JEME CAPITAL

WEEKLY NEWSLETTER

May 12th, 2025

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12/05/2025

FINANCIAL DASHBOARD

Index	1w ch. %	Bonds 10yrs		Commodities	
STOXX 600	0.58%	BUND	2.548	GOLD	3,326.40
S&P 500	(0.47%)	OAT	3.234	WTI Crude Oil	61.02
NIKKEI 225	1.83%	BTP	3.602	EUR/USD	1.13
MSCI WORLD INDEX	(0.35%)	UST	4.370	EUR/GBP	0.76
ISHARES MSCI EEM	(0.20%)	JGB	1.349	EUR/JPY	145.37

Markets: **U.S. equities lost momentum** after last week's strong rebound, with the **S&P 500** closing nearly **flat** at **-0.47%**. Performance among **Big Tech** was **mixed**: **Google** dropped **6.9%**, **Apple** declined **3.3%**, while **Tesla** rose **3.9%**. Elsewhere, sectors such as apparel and banks **outperformed**, on strong earnings results. The **Federal Reserve** kept rates steady at **4.25%-4.50%**, maintaining a **cautious stance** amid ongoing inflation risks and **economic uncertainty**. The dollar strengthened, rising against major currencies. Meanwhile, **gold rebounded 3.10%**, ending a two-week losing streak, and **oil climbed 4.70%**, despite OPEC+ plans to accelerate production.

POLITICS & ECONOMIC NEWS

Tariffs: The **U.S.** announced a **framework agreement with** the **U.K.** that reduces **auto tariffs** from **25%** to **10%** and cuts duties on steel and beef, though a **10% universal tariff** remains. The **EU** threatened **€95B** in **retaliatory tariffs** on **U.S. imports**, including aircraft, automobiles, and agricultural products, as a **contingency**, should ongoing trade negotiations fail. To assess support for these measures, the **European Commission** has initiated a **consultation process** inviting input from member states and **industry** stakeholders.

Over the weekend, **U.S.** and **Chinese officials** met in Geneva to **ease** escalating **trade tensions**. **Negotiations** focused on **cutting reciprocal tariffs** from over 100% **to 50-54%**, with both sides describing the atmosphere as "**constructive**".

Vladimir Putin welcomes China's Xi Jinping in Moscow ahead of Victory Day.

Russia-China: Last week, **Xi Jinping** visited Moscow, where China and Russia signed **26 bilateral agreements**, including a **major deal** for the **Power of Siberia 2 pipeline**, expected to supply **50B cubic meters of gas** annually. The two countries also agreed to **increase trade** in **national currencies** and strengthen cooperation in various sectors.

CORPORATE NEWS

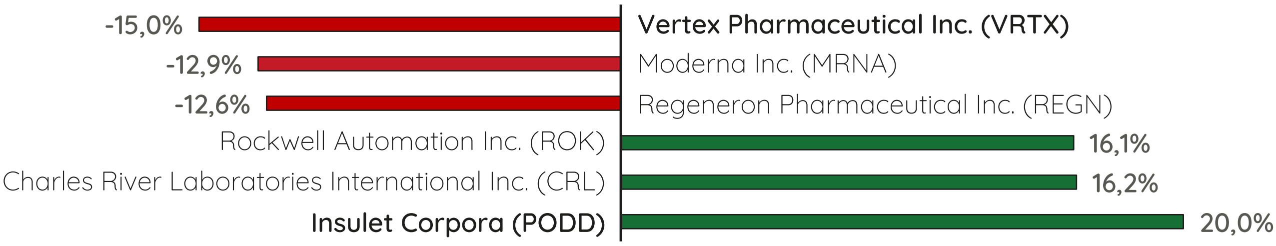
Asley Buchanan, former Kohl's CEO, fired after only 100 days on the job.

- **Kohl's** is under **scrutiny** after **firing CEO** Ashley Buchanan over **conflict-of-interest** allegations, with **shares down 52%** as investor concerns over governance stability deepen.
- **Uber missed** Q1 **expectations** with **$11.53B revenue**, as elevated **insurance reserves** and weakening **ride-hailing** demand weighed heavily on financial results.
- **Commerzbank** reported a **12% rise** in Q1 **net profit** to **€834M**, driven by **strong interest** and **commission income**, despite mounting headwinds in the German economy.
- **Banco BPM** posted **record-breaking Q1 net profits**, **€511M** (+38%), driven by strong fee income, and its **2025 net profit guidance** rose to **€1.95B** amid UniCredit's hostile bid.

JEME CAPITAL'S HIGHLIGHTS

- On Wednesday, **Alphabet** shares **fell 7.50%** after Apple's VP Eddy Cue testified that they are currently **exploring AI-driven search alternatives** like Perplexity and DeepSeek, potentially **threatening Google**'s **$20B annual deal**.
- **Palantir**, fuelled by AI demand in the U.S. (+55%), **beat** Q1 **estimates** with **$884M revenue** (+39% YoY), **shares fell 5.62%** on a cautious outlook over the fear of a high valuation and potential impacts from federal **defence spending cuts**.
- **Telecom Italia**'s Q1 **EBITDA** rose **5.40%** to **€815M**, slightly below forecasts; debt increased to €7.50B, while **FCF was negative €198M**, aligning with expectations.
- **CoreWeave** is seeking to raise **$1.50B** in **new debt** to **refinance liabilities** and invest in **operations**, following a **downsized IPO** that raised **$1.50B** at **$40 per share**.

LAST WEEK BIGGEST MOVERS IN S&P 500



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WHAT'S AHEAD NEXT WEEK IN THE MARKETS

Date	Event (U.S.)	Prev. Value	Exp. Value
13-May	CPI (YoY) (Apr)	2.40%	2.60%
13-May	Core CPI (YoY) (Apr)	2.80%	2.80%
15-May	PPI (YoY) (Apr)	2.70%	3.10%
15-May	Initial Jobless Claims	228K	220K
16-May	Export Price Index (YoY) (Apr)	2.40%	2.00%

Date	Event (EU)	Prev. Value	Exp. Value
14-May	German CPI (YoY) (Apr)	2.20%	2.10%
15-May	UK GDP (YoY) (Q1)	1.50%	0.90%
15-May	French CPI (YoY) (Apr)	0.80%	0.80%
15-May	EU GDP (YoY) (Q1)	1.20%	1.20%
16-May	Italian CPI (YoY) (Apr)	1.90%	2.00%

U.S.-China Trade Negotiations

Next week, **U.S. Treasury Secretary** Scott Bessent and **Chinese Vice Premier** He Lifeng are expected to **continue trade negotiations** in Geneva, building on initial discussions aimed at **easing** tensions in the ongoing **trade war**. The negotiations are expected to focus on **reducing** the **elevated tariffs** and represent an early step toward **de-escalating tensions** that have disrupted supply chains and markets **beyond** the **U.S.** and **China**.

U.S. Indicators

April CPI is expected to **rise** to **2.6% YoY** from **2.4%**, while **Core CPI** is projected to **remain unchanged** at **2.8%**. Producer prices are set to accelerate, with the **PPI forecast** at **3.1%** from **2.7%**, signalling renewed cost pressures. On the labour front, **initial jobless claims** are expected to **ease** slightly to **220K**, **down** from **228K**. Meanwhile, the **Export Price Index** is projected to **slow** to **2.0%** from **2.4%**, suggesting a moderation in external pricing dynamics.

EU Indicators

German CPI for April on May 14 is forecast to ease slightly to **2.1%** from **2.2%**, while **Italian CPI** on May 16 is expected to edge up to **2.0%** from **1.9%**. On May 15, **U.K. GDP** is projected to **slow sharply** to **0.9% YoY** from **1.5%**, and **eurozone-wide GDP** is expected to hold **steady** at **1.2%**. Despite a period of **disinflation** in the eurozone in recent years, ECB's **Schnabel** has warned that tariff-driven price pressures could **limit** the central bank's ability to **lower rates**.

Asia's Market Signals

India's April inflation on May 13 is expected to **ease** to **3.1%** from **3.5%**, signaling stable prices **despite** heightened **tensions with Pakistan**. The recent **military escalation** risks **undermining investor confidence** and economic momentum. **Japan's April PPI** is forecast to **dip slightly** to **4.0%** from **4.2%**, while **China's industrial production** is set to **slow** to **6.2%** from **7.7%**, indicating decreasing factory activity likely due to recent U.S. tariffs.

WHAT'S AHEAD NEXT WEEK FOR CORPORATES

Key Earnings Report

12/05	13/05	14/05	15/05	16/05
Constellation Software Fox Corp Sportradar	SoftBank JD.com Tata Motors	Tencent Sony Porsche	Walmart Alibaba Allianz	Naturgy Energy RBC Bearings Foot Locker

13/05/25

- **JD.com** anticipates **¥289.60B ($40.01B)** in **revenue** and **¥7.08 ($0.98) EPS**. The company recently launched its online supermarket "Joybuy" in the U.K., marking the firm's first major retail expansion into Western Europe and challenging established local grocers.

14/05/25

- **Tencent** is expected to post **$24.24B** in **revenue** and **$0.88 EPS**. At the SPARK 2025 event in April, Tencent Games unveiled updates on 46 titles, highlighting its commitment to expanding its gaming portfolio and enhancing user engagement.
- **Sony** is projected to report **$19.69B** in **revenue** and **$0.15 EPS**. The firm announced a strategic partnership with BandLab Technologies to integrate spatial sound technology, aiming to empower music creators with cutting-edge tools.

15/05/25

- **Walmart** is forecast to report **$165.60B** in **revenue** and **$0.58 EPS**. The company opened its first new Supercentre (combination of a grocery and merchandise store) in four years in Cypress, Texas, as part of its broader national growth strategy.
- **Alibaba** is expected to announce **¥238.35B ($32.93B)** in **revenue** and **¥12.6 ($1.74) EPS**. The firm partnered with content platform RedNote to integrate direct shopping links to its Taobao platform, enhancing its e-commerce reach amid intensifying competition.
- **Allianz** projects **€18.65B** in **revenue** and **€6.74 EPS**. The firm's board member Günther Thallinger warned that escalating climate risks could undermine insurance markets and capitalism itself, highlighting the potential for increased claims and financial instability.

The Alibaba Beijing headquarters in China.

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