

Weekly Market Update

The week was marked by significant monetary policy actions, with both the Bank of England and the People's Bank of China implementing interest rate cuts to counteract economic pressures from ongoing trade tensions. These measures, alongside renewed US-China trade negotiations, influenced global markets, leading to shifts in investor strategies and market dynamics.

US

The US economy contracted by 0.3% in Q1 2025, attributed to the effects of new tariffs and declining business sentiment.

April saw US mergers and acquisitions activity halve, reaching the lowest level since May 2009, due to tariff-induced uncertainties.

Despite bond sell-offs, investors redirected funds into equities, particularly in North America, with £1.5 billion flowing into equity funds amid speculation of potential tariff reversals.

The US and China announced major cuts to tariffs on each other's goods for 90 days. Washington will reduce levies to 30% from 145%, while Beijing will lower charges to 10% from 90% as they look to de-escalate the trade war.

UK

The UK secured a trade deal with the U.S., eliminating tariffs on UK steel, aluminium, and car exports, while easing tariffs on US ethanol and beef.

The Bank of England reduced interest rates from 4.5% to 4.25% to support economic growth amid global uncertainties, as expected.

BlackRock's CEO, Larry Fink, expressed renewed confidence in the UK market, highlighting increased capital allocation to UK assets.

The UK's Financial Conduct Authority initiated consultations to simplify mortgage issuance and advisory rules, aiming to boost borrowing and enhance financial flexibility for consumers.

Europe

European mergers and acquisitions rose by 19% in early 2025, totalling \$1.2 trillion, driven by heightened interest in UK firms.

Germany's Friedrich Merz confirmed as chancellor in second vote following first round humiliation, the first time a second vote has been needed since 1949.

While the UK secured a trade deal with the US, the EU continued to face challenges from US protectionist measures, affecting trade dynamics.

Volodymyr Zelenskiy said he will be "waiting for" Vladimir Putin in Turkey on Thursday after Donald Trump insisted the two leaders meet despite Moscow's reluctance to agree to a 30-day ceasefire. UK Foreign Secretary David Lammy is set to unveil new sanctions targeting Russia as he hosts a security meeting of European ministers.

Asia/ROW

China's central bank cut the benchmark seven-day repo rate to 1.4% and reduced the reserve requirement ratio by 0.5 percentage points, injecting approximately RMB 1 trillion into the economy.

President Xi Jinping visited Moscow, resulting in over 20 bilateral cooperation agreements with Russia, encompassing various sectors including investment protection and the digital economy.

Thousands participated in May Day rallies in Tokyo, demanding higher wages, gender equality, and improved economic support for small businesses.

Emerging markets faced mixed reactions, balancing the benefits of China's stimulus measures against the challenges posed by global trade tensions.

Performance

Asset Class/Region	Currency				
		Week ending 09 May 2025	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	-0.5%	1.7%	-3.5%	9.6%
United Kingdom	GBP	-0.5%	0.6%	6.2%	5.6%
Continental Europe	EUR	0.5%	2.5%	8.4%	6.3%
Japan	JPY	1.7%	2.5%	-0.7%	3.3%
Asia Pacific (ex Japan)	USD	0.3%	2.5%	5.3%	10.9%
Australia	AUD	0.0%	1.4%	2.1%	10.2%
Global	USD	-0.3%	1.6%	0.7%	10.3%
Emerging markets equities					
Emerging Europe	USD	1.9%	4.0%	25.2%	13.7%
Emerging Asia	USD	0.4%	2.6%	4.8%	10.6%
Emerging Latin America	USD	1.6%	1.8%	22.7%	-5.2%
BRICs	USD	-0.5%	0.7%	8.4%	12.6%
China	USD	0.5%	2.6%	13.0%	23.4%
MENA countries	USD	-0.3%	-0.8%	-0.2%	3.2%
South Africa	USD	0.8%	2.2%	20.7%	29.2%
India	USD	-2.5%	-2.4%	1.9%	8.0%
Global emerging markets	USD	0.5%	2.4%	6.7%	9.7%
Bonds					
US Treasuries	USD	-0.3%	-1.1%	2.4%	5.0%
US Treasuries (inflation protected)	USD	0.0%	-0.8%	3.4%	5.8%
US Corporate (investment grade)	USD	0.0%	-0.8%	1.6%	5.3%
US High Yield	USD	0.2%	0.6%	1.5%	8.2%
UK Gilts	GBP	-0.4%	-0.7%	1.5%	0.9%
UK Corporate (investment grade)	GBP	-0.3%	-0.3%	1.4%	3.7%
Euro Government Bonds	EUR	-0.1%	-0.5%	0.1%	3.5%
Euro Corporate (investment grade)	EUR	0.1%	-0.1%	1.0%	5.5%
Euro High Yield	EUR	0.5%	0.4%	1.4%	7.8%
Global Government Bonds	USD	-0.6%	-1.0%	5.0%	6.1%
Global Bonds	USD	-0.5%	-1.0%	4.6%	6.2%
Global Convertible Bonds	USD	0.5%	1.8%	4.9%	13.6%
Emerging Market Bonds	USD	0.1%	-0.2%	2.0%	7.0%



▲ Performance

Asset Class/Region	Currency				
		Week ending 09 May 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	-0.4%	1.2%	-0.8%	10.8%
Australian Property Securities	AUD	1.3%	4.0%	2.5%	6.5%
Asia Property Securities	USD	0.3%	1.3%	12.5%	6.8%
Global Property Securities	USD	-0.4%	1.1%	3.9%	10.2%
Currencies					
Euro	USD	-0.5%	-0.9%	8.8%	4.5%
UK Pound Sterling	USD	0.2%	-0.3%	6.3%	6.3%
Japanese Yen	USD	-0.4%	-1.8%	8.3%	7.1%
Australian Dollar	USD	-0.5%	0.3%	3.7%	-3.0%
South African Rand	USD	0.8%	1.9%	3.5%	1.4%
Swiss Franc	USD	-0.5%	-1.1%	9.2%	9.1%
Chinese Yuan	USD	0.5%	0.5%	0.9%	-0.2%
Commodities & Alternatives					
Commodities	USD	1.6%	2.4%	-0.7%	-1.9%
Agricultural Commodities	USD	-1.6%	-1.0%	-1.9%	-3.0%
Oil	USD	4.3%	1.3%	-14.4%	-23.8%
Gold	USD	2.6%	0.4%	26.7%	42.7%





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