10TH - 14TH MARCH 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

Tariff headlines and fears of a U.S. recession continued to weigh on stocks as the S&P 500, Nasdaq Composite and the Russell 2000 indices notched price declines a fourth consecutive week. Growth concerns and increasing recession fears—which were amplified by comments from President Donald Trump regarding a “period of transition” for the U.S. economy—also weighed on sentiment during the week. Markets now seek out some semblance of clarity in the upcoming Fed policy meeting on March 18-19 where policymakers are widely expected to hold interest rates steady. We anticipate the tariff and policy uncertainty to continue in the near term and remain well positioned to take advantage of opportunities arising from the increased market volatility. The pan-European Stoxx 600 had its second negative week in ten weeks amid worries about how U.S. trade tariffs would affect economic growth and uncertainty over monetary policy. Along with hopes for a Ukraine-Russia ceasefire, news that Germany’s incoming chancellor had secured parliamentary support for a large increase in state borrowing helped to curb losses. Positively, mainland Chinese stock markets rose on stimulus hopes after Beijing said it would hold a press conference on Monday with policymakers focusing on boosting consumption.

Data highlights: The U.S. Consumer Price Index increased 2.8% over the past 12 months, coming in below the expected 2.9% and lower than the previous month’s strong 3% reading. The Bank of Canada reduced its overnight rate by 25 basis points, bringing it to 2.75%. The Producer Price Index (PPI), which measures the average change over time in selling prices received by domestic producers, remained unchanged in February compared to January. In Europe, U.K. Gross Domestic Product (GDP) contracted by 0.1% in January 2025, contrary to expectations of a 0.1% growth while in Asia, the Japanese GDP growth rate for Q4 2024 grew to 2.3% compared to 0.4% for the previous quarter.

Week ahead: U.S Retail sales - Monday | Canada CPI – Tuesday | U.S. Fed Interest rate decision, Japan BoJ Interest rate decision, Eurozone CPI – Wednesday | U.K Unemployment rate & BoE Interest rate decision, Australia Unemployment rate – Thursday | Japan Inflation rate YoY, Canada retail sales – Friday

Global Markets Overview

Treasury yields: The U.S. 10-Year yield held steady at the 4.3% range as investors await the Federal Reserve policy decision this coming week. Markets anticipate that the Fed could cut rates twice later in the year. The 2's-10's spread also remained largely unchanged at 30bps. In Europe, yields on the German 2-year bunds tapered down while the yields on the 10-year bunds rose for a second week running, widening the spread between the two bunds to 69bps. Japan's 10- Year yield hit its highest level since 2009 as investors keenly await BOJ's policy decision this coming week. The central bank is widely expected to keep rates unchanged following BOJ Governor Kazuo Ueda indicating no immediate plans to intervene in the bond market emphasizing that the yields reflect the market expectation on economic conditions, inflation and global rates trends.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.31	0.26	-5.62
Bund 10Y	2.88	1.41	21.50
Gilt 10Y	4.67	0.60	2.15
Japan 10Y	1.52	-0.26	37.69

Equities: As the U.S. market downturn continues, the natural question is whether it is a good time to start buying. The S&P 500 briefly fell into correction territory during the week in what could be the first cracks in the "U.S. exceptionalism" trade that drove the out-performance of US equities relative to other developed markets. Is this correction once again offering investors an opportunity to buy high-quality U.S. growth names? Probably not. That is primarily because uncertainty over "on-again, off-again tariffs" fiscal policy contrasts the increased spending in Europe & China which makes their prospects for growth look, at least, less bad, as the U.S. tries to cut back. Chinese stocks have been shaken out of a rut, in part because the Chinese upstart DeepSeek's AI models have forced a reassessment about whether the U.S. is the only game in town in terms of artificial intelligence. Also helping are Beijing's continued vows to revive consumer spending and investment. Alibaba Group is incredibly well positioned to take advantage of the AI revolution in China and is our stock of the week as on Thursday, the company released a new version of Quark - its virtual assistant, powered by its latest artificial-intelligence technology with new reasoning capabilities, allowing users to ask complex questions.

Indices	Close	% W/W	% YTD
S&P 500	5639	-2.27	-4.13
EU Stoxx 600	559	-0.81	10.61
FTSE 100	8632	-0.55	5.62
Nikkei 225	37053	0.45	-7.12

Currencies: The Dollar remained subdued for another week in a row as indicated by the Dollar Index hovering around 103.7 area marking 5-month lows, as trade uncertainties and mounting economic concerns in the US weigh on the currency. Data released on Friday showed that US consumer confidence fell to a two- year low in March, all the while inflationary expectations surging, driven in part by escalating trade tensions. Additionally, pressure on the greenback from the Euro worsened as Germany agreed on a fiscal deal that could boost spending and revive growth in Europe's largest economy. Worth noting, the New Zealand dollar climbed to 0.57541, on its trajectory to seek out December highs supported by the ongoing US dollar weakness. The antipodean currency also benefitted from healthy news from China - a key trading ally - as retail sales rose in line with forecasts. Traders are now looking forward to Q4 GDP data this coming week that would hopefully confirm a rebound in the Kiwi economy.

Currencies	Close	% W/W	% YTD
EURUSD	1.0879	0.42	5.07
GBPUSD	1.2935	0.12	3.35
USDJPY	148.64	0.41	-5.45
USDZAR	18.20	-0.25	-3.43

Commodities: Gold investors cheered as the metal soared above the $3,000 mark for the first time ever on Friday last week as strong safe-haven demand persisted amid trade tariff uncertainty and geopolitical tensions. Meanwhile, gold demand remained robust, bolstered by continued purchases from ETFs and central banks, including China, which extended its gold acquisitions for a fourth consecutive month. Crude oil futures snapped a seven-week bear streak, edging up some 0.21% at the end of last week. Despite Russian President Putin's conditional support for a ceasefire, confidence in a swift resolution quickly diminished when Ukraine rained drone attacks on Russian soil.

Commodities	Close	% W/W	% YTD
Gold	2984	2.58	13.70
Copper	486.95	3.98	20.94
WTI Crude	67.18	0.21	-6.33
Natural Gas	4.10	-6.71	12.96

Performance of Major Global Financial Assets

% Change.

	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
	GOV. BOND YIELDS						EQUITY INDICES							CURRENCIES						COMMODITIES				
W/W	0.3	1.4	0.6	-0.3	0.4	1.0	-2.3	-2.5	-1.2	-0.1	-0.5	0.4	-1.1	-0.1	0.4	0.1	0.4	-0.1	-0.3	0.2	2.6	4.0	-1.9	1.0
MTD	2.5	19.5	4.1	10.0	3.0	13.0	-5.3	-5.6	-1.1	1.9	-2.0	-0.3	4.4	-3.6	4.9	2.8	-1.3	-0.6	-2.6	-3.7	4.4	7.9	1.1	0.2
YTD	-5.6	21.5	2.1	37.7	1.3	13.5	-4.1	-6.2	10.4	15.5	5.6	-7.1	19.4	-4.4	5.1	3.3	-5.4	-0.8	-3.4	-6.3	13.7	20.9	19.8	-1.0

KEY: -100% +100%

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.

SIB Standard Investment Bank
Regulated by the Capital Markets Authority

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