

## GLOBAL MARKETS

# WEEKLY MARKET BRIEF



## Highlights.

U.S. stock indices finished the week narrowly lower despite increased prospects of tariff de-escalation and a semblance of light at the end of the tunnel with regards to trade policy uncertainty. The U.S. and the UK announced the first new trade deal since the Trump administration's reciprocal tariffs were unveiled on April 2, which helped fuel investors' hopes of more deals to come. Additionally, reports emerged that U.S. and Chinese officials plan to meet in Switzerland this weekend for trade discussions, potentially paving the way for broader negotiations and tariff de-escalation. It is anticipated that market participants will remain increasingly vigilant on the progress and indeed the particulars of the agreements that emerge from these deliberations. On Wednesday, the Federal Reserve concluded its monetary policy meeting and announced it would be holding the fed funds target rate steady in the range of 4.25% to 4.50%, as was widely expected. The Fed Chair, Jerome Powell, noted that Fed officials remain in a "wait and see" mode as they continue to assess incoming data to determine the economic impacts of the Trump administration's significant policy changes, particularly wide-ranging tariffs, which are "likely to generate a rise in inflation, a slowdown in economic growth, and an increase in unemployment." Across the Atlantic, the Bank of England's (BoE) Monetary Policy Committee voted 5-4 to cut its key policy rate by 25-basis points to 4.25% though the vote split prompted markets to price in reduced odds of a third rate cut this year. Meanwhile, Chinese stock markets advanced in a holiday-shortened trading week ahead of U.S. trade talks. Similarly, an unexpected policy boost by the central bank also added to positive sentiment with the People's Bank of China (PBOC) reduced its seven-day reverse repurchase rate to 1.4% from 1.5% and cut its reserve requirement ratio by half a percentage point, a move that will release roughly RMB 1 trillion in long-term liquidity in the economy reflecting China's increased efforts to protect the economy from the downside effects of trade policy uncertainty.

**Data highlights:** In the U.S. the Federal reserve held its key interest rates steady at 4.5%, which matched market expectations. Canada's unemployment rate rose to 6.9% in April. This came in higher than analysts' expectation of 6.8% unemployment rate. In the Eurozone, retail sales YoY, increased by 1.5%. This came in slightly lower than the 1.6% increase expectation by analysts. In the U.K., the Bank of England cut interest rates by 25 basis points bringing the interest rate to 4.25%. This matched market expectations.

**Week ahead:** U.S & China Trade Policy Announcement - Monday | U.K Unemployment Rate, U.S Consumer Performance Index | Australia Unemployment Rate, U.K GDP Growth Rate, Eurozone Q1 Unemployment Change, U.S Retail Sales - Thursday | Japan GDP Growth Rate - Friday

## Global Markets Overview

**Treasury yields:** The U.S. 10-Year note closed above 4.36% posting a second consecutive weekly gain. This was supported by improving global sentiment and diminished expectations of near-term rate cuts. The 10-Year Swiss government bond touched highs of 0.3%, rebounding from a more than 4-month low of 0.21% on May 7th, as investors digested the Fed's hawkish pause on rates. Trump's actions have eased the safe haven demand. Intramurally, Swiss National Bank Chair Martin Schlegel reinforced expectations for further rate cuts amid economic uncertainty with the possibility of reintroducing a zero or negative interest rate policy. Swiss CPI rose 0% YoY in April reinforcing beliefs that deflation is not far off. Core inflation also saw a sharp decline, fuelling speculation for another rate cut next month.

**Equities:** For the week the S&P 500 closed 0.47% lower with the Nasdaq and Dow also tracking modest losses. Market sentiment briefly improved following the announcement of a US-UK trade agreement, but concerns remain that talks with China may fall short of a breakthrough. Contrarily, across the pond, European stocks closed firmly higher on the same news. The Stoxx 50 added 0.4% to 5,310 and the pan-European Stoxx 600 rose 0.76%. May 3rd marked the beginning of the end of an era. Long time CEO of Berkshire Hathaway, who holds the distinguished world record as the longest serving CEO of a publicly traded company ever, announced that he will be stepping down as CEO at the end of this year. Warren Buffett, the oracle of Omaha, will retain his title of Chairman of the Board of Directors for the company but his time running the business on a day-to-day basis is quickly coming to an end. At 94 years old today, and with 95 just around the corner in August, investors in the company have known for a long time that his days at the helm were numbered. But even so, this marks a solemn time for investors in the business and creates uncertainty during a time of heightened economic uncertainty causing the stock to slump 5.1% on Monday.

**Currencies:** The US dollar ended the week 0.31% higher after two straight sessions of weekly gains as traders wait for US-China trade talks scheduled for the weekend. President Trump expressed optimism that the negotiations will yield tangible progress. The situation was not as bright for the Australian dollar that fell below \$0.64 hitting a one week low on Greenback strength. The Aussie also faced headwinds after Fed Chair Jerome Powell pushed back on the idea of a pre-emptive rate cut, citing persistent risks to inflation and employment. Domestically, the Reserve Bank of Australia is expected to do a 25-basis point rate cut at its May meeting, amid signs of economic slowing and rising external uncertainties which markets are increasingly pricing in.

**Commodities:** WTI crude oil futures registered a weekly gain of over 4% to settle at \$61 per barrel. The optimism was fuelled by news that US Treasury Secretary Scott Bessent is set to meet China's Vice Premier in Switzerland on May 10th, which signals a possible resolution to trade disputes. Further generating the positive momentum, Chinese exports exceeded expectations in April, while crude oil imports rose 7.5% YoY, driven by stockpiling during refinery maintenance. Despite these bullish factors, there is perceived caution as OPEC+ plans to ramp up production, potentially weighing on prices.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.38	1.63	-4.17
Bund 10Y	2.56	1.14	8.24
Gilt 10Y	4.57	1.31	-0.02
Japan 10Y	1.37	8.31	24.34

Indices	Close	% W/W	% YTD
S&P 500	5660	-0.47	-3.77
EU Stoxx 600	557	0.76	10.27
FTSE 100	8555	-0.48	4.67
Nikkei	37503	1.83	-5.99

Currencies	Close	% W/W	% YTD
EURUSD	1.125	-0.42	8.65
GBPUSD	1.3306	0.26	6.31
USDJPY	145.37	0.28	-7.53
USD Index	100.34	0.31	-7.51

Commodities	Close	% W/W	% YTD
Gold	3325	2.61	26.69
Copper	461.10	-0.36	14.52
WTI Crude	61.02	4.68	-14.92
Wheat	521.75	-3.91	-8.38

## Performance of Major Global Financial Assets

% Change.

W/W	1.6	1.1	1.3	8.3	1.6	-0.7	-0.5	-0.2	0.5	1.8	-0.5	1.8	1.6	0.3	-0.4	0.3	0.3	-0.5	-1.1	4.7	2.6	-0.4	0.6	-3.9
MTD	5.2	4.8	2.8	3.9	3.0	1.3	1.6	2.5	2.9	4.5	0.7	4.0	3.4	0.9	-0.7	-0.2	1.6	-0.5	-2.2	4.8	1.1	1.1	-3.2	-1.7
YTD	-4.2	8.2	0.0	24.3	-1.7	2.5	-3.8	-4.5	8.5	18.0	4.7	-6.0	14.0	-7.5	8.7	6.3	-7.5	-0.8	-3.4	-14.9	26.7	14.5	25.7	-8.4
	US 10Y BUN 10Y GILT 10Y JAPN 10Y AUS 10Y IE 10Y ITAL 10Y						S&P 500 NASDAQ EU STOXX 50 DAX 100 FTSE 100 NIKKEI 225 HANG SENG						USD INDEX EUR USD GBP USD USD JPY USD CNY USD AR						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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