

BLACKOUT

TAM Talks – Weekly Update – 29th April 2025

Yesterday, Spain experienced the worst power blackout in its recent history, leaving most of the country—and all of Portugal—without electricity from noon local time. Despite the unusual nature of the event and the widespread disruption reported by the media, we want to reassure our clients that investments remain unaffected and operations at TAM Europe continued as normal.

If you had gone on holiday at the beginning of April and just returned this week, you'd be wondering what all the fuss was about. Global equity indices are flat month-to-date—it's as if the recent market sell-offs never actually happened. As we noted in one of our recent updates ('Panic Is Not A Strategy'), narratives can shift quickly—and so they have. Trump no longer wants to fire Fed Chair Jerome Powell, and US tariffs on China are now expected to fall from 145% to somewhere between 50-65% according to a senior White House official. As a result, global shares rose more than 4% last week, while the tech-heavy Nasdaq gained almost 7%.

Meanwhile, China said that it hasn't held trade negotiations with Washington—despite some US sources suggesting otherwise—and insists that all tariffs must be lifted before talks can proceed. Chinese officials

have pledged to support foreign firms despite trade tensions, and exemptions for some US imports from its 125% tariffs are under consideration. While the tone has improved, the two sides remain far apart—meaning swings in sentiment and headlines are likely to continue for some time.

Earnings reports—the real driver of long-term equity returns—had taken a back seat amid the headline chaos caused by the trade war. But as rhetoric has softened, investors are once again turning their attention to the latest updates from company managers and their outlooks for the future. More than 70% of companies that have reported so far have exceeded expectations for the first quarter, with Alphabet in particular reassuring investors: advertising revenue rose more than expected, and AI Overviews (you may have seen it when searching on Google!) is now reaching 1.5 billion people per month. Wall Street analysts will be kept busy this week as big names like Apple, Microsoft, Amazon, and Meta are set to report.

Putin declared a 72-hour ceasefire in Ukraine for Victory Day, which commemorates the end of World War II and the defeat of Nazi Germany. However, this falls far short of the full 30-day ceasefire that Ukraine is demanding, and civilians remain sceptical after repeated ceasefire violations have eroded trust. While Russia insists that halting Western arms supplies must be a prerequisite for further negotiations, recent US talks on a critical minerals agreement with Ukraine give Zelenski some additional leverage.

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