

US Tariffs: Understanding the impacts and navigating with agility

EQUITY STRATEGY TEAM

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The summary and impact of a major news event

The US President Trump shocked financial markets by implementing a 10% baseline tax on all imports and imposing significant additional tariffs on trading partners.¹ If these new tariffs are enacted after a 90-day delay and remain in place throughout 2025, it may potentially provoking retaliation from other countries.² As such, financial markets around the world have seen heightened volatility, raising concerns about the impact on the global economy.²

Impact on inflation³

In the US, the impact of tariffs on inflation presents a complex scenario, as higher tariffs increase import costs while margin compression for distributors and retailers limits the extent to which these costs can be passed on to consumers. This dynamic has led markets to adjust the forecast for US core PCE inflation to 3.0%, a more modest rise than many analysts anticipated, reflecting the expectation that margin pressures will absorb much of the tariff-induced costs. Additionally, since services constitute a large share of the core PCE basket, disinflationary pressures in that sector may mitigate the inflationary impact of rising goods prices, leading to a more nuanced inflation outlook.

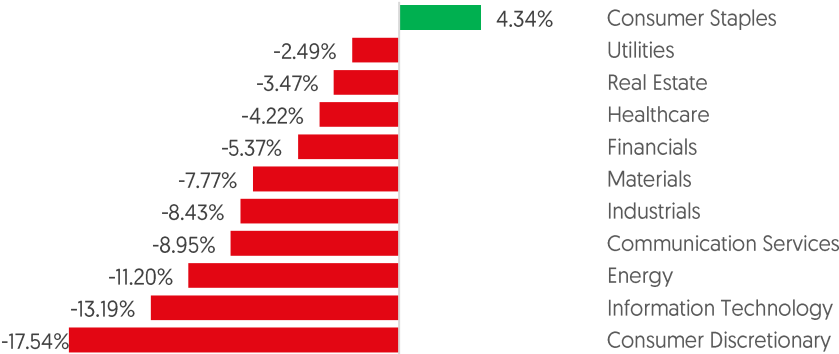
Impact on GDP growth⁴

Tariffs are becoming a significant obstacle to economic growth, especially in the US. The tariffs from the Trump administration function like a substantial tax increase. Increased policy uncertainty and trade tensions have led the IMF to revise its forecast for US GDP growth down to 1.8%, from a previous estimate of 2.7%. The global impact of these tariffs varies based on their magnitude and the US's critical role as an export market. Exporters may seek alternative markets to avoid tariffs, resulting in shifts in global trade patterns. This trend is crucial for traders to monitor, as it could create unexpected growth opportunities in some regions while causing downturns in others.

Looking ahead

The US economy may not collapse into recession this year as some sentiment surveys suggest.⁵ Forecasts from 14 economists indicate that the tariff policies implemented by the Trump administration are contributing more to stagflation conditions.⁵ Stagflation refers to the simultaneous rise in inflation, sluggish economic growth, and high unemployment. While this scenario may be on the horizon, its impact could be limited to just two quarters.⁶ Although a prolonged trade war would affect nearly all sectors, the consumer staples sector has historically demonstrated resilience during economic downturns and is often seen as a beneficiary in stagflationary environments. Notably, the consumer staples sector is the first and only sector to recover its losses since 2 April 2025, the day before the tariff announcements.

The Consumer Staples sector within the S&P 500 index has demonstrated remarkable resilience since Trump's inauguration.



Source: Bloomberg, 25 Apr 2025

Meanwhile, China's leadership has pledged to stabilise the economy and society as the country navigates the unprecedented trade war with the United States.⁷ Remarkably, Chinese trade flows have remained stable in April 2025, despite the imposition of significantly high tariffs.⁷ To weather potential market turbulence, a defensive strategy that focuses on low-volatility and quality stocks, along with domestic-oriented sectors that have fewer direct trade links with the US, could provide a buffer against future tariff shocks.⁶



United States

Below are stocks based on market capitalisation

Ticker	Name	Market Cap [USD]	Price [USD]	Analysts' Consensus 12M Target Price [USD]	Potential returns from Analyst Consensus	Dividend Yield
Top 20 S&P 500 index stocks						
AAPL US	APPLE INC	3.11T	208.37	235.10	12.83%	0.48%
MSFT US	MICROSOFT CORP	2.87T	387.30	488.38	26.10%	0.86%
NVDA US	NVIDIA CORP	2.66T	106.43	164.39	54.46%	0.04%
GOOG US	ALPHABET INC-CL C	1.98T	161.47	206.17	27.68%	0.51%
AMZN US	AMAZON.COM INC	1.98T	186.54	248.95	33.46%	N/A
META US	META PLATFORMS INC-CLASS A	1.36T	533.15	713.60	33.85%	0.39%
BRK/B US	BERKSHIRE HATHAWAY INC-CL B	1.14T	531.64	525.83	-1.09%	N/A
AVGO US	BROADCOM INC	884.79B	188.15	241.33	28.26%	1.25%
TSLA US	TESLA INC	904.54B	259.51	291.82	12.45%	N/A
LLY US	ELI LILLY & CO	823.04B	859.73	999.08	16.21%	0.69%
WMT US	WALMART INC	759.00B	95.84	106.74	11.37%	0.99%
JPM US	JPMORGAN CHASE & CO	674.04B	244.64	257.72	5.35%	2.31%
V US	VISA INC-CLASS A SHARES	671.74B	335.71	381.63	13.68%	0.71%
MA US	MASTERCARD INC - A	482.65B	535.46	621.60	16.09%	0.57%
XOM US	EXXON MOBIL CORP	468.04B	108.63	124.54	14.64%	3.66%
NFLX US	NETFLIX INC	465.39B	1096.87	1123.62	2.44%	N/A
COST US	COSTCO WHOLESALE CORP	429.39B	975.48	1055.61	8.21%	0.54%
ORCL US	ORACLE CORP	385.71B	137.51	179.37	30.44%	1.45%
UNH US	UNITEDHEALTH GROUP INC	375.44B	424.25	553.00	30.35%	2.04%
PG US	PROCTER & GAMBLE CO/THE	374.02B	159.53	172.96	8.42%	2.65%
Top 10 stocks in the Consumer Staples sector						
WMT US	WALMART INC	759.00B	95.84	106.74	11.37%	0.99%
COST US	COSTCO WHOLESALE CORP	429.39B	975.48	1055.61	8.21%	0.54%
PG US	PROCTER & GAMBLE CO/THE	374.02B	159.53	172.96	8.42%	2.65%
KO US	COCA-COLA CO/THE	306.56B	72.52	76.34	5.27%	2.86%
PM US	PHILIP MORRIS INTERNATIONAL	265.24B	170.07	171.44	0.81%	3.17%
PEP US	PEPSICO INC	181.79B	135.31	154.35	14.07%	4.09%
MO US	ALTRIA GROUP INC	98.18B	58.71	56.23	-4.22%	7.01%
MDLZ US	MONDELEZ INTERNATIONAL INC-A	84.00B	65.52	69.93	6.73%	2.90%
CL US	COLGATE-PALMOLIVE CO	76.00B	92.70	97.50	5.18%	2.22%
MNST US	MONSTER BEVERAGE CORP	56.61B	58.59	59.14	0.93%	N/A
Top 10 stocks in the Utilities sector						
NEE US	NEXTERA ENERGY INC	134.77B	66.35	82.50	24.34%	3.46%
SO US	SOUTHERN CO/THE	99.58B	91.05	92.27	1.34%	3.27%
DUK US	DUKE ENERGY CORP	93.04B	120.70	125.00	3.56%	3.49%
CEG US	CONSTELLATION ENERGY	69.54B	218.07	283.25	29.89%	0.70%
AEP US	AMERICAN ELECTRIC POWER	56.55B	106.70	107.65	0.89%	3.51%
SRE US	SEMPRA	48.68B	74.52	79.59	6.81%	3.46%
EXC US	EXELON CORP	46.45B	46.33	46.47	0.30%	3.48%
PCG US	P G & E CORP	46.00B	17.39	20.59	18.39%	0.58%
D US	DOMINION ENERGY INC	45.30B	53.35	59.07	10.72%	5.02%
VST US	VISTRA CORP	42.91B	124.23	165.42	33.15%	0.71%



Hong Kong

Below are stocks based on market capitalisation

Ticker	Name	Market Cap [HKD]	Price [USD]	Analysts' Consensus 12M Target Price [HKD]	Potential returns from Analyst Consensus	Dividend Yield
Top 20 Hang Seng index stocks						
700 HK	TENCENT HOLDINGS LTD	4.40T	471.00	622.03	32.07%	0.94%
1398 HK	IND & COMM BK OF CHINA-H	2.54T	5.44	6.38	17.30%	6.41%
9988 HK	ALIBABA GROUP HOLDING LTD	2.21T	113.80	162.13	42.47%	0.84%
941 HK	CHINA MOBILE LTD	1.78T	81.00	96.07	18.61%	6.30%
939 HK	CHINA CONSTRUCTION BANK-H	1.73T	6.84	8.35	22.02%	6.43%
3988 HK	BANK OF CHINA LTD-H	1.63T	4.33	5.02	15.90%	2.97%
5 HK	HSBC HOLDINGS PLC	1.51T	85.40	96.34	12.81%	6.02%
857 HK	PETROCHINA CO LTD-H	1.49T	5.77	7.48	29.67%	8.77%
1810 HK	XIAOMI CORP-CLASS B	1.24T	48.20	63.26	31.24%	N/A
1211 HK	BYD CO LTD-H	1.20T	390.40	469.92	20.37%	1.07%
3968 HK	CHINA MERCHANTS BANK-H	1.13T	44.30	52.35	18.18%	4.81%
2318 HK	PING AN INSURANCE GROUP CO-H	930.26B	45.65	62.06	35.94%	5.97%
2628 HK	CHINA LIFE INSURANCE CO-H	913.20B	14.00	17.59	25.62%	6.84%
883 HK	CNOOC LTD	831.43B	16.86	21.99	30.43%	8.30%
1088 HK	CHINA SHENHUA ENERGY CO-H	783.00B	31.00	33.68	8.65%	7.81%
3690 HK	MEITUAN-CLASS B	779.60B	127.00	201.26	58.47%	N/A
386 HK	CHINA PETROLEUM & CHEMICAL-H	682.37B	3.92	4.68	19.34%	7.88%
1299 HK	AIA GROUP LTD	588.74B	55.60	89.03	60.13%	3.19%
9999 HK	NETEASE INC	521.76B	161.40	193.15	19.67%	2.44%
2899 HK	ZIJIN MINING GROUP CO LTD-H	489.21B	17.24	22.34	29.57%	2.37%
Top 10 stocks in the Insurance sector						
2318 HK	PING AN INSURANCE GROUP CO-H	930.26B	45.65	62.06	35.94%	5.97%
2628 HK	CHINA LIFE INSURANCE CO-H	913.20B	14.00	17.59	25.62%	6.84%
1299 HK	AIA GROUP LTD	588.74B	55.60	89.03	60.13%	3.19%
1339 HK	PEOPLE'S INSURANCE CO GROU-H	312.02B	4.54	4.80	5.73%	4.20%
2328 HK	PICC PROPERTY & CASUALTY-H	311.84B	14.06	15.60	10.95%	5.04%
6963 HK	SUNSHINE INSURANCE GROUP CO	40.26B	3.48	4.20	20.69%	5.78%
966 HK	CHINA TAIPING INSURANCE HOLD	37.88B	10.50	15.27	45.43%	3.32%
1508 HK	CHINA REINSURANCE GROUP CO-H	37.38B	0.85	1.05	23.53%	6.05%
6060 HK	ZHONGAN ONLINE P&C INSURANCE	16.43B	11.38	16.24	42.75%	N/A
662 HK	ASIA FINANCIAL HLDGS LTD	3.70B	4.00	N/A	N/A	3.63%
Top 10 stocks in the Internet Media & Services sector						
700 HK	TENCENT HOLDINGS LTD	4.40T	471.00	622.03	32.07%	0.94%
3690 HK	MEITUAN-CLASS B	779.60B	127.00	201.26	58.47%	N/A
1024 HK	KUAISHOU TECHNOLOGY	218.33B	50.45	68.93	36.63%	N/A
1816 HK	CGN POWER CO LTD-H	175.15B	2.43	2.76	13.51%	4.13%
2 HK	CLP HOLDINGS LTD	166.49B	65.80	73.25	11.32%	4.78%
3 HK	HONG KONG & CHINA GAS	130.81B	6.99	6.80	-2.65%	4.99%
916 HK	CHINA LONGYUAN POWER GROUP	117.01B	6.37	7.72	21.12%	3.78%
6 HK	POWER ASSETS HOLDINGS LTD	108.15B	50.35	55.86	10.95%	5.56%
902 HK	HUANENG POWER INTL INC-H	106.57B	4.74	5.26	10.94%	6.00%
836 HK	CHINA RESOURCES POWER	97.02B	18.72	22.58%	0.21%	6.12%

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