

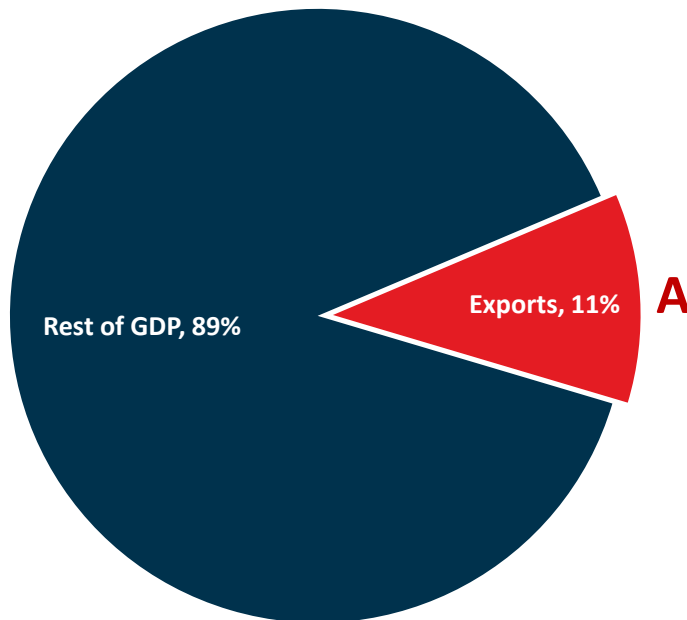
## U.S. Watch

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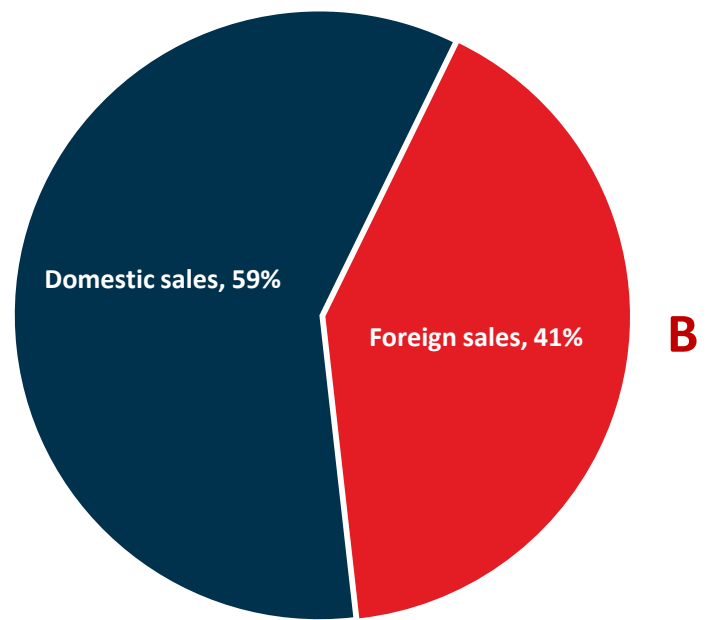
While Washington maintains that the U.S. economy is well-positioned to withstand a trade war—given that exports account for just 11% of GDP—the same may not hold true for its stock market. As today’s Hot Chart illustrates, foreign sales contribute a substantial 41% of the revenues generated by S&P 500 companies. This suggests that while the direct short-term impact of a trade war on GDP may be limited, the indirect effects—such as a declining stock market and widening corporate bond spreads—could have a far more significant economic impact via a negative wealth effect for investors and U.S. households. If the tariff war persists, we anticipate a notable drag on U.S. economic growth in the coming quarters.

### U.S.: A significant negative wealth effect looms if the trade war persists

Exports as a share of GDP



S&P 500 foreign sales as a % of total sales



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