

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

In the week, investors received comfort after it became clear that peak uncertainty did not necessarily mean that bad news was certain. U.S. equities posted strong gains for the week, with positive sentiment largely driven by news that the U.S. and China had agreed to a substantial de-escalation of trade tensions following talks in Switzerland over the weekend. The agreement between the world's two largest economies will see most of their recently implemented tariffs suspended for 90 days while further trade negotiations continue, which will bring U.S. tariffs on most Chinese goods down from 145% to 30%, while China's levies on U.S. imports will drop from 125% to 10%. A softer inflation print in the U.S. added to the cheer while an unexpected decline in the Producer Price Index (PPI) – which measures inflation at a wholesale level – pointed to declining producer margins, which could indicate that companies have thus far been absorbing some of the costs of higher tariffs. The positive sentiment reverberated across the Eurozone as well, supported by a slew of positive data releases. Industrial production in the euro area jumped in March, suggesting that the sector is emerging from a two-year recession. Also, the eurozone's trade surplus swelled to a record EUR 36.8 billion in March, from EUR 22.8 billion a year earlier, fuelled by a sharp rise in exports, particularly to the U.S. Employment rose by 0.3% in the first quarter, accelerating from 0.1% in the previous period. In China, stocks kicked off the week on a strong note after the news of the de-escalation in U.S. trade tensions. However, the stocks gave up some of the gains from the middle of the week as a more favourable tariff outlook dimmed hopes for a substantial stimulus package from Beijing. It remains to be seen what the results of these trade negotiations will be as market participants remain cognitively aware that a tariff pause does not equate to a cancellation of the tariffs while it also remains to be seen what the contents of President Trump's so-called "Big, Beautiful Tax Bill" will be and the impacts thereof.

Data highlights: U.S. announced a cut on Chinese tariffs to 30% from 145% for the next 90 days. While China also cut U.S. tariffs to 10% from 125% for the next 90 days too. The U.S. Consumer Price Index dropped to 2.3% YoY, from 2.4% in March. The report came in lower than analysts' expectation of 2.4%. In the U.S. the retail sales YoY in April were up 5.2%. The U.K. unemployment rate rose to 4.5% in March which matched market expectations. U.K. Q1 2025, GDP Growth Rate was reported at 0.7%. A big increase from 0.1% reported for Q4 2024 and above analyst expectation of 0.6% growth. In the Eurozone, the employment change for Q1 YoY was reported at 0.8%. In Japan, Q1 2025 GDP Growth rate YoY report showed the economy shrank by 0.7% more than analyst's expectation of 0.2%. Australia's unemployment rate was reported at 4.1% in April which matched market expectations.

Week ahead: Eurozone Consumer Price Index - Monday | Australia Interest Rate Decision, Canada Inflation rate - Tuesday | U.K. Inflation rate - Wednesday | Japan Inflation Rate - Friday

Global Markets Overview

Treasury yields: The U.S. 10-Year note yield fell to 4.48% on Friday from a monthly high of 4.55% the latest data as fresh data points to multiple rate cuts by the Fed this year. It was noted that tariffs passed by the white house did not trigger an immediate increase in price levels. Germany's 10-year Bund yield dropped below 2.59%, as flight to safety resumed after investors refocused on the potential economic fallout, particularly for the US economy. On the monetary policy front, the ECB is expected to continue lowering interest rates in June; however, ECB Governing Council member Martins Kazak indicated that rate cuts may be nearing their end provided inflation returns to the 2% target as forecasted. Meanwhile, the German 2's - 10's spread narrowed by about 4bps to 73.8 points.

Equities: All three major US stock indices posted weekly gains supported by easing US-China trade tensions. The S&P 500 gained 5.27%, the Dow 3.5% and the Nasdaq 6.81%. A 90-day tariff truce helped lift sentiment, pushing the S&P 500 back into positive territory for the year. Investors now remain fixed on Trump's tax bill progress together with upcoming tariff announcements. Across the pond gains were also felt with the UK FTSE climbing 1.52% to close at 8,684.56 on Friday- the highest level since April last year posting the fifth consecutive weekly advance. This gain was seen to mirror broad-based advances from the region's peers as optimism over easing of trade tensions persisted. In the week, Dick's Sporting Goods agreed to acquire smaller rival Foot Locker for \$2.4 billion, the second major footwear deal this month after the buyout of Skechers, as the retailers navigate choppy demand and global trade uncertainties. The \$24-per-share offer, announced by both companies on Thursday, represents an 86% premium to Foot Locker's last close and gives Dick's a stronger foothold in the sneaker industry with over 3,200 stores and an entry into international markets.

Currencies: The US dollar index pared early week losses to close relatively flat at 101.092 on Friday. This translates to an approximately 0.8% gain for the week, a fourth straight weekly gain against the Euro. Investor sentiment was buoyed by expectations that the Federal Reserve will cut interest rates and hopes of a de-escalation in US- China trade tensions. A series of mostly weak economic indicators has reinforced the opinion that the Fed has room to lower rates at least twice this year. The offshore Yuan edged higher to 7.214 per dollar on Friday, supported by a weakening greenback amid soft economic figures. However, the Yuan's appreciation was partially offset by growing demand for US Dollar in China. State-owned banks were forced to intervene in the onshore spot market by selling yuan and buying Dollars to maintain market stability. This intervention coincided with increased Dollar demand from corporate and overseas-listed Chinese firms, many of which are preparing for dividend payouts that require foreign currency.

Commodities: Wheat futures fell below \$5.25 per bushel to close Friday- a fall from the highest levels since April 2023. This comes as improved yield prospects in the US plains pressured prospects. Strong export demand helped to cushion the losses. Timely rains and favourable weather in the top US wheat-growing state, Kansas, add further to pricing pressures to boost expectations for the best yield in four years. Fresh uncertainty into the global wheat supply outlook was introduced when China warned of high-risk dry, hot winds this coming week that threaten crop damage in key producing regions.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.48	2.25	-2.01
Bund 10Y	2.59	1.09	9.42
Gilt 10Y	4.65	1.80	1.77
Japan 10Y	1.46	6.87	32.88

Indices	Close	% W/W	% YTD
S&P 500	5958	5.27	1.30
EU Stoxx 600	569	2.06	12.55
FTSE 100	8685	1.52	6.26
Nikkei 225	37754	0.67	-5.37

Currencies	Close	% W/W	% YTD
EURUSD	1.1163	-0.77	7.81
GBPUSD	1.3283	-0.17	6.13
USDJPY	145.70	0.23	-7.32
USD Index	101.09	0.75	-6.82

Commodities	Close	% W/W	% YTD
Gold	3204	-3.65	22.07
Copper	455.55	-1.20	13.14
WTI Crude	62.49	2.41	-12.87
Wheat	525.00	0.62	-7.81

Performance of Major Global Financial Assets

% Change.

% Change:																								
W/W	2.2	1.1	1.8	6.9	3.9	-0.4	5.3	6.8	2.2	1.1	1.5	0.7	2.1	0.8	-0.8	-0.2	0.2	-0.3	-0.9	2.4	-3.6	-1.2	-5.7	0.6
MTD	7.6	6.0	4.7	11.1	6.9	0.9	7.0	9.5	5.2	5.6	2.2	4.7	5.5	1.6	-1.5	-0.3	1.8	-0.8	-3.0	7.4	-2.6	-0.1	-8.8	-1.1
YTD	-2.0	9.4	1.8	32.9	2.1	2.1	1.3	2.0	10.9	19.4	6.3	-5.4	16.4	-6.8	7.8	6.1	-7.3	-1.2	-4.2	-12.9	22.1	13.1	18.5	-7.8
	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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