

# Trump's AI plan supports our innovation themes

## UBS House View - **Daily US**

Ulrike Hoffmann-Burchardi, Chief Investment Officer Americas and Global Head of Equities, UBS Financial Services Inc. (UBS FS)  
Mark Haefele, Global Wealth Management Chief Investment Officer, UBS Switzerland AG  
Sundeep Gantori, CFA, CAIA, CIO Equity Strategist, UBS AG Singapore Branch  
Daisy Tseng, Strategist, UBS AG Singapore Branch  
Thomas Lee Ruiz  
Dean Turner, Economist, UBS AG, UBS AG London Branch

### From the studio

**Podcast: [Investors Club: CIO's Teck Leng Tan on our EURUSD forecasts and more](#)** (11 min)

### Thought of the day

US President Donald Trump on Wednesday unveiled a new artificial intelligence (AI) blueprint that aims to boost the development of the technology in the country as Washington seeks to maintain its edge in the global race.

The so-called AI Action Plan, which includes some 90 recommendations, calls for the export of US AI software and hardware, as well as a crackdown on state laws deemed too restrictive for AI development. Trump also signed three executive orders on Wednesday that incorporated elements of the plan, including the loosening of environmental rules to speed up AI infrastructure projects, establishing rules for chip exports, and seeking to limit political bias in AI technology.

The announcement came after the administration's move last week to ease restrictions on overseas sales of AI chips, including NVIDIA's H20, as part of the trade understanding reached with China. It also marked a departure from former US President Joe Biden's "high fence" approach in his AI policy.

While the details of how the plan will be implemented have yet to be fully fleshed out, we think the administration's move broadly aligns with our positive view on the long-term opportunities in AI and power and resources. The latest tech earnings results have also been encouraging.

**Recent tech earnings point to strong AI demand.** Alphabet reported a second-quarter revenue and earnings beat on Wednesday. The company raised its 2025 capital spending guidance from USD 75bn to USD 85bn due to "strong and growing demand" for its cloud services, which saw growth accelerate to 32% year over year. Separately, ServiceNow, the cloud computing platform, reported strong bookings growth for the quarter, and said its AI annual contracted value should reach USD 1bn by next year. Without taking any single-company views, the latest results suggest reality may surpass our near-term AI capital spending forecasts for 2025, while AI monetization remains robust. These trends should continue to underpin the AI growth story in the coming years.

### What to watch: 25 July 2025

- US June retail sales and durable goods orders
- German July Ifo confidence survey
- French and Italian consumer confidence for July

**Fewer restrictions are positive for broader AI and tech supply chains.**

Instead of dividing countries into tiers and limiting their access to advanced AI technologies, Trump's AI Action Plan instructs the Commerce Department to consider measures to allow approved allies to purchase "full-stack AI export packages," which include hardware, software, models, and applications altogether. The federal government would also ask businesses and the public about existing regulations that hinder AI adoption, with an eye toward rolling back those rules. While details have yet to emerge, we think policies that promote AI exports and development would add to already robust global demand and rising adoption, supporting broader industry sentiment.

**Putting emphasis on adequate energy supply should support power and resources companies.** In addition to loosening environmental regulations to fast-track the construction of data centers, the plan also recommends utilizing federal land to expedite development of the projects, including any power supplies. This suggests the administration is aware of the accelerating electricity demand due to the rapid expansion of AI data centers, and the vast amounts of investment that would be required to enhance energy infrastructure to meet the demand.

So, while tariffs on semiconductors remain an uncertainty, we retain conviction in the long-term potential of opportunities related to AI and power and resources. We favor a balanced and diversified exposure to quality AI stocks, and would position across the electrification value chain. Investors can also consider structured strategies to navigate near-term volatility.

**Caught our attention**

**EU and US closing in on trade deal.** The Financial Times reports that US and EU look to be nearing a deal that would impose 15% tariffs on EU imports to the US—similar to the recent US-Japan deal. German Chancellor Merz expressed optimism that the bloc's negotiations with the US were progressing. As of now, US duties on general EU imports stand at 14.8%, with additional, sector-specific tariffs affecting goods such as autos. President Trump threatened to raise the generic tariff rate on goods from the bloc to 30% from 1 August. The EU has been preparing countermeasures that could target EUR 93bn worth of US imports to the bloc; part of these have been approved but paused until 6 August, while the rest have yet to be voted on by national governments. The EURUSD rallied on the news, recovering losses from earlier in the day.

*Our View:* The details of the EU-US agreement have yet to be finalized and could change. However, as it stands, the reported deal to fix US tariffs on EU goods at 15% is in line with our base case, which sees the US effective tariff rate settling around that level. Still, the reported agreement would represent a seven-fold increase from levels prior to the second Trump administration. While such an increase would still place pressure on export growth, the deal is far from a worst-case scenario, and we would expect it to be welcomed by many market participants. Within European equities, we favor quality stocks and our "Six ways to invest in Europe" theme.

**Mixed start to Magnificent 7 earnings.** Second-quarter earnings season for the Magnificent 7 began on a mixed note on Wednesday, as Alphabet beat expectations but Tesla missed. (See above for more details

on Alphabet's results.) Tesla reported revenue of USD 22.50bn, slightly below expectations of USD 22.64bn, a 12% year-over-year decline. This marks the company's largest quarterly revenue drop in over a decade. Deliveries declined for a second consecutive quarter and margins remain under pressure, though the company reiterated plans to scale production of a more affordable vehicle later this year. Management also emphasized continued capex and R&D investment despite macro uncertainty tied to tariffs and fiscal policy shifts.

Our view: With nearly 30% of the S&P 500 market cap having now reported, we expect S&P 500 earnings growth of around 5% in the second quarter, down from 9% in the first three months of the year. The Magnificent 7's profit growth has been the dominant driver of S&P 500 earnings per share growth over the past two years. But that contribution should moderate. Megacap profits are projected to have risen around 20% in the second quarter, but that marks a step down from around 30% growth in each of the previous four quarters. Still, we remain positive on the AI theme, reinforced by Alphabet's raised capital spending plans and Taiwan Semiconductor's guidance boost. We also continue to see long-term growth opportunities in power and resources and longevity.

## Market update

24.07.2025

Percent change. For volatility indices, net change in points.  
For valuation, change in price to earnings per share. For  
yields, net change in bps

	Current (*)	1D	5D	1M	YTD
VIX Index	15.4	+0	-1	-2	-2
MOVE Index	86	-4	+0	-7	-13
S&P 500	6359	+0.8%	+1.5%	+4.4%	+8.1%
S&P 500 trailing P/E (**)	24.7x		+0.0x	+1.0x	+0.1x
S&P 500 forward P/E (**)	22.1x		-0.2x	+0.7x	+0.6x
S&P 500 forward P/E ex-Mag 7 (**)	20.1x		-0.1x	+0.6x	+1.2x
Russell 2000	2283	+1.5%	+2.5%	+5.6%	+2.4%
Euro Stoxx 600	553	+0.6%	+1.2%	+2.3%	+9.0%
Shanghai Composite	3606	+0.7%	+2.5%	+5.4%	+7.6%
US 10-year Treasury	4.40	+2	-5	+10	-17
US 2-year Treasury	3.89	+1	-2	+6	-35
Germany's 10-year Bund	2.67	+3	-0	+13	+31
Germany's 2-year Bund	1.87	+3	+1	+2	-21
EURUSD	1.176	-0.1%	+1.4%	+1.3%	+13.6%
EURCHF	0.93	+0.0%	-0.0%	-0.4%	+0.4%
USDCHF	0.79	+0.1%	-1.4%	-1.5%	-12.6%
USDJPY	146	-0.1%	-1.5%	+1.0%	-6.9%
Brent crude, USD/bbl	69	+0.7%	-0.8%	+2.7%	-7.6%
Gold, USD/oz	3380	-0.5%	+1.0%	+1.9%	+28.0%

(\*) or last close if not available, (\*\*) weekly update

Source: Bloomberg, Factset, UBS

## Non-Traditional Assets

**Non-traditional asset classes are alternative investments that include hedge funds, private equity, real estate, and managed futures (collectively, alternative investments).** Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. An investment in an alternative investment fund is speculative and involves significant risks. Specifically, these investments (1) are not mutual funds and are not subject to the same regulatory requirements as mutual funds; (2) may have performance that is volatile, and investors may lose all or a substantial amount of their investment; (3) may engage in leverage and other speculative investment practices that may increase the risk of investment loss; (4) are long-term, illiquid investments, there is generally no secondary market for the interests of a fund, and none is expected to develop; (5) interests of alternative investment funds typically will be illiquid and subject to restrictions on transfer; (6) may not be required to provide periodic pricing or valuation information to investors; (7) generally involve complex tax strategies and there may be delays in distributing tax information to investors; (8) are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits.

Interests in alternative investment funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in an alternative investment fund and should consider an alternative investment fund as a supplement to an overall investment program.

In addition to the risks that apply to alternative investments generally, the following are additional risks related to an investment in these strategies:

- **Hedge Fund Risk:** There are risks specifically associated with investing in hedge funds, which may include risks associated with investing in short sales, options, small-cap stocks, "junk bonds," derivatives, distressed securities, non-U.S. securities and illiquid investments.
- **Managed Futures:** There are risks specifically associated with investing in managed futures programs. For example, not all managers focus on all strategies at all times, and managed futures strategies may have material directional elements.
- **Real Estate:** There are risks specifically associated with investing in real estate products and real estate investment trusts. They involve risks associated with debt, adverse changes in general economic or local market conditions, changes in governmental, tax, real estate and zoning laws or regulations, risks associated with capital calls and, for some real estate products, the risks associated with the ability to qualify for favorable treatment under the federal tax laws.
- **Private Equity:** There are risks specifically associated with investing in private equity. Capital calls can be made on short notice, and the failure to meet capital calls can result in significant adverse consequences including, but not limited to, a total loss of investment.
- **Foreign Exchange/Currency Risk:** Investors in securities of issuers located outside of the United States should be aware that even for securities denominated in U.S. dollars, changes in the exchange rate between the U.S. dollar and the issuer's "home" currency can have unexpected effects on the market value and liquidity of those securities. Those securities may also be affected by other risks (such as political, economic or regulatory changes) that may not be readily known to a U.S. investor.

## Appendix

### Risk information

UBS Chief Investment Office's ("CIO") investment views are prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. Additional disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

The investment views have been prepared in accordance with legal requirements designed to promote the **independence of investment research**.

#### Generic investment research – Risk information:

This publication is **for your information only** and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. It is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to UBS). All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report, and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of UBS as a result of using different assumptions and/or criteria. UBS may utilise artificial intelligence tools ("AI Tools") in the preparation of this document. Notwithstanding any such use of AI Tools, this document has undergone human review.

In no circumstances may this document or any of the information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed to represent and warrant to UBS that you will not use this document or otherwise rely on any of the information for any of the above purposes. UBS and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to/for the issuer, the investment instrument itself or to/for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by UBS and its employees may differ from or be contrary to the opinions expressed in UBS research publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, divisions or affiliates of UBS. Futures and options trading is not suitable for every investor as there is a substantial risk of loss, and losses in excess of an initial investment may occur. Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information.

Different areas, groups, and personnel within UBS Group may produce and distribute separate research products **independently of each other**. For example, research publications from **CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Research methodologies and rating systems of each separate research organization may differ**, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking, sales and trading or principal trading revenues, however, compensation may relate to the revenues of UBS Group as a whole, of which investment banking, sales and trading and principal trading are a part.

Tax treatment depends on the individual circumstances and may be subject to change in the future. UBS does not provide legal or tax advice and makes no representations as to the tax treatment of assets or the investment returns thereon both in

general or with reference to specific client's circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein. This material may not be reproduced or copies circulated without prior authority of UBS. Unless otherwise agreed in writing UBS expressly prohibits the distribution and transfer of this material to third parties for any reason. UBS accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. For information on the ways in which CIO manages conflicts and maintains independence of its investment views and publication offering, and research and rating methodologies, please visit [www.ubs.com/research-methodology](http://www.ubs.com/research-methodology). Additional information on the relevant authors of this publication and other CIO publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your client advisor.

**Important Information About Sustainable Investing Strategies:** Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit UBS's ability to participate in or to advise on certain investment opportunities that otherwise would be consistent with the Client's investment objectives. The returns on a portfolio incorporating ESG factors or Sustainable Investing considerations may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by UBS, and the investment opportunities available to such portfolios may differ.

**External Asset Managers / External Financial Consultants:** In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

**USA:** Distributed to US persons only by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliarios Ltda, UBS Asesores Mexico, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

For country information, please visit [ubs.com/cio-country-disclaimer-gr](http://ubs.com/cio-country-disclaimer-gr) or ask your client advisor for the full disclaimer.

#### **Additional Disclaimer relevant to Credit Suisse Wealth Management**

You receive this document in your capacity as a client of Credit Suisse Wealth Management. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

Version A/2025. CIO82652744

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.