

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

Trade policy uncertainty remained the focal theme for a week that saw the major U.S. stock indices, the S&P 500 and the Nasdaq, fall into negative territory on a year-to-date basis for the first time this year. Tuesday marked the deadline for President Donald Trump's previously announced tariffs of 25% on Canadian and Mexican imports along with an additional 10% on Chinese imports. However, The Trump administration announced a slew of exemptions and delays for the tariffs later in the week. European markets fared a lot better than the U.S., supported by plans by European leaders to jointly borrow EUR 150Billion to spend on their militaries and Germany announcing plans to exempt defence spending above 1% of GDP from the constitutional borrowing limit while unveiling an off-balance sheet EUR 500Billion infrastructure fund.

Data highlights: The U.S. Manufacturing PMI for February 2025 decreased to 50.3, down from 50.9 in January. Canada's unemployment rate held steady at 6.6% in February while the U.S. non-farm payroll report showed an increase of 151k in February, falling slightly short of analysts' expectations of 160k. Unemployment rate in the Eurozone remained unchanged at 6.2% in January coming in lower than expectations of 6.3% from the analysts. Meanwhile, the European Central Bank cut the main financing rate & the deposit rate by 25 basis points to 2.65 percent and 2.5% respectively. The GDP for Australia in the fourth quarter grew to 0.6% surpassing expectations of 0.5% and previous quarter GDP growth of 0.3%. Finally, Eurozone GDP grew by some 1.2%, higher than the 0.9% the analysts had pencilled in.

Week ahead: Japan GDP Growth - Tuesday | U.S Consumer Price Index (CPI), Canada BoC Interest Rate Decision - Wednesday | U.S. Producer Price Index (PPI) - Thursday | U.K GDP Growth Rate & Goods Trade Balance - Friday

Global Markets Overview

Treasury yields: The U.S. 10-Year yield edged slightly higher following Fed Chair Jerome Powell's remarks that reassured the markets that there is no urgency to cut rates. He noted however that trade tensions and policy uncertainty continue to cloud economic outlook. The 2's-10's spread also widened to 30 points. The yield on Germany's 10-year Bund posted its biggest daily increase since just after the Berlin Wall fell in 1990 with move fuelled by expectations of increased government spending aimed at revitalizing Germany's struggling economy and beef up its defence. Over in Asia, the yield on the 10-year Japanese government bond rose to 1.53% from the previous week's 1.37%, reaching its highest level since 2008 on expectations that the Bank of Japan (BoJ) will continue raising interest rates this year.

Equities: U.S. stocks declined during what ended as the worst week for some major indexes since early September. The S&P 500 Index, Nasdaq Composite and Russell 2000 Index all fell by over 3%, while the Dow Jones Industrial Average shed 2.37%, erasing most of its year-to-date gains. On the other side of the pond, European markets edged lower as geopolitical uncertainty and trade remained the focus of investors. The Pan-European Stoxx 600 undid any gains from the previous Monday close to steadily bleed value and closed at 550.9 levels amid lingering uncertainties over U.S. tariffs. European defence stocks experienced a significant surge last week, driven by increased military spending commitments from European leaders. The European aerospace and defence sector stock index rose by a record 7.7% on March 3. However, shifting away from U.S. weapons in the short-term is easier said than done and will require Europe to double down on supporting its national industries as well as diversifying its military partners. That process seems to have already begun, as Israeli and South Korean defence stocks also rose this week. Israeli defence contractor Elbit Systems recorded a surge of 8.1% on March 3.

Currencies: The Euro burst out the gates to go on and rally for the whole week to close the week at highs of 1.08880 against its US dollar counterpart, ending a three-day slide that closed off the previous week. ECB President Christine Lagarde said that rates were now "meaningfully less restrictive." The central bank also revised its projection for inflation to 2.3% for 2025, up from the 2.1% expected three months ago. The Japanese yen strengthened past 148.00 to the dollar hovering at a five-month high due to escalating concerns over global trade wars and potential US Dollar slowdown fuelling the demand for safe-haven assets. Additionally, BOJ is expected to hold interest rates steady at its March policy meeting.

Commodities: US natural gas futures soared to \$4.60 per million British thermal units (MMBtu) fuelled by extreme weather, supply constraints and record LNG exports as well as increased geopolitical tensions. Heating demands are driven by 'bitter cold' while freezing temperatures have triggered freeze-offs and production disruptions. Gold prices remained steady above \$2,900 per ounce, with fluctuations influenced by U.S. labour market data and global economic concerns. Analysts predicted that gold prices could reach \$3,250 per ounce by the end of the year, reflecting strong investor confidence.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.21	-5.03	-7.90
Bund 10Y	2.41	-2.59	1.65
Gilt 10Y	4.48	-1.95	-1.88
Japan 10Y	1.38	-3.64	25.16

Indices	Close	% W/W	% YTD
S&P 500	5770	-3.10	-1.89
EU Stoxx 600	563	0.68	11.52
FTSE 100	8680	-1.47	6.20
Nikkei 225	36887	-0.72	-7.54

Currencies	Close	% W/W	% YTD
EURUSD	1.0833	4.41	4.63
GBPUSD	1.292	2.73	3.23
USDJPY	148.04	-1.72	-5.83
USDZAR	18.24	-2.40	-3.19

Commodities	Close	% W/W	% YTD
Gold	2909	1.79	10.84
Copper	468.30	3.73	16.30
Coffee	384.40	3.04	22.09
Natural Gas	4.40	14.74	21.08

Performance of Major Global Financial Assets

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	2.2	17.9	3.5	10.3	2.5	11.9	-3.1	-3.3	0.1	2.0	-1.5	-0.7	5.6	-3.5	4.4	2.7	-1.7	-0.4	-2.4	-3.9	1.8	3.7	3.0	-0.8
MTD	2.2	17.9	3.5	10.3	2.5	11.9	-3.1	-3.3	0.1	2.0	-1.5	-0.7	5.6	-3.5	4.4	2.7	-1.7	-0.4	-2.4	-3.9	1.8	3.7	3.0	-0.8
YTD	-5.9	19.8	1.5	38.1	0.9	12.4	-1.9	-3.9	11.7	15.6	6.2	-7.5	20.8	-4.3	4.6	3.2	-5.8	-0.7	-3.2	-6.5	10.8	16.3	22.1	-2.0
	GOV. BOND YIELDS						EQUITY INDICES						CURRENCIES					COMMODITIES						

KEY: -100% ← → +100%

Data Sources: Bloomberg, Investing.com, Standard Investment Bank

Disclosure and Disclaimer

Analyst Certification Disclosure: The research analyst or analysts responsible for the content of this research report certify that: (1) the views expressed and attributed to the research analyst or analysts in the research report accurately reflect their personal opinion(s) about the subject securities and issuers and/or other subject matter as appropriate; and, (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Global Disclaimer: Standard Investment Bank (SIB) and/or its affiliates makes no representation or warranty of any kind, express, implied or statutory regarding this document or any information contained or referred to in the document. The information in this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices, or represent that any such future movements will not exceed those shown in any illustration. Past performance is not indicative of comparable future results and no representation or warranty is made regarding future performance. While we endeavour to update on a reasonable basis the information and opinions contained herein, there may be regulatory, compliance or other reasons that prevent us from doing so. Accordingly, information may be available to us which is not reflected in this material, and we may have acted upon or used the information prior to or immediately following its publication.



Headquarters

JKUAT Towers (Formerly ICEA Building),
16th Floor , Kenyatta Avenue, Nairobi, Kenya.

Telephone: +254 20 227 7000, +254 20 227 7100

Email: clientservices@sib.co.ke

