



Weekly Investment Update

16th May 2025

News Headlines

UK Economy – The UK economy grew by 0.7% in the first quarter of 2025 according to the Office for National Statistics (ONS), exceeding forecasts of 0.6%, making the UK the fastest growing economy in the G7. The services sector (+0.7%) and production (+1.1%) drove the expansion, with notable strength in exports before US tariffs took effect. GDP per capita also rose, indicating improved average living standards. However, economists have warned that trade disruptions and tax increases implemented in April could dampen future growth.

US-China Tariff Pause – This week, the US and China agreed a 90-day tariff pause following negotiations in Geneva, reducing US tariffs on Chinese imports from 145% to 30% and Chinese tariffs on US goods from 125% to 10%. China also lifted export restrictions on rare earth minerals and removed non-tariff measures affecting a number of US firms. However, the agreement retains a US 20% tariff linked to fentanyl concerns. Economically, the pause could lower consumer prices in the short term, though ongoing tariffs could sustain inflationary pressures unless a permanent deal is reached. Global financial markets responded positively to the news, with major equity indices rising midweek.

Trump's Middle East Tour – President Donald Trump concluded his Middle East tour this week, visiting Saudi Arabia, Qatar, and the United Arab Emirates to strengthen economic partnerships. In Saudi Arabia, he secured \$600 billion in investments, including AI infrastructure and technology, as well as a \$142 billion arms deal. Qatar, hosting the first official US presidential state visit, signed several trade agreements, the most notable being a multi-billion dollar Boeing jet order for Qatar Airways. In the UAE, \$200 billion in deals were agreed, including AI cooperation and a major data centre project to position the Gulf region as a technology hub.

Market Summary

Global Equities – It was a positive week for global equities, driven largely by tariff relief and strong economic data. In the US, the S&P 500 rallied strongly (+4.59%), driven by significant US-China tariff reductions and softer-than-expected inflation data. Technology stocks also climbed following Middle East AI deals. In Europe, the STOXX 600 index saw moderate gains, supported by tariff relief and strong economic sentiment in Germany (+1.89%). UK equities benefited from solid Q1 GDP growth, pushing the FTSE 100 above pre 'Liberation Day' levels (+1.17%). In Asia, Hong Kong's Hang Seng index mirrored the US' technology/tariff relief driven rally early in the week, before losing steam following poor earnings (+2.71%). Japanese equities also faced pressure late in the week following a worse-than-expected Q1 GDP contraction, though the Nikkei 225 index ended in positive territory (+0.67%).

Commodities – Commodity prices saw mixed trends this week, with oil prices rising sharply early on following US-China tariff cuts, before falling as a result of easing supply concerns. Gold prices declined versus the US dollar this week, hit by reduced safe-haven demand and a stronger dollar. However, copper gained slightly on the back of trade optimism.

Fixed Income – In the US, Treasury yields rose early in the week, with the 10-year yield briefly exceeding 4.5% as Fed rate cut expectations lessened. However, yields then trended downward after soft PPI inflation data eased inflation concerns. UK gilts mirrored the US, with yields rising early in the week, then falling as markets dialled up Federal Reserve rate cut expectations, which brought yields down globally.

Source: Bloomberg Terminal – Global Equities. Data reflects total returns in local currency as of market close on Thursday 15th 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

US Recession Fears Wane

Polymarket odds for a 2025 slowdown fall to 37% from 65%



Source: Bloomberg – US Recession Fears Wane

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Eurozone CPI (YoY)	- RBA Interest Rate Decision	- UK CPI (YoY)	- US Initial Jobless Claims	- German GDP (QoQ)

Market Performance – 16/05/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	7.51%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	1.09%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	9.94%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-4.46%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	18.41%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income		Yield %				
UK 10 Year Gilt		4.63%				
US 10 Year Treasury		4.44%				
Commodities	2025 YTD %**	2024 %**	2023 %**	2022 %**	2021 %**	2020 %**
Gold	23.46%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD		1.33 (16/05/2025)				
GBP/EUR		1.19 (16/05/2025)				

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

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