

**A few words on yesterday's tariff announcements.** In the 2025 Outlook, I wrote the following about the incoming Administration, whom I described as the Alchemists:

"The Alchemists aim to break something, whether it's globalization, the Federal bureaucracy, the IRS, the FBI, Medicare, US vaccine policy, lax US border policies, its Deep State opponents or something else. Whatever the goals, I take the Alchemists at their word: they are going to break something, I just don't know what. For investors, there's little room for error with valuations this high and since valuations are now driving markets just as much as earnings growth. While US equity markets should end the year higher than they began, I expect a 10%-15% correction at some point in 2025 as the Alchemists apply their elixirs to the US economy".

Since the inauguration, the Administration has upended decades of US trade policy and raised tariffs to the highest levels in ~50 years, it has wiped out billions in market capitalization for diagnostic tool and genomics companies due to NIH funding cuts, it launched a Section 232 investigation to justify higher tariffs on Canadian softwood lumber imports at a time of almost all-time lows in US housing affordability, its policy announcements were followed by a collapse in small business capital spending plans close to the lowest levels since 1976 (other than during the Financial Crisis and Double-Dip 1980 recession), its reconciliation bill will expand budgets deficits given insufficient revenues to offset tax cuts, and during one of the worst measles outbreaks in decades, the HHS Secretary wrote that "good nutrition remains a best defense against most chronic and infectious diseases". After having raised the cost of productive goods through tariffs, it now reportedly plans to lower the cost of unproductive ones by arguing for zero capital gains taxes on crypto. Sounds like my forecast is right on track.

Michael Cembalest

JP Morgan Asset Management



NIH: National Institute of Health; HHS: Health and Human Services

2025 Eye on the Market Outlook**IMPORTANT INFORMATION**

This material is for information purposes only. The views, opinions, estimates and strategies expressed herein constitutes Michael Cembalest's judgment based on current market conditions and are subject to change without notice, and may differ from those expressed by other areas of JPMorgan Chase & Co. ("JPM"). **This information in no way constitutes J.P. Morgan Research and should not be treated as such.** Any companies referenced are shown for illustrative purposes only, and are not intended as a recommendation or endorsement by J.P. Morgan in this context.

**GENERAL RISKS & CONSIDERATIONS** Any views, strategies or products discussed in this material may not be appropriate for all individuals and are subject to risks. Investors may get back less than they invested, and **past performance is not a reliable indicator of future results.** Asset allocation/diversification does not guarantee a profit or protect against loss. Nothing in this material should be relied upon in isolation for the purpose of making an investment decision.

**NON-RELIANCE** Certain information contained in this material is believed to be reliable; however, JPM does not represent or warrant its accuracy, reliability or completeness, or accept any liability for any loss or damage (whether direct or indirect) arising out of the use of all or any part of this material. No representation or warranty should be made with regard to any computations, graphs, tables, diagrams or commentary in this material, which are provided for illustration/ reference purposes only. Any projected results and risks are based solely on hypothetical examples cited, and actual results and risks will vary depending on specific circumstances. Forward-looking statements should not be considered as guarantees or predictions of future events. Nothing in this document shall be construed as giving rise to any duty of care owed to, or advisory relationship with, you or any third party. Nothing in this document shall be regarded as an offer, solicitation, recommendation or advice (whether financial, accounting, legal, tax or other) given by J.P. Morgan and/or its officers or employees; J.P. Morgan and its affiliates and employees do not provide tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any financial transactions.

**For J.P. Morgan Asset Management Clients:**

J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.

To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://am.jpmorgan.com/global/privacy>.

**ACCESSIBILITY**

For U.S. only: If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.

This communication is issued by the following entities: In the United States, by J.P. Morgan Investment Management Inc. or J.P. Morgan Alternative Asset Management, Inc., both regulated by the Securities and Exchange Commission; in Latin America, for intended recipients' use only, by local J.P. Morgan entities, as the case may be.; in Canada, for institutional clients' use only, by JPMorgan Asset Management (Canada) Inc., which is a registered Portfolio Manager and Exempt Market Dealer in all Canadian provinces and territories except the Yukon and is also registered as an Investment Fund Manager in British Columbia, Ontario, Quebec and Newfoundland and Labrador. In the United Kingdom, by JPMorgan Asset Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority; in other European jurisdictions, by JPMorgan Asset Management (Europe) S.à r.l. In Asia Pacific ("APAC"), by the following issuing entities and in the respective jurisdictions in which they are primarily regulated: JPMorgan Asset Management (Asia Pacific) Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited, each of which is regulated by the Securities and Futures Commission of Hong Kong; JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601586K), which this advertisement or publication has not been reviewed by the Monetary Authority of Singapore; JPMorgan Asset Management (Taiwan) Limited; JPMorgan Asset Management (Japan) Limited, which is a member of the Investment Trusts Association, Japan, the Japan Investment Advisers Association, Type II Financial Instruments Firms Association and the Japan Securities Dealers Association and is regulated by the Financial Services Agency (registration number "Kanto Local Finance Bureau (Financial Instruments Firm) No. 330"); in Australia, to wholesale clients only as defined in section 761A and 761G of the Corporations Act 2001 (Commonwealth), by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919). For all other markets in APAC, to intended recipients only.

**For J.P. Morgan Private Bank Clients:****ACCESSIBILITY**

J.P. Morgan is committed to making our products and services accessible to meet the financial services needs of all our clients. Please direct any accessibility issues to the Private Bank Client Service Center at 1-866-265-1727

**LEGAL ENTITY, BRAND & REGULATORY INFORMATION**

In the **United States**, **JPMorgan Chase Bank, N.A.** and its affiliates (collectively "**JPMCB**") offer investment products, which may include bank managed investment accounts and custody, as part of its trust and fiduciary services. Other investment products and services, such as brokerage and advisory accounts, are offered through **J.P. Morgan Securities LLC ("JPMS")**, a member of **FINRA** and **SIPC**. JPMCB and JPMS are affiliated companies under the common control of JPM.

In **Germany**, this material is issued by **J.P. Morgan SE**, with its registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). In **Luxembourg**, this material is issued by **J.P. Morgan SE – Luxembourg Branch**, with registered office at European Bank and Business Centre, 6 route de Treves, L-2633, Senningerberg, Luxembourg, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Luxembourg Branch is also supervised by the Commission de Surveillance du Secteur Financier (CSSF); registered under R.C.S Luxembourg B255938. In the **United Kingdom**, this material is issued by **J.P. Morgan SE – London Branch**, registered office at 25 Bank Street, Canary Wharf, London E14 5JP, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – London Branch is also supervised by the Financial Conduct Authority and Prudential Regulation Authority. In **Spain**, this material is distributed by **J.P. Morgan SE, Sucursal en España**, with registered office at Paseo de la Castellana, 31, 28046 Madrid, Spain, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE, Sucursal en España is also supervised by the Spanish Securities Market Commission (CNMV); registered with Bank of Spain as a branch of J.P. Morgan SE under code 1567. In **Italy**, this material is distributed by **J.P. Morgan SE – Milan Branch**, with its registered office at Via Cordusio, n.3, Milan 20123, Italy, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Milan Branch is also supervised by Bank of Italy and the Commissione Nazionale per le Società e la Borsa (CONSOB); registered with Bank of Italy as a branch of J.P. Morgan SE under code 8076; Milan Chamber of Commerce Registered Number: REA MI

[2025 Eye on the Market Outlook](#)

2536325. In the **Netherlands**, this material is distributed by **J.P. Morgan SE – Amsterdam Branch**, with registered office at World Trade Centre, Tower B, Strawinskylaan 1135, 1077 XX, Amsterdam, The Netherlands, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Amsterdam Branch is also supervised by De Nederlandsche Bank (DNB) and the Autoriteit Financiële Markten (AFM) in the Netherlands. Registered with the Kamer van Koophandel as a branch of J.P. Morgan SE under registration number 72610220. In **Denmark**, this material is distributed by **J.P. Morgan SE – Copenhagen Branch, filial af J.P. Morgan SE, Tyskland**, with registered office at Kalvebod Brygge 39-41, 1560 København V, Denmark, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Copenhagen Branch, filial af J.P. Morgan SE, Tyskland is also supervised by Finanstilsynet (Danish FSA) and is registered with Finanstilsynet as a branch of J.P. Morgan SE under code 29010. In **Sweden**, this material is distributed by **J.P. Morgan SE – Stockholm Bankfilial**, with registered office at Hamngatan 15, Stockholm, 11147, Sweden, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Stockholm Bankfilial is also supervised by Finansinspektionen (Swedish FSA); registered with Finansinspektionen as a branch of J.P. Morgan SE. In **Belgium**, this material is distributed by **J.P. Morgan SE – Brussels Branch** with registered office at 35 Boulevard du Régent, 1000, Brussels, Belgium, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE Brussels Branch is also supervised by the National Bank of Belgium (NBB) and the Financial Services and Markets Authority (FSMA) in Belgium; registered with the NBB under registration number 0715.622.844. In **Greece**, this material is distributed by **J.P. Morgan SE – Athens Branch**, with its registered office at 3 Haritos Street, Athens, 10675, Greece, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Athens Branch is also supervised by Bank of Greece; registered with Bank of Greece as a branch of J.P. Morgan SE under code 124; Athens Chamber of Commerce Registered Number 158683760001; VAT Number 99676577. In **France**, this material is distributed by **J.P. Morgan SE – Paris Branch**, with its registered office at 14, Place Vendôme 75001 Paris, France, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB) under code 842 422 972; J.P. Morgan SE – Paris Branch is also supervised by the French banking authorities the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the Autorité des Marchés Financiers (AMF). In **Switzerland**, this material is distributed by **J.P. Morgan (Suisse) SA**, with registered address at rue du Rhône, 35, 1204, Geneva, Switzerland, which is authorised and supervised by the Swiss Financial Market Supervisory Authority (FINMA) as a bank and a securities dealer in Switzerland.

In **Hong Kong**, this material is distributed by **JPMCB, Hong Kong branch**. JPMCB, Hong Kong branch is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission of Hong Kong. In Hong Kong, we will cease to use your personal data for our marketing purposes without charge if you so request. In **Singapore**, this material is distributed by **JPMCB, Singapore branch**. JPMCB, Singapore branch is regulated by the Monetary Authority of Singapore. Dealing and advisory services and discretionary investment management services are provided to you by JPMCB, Hong Kong/Singapore branch (as notified to you). Banking and custody services are provided to you by JPMCB Singapore Branch. The contents of this document have not been reviewed by any regulatory authority in Hong Kong, Singapore or any other jurisdictions. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. For materials which constitute product advertisement under the Securities and Futures Act and the Financial Advisers Act, this advertisement has not been reviewed by the Monetary Authority of Singapore. JPMorgan Chase Bank, N.A., a national banking association chartered under the laws of the United States, and as a body corporate, its shareholder's liability is limited.

With respect to countries in **Latin America**, the distribution of this material may be restricted in certain jurisdictions.

*Issued in **Australia** by JPMorgan Chase Bank, N.A. (ABN 43 074 112 011/AFS Licence No: 238367) and J.P. Morgan Securities LLC (ARBN 109293610).*

References to "J.P. Morgan" are to JPM, its subsidiaries and affiliates worldwide. "J.P. Morgan Private Bank" is the brand name for the private banking business conducted by JPM. This material is intended for your personal use and should not be circulated to or used by any other person, or duplicated for non-personal use, without our permission. If you have any questions or no longer wish to receive these communications, please contact your J.P. Morgan team.