

# Chart of the Day



As evident in recent months, **there is not a “Powell put” in markets**; that is, a willingness to ease monetary policy in coordination with trade policy escalation. Fed Chair Powell has made clear that Fed policy will be data dependent.

However, the **“Trump put”** has become a reliable expectation in markets since Trade War 2.0 began on February 1, 2025. Whether one chooses to view such pivots as policy flexibility, capitulation, or even “Art of the Deal” tactics, both market participants and trade counterparties know they can rely on policy reversal when needed.

Through a more optimistic lens, the Trump put: (1) provides a soft floor on markets; (2) has precipitated a bear market rally that has further to run; and (3) creates a stress test scenario that encourages trade counterparties to accelerate progress on bilateral negotiations.

Less optimistic, however, is a view that the Trump put: (1) weakens US negotiating positions (especially with China); (2) provides a stabilizing mechanism to permit further policy escalation in other areas; and (3) facilitates short term relief in markets that does not offset the longer term strategic and economic damage of the escalation itself.

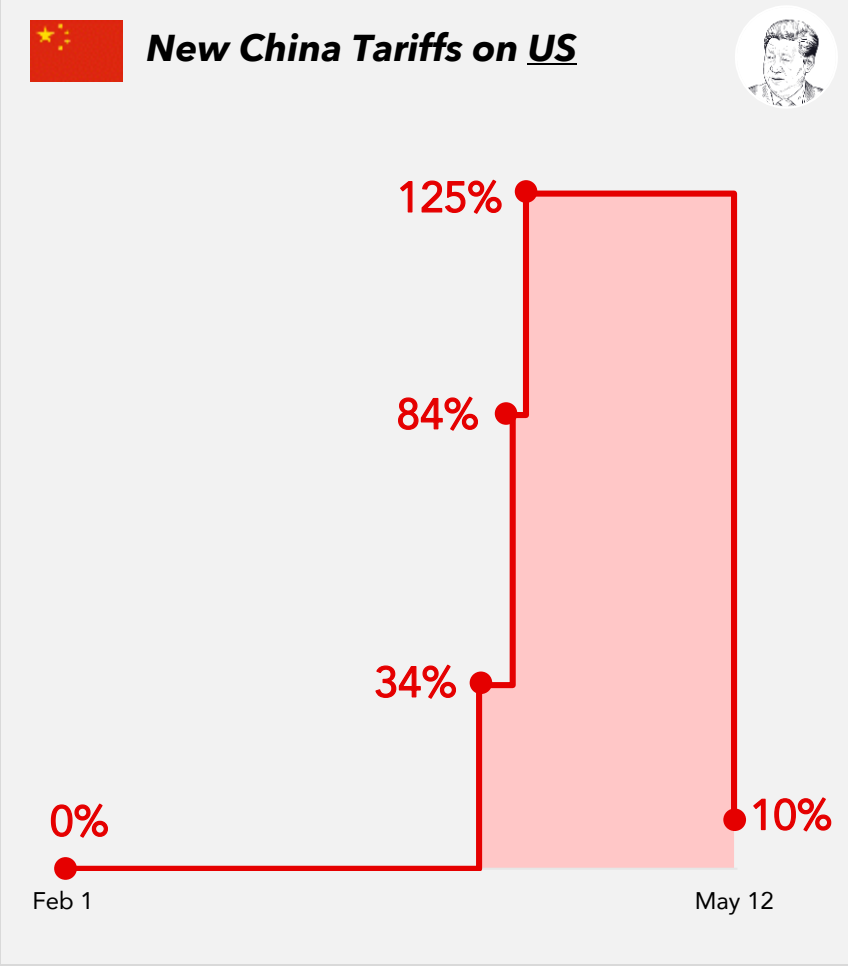
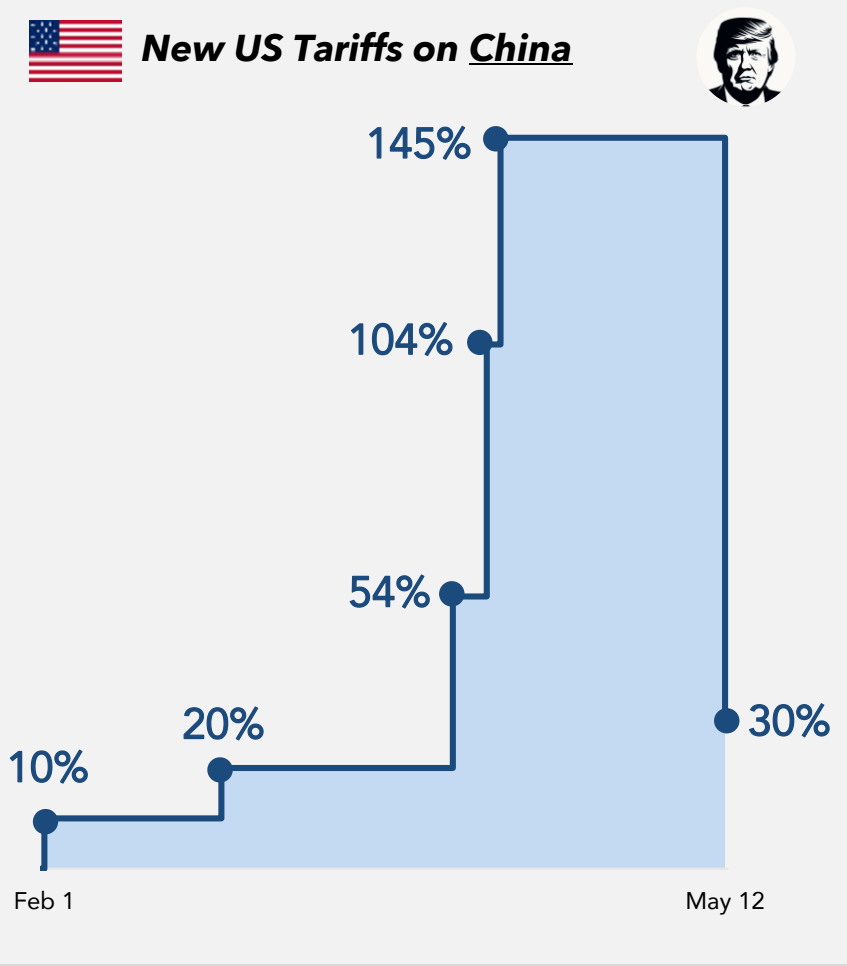
## The “Trump Put”: Delays & Exemptions

The Trump put has become a reliable expectation for market participants and trade counterparties since Trade War 2.0 began on February 1, 2025.

Announcement			→	Delay or exemption	
FEB 1	President Trump announces 25% tariffs on <a href="#">Canada</a> and <a href="#">Mexico</a>	2 days later	FEB 3	President Trump announces <b>30-day pause</b> of 25% tariffs on Canada and Mexico	
MAR 4	President Trump announces 25% tariffs on <a href="#">Canada</a> and <a href="#">Mexico</a> after 30-day pause	1 day later	MAR 5	President Trump announces <b>30-day pause</b> of tariffs on autos from Canada and Mexico	
MAR 4	President Trump announces 25% tariffs on <a href="#">Canada</a> and <a href="#">Mexico</a> after 30-day pause	2 days later	MAR 6	President Trump announces <b>30-day pause</b> of tariffs on goods that fall under the <b>USMCA</b> trade agreement from Canada and Mexico	
MAR 26	President Trump announces 25% tariffs on <a href="#">autos</a> (effective Apr 3)	34 days later	APR 29	President Trump announces <b>auto tariff exemptions</b>	
APR 2	President Trump announces <a href="#">country-specific reciprocal tariffs</a> (effective Apr 9)	7 days later	APR 9	President Trump announces <b>90-day pause</b> on reciprocal tariffs for all countries, excluding China	
APR 9	President Trump raises tariffs on <a href="#">China</a> to 145%	2 days later	APR 11	President Trump announces <b>temporary exemption</b> from tariffs for key electronics & semiconductors	
APR 9	President Trump raises tariffs on <a href="#">China</a> to 145%	33 days later	MAY 12	US agrees to <b>reduce China tariffs from 145% to 30%</b> for temporary <b>90-day period</b> (with China reducing from 125% to 10%)	
APR 17	Trump states that “ <a href="#">Powell’s termination cannot come fast enough</a> ”	5 days later	APR 22	Trump clarifies that he has <b>no intention of firing Chair Powell</b> before May 2026	

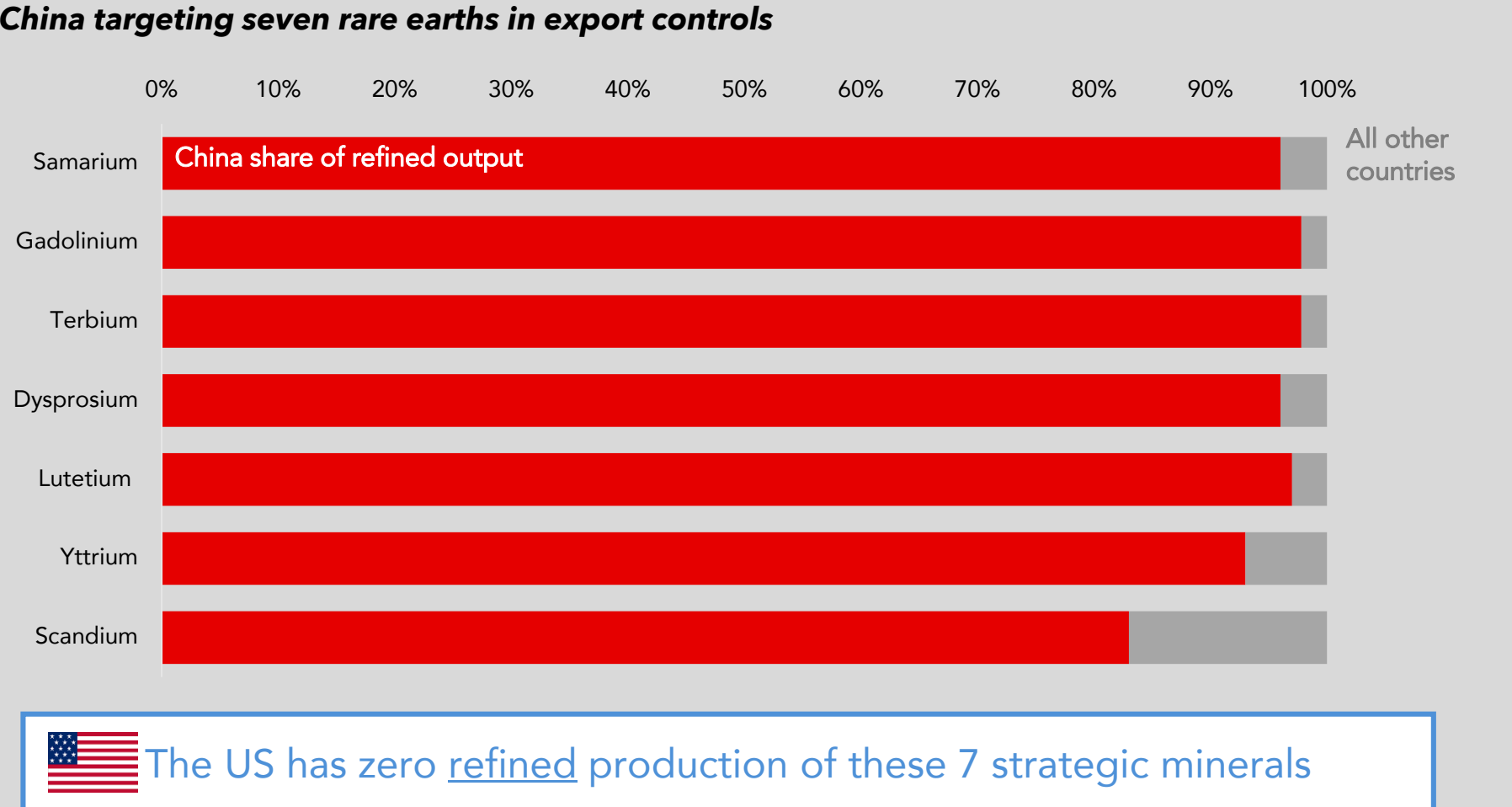
## 90-Day Relief on Asymmetric US-China Escalation

The limited **“China expertise”** in President Trump’s inner circle became evident during the asymmetrical tariff policy escalation in early April 2025. Faced with unsustainable market and economic damage, and China’s willingness to stand strong and play the long game, the **“Trump put”** resurfaced on May 12th. Following four days of discussions in Geneva, the US will temporarily lower 145% tariffs on most Chinese products to 30% on May 14th, while China will reduce tariffs on US goods from 125% to 10%. Both sides have also signaled that the 90 day pause could be extended through good faith discussions.



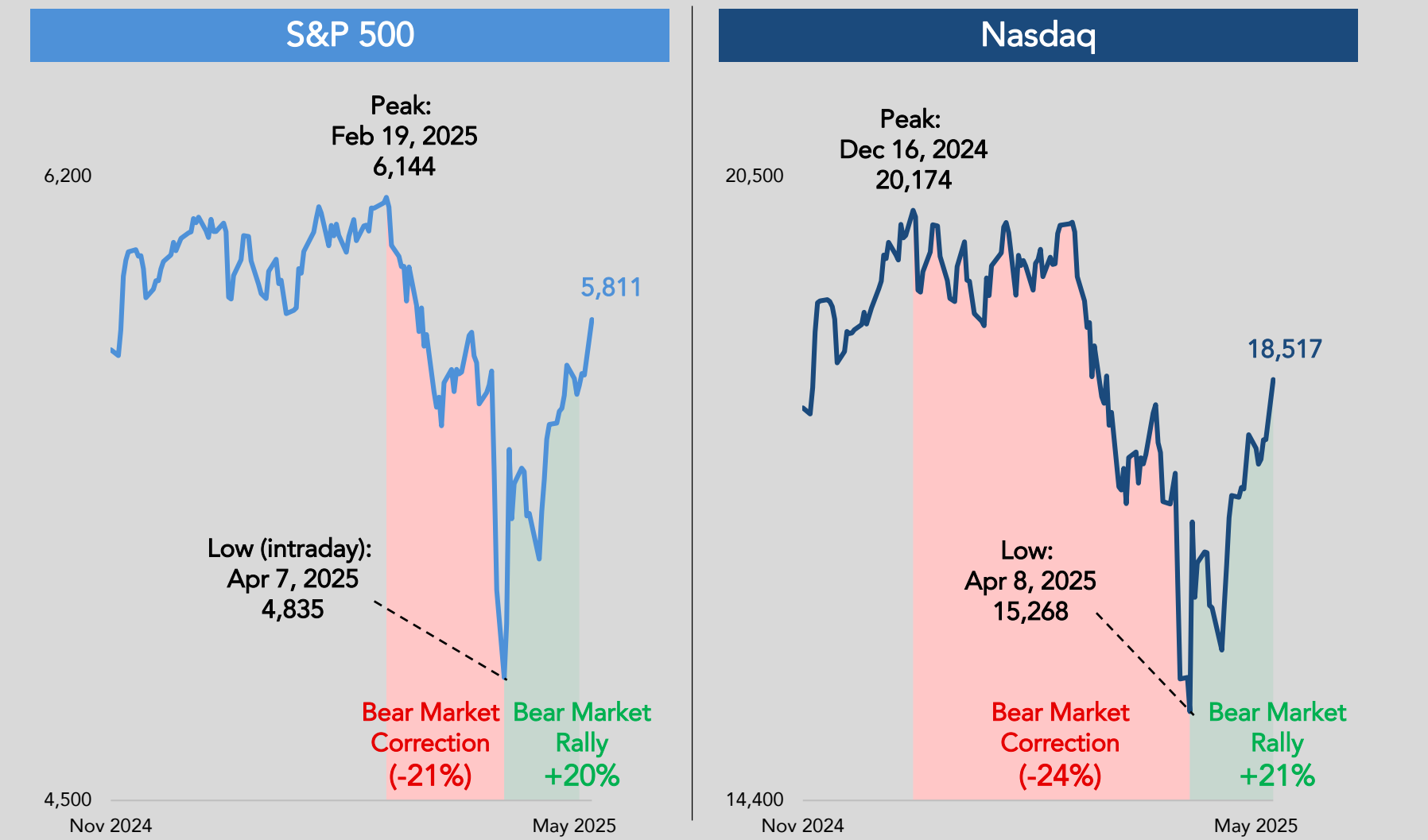
## China Relaxes Export Control Regime

China’s policy toolkit is formidable. Notably, China is implementing a very complex export control regime involving strategic minerals, people and technology. As part of the 90-day reprieve announced in Geneva, China has also said that it will suspend or cancel its non-tariff measures imposed on the US since April 2nd, including the tight restrictions imposed April 4th on the sale of seven critical strategic minerals to the United States.



## The “Trump Put” Triggers Bear Market Rally

The Trump put has provided a soft floor for markets and precipitated a bear market rally for stocks that has further to run.



Source: (1-6) The White House. China’s Ministry of Finance. Tariff rate is shown by announcement date. Bloomberg, “Seven Rare Earth Metals That China is Weaponizing Against the US.” Project Blue. Data as of May 12, 2025.

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“Macro stability isn’t everything, but without it, you have nothing.”