# “Uncertainty higher than ever”

Our Opinion
April 2025

Dear Readers

In the article “Uncertainty higher than ever”, we show how the new political style of Donald Trump is affecting the markets and how we are navigating these times.

Looking for advice and support on financial matters? Our investment advisors look forward to hearing from you and will be happy to talk to you personally.

We wish you a pleasant read.
Your Advisory Team

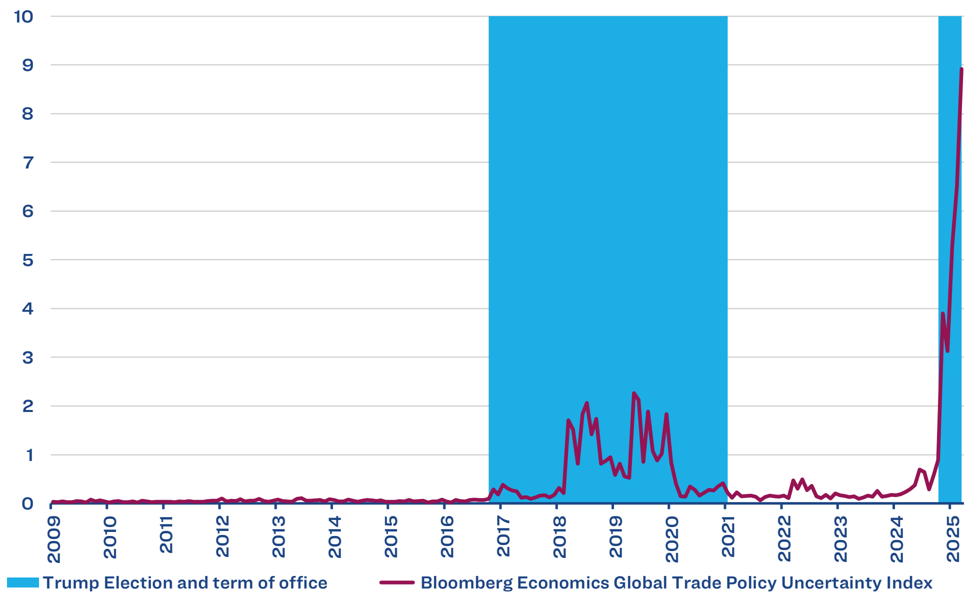
Neue Bank

# "Uncertainty higher than ever"

## Economy

The Bloomberg Economics Global Trade Policy Uncertainty Index tracks uncertainty in global trade policy by scanning Bloomberg's economic news for specific terms that signal potential risks in trade policy. The more frequently such keywords appear, the higher the index rises.

**Donald Trump causes uncertainty**

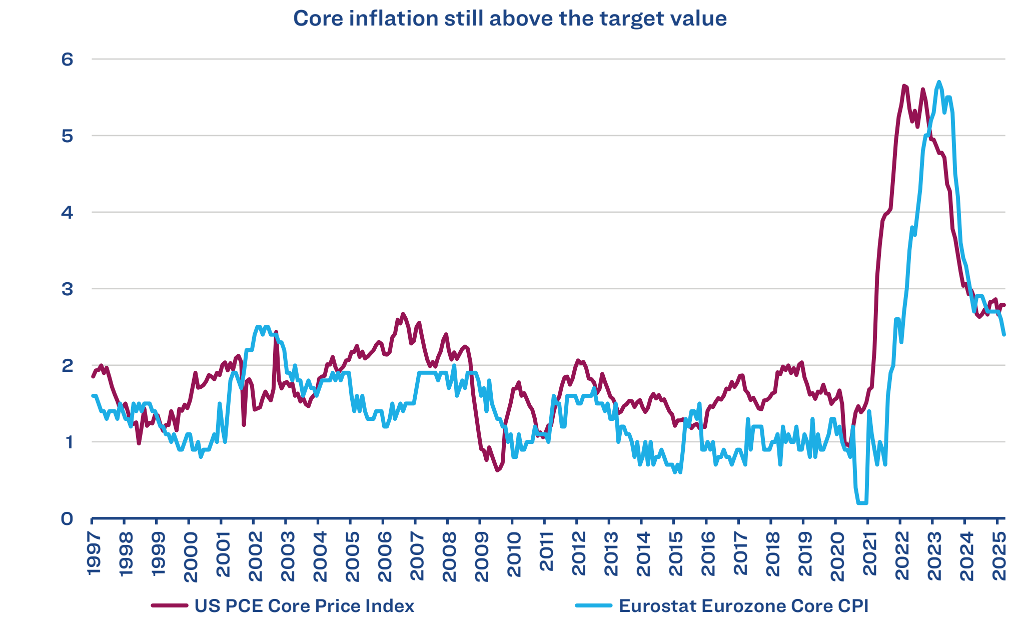



Source: Bloomberg, Neue Bank AG

Since Donald Trump  began his term as US President, this index has surged Surged. The volume of articles highlighting risks to trade policy has far surpassed the peaks seen during his first term. This sharp increase clearly indicates that concerns about trade issues are intensifying globally. While this rise in the index does not directly predict future economic trends, it signals a growing risk that trade conflicts, and the associated political tensions they bring, could have a negative impact on economic growth.

## Bonds

Although core inflation in both the USA and the eurozone remains just below 3% – which is well above the target of 2% per year – the markets are still anticipating two further interest rate cuts in the respective currency areas.



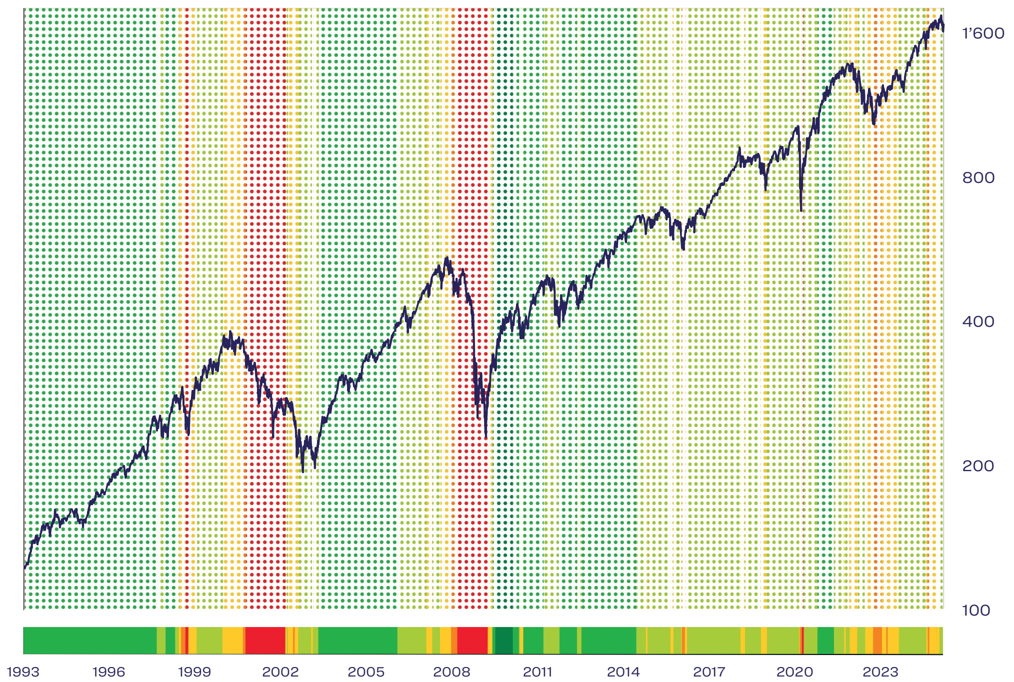

Source: Bloomberg, Neue Bank AG

The introduction of tariffs on one hand, and the economic stimulus decrease for armaments and infrastructure on the other side of the Atlantic tend to argue against a Combined in inflation, advising with rising government debt in many industrialised countries, this creates a mixed situation that argues against a sustained fall in yields.

## Equities

Last month, the New Bank traffic light switched to amber mentioned us to reduce risk. This decision is closely linked to the uncertainties described above. In the financial world, the term "wall of worry" is often used to describe the challenges markets face, and currently, there are many concerns weighing on the market. The Trump administration, which has only recently returned to power, is not only bringing the familiar issue of tariffs back onto the agenda but is also causing additional uncertainty with sudden and unpredictable geopolitical demands (incorporation of Greenland and Canada, takeover of the Panama Canal, resettlement of the Gaza Strip). In addition, Russia's war of aggression in Ukraine remains unresolved. The relationship between the USA and its allies, as well as the future of NATO, is also increasingly under scrutiny.

**Neue Bank Traffic light**




In times of fear and geopolitical tension, it is particularly important to manage your own investments carefully. The 'wall of worry' represents a constant challenge, but whether and how well this 'wall' can be overcome remains to be seen. This is where the Neue Bank Ampel comes to our aid as a reliable risk management tool, helping us stay oncourse in turbulent times without letting emotions drive decisions.

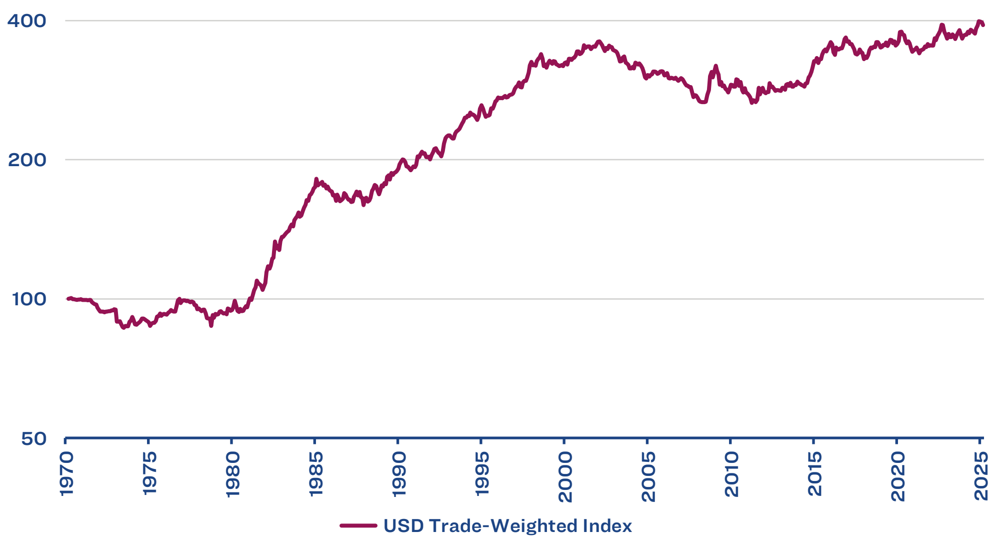
## Neue Bank traffic light

- strongly bearish
- bearish
- neutral
- slightly bullish
- bullish
- strongly bullish

## Currencies

The US President is by no means making friends with his foreign policy. Even before taking office, he warned the BRICS states not to turn away from the US dollar – threatening punitive tariffs as a response. Commodities are still traded in USD, but the proportion of US government bonds in the reserves of this group of countries is steadily decreasing.

**The USD performed strongly against the trade-weighted currency basket**



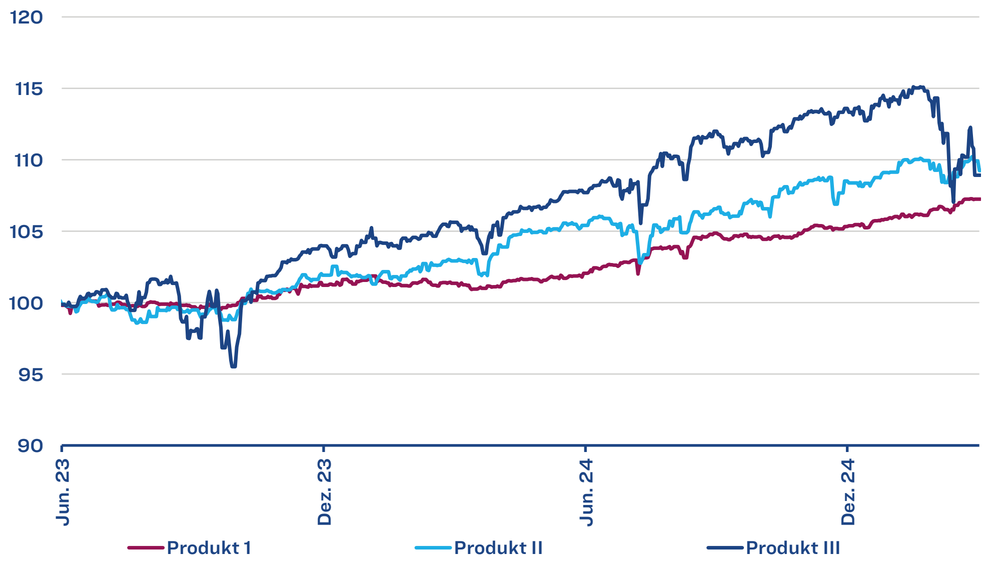

Source: Bloomberg, Neue Bank AG

If you like, however, the USD's long track record is so robust that it is likely to remain the dominant reserve currency even under another four years of Trump's presidency. No other currency is emerging as a serious competitor. This does not rule out temporary weaknesses in the USD and currency hedging on our part. At the moment, however, there are no plans to actively hedge the greenback in CHF and EUR reference currency portfolios.

## Alternative investments

The recent increase in volatility on the equity has led to higher premiums for derivative strategies. These strategies can be combined with short-term bonds in a fund. This creates a product that has a low duration risk on the one hand and opens up an additional source of returns thanks to the option premiums.

Short-term bonds with variously aggressive derivative overlays




Source: Bloomberg, Neue Bank AG

Depending on the aggressiveness of the derivatives strategy, the products are subject to varying degrees of volatility. However, as they are largely correlated with bond or equity markets, they are very suitable for diversifying mixed portfolios, especially in uncertain times. Our advisors will be happy to help you select such investment funds.

# PRIMUS–PASSIVE

For anyone wishing to make a long-term investment according to strategic principles and be fully invested when the equity markets rise again, we recommend the PRIMUS-PASSIVE asset management mandate. Under this mandate, we use strategic asset allocation to invest the available assets in cost-effective index products. We would be pleased to discuss the special characteristics of this innovative solution with you in person. We look forward to your call.

### Key Performance Indicator PRIMUS–PASSIVE Balanced CHF[1]

| | 31.03.2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| **PRIMUS-PASSIVE Balanced CHF** | 1.14 % | 6.89 % | 4.86 % | -16.01 % | 11.45 % | 2.62 % |
| **Benchmark** | 1.08 % | 7.53 % | 5.18 % | -15.55 % | 11.02 % | 2.59 % |

[1] Past performance is not an indicator of future performance and offers no guarantee of success in the future. The presentation of performance is gross without taking into account your individual tax liability. The net performance is lower due to fees. You can also find Our Opinion on our website: www.neuebankag.li

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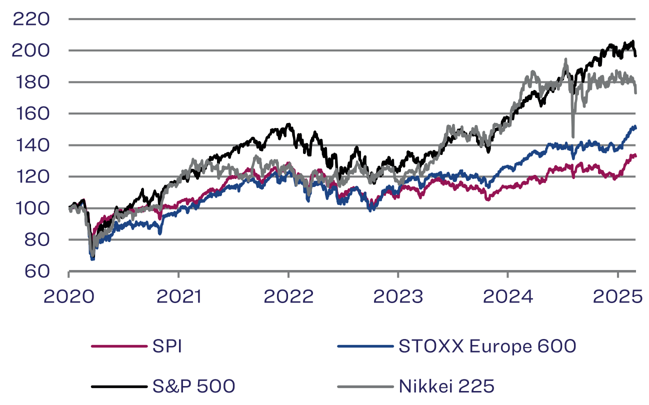
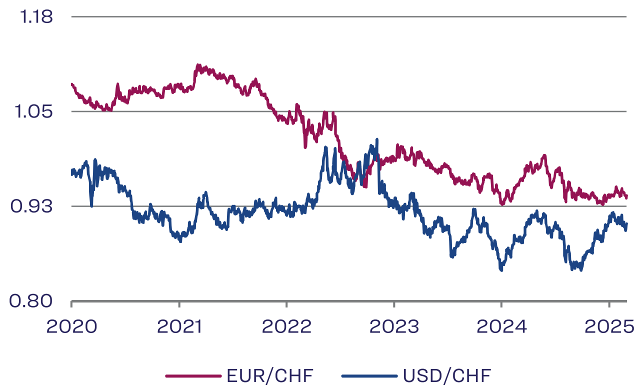
# Market data

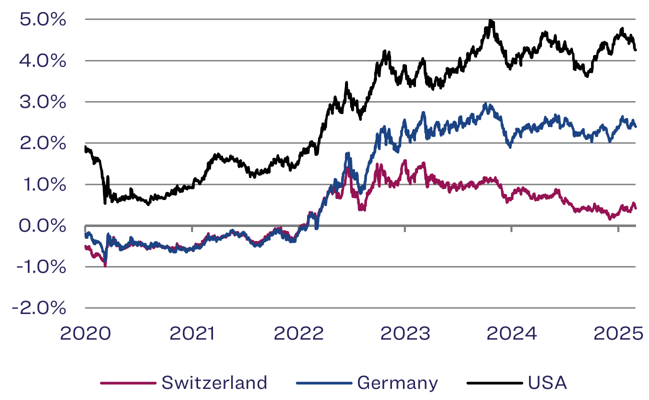
### Stock market (indexed)



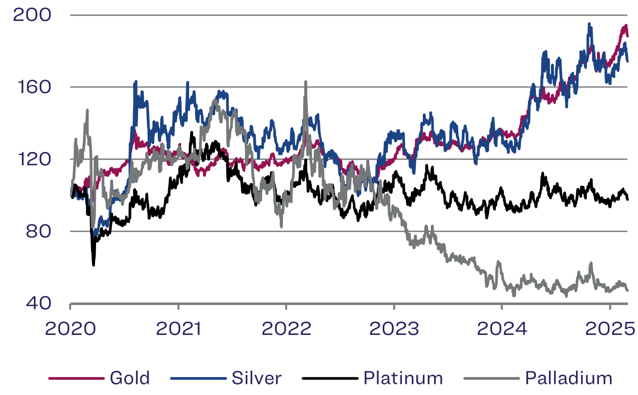

### EUR/CHF and USD/CHF



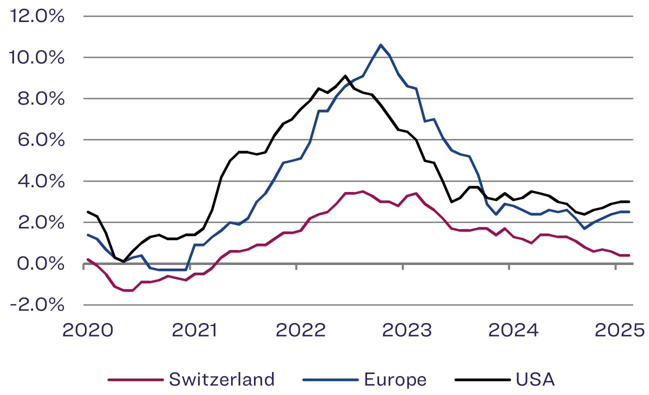

### 10-year government bond yield



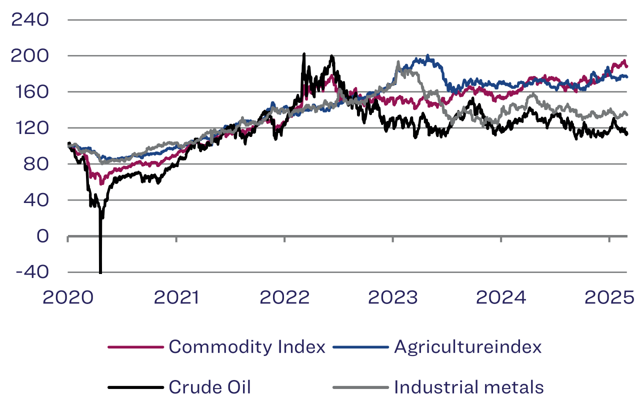

### Precious metals (indexed)




### Inflation rate




### Raw materials (indexed)




The price developments are shown over 5 years.

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