

# Market Monthly

## March 2025

### Highlights

- Economics** Global equities moved down in March. European indices corrected less than their US counterparts. In the US, annualized GDP came in at 2.4% slightly up from the previous 2.3% and expected 2.3% for 4Q24; the unemployment rate increased to 4.1% vs prior and expected of 4.0%. Final US Manufacturing PMI for Feb came in better than expected at 52.7, better than the 51.6 expected and 51.2 previous value. Services improved to 53.5 up from 52.8 previously and 52.5 expected. In Europe the picture was a bit different with GDP YoY much lower at 1.2%, but up from previous and expected 0.9%; PMI numbers for Final February were lower with manufacturing at 47.6 (prior 46.6 and expected 47.3), while services came down a bit to 50.6, (50.7 expected and prior 51.3).
- Inflation:** February CPI in USA retracted from 3.0% to 2.8% (2.9% expected) and the preferable FED measure, core price inflation (PCE) YoY increased to 2.8% above expected and revised previous of 2.7%. Eurozone inflation came down a bit to 2.3% from 2.4% expected and revised previous of 2.5%. Inflation figures in other economies were as follows: China -0.7%, India 3.61%, Brazil 5.26%, Russia 10.06%
- Central bank interest rates:** The March meeting of the FED yielded no action. The upper bound rate remains at 4.50%. The next meeting is scheduled for May 07, 2025. The ECB also met in March and cut their Main Refinancing rate by 25bp to 2.65%. Their next meeting is scheduled for April 17, 2025.
- Capital market rates:** During the month, the yield on the 10Y Treasuries did not change and remained at 4.2%. In the 10Y Bund the movement was up fmo2.46% to 2.73% at the end of March.

### Tactical Asset Allocation

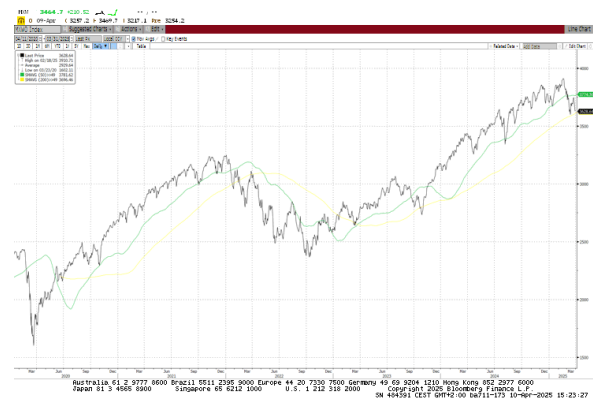
- Forex:** The USD weakened in March against the EUR and moved from 0.96 EUR/USD down to 0.93 EUR/USD.
- Bonds incl. High Yields (N<sup>1</sup>):** So far, our view with peak of yields on US Treasuries in April of last year still holds. Currently fixed income rebalances should be done to utilize the still high yield environment. Yields have not moved much yet, but expectations here are that yields will come down during the new US administration.

<sup>1</sup> How to read: (U) underweight; (N) neutral; (O) overweight

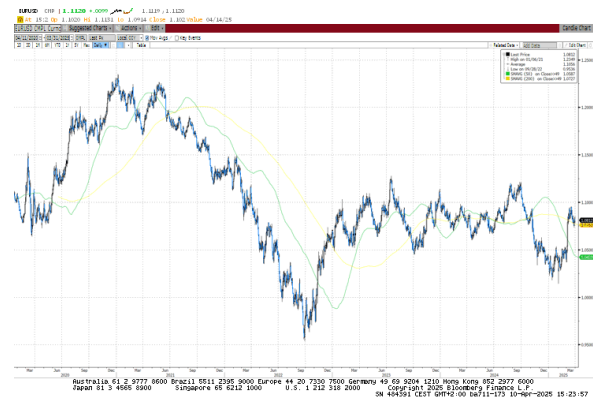
- Equities (U):** March was a negative month, especially for the US markets. S&P500 down -5.75% while Dax -1.72%; Eurostoxx 50 -3.94% and the SMI was -3.12%.
- Commodities (U):** Crude oil was up from \$69.76/barrel at the end of February to \$71.48/barrel at the end of March; the conflict in the Middle East continues, with a cease fire and hostages/prisoner exchange under way. The new US administration has reiterated that they want to drill for oil in the new year and bring the oil price down, but that effect has yet to settle in. Gold moved up again by +9.33% to reach a new high at \$32122/oz at the end of March.

### Investment Ideas<sup>ii</sup>

- Our exposure remained largely unchanged and focused on taking some profit on various stocks.



Performance Equity Markets MSCI World 5Y



EURUSD Technical Chart 5y, Bloomberg

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