



بنك الإمارات دبي الوطني  
Emirates NBD

## CIO OFFICE MORNING MARKET WRAP

### 2 April 2025

Although the S&P 500 ended Q1 with the worst losses since September 2022, the week was off to a better start as on Monday the major indices reached a six-month low to then close in positive territory. The release of the China PMIs was a non-event, with their modest rise tracking seasonal tendencies, though insufficient to conclude growth turned a corner. Yesterday, in another volatile bout stocks rallied in the latter part of the session led by large-cap tech companies. The S&P 500 rose 0.4%, while the Nasdaq added 0.8%, with the Magnificent 7 snapping a four-day selloff. Treasuries gained and bets on rate cuts for the year were slightly increased. Investors focused on growth slowing as economic readings continued to point to a cooling business cycle. The yield on the 10-year Treasury declined 4bps to 4.17%. The ISM manufacturing index, a key gauge of business confidence, unexpectedly slipped into contraction territory in March after two months of expansion. Uncertainty created by Trump’s industrial policy weakened demand and output, while price pressures rose according to the ISM subindices. A separate report showed that job openings edged lower in February, pointing to a cooling labor market. The Canadian dollar and the Mexican peso gained following news that the leaders of both countries held “productive” calls on trade. Gold and crude oil slipped, while the US dollar was little changed.

In the past week persistent tariff concerns and weaker macroeconomic data conspired to spur further market downside and deepen the prevailing negative sentiment. The US benchmarks were led down by IT stocks, while value as an investment style outperformed for a sixth week in a row. Investors focused on new tariff announcements, including a 25% hit to imported cars, as well as on lower consumer sentiment alongside lingering price pressures. Treasuries scored modest gains in a sign that weakening growth remained the biggest worry. The major overseas markets closed also in the red, with largest losses in Japan. Stocks were led lower on Friday by the PCE release, as the core inflation rate at 2.8% was above forecasts and still removed from the Fed’s target. In the previous sessions consumer sentiment readings at multi-month lows did not help either. Gold recorded new all-time highs still outperforming all other commodities, while Brent crude continued to rebound to close near the best levels for the month. The US dollar was little changed.

**Markets this morning:**

Asian stocks were mixed in the morning session as traders braced themselves for Donald Trump’s much awaited announcement on reciprocal tariffs due later today. Japan and South Korea fluctuated, whereas Honk Kong climbed back into positive territory. Treasury yields advanced after a multi-day drop, while US and Europe equity index futures slipped. The dollar traded lacklustre and gold edged higher. The event, dubbed by the president Liberation Day, is set to start from 4pm NY time in the White House Rose Garden. There are few clues as to the size and scope of the levies, bringing about a kind of uncertainty that prompted economists to cut growth forecasts and central bankers to factor inflationary pressures into their forecasts. Even as pessimism is prevailing, at this stage it should be more likely that tariffs are used as a tool to achieve “fair trade”, as suggested by State Secretary Marco Rubio in a recent interview.

**Upcoming key events/data:**

Liberation Day apart, highlights for today are the US ISM services survey, projected to expand at the same rate as in February, and the ECB policy meeting. Yesterday’s euro area CPI showing inflation on target to reach 2%, as well as big tariffs on autos and more coming soon could tip the balance in favour of an ECB cut.

Have a good day!

Chief Investment Office  
Wealth Management  
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