

OpenVoiceNews U.S.

Transparent. Unbiased. Yours.

Wall Street Braces for Earnings Hit as G20 Diplomacy Falters

July 13, 2025

— Categories: *Finance*



With major banks set to report under mounting tariff pressure and Washington boycotting South Africa's G20 summit, investors face a week in which profits and politics collide.

Wall Street is gearing up for a tense earnings season this week, as America's banking giants prepare to reveal just how much strain they feel from ongoing trade tensions. At the same time, diplomatic relations between the United States and South Africa appear to be sinking fast, with Washington opting to skip a major international summit on African soil.

JPMorgan Chase, Citigroup, Goldman Sachs, Morgan Stanley, and Bank of America are all reporting within the next couple of days, giving investors their first real glimpse at how rising tariffs and economic uncertainty affect corporate profits. Analysts at Goldman Sachs have warned of a sharp slowdown in growth, with earnings-per-share for companies listed on the S&P 500 expected to drop to just 4 percent this quarter, compared with 12 percent in the first quarter of the year.

Despite facing higher costs due to tariffs, many companies have only modestly raised prices, leading to tighter margins. Goldman Sachs has described the picture as one of “conflicting signals,” with businesses squeezed between inflationary pressures and a reluctance to pass on those costs to consumers. The bank results will be watched closely for signs of how the wider economy is holding up under the weight of these policies.

Global Divides

Away from Wall Street, the international stage is also under pressure. South Africa is hosting the Group of Twenty (G20) finance ministers and central bank governors in Durban next week, but US Treasury Secretary Scott Bessent’s absence is being read as a pointed diplomatic message. Instead of attending, Bessent will travel to Japan, sidestepping a summit at a politically sensitive moment for both nations.

Relations between the US and South Africa took a downturn in May after a highly publicised meeting at the White House between President Cyril Ramaphosa and Donald Trump ended in controversy.

Since then, the US has imposed a 30 percent tariff on South African goods, making it the only sub-Saharan African country hit in the latest round of trade measures. The diplomatic cold shoulder and economic penalties combined suggest a more assertive and less cooperative approach from Washington that could affect future engagements at both bilateral and international levels.

Still, not all markets are facing gloom. European banks recently posted their strongest first-half performance since 1997, thanks to a boost in investment banking and merger activity. As CNBC’s Jenni Reid reports, that success could offer some encouragement for US banks, though there’s little doubt the global economy is on edge.

Looking ahead to the G20 Leaders' Summit in Gauteng this November, it remains unclear whether Washington will take part. If not, it would signal a worrying trend of disengagement at a time when global cooperation is more vital than ever. For now, though, attention turns to Wall Street, where this week's earnings could help determine whether markets still have reason to be hopeful, or if the strain of policy decisions is finally catching up.