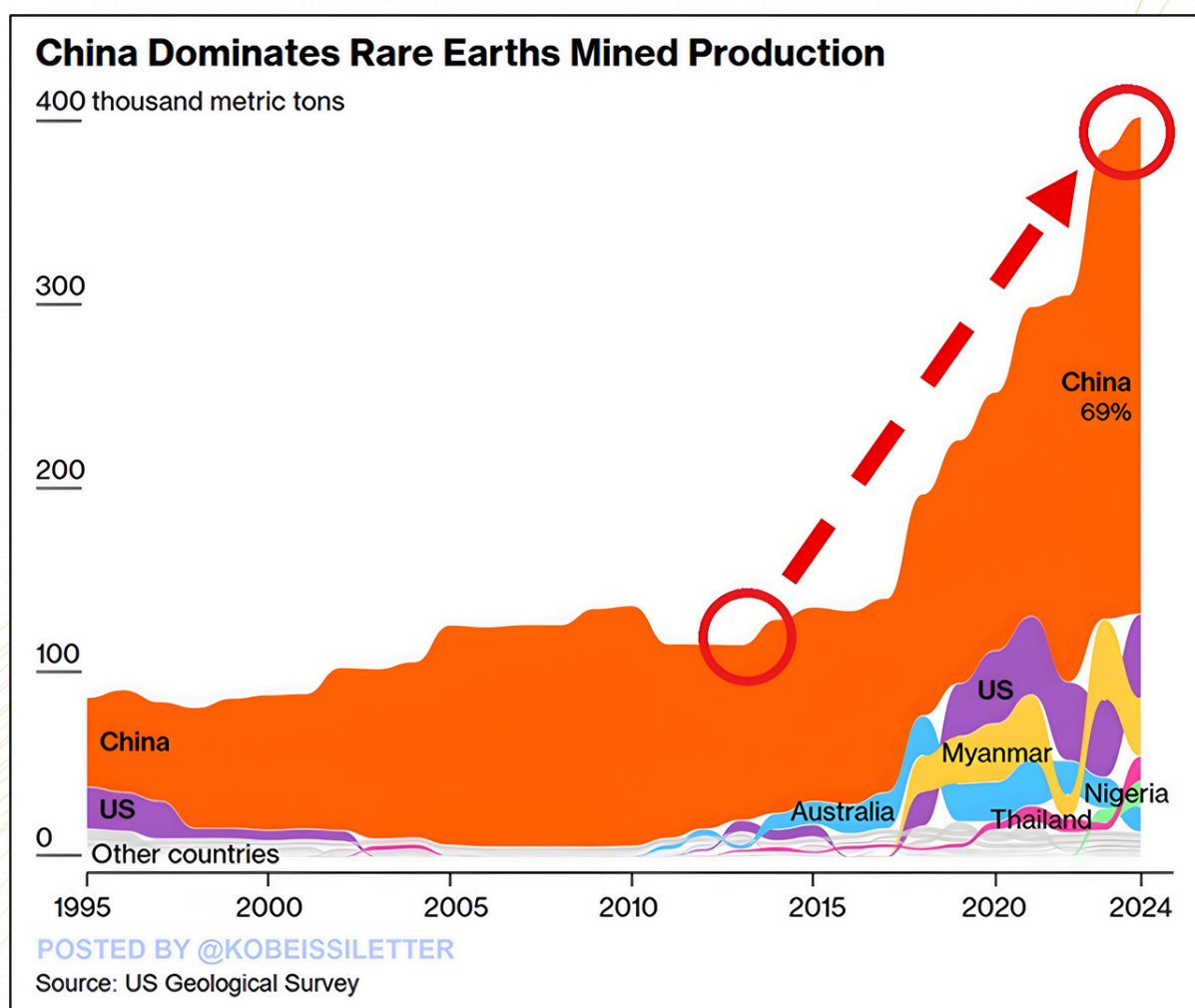
Earlier in the week, AMD was the latest beneficiaries of the AI "circular deals" when **OpenAI announced it will deploy 6 gigawatts of GPUs over multiple years in exchange for 10% stake in the chipmaker** with the deal being linked to achievement of incremental milestones. AMD stock skyrocketed to as much as 37% during the day after closing 24% up.

Meanwhile, the collapse of auto parts maker First Brands, which filed for bankruptcy protection about two weeks ago after disclosing liabilities exceeding \$10 billion, has rattled debt investors and stoked fears of broader stress in corporate debt markets. Some of the biggest firms on Wall Street: Jefferies, UBS and Millennium, among others are known to have large exposures to the Company.

KEY ECONOMIC EVENTS COMING THIS WEEK

October 13th	<ul style="list-style-type: none"> • Japan Markets Holiday (National Sports Day) • India CPI (Sep)
October 14th	<ul style="list-style-type: none"> • Germany CPI (Sep) • China CPI & PPI (Sep) • US Fed Chair Powell Speaks • Blackrock, JP Morgan, Goldman Sachs, Citibank, Wells Fargo, J&J Earnings
October 15th	<ul style="list-style-type: none"> • France CPI (Sep) • US CPI (Sep) • ASML, LVMH, Dollar Tree, Bank of America, Morgan Stanley, United Airlines Earnings
October 16th	<ul style="list-style-type: none"> • US PPI (Sep) • US Retail Sales • TSMC, EssilorLuxottica, BNY Mellon, Charles Schwab, Interactive Brokers
October 17th	<ul style="list-style-type: none"> • EUR CPI (Sep) • US Nonfarm Payrolls (Sep) • US Unemployment Rate (Sep) • Schlumberger, American Express, Fifth Third Bank Earnings

CHART OF THE WEEK



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