

Weekly Market Update

Global trade tensions escalate as the US announces new reciprocal tariffs, prompting retaliatory measures from major economies, fuelling market volatility and uncertainty in global supply chains.

US

Tariffs: President Donald Trump announced a 25% tariff on steel and aluminium imports, effective March 12, 2025, aiming to protect domestic industries. Plans were unveiled to impose "reciprocal" tariffs on trading partners with higher import duties on U.S. products, potentially affecting countries like Brazil, India, Japan, Canada, and the EU.

Inflation: The Consumer Price Index (CPI) for January showed an unexpected rise to 3%, up from December's 2.9%, driven by a 0.5% month-on-month increase, surpassing economists' 0.3% forecast.

Labour market: The economy added 143,000 jobs in January, below expectations, with the unemployment rate ticking down to 4.0%.

AI investment surge: Major tech companies, including Microsoft, Google, and Meta Platforms, announced plans to increase capital expenditures on artificial intelligence by 45% in 2025, reflecting the growing emphasis on AI advancements.

UK

Tariff exemption efforts: The UK government engaged in talks with the US to secure exemptions from impending steel and aluminium tariffs, emphasising the negative impact on both economies.

Interest rate cut: The Bank of England reduced interest rates by 0.25% to 4.5%, citing progress in reducing inflationary pressures and aiming to support economic growth.

Economic growth concerns: Data indicated a stagnant economy with zero growth reported for Q4 2024, raising concerns about the UK's economic trajectory.

Manufacturing sector challenges: The manufacturing Purchasing Managers' Index (PMI) fell to an 11-month low of 47.0 in December, reflecting declining output and business sentiment.

Europe

Security discussions: EU leaders convened in Paris to discuss the future of Ukraine and European defence, emphasising the need for a new security architecture involving Russia.

Banking sector rebound: Europe's banking sector experienced a significant rebound, with the Stoxx 600 banks index showing impressive returns since 2022, outpacing major tech stocks.

Trade tensions: The EU prepared to respond to potential US tariffs on steel and aluminium, expressing concerns over the impact on European industries and the broader economy.

Inflation and growth outlook: The eurozone faced a "sizeable hit to activity" due to rising trade tensions, with forecasts indicating weak growth and ongoing disinflation.

Asia/ROW

Tariff retaliation: In response to US tariffs, China imposed levies on 80 US products, launched an antitrust probe into Google, and tightened export controls on critical minerals.

Inflation: Consumer Price Index (CPI) data for January showed a modest uptick, influenced by increased food prices during the Lunar New Year period.

Interest rate hike: The Bank of Japan raised its policy interest rate from 0.25% to 0.50%, the highest level in 17 years, in response to economic conditions and inflationary pressures.

Gold prices surge: Gold reached an all-time high of \$2,862 per ounce, driven by geopolitical tensions, trade tariff concerns, and expectations of further interest rate cuts.



Performance

Asset Class/Region	Currency				
		Week ending 14 Feb 2025	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	1.5%	1.3%	4.1%	23.5%
United Kingdom	GBP	0.4%	0.7%	6.8%	19.3%
Continental Europe	EUR	2.2%	2.9%	10.1%	15.2%
Japan	JPY	0.8%	-1.1%	-0.9%	9.3%
Asia Pacific (ex Japan)	USD	1.7%	2.9%	4.3%	18.7%
Australia	AUD	0.5%	0.3%	4.9%	17.5%
Global	USD	1.8%	1.7%	5.3%	21.1%
Emerging markets equities					
Emerging Europe	USD	3.5%	4.1%	12.8%	13.7%
Emerging Asia	USD	1.4%	2.9%	3.6%	18.9%
Emerging Latin America	USD	3.1%	4.7%	14.6%	-11.1%
BRICs	USD	3.2%	5.8%	5.9%	20.3%
China	USD	7.4%	12.5%	13.5%	45.5%
MENA countries	USD	0.1%	0.5%	3.7%	2.8%
South Africa	USD	1.8%	5.6%	11.2%	31.9%
India	USD	-1.3%	-2.5%	-4.0%	1.8%
Global emerging markets	USD	1.5%	3.0%	4.8%	15.4%
Bonds					
US Treasuries	USD	0.1%	0.5%	1.1%	3.5%
US Treasuries (inflation protected)	USD	0.2%	0.6%	1.9%	5.1%
US Corporate (investment grade)	USD	0.3%	0.7%	1.3%	5.7%
US High Yield	USD	0.2%	0.3%	1.6%	10.3%
UK Gilts	GBP	0.0%	0.5%	1.3%	1.5%
UK Corporate (investment grade)	GBP	0.0%	0.4%	1.6%	5.7%
Euro Government Bonds	EUR	-0.2%	0.4%	0.2%	3.7%
Euro Corporate (investment grade)	EUR	0.0%	0.3%	0.8%	6.4%
Euro High Yield	EUR	0.3%	0.7%	1.3%	9.2%
Global Government Bonds	USD	0.4%	0.9%	1.6%	2.1%
Global Bonds	USD	0.5%	0.9%	1.4%	3.1%
Global Convertible Bonds	USD	1.4%	1.9%	4.2%	12.7%
Emerging Market Bonds	USD	0.1%	0.5%	1.8%	9.8%

Performance

Asset Class/Region	Currency				
		Week ending 14 Feb 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	0.3%	1.4%	2.5%	15.5%
Australian Property Securities	AUD	0.4%	0.0%	4.6%	17.1%
Asia Property Securities	USD	0.5%	1.4%	2.4%	2.2%
Global Property Securities	USD	0.6%	1.5%	2.8%	12.8%
Currencies					
Euro	USD	1.8%	0.8%	1.5%	-2.1%
UK Pound Sterling	USD	1.7%	1.2%	0.7%	0.4%
Japanese Yen	USD	-0.4%	1.6%	3.3%	-1.2%
Australian Dollar	USD	1.5%	1.6%	2.8%	-2.0%
South African Rand	USD	0.4%	1.4%	3.0%	3.9%
Swiss Franc	USD	1.4%	1.1%	1.1%	-1.4%
Chinese Yuan	USD	0.5%	-0.1%	0.6%	-0.8%
Commodities & Alternatives					
Commodities	USD	1.5%	2.2%	5.3%	12.6%
Agricultural Commodities	USD	1.3%	1.5%	4.8%	7.4%
Oil	USD	0.1%	-2.6%	0.1%	-8.4%
Gold	USD	0.8%	3.0%	9.8%	44.5%



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For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited
研富投資服務有限公司
9th Floor, Centre Mark II
305-313 Queen's Road Central
Sheung Wan, Hong Kong

Tel +852 2827 1199
Fax +852 2827 0270
belvest@bis.hk
www.bis.hk

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