



Weekly Investment Update

9th May 2025

News Headlines

US-UK Trade Deal – President Donald Trump announced a US-UK trade deal yesterday, marking the first of his planned global trade deals, though it requires Congressional approval in the US to become a formal trade agreement. The deal focuses on specific sectors, reducing US tariffs on UK steel and aluminium to zero and lowering automotive tariffs from 27.5% to 10% for 100,000 vehicles annually. Pharmaceuticals also face no tariffs, safeguarding £6.6bn in exports. In return, the UK has agreed to eliminate tariffs on US beef and ethanol, boosting US exports by \$5bn. For Prime Minister Keir Starmer, the deal strengthens ties with the US, the UK's largest individual trading partner.

Federal Reserve Rate Decision – The US Federal Reserve (Fed) has opted to keep interest rates steady at 4.25%-4.5%, a unanimous decision reflecting heightened economic uncertainty. Fed Chair Jerome Powell warned that proposed tariffs could fuel inflation and unemployment, potentially causing either temporary or persistent price increases. The Federal Open Market Committee (FOMC) highlighted growing risks to price stability and employment, despite a resilient labour market adding 177,000 jobs in April. With the US economy contracting in the first quarter of 2025, tariff-driven inflation and slower growth remain key concerns. The Fed therefore remains cautious, prioritising stability over premature rate cuts.

Bank of England Rate Decision – Yesterday, the Bank of England's Monetary Policy Committee (MPC) voted 5-4 to reduce the Bank Rate by 0.25% to 4.25%. Two members pushed for a 0.5% cut, while two favoured no change. Despite market expectations for dovish signals, the MPC struck a hawkish tone, pushing back against faster loosening. The committee highlighted a "finely balanced" decision, driven partly by US tariff concerns, and retained its "gradual and careful" stance, reducing hopes for a June cut.

Market Summary

Global Equities – Global equities experienced a volatile week, driven by shifting trade deal expectations and geopolitical developments. In the US, the S&P 500 ended its nine-session winning streak as tariff relief hopes faded. However, a US-UK trade deal and Trump's pro-stock comments sparked a late rally, though the index still finished the week in negative territory (-0.39%). European markets saw the STOXX 600 rise early on robust German industrial data but later dipped amid German political uncertainty and tariff concerns, ending the week with a small gain (+0.10%). The UK's FTSE 100 also ended its record 16-session winning streak, with the US-UK trade deal offering limited uplift due to its modest terms (-0.65%). In Asia, Hong Kong's Hang Seng index saw gains due to the People's Bank of China (PBOC) stimulus measures and US trade talk optimism (+1.28%). Japan's Nikkei 225 index also advanced, buoyed by positive trade deal sentiment (+0.27%).

Commodities – Commodity prices generally increased this week, with the Bloomberg Commodity index posting a small gain (+0.17%). Oil prices initially fell sharply, with Brent hitting a four-year low, after OPEC+ agreed to increase production. However, prices then rebounded as a result of US-China trade hopes, ending the week with a gain. Gold prices surged against the US dollar early in the week, driven by safe-haven demand due to tariff and geopolitical tensions, though prices dipped late as trade optimism grew.

Fixed Income – Global fixed income markets saw increased yields this week. US Treasury yields rose, with the 10-year yield climbing as strong economic data and a US-UK trade deal reduced Fed cut expectations. UK gilt yields also surged after a hawkish Bank of England rate cut, reflecting tariff-driven inflation concerns.

Source: Bloomberg Terminal – Global Equities. Data reflects total returns in local currency as of market close on Thursday 8th May, for the following indices: S&P 500 (USD), STOXX 600 (EUR), FTSE 100 (GBP), Hang Seng (HKD), Nikkei 225 (JPY)

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. This is for professional advisers only and clients should refer directly to an independent financial adviser. Ascencia Investment Management Limited is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409. Ascencia Investment Management Limited Registered in England No: 05010380



Address:

Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



Enquiries:

0161 886 8000
enquiries@ascenciaim.co.uk



Web:

www.ascenciaim.co.uk

Chart of the Week

July Fed Cut in Question Market prices 17bp vs 40bp a week ago



Source: Bloomberg – July Fed Cut in Question

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	<ul style="list-style-type: none"> - US CPI (MoM) - US CPI (YoY) 	<ul style="list-style-type: none"> - German CPI (MoM) 	<ul style="list-style-type: none"> - UK GDP (MoM, QoQ, YoY) - Fed Chair Jerome Powell Speech - Japan GDP (QoQ) 	

Market Performance – 09/05/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	5.98%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	-3.30%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	7.36%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-6.57%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	14.82%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income		Yield %				
UK 10 Year Gilt		4.58%				
US 10 Year Treasury		4.38%				
Commodities	2025 YTD %**	2024 %**	2023 %**	2022 %**	2021 %**	2020 %**
Gold	25.96%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD		1.32 (09/05/2025)				
GBP/EUR		1.18 (09/05/2025)				

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

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. This is for professional advisers only and clients should refer directly to an independent financial adviser. Ascencia Investment Management Limited is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409. Ascencia Investment Management Limited Registered in England No: 05010380.



Address:

Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



Enquiries:

0161 886 8000
enquiries@ascenciaim.co.uk



Web:

www.ascenciaim.co.uk