



The week in seven charts

Chart #1: ReArm Europe: the EU's €800bn defence Plan

Read more on page 2 - Image ©iStock/Olena Bartienieva

ReArm Europe: the EU's €800bn defence surge

ReArm Europe's €800bn defence plan is boosting European defence stocks while Germany's historic debt move sends bond yields to their worst drop since 1990. Each week, the Syz investment team takes you through the last seven days in seven charts.

Charles-Henry Monchau, CFA, CAIA, CMT

Chief Investment Officer

Chart #1

ReArm Europe: The EU's €800bn defence Plan

At the heart of the ReArm Europe plan is a provision that would allow member states to increase defence spending significantly without triggering the Excessive Deficit Procedure (EDP) under the EU's Stability and Growth Pact. The purpose of the pact created in 1997 was to ensure and enforce fiscal discipline within the EU, by requiring each member state to stay within certain limits of government debt (60 percent of GDP) and deficit (3 percent of GDP). By making an exemption for additional defence spending, the European Commission aims to create up to €650 billion in additional fiscal space over the next four years, but only if member states increase their defence spending by 1.5 percent of GDP on average.

Additionally, the EU will provide €150bn in loans to member states for defence investments, aiming to oversee and better coordinate these investments. This joint procurement aims to cut costs, reduce fragmentation, increase interoperability, and strengthen Europe's defence industry. The other proposals in the ReArm Europe plan include using the EU budget to direct more funds towards defence investments for example by creating incentives for member states to do so. Finally, the European Commission's proposal aims to mobilise private capital by accelerating the Savings and Investment Union and utilising the European Investment Bank. In total, the package could mobilise up to €800bn for "a safe and resilient Europe," von der Leyen said, before concluding that "Europe is ready to step up."

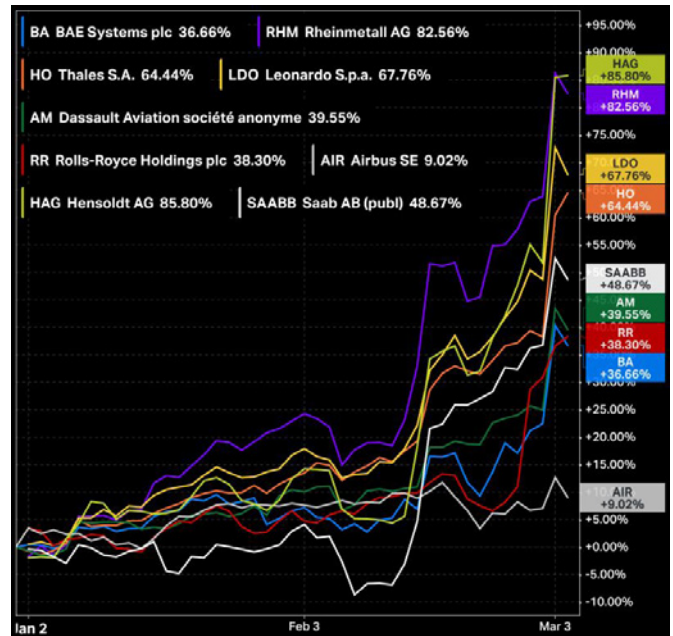


Source: Statista

Chart #2

European defence stocks are skyrocketing

With rising geopolitical tension and increased defence spending across Europe, EU defence stocks have gained significant attention. Governments are ramping up budgets, supply chains are strengthening, and long-term contracts are fuelling growth. Are valuations getting stretched or is there still room to run? Much will depend on policy commitments, NATO strategies, and the evolving security landscape.

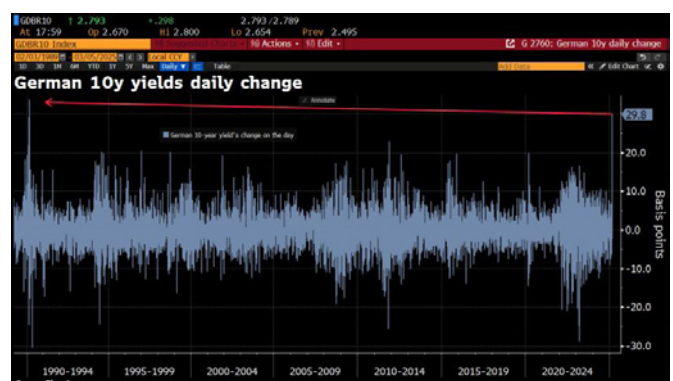


Source: Koyfin

Chart #3

A historic daily change for the German 10-year yields on Wednesday

The new government in Germany is making history before even taking office with its massive debt plan. On Wednesday, German bonds had their worst day since 1990, with 10y yields jumping 30bps.



Source: HolgerZ, Bloomberg

Chart #4

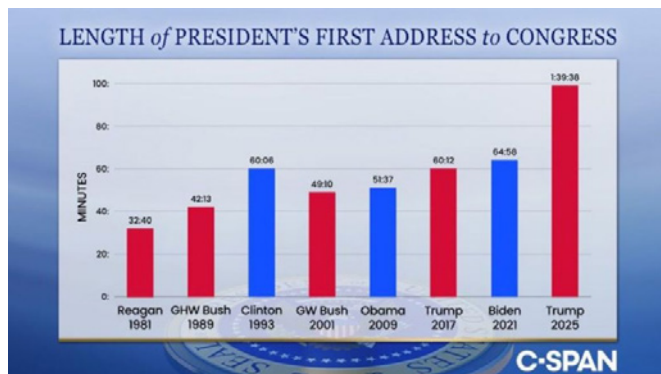
Trump 2025: the longest first address to Congress in history

President Trump delivered a 1 hour and 39-minute speech at his 2025 Joint Address to Congress, making it the longest first address in US history.

President Reagan's 1981 speech lasted 32 minutes, President Clinton spoke for 60 minutes in 1993, President Obama went on for 51 minutes in 2009, and President Biden hit 64 minutes in 2021.

President Trump's own 2017 address clocked in at 60 minutes.

Now, he's set a record, delivering a speech packed with policy, priorities, and unmistakable Trump energy.



Source: C-Span

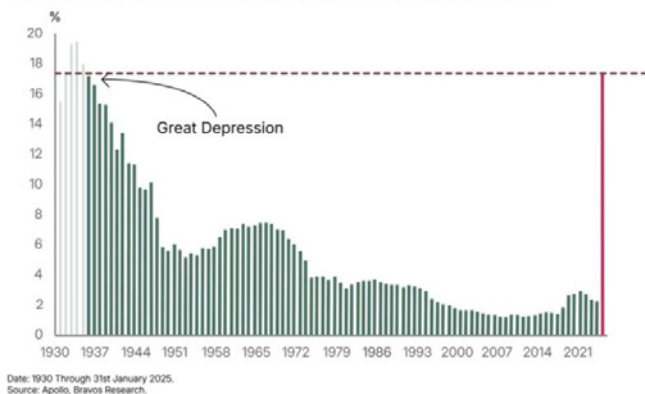
Chart #5

The highest level of US Tariffs since the Great Depression

Tariffs have begun with 25% on Canada and Mexico, and 20% on China. In fact, tariffs could hit an average of 17.7% under President Trump. This would be the absolute highest levels seen since the Great Depression.

Average US Tariff Rate

The Tax Foundation Estimates That Overall Tariffs Could Rise to 17.7%



Source: Bravos Research

Chart #6

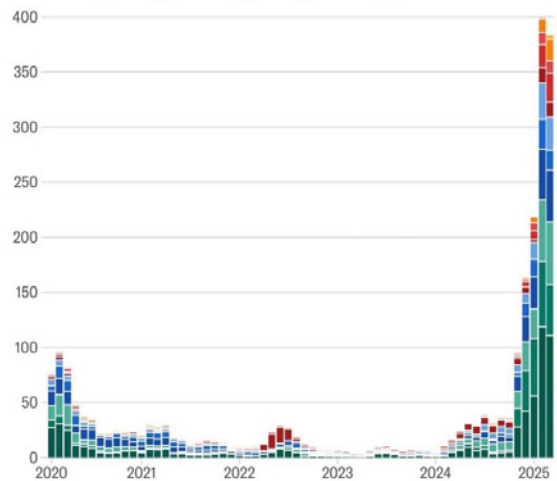
Tariff is the buzz word of the Q4 earnings season

Roughly 80% of the stocks in the SP500 said the word "tariffs" on their last earnings call.

TARIFFS ARE DOMINATING THE CONVERSATION ACROSS CORPORATE AMERICA

AI-identified mentions of "tariffs" in S&P 500 transcripts, 3-month moving average

INDUSTRIALS HEALTH CARE CONS. DISCRETIONARY INFO TECH. CONS. STAPLES MATERIALS UTILITIES FINANCIALS ENERGY REAL ESTATE COMM. SERVICES



Source: Evan on X

Chart #7

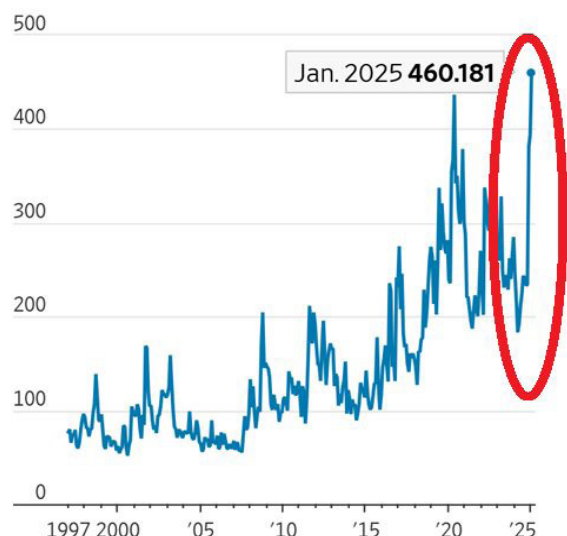
Global economic policy uncertainty is skyrocketing

Economic policy uncertainty index based on news articles spiked to the highest on record.

This exceeded the 2020 Crisis peak.

US tariffs and deteriorating economy are among the major concerns and add to investors' angst.

Global Economic Policy Uncertainty Index



Note: Based on news stories

Source: Global Markets Investor

For further information

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