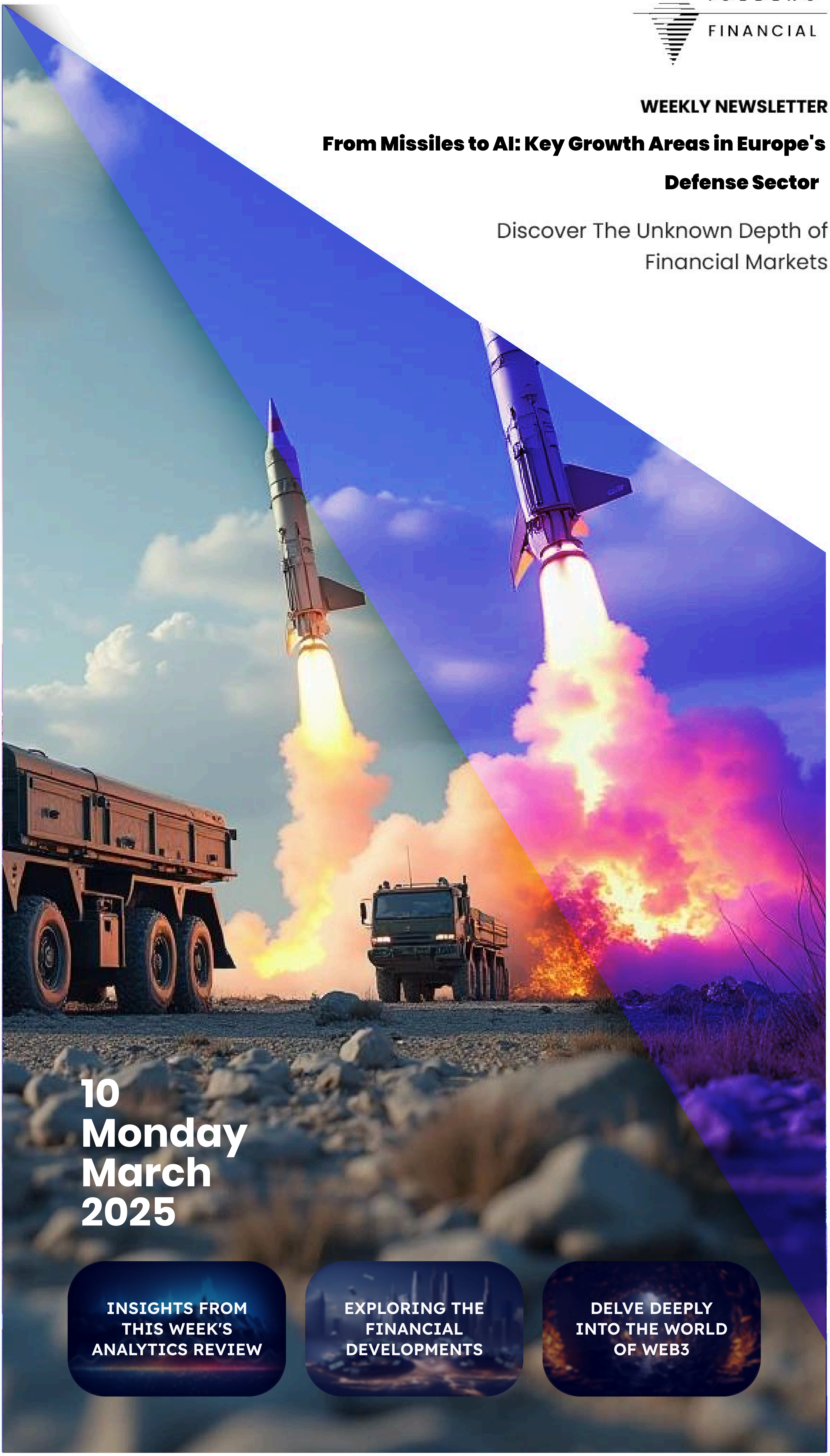
ICEBERG FINANCIAL

WEEKLY NEWSLETTER

From Missiles to AI: Key Growth Areas in Europe's Defense Sector

Discover The Unknown Depth of Financial Markets



Context

ICEBERG ANALYTICA

- TSMC's US Expansion: Growing Fears of Technology Transfer
- Oura Ring 4: AI-Powered Health Tracking for Personalized Wellness
- The Unsung AI Chip Giant: Broadcom's Dominance Revealed
- The Generative AI Paradox: Productivity Surges, Adoption Stalls

ICEBERG FINANCIAL

- Europe's Defense Evolution: Missiles, AI, and Beyond
- Europe as a Growth Hub: Diversifying Away from US Dominance
- Energy Security in Europe: Confronting Economic Realities
- Impact of Trump's Tariffs on US Clean Energy Sector
- Trump’s Tariff Threats Disrupt Global Trade and Supply Chains

ICELAB

- Tech Giants and Stablecoins: A Recipe for Financial Market Control
- Trump’s $TRUMP Memecoin Sparks Ethical Concerns and Market Volatility
- Decentralized AI: Kava's Blockchain-Based Challenge to Big Tech
- Democratizing Web3: AI and Blockchain Power Self-Writing Applications

CHARTS

- US recession risks
- The gap in retirement savings between men and women
- The disconnect between AI spend and potential

Insights From Past Weeks Analytics Revivew

USD vs. Major Currencies

USD vs. Major Currencies

Name	Symbol	Rate	Change	Change %	5 Days	1 Month	YTD	1 Year	3 Years	Day Range	52 Week Range
Australian Dollar	USD:AUD	1.58484	0.0058	0.37%	-1.49%	-0.62%	-1.91%	4.89%	15.95%	1.57778 – 1.59172	1.44074 – 1.64222
British Pound	USD:GBP	0.77375	-0.0027	-0.34%	-2.49%	-3.97%	-3.13%	-0.91%	1.38%	0.77253 – 0.77661	0.74443 – 0.82233
Canadian Dollar	USD:CAD	1.4383	0.0084	0.59%	-0.50%	0.62%	0.04%	6.94%	12.21%	1.42795 – 1.44265	1.34208 – 1.47935
Chinese Renminbi ("Yuan")	USD:CNY	7.24365	0.00	0.00%	-0.69%	-0.83%	-1.28%	0.61%	14.55%	7.22795 – 7.2536	6.97349 – 7.39915
Euro	USD:EUR	0.92248	-0.0048	-0.52%	-3.93%	-4.70%	-4.46%	0.97%	0.11%	0.91836 – 0.92751	0.89181 – 0.97934
Japanese Yen	USD:JPY	148.054	0.07	0.05%	-1.67%	-2.23%	-5.91%	0.14%	28.42%	146.943 – 148.203	140.049 – 161.679
Swiss Franc	USD:CHF	0.8802	-0.004	-0.46%	-2.53%	-3.27%	-3.00%	0.31%	-4.87%	0.8767 – 0.88425	0.83739 – 0.92044

- The EURUSD pair surged to its highest level since last November as the US Dollar weakened due to disappointing economic data and concerns over Trump's tariffs, which could slow economic growth. In Europe, German Chancellor-designate Friedrich Merz announced a €500 billion military and infrastructure spending plan, while Ursula von der Leyen proposed an €800 billion initiative to bolster European defense and support Ukraine following reduced US aid. The ECB cut interest rates by 25 basis points but signaled a cautious approach to further easing, strengthening the Euro. Meanwhile, Trump's tariffs on Canada and Mexico, along with uncertainty over USMCA, added pressure on the Dollar. Weak US job data, higher unemployment, and downward revisions in manufacturing and services heightened economic concerns, with upcoming US inflation reports and geopolitical risks set to influence market direction.

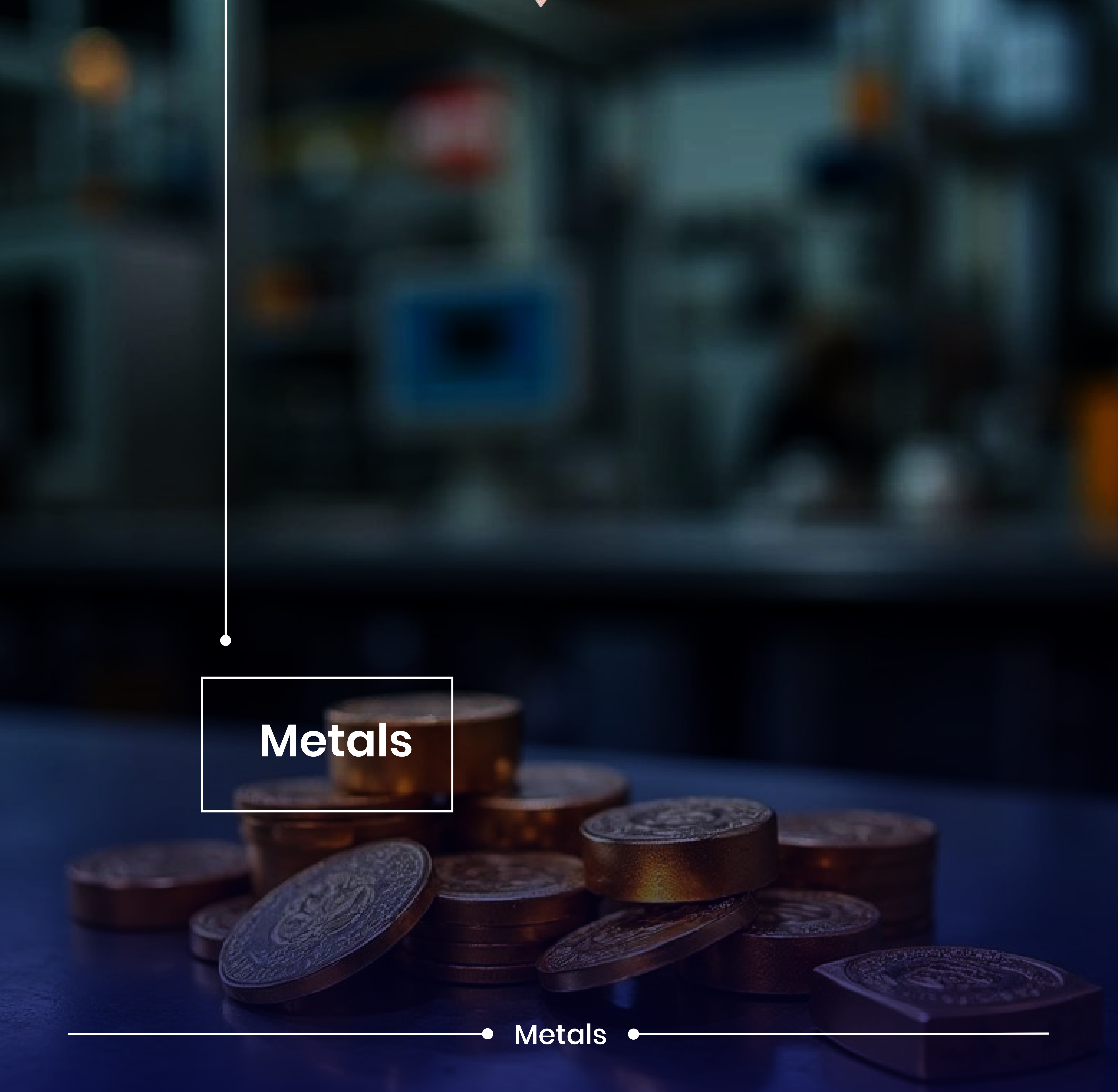
Energy

Energy

Energy

Name	Symbol	Today	5 Days	1 Month	YTD	1 Year	3 Years	Day Range		52 Week Range	
Oil	USO	1.35%	-4.16%	-4.97%	-4.58%	-2.88%	-12.48%	71.77	73.31	66.02	84.58
Brent Oil	BNO	1.40%	-3.78%	-5.10%	-3.11%	-3.65%	-15.05%	28.92	29.46	26.77	33.91
Natural Gas	UNG	1.84%	14.01%	32.67%	37.95%	44.67%	-65.80%	22.13	23.48	12.35	24.15
Gasoline	UGA	0.53%	-5.66%	-9.50%	-6.38%	-11.02%	-6.29%	58.76	60.20	55.37	74.57

- Oil prices rose on Friday but pared gains after President Trump threatened sanctions on Russia over the Ukraine conflict. Brent crude settled at $70.36 per barrel, while WTI finished at $67.04, with initial gains driven by Russia's indication that OPEC+ would proceed with an April production increase while considering future output cuts. However, market volatility followed as Trump's comments on sanctions and tariffs created uncertainty. For the week, Brent and WTI recorded their largest declines in months, pressured by rising US crude inventories and OPEC+'s decision to increase production quotas. Additional concerns came from Washington's efforts to curb Iranian crude exports, with reports of potential tanker inspections. Oil prices briefly steadied after Fed Chair Powell acknowledged the impact of Trump's trade policies, while uncertainty surrounding tariffs on Canadian and Mexican goods, along with US job growth trends, added to market caution.



Metals

Metals

Precious Metals

Name	Symbol	Today	5 Days	1 Month	YTD	1 Year	3 Years	Day Range	52 Week Range
Palladium	PALL	0.76%	2.91%	-2.13%	4.12%	-8.50%	-68.91%	86.09 – 87.56	77.52 – 113.92
Gold	GLD	0.05%	1.94%	1.70%	10.85%	34.24%	43.98%	267.64 – 270.34	198.94 – 272.32
Platinum	PPLT	-0.42%	1.98%	-0.98%	6.08%	4.22%	-15.58%	87.79 – 88.79	81.94 – 100.00
Silver	SLV	-0.34%	4.52%	1.93%	12.38%	33.05%	24.85%	29.22 – 29.68	21.97 – 31.80

- Gold rebounded above $2,900 in March, driven by a weaker US dollar following disappointing economic data and geopolitical uncertainty. The cancellation of a minerals deal between the US and Ukraine, alongside weak US manufacturing figures, weighed on sentiment, while new tariffs on Canadian, Mexican, and Chinese imports added pressure on the dollar, boosting gold. Midweek, gold's rally slowed as Germany's fiscal policy shift strengthened the Euro, leading to capital outflows from gold. However, weaker-than-expected US jobs data helped gold maintain its gains. Investors now focus on upcoming US inflation data, which could influence Federal Reserve rate expectations. A softer CPI reading may bolster gold by increasing the likelihood of rate cuts, while further tariff changes could shift risk sentiment and impact demand for the metal.

Analytica

- **Technology Transfer Concerns Grow as TSMC Expands US Presence**

- TSMC's investment in a new R&D center in Arizona has sparked fears in Taiwan about the loss of critical semiconductor technology to the US, potentially undermining its own technological and security interests.

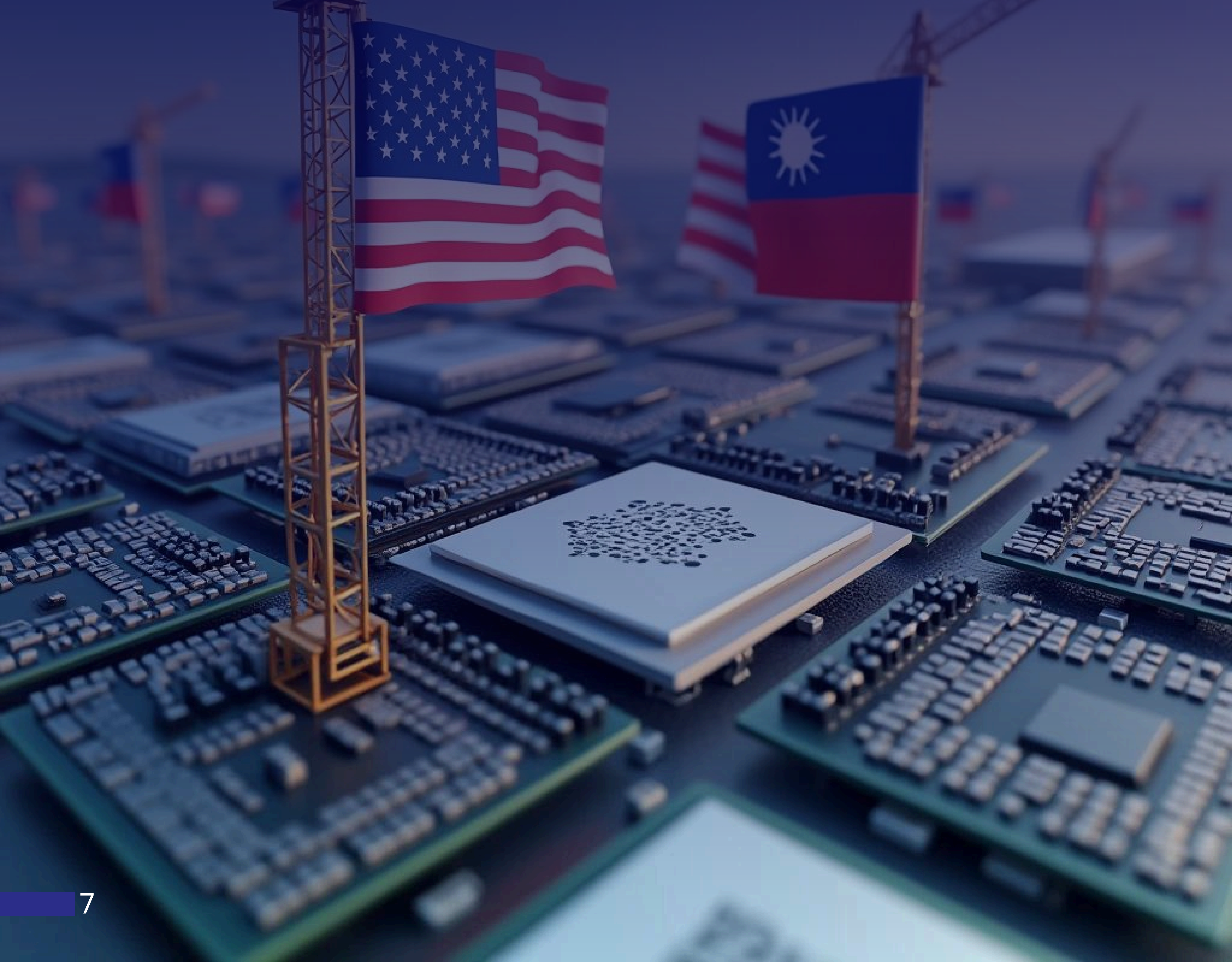
- In light of Taiwan Semiconductor Manufacturing Company's (TSMC) announcement to invest an additional $100 billion in Arizona, there is growing concern in Taiwan over the US's commitment to its security under President Donald Trump. Trump's recent stance, suggesting the potential abandonment of Ukraine and criticizing its lack of gratitude, has left Taiwanese officials wondering whether the US could similarly abandon Taiwan in favor of China. TSMC, which dominates global semiconductor production, sees its investments in the US as a strategic move to ensure its importance in US-Taiwan relations, especially given Taiwan's central role in the global chip industry.

- Despite Taiwan's crucial role in global chip manufacturing, there are concerns about the transfer of advanced technologies to the US. TSMC's investment, which includes a new R&D center in Arizona, has raised fears in Taiwan about the loss of critical technology. Taiwanese officials are wary of the US's growing influence over TSMC, with some arguing that such investments could undermine Taiwan's own technological and security interests. Public sentiment reflects this unease, as a significant majority of respondents oppose the transfer of Taiwan's most advanced semiconductor technology to the US, fearing that it would diminish Taiwan's bargaining power.

- Taiwan's reliance on US support for its security against China remains as critical as ever, but Trump's previous remarks about Taiwan and the semiconductor industry have caused concern. Some fear that the US may use Taiwan's chip industry as leverage in negotiations with China, potentially sacrificing Taiwan's security for broader economic deals. While Taiwan is increasing its defense spending and strengthening ties with the US through arms procurement and energy deals, there remains a sense of uncertainty about the long-term US commitment to its defense, especially under Trump's unpredictable foreign policy.

- Further complicating matters, the US has expressed interest in strengthening its own defense manufacturing supply chain, with Taiwanese firms potentially playing a role. However, many Taiwanese are skeptical about the effectiveness of such economic incentives in securing their safety, as China's military expansion continues. Taiwanese officials, including Defense Minister Wellington Koo, emphasize that the status quo in the Taiwan Strait is crucial to US interests, but the increasing reliance on economic incentives and military spending may not be enough to ensure Taiwan's security if US priorities shift.

- In the face of these challenges, Taiwan's leadership continues to push for increased defense spending and strategic investments, aiming to solidify its position as a critical partner for the US. However, Taiwan's fear of being left vulnerable to Chinese aggression remains, especially as Trump's negotiations with China could potentially put Taiwan's security on the line.

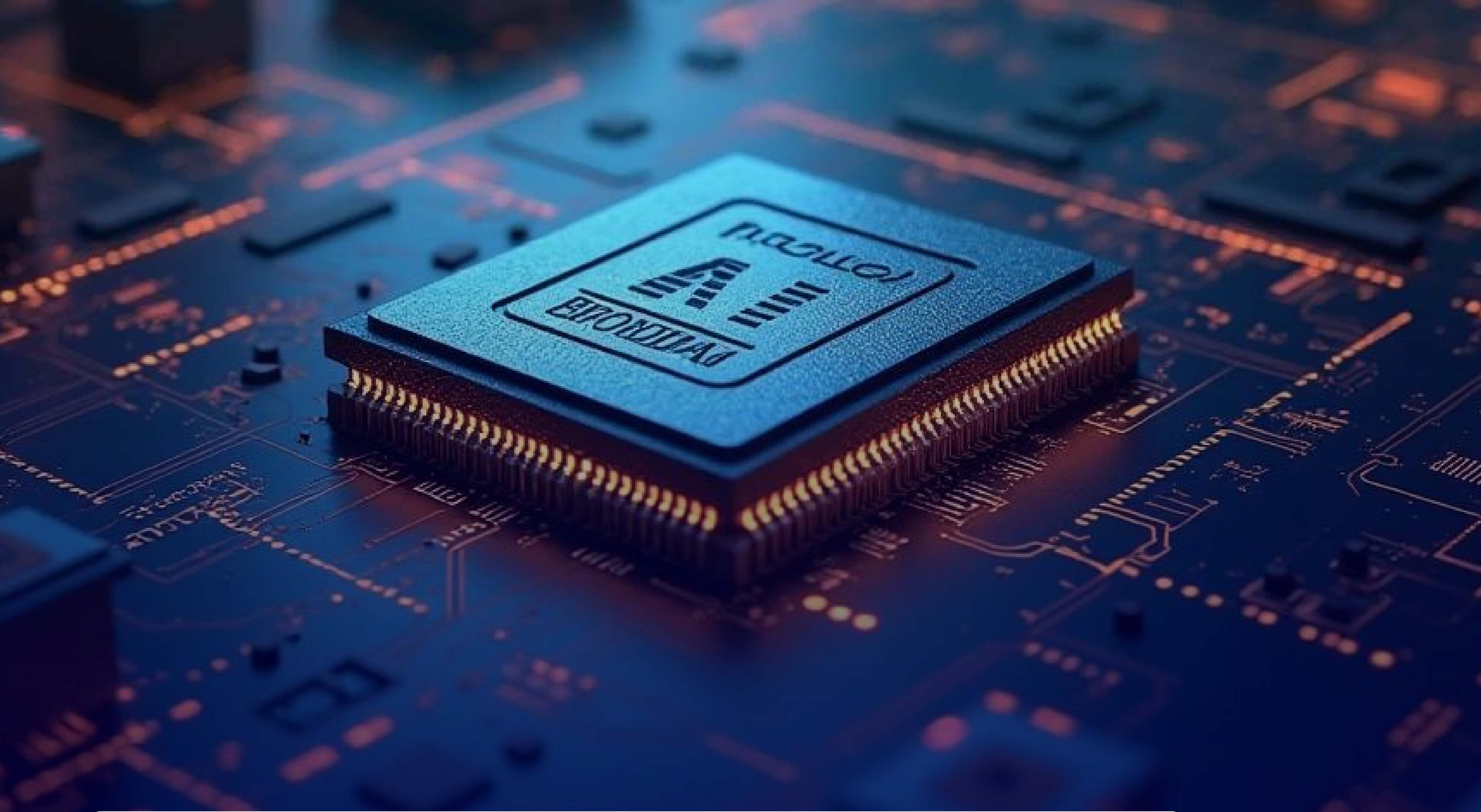


- **AI-Enhanced Health Tracking: Oura Ring 4 Delivers Personalized Insights**

- Oura Ring 4's Smart Sensing system and AI-driven software provide a personalized user experience, offering accurate data collection and actionable fitness advice in a discreet wearable.
- The Oura Ring, a health-tracking device that debuted over a decade ago, has evolved into a dominant player in the growing smart ring category. Valued at $5.2 billion, Oura remains at the forefront, offering a more discreet alternative to traditional smartwatches. The latest iteration, the Oura Ring 4, offers improved sensors and design, making it a more accurate and reliable tool for tracking sleep, activity, and heart rate. Unlike smartwatches, the Oura Ring lacks a display but provides seamless data collection and an elegant, jewelry-like appearance, drawing consumers looking for subtlety.
- AI is a central part of Oura's strategy, with its new Smart Sensing system designed to optimize sensor accuracy and battery life. The Ring 4's software offers a personalized user experience, including a daily readiness score and actionable fitness advice. While it lacks some features of larger devices like built-in GPS and contactless payments, its longer battery life and comfort make it particularly suited for sleep tracking, where smartwatches can be uncomfortable. This makes it a strong alternative for users who prioritize discreet health tracking without the bulk of traditional wearables.

- However, Oura faces competition, especially from companies like Samsung, whose Galaxy Ring also entered the market but with performance flaws. Despite this, Samsung's Galaxy Ring does not require a subscription, which could be a significant advantage over Oura's $5.99 per month fee. While the subscription fee offers access to advanced features like AI-powered advice and detailed insights, those who stop paying lose many of the app's key functionalities, which might deter some users. This subscription model sets Oura apart but also presents a challenge in convincing customers to pay for ongoing software services.

- The Oura Ring 4 stands out for its refined design, accurate data collection, and user-friendly interface. It has successfully carved out a niche in the health-tracking market, providing valuable insights in a sleek, low-profile package. Yet, to maintain its position in a rapidly growing field, Oura must continue to innovate, particularly with its AI and software offerings, to ensure that users remain engaged and loyal. As competition intensifies, the company's ability to stay ahead of rivals will be crucial for its continued success.



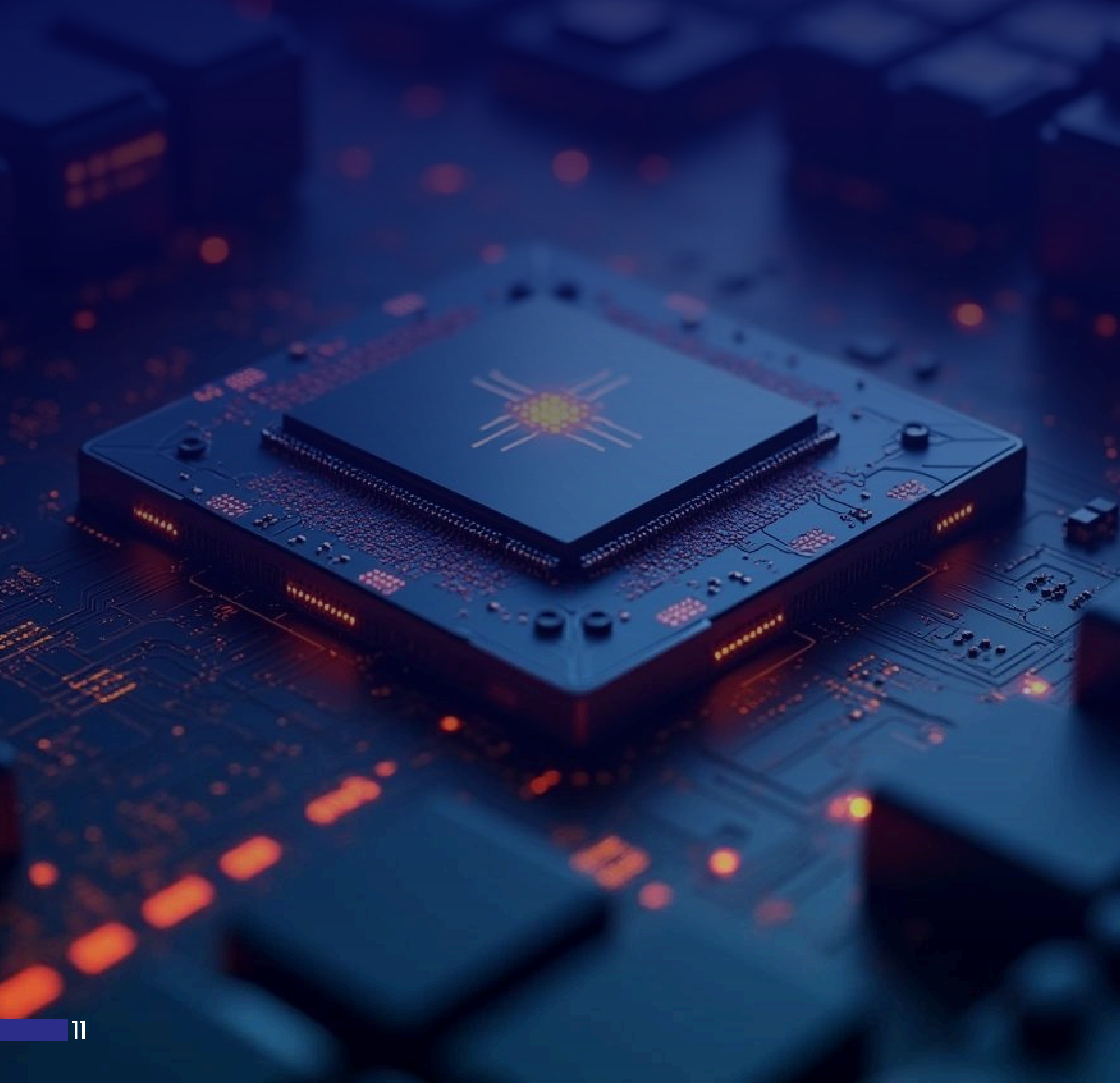
• Beyond Nvidia: Broadcom Quietly Dominates in AI Chip Market

- While Nvidia has garnered much of the attention in the AI boom, Broadcom has quietly emerged as a significant player, with its stock outperforming Nvidia and its AI-related revenue rapidly growing.

- While Nvidia has been the main beneficiary of the artificial intelligence boom, Broadcom has quietly emerged as a significant player in the space, with its stock outperforming Nvidia over the past year. The launch of ChatGPT in 2022 triggered a surge in demand for AI data centers, benefiting both companies. Broadcom’s AI-related revenue has grown rapidly, making up over 25% of its total revenue in recent months, with expectations to reach 30% by June. Analysts predict Broadcom's total sales will exceed $80bn by 2027, with AI equipment sales projected to grow by 160%, significantly outpacing growth in its other segments.

- Broadcom and Nvidia, while both crucial in the AI market, play different roles. Nvidia is known for its powerful off-the-shelf graphics processing units (GPUs), which are state-of-the-art for general AI tasks. In contrast, Broadcom focuses on custom chips, or XPUs, designed for more specific, narrow tasks. This includes providing silicon for hyperscalers like Google. Broadcom’s custom chips can be more affordable than general-purpose GPUs, but there are trade-offs, especially when factoring in the cost of getting the chips to work together. Broadcom’s market share in AI accelerators is expected to grow, but it faces competition from other companies such as Marvell and MediaTek.

- Broadcom's growth strategy is aggressive, with CEO Hock Tan overseeing nearly $100bn in mergers and acquisitions since 2016, positioning the company as a major player in the AI sector. Tan's bold projections, including claims that his top three customers will spend up to $90bn on AI investments by 2027, have fueled investor enthusiasm. While the exact portion of that investment going to Broadcom is unclear, the company's ambitious plans have resonated with investors. Broadcom's market value has surged, with its shares increasing by 16% since November's US election, in contrast to Nvidia's slight decline.
- The stock market has responded positively to Broadcom's promising AI prospects. With a valuation multiple twice its 10-year average, Broadcom's stock is gaining momentum, reflecting its growing role in the AI and data center sectors. While Nvidia continues to dominate with its GPUs, Broadcom's focus on custom silicon for hyperscalers and its aggressive growth strategy have given it a competitive edge. Investors see both companies as essential players in the AI boom, but Broadcom's recent performance and strategic direction are giving it an advantage in portfolios.



- ## Generative AI in the Workplace: Adoption Lags Despite Productivity Gains

- While generative AI has the potential to revolutionize workplaces, survey data reveals a significant adoption gap, with workers often lacking the training and support needed to fully leverage its capabilities.
- Generative AI, including tools like ChatGPT, has the potential to revolutionize the workplace by streamlining repetitive tasks, enhancing productivity, and enabling workers to focus on more value-added activities. However, survey data indicates that workers aren't fully embracing this technology, with adoption varying significantly across demographics. Younger adults, particularly those aged 18 to 29, are more likely to use generative AI regularly, and those with higher educational levels tend to be more familiar with AI tools. In countries like France, younger individuals and those with degrees are more likely to use ChatGPT, showing a similar trend in familiarity and adoption.
- Despite the promise of generative AI, workers often lack the training and support to leverage its full potential. A significant gap exists between the number of employees using AI and those receiving formal training. While daily AI users report increased creativity and job satisfaction, only a small fraction of employees have received adequate training in AI fundamentals, leaving many relying on self-teaching. Employers have been slow to provide formal education in AI, even though the technology is increasingly becoming a key part of workplace productivity.
- Generative AI has demonstrated productivity benefits, with workers saving time on tasks like checking the accuracy of their work and having more room for strategic thinking. However, some workers have expressed dissatisfaction with how the technology reduces creativity, and in some cases, employers may simply increase workloads to fill the time saved. While AI can improve existing tasks, experts argue that its true value will be realized when it can perform entirely new tasks, potentially transforming industries. Global attitudes toward AI vary, with enthusiasm for the technology more prominent in emerging markets than in places like Japan and South Korea.
- Ultimately, while AI adoption is growing, its long-term impact on work remains uncertain. The technology's rapid integration into the workplace is not yet widespread, and many workers are still waiting to see its effects. Over time, as AI becomes more ingrained in daily operations, workers' attitudes may shift as they gain more experience with its capabilities.

Financial

From Missiles to AI: Key Growth Areas in Europe's Defense Sector

- Increased defense spending is driving growth across various sectors in Europe, including land vehicles, air defense systems, intelligence, and emerging technologies like AI and cybersecurity.
- For the first time in over 30 years, Europe's defense sector has become a key focus, with governments committing large sums to strengthen military capabilities amid rising geopolitical tensions. Following years of limited military spending, the escalating threat from Russia and shifting US policies have pushed European leaders to act. As a result, defense companies have seen substantial growth, with some valuations rising over 40% since the start of the year, driven by new government orders and heightened defense investments.
- The war in Ukraine has highlighted vulnerabilities in European defense, particularly in areas such as intelligence, surveillance, and missile protection systems. With the US reducing its military support to Europe, the continent faces capability gaps, and there are concerns over the need to fill them independently. The US had been a significant source of defense equipment for Europe, but as policy shifts, European nations must turn to their own industries or select new suppliers to close the gaps left by American withdrawal.
- Among the beneficiaries of increased defense spending are Europe's national defense companies, such as Rheinmetall, BAE Systems, and Nexter, which have received large orders for land vehicles, ammunition, and armoured vehicles. The production capacity in these areas is under significant strain, creating opportunities for both local and US companies, like General Dynamics, to meet the demand. Air defense systems are another focus, with European-made missiles like the SAMP-T potentially playing a larger role in filling the gap left by the US’s Patriot system, which Ukraine had relied on.

- Further investments are expected in intelligence, surveillance, reconnaissance, and satellite communication capabilities. European companies such as Hensoldt and Saab are poised to benefit from the increased focus on ISR systems, while the satellite industry also sees growing opportunities. Eutelsat, for example, has entered talks to provide critical satellite connectivity in Ukraine, positioning itself well if current providers like SpaceX's Starlink reduce services. These areas are essential to strengthening Europe's autonomous communication and data management systems on the battlefield.
- Lastly, new technology sectors such as artificial intelligence, cybersecurity, and autonomous systems are set to play crucial roles in the future of warfare, and European defense companies are investing heavily in these areas. The demand for drones and AI-driven systems is particularly strong, with companies like the German startup Helsing entering the market. The shift towards integrating commercial technology into defense, alongside traditional defense giants like Thales and Leonardo, presents a significant opportunity for innovation and growth in the European defense sector.

• Rethinking US Dominance: Diversification Into Europe Gains Traction

- Amid rising transatlantic trade tensions, investors are reconsidering their reliance on US equities, with European markets showing strong performance and highlighting the value of diversification.

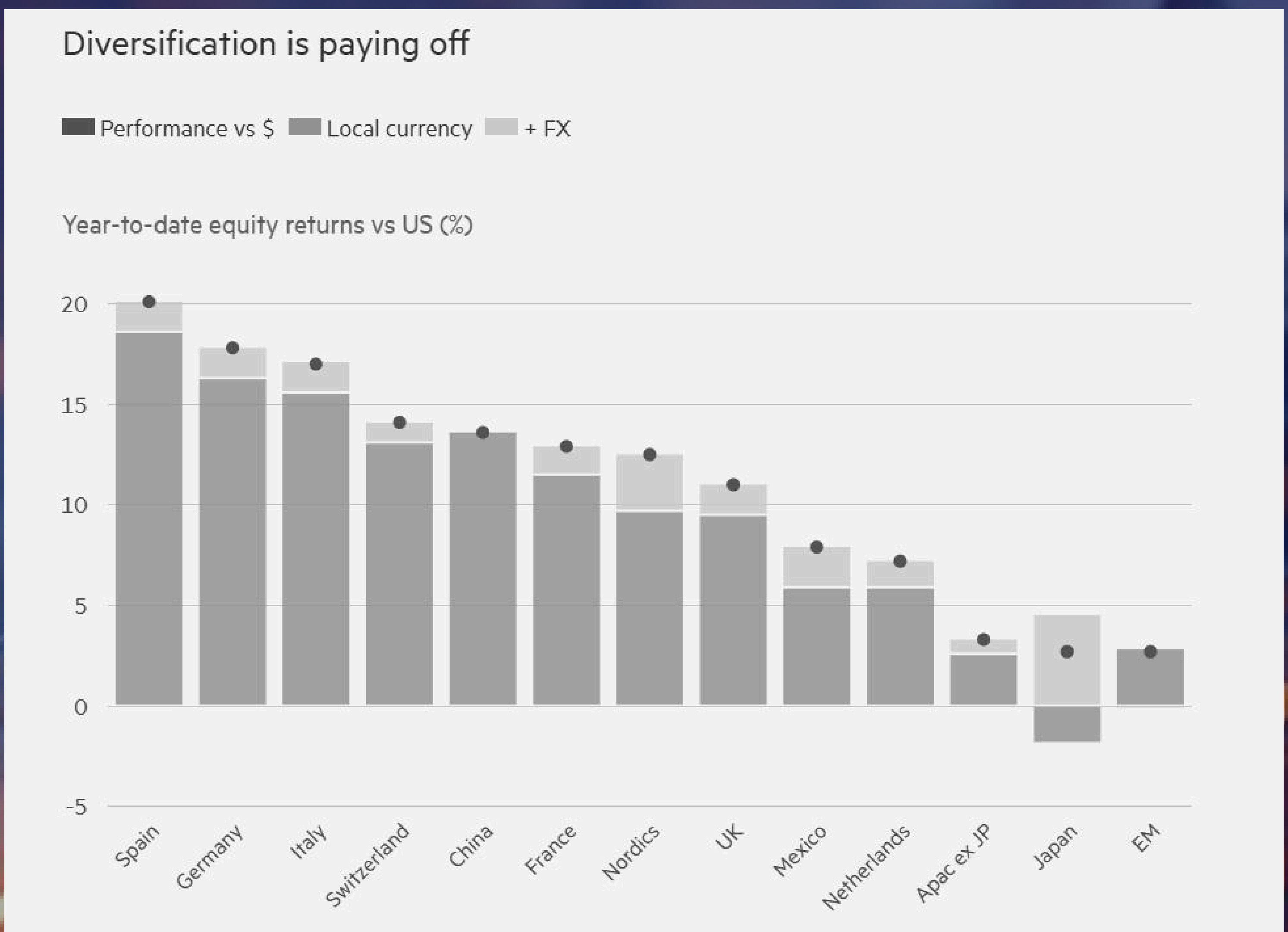
- Amid rising transatlantic trade tensions, the idea of shifting investments from the US to Europe may seem counterintuitive, especially with Donald Trump threatening a 25% tariff on European goods. However, recent market developments suggest that diversification is becoming increasingly valuable in an uncertain environment. Historically, US equities have consistently outperformed due to stronger earnings growth, largely driven by the dominance of the technology sector. By the end of last year, just five tech giants made up nearly 30% of the S&P 500's total value, an unprecedented level of concentration.

- This concentrated success led many investors to favor US stocks, reducing the perceived benefits of diversification. While European markets lagged behind, mainly due to weaker economic performance and limited exposure to tech, expectations played a significant role. Investors had grown overly confident that past trends would continue, underestimating the potential for European markets to provide better risk-adjusted returns. However, market sentiment has begun to shift in 2025, with European stocks outperforming their US counterparts.

- Since the start of the year, major European indices have risen over 12% in dollar terms, while the S&P 500 has remained flat. The German stock market has been particularly strong, with the DAX 40 index posting its second-best start to a year since reunification, rising 13% in euro terms and 15% in dollar terms. These shifts indicate a growing reassessment of European investment opportunities, driven by changing economic and market conditions.

- At the sector level, European banks have been overlooked despite their strong performance. While US tech stocks have struggled, European banks have gained 20-25% year to date. Meanwhile, renewed investor interest in Chinese tech stocks, which have rebounded over 35% from their January lows, suggests that alternatives to US large-cap tech are gaining traction. These trends highlight the benefits of looking beyond traditional market leaders for investment opportunities.

- Several factors could further strengthen Europe's position. A potential peace deal in Ukraine could lead to lower gas prices, easing inflationary pressures. Additionally, increased fiscal spending following the German elections and regulatory changes aimed at stimulating growth could further boost European markets. The past decade may have worked against diversification, but in the current environment, spreading exposure across regions and sectors is proving beneficial once again.



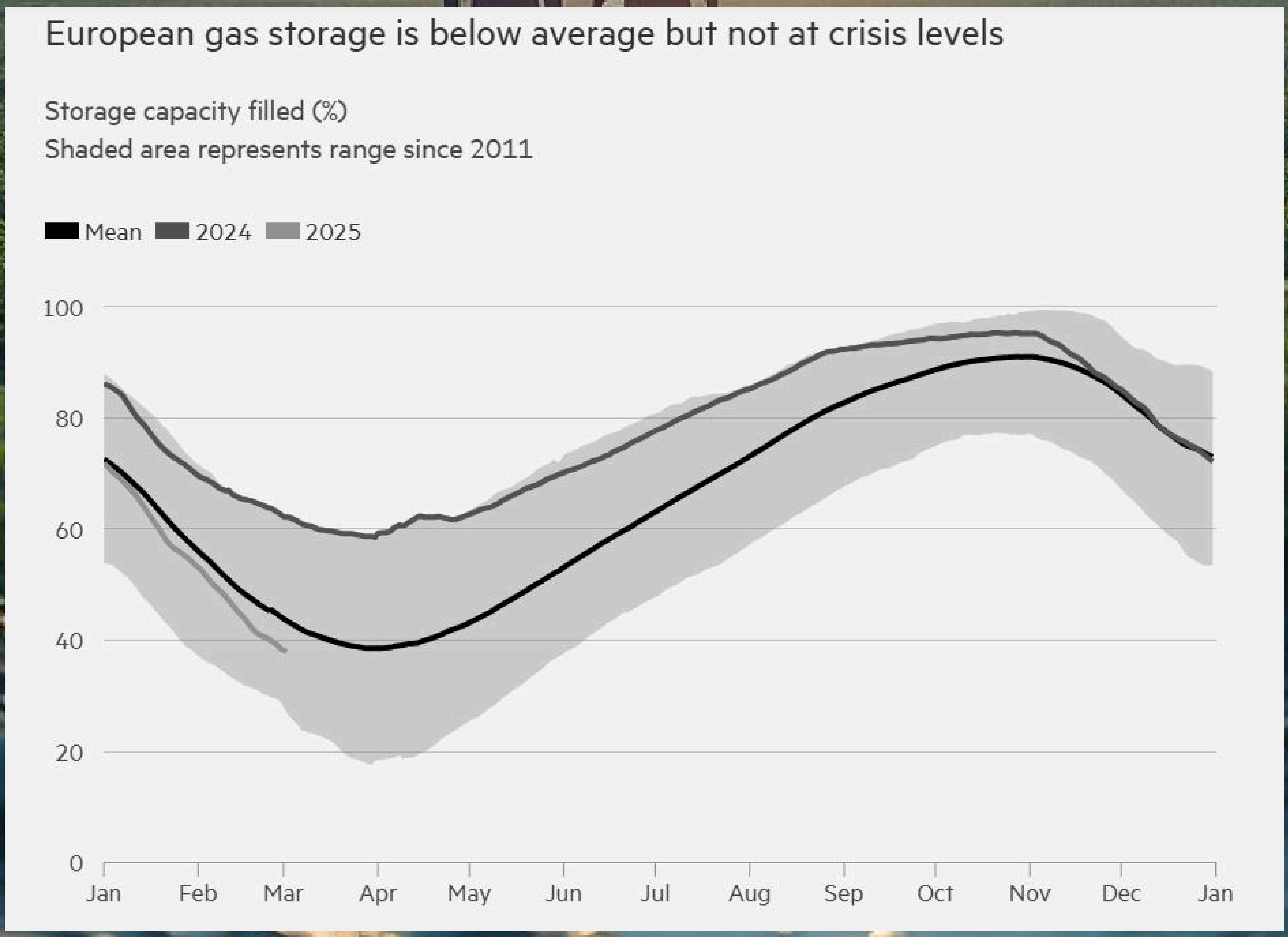
• Europe's Energy Crossroads: Balancing Security and Economic Realities

- The rupture in transatlantic security ties is forcing Europe to confront difficult choices about its energy future, deciding between resuming Russian gas imports or continuing its push for energy independence.

- The recent rupture in transatlantic security ties is forcing Europe to make difficult choices about its energy future. With the possibility of a ceasefire between Russia and Ukraine, Europe must decide whether to resume gas imports from Russia via the Baltic pipeline or continue efforts to eliminate its dependence on Russian fossil fuels. The economic implications of these decisions are significant, as the gas price shock of 2022 was the primary driver of European inflation, affecting both businesses and consumers. Rising energy costs have made some industries uncompetitive, contributing to prolonged economic stagnation, particularly in Germany.

- Despite the challenges, European gas prices are far lower than their 2022 crisis levels, although they remain significantly above pre-war prices. The bad news is that European wholesale gas prices have nearly doubled over the past year, once again putting upward pressure on inflation. Recent volatility has seen prices fall 20% from a peak in February but rise 10% since late February, highlighting ongoing instability. Compared to the US, where wholesale gas prices are less than a third of those in Europe, the continent remains at a competitive disadvantage. Strengthening LNG imports from the US could help Europe reduce this price gap and improve trade relations with Donald Trump's administration.

- A key concern is the trend in futures prices, which currently signal higher summer gas prices than winter prices, discouraging storage buildup. Normally, winter prices carry a premium to incentivize storage, but this pattern has reversed, potentially leading to inadequate gas reserves for the next heating season. However, while storage levels have declined compared to last year, they remain within historical averages. The price mechanism will likely correct these imbalances, though at the cost of higher gas prices next winter.
- The immediate consequence of rising gas prices is their impact on inflation and interest rates. The recent gas price surge has slowed the decline in inflation rates across Europe, pushing headline inflation above 2% in both the Eurozone and the UK. The European Central Bank (ECB) will release new forecasts this week, incorporating assumptions that could add 0.6 percentage points to 2025 inflation and 0.4 percentage points to 2026. The Bank of England (BoE) also expects higher energy costs to increase UK inflation by 0.4 percentage points, though recent price declines have offset some of this risk.
- Ultimately, gas prices remain a crucial factor for inflation forecasts in Europe, with volatility making accurate predictions difficult. The recent fluctuations illustrate how closely inflation and monetary policy decisions are tied to energy markets. While short-term price declines offer some relief, persistent instability means policymakers will need to remain cautious about inflation risks tied to energy costs.



• Impact of Trump's Tariffs on US Clean Energy Sector

- The Trump administration's implementation of 25% tariffs on Canadian and Mexican imports, alongside a 10% tariff on Chinese goods, will impact various sectors, including US clean energy industries. While solar and battery storage will experience moderate disruptions, the wind industry is expected to face significant challenges. The US wind sector relies heavily on imports, particularly from Mexico and China, for key components such as blades and hubs. With tariffs now applied to wind equipment from these countries, manufacturers could see a 7% rise in costs, especially for turbines that depend on Mexican blades. The impact may be mitigated by tax credits and incentives provided under the Inflation Reduction Act (IRA).

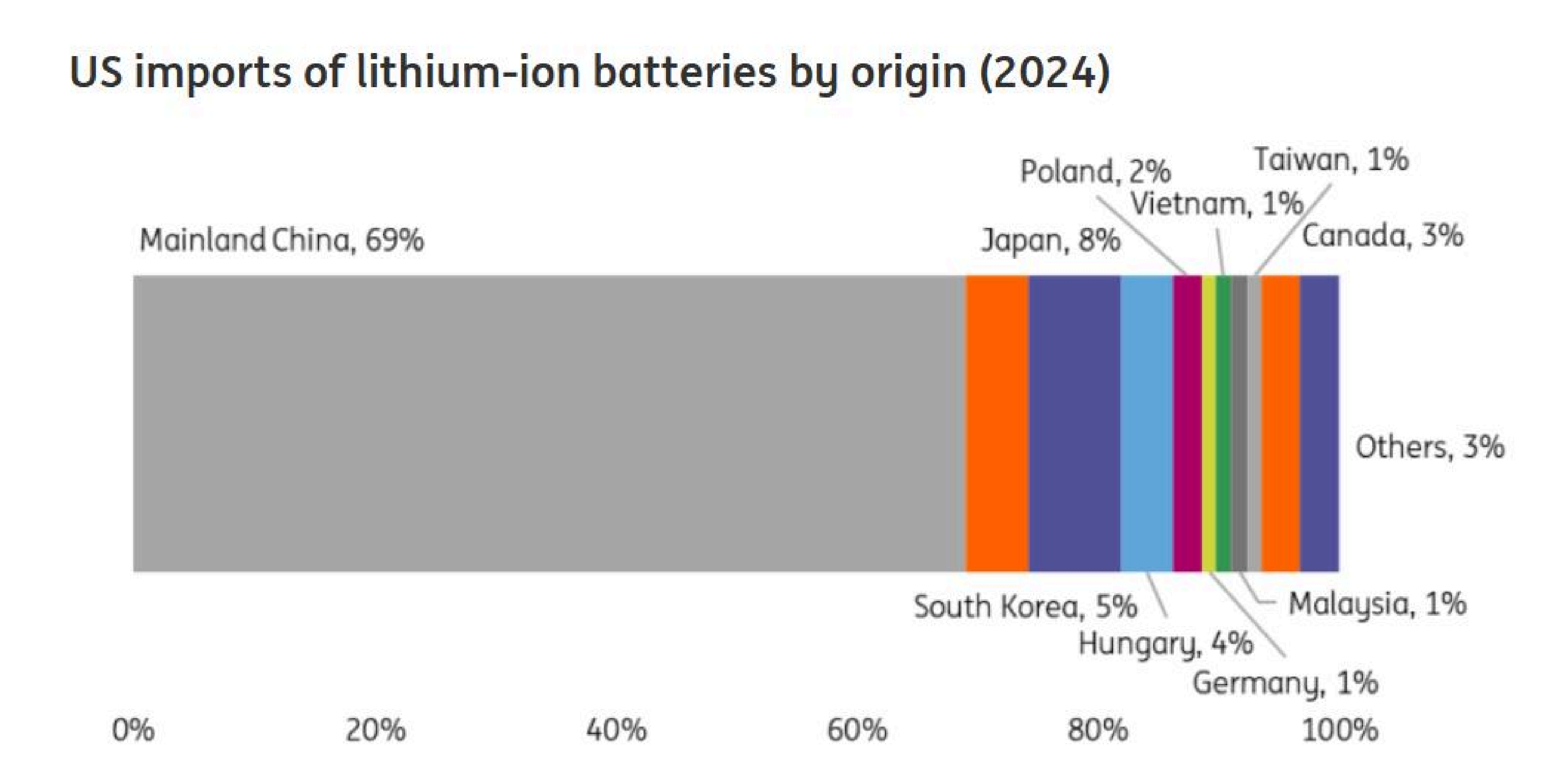
- The solar industry is somewhat insulated from these new tariffs due to its already significant exposure to tariffs, especially the over-300% tariff on Chinese solar equipment. Imports from Mexico and Canada are minimal, and most US solar equipment comes from Southeast Asia, where China has redirected its manufacturing due to previous US tariffs. The US domestic solar industry, boosted by the IRA, is also better equipped to handle trade disruptions, with domestic manufacturing capacity expected to match annual demand by 2024. While some of the demand will still be met through imports, the US solar industry is more resilient than other sectors.

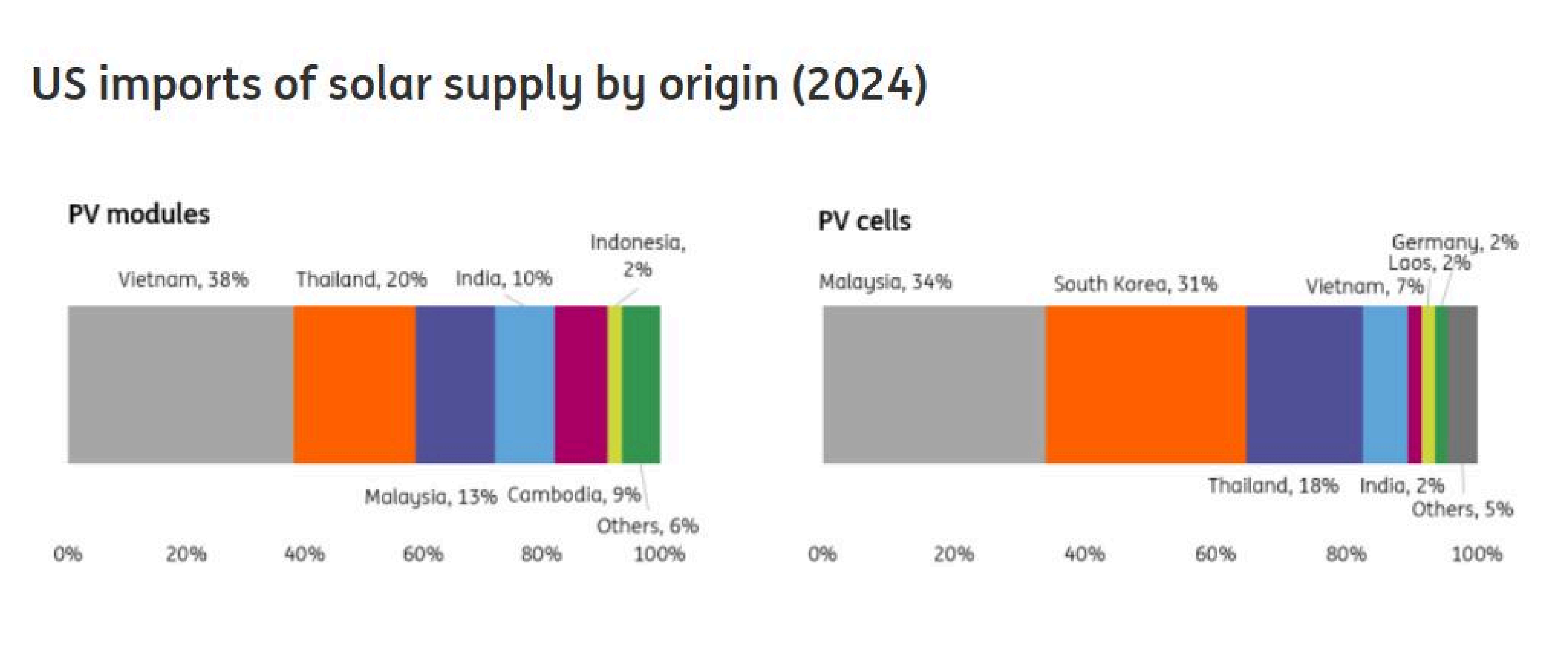
- Battery storage, particularly for electric vehicles (EVs), remains relatively unaffected by the tariffs. Despite significant reliance on Chinese imports, the tariffs on lithium-ion batteries have only caused a modest increase in cost, which is still lower than the price of US-made batteries, even after considering IRA tax credits. However, the US has seen a sharp rise in domestic battery manufacturing capacity, tripling between 2021 and 2023, with the potential for further growth in the coming years. This will reduce dependence on Chinese imports and help mitigate the impact of tariffs on the battery sector.

- One major concern for US manufacturers, particularly in the clean energy space, is the cost of raw materials. The US imports a significant portion of cobalt from Canada, and new tariffs on aluminum and steel, vital for wind and solar manufacturing, will increase costs. The wind industry, for instance, depends heavily on steel, which accounts for up to 79% of a turbine's mass. Additionally, tariffs on high-voltage transformers from Mexico and Canada could increase power transmission costs, affecting clean power generation and the broader energy grid. These raw material price hikes compound the challenges facing the clean energy sector.

- While some clean energy industries can manage the new tariffs better than others, overall, cost increases are inevitable. In the short term, supply chain adjustments and renegotiations may help ease the pressure. However, these disruptions are unlikely to derail the long-term development of US clean technologies. Continued support from the IRA tax credits will be crucial in accelerating the growth of domestic supply chains and minimizing reliance on imports, ultimately helping to position the US as a leader in clean energy production despite the tariff-induced challenges.

-





• Trump’s Tariff Threats Disrupt Global Trade and Supply Chains

- President Donald Trump’s sweeping tariff threats have created uncertainty across global markets, prompting companies to adjust supply chains and accelerate shipments to avoid potential levies. Announcements targeting a range of industries—including automobiles, pharmaceuticals, semiconductors, and metals—have led to quick corporate responses. Industrial giant Glencore has expedited copper shipments to the U.S., while footwear retailer Steven Madden is preparing price increases. This trade turbulence has also contributed to record activity at U.S. ports and a surge in Japanese exports.

- Bloomberg’s Trade Tracker in February signaled growing volatility, with three out of ten key trade indicators falling below normal levels, the highest since May of the previous year. While most metrics remained in normal territory, the unpredictability of trade flows has become the new reality as businesses react swiftly to shifting policies. Meanwhile, major trading partners, including the European Union, Canada, Mexico, and China, have signaled their intent to counter Trump’s measures with retaliatory tariffs or additional purchases from the U.S. to ease tensions.

- The uncertainty surrounding the details and implementation timeline of Trump's proposed reciprocal tariffs has left businesses scrambling. Some nations are even weighing their own restrictions on Chinese imports to align with U.S. trade policies. The possibility of a new tax on millions of small packages entering the U.S. further complicates the situation, though Trump paused the measure in February.
- Goldman Sachs analysts have noted that while financial markets have started to react to Trump's tariff actions, the full extent of risks remains underpriced. Until more clarity emerges on whether these threats are negotiating tactics or actual policy shifts, firms will be forced to remain reactive, navigating an increasingly uncertain trade environment.

ICELAB

Stablecoin Risks Unaddressed: Tech Giants Poised to Dominate Finance

- Proposed stablecoin legislation, while signaling official approval, fails to address significant risks, potentially enabling tech giants to dominate financial services and leaving consumers vulnerable.
- With Donald Trump back in the White House, his administration is actively fostering a more crypto-friendly environment, paving the way for Silicon Valley to expand its role in finance. Congress is considering legislation that would regulate stablecoins—digital assets pegged to the dollar—which could make them a viable alternative to traditional bank deposits. However, stablecoins carry significant risks since they lack deposit insurance, leaving holders vulnerable to losses if they fail. Past failures like Terra and Voyager have already exposed these risks, leaving consumers trapped in lengthy bankruptcy proceedings.
- The proposed legislation does not address these risks but signals official approval of stablecoins for broader use. Some banks are even planning to issue uninsured stablecoins alongside their regular deposits if the bill passes. However, the biggest beneficiaries of this policy shift may be large tech platforms, which could soon have the ability to issue stablecoins and function similarly to banks. This would challenge long-standing US policies that separate banking from other types of commerce, potentially allowing social media and e-commerce giants to accept stablecoin-based deposits.

- Tech platforms already leverage massive amounts of user data and network effects to dominate industries, and stablecoins could provide them with even greater control over financial services. If companies like Meta, Amazon, or Apple introduce their own stablecoins, they could establish "everything apps" that operate at a scale far beyond what Wall Street firms can match. Similar concerns were raised when Meta attempted to launch the Libra digital currency, which faced strong opposition from regulators and financial institutions.

- Further enabling Silicon Valley's financial expansion, the Consumer Financial Protection Bureau (CFPB) has been weakened by job cuts, limiting its ability to regulate big tech's use of payment data. This includes enforcing rules introduced during Biden's administration that sought to improve consumer protection in blockchain-based finance. Additionally, the halt of most CFPB regulatory activities reduces oversight on crypto-related businesses, potentially exposing users to security threats such as hacking and system outages.

- While some see the disruption of traditional finance as necessary, Wall Street faces an existential threat from the growing influence of Silicon Valley in financial services. Without robust regulation, stablecoins could introduce systemic risks, leading to inevitable bailouts if large enough failures occur. If financial infrastructure continues shifting toward blockchain and tech-led finance without sufficient safeguards, the industry could find itself in a far more unstable and unregulated landscape.

Trump's $TRUMP Memecoin Sparks Ethical Concerns and Market Volatility

- Donald Trump's launch of the $TRUMP memecoin has generated at least $350 million in revenue, raising concerns about conflicts of interest and ethical implications. The Financial Times analyzed blockchain data, revealing that digital wallets linked to Trump-affiliated entities made $314 million from token sales and an additional $36 million in transaction fees. Critics argue that selling memecoins allows anonymous donations to flow to Trump while exposing retail investors to highly speculative assets. Despite the controversy, Trump has positioned himself as a pro-crypto president and will soon host a summit with industry leaders at the White House.

- The $TRUMP token was initially minted in January, with one billion tokens created and 200 million released in the first batch. Of these, 158 million were placed in liquidity pools, allowing traders to buy them using USDC, a widely used stablecoin. Trump-linked wallets later withdrew $291 million in USDC from sales and reinvested some of it to stabilize the token's price. The scheme also involved sending 14.7 million $TRUMP tokens to major crypto exchanges like Binance and Coinbase. Despite an early surge that saw the token reach a peak of $75, it has since lost 82% of its value, now trading around $13.

- Concerns have intensified over the potential for market manipulation and the role of government figures in promoting volatile digital assets. Trump actively encouraged retail traders to buy $TRUMP through social media posts. The launch of Melania Trump's $MELANIA token further fueled instability, triggering a sharp drop in $TRUMP's price. In response, the token's creators reportedly spent $1 million to buy back $TRUMP at $33.23 in an apparent effort to prevent a further crash. Blockchain analysts suggest this move aligns with common tactics in the crypto market, where projects use their own funds to support price levels.

- Trump's memecoin venture has also sparked a wave of imitation, with over 700 similar tokens attempting to capitalize on the hype. While the official $TRUMP token is linked to Fight Fight Fight LLC and CIC Digital LLC—entities affiliated with the Trump Organization—Trump himself has denied direct involvement in sales. Nonetheless, the project's structure allows significant financial gains for those holding the majority of tokens. With 831 million $TRUMP tokens still under Trump-linked control, the notional value of these holdings stands at around $10.8 billion, though their actual liquidity remains uncertain.

- As Trump continues to embrace cryptocurrency, ethical and regulatory questions persist. The precedent set by a sitting president endorsing speculative digital assets has drawn comparisons to other world leaders promoting unstable crypto projects, often at the expense of everyday investors. Whether Trump's memecoin experiment will evolve into a broader political and financial strategy or become another volatile crypto boom-and-bust remains to be seen. However, the sheer scale of its financial impact has already solidified its place in the ongoing debate over crypto's role in politics and finance.

• Kava's Decentralized AI: Challenging Big Tech Dominance with Blockchain

- Kava is pioneering a decentralized AI model, powered by DeepSeek R1, aiming to democratize AI development and integrate it seamlessly with blockchain technology, challenging the control of major tech corporations.
- The development of artificial intelligence has largely been controlled by major tech corporations, limiting access and keeping decision-making centralized. Kava envisions a different path—one where AI is decentralized, community-driven, and directly integrated with blockchain technology. At Consensus Hong Kong, Kava introduced the largest decentralized AI model to date, powered by DeepSeek R1, which can execute on-chain transactions and optimize DeFi strategies without centralized oversight. This initiative aligns with Kava's mission to make financial services more transparent and inclusive, merging AI with blockchain to redefine decentralized finance.
- DeepSeek R1 challenges the traditional model of AI development, proving that powerful AI models can be built without massive centralized infrastructure. This open-source AI competes with proprietary models like GPT-4, showing that distributed training strategies can produce models of comparable quality. Kava AI takes this a step further by leveraging blockchain incentives and decentralized computing to democratize AI access. Unlike traditional AI models, which require expensive hardware and corporate backing, Kava's approach makes AI more accessible and resistant to monopolistic control.

- Kava AI is designed to enhance blockchain transactions through AI-powered automation, simplifying complex DeFi strategies. By integrating DeepSeek R1, Kava AI can analyze blockchain data, execute transactions, and optimize yield strategies using natural-language commands. This innovation addresses one of DeFi's biggest adoption barriers—its complexity—by making blockchain finance as intuitive as sending a text. Kava is also developing a three-layer decentralized AI stack, consisting of decentralized AI applications, models, and infrastructure, ensuring AI development remains aligned with blockchain's ethos of decentralization.

- Beyond financial applications, Kava AI's vision has broader implications for decentralized AI. A decentralized AI ecosystem would be censorship-resistant, ethically transparent, and globally accessible. Unlike traditional AI models that rely on corporate-controlled cloud infrastructure, Kava AI operates on decentralized networks and is governed by its community. By avoiding dependence on China-linked AI infrastructure, Kava ensures that its AI remains geopolitically secure while advancing a new model for decentralized artificial intelligence.

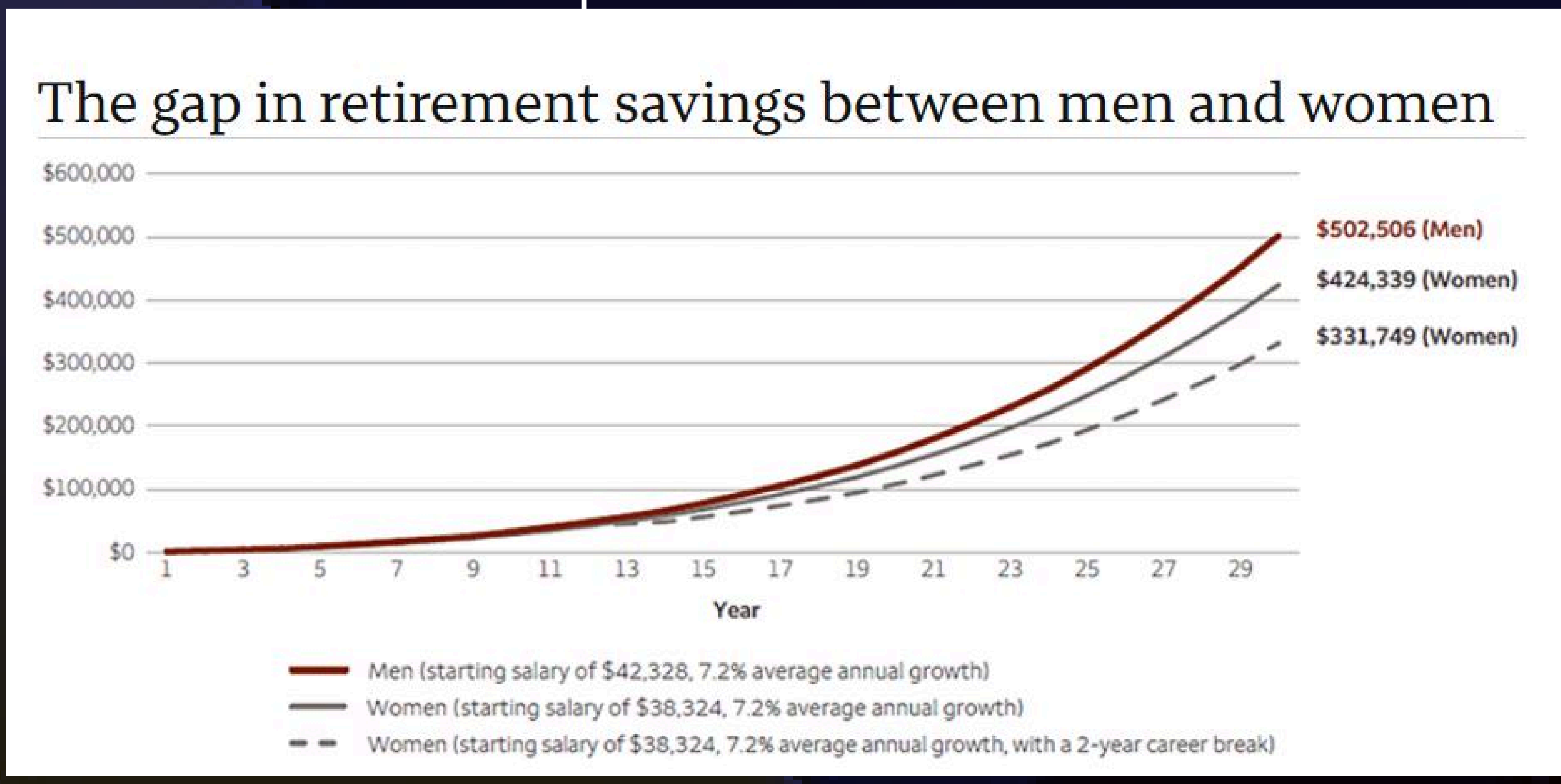
- Kava's efforts mark a pivotal moment for both AI and decentralized finance, as they challenge the dominance of centralized AI and propose a new, community-governed alternative. If successful, Kava AI could pave the way for a more inclusive AI ecosystem where intelligent automation is accessible to all, not just large institutions. Whether this initiative marks a true turning point for decentralized AI remains to be seen, but Kava is betting on a future where AI is controlled by users rather than corporations.

- **Self-Writing Apps: AI and Blockchain Democratize Web3 Development**

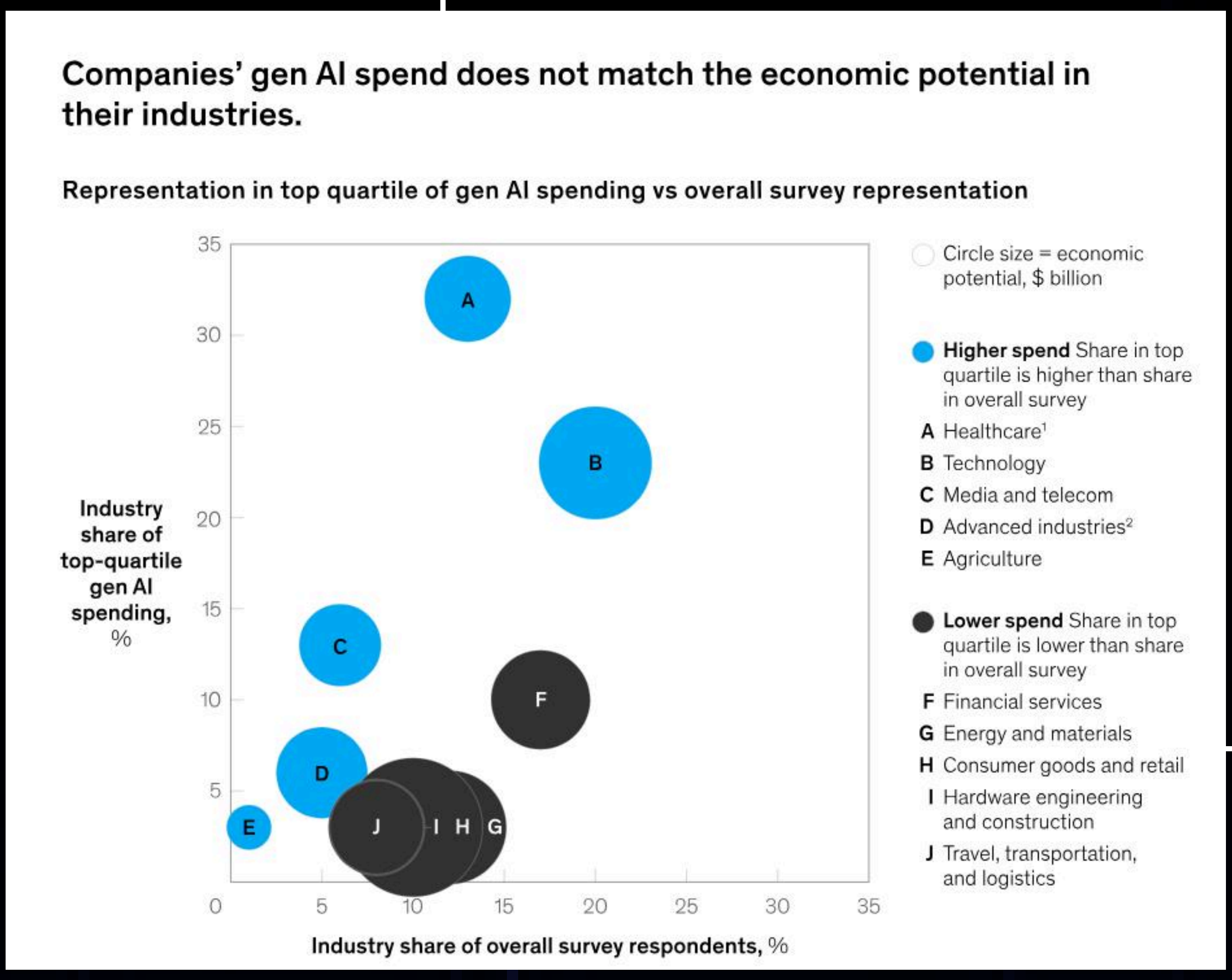
- Blockchains are evolving into platforms for fully-onchain web apps, with AI and "self-writing app" technology simplifying development and enabling non-technical users to create and manage decentralized applications.
- Blockchains are evolving beyond just hosting tokens and are now becoming the foundation for fully-onchain web apps, which are built and executed entirely from smart contract code on the blockchain. As smartphones with internet connectivity proliferate, with over 5 billion expected by 2025, there is a growing opportunity for users to engage with Web3 functionality. A key driving force behind this shift is the rise of AI and "self-writing app" technology, which simplifies the app development process by allowing non-technical users to create and update apps through simple instructions to AI.
- The concept of "vibe coding" is a crucial aspect of this development, where AI-powered tools enable software engineers to automate much of the coding process, increasing productivity. This idea extends further into the self-writing apps paradigm, where even non-technical users can interact with AI to create and manage apps, eliminating the need for complex technical skills. This new development paradigm envisions a world where an entrepreneur, family member, or even an enterprise can create personalized apps or systems with minimal cost or effort, simply by conversing with AI.
- Blockchain technology plays a pivotal role in this revolution. Apps that run on blockchains are secure, tamperproof, and censorship-resistant because they are hosted on public networks. Unlike traditional IT systems that rely on complex security measures, blockchain networks simplify the process for AI to build and update apps. These blockchain-based apps can deliver secure, interactive experiences and process large amounts of data efficiently, making it easier for AI to manage app development without the usual concerns of security vulnerabilities or platform dependencies.
- DFINITY, a key proponent of this self-writing app paradigm, has been developing technologies to support the seamless integration of AI in app creation and updates. The Motoko programming language framework, designed for use by both humans and AI, helps ensure data integrity when updating apps. As AI continues to evolve, the self-writing internet will democratize tech, enabling users to create and maintain sovereign, blockchain-based apps with minimal technical expertise. The upcoming Caffeine.ai platform will be a major step in making this vision a reality, further pushing blockchain adoption and making decentralized tech a mainstream solution for everyday users.

CHARTS

- Over the past few days, the US recession risk has increased significantly, albeit from low levels. At least that is the takeaway from the US Treasury market, specifically the difference between the yields on 10-year bonds and the interest rates on three-month bonds .Following reciprocal actions, the reinstatement of duties on Chinese imports and the introduction of fresh charges on commodities from Canada and Mexico have increased concerns about a global trade war. Recent US data shows a significant decline in growth pace, which is coupled with government sector initiatives to reduce expenses and staff. In light of this, the Russell 2000 stock price index, which is extremely reliant on domestic growth forecasts, has also experienced a significant dip.



- A lower salary compounds over time, but a career break can have an even more devastating impact
- The salary difference is one obstacle that women encounter when it comes to investing, and it can be a hindrance to achieving their retirement objectives. On the other hand, new mothers are more likely than new fathers to take an extended employment leave, and it can have an even bigger effect.
- The aforementioned chart illustrates how a prolonged career break and a halt in retirement account contributions can affect the amount of assets available in later life. Women who take a two-year career break are expected to have retirement assets that are 34% lower than those of men and 22% lower than those of women who do not take a career break.
- What it may mean for investors
- Although women have particular difficulties when it comes to investing, our research shows that they also have particular advantages, such as a disciplined approach to risk-taking, a willingness to stay with a long-term investment strategy, and an openness to getting investment advice. More information on how to assist women reach their long-term financial objectives and get ready for retirement may be found in our special publication, "Women and Investing."



- AI technology is being adopted by employees more quickly than many of their managers know. The most recent McKinsey report, Superagency in the Workplace, highlights a number of findings, including this one.

- Even while practically every business makes AI investments, their spending does not entirely correspond with the industry's economic potential. For instance, based on self-reported percentage of revenue expenditure in a McKinsey poll, the consumer sector looks to be the least likely to invest among the top 25% of spenders, but having the second-highest potential for value realization from AI. Higher confidence thresholds for implementing costly, organization-wide technology changes may be the result of the industry's low average net margins in mass-market categories.

Provided to you by:

Team Analytica, Team Financial, Team Icelab

Stay informed about the latest Iceberg events and access the weekly newsletter by simply scan the QR code below:

@ibf_news

Discover
the Unknown Depth of
Financial Markets

WWW.ICEBERG.FINANCIAL