

# Weekly Market Update

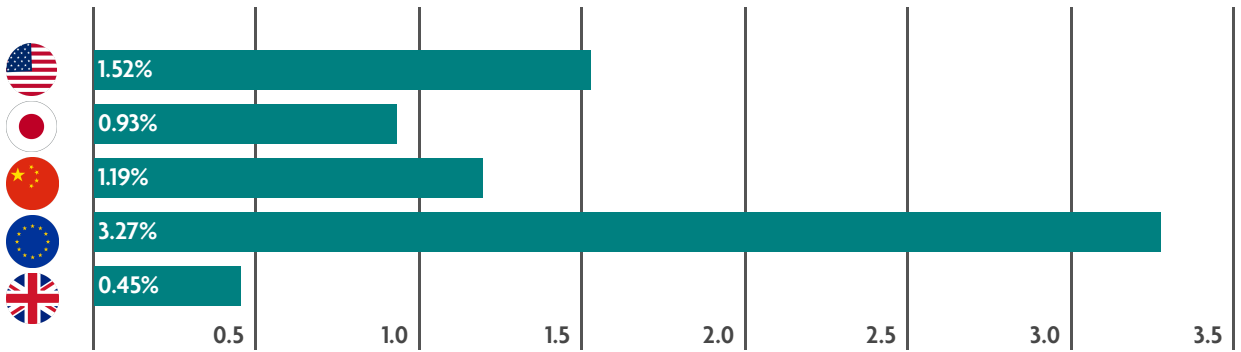


17th February 2025

Last week's performance – major stock markets

President Trump's reconsideration of tariffs was the biggest driver of markets last week, especially in Europe and China where there has been concerns over their implications. In the UK, unexpected GDP growth for Q4 2024 was taken well by markets, and separately, Bank of England policy makers spoke publicly following the last UK interest rate cut.

## Market Monitor (%): How did major stock markets perform last week\*?



## Key stories from last week

US stocks had a good run last week with the S&P 500 index finishing 1.5% higher. Stocks had their best day of the week on Thursday, largely in response to President Donald Trump's decision to not introduce new global tariffs, instead signing an order that—following further study—could lead to the implementation of reciprocal tariffs on a country-by-country basis by April 1. While the news left some uncertainty, investors appeared to be encouraged as the move will further delay the implementation of additional tariffs and seemingly allow room for negotiation between the U.S. and its individual trade partners.

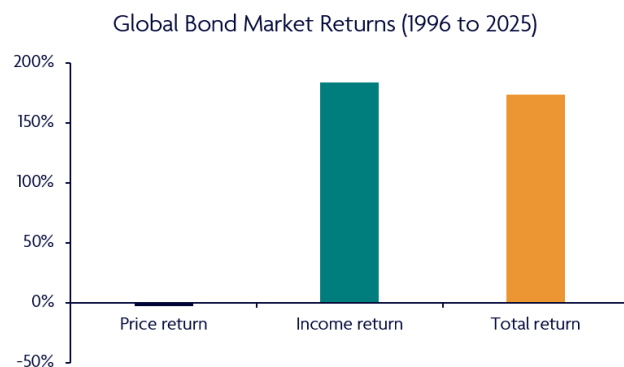
Europe was a standout performer last week rising 3.3%. The main driver for this uptick in stock prices was the news of delayed tariffs from the US. Europe has seen stock prices move lower as the prospect of tariffs as been spoken about, and this news of a potential delay has allowed stock prices to recover.

It was a busy week in the UK last week, where the FTSE 100 ended 0.5% higher. Britain's economy unexpectedly grew by 0.1% in the final quarter of last year, according to the Office for National Statistics (ONS). Analysts had forecast gross domestic product (GDP) would shrink by 0.1%, but growth of 0.4% in December lifted the quarter. Separately, Bank of England (BoE) Chief Economist Huw Pill told a business group that policymakers must still be cautious about cutting interest rates because of continuing strong pay growth. " Fellow Monetary Policy Committee (MPC) member Catherine Mann, previously one of the most pro higher interest rate members of the MPC, argued that the BoE should have cut rates by half a percentage point at its last meeting instead of a quarter point because a weakening labour market and slowing consumer demand were helping to subdue inflation.

## The Omnis Investment Club

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## Income is the biggest driver of bond returns over the long term



Did you know that income, rather than price appreciation, is the biggest driver of bond returns? Bonds pay interest, known as coupon payments, which can be reinvested or used as income. In many cases, the total return from bonds largely comes from this interest income rather than fluctuations in their market price. So, when considering your portfolio, don't overlook the consistent income that bonds can provide.

Source: Bloomberg as at 17 February 2025

\*Source: Bloomberg. All performance measured in local currency.

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