WEEKLY MARKET UPDATE | APRIL 4, 2025

Stocks plunge off a tariff cliff.

The economy

- Major U.S. equity market indexes plummeted during the week ending April 4, amid growing fears regarding the Trump administration's protectionist trade policy and its impact on the U.S. economy. Protectionism refers to an economic policy that seeks to bolster the competitiveness of domestic industries through restrictions on imported goods. The U.S. broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index ended the first quarter on Monday with their largest quarterly losses since the third and second quarters of 2022, respectively.
- On Wednesday, the Trump administration announced a blanket minimum tariff of 10% for all imports, and imposed so-called reciprocal tariffs on multiple countries (with the exception of goods from Canada and Mexico covered under the U.S.-Mexico-Canada Agreement). The tariffs are scheduled to be implemented on April 5. On Friday, China responded with a plan to impose 34% tariffs on all imported goods from the U.S. beginning on April 10. The ongoing tariff situation remains fluid.
- In prepared remarks during an appearance at the annual conference of the Society for Advancing Business Editing and Writing on Friday, Federal Reserve (Fed) Chair Jerome Powell acknowledged that the tariffs have contributed to an uncertain outlook for the U.S. economy and inflation. "While tariffs are highly likely to generate at least a temporary rise in inflation, it is also possible that the effects could be more persistent," he commented. "Avoiding that outcome would depend on keeping longer-term inflation expectations well anchored, on the size of the effects, and on how long it takes for them to pass through fully to prices."
- There was notable news this week regarding the U.S. labor market. According to the Department of Labor, U.S. payrolls expanded by a greater-than-expected total of 228,000 jobs in March—a significant upturn from the 117,000 positions added in February, which represented a downward adjustment of 34,000 from the government's initial tally last month. The unemployment rate ticked up 0.1 percentage point to 4.2%. The health care, social assistance, retail trade, and transportation and warehousing sectors added 54,000, 24,000, 24,000, and 23,000 positions, respectively, during the month. Conversely, federal government employment declined by 4,000. Average hourly earnings increased 0.3% in March and 3.8% year-over-year.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) fell 1.3 percentage points to 49.0% in March—below expectations and indicating contraction in the U.S. manufacturing sector. (A PMI reading below 50% denotes a decrease in manufacturing activity.) The ISM's Employment Index was down 2.9 percentage points to 44.7% in March, while the New Orders Index declined 3.4 percentage points to 45.2%—its second straight month in contraction territory after three consecutive months of expansion. The ISM Services PMI decreased 2.7 percentage points to 50.8% in March, but indicated expansion in the services sector in 55 of the 58 months since the recovery from the COVID-19-induced recession that began in June 2020. The Business Activity Index was up 1.5 percentage points to 55.9% in March—expanding for the 58th consecutive month.
- The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. fell 1.6% during the week ending March 28, compared to the previous seven-day period. The MBA's Refinance Index was down 6.0% for the week but surged 57.0% over the previous 12-month period. The Purchase Index rose 2.0% and 9.0% for the week and year-over-year, respectively.

Stocks

- Global equities posted significant declines for the week. Emerging markets outperformed developed markets.
- U.S. equities fell sharply during the week. Utilities and consumer staples were the top-performing sectors, while information technology and communication services were the primary market laggards.
- Value stocks outperformed growth, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 4.03% for the week.
- Global bond markets gained ground during the week.
- Government and corporate bonds recorded positive returns and outperformed high-yield bonds.

The Numbers as of April 4, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-4.2%	-4.0%	3.8%	807.6
MSCI EAFE ($)	-2.3%	6.6%	3.6%	2412.2
MSCI Emerging Mkts ($)	-2.5%	2.5%	5.7%	1102.8
US & Canadian Equities				
Dow Jones Industrials ($)	-4.1%	-4.7%	3.6%	40545.9
S&P 500 ($)	-5.2%	-8.2%	3.6%	5396.5
NASDAQ ($)	-7.0%	-14.3%	1.7%	16550.6
S&P/ TSX Composite (C$)	-3.3%	-1.6%	10.1%	24335.8
UK & European Equities				
FTSE All-Share (£)	-2.4%	2.2%	5.5%	4564.3
MSCI Europe ex UK (€)	-4.6%	3.3%	-0.3%	1824.1
Asian Equities				
Topix (¥)	-8.8%	-7.8%	-5.1%	2568.6
Hong Kong Hang Seng ($)	-3.1%	13.9%	36.6%	22849.8
MSCI Asia Pac. Ex-Japan ($)	-2.2%	1.2%	7.3%	576.0
Latin American Equities				
MSCI EMF Latin America ($)	0.5%	14.9%	-15.3%	2128.3
Mexican Bolsa (peso)	1.1%	9.2%	-5.9%	54089.3
Brazilian Bovespa (real)	-1.5%	9.0%	3.0%	131140.7
Commodities ($)				
West Texas Intermediate Spot	-4.2%	-6.7%	-21.6%	67.0
Gold Spot Price	1.8%	18.4%	35.5%	3107.6
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	2.4%	4.5%	5.5%	484.2
JPMorgan Emerging Mkt Bond	0.4%	2.5%	7.6%	920.0
10-Year Yield Change (basis points*)				
US Treasury	-33	-54	-32	4.03%
UK Gilt	-26	-5	47	4.52%
German Bund	-12	29	26	2.65%
Japan Govt Bond	-22	27	58	1.37%
Canada Govt Bond	-17	-30	-67	2.93%
Currency Returns**				
US$ per euro	2.3%	6.7%	2.0%	1.105
Yen per US$	-3.3%	-7.1%	-3.7%	146.06
US$ per £	1.2%	4.7%	3.5%	1.310
C$ per US$	-1.5%	-2.0%	4.2%	1.410

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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