Investors shake off trade shock.

The economy

- Despite numerous periods of volatility due to the Trump administration's on-again, off-again tariffs on imported goods, and retaliatory levies from key trading partners, U.S. stocks finished in positive territory for the week ending April 11. There was a significant rally on Wednesday in response to Trump's announcement of a 90-day suspension of so-called reciprocal tariffs. On Tuesday, the tech-heavy Nasdaq Composite Index fell into a bear market, tumbling over 20% from its record high on December 16 of last year. However, the index surged more than 12% on Wednesday following the news of the tariff suspension.
- The Trump administration's blanket minimum tariff of 10% for all imports, and so-called reciprocal tariffs on multiple countries, were implemented last Saturday and remain in effect. The administration also raised the levies on China to 145%. China responded with a 125% tariff on U.S. imports beginning this Saturday. The ongoing tariff situation remains fluid.
- Earlier on Wednesday, before Trump's announcement, the yield on the 10-year U.S. Treasury note rose sharply on fears that the tariffs could have a negative impact on the economy and reignite inflation. Bond prices and yields move inversely.
- The Federal Open Market Committee's (FOMC) meeting on March 18-19 revealed that members acknowledged that the tariffs most likely will lead to higher inflation. According to minutes from the meeting, which were released on Wednesday, "a majority of participants noted the potential for inflationary effects arising from various factors to be more persistent than they projected. With economic growth and the labor market still solid and current monetary policy restrictive, participants assessed that the Committee was well positioned to wait for more clarity on the outlook for inflation and economic activity."
- According to the Department of Labor, the consumer-price index (CPI) dipped 0.1% in March, down from the 0.2% rise in February and below expectations. Energy costs fell 2.4%, as gasoline prices tumbled 6.3% for the month, offsetting higher costs for electricity and natural gas. Food costs rose 0.4% in March, up from the 0.2% increase in February. The CPI advanced at a lower-than-expected rate of 2.4% year-over-year—the smallest 12-month increase since March 2021—and was down from the 2.8% annual upturn in the previous month. Costs for utility gas service and housing climbed 9.4% and 4.0%, respectively, over the previous 12-month period, while gasoline and fuel oil prices declined by corresponding margins of 9.8% and 7.6%. Core inflation, as measured by the CPI for all items less food and energy, rose 2.8% year-over-year in March, lower than market expectations and down from the 3.1% annual increase in February.
- It appears that the uncertainty surrounding the Trump administration's fluctuating trade policies have dented consumer confidence. The University of Michigan Index of Consumer Sentiment fell 6.2 points (10.9%) to 50.8 in April—the fourth consecutive monthly decline—and was down 34.2% year-over-year. Consumers' expectations for inflation over the next year jumped 1.7 percentage points to 6.7%, representing the highest reading since 1981. In a news release announcing the results of its survey, the University of Michigan commented, "Sentiment has now lost more than 30% since December 2024 amid growing worries about trade war developments that have oscillated over the course of the year. Consumers report multiple warning signs that raise the risk of recession: expectations for business conditions, personal finances, incomes, inflation, and labor markets all continued to deteriorate this month."

Stocks

- Global equities were mixed for the week. Developed markets outperformed emerging markets, which recorded negative returns.
- U.S. equities posted gains during the week. Information technology and industrials were the top-performing sectors, while energy and real estate were the primary market laggards.
- Growth stocks outperformed value, while large caps outpaced small caps.

Bonds

- The 10-year U.S. Treasury note yield climbed to 4.49% for the week.
- Global bond markets declined during the week.
- High-yield bonds led the markets, followed by government and corporate bonds.

The Numbers as of April 11, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	2.0%	-7.4%	0.6%	779.3
MSCI EAFE ($)	0.5%	1.4%	-0.2%	2293.2
MSCI Emerging Mkts ($)	-5.4%	-4.3%	-2.5%	1028.9
US & Canadian Equities				
Dow Jones Industrials ($)	5.0%	-5.5%	4.6%	40212.7
S&P 500 ($)	5.7%	-8.8%	3.2%	5363.4
NASDAQ ($)	7.3%	-13.4%	1.7%	16724.5
S&P/ TSX Composite (C$)	1.7%	-4.6%	6.7%	23587.8
UK & European Equities				
FTSE All-Share (£)	-0.9%	-3.7%	-0.4%	4303.8
MSCI Europe ex UK (€)	-1.6%	-3.2%	-5.2%	1707.9
Asian Equities				
Topix (¥)	-0.6%	-11.4%	-10.2%	2466.9
Hong Kong Hang Seng ($)	-8.5%	4.3%	22.3%	20914.7
MSCI Asia Pac. Ex-Japan ($)	-5.3%	-5.8%	-1.0%	536.4
Latin American Equities				
MSCI EMF Latin America ($)	-1.5%	5.4%	-22.5%	1952.6
Mexican Bolsa (peso)	0.3%	4.2%	-9.2%	51591.6
Brazilian Bovespa (real)	0.3%	6.2%	0.2%	127682.4
Commodities ($)				
West Texas Intermediate Spot	-3.1%	-16.2%	-29.3%	60.1
Gold Spot Price	6.3%	22.8%	37.2%	3223.4
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.8%	3.3%	5.7%	478.9
JPMorgan Emerging Mkt Bond	-1.9%	-0.1%	5.5%	896.1
10-Year Yield Change (basis points*)				
US Treasury	49	-9	-10	4.49%
UK Gilt	31	19	56	4.76%
German Bund	-1	20	11	2.57%
Japan Govt Bond	11	22	45	1.32%
Canada Govt Bond	38	4	-47	3.26%
Currency Returns**				
US$ per euro	3.6%	9.6%	5.8%	1.135
Yen per US$	-2.3%	-8.7%	-6.3%	143.58
US$ per £	1.4%	4.4%	4.1%	1.307
C$ per US$	-2.4%	-3.5%	1.4%	1.388

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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