Dear clients, Dear readers,

The main stock markets rose quite significantly in May.
The moratorium on the trade war initiated by the United States against all of its partners has provided some respite, fostering hope that trade agreements can be achieved during this time.
Despite Donald Trump's contradictory announcements, reassuring one day and bellicose another day, investors have shown remarkable resilience so far.

In terms of good news, the ECB cut its key interest rates by 0.25% as expected, the US economy remains suitable, particularly in terms of employment and consumption, and corporate earnings for the first quarter are generally good in the United States and satisfactory in Europe.
However, the trade war is beginning to be felt at the economic level: European growth remains weak, even though it is slightly better than expected, and the market has lowered its expectations of interest-rate cuts in the United States this year. The US Federal Reserve does not have the easy task; the risks of a rebound in inflation from the trade war could, in the worst case scenario, force it to stop cutting its benchmark interest rates.
Moreover, the US government's obsession with implementing its aggressive policy of cutting corporate taxes (when they are already relatively moderate at the outset) risks blowing up the level of US debt, which would only add to the upward pressure on interest rates.
Donald Trump wants to relaunch "made in the USA" production, which cannot be criticised in itself, but if we add to it the sharp fall in the number of migrants allowed to work in the United States, here too everything is in place to raise inflation levels.
An American worker costs more and creating local factories all over the world cannot be done quickly and will require very large investments which, in one way or another, will be passed on to the prices of products paid by the consumer.

The resilience of the markets seems to reflect investors' bet that Trump, despite his verbal aggressiveness and threats that are no longer even counted, wants to make "deals" with all his trading partners, including Europe and China.

The crucial question: Can we expect the trade war to end in the near future or not?
The longer things drag on, the greater the damage to the economy.

For our part, we have rebalanced our exposure between the United States and Europe in favour of the latter, especially taking into account the US government's stated desire to see its currency weaken further to improve its competitiveness.
We are taking advantage of the good performance of the markets up to now, but we are not ruling out a bit of cutting back in line with developments in this famous tariff war.

## Performance of the main markets in 2025

| | May 2025 | 2025 YTD |
|---|---|---|
| EURO STOXX 50 | 4,00% | 9,61% |
| STOXX Europe 600 | 4,02% | 8,09% |
| BEL 20 | 1,64% | 5,57% |
| S&P 500 | 6,15% | 0,51% |
| S&P 500 Equal Weight | 4,31% | 0,68% |
| NASDAQ 100 | 9,04% | 1,56% |
| NIKKEI 225 | 5,33% | -4,84% |
| HANG SENG | 5,29% | 16,10% |
| MSCI EMERGING | 4,00% | 7,61% |
| MSCI WORLD | 5,69% | 4,20% |

**Charles Bok**
**Chief Executive Officer**