

US: What the markets envision for 2025?

EQUITY STRATEGY TEAM

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As we look ahead to 2025, the broad US market may not deliver another year of outsized double-digit gains.¹ Wall Street's top forecasters anticipate continued growth for the S&P 500, with an average price target suggesting an upside of around 8% only.¹ Below are the key potential themes that are likely to influence the stock markets in 2025.

1 Shifting Leadership in the US

The return of Donald Trump to the White House is set to fracture the global economy further.² President-elect Trump has begun announcing plans to implement significant tariffs aimed to reduce the US trade deficit. Proposed measures include a punitive 60% tariff on Chinese exports and a broad 10-20% tariff on all imports.² Unlike budgetary changes, these tariff increases can be enacted through executive orders without needing congressional approval.² While the high tariff rates may serve as a negotiation strategy, bipartisan support for a tough stance on China suggests that tariffs of 20-30% on Chinese goods could be implemented in the latter half of 2025 after the public consultation period concludes.² Additionally, the new administration intends to ease regulations, potentially benefiting sectors like oil and gas, finance, and small businesses, which could encourage risk-taking and stimulate growth.² Despite that the deregulation might lead to increased consumer prices if it fosters monopolistic practices, the markets still generally believe that the risk-reward for US equities has turned positive given that a Trump presidency is likely to be stimulative for growth and corporate earnings.²

2 The race for AI supremacy

Spending on Generative AI (GenAI) is projected to grow at an impressive rate of 73% annually over the next four years, according to the International Data Corporation.^{2,3} This growth means that global spending on GenAI core IT is expected to increase from US\$16 billion in 2023 to an estimated US\$143 billion by 2027.² Currently, major tech companies are making significant investments in silicon and hardware, and the market for AI semiconductors continues to expand.² Companies like Nvidia and AMD are responding to the rising demand for computing power by unveiling plans for new graphics processing units (GPUs) in the coming years, reflecting a rapid development timeline.² This surge in demand will also affect the semiconductor and hardware industries, creating a greater need for advanced High Bandwidth Memory and cooling solutions.² As a result, investment in AI infrastructure is currently significant and is anticipated to grow rapidly in the near future.^{2,3,5}

3 Earnings

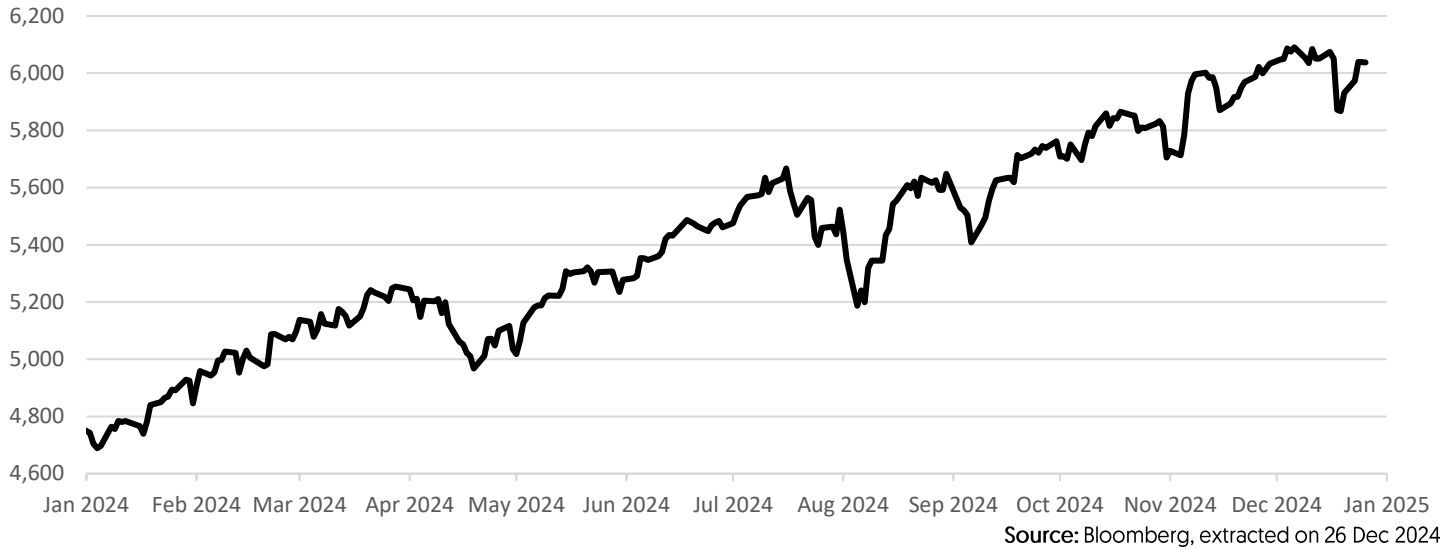
Earnings and valuations together indicate a strong potential for continued market expansion. A key factor influencing US stock prices will be the economic outlook and the potential for earnings growth, particularly if market confidence remains in pro-growth policies proposed by Trump.¹ S&P 500 companies are projected to experience a 15% increase in earnings by 2025, according to FactSet.⁴ The sectors likely to see the most significant growth within the S&P 500 include information technology, health care, industrials, materials, and communication services.⁴ The collective annual earnings per share for S&P 500 companies is estimated to reach US\$239.92 in 2024, rising to US\$275.15 by 2025.⁴ While US equities may benefit from higher earnings, it is important to note that the outlook could be challenged over the next four years by fewer US Fed rate cuts and rising US Treasury yields.³

Markets will not move up in a straight line in 2025. Brace for greater volatility, but do not lose hope if markets see intermittent pullbacks. The current bull market in global equities began about two years ago, and during this time, there were several market corrections. Each time, the markets have managed to regain their footing and reach new heights. Investors who maintained their confidence and stayed invested have been rewarded for their patience. It is perfectly normal to experience volatility in a bull market, and there is no reason to be alarmed by it. Historically, the S&P 500 is positive about 70% of the time, regardless of what the returns were the year before.¹



United States

Below are the S&P 500 index stocks with market cap of more than USD 50B



Top 30 index stocks based on Market Capitalisation

Ticker	Name	Market Cap [USD]	Price [USD]	Earning Announcement Date	Analysts' Consensus 12M Target Price [USD]	Potential returns from Analyst Consensus	Dividend Yield
AAPL US	APPLE INC	3.92T	259.02	30/01/2025	245.95	-5.05%	0.39%
NVDA US	NVIDIA CORP	3.43T	139.93	26/02/2025	173.07	23.68%	0.03%
MSFT US	MICROSOFT CORP	3.26T	438.11	30/01/2025	503.51	14.93%	0.76%
GOOGL US	ALPHABET INC	2.40T	195.60	30/01/2025	211.42	8.09%	0.41%
AMZN US	AMAZON.COM INC	2.39T	227.05	31/01/2025	242.27	6.70%	N/A
META US	META PLATFORMS INC	1.52T	603.35	31/01/2025	663.51	9.97%	0.33%
TSLA US	TESLA INC	1.46T	454.13	24/01/2025	294.72	-35.10%	N/A
AVGO US	BROADCOM INC	1.15T	245.36	07/03/2025	245.46	0.04%	0.96%
BRK/B US	BERKSHIRE HATHAWAY INC	989.40B	459.08	24/02/2025	491.33	7.03%	N/A
LLY US	ELI LILLY & CO	753.89B	794.14	06/02/2025	994.99	25.29%	0.75%
WMT US	WALMART INC	745.42B	92.79	20/02/2025	98.76	6.44%	0.89%
JPM US	JPMORGAN CHASE & CO	684.52B	243.14	15/01/2025	243.60	0.19%	2.06%
V US	VISA INC-CLASS A SHARES	647.36B	320.91	24/01/2025	335.38	4.51%	0.74%
MA US	MASTERCARD INC	492.15B	536.15	31/01/2025	568.41	6.02%	0.57%
ORCL US	ORACLE CORP	480.18B	171.68	11/03/2025	197.84	15.24%	0.93%
XOM US	EXXON MOBIL CORP	468.03B	106.49	03/02/2025	130.14	22.21%	3.72%
UNH US	UNITEDHEALTH GROUP INC	470.40B	511.15	13/01/2025	640.79	25.36%	1.64%
COST US	COSTCO WHOLESALE CORP	424.43B	956.14	06/03/2025	1026.83	7.39%	0.49%
NFLX US	PROCTER & GAMBLE CO/THE	400.73B	170.16	22/01/2025	182.22	7.09%	2.37%
PG US	NETFLIX INC	395.03B	924.14	22/01/2025	854.77	-7.51%	N/A
HD US	HOME DEPOT INC	392.52B	395.14	25/02/2025	429.11	8.60%	2.28%
JNJ US	JOHNSON & JOHNSON	350.50B	145.58	22/01/2025	176.33	21.13%	3.41%
BAC US	BANK OF AMERICA CORP	341.83B	44.55	16/01/2025	49.26	10.57%	2.33%
CRM US	SALESFORCE INC	327.03B	341.72	28/02/2025	398.98	16.76%	0.47%
ABBV US	ABBVIE INC	316.67B	179.20	03/02/2025	204.07	13.88%	3.66%
KO US	COCA-COLA CO/THE	269.54B	62.57	13/02/2025	73.72	17.82%	3.10%
TMUS US	T-MOBILE US INC	259.58B	223.68	24/01/2025	247.26	10.54%	1.57%
CVX US	CHEVRON CORP	258.75B	143.98	03/02/2025	176.00	22.24%	4.53%
MRK US	MERCK & CO. INC.	252.63B	99.87	04/02/2025	127.92	28.08%	3.24%
ACN US	ACCENTURE PLC	242.71B	360.43	20/03/2025	398.04	10.44%	1.64%

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