2025/03/13
The VIX has remained low, but the daily volatility is significant. More worrisome is the rise in the Economic Uncertainty Index. It could make it difficult for companies to make investment decisions and supply chains could be stormed again. Could inflation return?
A ceasefire in Ukraine is undesirable. Downward pressure on European markets will continue, but the international system based on the rule of law will be protected.

The Trump-Zelensky agreement is building momentum for a Russian ceasefire.
The Bank of Russia is doing a good job of controlling the highly inflated economy, but Putin will not want the end of the war to turn the public's attention to the domestic economy.
Putin's political life is also in jeopardy after ICC arrest of Durte in the Philippines.
For Ukraine, the agreement with the U.S. will give it access to military intelligence again.
If Putin does not agree to a ceasefire, support for Ukraine will continue, further strengthening the international encirclement of Russia.
Since the cession of territory has come at such a cost, they will try to use military intelligence to continue the war.
For the European economy, energy prices will continue to soar, and geopolitical uncertainty will likely put pressure on the euro to weaken.
However, the need for military buildup will put upward pressure on European interest rates from rising German interest rates.
The pressure to weaken the euro has been building for several years, and the impact of sudden and sudden upward pressure on interest rates will be more significant.

For China, it would like to see a ceasefire in the form of a compromise by Ukraine.
It has already attempted to launch a cyber attack on Taiwan, but if a ceasefire is reached under the current circumstances, it will be possible to bring down Taiwan with only a cyber attack at a stroke.
Private companies that have supported Ukraine, such as Starlink and Amazon (AWS), have supported Ukraine free of charge since the beginning of the war because they had no business with Russia, and Ukraine was not immediately defeated and was able to continue the war.
However, it is unclear how much support they will provide because of their economic ties with China.
The annexation of Taiwan by China would have a fatal impact on the AI industry, which has been the driver of global stock market rally.
The market would burst.

In the Middle East, Israel will continue its attacks on Gaza as the world's attention turns to the ceasefire in Ukraine.
Israel will continue to attack Gaza as the world's attention focuses on the ceasefire in Ukraine, hoping to avoid international condemnation of its own aggression in a region where the world is in turmoil.
It also absolutely does not want a Palestinian regime with Hamas in power.
It will want to destroy the Iranian-backed terrorist organization in one fell swoop at this juncture.
Like Putin, Netanyahu wants to maintain his political freedom through the ICC.
He would like to intensify his offensive in the Middle East, where a power vacuum has been created.
The Middle East will continue to exert constant upward pressure on oil prices despite the rough global economic principles.

Uncertainty is looming over the security environment and the economy.
Diversification is a must in this ever-changing international political and economic environment.