Latest Market Update

17 April 2025

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17 April – Market Update

- **US Federal Reserve –** US Federal Reserve (Fed) Governor Powell indicated last night (16.04.25) that US unemployment and inflation are likely to move away from their goals "probably for the balance of this year". In continuing to focus on the inflation side of the Fed's mandate, he was pushing back against the current market expectations that the Fed would quickly cut interest rates in response to weakening US economic growth. This impacted US markets negatively and may influence the open of European markets today.
- **US consumer spending** – The latest US retail sales data showed US consumer discretionary spending bounce back strongly in March 2025, suggesting more spending than just pre-tariff purchases. Regrettably this doesn't tell us about future spending. It remains to be seen if this theme can persist into the post-tariff period and support the US economy, but it is encouraging after a couple of weak months at the start of 2025.
- **China** – Chinese authorities have indicated that they are open to trade talks with the US, but have added that they want the US to "show more respect". In particular, they want the US to address their concerns around sanctions and Taiwan as preconditions to tariff talks. China has now also banned imports from US-made Boeing aircrafts and aircraft parts.
- **Q1 2025 earnings season** – Dutch tech firm ASML's Q1 2025 results disappointed the market, as it reported a bigger than expected drop in new order bookings. This has added to concerns about a potential slowdown in artificial intelligence (AI) demand.
- **World trade** - The World Trade Organisation (WTO) has cut its forecast for the volume of world trade to -0.2%, a drop of almost 3%, for 2025 on the back of US tariff plans. They also commented that if the US pushes ahead with the full set of tariffs as previously announced after the 90-day pause, this would further reduce world trade volumes by 1.5%.
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Performance to 16.04.25 (in euros)

Asset class	1 day	Month to date	YTD
Global equities	-1.96%	-9.16%	-14.07%
US - S&P 500	-3.11%	-10.59%	-18.08%
US – Magnificent 7⁺	-4.8%	-11.21%	-28.6%
Europe – Stoxx 600	-0.19%	-4.75%	+0.91%
Japan – Topix	-1.11%	-6.09%	-8.64%
UK – FTSE 100	-0.4%	-5.85%	-1.41%
Global Bonds	+0.29%	+.06%	+1.27%
Europe – Sovereigns	+0.2%	+1.34%	+0.63%
Europe – Corporates	+0.21%	+0.47%	+0.94%

Source: Bloomberg/Bank of Ireland Investment Markets 17.04.25. ⁺Apple, Alphabet, Amazon, Meta, Microsoft, NVIDIA, and Tesla.

Key talking points
- Volatility like we have seen recently is a part of the investing process and experience.
- Long-term investors will have made significant gains in the past couple of years and there are losses to be faced so far in 2025.
- In the long run, funds, in general, are designed to manage through this uncertainty. Investment managers are working to de-risk, particularly in our risk managed range of funds.
- The role of bonds and cash is important in times like this and we've seen bonds make gains in recent days which will help offset equity losses somewhat.
- Markets can stage relief rallies, as we saw happen last week, which shows how unpredictable the timing of recoveries can be and why time in the markets, where possible, is important.

Warning: Past performance is not a reliable guide to future performance.

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Table 1: 5 year historic performances

	2020	2021	2022	2023	2024
Global equities	6.7%	27.5%	-13.0%	18.1%	25.3%
US equities (S&P 500)	8.7%	38.2%	-13.0%	22.2%	33.6%
European equities (Stoxx 600)	-1.4%	25.8%	-9.9%	16.6%	9.6%
Emerging market equities	9.1%	4.9%	-14.9%	6.6%	15.4%
Global bonds	4.9%	-2.6%	-15.1%	4.5%	0.9%
US government bonds	8.3%	-2.0%	-12.5%	5.8%	0.3%
European government bonds	4.3%	-3.7%	-18.4%	7.2%	1.9%
Emerging market debt	-3.4%	6.4%	-9.8%	5.4%	15.1%
Broad commodities	-13.1%	37.0%	20.7%	-10.9%	7.0%
US corporate bonds	7.8%	-1.9%	-17.1%	5.8%	2.1%
European corporate bonds	2.4%	-1.2%	-14.0%	8.4%	4.6%
German government bond aggregate	3.0%	-2.7%	-17.8%	5.6%	0.6%
Magnificent 7**	102.2%	62.7%	-41.9%	100.4%	78.9%
Japanese equities (Topix)	3.3%	9.8%	-9.4%	15.5%	14.9%

Source: Bloomberg 08.04.25. All returns expressed in euros. **Apple, Alphabet, Amazon, Meta, Microsoft, NVIDIA, and Tesla.

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Warning: If you invest in these funds you may lose some or all of your investment.

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