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# February 2025 Newsletter

## FEBRUARY HAS ARRIVED AND EVERYONE SEEMS TO BE WAITING FOR DONALD TRUMP'S MOVES: WALL STREET INCLUDED

As always, the end-of-year celebrations and holidays have made the month of January short and uneventful on the financial markets. Everything as usual except for the brief flare-up unleashed by the Chinese artificial intelligence software company *DeepSeek*, whose novelties have triggered a disproportionate sale of Tech and artificial intelligence stocks in a few hours on Wall Street. On 20 January 2025, *DeepSeek* released its first free chatbot app, based on the *DeepSeek-R1* model, for iOS and Android; by 27 January, *DeepSeek* had surpassed ChatGPT as the most-downloaded free app on the iOS App Store in the United States, causing *Nvidia*'s share price to drop by 18%.
Nonetheless, many think that the *"DeepSeek* case" was simply a good excuse for a general sell-off, but almost no one thinks that China can compete with the United States (especially in this historical-economic moment) in terms of technology and artificial intelligence.

The real attention and the real question marks are instead those concerning the new Trump administration.
The Fed, for example, during its last meeting, decided to keep interest rates unchanged, waiting to understand the next moves of the American President. The first tariffs' policies proposed by Donald Trump that affect China, Canada and Mexico create widespread perplexity.
It is fair to point out, however, that Donald Trump and his government have taken office during an indisputably favorable moment for the U.S. economy, which is growing much faster than that of any other major developed country.
Furthermore, corporate earnings continue to surprise to the upside, liquidity conditions are positive and global economic growth remains steady (the global economy is expected to grow about 3 percent in 2025).

## How to invest in February?

Some analysts comment on the *DeepSeek* episode positively, as it favors competition in the AI's field and, at the same time, allows to break the spell around the oligopoly of companies active in the sector.
In fact for several months the concentration risk in technology was considered a concern.

For investments in February, caution is recommended, given that moments of volatility are to be expected.
It is advised to prefer large cap stocks or stocks with strong and stable fundamentals over the mid and small cap stocks.
Specifically, it is recommended to invest in U.S. equities, to buy in the technology sector during brief market corrections and, in general, to maintain liquidity in the portfolio.
Outside the United States, Swiss equities (especially in pharmaceutical and consumer staples companies) and financials are viewed favorably.

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