



Weekly Investment Update

21st March 2025

News Headlines

Federal Reserve Rate Decision – The US Federal Reserve kept interest rates unchanged at 4.25%-4.50% on Wednesday, in line with expectations, and extending the pause in its rate-cut cycle that began in January. The Fed also reduced its quantitative tightening pace, lowering monthly Treasury runoff from \$25 billion to \$5 billion starting in April, a move that supports bond demand. While forecasting two rate cuts for 2025, Chair Jerome Powell highlighted significant uncertainty, notably from potential tariff impacts, suggesting a wait-and-see approach. Markets reacted favourably, with the S&P 500 rising post decision, and 10-year Treasury yields fell.

Germany Fiscal Stimulus – Germany's parliament has fully approved a landmark fiscal stimulus package this week, with the Bundestag and Bundesrat approving the measure led by the CDU, SPD, and Greens. The plan creates a €500 billion fund for infrastructure upgrades and scraps the constitutional "debt brake," allowing an increase defence spending. Aimed at revitalising Europe's largest economy, the stimulus could boost GDP by 3-4% by 2027. It also comes on the back of a shift in US policy under President Donald Trump, which has led to calls for increased defence spending in Europe.

Bank of England Rate Decision – The Bank of England's Monetary Policy Committee voted 8-1 to keep the base rate at 4.5%, reflecting a cautious stance amid persistent inflation and global uncertainty. Only one member favoured a 0.25% cut. The decision, consistent with expectations, aligns with a "gradual and careful" approach to future interest rate adjustments. Despite weak economic growth in the UK, inflationary pressures remain a concern.

Market Summary

Global Equities – Global equity markets delivered generally positive performance this week. In the US, the S&P 500 edged higher (+0.45%), buoyed by a dovish Federal Reserve stance, though technology stock declines tempered gains. Europe's STOXX 600 rose (+1.18%), driven by Germany's fiscal boost, a supportive Fed, and broader European market strength. The UK's FTSE 100 also rose (+0.82%), though lagged other European indices, weighed down by a hawkish Bank of England strengthening the pound. In Asia, Hong Kong's Hang Seng soared to a three-year high in the week before retreating (+1.09%). Japan's Nikkei 225 also climbed (+1.69%), supported by robust export growth.

Commodities – Commodities showed resilience this week, with prices generally rising, evidenced by the Bloomberg Commodity index posting a moderate gain (+0.82%). Gold prices breached \$3,000 per ounce midweek, as investors sought safe havens amid Middle East tensions, US tariff uncertainty and a softer dollar. Oil prices rose, lifted by new US Iran-related sanctions, targeting a Chinese refinery, and supply concerns. Copper prices also edged up, following the Chinese government's commitment to stimulate consumption and tariff uncertainty.

Fixed Income – Fixed income markets were generally shaped by central bank decisions and geopolitical developments this week. US 10-year Treasury yields fell, dropping after a dovish Federal Reserve signalled a slower quantitative tightening pace, boosting demand. However, UK 10-year Gilt yields rose slightly after the Bank of England held interest rates at 4.5%, reflecting inflation worries.

Source: Bloomberg Terminal – Global Equities. Data reflects total returns in local currency as of market close on Thursday 20th March, for the following indices: S&P 500 (USD), STOXX 600 (EUR), FTSE 100 (GBP), Hang Seng (HKD), Nikkei 225 (JPY)

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:

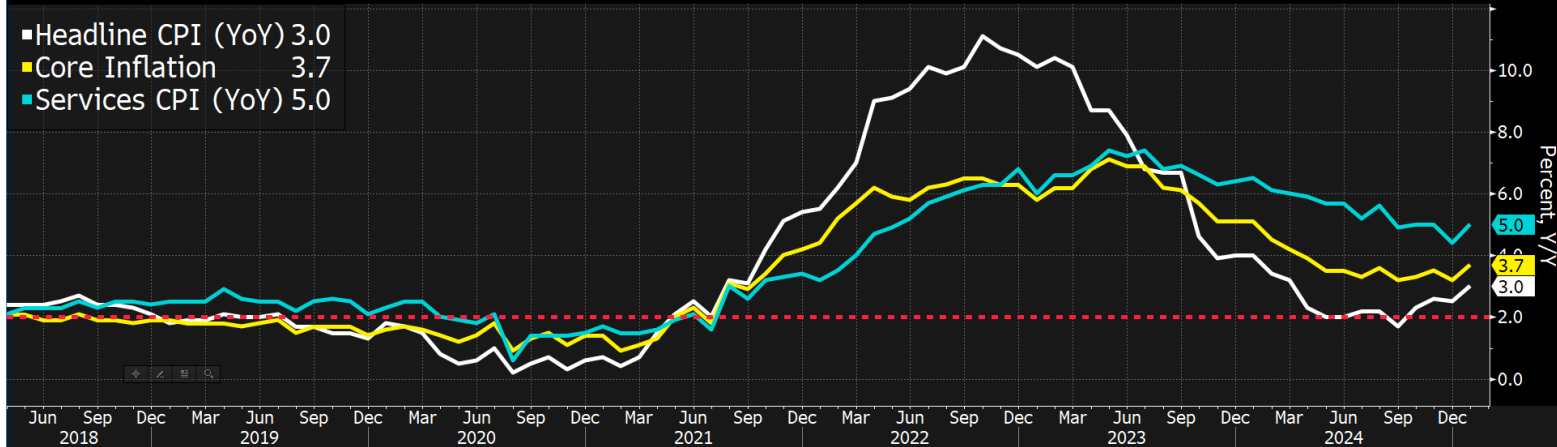
www.ascenciaim.co.uk

Chart of the Week

BOE Confronts Rising Inflation

Core inflation remains elevated at 3.7%

- Headline CPI (YoY) 3.0
- Core Inflation 3.7
- Services CPI (YoY) 5.0



Source: Bloomberg – BOE Confronts Rising Inflation

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- US CB Consumer Confidence	- UK CPI (YoY) - UK Spring Forecast Statement	- US GDP (QoQ) - US Initial Jobless Claims	- UK GDP (QoQ) - UK GDP (YoY)

Market Performance – 21/03/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	7.43%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	-3.43%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	9.40%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-5.49%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	21.62%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income	Yield %					
UK 10 Year Gilt	4.67%					
US 10 Year Treasury	4.24%					
Commodities	2025 YTD %**	2024 %**	2023 %**	2022 %**	2021 %**	2020 %**
Gold	15.58%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD	1.30 (21/03/2025)					
GBP/EUR	1.19 (21/03/2025)					

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

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