Weekly Investment Update

2nd May 2025

News Headlines

US Economy – The US economy contracted by 0.3% in quarter one, marking its first decline since 2022, driven by a record 41.3% increase in imports ahead of new tariffs. Consumer spending also decreased to 1.8%, which is the slowest pace since 2023. A sharp decline in government spending, including a significant drop in defence spending, further weighed on growth. Economists expect a quarter two recovery as trade balances stabilise, but there is a risk that tariffs could cause a supply shock, potentially pushing the economy into a recession. The March JOLTS report also showed job openings fell in February, signalling a cooling labour market, and the consumer confidence index dropped below the expected 87.5 in April, reflecting growing economic uncertainty.

US-Ukraine Natural Resource Deal – The US and Ukraine have signed an agreement granting the US priority access to new investment projects in Ukraine's natural resources, including aluminium, graphite, oil, and gas. Announced after negotiations this week, the deal establishes a jointly managed fund to attract global investment, with the US claiming first profits to offset future military aid. While not offering direct security guarantees, the deal strengthens US/Ukraine ties, which is crucial as President Trump pushes for a ceasefire between Russia and Ukraine.

UK House Prices Decline - UK house prices dropped 0.6% in April, the largest monthly decline since 2023, reaching an average of £270,752. The expiry of stamp duty relief on 1st April sparked a March buying rush, followed by a market slowdown. Rising borrowing costs and economic uncertainty also dampened demand. However, falling mortgage rates and expected Bank of England rate cuts could drive price rises later this year.

Market Summary

Global Equities – Global equities experienced a steady recovery last week, driven by optimism over potential trade deal progress and mixed economic signals, despite lingering tariff uncertainties. In the US, the S&P 500 saw moderate gains (+1.44%), supported by positive trade rhetoric from officials signalling negotiation progress, boosting investor sentiment. In Europe, the STOXX 600 advanced (+1.43%), driven by tariff optimism and inflation data that sustained ECB rate cut expectations, despite stronger than expected GDP growth. The UK's FTSE 100 also maintained steady gains (+0.98%), achieving a record matching 14 day winning streak. In Asia, Hong Kong's Hang Seng index rose (+0.81%), though holiday closures muted activity, and Japan's Nikkei 225 index also performed well (+2.09%), lifted by a dovish Bank of Japan stance and positive trade talk sentiment.

Commodities – Commodity prices generally finished this week lower, influenced by trade optimism and economic data, with the Bloomberg Commodity index declining (-1.74%). Oil prices faced downward pressure as a result of weak US data and Saudi Arabia's stance against further supply cuts, with both Brent and WTI declining over the week, though a late rebound occurred. Gold prices against the US dollar also dipped, reflecting reduced safe-haven demand amid equity gains, despite tariff uncertainties.

Fixed Income – Global fixed income markets displayed resilience this week, driven by mixed economic from the US and Europe. In the US, 10-year Treasury yields dipped, reflecting expectations of Federal Reserve rate cuts after a Q1 GDP contraction. European sovereign bond yields also declined, bolstered by inflation data, which maintained ECB rate cut expectations. In Asia, Japan's 10-year JGB yields dropped notably, reflecting a dovish Bank of Japan stance amid delayed inflation targets.

Source: Bloomberg Terminal – Global Equities. Data reflects total returns in local currency as of market close on Thursday 1st May, for the following indices: S&P 500 (USD), STOXX 600 (EUR), FTSE 100 (GBP), Hang Seng (HKD), Nikkei 225 (JPY)

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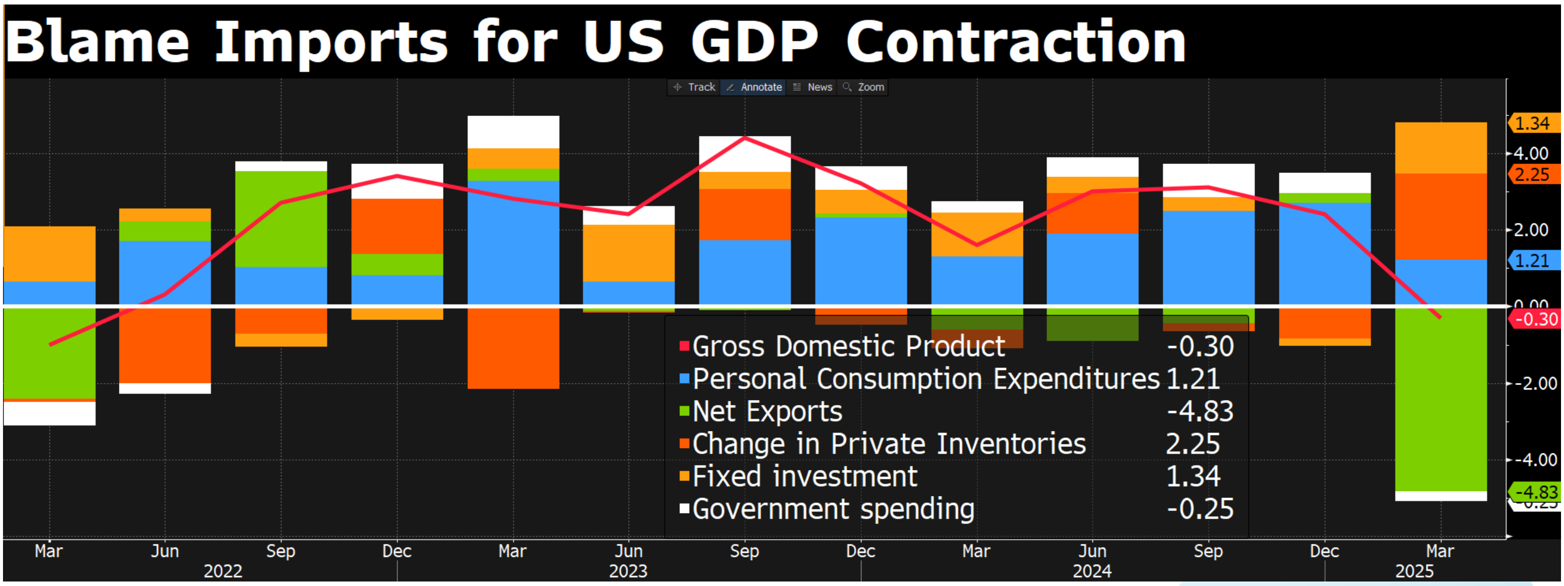
Chart of the Week



Source: Bloomberg – Blame Imports for US GDP Contraction

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		- Federal Reserve Interest Rate Decision	- Bank of England Interest Rate Decision	

Market Performance – 02/05/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	4.44%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	-5.85%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	4.76%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-6.41%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	13.59%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income	**Yield %**					
UK 10 Year Gilt	4.47%					
US 10 Year Treasury	4.21%					
Commodities	**2025 YTD %****	**2024 %****	**2023 %****	**2022 %****	**2021 %****	**2020 %****
Gold	23.42%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD	1.33 (02/05/2025)					
GBP/EUR	1.18 (02/05/2025)					

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