

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

There are decades when nothing happens, and there are weeks that decades happen. In a week that truly lived up to these words, trade policy uncertainty remained the core theme as U.S. stocks whipsawed significantly and the S&P 500 had an intra-week range of over 14% from trough to peak. Equities traded sharply lower on Monday, extending the previous week's losses as negative sentiment grew ahead of the implementation of the announced tariffs on Wednesday. However, President Trump announced a 90-day pause on the higher reciprocal tariffs for most countries on Wednesday to allow time for negotiations. The news sent stocks sharply higher, with the Nasdaq Composite rallying over 12% and logging its second-best day on record. This was despite the fact that, China – the U.S.A.'s third-largest trading partner – had their tariffs increased to 145% within the week, and while China responded with increasing levies on U.S. goods to 125%. Meanwhile, the Federal Reserve, in their minutes released within the week, noted that they generally saw increased downside risks to employment and economic growth and upside risks to inflation while indicating that high uncertainty surrounded their economic outlooks. However, the Fed maintained that they remain well positioned to respond to incoming data and adjust monetary policy as needed. In Europe, market turmoil prompted by Washington's tariff announcements prompted central banks to step up their monitoring of financial institutions and markets with the ECB calling on banks to check on deposits and other forms of funding more frequently while the Bank of England (BoE) asked lenders for information about market liquidity and whether hedge funds and other clients were facing problems. Meanwhile, it is estimated that U.S. levies may reduce China's gross domestic product between 1% and 2% this year but economists believe that China has the capacity to offset the impact of the high tariffs through more fiscal stimulus.

Data highlights: Consumer Price Index statistics reported a 2.4% YoY drop in March from 2.8% in February, coming in below the analysts' expectation of 2.6%. YoY Producer Price Index statistics reported that producer prices rose to 2.7% YoY in March, and lower than the 3.3% that analysts had forecasted. Eurozone retail sales rose by 2.3% YoY in February, according to data released by Eurostat. This was higher than the analysts' expectations of 1.8% growth. The U.K GDP reported a MoM growth of 0.5% in February, higher than economists' expectation of 0.1%, and also higher than the previous value of 0.0%. The Reserve Bank of New Zealand cut its policy rate by 25bps to 3.5%, in-line with analysts' expectations. Meanwhile, China's inflation rate came in at -0.1%, lower than the 0.1% print that was expected.

Week ahead: U.K Unemployment Rate, Canada Inflation Rate – Tuesday | U.K Inflation Rate YoY, Eurozone CPI, U.S Retail Sales YoY, Canada Interest Rate decision – Wednesday | Australia Unemployment Rate, Eurozone Interest Rate decision – Thursday | Japan Inflation Rate YoY – Friday.

Global Markets Overview

Treasury yields: The U.S. 10-Year Treasury note surged to above 4.5% on Friday - the highest level since mid-February - marking the sharpest weekly selloff in the US bond market since September 2019. The selloff comes against a backdrop of escalating trade tensions and mounting concerns over the US outlook, with fears of a recession and high inflation. The rout in Treasuries deepened even further as investors increasingly rotated out of US assets, signalling a potential erosion of confidence in the traditional safe-haven status of US government debt. The 2's-10's spread widened by 18bps to just about 53 points, as longer-term yields spiked more than the short-term yields. On the same note, The Swiss 10-Year government bond closed at a near 2-month low as traders remained worried about the impact of persistent trade frictions on global growth. This comes as Swiss inflation unexpectedly held at a four-year low of 0.3% in March- its seventh consecutive month below 1%, posing a challenge to the Swiss National Bank's 0-2% target.

Equities: For the week, the S&P 500 jumped 5.70%, the Nasdaq soared 7.43% and the Dow rose nearly 5%, marking their best weekly performances in over a year, fuelled by a historic rally on Wednesday. Optimism grew when the White House said President Trump is "optimistic" China will pursue a deal. Meanwhile, the earnings season kicked off with mixed results for banks- Wells Fargo gained 2.51%, while Morgan Stanley gained 8.30% and JPMorgan surged 12.33%, for the week after posting record revenues. On the European front, stocks reversed early gains to close lower, capping the turbulent week dominated by escalating trade tensions between the US and China, which reignited fears of a global recession and triggered an aggressive pivot away from US assets. For the week, the benchmark index, the STOXX 600 fell 1.40%. The EU temporarily suspended its planned retaliatory tariffs for a 90-day period, mirroring Washington's move in an effort to foster dialogue. For corporates, Novartis shares rose 1.58% after announcing a \$23 billion investment in the US while Stellantis sank 8.74% following a report of a 9% YoY drop in first quarter vehicle shipments.

Currencies: The US dollar slid to levels last seen in July 2023 as investors continued to pull out of U.S. assets. The Dollar index fell over 2.8% for the week to Friday, the biggest weekly decline since November 2022. Escalating trade tensions and growing concerns over broader economic fallout- particularly for the US- have weighed on the sentiment. The Sterling Pound climbed past \$1.3, inching towards a six-month high of \$1.31 from April 3rd after UK GDP surprised to the upside with 0.5% growth in February- five times the expected pace. All major sectors contributed with factory output hinting at stockpiling ahead of Trump's aggressive new tariff measures. This solid data led traders to slightly reduce expectations for rapid Bank of England rate cuts, though three quarter-point cuts are still priced in for 2025. The Sterling also benefitted from a softer dollar.

Commodities: Oil rebounded amid geopolitical tensions despite weekly losses persisting. WTI crude futures rose 1.36% to settle at \$61.43 per barrel on Friday after U.S. Energy Secretary Chris Wright signalled the U.S. may move to block Iran's oil exports in efforts to pressure Tehran over its nuclear program. In addition, concerns over US-China trade disputes continue to weigh on demand expectations. Wheat futures rallied by more than 5%, trading close to their highest level since March 21, driven by President Trump's decision to pause some of his planned tariff hikes and broad-based dollar weakness. Meanwhile, the USDA revised its U.S. wheat supply outlook, raising its estimate for 2024-25 ending stocks to 846 million bushels, up from the previous 819 million and above market expectations of 822 million. The department also lowered its forecast for global corn stocks.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.49	12.40	-1.74
Bund 10Y	2.57	-0.31	8.58
Gilt 10Y	4.75	6.86	4.05
Japan 10Y	1.32	8.79	20.25

Indices	Close	% W/W	% YTD
S&P 500	5363	5.70	-8.81
EU Stoxx 600	499	-1.40	-1.17
FTSE 100	7964	-1.13	-2.56
Nikkei 225	33586	-0.58	-15.81

Currencies	Close	% W/W	% YTD
EURUSD	1.1355	3.64	9.67
GBPUSD	1.3087	1.55	4.56
USDJPY	143.54	-2.31	-8.69
USD Index	100.10	-2.84	-7.73

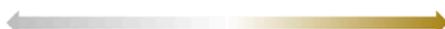
Commodities	Close	% W/W	% YTD
Gold	3238	6.56	23.36
Copper	452.30	2.75	12.33
WTI Crude	61.50	-0.79	-14.25
Wheat	570.25	5.07	0.13

Performance of Major Global Financial Assets

% Change.

W/W	12.4	-0.3	6.9	8.8	4.3	1.2	5.7	7.4	-1.9	-1.3	-1.1	-0.6	-8.5	-2.8	3.6	1.6	-2.3	0.1	0.2	-0.8	6.6	2.7	-2.7	5.1
MTD	6.8	-6.1	1.7	-11.1	0.3	-1.4	-4.4	-3.1	-8.8	-8.1	-7.2	-5.7	-9.5	-3.9	5.0	1.3	-4.3	0.5	4.6	-14.0	3.7	-10.2	-5.8	3.6
YTD	-1.7	8.6	4.0	20.3	0.8	8.2	-8.8	-11.1	-2.2	2.3	-2.6	-15.8	4.3	-7.7	9.7	4.6	-8.7	-0.1	1.7	-14.2	23.4	12.3	14.6	0.1
	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							

KEY: -100%



+100%

Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank

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