



# Weekly Investment Update

7<sup>th</sup> February 2025

## News Headlines

**US Tariffs** – This week marked a significant escalation in trade relations between the US and its largest trading partners. President Donald Trump initiated this by announcing a 25% tariff on imports from Canada and Mexico, and a 10% tariff on Chinese goods, effective from 1<sup>st</sup> February. Canada responded swiftly, promising retaliatory tariffs, and Mexico also promised both tariff and non-tariff measures. Amidst rising tensions, temporary relief was announced, with Trump agreeing to delay the tariffs on Canada and Mexico for a month following concessions on border security and drug trafficking. Meanwhile China, following the US's 10% tariffs being imposed after the deadline passed, responded with targeted tariffs on US energy and agricultural products, whilst also filing a formal complaint with the World Trade Organisation.

**BoE Rate Decision** – The Bank of England has lowered its benchmark interest rate by 0.25% to 4.5%, the lowest since 2023, as part of a cautious strategy to manage inflation and growth. Despite two policymakers advocating for a larger 0.5% cut, the Monetary Policy Committee signalled a "gradual and careful" approach. Markets reacted strongly, with the pound weakening and gilt yields falling, as traders bet on further easing. Inflation is projected to increase in 2025, driven by energy and regulated prices, while growth forecasts were halved. The economy is now expected to grow by 0.75% in 2025, down from 1.5%. Labour's policies, including tax rises, are expected to increase inflationary pressures, posing challenges for Chancellor Rachel Reeves amid a bleak economic outlook.

**US Job Openings** – US job openings have dipped to their lowest level since September last year, reaching 7.6 million in December, down from 8.16 million the previous month, according to the latest JOLTS report. This decline, which was larger than anticipated, signals a cooling labour market, with sectors like professional services, healthcare, and finance seeing the most significant reductions. This trend might help moderate wage growth, aligning with the Federal Reserve's efforts to manage inflation.

## Market Summary

**Global Equities** – This week, global equity markets experienced volatility largely driven by the US trade policy announcements previously detailed. In the US, major equity indices started the week with a dip due to tariff fears, but then recovered to end the week with a modest gain, despite some disappointing technology sector earnings. European stocks also showed resilience despite initial shocks following tariff announcements, posting a gain for the week. Both European and UK equities also saw gains following the BoE rate cut. In Asia, China's markets saw significant gains upon reopening after the New Year holiday, largely driven by optimism surrounding artificial intelligence after the release of DeepSeek. Japanese equities had a mixed week, initially seeing significant declines due to trade war fears, before rebounding following tariff delays.

**Commodities** – Commodity prices generally increased this week, with the Bloomberg Commodity index posting a healthy gain. Gold prices hit another all-time high against the US dollar, with trade war fears strengthening safe haven demand, whilst also benefitting from a weaker dollar. Other industrial metals, such as copper, also saw price increases this week following the delay in tariffs. However, oil prices declined for a third consecutive week amid trade uncertainty, though prices also saw a small rebound on delayed tariffs.

**Fixed Income** – There was generally a decline in government bond yields this week across major regions (meaning prices rose), with US Treasuries rallying as investors sought safety amid fears of a global trade war. European bonds also benefited, with yields declining on dovish ECB signals. In the UK, gilt yields initially fell following the Bank of England rate cut, but rose slightly following cautious rhetoric from the central bank.

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. This is for professional advisers only and clients should refer directly to an independent financial adviser. Ascencia Investment Management Limited is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409. Ascencia Investment Management Limited Registered in England No: 05010380



**Address:**

Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



**Enquiries:**

0161 886 8000  
enquiries@ascenciaim.co.uk



**Web:**

www.ascenciaim.co.uk

## Chart of the Week

# BOE: Gradual And Careful Approach Appropriate Markets price 2 more cuts in 2025



Source: Bloomberg – BOE: Gradual and Careful Approach Appropriate

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		- US CPI (MoM, YoY)	- UK GDP - German CPI (MoM) - US PPI (MoM)	

## Market Performance – 07/02/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	6.85%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	3.52%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	7.43%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-2.77%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	4.53%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income	Yield %					
UK 10 Year Gilt	4.49%					
US 10 Year Treasury	4.43%					
Commodities	2025 YTD %**	2024 %**	2023 %**	2022 %**	2021 %**	2020 %**
Gold	9.75%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD	1.24 (07/02/2025)					
GBP/EUR	1.20 (07/02/2025)					

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

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. This is for professional advisers only and clients should refer directly to an independent financial adviser. Ascencia Investment Management Limited is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409. Ascencia Investment Management Limited Registered in England No: 05010380.



### Address:

Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



### Enquiries:

0161 886 8000  
enquiries@ascenciaim.co.uk



### Web:

www.ascenciaim.co.uk