

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

The way to make the markets cheerful about a 10% tariff is to start from a 245% tariff rate. U.S. equities surged during the week, with the S&P 500 advancing by over 4.5% and the Nasdaq Composite gaining 6.43% from the previous week's close. Several reports emerged within the week indicating that the ongoing trade tensions between the U.S. and China could be de-escalating. Similarly, President Trump's apparent walking back of earlier threats to fire the Fed Chair Jerome Powell added to the optimism in the markets boosting expectations that the worst-case scenario may be avoidable. In addition to this, a slew of better-than-expected corporate earnings releases added on to the positive sentiment as 73% of the companies that had reported first-quarter results through Friday morning had beaten earnings expectations. The positive cheer was mirrored in Europe as the pan-European Euro Stoxx 600 was up 3.76% in the week. European Central Bank (ECB) Chief Economist Philip Lane told Bloomberg News that tariff uncertainty would curb economic growth, but a recession was unlikely given the bloc's diversified trading relationships. However, the German government cut its growth forecast and now expects stagnations as opposed to the 0.3% expansion expected in January in light of the impact of the U.S. trade tariffs on the export-focused nation. Meanwhile, mainland Chinese stock market advanced for the week as expectations were high that the government would roll out more stimulus measures to cushion China's economy from the impact of the U.S. tariffs. On Friday, China's Politburo—the ruling Communist Party's 24-member executive policymaking body—said it would “fully prepare” emergency plans in response to external shocks.

Data highlights: In Canada, retail sales YoY in February was reported at 4.7% lower than the 5.3% reported previously. In the Eurozone, the government debt to GDP ratio was at 87.4% in 2024, a slight increase compared to 87.3% in 2023. The balance of trade February 2025 report showed a €24 billion surplus in trade in goods with the rest of the world. An increase compared to €21.7 billion in February 2024. Retail sales YoY in the UK, grew to 2.6% in March from a revised 1.8% in February. This was higher than the 1.8% expectation by analysts.

Week ahead: Japan Retail Sales YoY, Australia Inflation Rate YoY, Eurozone GDP Growth Rate YoY, U.S GDP Growth Rate Q1 - Wednesday | Japan BOJ Interest Rate Decision - Thursday | Eurozone Unemployment Rate, U.S Non-Farm Payroll - Friday

Global Markets Overview

Treasury yields: Yields on the U.S. 10-Year Treasury note closed below the 4.3% level in the previous week, reversing the recent rally that had sent yields touching 4.5% levels in the face of heightened uncertainty caused by the U.S. trade tariffs. as traders watched trade war developments closely and clung to hope of a potential de-escalation. At the same time, expectations for earlier Federal Reserve rate cuts provided additional support to bond markets. Markets are currently pricing in a 25bps cut in June and anticipate a total of three cuts by the end of the year. Meanwhile, the yield on the 10-year Japanese government bond rose to 1.34% from the prior week's 1.29%. A hot inflation print continued to support the case for further rate hikes by the Bank of Japan (BoJ), although the central bank's process of monetary policy normalization is complicated by uncertainty about the economic impacts of U.S. tariff measures.

Equities: The Nasdaq Composite led returns for the major indexes in a sharp rebound from the prior week, while small- and mid-cap equities posted gains for the third consecutive week. Despite the recent surge, uncertainty remains about what will happen with tariffs and what that could mean for the economic outlook. The Trump administration, which earlier this month paused for 90 days its plan to impose wide-ranging "reciprocal" tariffs, has said it's negotiating with dozens of countries. Economic data revealed mixed signals: business activity growth hit a 16-month low, and consumer sentiment fell for the fourth straight month. Despite these challenges, durable goods orders surged, reflecting strength in transportation equipment. Tesla saw its best week since November as investors cheered on the news that the CEO, Elon Musk, would spend less time working with the Trump administration and start spending more time with the EV maker. The stock also benefitted from news that the White House plans to loosen rules governing autonomous vehicles. However, the counter still trades 40% lower than the all-time-highs seen in December 2024.

Currencies: The US dollar soared to 100 levels to close the week, recovering the previous session losses, after President Trump reaffirmed that trade negotiations with China are ongoing despite denials from Beijing. China also considered waiving 125% tariff on certain US goods raising hopes of further de-escalation in the trade war. The Dollar drew additional support from signs of progress in ongoing trade discussions with Japan and South Korea. Safe haven currencies like the Yen and Swiss Franc lagged behind due to improved investor sentiment and trade optimism over potential easing of U.S.- China trade tensions.

Commodities: Gold prices hit a record high of \$3,500 per fine ounce within the week before sharply retreating to close lower on a week-on-week basis. The decline resulted from investors taking their profits after the metal's stellar run so far in the year and also as de-escalatory tones from the U.S. President eased the negative sentiment in the markets that had seen participants take shelter in safe haven assets like Gold. Gold is up around 30% year-to-date, while the Gold-Silver ratio has climbed to its highest level since 1994 excluding the pandemic, underscoring the bullion's relative strength. Separately, Natural Gas prices sank 9.49% in the week as warmer-than-usual temperatures across the U.S. dampened heating demand coupled with high production and storage injections piling on to the bearish pressure on the commodity. WTI crude oil futures also saw weekly losses over 2.5% amid persistent oversupply concerns and uncertainty around U.S.-China trade talks. Market sentiment remained cautious as reports indicated the U.S. and Russia are making progress toward ending the conflict in Ukraine, though key terms have yet to be finalized.

| Bond Yields | Close | % W/W | % YTD |
|-------------|-------|-------|-------|
| US 10Y | 4.24 | -2.07 | -7.30 |
| Bund 10Y | 2.47 | -0.12 | 4.31 |
| Gilt 10Y | 4.48 | -1.91 | -1.95 |
| Japan 10Y | 1.34 | 1.98 | 21.89 |

| Indices | Close | % W/W | % YTD |
|--------------|-------|-------|--------|
| S&P 500 | 5525 | 4.59 | -6.06 |
| EU Stoxx 600 | 537 | 3.76 | 6.34 |
| FTSE 100 | 8415 | 1.69 | 2.96 |
| Nikkei 225 | 35706 | 3.86 | -10.50 |

| Currencies | Close | % W/W | % YTD |
|------------|--------|-------|-------|
| EURUSD | 1.1365 | 0.00 | 9.76 |
| GBPUSD | 1.3315 | 0.37 | 6.38 |
| USDJPY | 143.67 | 0.87 | -8.61 |
| USD Index | 99.47 | 0.10 | -8.31 |

| Commodities | Close | % W/W | % YTD |
|-------------|--------|-------|--------|
| Gold | 3320 | -0.21 | 26.49 |
| Copper | 484.00 | 2.13 | 20.20 |
| WTI Crude | 63.02 | -2.57 | -12.13 |
| Natural Gas | 2.94 | -9.49 | -19.16 |

Performance of Major Global Financial Assets

% Change.

| W/W | -2.1 | -0.1 | -1.9 | 2.0 | -1.1 | -1.9 | 4.6 | 6.4 | 4.4 | 4.9 | 1.7 | 3.9 | 2.7 | 0.1 | 0.0 | 0.4 | 0.9 | -0.2 | -0.5 | -2.6 | -0.2 | 2.1 | 7.3 | -3.1 |
|-----|------------------|---------|----------|-----------|------------|-------------|----------------|---------|-------------|-------|----------|-----------|-----------|------------|---------|---------|---------|---------|---------|-------------|------|--------|--------|-------|
| MTD | 0.7 | -9.8 | -4.2 | -9.9 | -3.4 | -7.6 | -1.5 | 0.8 | -1.8 | 0.4 | -2.0 | 0.2 | -4.9 | -4.5 | 5.1 | 3.1 | -4.2 | 0.4 | 2.1 | -11.8 | 6.3 | -3.9 | 6.5 | -1.0 |
| YTD | -7.3 | 4.3 | -1.9 | 21.9 | -2.9 | 1.5 | -6.1 | -7.5 | 5.3 | 11.7 | 3.0 | -10.5 | 9.6 | -8.3 | 9.8 | 6.4 | -8.6 | -0.2 | -0.7 | -12.1 | 26.5 | 20.2 | 29.6 | -4.3 |
| | US 10Y | BUN 10Y | GILT 10Y | JAPAA 10Y | AUSS N 10Y | ITAL IE 10Y | S&P 500 | NAS DAQ | EU STOXX 50 | DAX X | FTSE 100 | NIKKI 225 | HANG SENG | USD INDX | EUR USD | GBP USD | USD JPY | USD CNY | USD ZAR | 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

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

