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Trump's Message Spurs 'Animal Spirits'... New York Stock Exchange Breaks Downtrend

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The New York Stock Exchange saw its biggest weekly gain since early November last year, following Trump's election. Despite concerns that the Trump administration, set to begin on the 20th, would immediately impose tariffs, President-elect Donald Trump announced on the 17th (Eastern Time) just before the market opened that he had a "good call" with Chinese President Xi Jinping regarding trade, reviving the 'Trump Trade.' Recent economic data has shown that the U.S. economy is in a 'Goldilocks' state (moderate growth and slowing inflation), and despite fluctuations in big tech, over 70% of S&P 500 stocks rose daily. Today, the market was heated as Tesla, Nvidia, and Apple rebounded sharply after yesterday's plunge. Technically, there was analysis that the S&P 500 index broke its downtrend. However, there is strong speculation that the market will continue to be volatile due to ongoing policy uncertainties such as tariffs. ...

... Of course, Trump has always called President Xi "a friend" during the first trade war. However, Trump's message amid tariff concerns excited investors. David Kudla, CEO of Mainstay Capital, said, "Trump may plan to use tariffs not just as an economic tool but as a diplomatic tool. He will likely use tariffs very broadly but will use them more as a negotiation tool to threaten and gain rather than implement them immediately as an economic tool." Bloomberg economist Anna Wong cited a 2018 Fed research paper, stating, "If tariffs are imposed only on intermediate goods and not on final consumer goods, it could actually lead to deflation." She added, "Fed Chair Jerome Powell also mentioned in a recent press conference that whether inflation worsens depends on which products tariffs are imposed on." ...

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