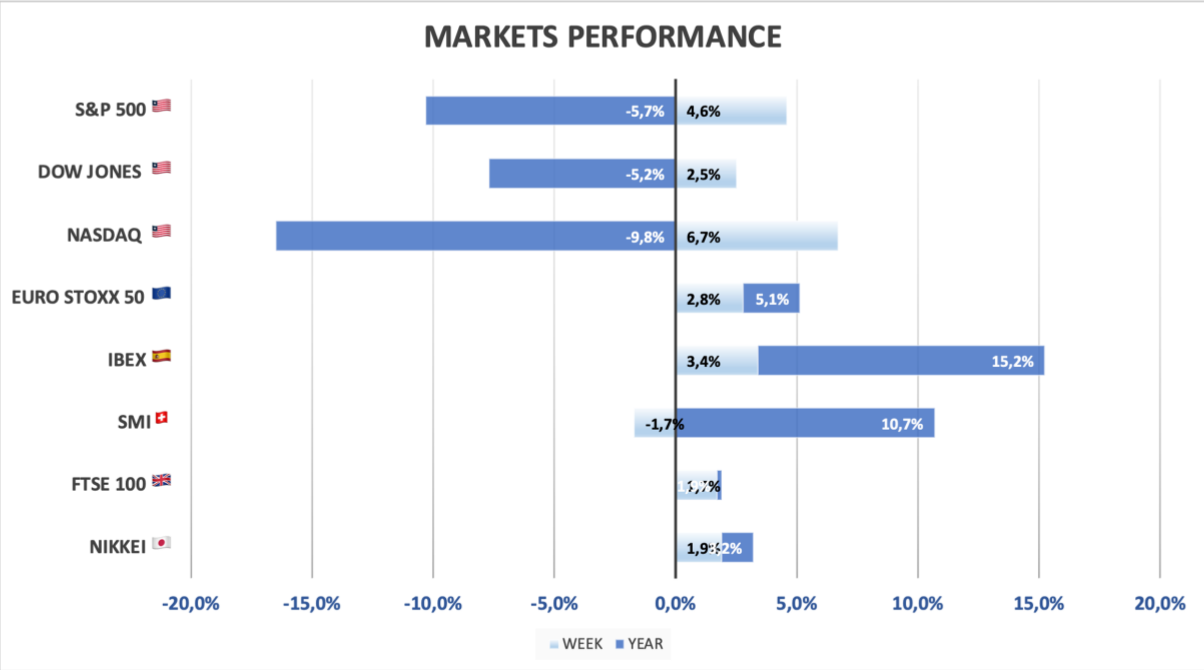
Global markets weekly update

28.04.2025



U.S.

- The major U.S. stock indexes fell sharply on Monday but posted big gains over the next four days to rebound from the previous week's negative results. The NASDAQ surged 6.7% for the week while the S&P 500 finished up 4.6% and the Dow Jones rose 2.5%. Sentiment was boosted by Donald Trump significantly recalibrating his belligerent rhetoric against Fed Chair Jerome Powell and China. Sentiment was also lifted by encouraging first quarter earnings results. Market participants digested results from some of the world's biggest companies, including a 71% plunge in quarterly net income by Tesla and a solid performance from Google parent Alphabet.
- The earnings growth rate for S&P 500 companies improved as earnings season entered its busiest period. Q1 net income was expected to rise an average of 10.1% year-over-year. A week earlier, the anticipated earnings growth rate was 7.0%. According to data from FactSet, 73% of the companies that had reported first-quarter results through Friday morning.
- S&P Global reported its PMI survey data for April, which indicated that U.S. business activity growth slowed to the lowest level in 16 months. While activity in the manufacturing space surprisingly increased, from 50.2 in March to 50.7 in April, services activity growth slowed abruptly, dragging the whole index down to 51.2 from 53.5.

- The IMF reduced its forecasts for global economic growth, citing risks related to higher tariffs. The organization is now projecting a 2.8% annual GDP growth rate in 2025 and 3.0% in 2026. Three months ago, before to the recent escalation in tariffs, the insitution had forecast 3.3% growth rates in both 2025 and 2026.
- The University of Michigan on Friday said that its final reading for April was 52.2, down from 57.0 in March, as consumers cited “ongoing uncertainty around trade policy and the potential for a resurgence of inflation.” At year-end 2024, the index was at 74.0.
- In addition to more quarterly earnings reports, the new week will bring a monthly jobs report, an initial estimate of first-quarter GDP growth, an inflation update, and other closely watched economic readings. The employment report will show how April’s jobs growth compared with March’s bigger-than-expected gain of 228,000 jobs.

Europe

- The Eurostoxx 600 ended the week 2,77% higher, supported by the hopes of a constructive dialogue between U.S. President Trump and China and after worries about Fed independence cool. Major European stock indexes also rose. Germany’s DAX climbed 4.89%, France’s CAC 40 Index gained 3.44%, and Italy’s FTSE MIB advanced 3.80%. The UK’s FTSE 100 Index added 1.69%.
- The U.S. trade tariffs introduced led the German government to cut its GDP forecast for this year. It now expects stagnation, rather than the 0.3% expansion that it projected in January. Meanwhile, Bundesbank President Joachim Nagel said at the IMF meeting in Washington that trade tensions would have a “significant” impact on the country’s export-led economy, which might even tip into a “slight recession.” Germany’s GDP has contracted for the past two years.
- Declining confidence held back business activity in the eurozone in April, leading the Eurozone Composite PMI to fall to 50.1 from 50.9 in the previous month. Services sector activity weakened slightly, and manufacturing defied the U.S. tariff threat, increasing for a second month in a row.
- UK retail sales post a 0.4% surprise gain in March. However, rising energy bills and volatile financial markets depressed consumer confidence in April.

Japan

- Japan’s stock markets ended the week higher, with the Nikkei 225 Index up 2.8% and the broader TOPIX Index climbing 2.7%. A weaker yen, JPY 143 against the USD, provided some relief. The yield on the 10-year Japanese government bond rose to 1.34%, from the prior week’s 1.29%.
- High inflation continued to support the case for further rate hikes by the BoJ, although the central bank’s process of monetary policy normalization is complicated by uncertainty about the economic impacts of U.S. tariff measures. Tokyo-area inflation, accelerated at the fastest pace in two years, with the core CPI rising 3.4% year on year in April, up from 2.4% in March.

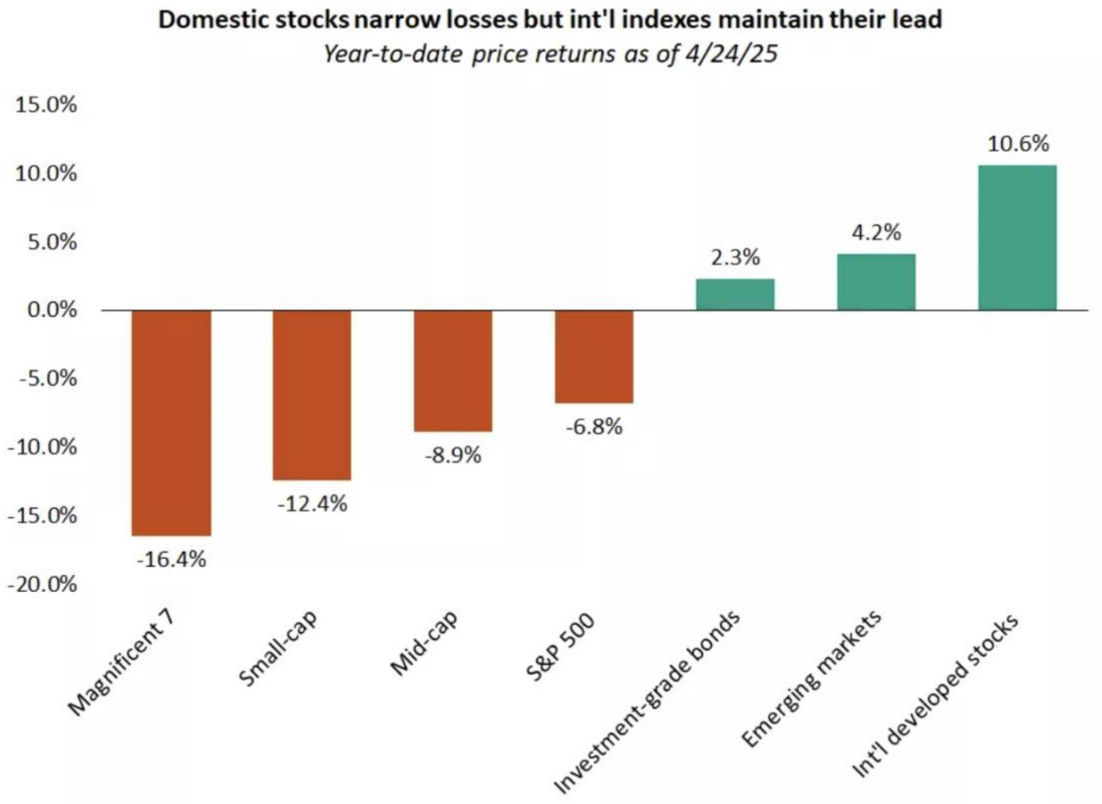
China

- Chinese equities rose over the week, helped by hopes that the government will implement more stimulus measures to protect China’s economy from the impact of U.S. tariffs. The Trump administration hiked total tariffs on most Chinese goods to 145% earlier in April. The Shanghai Composite Index gained 0.61%, while the blue chip CSI 300 added 0.46%.
- On Friday, China’s Politburo said it would “fully prepare” emergency plans in response to external shocks. The group also said that China would introduce new monetary tools and policy financing instruments to encourage technology, consumption, and trade.

Portfolio considerations

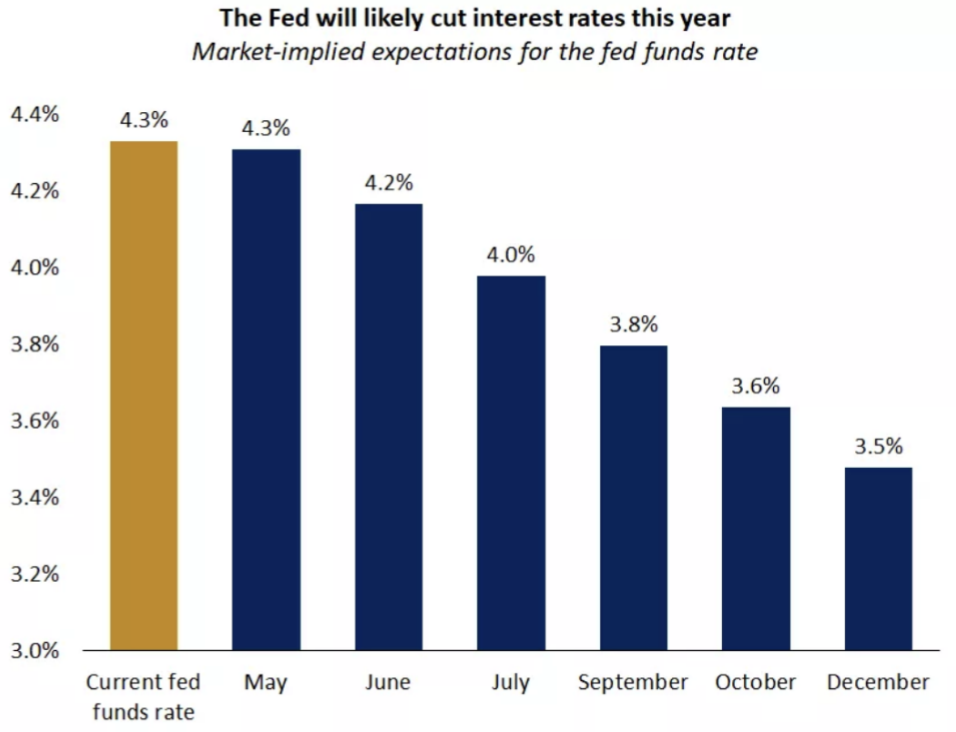
Equities

The rebound in markets since the April 9 tariff-pause has triggered a 10% rally in the S&P 500 from the low, leaving the index about 10% off its February high. Any further gains will likely require more concrete improvements and agreements with other countries, rather than just signs of easing tensions. Uncertainty around trade and tariffs and stubborn inflation will continue to generate volatility and stocks might retest prior lows, especially since the Fed is constrained on what it can do by persistent inflation pressures and the government’s high deficits. What happens next will mostly depend on trade progresses and the pivot to a progrowth agenda (deregulation and lower taxes). As mentioned in previous reports, diversified portfolios will fare better, as international equities have maintained their advance even as U.S. stocks recovered.



Fixed Income

President Trump said last week that he has "no intention of firing" Fed Chair Powell. With these worries fading, the 10-year yield has now returned back to near the of the 4.0%-4.5% range. According to the IMF, U.S. GDP growth is expected to slow to 1.8%, down from 2.8% in 2024, with roughly 0.4% of this decline due to tariff impacts and associated market disruptions. Core inflation is likely to peak around 3.5% - 4% before falling as demand slows. The Fed currently remains in a wait-and-see mode and may keep rates on holds when it meets again on May 7. By June or July, policymakers will likely have more clarity on the impact of tariffs. A cooling growth and labor market will likely lead the Fed to cut rates two-to-three times this year, as expected by the market.



The still elevated levels of carry represent some of the highest yields of the past twenty years, making them very attractive for investors. We continue to prefer intermediate maturity bonds, faced with the uncertainty induced by Trump's inflationary policies.

The week ahead

Monday	Tuesday	Wednesday	Thursday	Friday
____________	Jobs Opening and Labor Turnover Case-Schiller Home Price Index Consumer Confidence Index	Q1 Estimate Personal Consumption Expenditures ADP National Employment Report Pending home sales	ISM Manufactuing Index Construction spending Weekly unemployment claims	Non farm payrolls Factory orders