

Market Monthly

April 2025

Highlights

- Economics** Global equities moved first sharply down in April, followed by a rebound. Some European indices finished the month on a positive note, while the US counterparts remained negative. In the US, annualized GDP for 1Q25 came in at -0.3%, slightly down from the expected -0.2%, but a strong change from the previous 2.4%; the unemployment rate increased to 4.2% vs prior and expected of 4.1%. Final US Manufacturing PMI for Mar came in better than expected at 50.2, better than the 49.9 expected, down from the previous 52.7. Services weakened to 50.8 compared to the previous 53.5 and expected 52.9. In Europe the picture was a bit different, GDP for 1Q25 remained as previous at 1.2%, better than the expected 1.1%; PMI numbers for final March improved with manufacturing at 48.6 (prior 47.6 and expected 48.7), services also improved to 51.0 (prior 50.6, expected 50.4).
- Inflation:** February CPI in USA retracted from 2.8% to 2.4% (2.5% expected) and the preferable FED measure, core price inflation (PCE) YoY decreased to 2.6%, as expected, while the previous figure of 2.8% was revised to 3.0%. Eurozone inflation remained at 2.2% as expected and revised previous value. Inflation figures in other economies were as follows: China -0.1%, India 3.34%, Brazil 5.49%, Russia 10.34%
- Central bank interest rates:** In April there was no meeting of the FED, the upper bound rate is currently at 4.50%. The next meeting is scheduled for May 07, 2025. The ECB also met in April and cut their Main Refinancing rate by 25bp to 2.40%. Their next meeting is scheduled for June 05, 2025.
- Capital market rates:** During the month, the yield on the 10Y Treasuries did not change and remained at around 4.2%, there was a dip in 3Y maturities. In the 10Y Bund the moved down with the ECB decision from 2.69 to 2.44 during April.

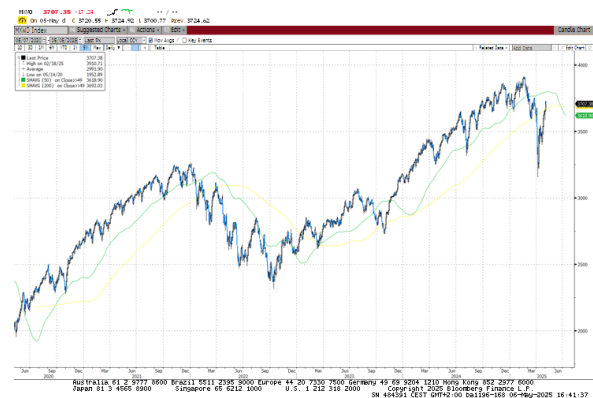
Tactical Asset Allocation

- Forex:** The USD continued to weakened in April against the EUR and moved from 0.93 EUR/USD down to 0.88 EUR/USD.
- Bonds incl. High Yields (N¹):** 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. USD yields have not moved much, but pressure and expectations continue that yields will come down during the new US administration.

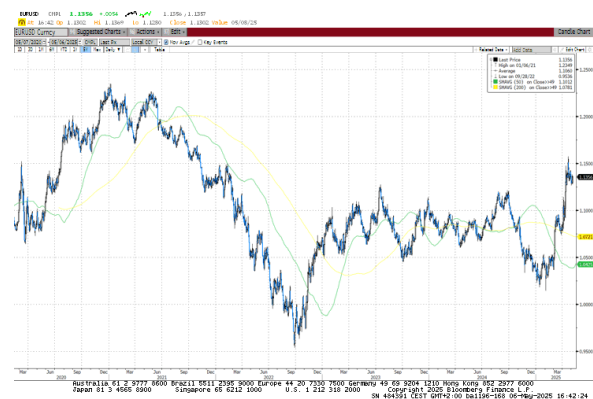
- Equities (U):** April was a volatile month, with the US markets remaining in the red; S&P500 down -0.76% while the Dax was +1.50%; Eurostoxx 50 -0.17% and the SMI was -3.82%.
- Commodities (U):** Crude oil had its weakest month as it fell from \$71.48/barrel at the end of March to \$58.21/barrel, a value we have not seen since the beginning of 2021; while various conflicts continue, the reason for the move in oil were fears of a global recession brought on by the increase in tariffs led by the new US administration. Gold moved up again by +5.27%, and reached a new high during April of \$3'500/oz to then end April at \$3'287/oz.

Investment Ideasⁱⁱ

- Our exposure in equities has been decreased and remain focused on taking opportunities as the tariff situation unfolds.



Performance Equity Markets MSCI World 5Y



EURUSD Technical Chart 5y, Bloomberg

ⁱ How to read: (U) underweight; (N) neutral; (O) overweight

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