

# Weekly Market Update

Last week was marked by significant global trade tensions, primarily driven by the US imposing tariffs on multiple countries, leading to market volatility, corporate earnings impacts, and concerns over global economic growth.

## US

**Tariff concerns continue:** President Donald Trump imposed 25% tariffs on imports from Mexico and Canada, and 10% on Chinese imports, leading to swift retaliatory measures and global market concerns.

**Stock market volatility:** Major indices such as the Dow Jones, S&P 500, and Nasdaq experienced declines between 1% and 2% due to fears of a global trade war.

**Job market data:** The US added 143,000 jobs in January, below the expected 168,000, with unemployment slightly decreasing to 4%.

**Corporate earnings:** Alphabet's shares dropped by 7% following a weak earnings report, attributed to underperformance in cloud computing and increased AI investments.

## UK

**Interest rate cut:** The Bank of England reduced interest rates from 4.75% to 4.5% to stimulate the economy amid rising prices and slowing growth, as expected

**Inflation outlook:** Despite the rate cut, the Bank warned that inflation could peak at 3.7% by autumn, nearly double the government's target.

**Trade concerns:** UK markets were affected by global trade tensions, with potential implications from US tariff policies under President Trump.

**Corporate restructuring:** Lloyds Banking Group announced a restructuring plan that could result in 200 job losses.

## Europe

**Tariff uncertainty:** European companies expressed concerns over potential US tariffs under President Trump's trade policies, leading to slowed investments, particularly in sectors like wind and solar energy.

**Market reactions:** Major European stock indices, including Germany's DAX and France's CAC, experienced declines of over 1% due to trade war fears.

**Economic forecasts:** The European economy is projected to recover modestly, with growth increasing from 0.9% in 2024 to 1.3% in 2025, supported by easing inflation and resilient labour markets.

**Corporate earnings:** Companies like Volvo Cars and Diageo anticipate lower profitability due to trade uncertainties and potential tariffs.

## Asia/ROW

**Tariff impacts:** In response to US tariffs, China announced retaliatory measures, escalating trade tensions between the two nations.

**Market response:** Chinese markets faced declines upon returning from the Lunar New Year holiday and the Chinese yuan weakened to a 14-month low against the US dollar, reflecting concerns over the economy and trade tensions influenced by the US tariff hikes.

**Currency surge:** The Japanese yen experienced a significant increase following promising wage growth and inflation-adjusted wage increases, suggesting potential interest rate hikes by the Bank of Japan.

**Energy markets:** Oil prices surged due to anticipated supply disruptions amid global trade tensions, with Brent crude reaching its highest level in two months.



# Performance

Asset Class/Region	Currency				
		Week ending 7 Feb 2025	Month to date	YTD 2025	12 Months
<b>Developed Market Equities</b>					
United States	USD	-0.2%	-0.2%	2.5%	21.8%
United Kingdom	GBP	0.3%	0.3%	6.4%	17.8%
Continental Europe	EUR	0.7%	0.7%	7.7%	12.9%
Japan	JPY	-1.8%	-1.8%	-1.7%	9.9%
Asia Pacific (ex Japan)	USD	1.2%	1.2%	2.5%	16.1%
Australia	AUD	-0.2%	-0.2%	4.3%	15.9%
Global	USD	-0.1%	-0.01%	3.4%	19.1%
<b>Emerging markets equities</b>					
Emerging Europe	USD	0.6%	0.6%	9.1%	10.6%
Emerging Asia	USD	1.4%	1.4%	2.2%	16.9%
Emerging Latin America	USD	1.5%	1.5%	11.2%	-15.6%
BRICs	USD	2.5%	2.5%	2.6%	15.8%
China	USD	4.8%	4.8%	5.7%	34.9%
MENA countries	USD	0.5%	0.5%	3.6%	4.5%
South Africa	USD	3.7%	3.7%	9.2%	25.4%
India	USD	-1.2%	-1.2%	-2.7%	2.8%
Global emerging markets	USD	1.4%	1.4%	3.2%	13.2%
<b>Bonds</b>					
US Treasuries	USD	0.4%	0.4%	1.0%	2.6%
US Treasuries (inflation protected)	USD	0.4%	0.4%	1.7%	4.5%
US Corporate (investment grade)	USD	0.3%	0.3%	1.0%	4.4%
US High Yield	USD	0.0%	0.0%	1.4%	9.6%
UK Gilts	GBP	0.5%	0.5%	1.3%	1.0%
UK Corporate (investment grade)	GBP	0.4%	0.4%	1.6%	5.4%
Euro Government Bonds	EUR	0.6%	0.6%	0.4%	3.8%
Euro Corporate (investment grade)	EUR	0.3%	0.3%	0.8%	6.1%
Euro High Yield	EUR	0.4%	0.4%	1.0%	9.0%
Global Government Bonds	USD	0.6%	0.6%	1.2%	0.8%
Global Bonds	USD	0.4%	0.4%	0.9%	1.8%
Global Convertible Bonds	USD	0.5%	0.5%	2.8%	11.2%
Emerging Market Bonds	USD	0.4%	0.4%	1.7%	8.9%

# Performance

Asset Class/Region	Currency				
		Week ending 7 Feb 2025	Month to date	YTD 2025	12 Months
<b>Property</b>					
US Property Securities	USD	1.2%	1.2%	2.2%	14.9%
Australian Property Securities	AUD	-0.4%	-0.4%	4.3%	16.5%
Asia Property Securities	USD	0.9%	0.9%	1.9%	-1.5%
Global Property Securities	USD	0.9%	0.9%	2.2%	11.0%
<b>Currencies</b>					
Euro	USD	-0.9%	-0.9%	-0.3%	-4.1%
UK Pound Sterling	USD	-0.4%	-0.4%	-0.9%	-1.7%
Japanese Yen	USD	2.0%	2.0%	3.7%	-2.3%
Australian Dollar	USD	0.2%	0.2%	1.3%	-3.9%
South African Rand	USD	1.0%	1.0%	2.5%	2.6%
Swiss Franc	USD	-0.3%	-0.3%	-0.3%	-4.0%
Chinese Yuan	USD	-0.7%	-0.7%	0.1%	-1.4%
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	0.7%	0.7%	3.8%	10.8%
Agricultural Commodities	USD	0.2%	0.2%	3.5%	5.7%
Oil	USD	-2.7%	-2.7%	0.0%	-5.7%
Gold	USD	2.2%	2.2%	9.0%	40.5%



# Global Matters Weekly

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