



Trade, Tariffs, and Trends: Markets Impact

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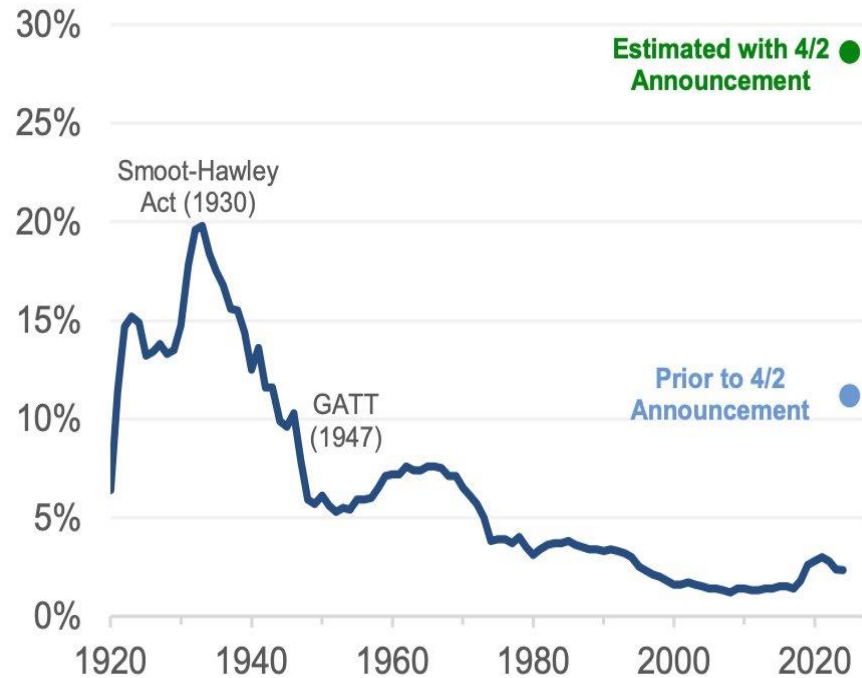
Macroeconomic Outlook

Reid I'Anson

Global: Economic Outlook

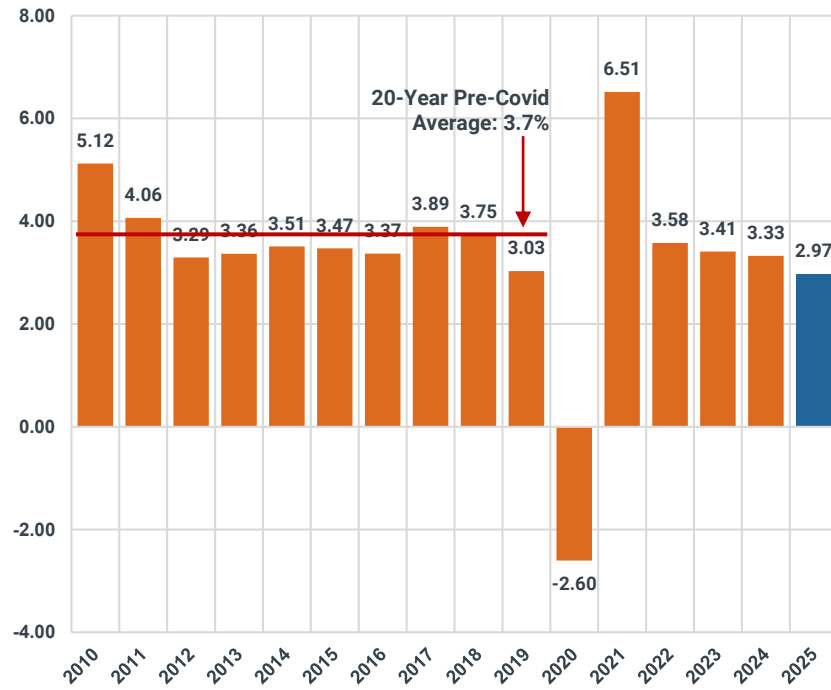
US tariff implementation marks a major turning point for world trade

Weighted Average Tariff Rate (%)



Source: EverCore ISI

Yearly Global Headline Real GDP Growth (%)



Source: various statistical agencies, Kpler; data calculated based on PPP weighting

United States: Economic Outlook

We revise our growth forecast lower by another 120bp to 0.8%, with further downward revisions possible

Tariff Policy: reciprocal tariff announcement yesterday was far more aggressive than expected. Average US import tariff rate now somewhere between 20 – 30%.

GDP Growth: US growth finished at 2.8% in 2024, well above 2% long-run trend. We forecast growth narrowing to just 0.8%. Chances of a recession are increased to 50%.

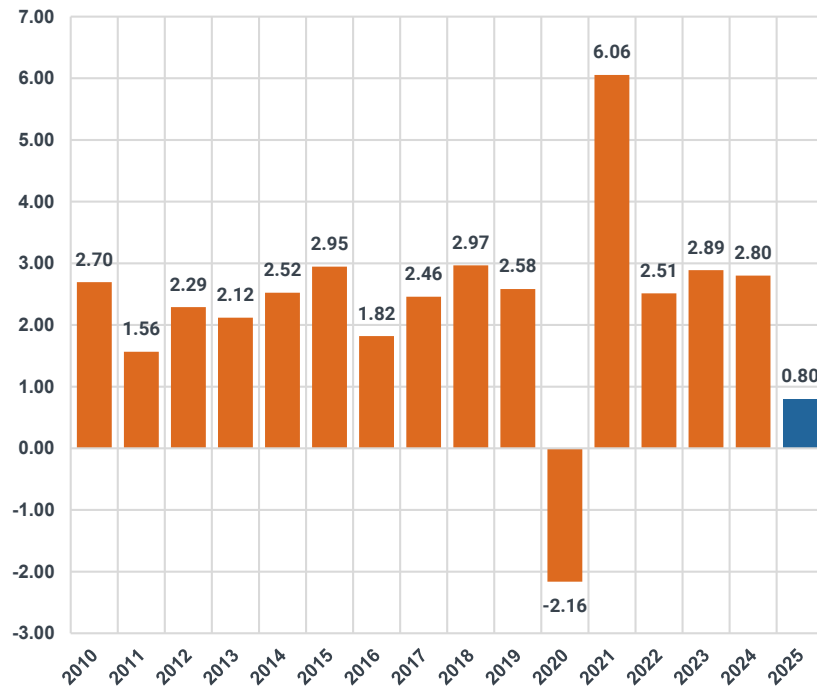
Sticky Inflation: such a large increase in tariff barriers will put upward pressure on inflation, even with slowing growth. Core CPI poised to get stuck in a range between 3.2 – 3.5% this year.

Assessing Fed Policy: uncertainty around effects of Trump policy make life difficult for Fed officials. We continue to maintain the view that the Fed will cut no more than once this year (25bp), and not until the second half of 2025 unless US economy undergoes sizeable multi-quarter contraction that causes inflation to decline.

Trump Policy: Trump is pursuing three key economic outcomes. Process of pursuing these goals has been chaotic and somewhat incongruent at times.

- **Lower the rate of inflation**
- **Narrow the US trade deficit with the rest of the world**
- **Improve defense burden sharing among allies**

Yearly US Headline Real GDP Growth (%)



Source: BEA; Kpler calculations

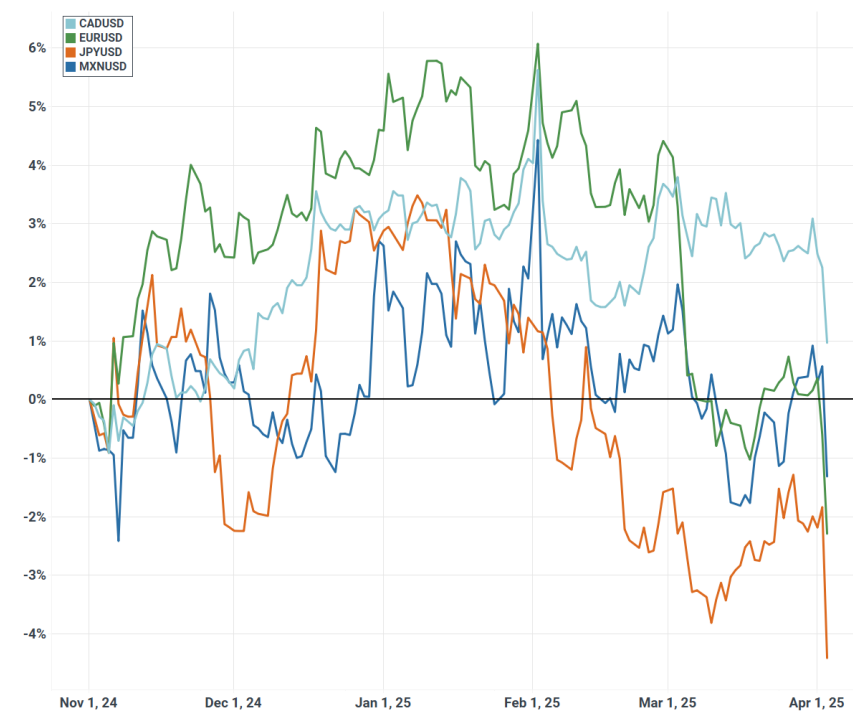
United States: Market Reaction

Markets clearly pricing in rising concerns about US economic weakness

Daily US 10y Government Bond Yield (%)



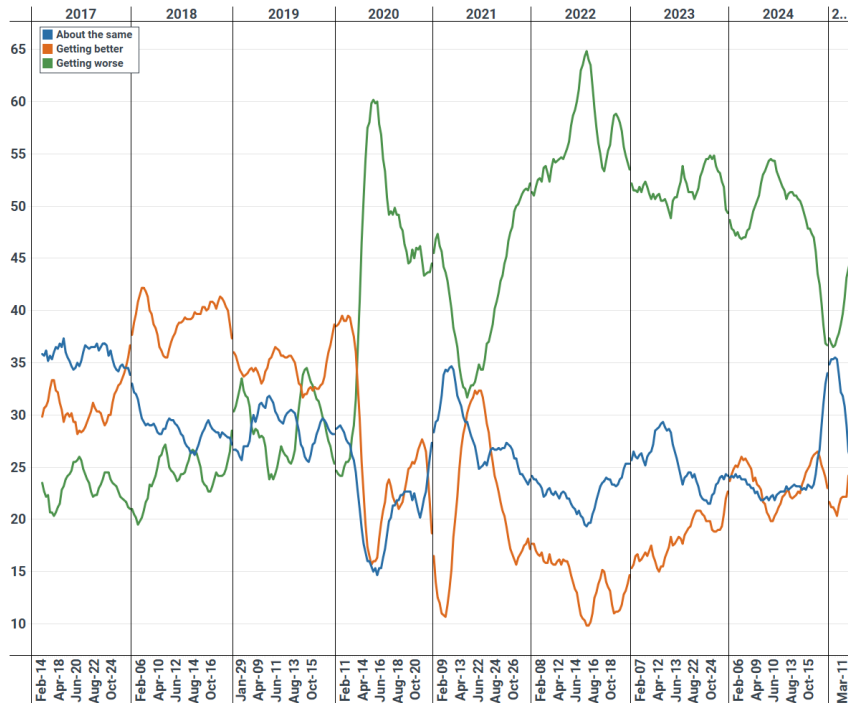
USD Rate of Change Relative to Nov 1, 2024 Baseline (%)



United States: The Uncertainty Quotient

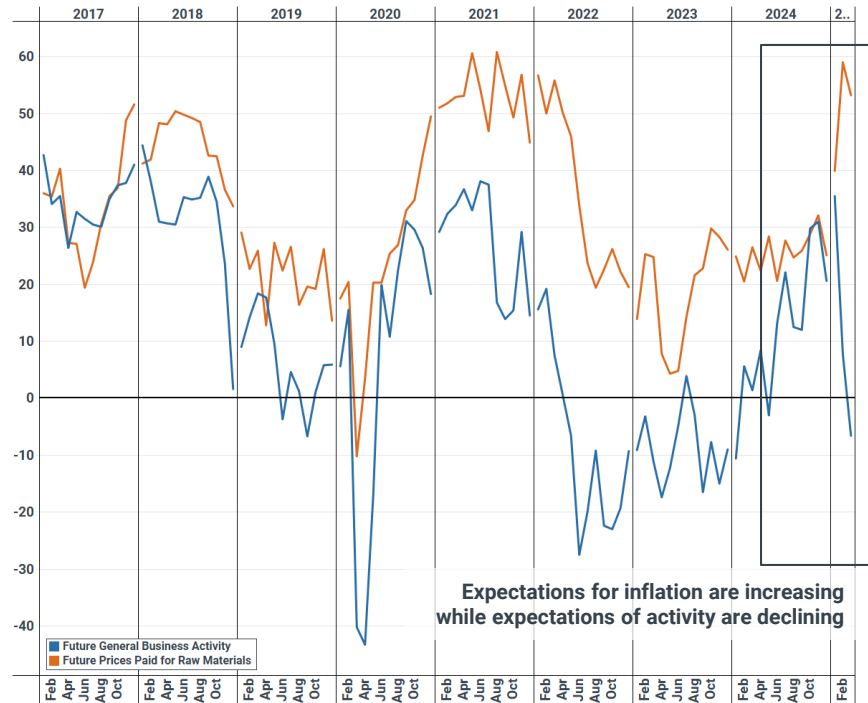
Concerns about chaotic tariff policy are likely to weigh on growth as sentiment continues to erode

Weekly US Consumer State of the Economy (% of total)



Source: YouGov, The Economist

Texas Manufacturing Diffusion Index



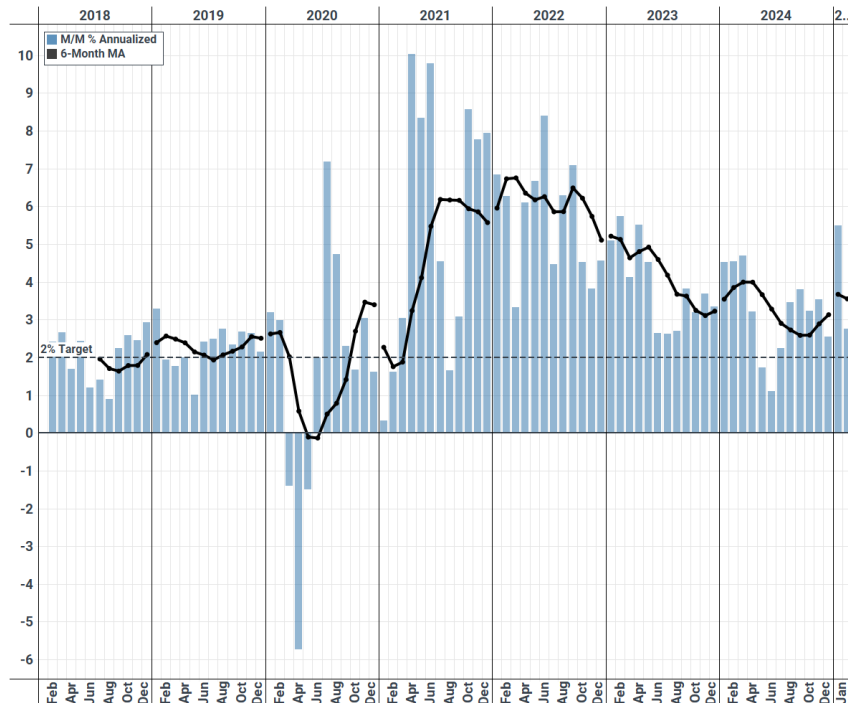
Source: Dallas Fed

United States: Inflation and Monetary Policy

Sticky inflation likely to persist this year as tariff barriers increase dramatically; good deflation is over

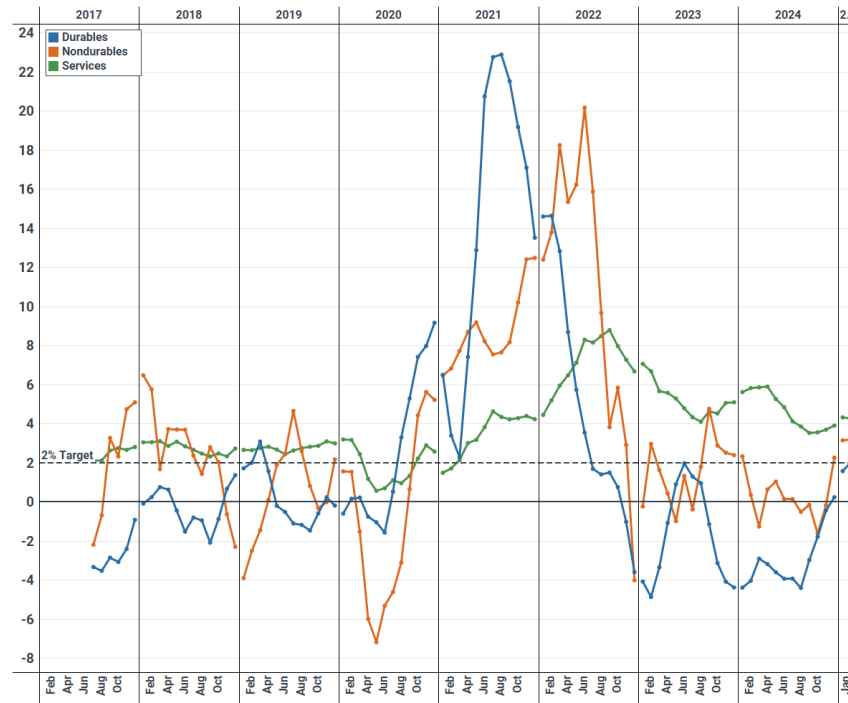
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Monthly US CPI-Based Core Inflation Over Previous Month and Previous Six Months (% Annualized)



Source: BLS; data from CPI report; seasonally adjusted

Monthly US CPI-Based Durable, Nondurable and Services Inflation Over Previous Six Months (% Annualized)



Source: BLS; data from CPI report; seasonally adjusted

China: Economic Outlook

China faces serious structural issues that will take many years to solve

Economic Imbalance: Chinese policymakers are beginning to admit that the investment-led growth model is no longer sustainable. We still expect policymakers will push to hit 5% growth target.

- Unclear who will bear the burden of the transition to a consumption led economy (businesses via smaller margins, govt via higher debt load).

PRC Policy: Central bank policymakers continue to be in full tilt stimulus mode with further rate cuts likely. Slow pace of CNY depreciation possible to partially offset impacts of tariffs. Monetary easing largely benefits investment.

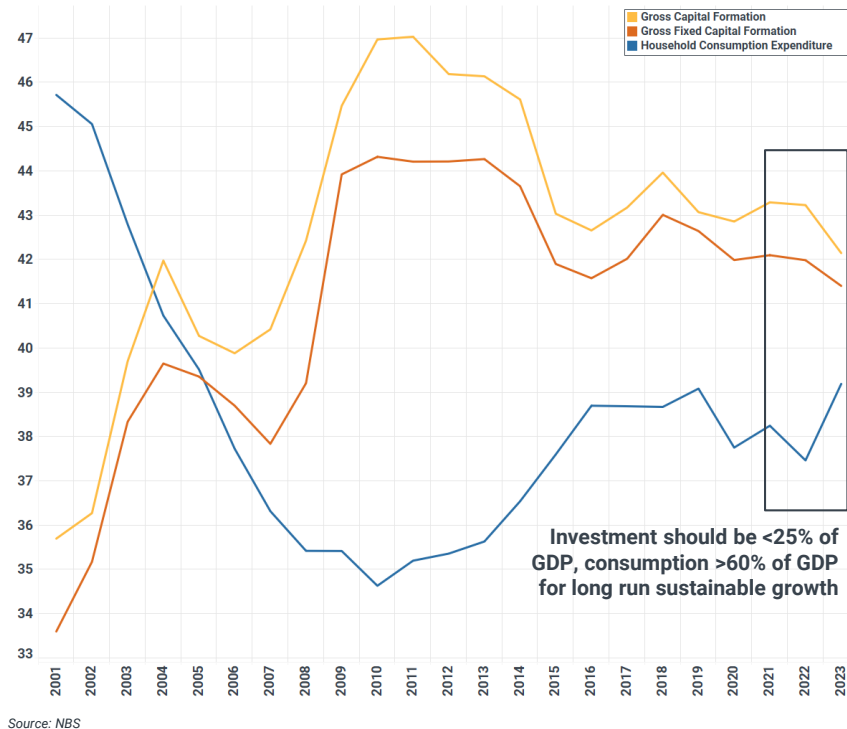
Record Trade Surplus: over-investment continues to fuel record trade surpluses, which finished Jan/Feb at USD 170bn. Prices also flipped into deflation on over-capacity in February, declining 0.7% against year earlier levels.

Industrial Pickup: lower interest rates and an emphasis on manufacturing capacity are helping the industrial sector, a dynamic likely to continue through Q1.

Trump Tariffs: US tariff barriers on Chinese goods are unlikely to have a sizeable impact on narrowing Americas trade surplus for now. More likely is a narrowing in Chinese exporter margins as they cut prices to offset tariffs, at least partially.

Long Run Outlook: Expect tough years ahead for China. The transition towards consumption-based economy will be painful.

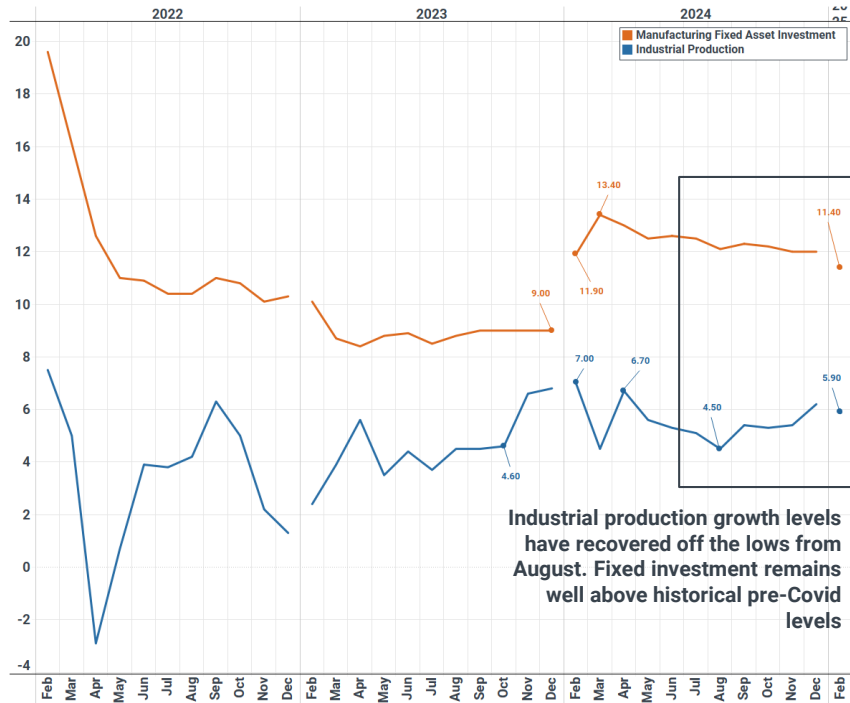
Chinese Real Investment and Consumption as a % of GDP



China: Trade Balance

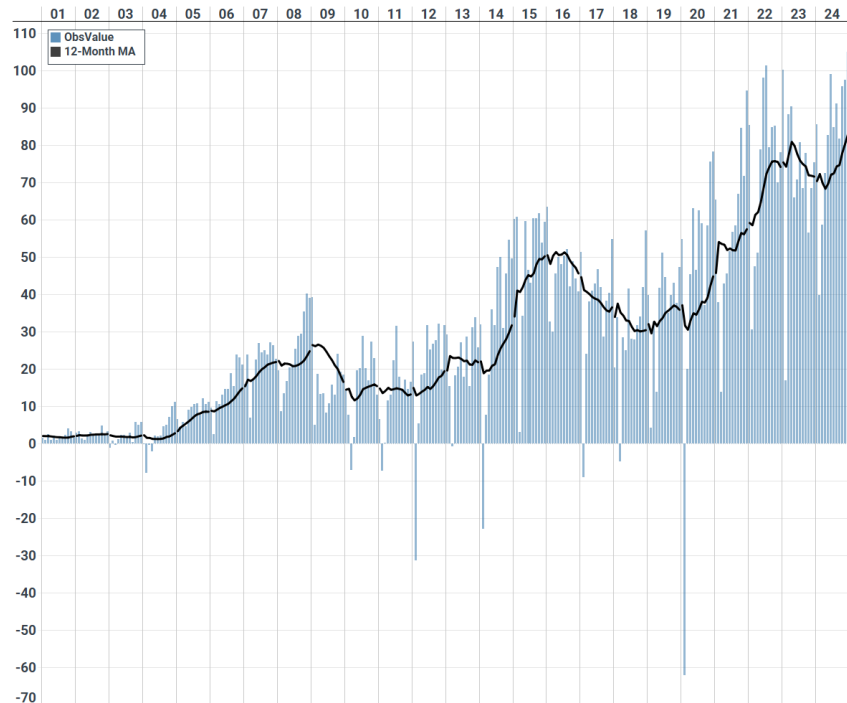
Investment over-reliance is pushing the trade balance to ever more positive levels

Yearly Average Industrial Production and Retail Sales Rate of Growth (%)



Source: NBS; data is a yearly average of growth rates

Monthly Chinese Net Trade Balance Split by Year (USD bn)

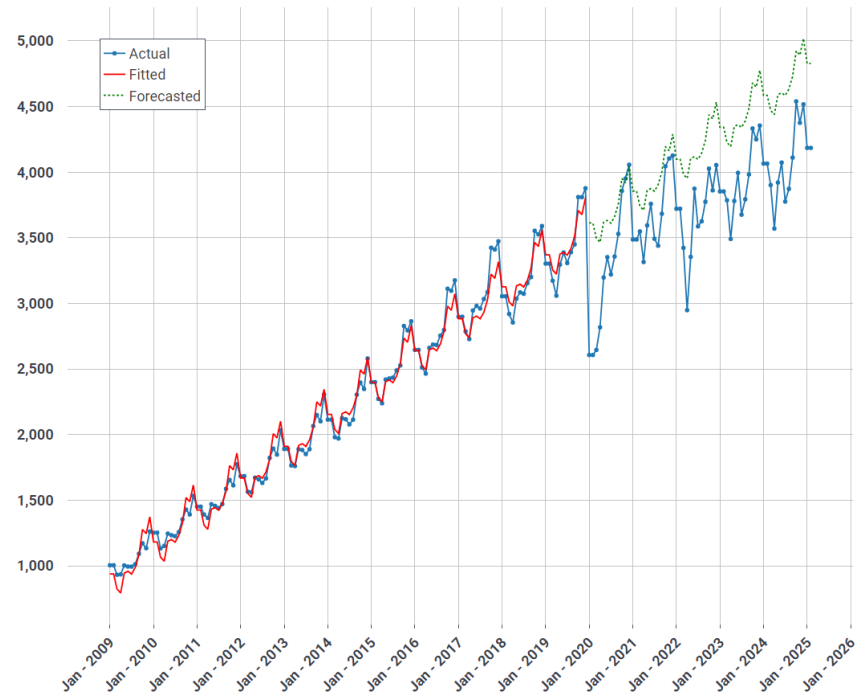


Source: GACC

China: Household Consumption

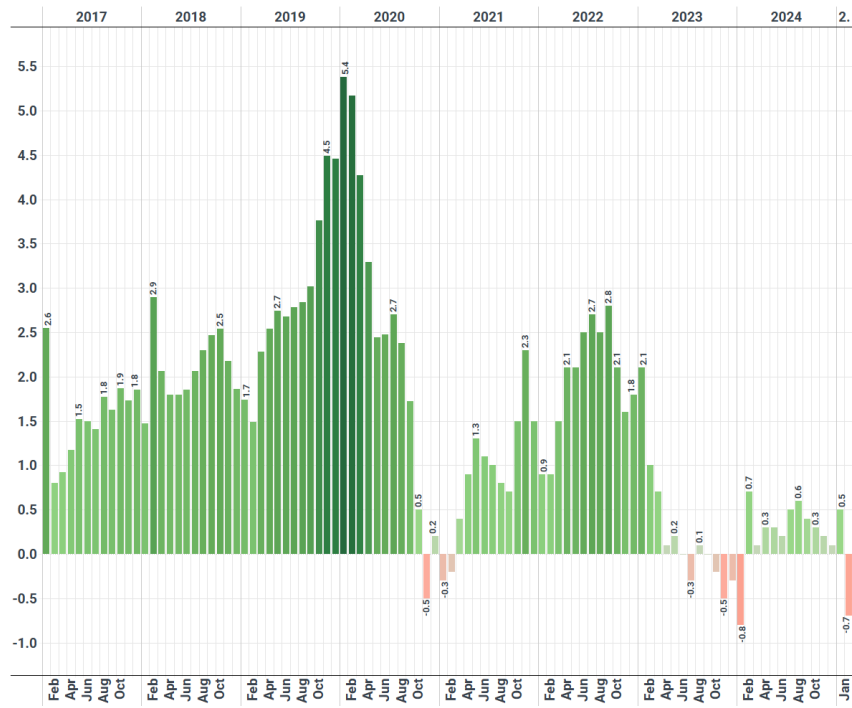
Demand has steadily underperformed relative to pre-pandemic trend

Monthly Chinese Nominal Retail Sales Against Pre-Pandemic Trend (RMB bn)



Source: NBS; data is a yearly average of growth rates

Monthly Chinese Net Trade Balance Split by Year (USD bn)



Source: GACC

Euro Area: Economic Outlook

Increasing chances that European growth is going to

GDP Forecast: Following continued signs of lagging household consumption growth, we revise lower Euro area GDP growth to 0.7%, a 50bp revision from the start of the year.

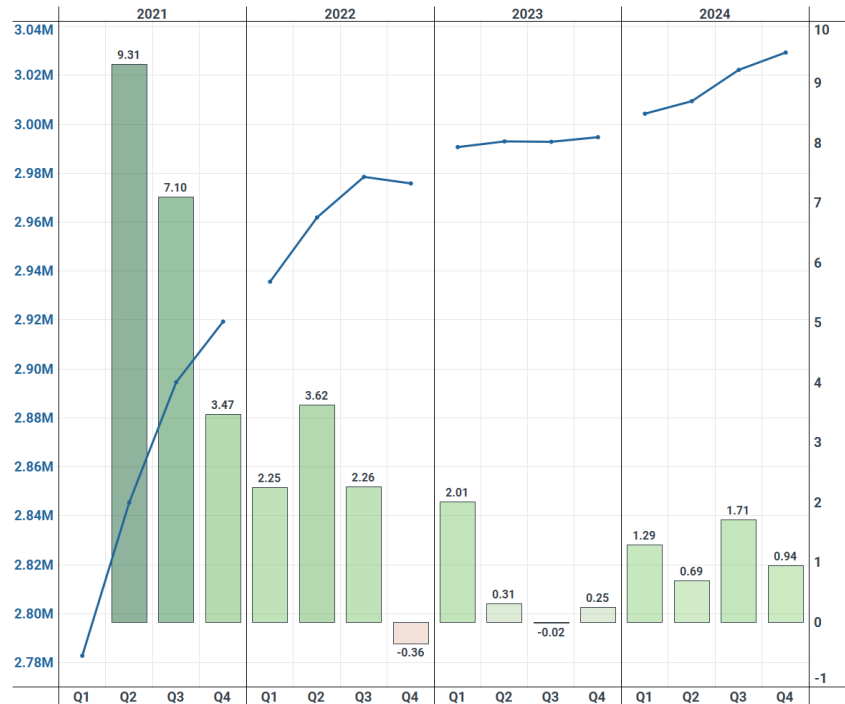
- Real retail sales were down 3.5% m/m annualized in January. Consumer confidence continued a trend of weakening in March.

Slow Pace of Disinflation: Core inflation over a six-month range continues to show signs of declining after finishing March at 2.2% annualized, down from 2.9% just four months ago. Single month rate also finished lower in March. We maintain a core inflation range of 2 – 2.5% this year.

ECB Policy Adjustment: The ECB cut rates by another 25 bp in March, bringing the deposit rate to 2.5%. We expect another 50 – 75bp of cuts this year to get the policy rate back to neutral. Nonetheless, build in the expectation of unforeseen pauses throughout the year over inflation or tariff concerns.

Investment Pressures: After two quarters of growth, a surge in long duration rates is likely to pressure fixed investment over the next several months. Germany's planned \$500bn in public infrastructure spend should help to lift investment levels by late this year. European rearmament could also provide an uplift next year.

Quarterly Euro Area Headline Real GDP (USD tn, left) and Q/Q % Annualized Delta (right)



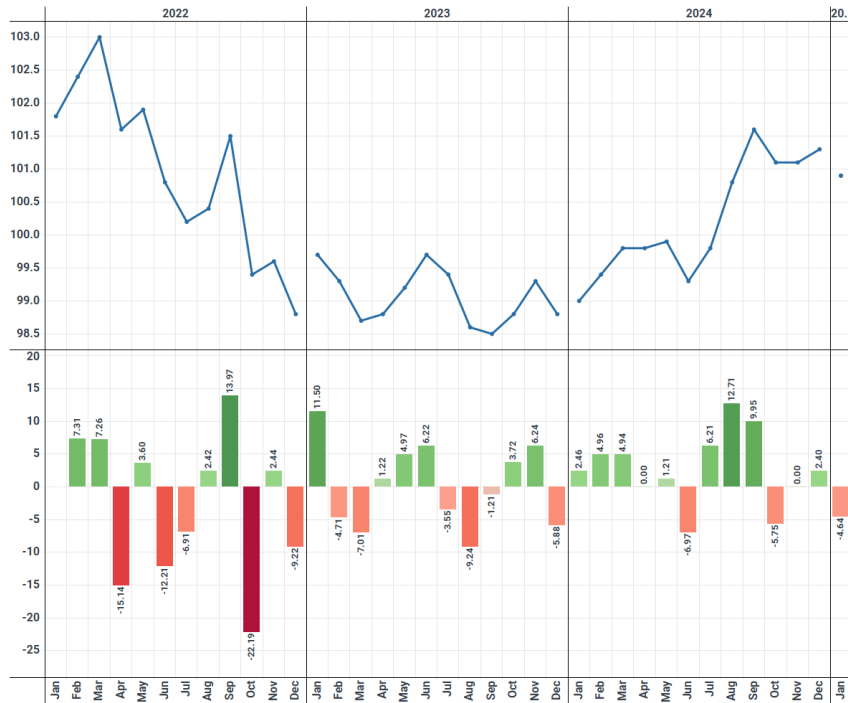
Source: EuroStat

Euro Area: Household Consumption

The improvements in household demand required for higher growth failing to show

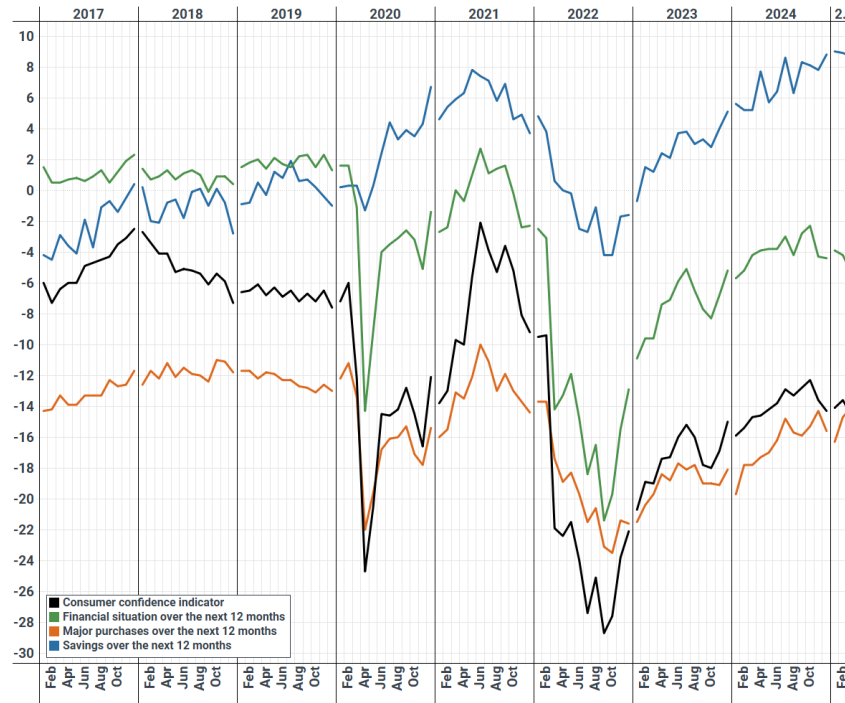
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Monthly EU 20 Real Core Retail Sales Index (top) and M/M % Delta Annualized (bottom)



Source: EuroStat; m/m % deltas are annualized

Monthly EU 20 Consumer Confidence Index



Source: EuroStat



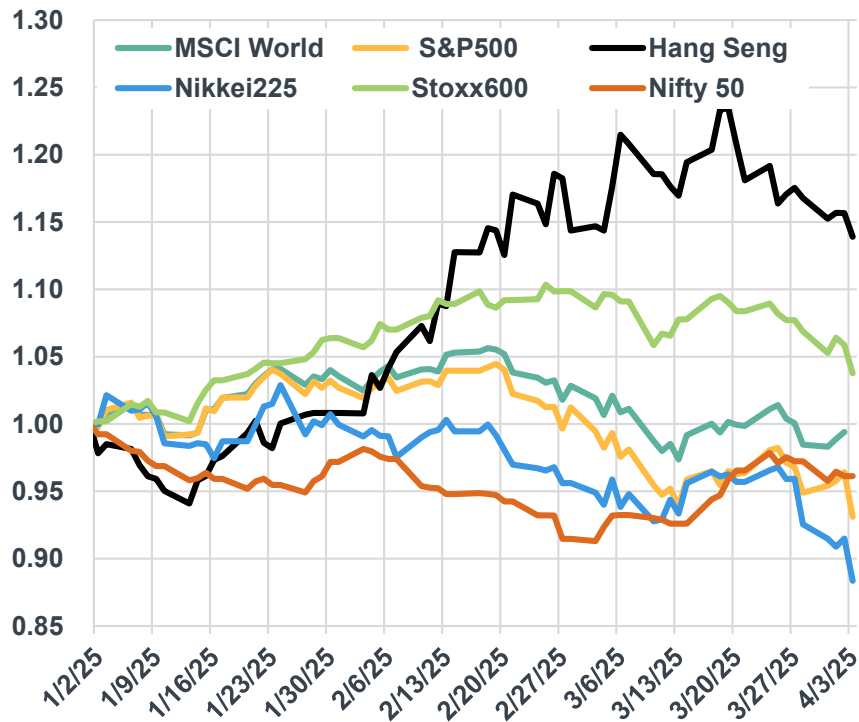
Markets Outlook

Alexandre Andlauer

Tariffs Trigger Market Turmoil

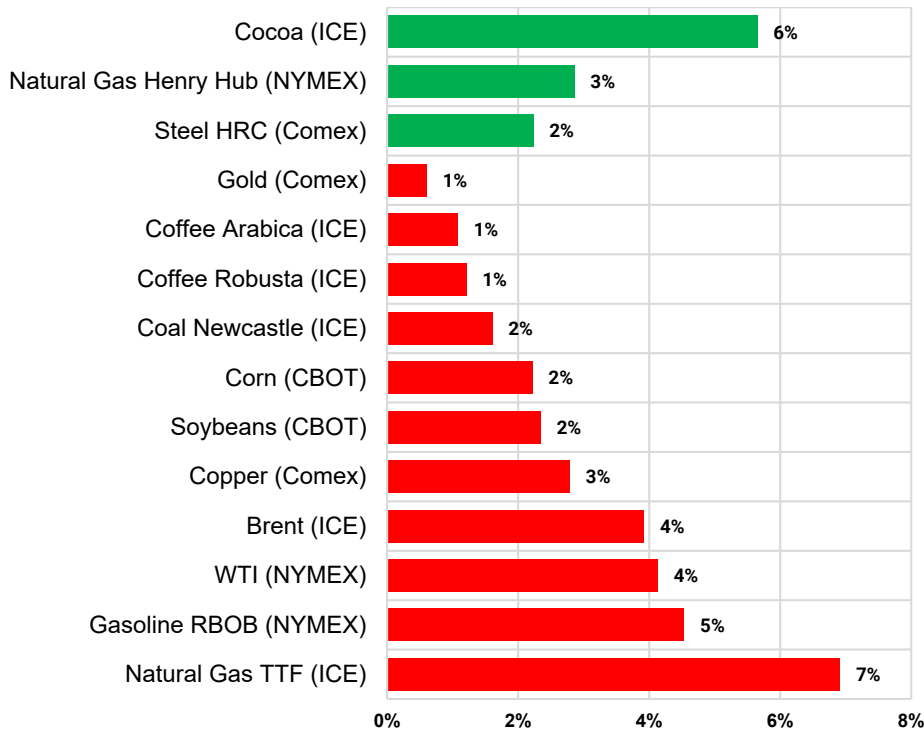
Oil and natural gas were the hardest hit, alongside equities

2025 performance across major indices (Basis 100, ytd)



Source: Kpler calculations based on MarketView, MSCI, Yahoo Finance

Cross-Commodities performance since April 1





Crude Oil & Natural Gas Outlook

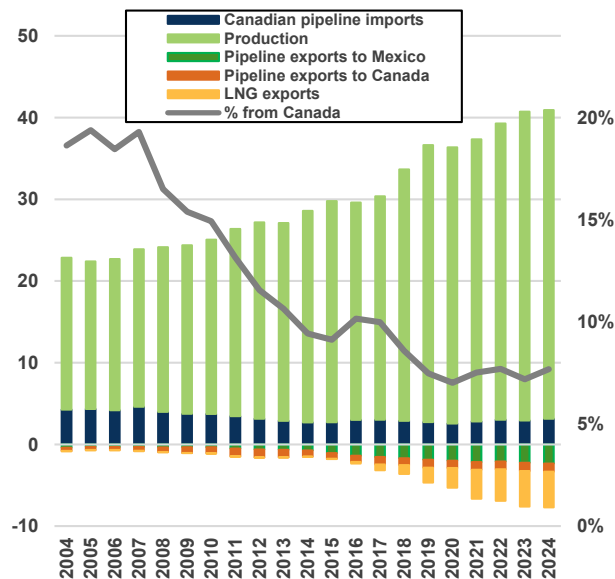
Laura Page - Insight manager - LNG & natural gas, Kpler Insight

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Tariffs have threatened three main areas of the global gas landscape

US LNG plants under construction will be the most impacted

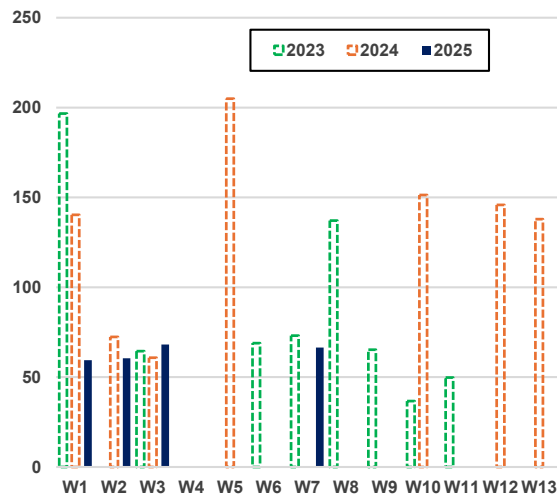
US natural gas production, imports and exports (tcf)



US' 10% tariff on Canadian natural gas: limited impact

The tariff was dropped after a few days. Moreover, a 10% border tax does not compromise the competitiveness of Canadian pipeline gas imports into the US.

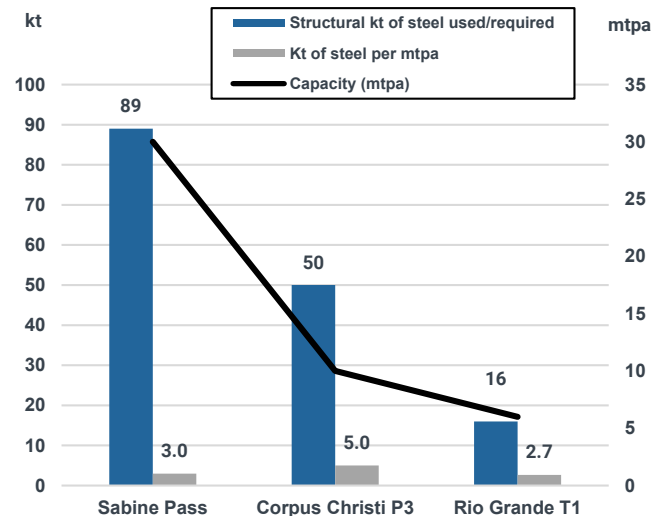
Weekly Chinese imports of US LNG (Kt)



China's 15% tariffs on US LNG: limited impact

Weak LNG demand will reduce China's pull on US LNG this year, with Chinese offtakers of US liquefaction plants profiting from shipping more volume to Europe.

Kt of structural steel used in select plant (left), LNG capacity (right)

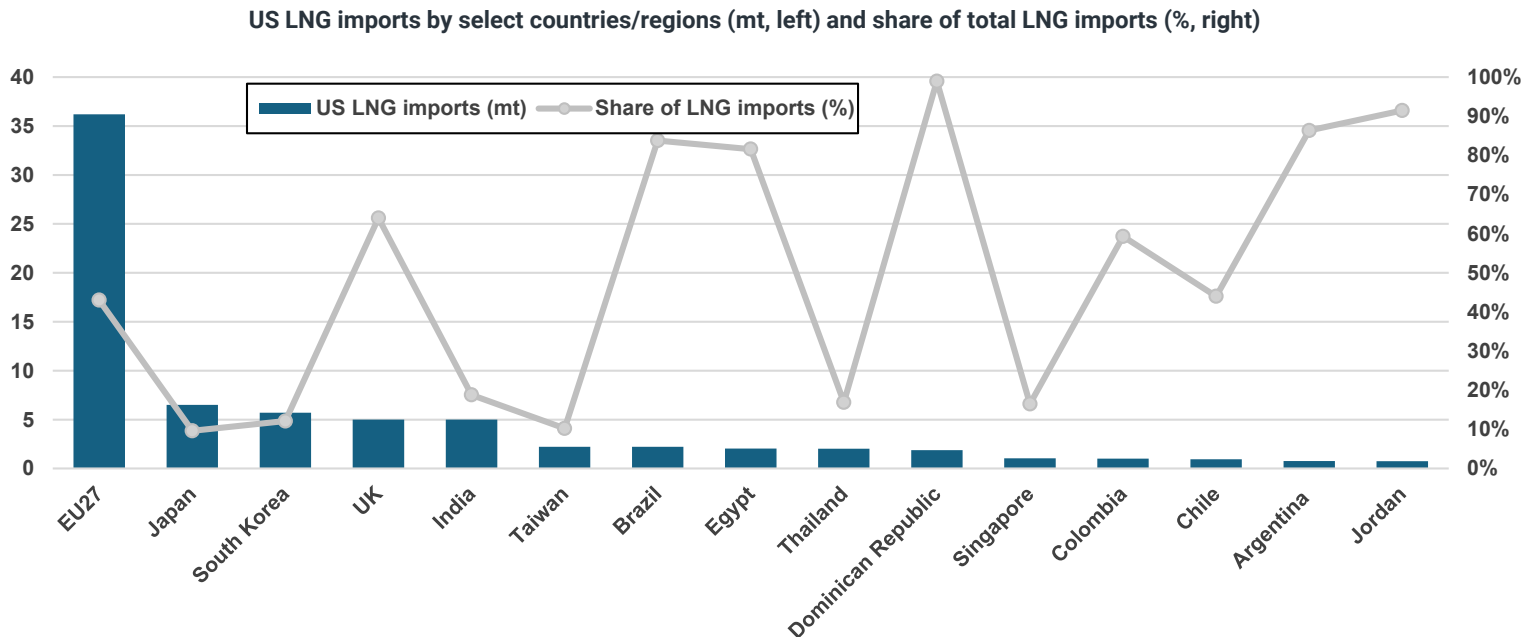


US' 25% tariff on steel and aluminium imports: Severe impact

Port Arthur and Rio Grande most impacted from rising raw material costs due to being further behind in construction, as well as projects seeking FID if tariffs stay in place. Some project operators are seeking to renegotiate liquefaction fees higher to cover rising costs.

Counter tariffs by nations importing US LNG now need to be eyed

EU likely to carve out LNG due to heavy reliance following 2022 Russian gas crisis

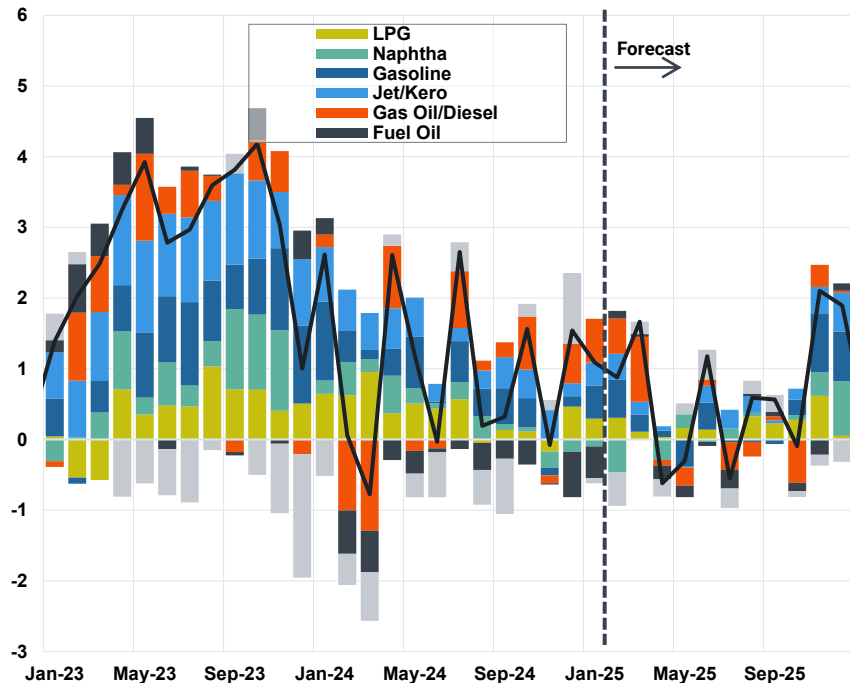


Given the US' position as the world's largest LNG exporter, **retaliatory tariffs from importing nations will set the tone going forwards.**
EU, parts of Asia and UK rely on substantial US LNG volumes.

Demand: anaemic growth to meet rising capacity

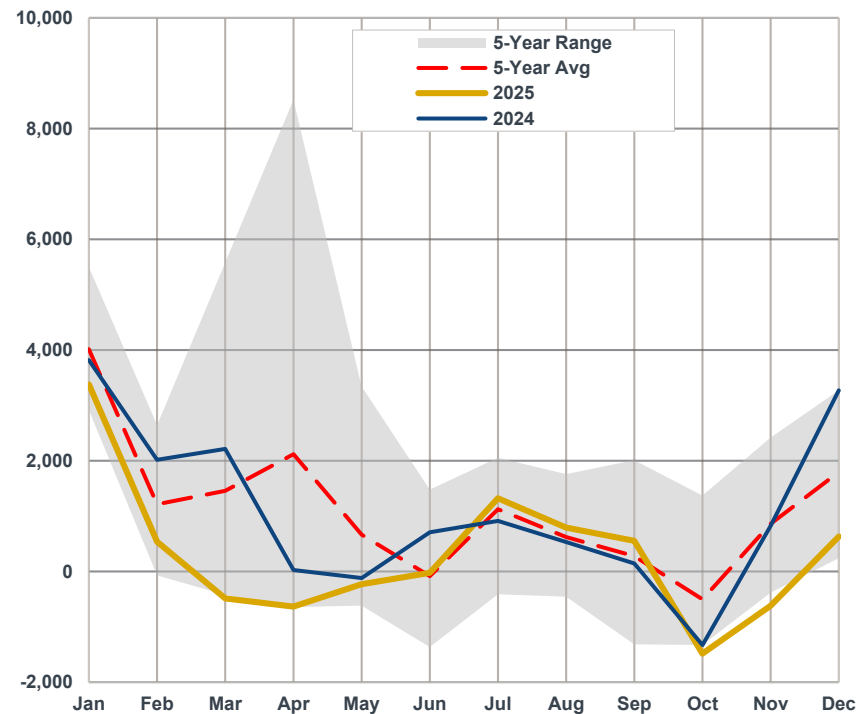
Assessing demand growth at 700 kbd, we are currently predicting a challenging environment for refiners in H2

World refined product demand y/y growth, Mbd



Source: Kpler

World crude product demand (kbd)



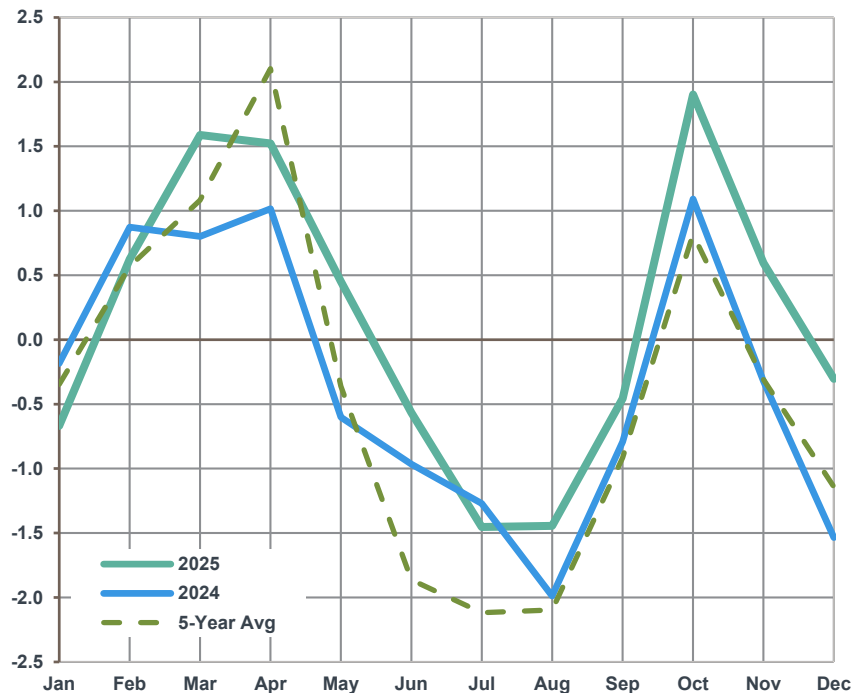
Source: Kpler

Downside risks are larger due to oversupply and the Trump factor

Geopolitical tensions, plans to refill the SPRs and a high US breakeven price will act as a support nonetheless

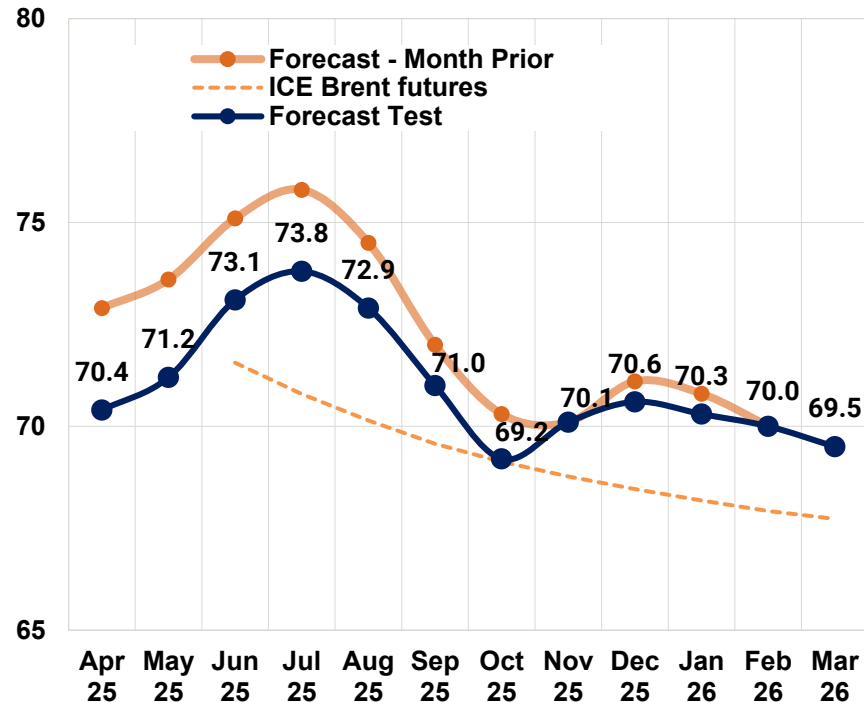
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Global oil balances, Mbd



Source: Kpler

Kpler Dated Brent forecast, \$/bbl



Source: Kpler, ICE



Metals

Florian Gruenberger

Metals

Tariff overview

US imports		Section 232	IEEPA		Reciprocal tariff
			USMCA-compliant	non USMCA-compliant	
Aluminum, steel	non-Can/Mex	25%	not applicable	not applicable	No - section 232 does not fall under RT
	from Can/Mex		0% (exemption extended)	25%	
Copper	non-Can/Mex	Investigation - pot. 25%	not applicable	not applicable	No - section 232 does not fall under RT
	from Can/Mex		0% (exemption extended)	potentially 25%	

Source: Kpler calculations based on US Geological Survey 2024

Copper

The US will remain a major importer of copper despite tariffs

Tariff status quo: Copper not subject to reciprocal tariffs but Section 232 investigation ongoing.

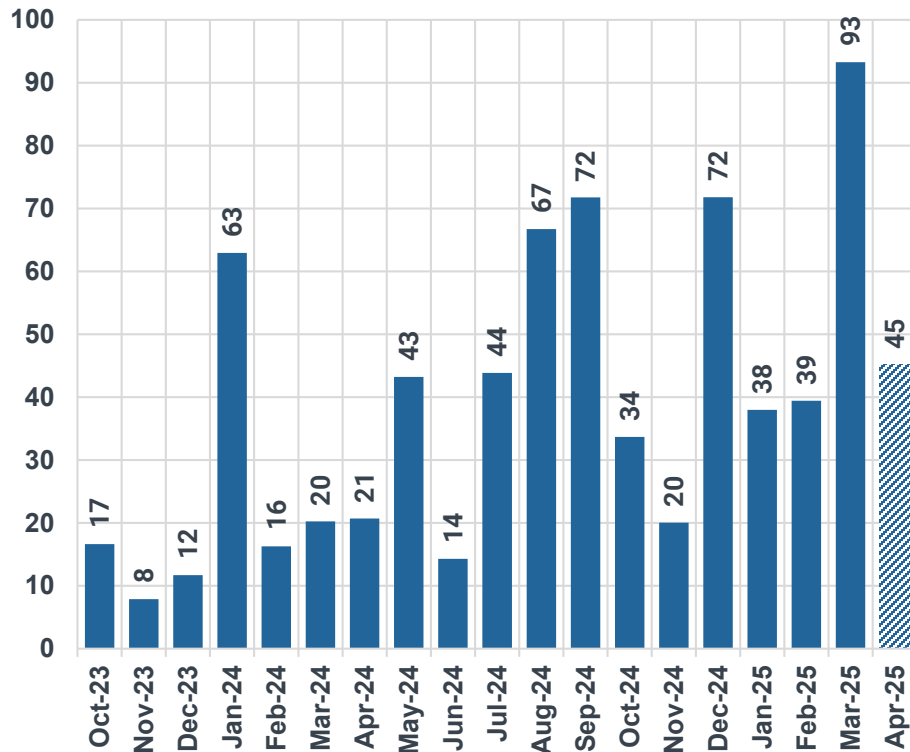
Additional Comex price upside to **\$5.40/lb** :

- High US copper **import dependence of 45%** (30% if all mined copper was processed in US).
- **25% tariffs** (Section 232) **still possible**. For now, IEEPA **waiver for USMCA-compliant goods extended** (affects 33% of US copper imports).
- Ramp-up in US domestic copper production **impossible in the near term**:
 - Mining lead times >10 years even with accelerated permitting; insufficient smelting capacity → modernization?

But: **limited upside to Comex–LME spread**:

- Comex at 15% premium over LME, stocks, economic outlook + **Kpler flows forecast**: surge in US imports in H1 April → pressure on spread

Chilean refined copper exports to US (kt)



Source: Kpler

Aluminum

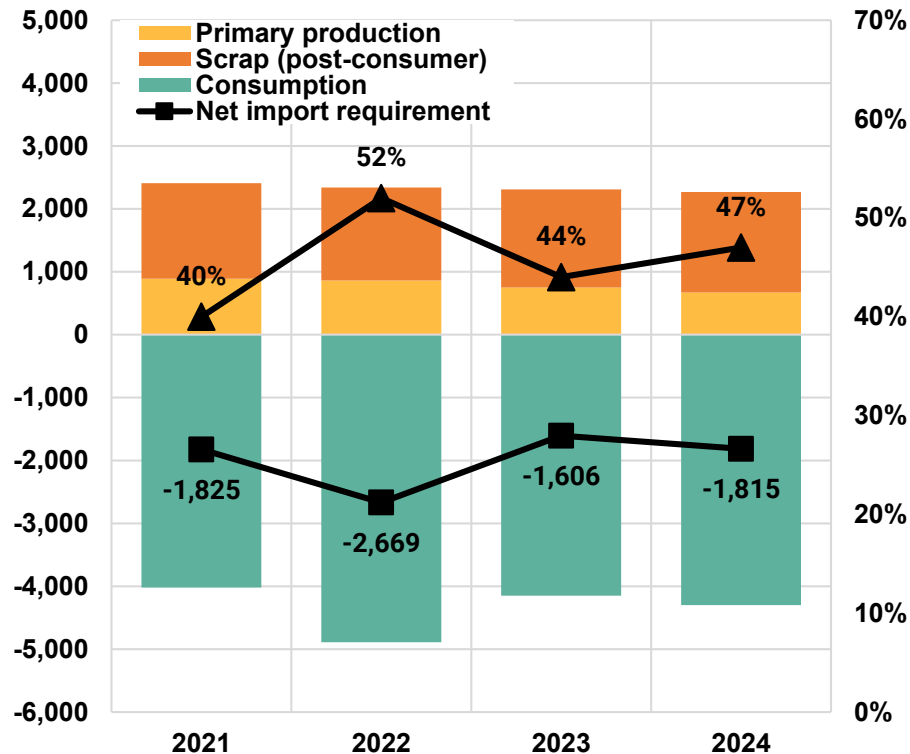
Minor shifts in aluminum flows, bauxite becoming more China-centric

Tariff status quo: Section 232 in place; IEEPA waiver for USMCA-compliant goods extended (affects 57% of US imports); aluminum not subject to reciprocal tariffs.

US Midwest premium +80% after Section 232 tariffs. **US import reliance (47%) to persist:**

- **Supply:** idle capacity old, little progress (green smelter). EGA announcement (Mar-25).
- **Imports: Canada:** 55% of US imports (90% of Canadian exports) → **Higher flows: UAE-US and Canada-EU.**
- Only 1.2 Mtpa US alumina refining cap → any increase in primary aluminum smelting relies on alumina imports → **US bauxite imports flat** (no US supply).
- Overall, **lower bauxite imports into Canada and EU** (only 7% of global). Excess bauxite from Guinea (exports +25% in 2025), Brazil (emerging: Guyana) towards India and China.

US aluminum import dependency (kt, %)



Source: Kpler calculations based on US Geological Survey 2024



Grains

Florian Gruenberger

Soybeans

China to replace US soybeans with Brazilian volumes

Tariff status quo: Can/Mex: USMCA-compliant goods (all grains) exempted from 25% IEEPA indefinitely. **Retaliatory:** China: tariffs on US soybeans (10%) and corn (15%). None from **Mexico**.

US Prospective Planting: corn acreage +5M, soybean -3M acres. More than soybean/corn ratio had suggested → **trade war effect:**

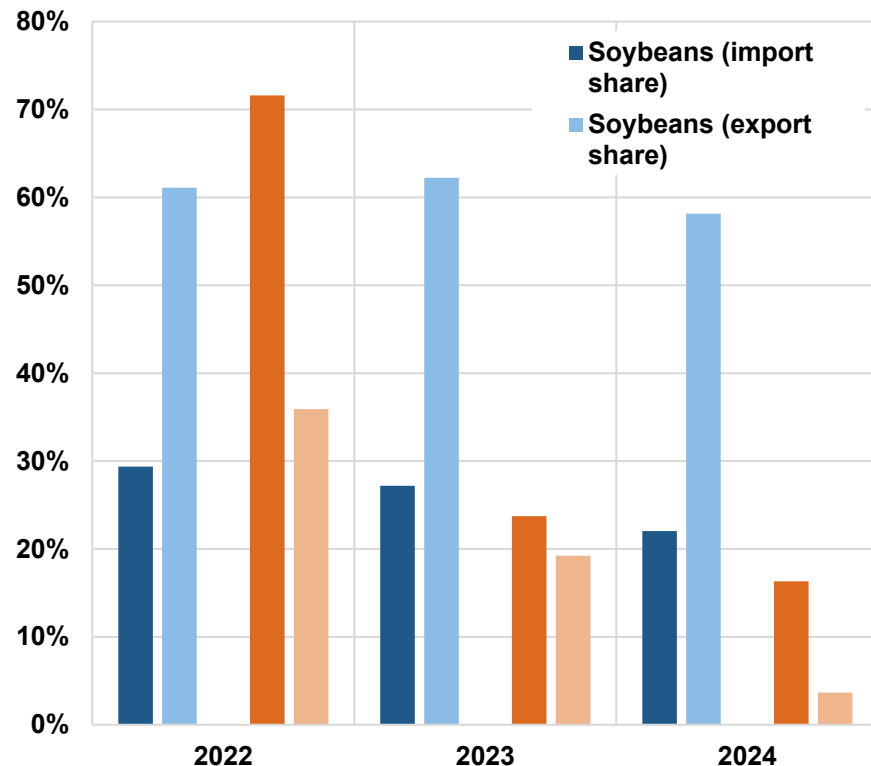
- China buys >50% of US soybean exports (10% tariffs) + able to shun US volumes:
 - Diversified towards SAM past 3 yrs + record Brazilian harvest 2025
- China to build stocks, and **US 2025/26 soybean exports to China -50%** (12 Mt).
- But: little immediate tariff impact - US-China flows start in October.

Tracking **record Brazilian soybean harvest** with Kpler:

- Aggressive exports in March, and huge line-ups, port congestion (but loading rates improved y/y)

Outlook US soybeans: Bearish but high US soybean crushing (+5% y/y) and low US acreage provide a floor.

US-China flows of soybeans and corn (%)



Source: Kpler

Corn

US corn exports to maintain high global market share

US relies on China for >50% of soybeans exports, but: immediate **tariff impact potentially larger on US corn**:

- **Mexico** buys 30-40% of US corn exports + less seasonal. **No retaliatory tariffs for now.**

US corn exports to remain strong over crop year Oct-Sep:

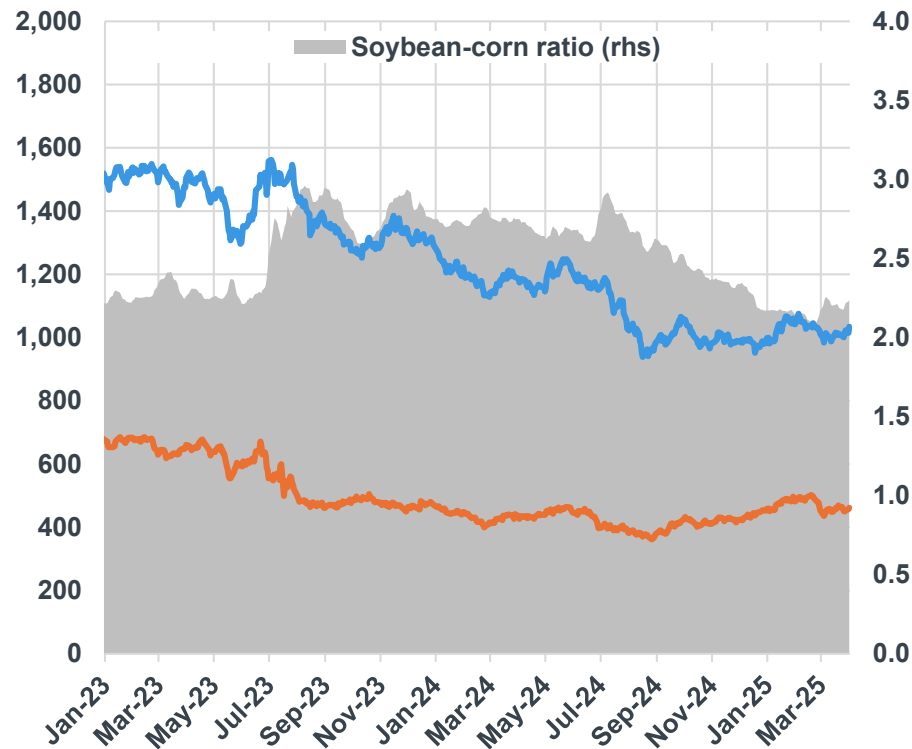
- Replaced weak exports from Ukraine and SAM, will maintain high global market share.
- **Weak Chinese buying partially offset**: Chinese imports -12 Mt this crop year (start in Oct), but low price → demand +8 Mt from elsewhere (Iran, North Africa).

Outlook US corn: Bullish due to strong demand and high US market share → further **downside to soybean/corn ratio**.

Ceasefire impact: Limited. Russian exports not disrupted, Ukraine 2024 exports (corn/wheat 50/50) recovered to $\frac{3}{4}$ of 2021.

Wheat: Bearish. Supply concerns (winter kill US Plains, Russia) subsided + weak demand (potential upside from Pakistan, Iran).

Comex soybeans and corn, soybean/corn ratio (cents/bu)





























Source: Kpler calculations based on MarketView



Commodities Positioning

Florian Gruenberger

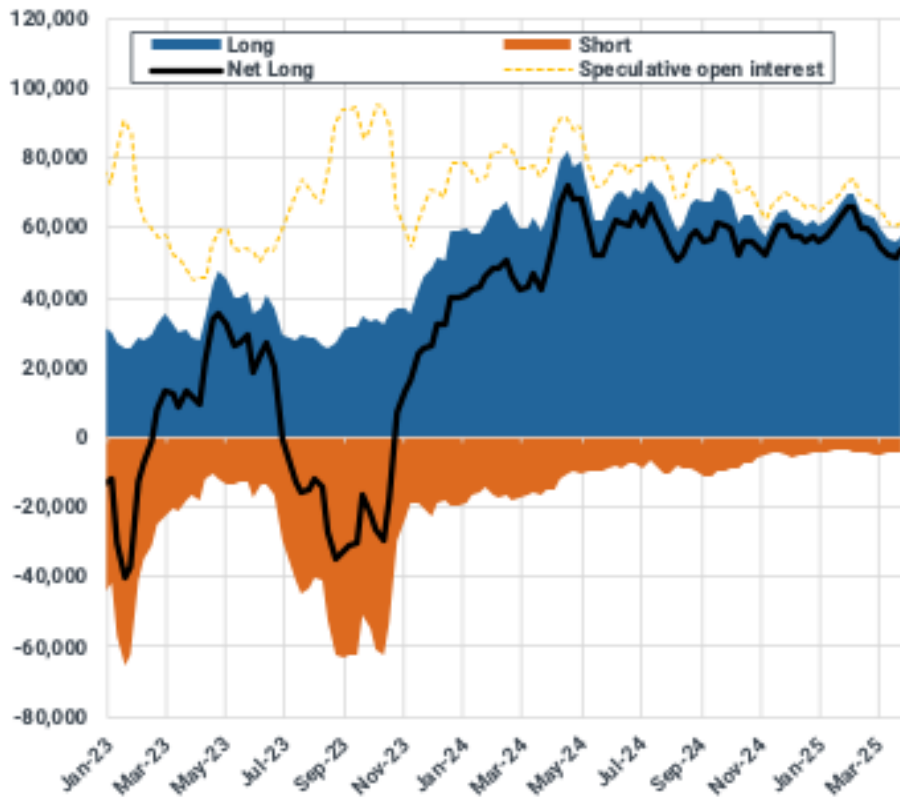
Commodities Positioning

Speculative Positioning	Longs Δ	Shorts Δ	Net Long	Net Long Δ	Net Long Past 12M	Open Interest Past 12M	Long/Short Z-Score (5Y)	Net Long Percentile (5Y)	Outlook
WTI (NYMEX)	4,021	8,690	91,844	-4,669			-1.22	3%	→
Brent (ICE)	54,268	-1,664	262,070	55,932			0.00	76%	→
European Gas Oil (ICE)	17,175	-11,607	-8,239	28,782			-0.51	8%	↗
RBOB Gasoline	4,926	-194	34,303	5,120			-0.90	14%	↑
NY Harbor ULSD	6,996	-397	-5,088	7,393			-0.87	20%	→
Natural Gas (NYMEX)	-8,095	16,554	40,154	-24,649			0.69	75%	↓
Gold (CMX)	-8,704	-1,234	192,687	-7,470			0.05	88%	→
Silver (CMX)	-2,737	1,102	45,806	-3,839			2.17	96%	↘
Copper (CMX)	3,134	-8,089	33,626	11,223			0.10	69%	↗
Soybeans (CBOT)	-8,242	12,712	-42,959	-20,954			-0.65	17%	↘
Corn (CBOT)	-9,575	23,088	74,607	-32,663			-0.53	44%	→
Cocoa (ICE US)	-448	-816	12,743	368			1.03	36%	↘
Coffee (ICE US)	1,916	-340	53,655	2,256			2.44	80%	↘

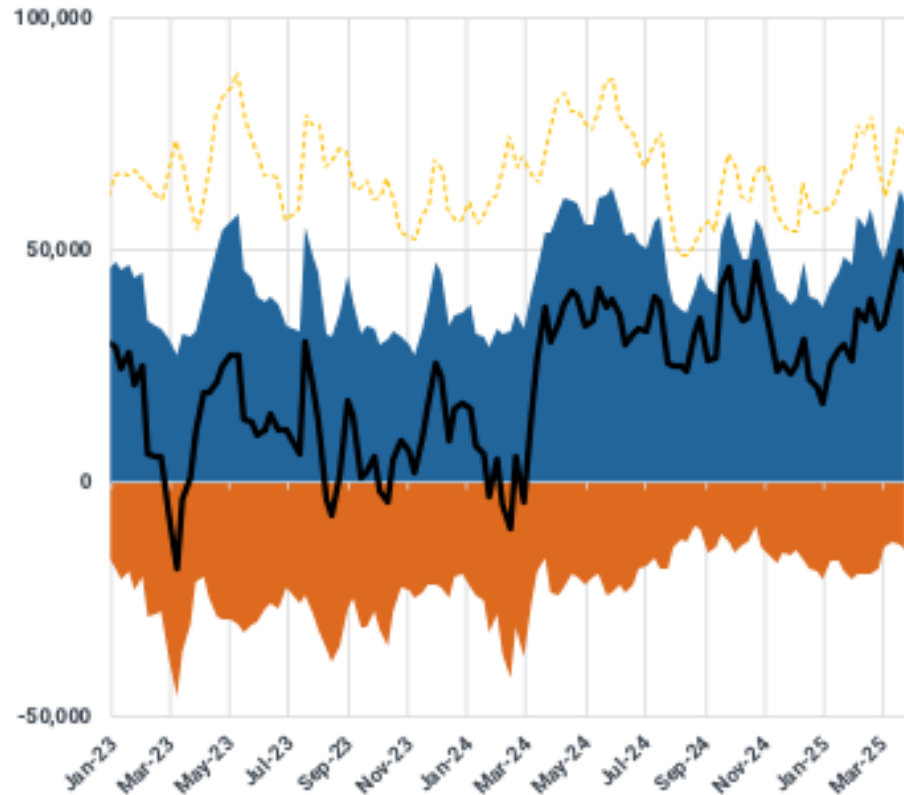
Source: Kpler calculations based on CFTC and ICE

Commodities Positioning

Positioning in coffee and silver indicates an upcoming trend reversal



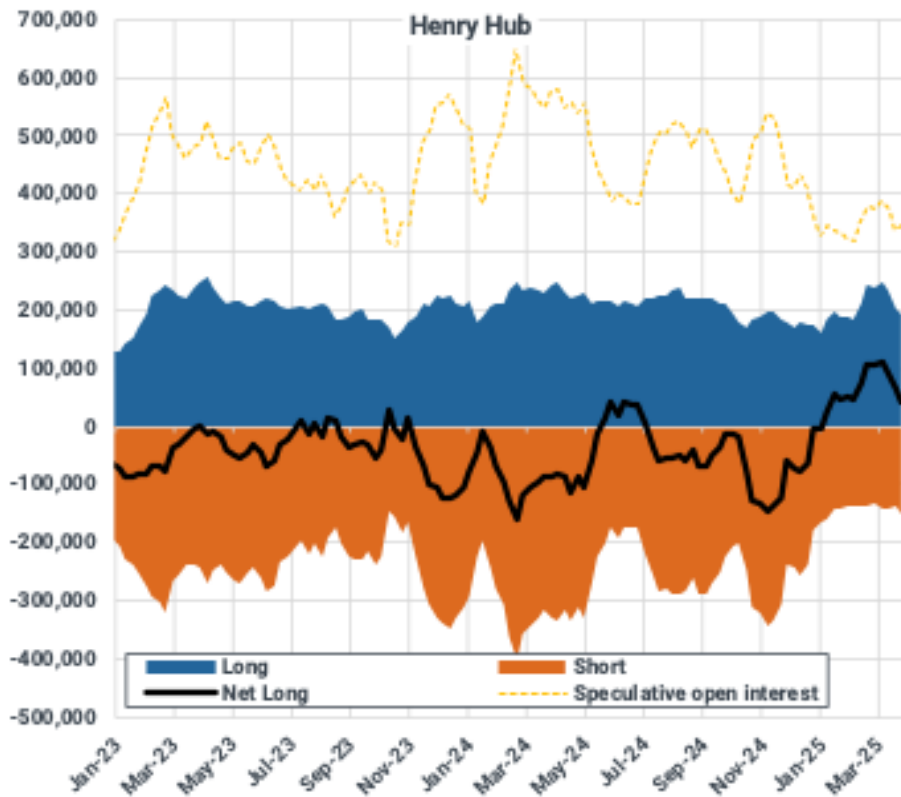
Net length percentile (5 yrs): 80%
Long/short z-score: **2.44**



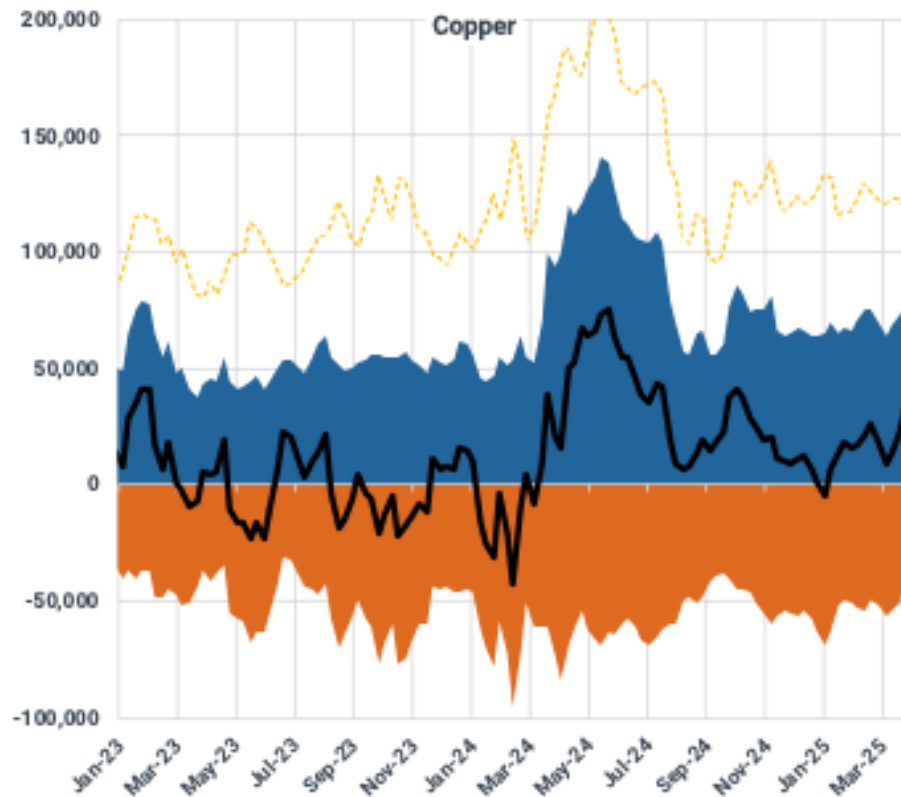
Net length percentile (5 yrs): 96%
Long/short z-score: **2.17**

Commodities Positioning

US natgas unseasonably bullish amid record feedgas demand



Net length percentile (5 yrs): 75%
Long/short z-score: 0.69



Net length percentile (5 yrs): 69%
Long/short z-score: 0.10

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Q&A



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Thank you