ascencia
Investment Management

Weekly Investment Update

11th April 2025

News Headlines

Trump's Tariff Pause – On Wednesday, President Trump announced a 90 day pause of tariffs affecting numerous US trading partners. The policy reduces duties to a standard 10% for most countries, pausing higher rates to allow for trade discussions. Exceptions include China, where tariffs were increased to 125% in response to them imposing an 84% duty on US imports. The decision follows recent trade tensions and market volatility, with Trump describing the pause as an incentive for cooperation, while criticising China's retaliation. The announcement prompted an immediate rise in US equities on Wednesday, and Asian equities overnight. Since the announcement, trade tensions have escalated further, with the White House stating that China tariffs would rise to 145%. China has responded by imposing a 125% tariff on US imports in retaliation.

UK Economy – The UK economy grew by 0.5% in February according to the Office for National Statistics (ONS), surpassing forecasts of 0.1% and marking the strongest expansion in eleven months, after January's flat reading. This was mainly driven by a rise in manufacturing output, with electronics and pharmaceuticals sectors showing substantial growth, while services also saw gains. Construction recovered, driven by public projects, and consumer spending held firm despite inflation pressures. However, economists have warned that this momentum may fade as US tariff hikes threaten business investment and consumer confidence, as well as increasing household bills and tax rises for employers. UK Chancellor Rachel Reeves welcomed the increased growth, but stressed pragmatism in order to secure trade deals with the US.

Market Summary

Global Equities – Global equities endured a volatile trading week, driven by escalating US-China trade tensions and partial tariff relief. US equity markets plummeted early in the week as reciprocal tariffs increased recession fears, before a historic mid-week rally (the largest daily gain for the S&P 500 since 2008) after a 90-day tariff pause for most countries (excluding China). However, later in the week, renewed US-China tariff hikes sparked another slump, meaning the S&P 500 finished in negative territory (-2.35%). European equities were also volatile, dropping sharply on trade war concerns but rebounding partially as the EU delayed retaliatory tariffs following President Trump's announcement. However, the STOXX 600 index still posted a substantial decline for the week (-6.63%). UK markets mirrored Europe, with the FTSE 100 index posting a similar loss for the week (-6.48%). Chinese equities were hit the hardest following the initial tariff announcement, with Hong Kong's Hang Seng index plummeting after reopening on Monday following the holiday, with the index suffering its worst daily decline since 2008. The index then experienced modest daily increases, meaning it finished the week down -8.18%. Japanese equities also slumped early on before surging following US tariff exemptions, with the Nikkei 225 index slipping -0.37% over the week.

Commodities – Commodities were hit hard by US-China trade tensions this week, with the Bloomberg Commodity index posting a weekly decline of -4.31%. Oil prices plummeted, with Brent crude hitting a four year low as tariff driven recession fears lowered demand. Although prices briefly recovered mid-week following the tariff pauses, they ended the week considerably lower. In contrast, gold soared to another all-time high versus the US dollar this week, reflecting its safe-haven status amid trade uncertainty.

Fixed Income – Fixed income markets were also highly volatile this week. US Treasuries saw yields soar (meaning prices fell) as tariff uncertainty led to a sell-off as their safe-haven status was diminished, with the 30 year yield briefly hitting 5% on Wednesday. UK gilts also faced volatility, with the 30 year yield hitting a level not seen since 1998, though late week tariff relief stabilised yields. European bonds, in particular German Bunds, remained relatively steady despite trade uncertainty, with modest yield fluctuations.

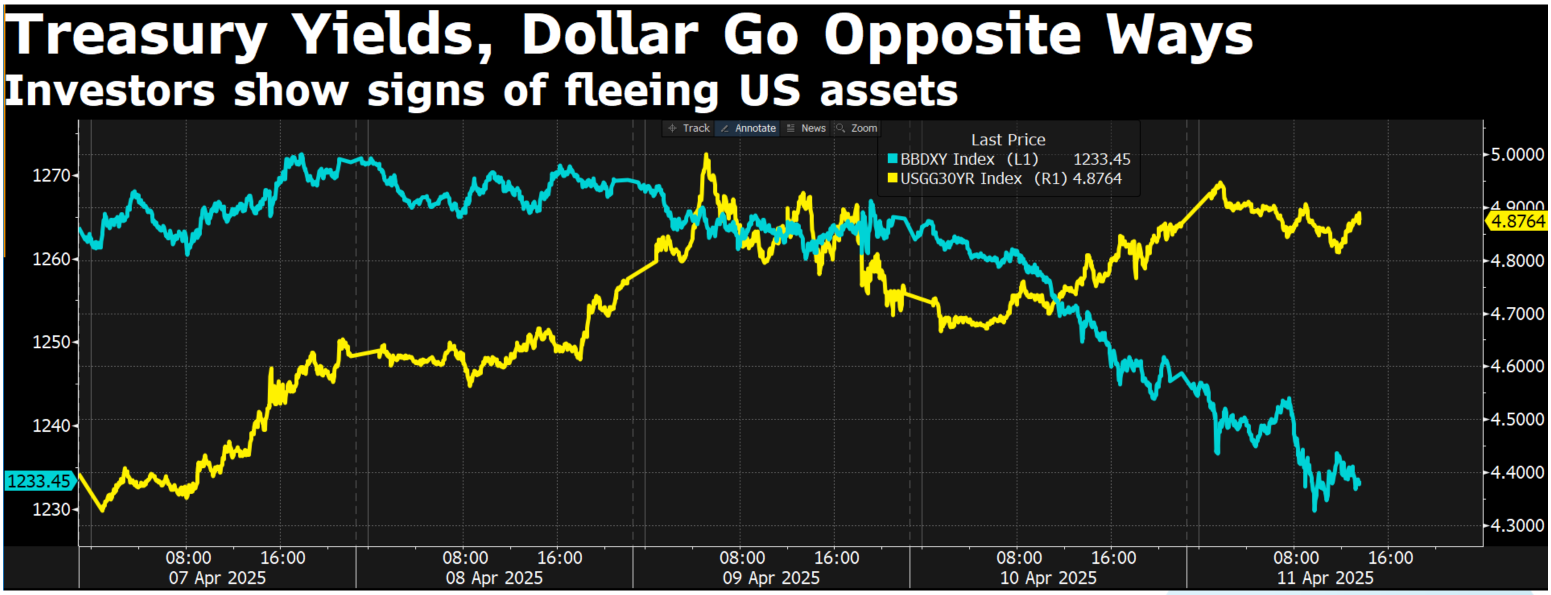
Source: Bloomberg Terminal – Global Equities. Data reflects total returns in local currency as of market close on Thursday 10th April, for the following indices: S&P 500 (USD), STOXX 600 (EUR), FTSE 100 (GBP), Hang Seng (HKD), Nikkei 225 (JPY)

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



Source: Bloomberg – Treasury Yields, Dollar Go Opposite Ways

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- China GDP (YoY)	- UK CPI (YoY) - Eurozone CPI (YoY) - BoC Interest Rate Decision	- ECB Interest Rate Decision	

Market Performance – 11/04/2025

Global Equity Market Indices	2025 YTD %*	2024 %*	2023 %*	2022 %*	2021 %*	2020 %*
FTSE 100	1.97%	8.89%	7.68%	4.57%	18.40%	-11.44%
S&P 500	-10.10%	25.52%	26.26%	-18.13%	28.68%	18.39%
STOXX 600	-3.14%	9.03%	16.63%	-9.88%	25.82%	-1.44%
Nikkei 225	-15.08%	21.27%	31.01%	-7.35%	6.66%	18.28%
Hang Seng	3.92%	22.79%	-10.46%	-11.48%	-12.64%	-1.00%
Fixed Income	**Yield %**					
UK 10 Year Gilt	4.64%					
US 10 Year Treasury	4.46%					
Commodities	**2025 YTD %****	**2024 %****	**2023 %****	**2022 %****	**2021 %****	**2020 %****
Gold	22.97%	26.35%	13.10%	-0.28%	-3.64%	25.12%
Currency						
GBP/USD	1.30 (11/04/2025)					
GBP/EUR	1.16 (11/04/2025)					

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

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

Enquiries: 0161 886 8000 enquiries@ascenciaim.co.uk

Web: www.ascenciaim.co.uk