



Weekly Investment Update

28th February 2025

News Headlines

Trade Tariffs – This week, President Donald Trump confirmed that 25% tariffs on Canada and Mexico will take effect on 4th March, alongside an additional 10% levy on Chinese imports, escalating his trade battle with the US's top partners. The announcement follows a month-long delay granted after border security concessions from both Canada and Mexico. However, Trump explained the tariffs will proceed as drug trafficking into the US still remains “unacceptable”. There was some confusion, as Trump also hinted at a delay until April, however a White House official confirmed the March deadline. Further to this, Trump also warned of a potential 25% EU tariff, adding to global trade uncertainty.

UK Defence Spending – Prime Minister Keir Starmer has pledged this week to lift UK defence spending to 2.5% of GDP by 2027, which he stated will be funded by cutting foreign aid. The announcement was made before his Washington talks with US President Donald Trump and the increase in spending aims to bolster European security amid global tensions, particularly the Russia and Ukraine conflict. It also comes on the back of Trump's push for Europe to bolster its defences.

US Consumer Confidence – US consumer confidence weakened in February, with the Conference Board index dropping to 98.3 - an eight-month low - from January's 105.3. A decline to 102.5 had been expected, but softer labour market data drove the larger fall. The gap between 'jobs plentiful' and 'hard to get' also declined to 17.1, down from 19.4 last month and the lowest since October, suggesting growing economic concern. This follows other economic data, such as services PMI dropping below 50, which has unsettled markets, with US equities struggling this week. It may also prompt the Federal Reserve to consider more substantial rate cuts in 2025.

Market Summary

Global Equities – This week, global equities saw mixed performance across regions, though the MSCI World index saw a moderate decline (-1.96%). US equities struggled, with the S&P 500 falling (-2.51%) amid stagflation fears and a technology sell-off after Nvidia's underwhelming earnings. However, Europe outperformed, as the STOXX Europe 600 rose (+0.62%), hitting a record high midweek, buoyed by German election stability despite late tariff jitters. The UK's FTSE 100 index also posted a gain for the week (+1.23%), led by gains in bank and mining stocks. In Asia, China's Hang Seng surged earlier in the week, reflecting technology-driven optimism, but ended with a moderate gain (+1.03%) as tariff threats and technology declines hit sentiment. Japan's Nikkei 225 index also declined this week (-1.28%), pressured by a stronger yen, tariff threats and global risk-off sentiment.

Commodities – Commodity prices generally declined this week, with the Bloomberg Commodity index falling (-2.39%), amid economic slowdown signals and geopolitical tensions. Oil prices saw declines, pressured by demand concerns and tariff threats, however prices rebounded slightly later in the week. Gold prices, despite an early safe-haven boost, also fell as the dollar strengthened.

Fixed Income – This week, Bonds rallied amid risk-off sentiment and as US economic slowdown signals increased. The 10-year US Treasury yield fell (meaning prices rose), driven by weaker data such as declining consumer confidence and services PMI, boosting Federal Reserve cut expectations for 2025. European bond yields also fell, supported by German coalition stability and despite tariff threats. In the UK, Gilt yields also fell to a two-week low, as Trump suggested a potential tariff free trade deal with the UK and expectations for Bank of England rate cuts grew.

Source: Bloomberg Terminal – Global Equities. Data reflects total returns in local currency as of market close on Thursday 27th February, for the following indices: S&P 500 (USD), STOXX 600 (EUR), FTSE 100 (GBP), Nikkei 225 (JPY), and Hang Seng (HKD)

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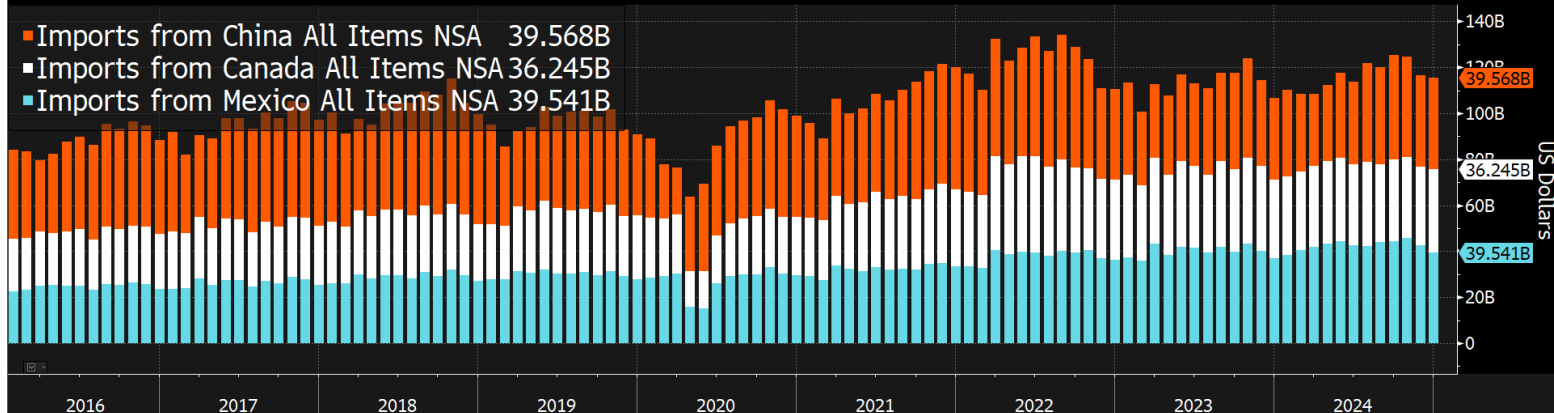


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Chart of the Week

Trump Says Tariffs in Effect March 4 US imports from Mexico, Canada & China near \$120B a month



Source: Bloomberg – Trump Says Tariffs in Effect March 4th

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Eurozone CPI (YoY) - US Manufacturing PMI		- US Services PMI - US Non-Manufacturing PMI	- ECB Interest Rate Decision	- Federal Reserve Monetary Policy Report

Market Performance – 28/02/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	7.66%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	-0.16%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	10.02%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-6.80%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	18.68%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income	Yield %					
UK 10 Year Gilt	4.50%					
US 10 Year Treasury	4.26%					
Commodities	2025 YTD %**	2024 %**	2023 %**	2022 %**	2021 %**	2020 %**
Gold	9.00%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD	1.26 (28/02/2025)					
GBP/EUR	1.21 (28/02/2025)					

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

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