



Weekly Investment Update

4th April 2025

News Headlines

US Tariff Announcement – President Donald Trump announced this week that he has introduced extensive tariffs on all US imports. The policy sets a 10% base tariff on most countries, effective on 5th April, with higher rates - including 54% on China (34% new + 20% existing), 20% on the EU, and 46% on Vietnam – scheduled for 9th April. These ‘reciprocal tariffs’ target trade imbalances and are believed to be calculated based on trade deficits and exports to the US. Canada and Mexico are exempt from the new measures, subject instead to existing tariffs linked to border issues, whilst a 25% tariff on vehicles takes effect immediately.

The announcement triggered significant market reactions. US equities (S&P 500) fell by 4.83% on Thursday, gold reached a record high versus the US dollar before declining, and 10-year US Treasury yields dropped towards 4%. China criticised the policy and has today announced it is imposing a 34% reciprocal tariff on goods imported from the US, whilst the EU is preparing retaliatory steps if negotiations fail.

The measures are predicted to reduce US GDP growth, whilst increasing inflation, and could lead to reduced consumer confidence in the near term. There are also fears of stagflation and a recession as a result of the tariffs. The policy marks a notable shift, reversing decades of free trade trends, and businesses now face uncertainty as global supply chains adjust to the new tariffs. However, Trump presented the policy as a boost for US workers, joined by union representatives at the announcement.

Market Summary

Global Equities – This week was tumultuous for global equities, driven by US tariff policies and stagflation fears. In the US, the S&P 500 fell (-3.28%), with a -4.83% drop on Thursday alone following President Trump’s tariff announcement - its worst daily decline since 2020. In Europe, the declines were not as steep, however the STOXX 600 index also dropped (-3.42%), unwinding over half its year-to-date gains. The UK’s FTSE 100 index also saw losses (-2.09%), though it was less affected by the tariff announcement, with a -1.51% daily decline on Thursday. Asian markets faced severe pressure, with Japan’s Nikkei 225 index falling -6.42% over the week, whilst Vietnam’s Ho Chi Minh index dropped 6.68% on Thursday, after being hit with a hefty 46% tariff. The drop in Hong Kong’s Hang Seng index was not as severe following the tariff announcement, however the index declined by -2.46% over the week.

Commodities – Commodities saw mixed results this week, with the Bloomberg Commodity index posting a weekly loss of -1.42% as of Thursday’s close. Oil prices rose early on but then slumped as tariff fallout hit demand forecasts. Gold prices against the US dollar experienced volatility this week, surging to a new record high following the tariff announcement, however the subsequent sharp equity sell-off saw prices close lower, finishing the week with a moderate gain (+0.98%).

Fixed Income – Bonds rallied this week as investors sought safety amid tariff-induced turmoil. The US 10 year Treasury yield dropped significantly (meaning prices rose), falling to near 4% for the first time in months, whilst the yield curve steepened as the 2 year yield also dropped. In Europe, yields also eased, supported by softer Eurozone inflation and European Central Bank (ECB) cut expectations, with a rate cut now expected in April despite tariff pressures. UK gilt yields also saw sharp declines.

Source: Bloomberg Terminal – Global Equities. Data reflects total returns in local currency as of market close on Thursday 3rd April, for the following indices: S&P 500 (USD), STOXX 600 (EUR), FTSE 100 (GBP), Hang Seng (HKD), Nikkei 225 (JPY)

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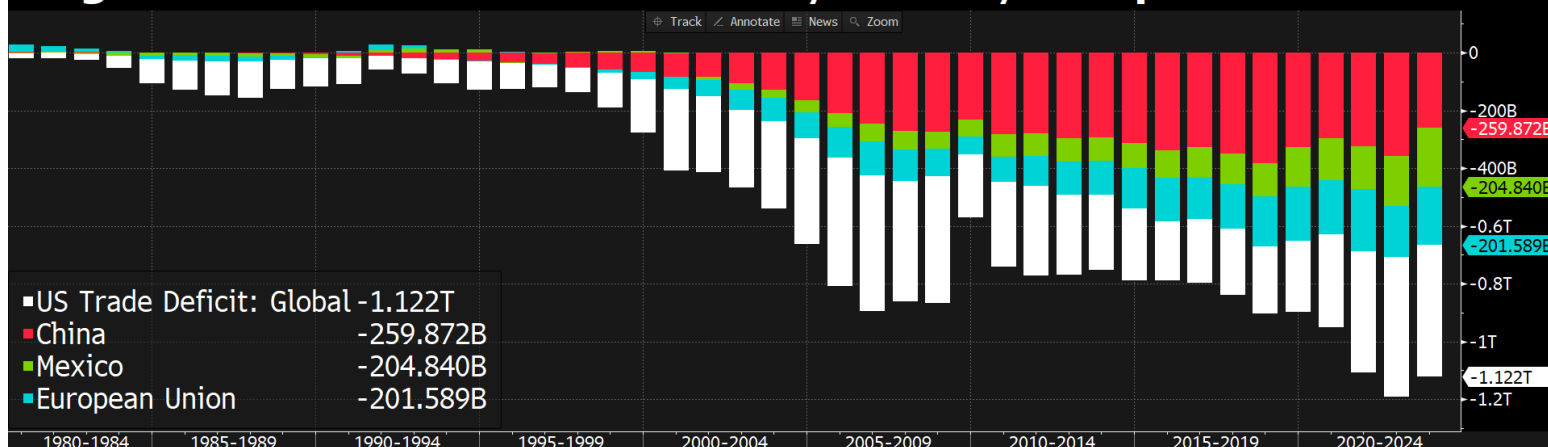
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Chart of the Week

Trump Eyes US Trade Deficit

Large trade imbalances with China, Mexico, European Union



Source: Bloomberg – Trump Eyes US Trade Deficit

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- RBNZ Interest Rate Decision	- FOMC Meeting Minutes	- US CPI (MoM, YoY) - US Initial Jobless Claims	- UK GDP (MoM) - German CPI (MoM) - US PPI (MoM)

Market Performance – 04/04/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	4.82%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	-7.94%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	3.86%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-14.59%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	14.74%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income	Yield %					
UK 10 Year Gilt	4.46%					
US 10 Year Treasury	4.04%					
Commodities	2025 YTD %**	2024 %**	2023 %**	2022 %**	2021 %**	2020 %**
Gold	17.84%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD	1.31 (04/04/2025)					
GBP/EUR	1.19 (04/04/2025)					

Source: FE Analytics/ Bloomberg

*Total Return/Local currency **Spot Return USD

Past Performance is no guide to future performance and the value of investment and income from them can fall as well as rise

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