



# Weekly Investment Update

7<sup>th</sup> March 2025

## News Headlines

**ECB Rate Decision** – This week, the European Central Bank (ECB) reduced interest rates for the sixth time since June 2024, cutting the deposit rate to 2.5%. The decision aims to bolster growth and follows euro-area inflation falling to 2.4% in February, with services inflation also dipping to 3.7%, moving closer to the central bank's 2% target. However, ECB President Christine Lagarde hinted that the rate-cutting phase may soon pause, adopting a cautious approach, and highlighted risks from trade tensions and geopolitical unrest. She also suggested the EU's increase in defence spending might offer an economic boost, and stressed a flexible, data-driven approach to future rate decisions.

**US Pauses Military Aid to Ukraine** – US President Donald Trump paused all military aid to Ukraine this week, days after a tense White House meeting with President Volodymyr Zelenskyy, with the aim of pressuring Ukraine to engage in peace talks with Russia. Following this, Zelenskyy proposed a peace plan, including prisoner releases and a truce on civilian attacks, if Russia reciprocated. Meanwhile, UK Prime Minister Keir Starmer hosted a London summit with European leaders earlier in the week, announcing an initiative named the "coalition of the willing" spearheaded by the UK and France, looking to draft a peace plan and bolster Ukraine's defences. Following the summit, the UK committed a £1.6 billion loan to Ukraine for over 5,000 air-defence missiles.

## Market Summary

**Global Equities** – Global equity markets delivered a mixed performance this week, with some regions seeing declines amid US trade tensions escalating. In the US, the S&P 500 fell (-3.61%) as 25% tariffs were confirmed against Mexico and Canada, with the technology-heavy NASDAQ 100 faring worse (-3.97%). In Europe, Germany's DAX index rose to new highs in the week following a dramatic fiscal pivot aimed at boosting infrastructure and defence spending, though the STOXX 600 stayed flat (-0.17%). The UK's FTSE 100 index lagged (-1.20%), as a result of global trade tensions and a stronger pound. In Asia, China's CSI 300 index edged up (+1.70%) despite trade tariffs, buoyed by a 5% growth target. Hong Kong's Hang Seng index also outperformed (+6.52%), led by technology sector gains.

**Commodities** – Commodity prices generally increased this week, with the Bloomberg Commodity Index climbing (+1.66%), buoyed by broad gains. Gold prices edged up as a safe haven demand increased amid ongoing trade policy uncertainty and a weakening dollar, while copper prices surged on the back of China's growth targets and Germany's infrastructure plans. However, oil prices saw declines this week due to fears of oversupply amid trade uncertainty, with Brent Crude dropping below \$70/barrel.

**Fixed Income** – This week, fixed income markets generally saw increasing yields, driven by policy shifts and trade tariffs. US 10-year Treasury yields edged up in the week, as tariff delay hopes briefly lifted risk sentiment, however, yields then saw declines, as renewed trade uncertainty increased demand for safe haven assets. In Europe, Germany's 10-year government bond yields leapt to the highest levels since 2023, driven by Germany's fiscal pivot on infrastructure and defence. UK Gilts mirrored Germany, with yields increasing throughout the week.

Source: Bloomberg Terminal – Global Equities. Data reflects total returns in local currency as of market close on Thursday 6<sup>th</sup> March, for the following indices: S&P 500 (USD), NASDAQ 100 (USD), DAX (EUR), STOXX 600 (EUR), FTSE 100 (GBP), CSI300 (CNY) and Hang Seng (HKD)

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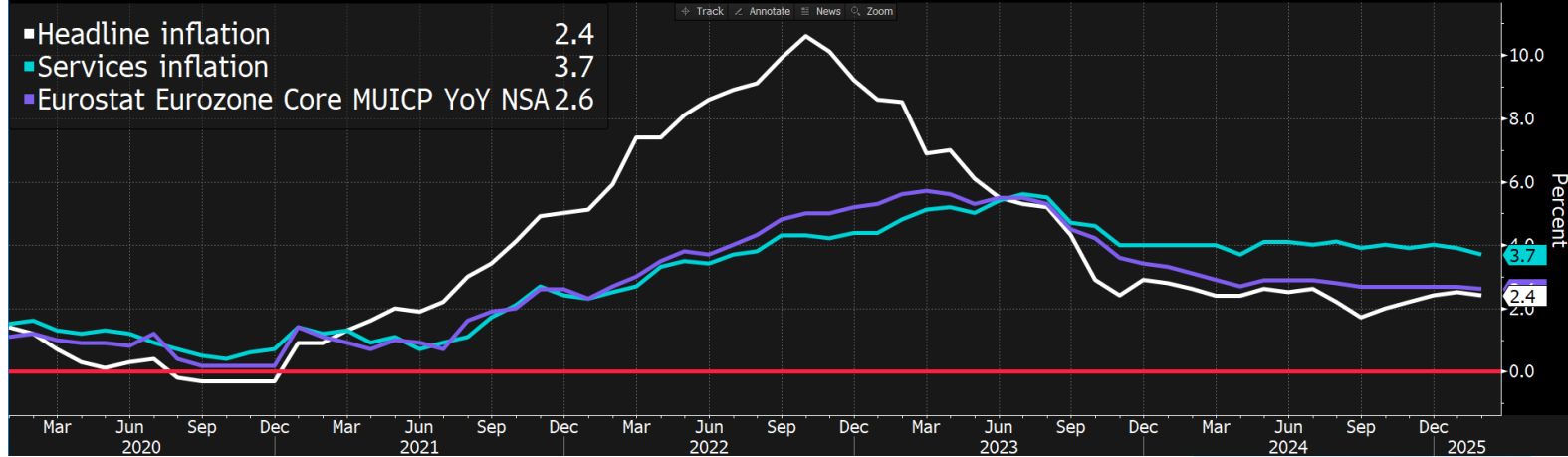
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## Chart of the Week

# Euro-Area Inflation

## Price pressures eased in February



Source: Bloomberg – Euro-Area Inflation

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Japan GDP (QoQ)		- US CPI (MoM, YoY) - BoC Interest Rate Decision	- US PPI (MoM)	- UK GDP (MoM) - German CPI (MoM)

## Market Performance – 07/03/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	7.01%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	-2.22%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	9.84%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-7.47%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	22.27%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income	Yield %					
UK 10 Year Gilt	4.68%					
US 10 Year Treasury	4.28%					
Commodities	2025 YTD %**	2024 %**	2023 %**	2022 %**	2021 %**	2020 %**
Gold	11.37%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD	1.29 (07/03/2025)					
GBP/EUR	1.20 (07/03/2025)					

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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