

# The Art of the Deal(s)

Last week saw some notable developments on the US trade front, as new data and diplomatic discussions gave the market plenty to digest. On Tuesday, newly elected Canadian Prime Minister Mark Carney visited the White House, and both sides acknowledged the need to renegotiate aspects of the free-trade US-Mexico-Canada Agreement (USMCA). Meanwhile, the UK became the first nation to strike a deal with the US on tariffs, negotiating reduced levies on certain goods such as steel and automobiles. While there was progress for Trump in terms of diplomacy, trade data for March indicated that the US trade deficit widened by 14% to \$140.5 billion, a new record, despite imports from China falling to the lowest level in five years. However, much of this rise could potentially be attributed to business attempting to 'front run' the introduction of tariffs.

Investment markets were markedly cautious, likely due to the "uncertainty" that Fed Chair Jerome Powell noted several times as the FOMC voted to maintain interest rates. US treasury yields were on the rise during the week, signalling an improvement in risk appetite amid optimism for further trade deals.

There was drama in the German parliament as CDU leader Friedrich Merz missed the majority vote to be elected German Chancellor, the first time this has happened to a Chancellor candidate in 76 years of postwar Germany. He was eventually elected on the second time of asking; however, the incident highlighted the new government's thin majority and the potential for instability in the future.

The Bank of England cut interest rates last week by 25bps to 4.25% in an effort to stimulate economic growth. The vote was split 5:4, signalling an uncertainty in economic outlook. Prime Minister Keir Starmer expressed positivity regarding the US trade deal, saying it will "boost trade between and across our countries" and "not only protect jobs, but create jobs".

Elsewhere, China cut its key interest rate to 1.4% as the nation looks to battle the impact of a trade war.



## Fact of the week

The US trade deficit hit a new record of \$140.5 billion in March, and top of the list of countries for the first time was Ireland, with a deficit that more than doubled to \$29.3 billion as pharmaceutical imports ballooned during the month.

**Our regular market information continues on the next page.**

## Snapshot



- World Equities
- Corporate Bonds
- Oil



- Gold
- Sovereign Bonds
- Copper

## The week ahead

<b>12 May</b>	German ZEW economic sentiment index for May is released.
<b>14 May</b>	US Producer Price Index (PPI) for April is reported.
<b>15 May</b>	US consumer sentiment index goes to print.



	1 Week Return 02.05.25 to 09.05.25		Year to Date Return 31.12.24 to 09.05.25	
	Local Currency	Euro	Local Currency	Euro
World	-0.3%	0.6%	0.7%	-7.5%
U.S.	-0.4%	0.5%	-3.5%	-11.3%
Europe	0.5%	0.5%	8.4%	8.4%
Ireland	2.6%	2.6%	14.5%	14.5%
U.K.	-0.5%	0.3%	6.2%	3.7%
Japan	1.6%	1.8%	-1.6%	-2.0%
Hong Kong	4.2%	4.7%	10.2%	1.1%
Corporate Bonds	0.1%	0.1%	0.3%	0.3%
Sovereign Bonds	-0.2%	-0.2%	-0.7%	-0.7%

**Warning: Past performance is not a reliable guide to future performance.**  
**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 up 0.6% in euro terms and down -0.3% in local terms last week.
- Year-to-date global markets are down by -7.5% in euro terms and up by 0.7% in local terms.
- The U.S. market, the largest in the world, finished up 0.5% in euro terms and down -0.4% in local terms.

## Fixed Income & FX

- The U.S. 10-year yield finished at 4.4% last week. The German equivalent finished at 2.6%. The Irish 10-year bond yield finished at 2.9%.
- The Euro/U.S. Dollar exchange rate finished at 1.13, whilst Euro/GBP finished at 0.85.

## Commodities

- Oil finished the week at \$61 per barrel and is down -21.7% year-to-date in euro terms.
- Gold finished the week at \$3,325 per troy ounce and is up 16.6% year-to-date in euro terms.
- Copper finished the week at \$9,495 per tonne and is up 1.0% year-to-date in euro terms.

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## Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.  
Telephone: 01 283 1301 Fax: 01 283 1578 Website: [www.zurich.ie](http://www.zurich.ie)

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