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American exceptionalism? What American exceptionalism?

Another week and another tariff announcement. On Monday, Trump said he would be reinstating the 25% levy on steel imports from his first term and increasing tariffs on aluminium imports to 25%. The EU responded, calling the tariffs "unlawful and economically counterproductive" and warned of immediate retaliation. But Trump wasn't finished there, he also ordered for "reciprocal tariffs" to be imposed on imports saying: "whatever countries charge the United States of America, we will charge them. No more, no less".

On Wednesday, US CPI data showed inflation was hotter than expected in January, with the headline rate rising to 3% up from 2.9% in December. Moreover, the PPI index report on Thursday showed that producer's prices rose 3.5% YoY in January vs. 3.2% consensus estimates. Despite the weak pricing data, economists examined elements of the CPI and PPI indices that feed into the PCE index (the Fed's preferred inflation measure) and projected slower PCE growth in January. This helped the S&P 500 to return just under 1.5% in local terms last week. 10-year treasury yields (which move inversely to prices) initially jumped above 4.6% in response to the CPI release before retreating below 4.5% by the week's end. On Friday, US retail sales figures showed a drop of 0.9% MoM in January, the largest monthly decline in nearly two years.

Reports emerged on Wednesday that Trump intends on meeting with Putin soon to negotiate an end to the war in Ukraine. The euro strengthened in response to the news, rising near to the 1.05 level against the dollar. On Thursday, European equities reacted positively to the prospect of peace. The German DAX 40 recorded a one-day gain of 2.1%, its largest in two years. The Euro Stoxx 600 finished the week up over 1.7%, further extending its rally since the turn of the year.

In the UK, quarterly GDP statistics showed that Britain's economy grew by 0.1% in Q4 2024, beating expectations that it would slow by 0.1%. This prompted the 10-year gilt yield to spike near 4.6% before subsequently levelling out around the 4.5% level.

Fact of the week

The price of gold is currently higher in New York than in London, and traders at JPMorgan are taking advantage by carrying an estimated $4 billion worth of gold bars onto commercial flights across the Atlantic this month.

Our regular market information continues on the next page.

Snapshot

- World Equities
- Corporate Bonds
- Copper

- Sovereign Bonds
- Oil
- Gold

The week ahead	
18 Feb	UK unemployment data is released.
19 Feb	UK CPI rate is reported.
20 Feb	Japan CPI rate goes to print.

	1 Week Return 07.02.25 to 14.02.25		Year to Date Return 31.12.24 to 14.02.25	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	1.8%	0.2%	5.3%	3.7%
U.S.	1.5%	-0.1%	4.3%	2.8%
Europe	2.2%	2.2%	10.1%	10.1%
Ireland	2.1%	2.1%	7.1%	7.1%
U.K.	0.4%	0.4%	6.8%	6.1%
Japan	0.9%	-1.2%	-1.0%	0.7%
Hong Kong	4.0%	2.5%	1.6%	-0.1%
Corporate Bonds	0.0%	0.0%	0.8%	0.8%
Sovereign Bonds	-0.3%	-0.3%	0.4%	0.4%

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Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product, you may lose some or all of the money you invest.

Equities

- Global stocks finished at 0.2% in euro terms and 1.8% in local terms last week.
- Year-to-date global markets are up by 3.7% in euro terms and by 5.3% in local terms.
- The U.S. market, the largest in the world, finished at -0.1% in euro terms and 1.5% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.5% last week. The German equivalent finished at 2.4%. The Irish 10-year bond yield finished at 2.7%.
- The Euro/U.S. Dollar exchange rate finished at 1.05, whilst Euro/GBP finished at 0.83.

Commodities

- Oil finished the week at $71 per barrel and is down -2.7% year-to-date in euro terms.
- Gold finished the week at $2,883 per troy ounce and is up 8.4% year-to-date in euro terms.
- Copper finished the week at $9,490 per tonne.

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