

# MASHREQ GLOBAL DIGEST US

February 23 – March 01



This edition of Market Digest highlights US's key macroeconomic indicators, financial updates, and major deals, providing insights into current economic trends.

## Macroeconomic News

### US Economy Grows By 2.3% in Q4

The U.S. economy grew at a 2.3% annualized pace in the fourth quarter of 2024, matching expectations, but slower than the 3.1% growth seen in Q3. This growth was driven by increased consumer spending and government expenditure, although a decrease in investment partially offset these gains. Meanwhile, consumer confidence dropped sharply in February, marking its biggest decline in nearly four years, as fears of tariffs, inflation, and a potential recession grew. Unemployment claims also rose, with 242,000 filed in the week ending February 22, exceeding expectations and marking the highest level since December. These indicators are showing signs of a slowdown, with early data for Q1 2025 pointing to negative growth. The Atlanta Fed's GDPNow tracker is forecasting a 1.5% contraction.



Reference: [Yahoo Finance](#), [CNBC](#)



### Core Inflation Hits 2.6% in January

In January, the Federal Reserve's preferred inflation measure, the personal consumption expenditures (PCE) price index, rose by 0.3% for the month, with an annual rate of 2.5%. Excluding food and energy, the core PCE increased by 0.3%, reaching an annual rate of 2.6%. This report suggests that the Fed is likely to hold off on changing interest rates, as inflation remains above the target 2% level. The market now anticipates potential interest rate cuts in June, with a 70% probability of a quarter-point reduction. Additionally, markets expect two rate cuts by the end of 2025.

Reference: [CNBC](#)

### Pending Home Sales Hit Record Low in January

High mortgage rates and high home prices led to a sharp decline in home sales in January. Pending sales fell 4.6% from December, reaching their lowest level since the National Association of Realtors began tracking this metric in 2001. Sales were down 5.2% from January 2024, with the South seeing the steepest drop. Despite a 17% annual rise in home inventory, affordability remains a challenge. Experts suggest cold weather may have played a role, but rising mortgage rates above 7% were a key factor.



Reference: [CNBC](#)



### US Trade Deficit Hits A Record

The U.S. merchandise trade deficit widened by 25.6% in January to a record \$153.3 billion, surpassing economist expectations. This surge was driven by an 11.9% increase in imports, reaching \$325.4 billion, primarily due to businesses rushing to secure goods ahead of President Trump's planned tariffs. Exports rose modestly by 2% to \$172.2 billion. Economists attribute the trade deficit to macroeconomic factors like high U.S. consumption and a strong dollar rather than just trade policies.

Reference: [Financial Post](#)

### Trump Proceeds with New Tariffs

President Donald Trump announced that 25% tariffs on imports from Mexico and Canada will take effect on March 4, 2025, after it was paused since February 3, due to concerns over illicit drugs entering the U.S. Additionally, China will face an extra 10% tariff, bringing the total on Chinese imports to 20%. Trump also ordered global 25% tariffs on steel and aluminum, effective March 12. Meanwhile, Trump threatened to impose 25% tariffs on the European Union, claiming it was formed to undermine the U.S. The EU responded, defending its trade benefits to the U.S. and warning of countermeasures if the tariffs are implemented.



Reference: [CNBC](#), [CNBC](#)



### Trump Announces \$5 Million 'Gold Card' Visa

Trump proposed replacing the EB-5 immigrant investor visa with a \$5 million "gold card" visa, aimed at attracting wealthy investors, including potentially Russian oligarchs. This visa would provide green card privileges and a path to U.S. citizenship. Trump sees it as a way to reduce U.S. debt while bringing in top talent to benefit the economy. Details of the plan will be released in two weeks.

Reference: [Reuters](#)

### Trump Cuts Federal Jobs and USAID Programs

President Trump is pushing for large-scale reductions in the federal workforce, targeting positions and programs, arguing government inefficiency. Agencies must submit plans by March 13, with cuts potentially disrupting essential services nationwide. The Social Security Administration plans to cut 7,000 workers and close regional offices. Concurrently, USAID announced cuts to 5,800 global health programs, halting vital initiatives like vaccines, HIV care, and maternal health services. These reductions, affecting millions, threatens public health across Africa, Asia, and Latin America.

Reference: [US News](#), [Reuters](#), [AP News](#)

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### Financial & Corporate News

#### SEC Rules Most Meme Coins Are Not Securities

The SEC clarified that most meme coins are not considered securities under U.S. federal law, deeming them more like collectibles with limited functionality. This decision means transactions involving meme coins do not require registration with the SEC, and participants are not protected by federal securities laws. The move aligns with the current administration's efforts to create clearer regulations for the crypto industry. Despite their speculative nature, meme coins continue to be a significant sector in the crypto market.

Reference: [CNBC](#)



#### Tech Giants Pledge \$1 Trillion in U.S. Investments

Tech giants have pledged over \$1 trillion in investments, spanning multiple years, with a focus on AI, infrastructure, and data centers. Notably, Apple announced a \$500 billion investment over the next four years, which will support projects like AI server production in the U.S. and the creation of 20,000 new jobs. Other companies like SoftBank (\$100 billion), Meta (\$65 billion), Microsoft (\$80 billion), and Amazon (\$11 billion) have also made significant pledges, focusing on expanding their AI infrastructure and creating thousands of jobs across various U.S. locations.

Reference: [Yahoo Finance](#)

#### Microsoft to End Skype After 21 Years

Microsoft announced it will shut down Skype, the 21-year-old calling and messaging service, on May 5. Skype grew rapidly in the 2000s but struggled in the mobile era, losing out to competitors like WhatsApp, FaceTime, and Zoom. Acquired by Microsoft in 2011, Skype's popularity faded as mobile apps gained traction, and its role was overtaken by Microsoft Teams, which is now the company's focus. This move marks a significant shift in Microsoft's strategy to streamline its communication services and adapt to evolving market demands.

Reference: [CNBC](#)



### Deals

#### Trump-Zelensky Minerals Deal Hits Roadblock

During a White House meeting, U.S. President Trump and Ukrainian President Zelensky failed to sign a critical minerals deal, which would have granted the U.S. access to 50% of Ukraine's rare earth mineral revenue, including lithium and titanium, as repayment for the \$350 billion in military aid provided to Ukraine. The deal would have reduced U.S. dependence on countries like China and boosted industries in technology, defense, and energy storage. Tensions escalated when Trump accused Zelensky of disrespect and delaying peace talks, while Zelensky sought security guarantees. This situation left uncertainty regarding future U.S.-Ukraine relations and the prospects for peace negotiations.

Reference: [APNews](#), [abc News](#)



### Markets

#### Market Dashboard

- For the week, the S&P 500 dropped 1%, while the Nasdaq fell 3.5%, and the Dow rose 1%. The declines were mainly driven by concerns over sticky U.S. inflation and a slowing economy, which raised fears of stagflation. Additionally, a tense meeting between President Trump and President Zelenskiy added uncertainty. However, markets rebounded on Friday, as investor sentiment cooled after the initial shock.
- Bitcoin fell over 12%, recording its biggest decline since the FTX collapse and hitting its lowest point since November 2024. The fall was driven by a tech selloff, inflation concerns, and fears over U.S. economic growth. A \$1.5 billion hack at Bybit and doubts about U.S. crypto policy also weighed on sentiment. Additionally, Bitcoin ETFs saw \$2.27 billion in outflows.
- Gold prices fell over 2% this week as the dollar held close to two-week highs after U.S. inflation data came in line with expectations, suggesting the Federal Reserve may adopt a cautious stance on additional rate cuts.
- Oil prices fell, with Brent crude at \$73.18 and WTI at \$69.76, marking their first monthly drop since November. The decline followed tensions between U.S. and Ukrainian leaders and concerns over rising tariffs, which could reduce global demand. Additionally, Iraq's resumption of oil exports from Kurdistan added uncertainty to the supply outlook. OPEC+ is debating whether to adjust output in April, potentially impacting prices.
- The euro fell 1% to a two-week low after the failed meeting between Presidents Zelensky and Trump, dimming peace hopes. This, combined with renewed tariff threats from U.S. President Trump on European goods, escalated trade tensions, further weighing on the euro.

Indicators	21-Feb-25	28-Feb-25	% Change
S&P 500	6,013.13	5,954.50	-0.98%
Bitcoin	96,125.55	84,373.01	-12.23%
Gold	2,936.03	2,858.60	-2.64%
Crude Oil	74.43	73.18	-1.68%
EUR/USD	1.0501	1.0395	-1.01%