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USA OUTLOOK

WEEKLY NEWSLETTER
JULY 14 TO JULY 18

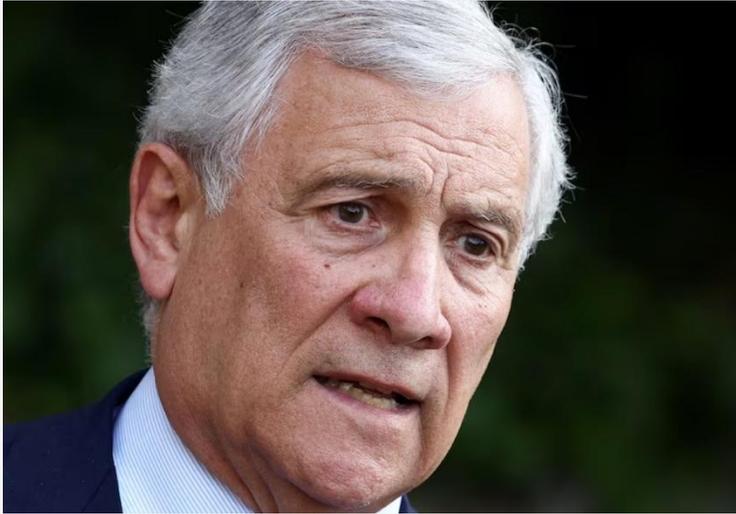


Photo: Reuters

EU ready to hit US with 21-bln-euro tariff list, Italy foreign minister says

The European Union has prepared a €21 billion (\$24.5 billion) list of tariffs on U.S. goods in response to President Trump's threat to impose 30% tariffs on imports from the EU and Mexico starting August 1, according to Italy's Foreign Minister Antonio Tajani.

While Tajani remains hopeful for a negotiated deal, he warned that a second wave of EU tariffs could follow if talks fail. He also urged the European Central Bank to consider more rate cuts and a new bond-buying program to support the eurozone economy.

EU officials emphasized that tariffs would harm all sides, with Germany and France pushing for a diplomatic resolution. The EU has extended its suspension of countermeasures until early August while negotiations continue.

Source:

<https://www.reuters.com/business/eu-ready-hit-us-with-21-bln-euro-tariff-list-italy-foreign-minister-says-2025-07-14/>

JPMorgan profit beats estimates on Wall Street rebound; raises interest income forecast

JPMorgan Chase beat second-quarter profit estimates and raised its 2025 net interest income forecast to \$95.5 billion, up from \$94.5 billion, driven by strong performance in trading (up 15%) and investment banking (up 7%). The U.S. economy remains resilient, CEO Jamie Dimon said, though he warned of risks from tariffs, deficits, and high asset prices.

The bank saw continued consumer strength, despite some stress in lower income brackets. IPO activity is improving, and the bank remains open to acquisitions, though it is cautious about entering hot sectors like private credit and AI.

Despite a 17% profit drop—due to a large one-off gain last year—JPMorgan passed the Fed's stress tests, raised its dividend, and announced \$50 billion in stock buybacks. Headcount dropped by over 1,300 to 317,160 employees.

Dimon also noted that stablecoins may become part of JPMorgan's offerings, as Trump promotes crypto adoption.



Source:

<https://www.reuters.com/business/finance/jpmorgans-profit-slips-prior-year-accounting-gain-skews-comparisons-2025-07-15/>



Photo: Reuters

Trump rescinds \$4 billion in US funding for California High-Speed Rail

On July 16, 2025, President Donald Trump rescinded \$4 billion in federal funding for California's High-Speed Rail project, calling it overpriced and ineffective. The Department of Transportation said the project lacks a viable future and may face further funding clawbacks.

California officials, including Governor Gavin Newsom, condemned the move as illegal, arguing the state has met its obligations. The rail authority noted 171 miles are under construction, with 15,500 jobs created and over 50 structures completed.

Originally planned to cost \$33 billion, the project's price tag has ballooned to \$128 billion. A federal report cited missed deadlines and funding gaps, especially for the Merced-Bakersfield segment. Newsom is now seeking \$1 billion per year for 20 years to complete the initial phase.

Source:

<https://www.reuters.com/world/us/trump-says-he-is-ending-government-funding-californias-high-speed-rail-project-2025-07-16/>

S&P 500, Nasdaq end at fresh record highs as data, earnings point to consumer strength

On July 17, 2025, the S&P 500 and Nasdaq closed at record highs, reflecting investor confidence amid strong economic data and corporate earnings. The Nasdaq rose 0.74% to 20,884.27, while the S&P 500 climbed 0.54% to 6,297.36. The Dow Jones also gained 0.52%.

The rally was fueled by robust U.S. retail sales in June, signaling resilient consumer spending despite mixed inflation signals and tariff-related uncertainties. PepsiCo surged 7.5% on strong demand forecasts, and United Airlines rose 3.1% on improved travel outlook, boosting other airline stocks.

In tech, chipmakers rallied after TSMC reported record profits due to booming AI chip demand. Nvidia, Marvell, and TSMC shares all advanced. Investors interpreted this as a promising sign ahead of upcoming Big Tech earnings.

The Federal Reserve reaffirmed its cautious stance on interest rate cuts, watching for inflation impacts from President Trump's tariff policies. Markets now assign a 54% chance of a rate cut in September.



Source:

<https://www.reuters.com/business/sp-500-nasdaq-end-fresh-record-highs-data-earnings-point-consumer-strength-2025-07-17/>

Photo: Reuters

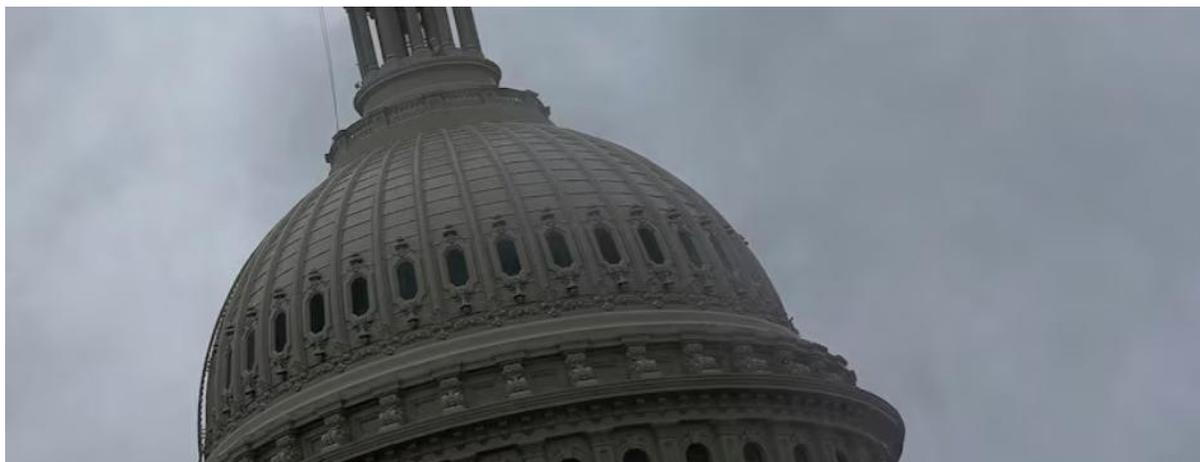


Photo: Reuters

US House Republicans pass Trump plan to cut foreign aid, public broadcasting

On July 18, 2025, the Republican-controlled U.S. House of Representatives narrowly passed a \$9 billion spending cut package proposed by President Donald Trump, targeting foreign aid and public broadcasting. The measure passed 216-213 and now heads to the White House for Trump's signature. The Senate had earlier removed \$400 million in cuts to the PEPFAR HIV/AIDS program before approving the package in a 51-48 vote.

The cuts represent about 0.1% of the \$6.8 trillion federal budget. Republicans argue the funds targeted wasteful foreign aid programs and biased public media. Democrats countered that the cuts would harm U.S. global influence and limit rural Americans' access to public emergency information.

The vote was delayed due to internal GOP disputes and a push to release Jeffrey Epstein-related documents. A resolution demanding the Justice Department publish those documents was added but criticized for lacking enforcement.

This is the second close House vote on the issue, and Republicans felt pressure to pass the Senate version before a Friday deadline to avoid mandatory spending. Only a simple majority was needed due to the bill's classification as a rescissions package, bypassing the usual 60-vote Senate threshold required for funding bills.

Trump officials indicated more cuts may follow, despite criticism that over \$425 billion in already-approved funds have been blocked since the start of his second term. Senators Susan Collins and Lisa Murkowski opposed the package, warning that allowing executive-led budget cuts undermines Congress's constitutional spending authority.

Source:

<https://www.reuters.com/legal/government/us-house-republicans-pass-trump-plan-cut-foreign-aid-public-broadcasting-2025-07-17/>