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31ST MARCH - 4TH APRIL 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

In periods of significant uncertainty and increased market volatility, investors are reminded of the importance of diversification and defensive asset allocation in one's portfolio. The Trump administration's announcement of a broad range of harsher-than-expected tariffs led to the largest one-day decline for some indexes since 2020 on Thursday, and stocks continued to slide through Friday. Expectations for the number of Federal Reserve interest rate cuts in 2025 jumped following the announcement, as investors wagered that negative growth effects from the new policies will force the Fed to ease monetary policy to support the labour market and spur economic growth. The Chair of the Federal Reserve on Friday noted that the size and duration of the resultant effects of the tariffs remained to be seen but he reiterated that the "economy is still in a good place" and that the central bank remained well positioned to wait for greater clarity before taking any monetary policy actions. Meanwhile, the ECB President Christine Lagarde noted that while there was still a bit of work to do to reach the 2% inflation target sustainably, U.S trade policy would have a negative impact on the global economy at large. ECB policymakers, as per Bloomberg reports, were said to be ready to pause interest rate cuts due to the pronounced uncertainty caused by the U.S. trade policies.

Data highlights: USA announced a 10% base tariff on all imports except those compliant with the United States–Mexico–Canada agreement. Additionally, a reciprocal tariff was announced and countries will be charged approximately half of what they charge USA. The base tariff was effective immediately and the reciprocal tariffs will go into effect on 9th April. The non-farm payroll (NFP) employment report showed jobs jumped by 228k in March, much higher than analysts' expected jobs increase of 135k. Canada unemployment rate rose to 6.7% in March from 6.6% in the previous month. Eurozone inflation fell to 2.2% YoY in March from 2.3%. This was at par with analyst expectations. The Eurozone unemployment rate fell to 6.1% on February which is lower than 6.2% expectation from analysts. Japan's unemployment rate unexpectedly fell to 2.4% in February, down from 2.5% in the previous month, defying expectations that it would remain unchanged. The Reserve Bank of Australia, as widely anticipated, held its benchmark interest rate steady, while opting to keep the cash rate target unchanged at 4.10 percent.

Week ahead: Eurozone Retail sales YoY – Monday |U.S. Reciprocal Tariff Implementation– Wednesday |U.S. Consumer Price Index – Thursday |U.S. Produce Price Index, U.K. GDP – Friday.

Global Markets Overview

Treasury yields: Investors rushed to safety in the previous week resulting in the U.S. 10-year yields falling below 4% for the first time since October. The negative sentiment resulting from trade tensions caused by the U.S. tariffs was fuelled further by PMI data indicating that U.S. manufacturing had fallen into contraction territory for the second consecutive month. Fed Chair Powell warned that tariffs could have greater than expected economic impact and stressed the need to protect against inflation. On the other side of the pond, French President Emanuel Macron urged companies to pause U.S. investments while the European commission indicated it is preparing countermeasures. In response to the tariffs, markets have priced in greater than 90% chance of a 25bps ECB rate cut in April with the deposit rate expected to drop to 1.8% by December, down from earlier forecasts of 1.9% and the current 2.5%. Yields on Japanese 10-year bonds also fell by over 20% from the previous week's close as investors flocked to safer assets.

Bond Yields	Close	% W/W	% YTD
US 10Y	3.99	-6.00	-12.58
Bund 10Y	2.58	-5.46	8.91
Gilt 10Y	4.45	-5.24	-2.63
Japan 10Y	1.22	-21.13	10.54

Equities: US stocks extended their sell-off through to Friday after the Federal Reserve Chair Jerome Powell warned that the economic fallout resulting from the escalating trade war could be worse than expected. This comes as the markets continue to drop further at each open, manifesting trade war fears. The S&P 500 index sank over 9% for the week, The Dow plunged by over 3,200 points and the Nasdaq lost 9.77%, hitting their lowest levels since last August. Meanwhile, the Euro Stoxx 600 index registered its biggest drop in 5 years, shedding 8.11% in dollar terms. Despite all the gloom in the markets, Rocket Companies stood out as the stock of the week, with the counter's price rallying by over 18% from the previous week. This was as a result of news of major acquisitions of both Redfin and Mr. Cooper Group. The acquisition of Mr. Cooper Group creates a combined entity that will service over $2.1 trillion in loan volume representing about a sixth of all mortgages in America. The deal is anticipated to close later in the year, pending regulatory approvals.

Indices	Close	% W/W	% YTD
S&P 500	5074	-9.08	-13.73
EU Stoxx 600	506	-8.11	0.24
FTSE 100	8055	-6.97	-1.44
Nikkei 225	33781	-9.00	-15.33

Currencies: The Japanese Yen rallied to by just under 2% against the U.S. Dollar driven by a global flight to safety and a weaker Dollar. This comes as Trump announced on Wednesday that Japanese exports to the U.S. will face a 24% tariff. BOJ is expected to continue raising rates this year, though global trade uncertainties cloud the outlook. BOJ Deputy Governor Shinichi Uchida told parliament that further rate hikes remain on the table if the economy aligns with forecasts while the Central Bank keenly monitors tariffs. The U.S. Dollar index traded above the 103 mark, staying near its weakest level in six months as investors weighed intensifying trade tensions versus stronger-than-expected U.S. employment data. Traders are now pricing in a 50% chance of four 25bps cuts this year, up from three earlier in the week with the first expected in June.

Currencies	Close	% W/W	% YTD
EURUSD	1.0956	1.18	5.81
GBPUSD	1.2887	-0.41	2.96
USDJPY	146.93	-1.94	-6.53
USD Index	103.02	-0.98	-5.04

Commodities: Oil prices plunged to a new 3-Year low amid trade war fears. WTI crude futures sank 9.83% for the week to $62 per barrel- the lowest level since- April 2021- as fear mounts over a global economic slowdown which are expected to weaken the demand for oil. Investor sentiment was increasingly rattled by the escalating trade war, especially due to China's 34% tariff imposition on U.S. goods. This is in addition to already looming recession risk and uncertainty around global trade. Meanwhile, OPEC+ have ramped up plans to boost output by 411,000 barrels per day, intensifying supply-driven pressures. Copper prices also took a hit, plummeting by over 14% on a week-on-week basis as increased fears of a recession in the U.S. and other key global markets prompted traders to dial down their expectations for the metal's demand. Further, as traders deleveraged their positions amid market turmoil, profitable positions were also unwound resulting in lower Gold Futures prices for the week as well.

Commodities	Close	% W/W	% YTD
Gold	3038	-1.52	15.76
Copper	440.20	-14.19	9.33
WTI Crude	61.99	-10.63	-13.57
Wheat	529.00	0.14	-5.96

Performance of Major Global Financial Assets

% Change.

GOV. BOND YIELDS

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y
W/W	-6.0	-5.5	-5.2	-21.1	-5.5	-2.1
MTD	-5.0	-5.8	-4.9	-18.3	-3.8	-2.6
YTD	-12.6	8.9	-2.6	10.5	-3.4	7.0

EQUITY INDICES

	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG
W/W	-9.1	-9.8	-8.5	-8.1	-7.0	-9.0	-2.5
MTD	-9.6	-9.8	-7.1	-6.9	-6.1	-5.2	-1.2
YTD	-13.7	-17.2	-0.4	3.7	-1.4	-15.3	13.9

CURRENCIES

	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR
W/W	-1.0	1.2	-0.4	-1.9	0.3	3.8
MTD	-1.1	1.3	-0.2	-2.0	0.3	4.4
YTD	-5.0	5.8	3.0	-6.5	-0.2	1.6

COMMODITIES

	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	-10.6	-1.5	-14.2	-3.8	0.1
MTD	-13.3	-2.7	-12.6	-3.7	-1.5
YTD	-13.6	15.8	9.3	16.2	-6.0

KEY: -100% +100%

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

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