

# WEEKLY MARKET COMMENTARY

**Week ending 25 April 2025**

Welcome to our weekly market update. Our focus is on providing clear, concise insights into stock and bond market movements and the broader economic landscape.

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## This week's highlights

- **Equity and bond markets increased:** after China and the US are considering reducing tariffs.
- **Concerning predictions from the International Monetary Fund (IMF):** for global growth and US inflation.
- **US earnings reports:** Alphabet (Google) announces strong results.

## Market review

This week has been positive for equity and bond markets with encouraging news from the US about potential trade negotiations with China. This optimism was a relief after a rocky start, where markets dipped due to President Trump's comments about the Federal Reserve. He initially suggested firing Chairman Jerome Powell for not lowering interest rates quickly enough but later retracted the statement.

President Trump also mentioned plans to be "very nice" to China in trade talks. Treasury Secretary, Scott Bessent, supported this by stating that the tariff stand-off with China is unsustainable and expects it to de-escalate by Q3 2025. However, Chinese authorities said no talks were in place and demanded the US revoke all current tariffs.

The IMF shared a concerning forecast, predicting a 0.5% cut in global growth for 2025 and a rise in US inflation to 3%. They also estimated a 40% chance of a US recession. On the other hand, Bank of England policymaker, Megan Greene, suggested that the tariff impacts on the UK could lower inflation levels due to cheaper Asian exports, a weaker US dollar and reduced demand from slower growth.

It was also a big week for US earnings reports, with Tesla and Alphabet (Google) being the highlights among 124 companies. Alphabet reported strong earnings driven by its advertising search business. Despite Tesla's poor Q1 revenue and operating income, their share price rose by 4.6% after CEO Elon Musk announced he would cut back on government work to focus on Tesla, revealing ambitious plans for the robotics and autonomous vehicles business.

## Outlook

The economic environment has been resilient so far. The brief 90-day pause on tariffs may give world leaders and policy makers some respite. However, the outlook remains uncertain and we expect markets to remain volatile, as tariffs will likely boost inflation and dampen growth. The multi-asset portfolios are globally diversified investing across different regions, equities, fixed income and other assets, including Real Estate and Alternatives, helping to manage risks.

## Chart of the week

### A golden age?

Gold has extended its staggering rally, now priced at \$3,500/ounce (an all-time high). Gold has long been considered a safe haven asset in times of market uncertainty or stress. As other traditional, US-centric haven assets seem unloved during the tariff-touting Trump administration, the precious metal has outperformed other asset classes. Analysts have progressively become more positive on gold, even as its valuation has increased. With further volatility expected in a persistently uncertain landscape, gold could continue to shine.



Source: LSEG Datastream and MAPM (M&G Investment Office), 24.04.2025

### What this means for you

Varying inflation levels and the trade tariffs continue to influence market performance across the globe, strengthening the importance of maintaining a well-diversified long-term investment approach, rather than reacting to short-term market swings. By staying committed to carefully considered plans, investors can navigate through periods of volatility and uncertainty.

### Need help?

If you have any questions in relation to this document, please discuss them with your financial adviser.