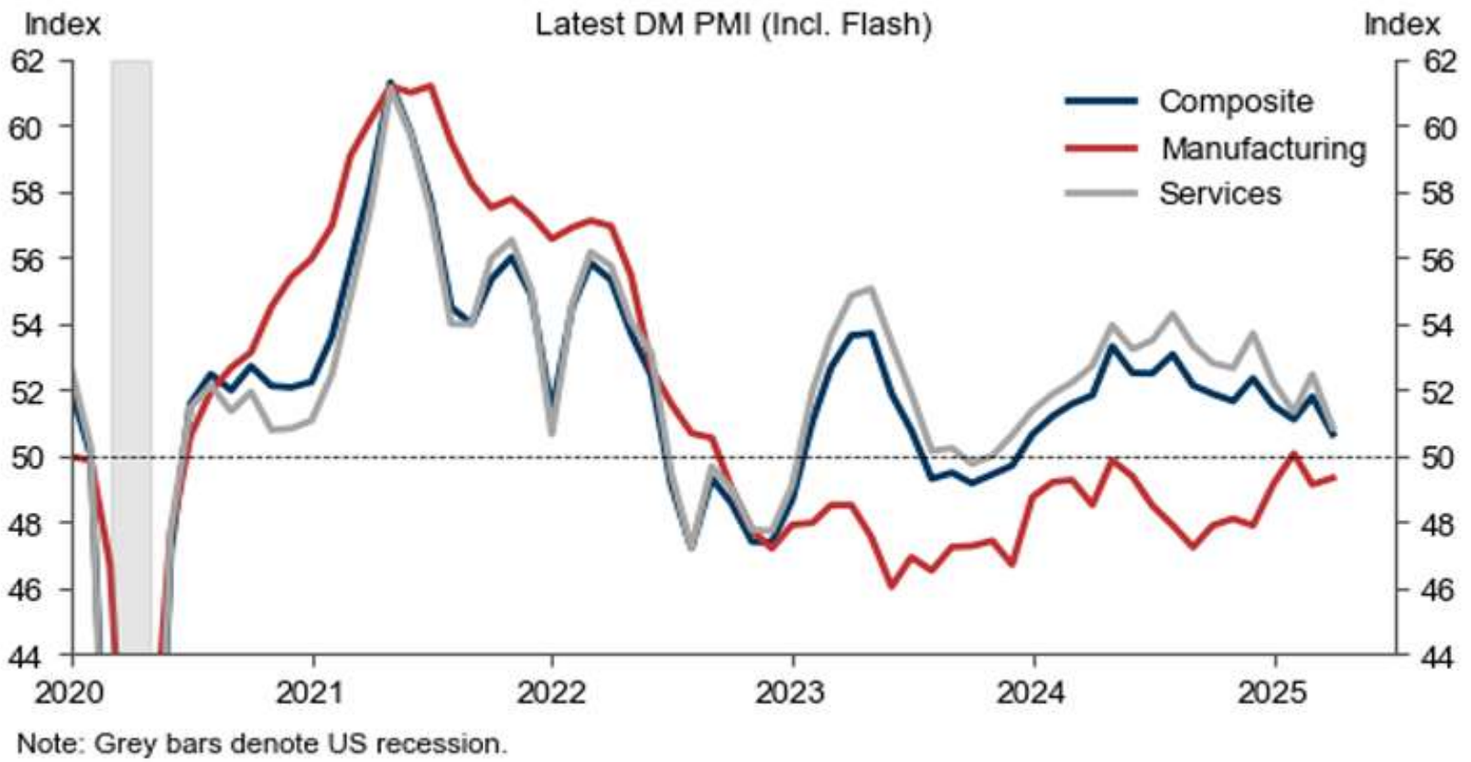
The DM composite flash PMI fell by -1.1pt in April to 50.7, reflecting an uptick in the Manufacturing component (+0.2pt to 49.3) but a decline in the Services component (-1.6pt to 50.8)



DM is a GDP weighted sum of PMI indices for the US, the Euro area, the UK, Australia, and Japan.

Source: S&P Global, Haver Analytics, Goldman Sachs Global Investment Research

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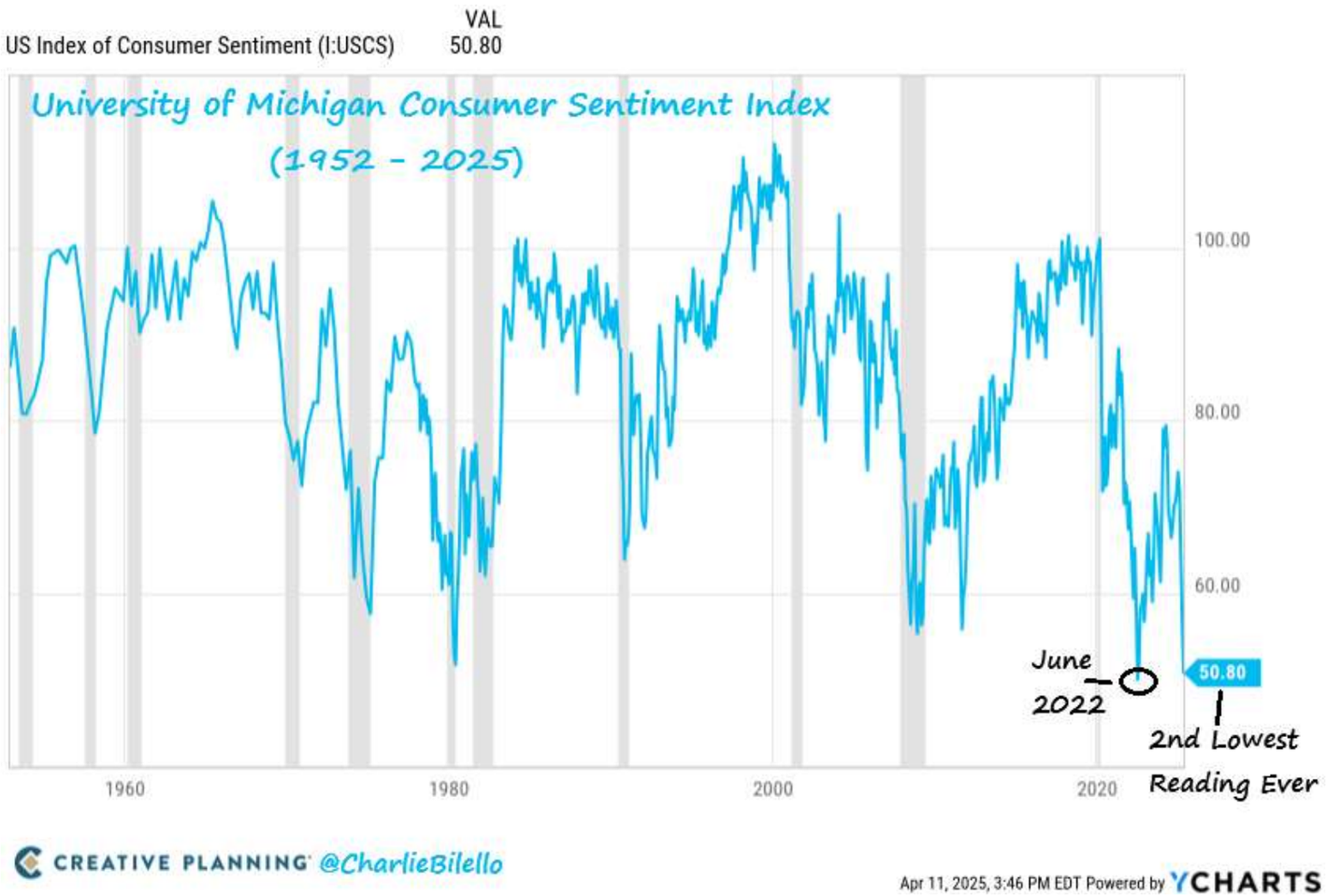
The University of Michigan Consumer Sentiment Index fell to 50.8 last week, the 2nd lowest reading in the survey's history which goes back to 1952



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Analysts have accelerated their downward earnings revisions for US companies

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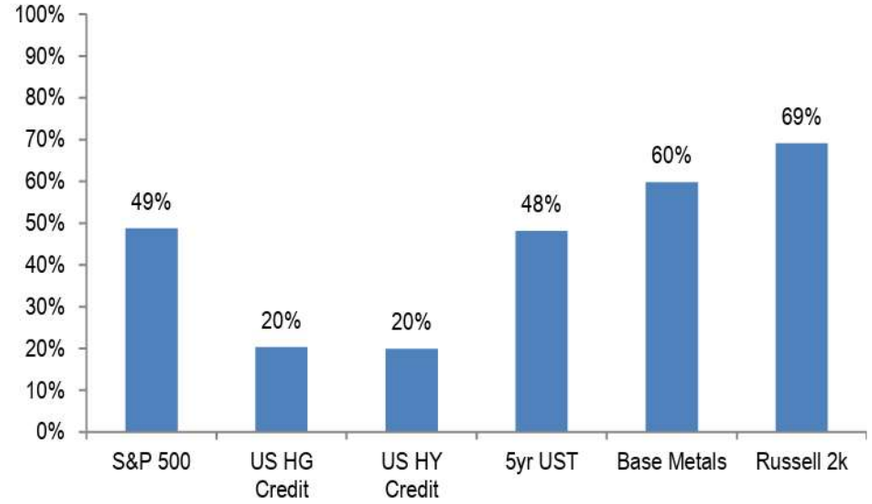
US small and large cap peak to trough declines during previous US recessions. J.P. Morgan separate recessions into deep and mild based on whether S&P EPS fell by more or less than the median amount over the past 12 US recessions

S&P500 peak	S&P500 trough	S&P500 price decline peak-to-trough	S&P500 EPS decline peak-to-trough	US small-cap decline peak -to-trough	Relative performance of small-cap vs large-cap	Earnings decline
Jun-48	Jun-49	-21%	-3%	-25%	-4%	Mild
Jan-53	Sep-53	-15%	-12%	-16%	-1%	Mild
Jul-56	Dec-57	-22%	-22%	-21%	1%	Deep
Jan-60	Oct-60	-13%	-12%	-12%	2%	Mild
Dec-68	Jul-70	-36%	-13%	-53%	-17%	Mild
Jan-73	Dec-74	-48%	-15%	-55%	-7%	Deep
Feb-80	Apr-80	-17%	-5%	-25%	-8%	Mild
Nov-80	Aug-82	-27%	-19%	-23%	4%	Deep
Dec-89	Oct-90	-20%	-26%	-29%	-9%	Deep
Mar-00	Sep-01	-37%	-23%	-35%	2%	Deep
Oct-07	Mar-09	-57%	-45%	-58%	-2%	Deep
Feb-20	Mar-20	-34%	-21%	-42%	-8%	Deep
Average		-29%	-18%	-33%	-4%	
Median		-24%	-17%	-27%	-3%	
Average in Deep		-35%	-24%	-38%	-3%	
Average in Mild		-20%	-9%	-26%	-6%	

Source: Bloomberg Finance L.P., J.P. Morgan Flows & Liquidity.

Figure 13: Implied probability of US recession across asset classes as of Apr 22nd 2025

See text for details.



Source: Bloomberg Finance L.P., J.P. Morgan Flows & Liquidity.

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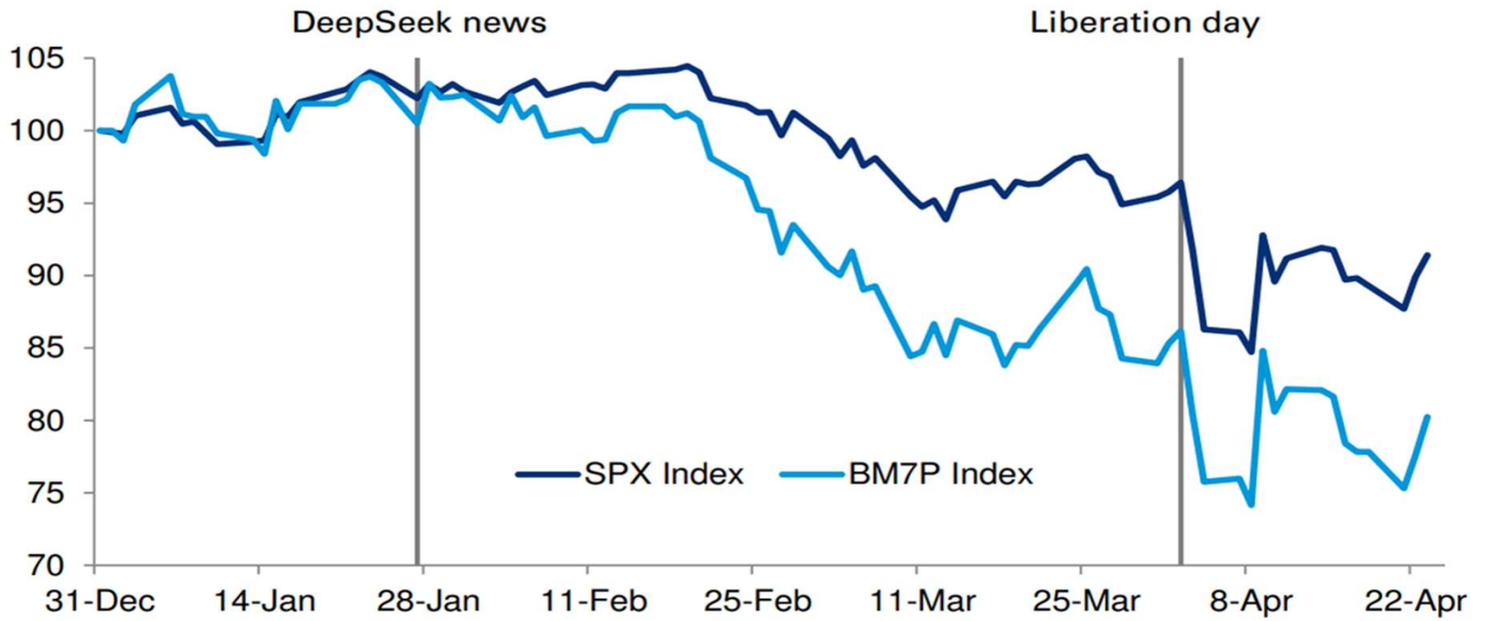
This chart suggests that the Mag-7's underperformance was triggered by the emergence of DeepSeek, which intensified concerns about the monetizability of AI for US tech firms

Figure 1: Since DeepSeek's arrival, Mag7 stocks have been declining (Index Dec 31=100)



Source : Deutsche Bank Research, Bloomberg Finance LP.

So, if and when the trade war dies down, US assets will be heavily influenced by the Mag-7 again and that this could heavily dictate what happens next for US Equities vs EU

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