



CIO OFFICE MORNING MARKET WRAP

9 May 2025

Global equities ended modestly higher Thursday, with the MSCI ACWI advancing 0.2% as gains in US and European stocks offset weakness across parts of Asia and emerging markets. Developed markets rose 0.3%, led by the S&P 500's 0.6% gain, while emerging markets fell 0.3%. Markets responded to rising hopes of trade de-escalation after President Trump confirmed a new trade agreement with the UK and suggested tariff reductions on Chinese imports could be considered if talks this weekend progress. Geopolitical risks and trade uncertainty remain unresolved, but markets leaned into early signs of cooperation. US equities moved higher as trade optimism and labor strength. Weekly jobless claims fell to 228,000, slightly better than expected and consistent with a stable labor backdrop. The reading added to expectations that the Federal Reserve is in no rush to adjust rates. Markets were encouraged by the view that the economy is cooling gradually rather than sharply.

On the corporate front, Adobe announced a 70% discount for US federal agencies as part of a broader pricing reform. Apple slipped after disclosing plans for custom AI chips for servers and wearable devices, signaling long-term investment but adding uncertainty around timing and returns. Infineon gained over 2% after reaffirming guidance despite a modest revenue miss. Nintendo dropped after the company guided for lower-than-expected initial sales of the Switch 2 and cited potential hardware cost pressures. Toyota also traded lower after warning of a 1.3 billion dollar profit hit from recent export taxes. Expedia fell more than 7% after cutting its full-year outlook citing weaker bookings and softer domestic demand. Guidance updates across large US companies continue to reflect the drag from tariffs. GM expects a 5 billion dollar earnings hit this year. Apple and Nvidia are facing near-term cost surges from supply chain restrictions and export controls. Meta, Amazon, and Procter & Gamble flagged higher expenses and pricing headwinds, with some firms withdrawing guidance altogether. Industrial names including Stanley Black & Decker and Dupont noted that earnings may decline even with mitigation efforts. Markets flagged a clear uptick in the use of "uncertainty" in earnings calls as companies adjust inventory levels and reassess pricing strategies while awaiting clarity from trade negotiations.

European markets gained, with the MSCI Europe Index up 0.4%. The US-UK trade agreement offered some early encouragement for transatlantic policy alignment. Infineon and autos led gains while financials posted small advances. The Bank of England cut rates by 25 basis points to 4.25% in a split vote. Governor Andrew Bailey emphasized the need for policy caution given mixed signals from inflation and trade dynamics. Chinese stocks rose, with the MSCI China Index up 0.7%. Optimism followed new policy steps to address the housing market and expectations that upcoming trade talks may set the groundwork for a wider rollback in tariffs. Authorities outlined a plan to require home completion before presale, signaling a shift toward stability in the property sector. Logistics and industrial names performed strongly. Japan's TOPIX rose 0.1%, supported by defensives and moderate positioning ahead of the weekend. Exporters showed less momentum after Toyota and Nintendo highlighted ongoing pressure from trade policy and a stronger yen. Indian equities declined, with the MSCI India Index falling 1.1%. Cross-border tensions with Pakistan escalated as India reported intercepting drones and missiles. Financials and transport stocks led the drop. The rupee saw its sharpest daily loss in over two years and the volatility index spiked.

Within commodities, Brent oil rose 2.8% to \$62.8 dollars a barrel, its best session since February. The gain followed renewed optimism around US-China trade talks and new sanctions on Chinese refineries and Russian-linked tankers. The dollar strengthened 0.6%. The yield on 10-year Treasuries climbed 11 basis points to 4.38%. Gold fell 1.8% to \$3,306 an ounce as real yields pushed higher and safe-haven demand stepped back. Bitcoin held above \$100,000 driven by regulatory easing and stronger crypto flows.

Markets this morning:

Today, Asian equities edged higher ahead of the US-China trade meetings in Geneva. The TOPIX rose 1.5%, marking its longest winning streak since 2017, and Hong Kong posted its best run in a year. Markets positioned for possible tariff relief following Trump's comments on cooperation and the recent UK deal. India confirmed fresh cross-border interceptions, keeping regional risks in view.

Upcoming key events/data:

Data today brings China's April trade, Japan household spending, and US consumer credit round out the macro picture. Attention now shifts to Geneva, where US and Chinese trade officials will meet. The outcome is expected to influence tariff direction and market positioning heading into mid-May. Markets remain constructive, but follow-through will depend on substance over signal as policy risk continues to define the macro backdrop.

Best Regards,

Chief Investment Office
Wealth Management
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