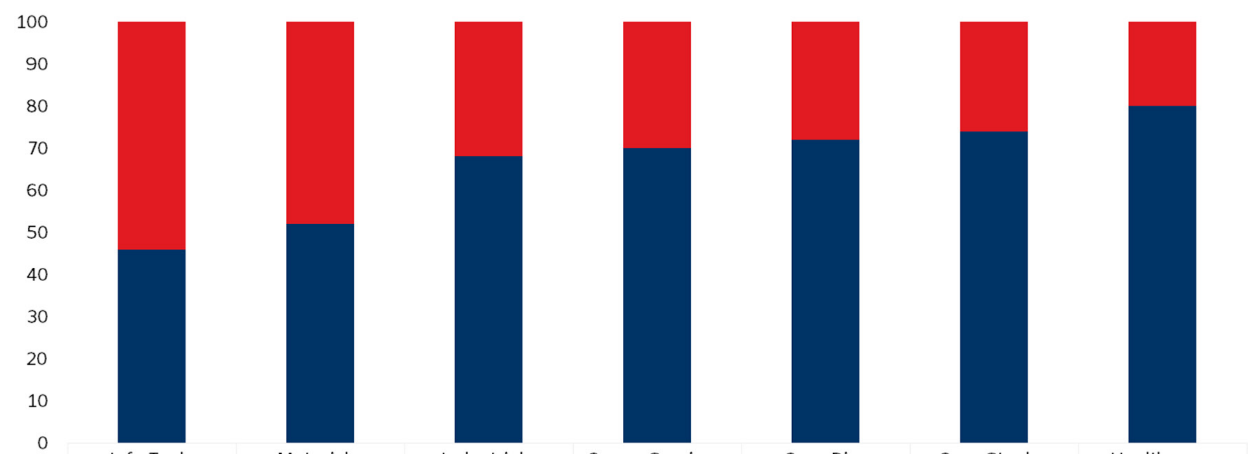
Chart of the Week

14 April 2025

Major US sector revenue exposure by geography



	Info Tech	Materials	Industrials	Comm Services	Cons Disc	Cons Staples	Health care
Ex US revenue (%)	54	48	32	30	28	26	20
US Revenue (%)	46	52	68	70	72	74	80

Source:Bloomberg Finance L.P., as at 31 December 2024.

US sector exposure to foreign revenue

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What this chart shows

This chart provides a breakdown of major US equity sectors, not including mostly domestic focused sectors, and their revenue sources, distinguishing between domestic and international sources as of December 2024. In aggregate, more than 54% of the tech sector's revenue came from abroad in 2024, making it the most exposed sector to international demand in the S&P 500. Its largest non-domestic market is China, accounting for nearly 14% of sales. This was followed by the materials sector, then industrials and communications, mostly due to Meta and Alphabet. The most insulated sector with over 80% of its revenue earned domestically is Health care, followed by staples and discretionary.

Why this is important

President Trump's unveiling of his tariff package, which was substantially worse than expected, has brought tariff risks to the forefront for investors. There are significant concerns about the negative impacts on supply chains, consumer confidence, and corporate earnings. Tariffs are expected to slow down demand across various sectors due to increased costs being passed on to consumers. Companies may consider raising prices to offset these costs, which could reduce purchasing power and sales volumes. To mitigate the risks associated with tariffs, companies are exploring strategies such as diversifying supply chains, negotiating with vendors, adjusting product sourcing, and considering shifting manufacturing to manage costs and maintain competitiveness. Understanding industry structures within sectors, including the flexibility to shift production domestically, and pricing power is crucial in the investment decision-making process.

It is important especially in heightened risk environments, which now include increased tariffs to ensure that portfolios are resilient across various potential outcomes, rather than reacting to headlines.

Weekly market update

week ending 11 April 2025

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The global financial landscape was significantly impacted by the US trade conflicts, leading to market volatility, altered trade relationships, and heightened economic uncertainty worldwide.

US

» Financial markets swung sharply throughout the week as tariff announcements and retractions created investor uncertainty, with the S&P 500 ending the week in recovery mode after earlier losses.

» President Trump announced that smartphones, computers and other key consumer electronics would be exempt from new tariffs on Chinese imports. The move was seen as an attempt to avoid further consumer price rises and calm tech investors.

» Wall Street leaders including Larry Fink warned of an increased risk of recession, pointing to inflation pressures and growing concerns about policy unpredictability.

» US bond markets experienced strong selloffs midweek before rebounding on Friday, reflecting investor anxiety over trade policy and economic outlook.

UK

» British trade officials focused on strengthening ties with the EU following increased friction with the US over tariff disputes.

» Several high-profile IPOs in London were postponed or pulled as market volatility and US trade policy made conditions less attractive for new listings.

» Andrew Bailey, Governor of the Bank of England, was named as the next chair of the Financial Stability Board, an international financial regulatory body, taking the post in July.

» The Financial Policy Committee (FPC) of the Bank of England discussed intensified risks associated with the fragmentation of global trade and geopolitical tensions, highlighting potential harm to financial stability.

Europe

» The Euro strengthened significantly against the US Dollar, reaching its highest level since February 2022, driven by uncertainty surrounding the US economy and the trade war with China.

» Major European indices fell sharply during the week, with the STOXX 600 suffering its worst performance in over a year.

» EU policymakers used the moment to advocate for a renewed global push on multilateral trade and reduced protectionism.

» European Commission President Ursula von der Leyen cautioned that the EU might impose new taxes on US tech companies like Google and Meta if trade negotiations with President Trump fail.

Rest of the World/Asia

» China's finance ministry announced a significant retaliatory tariff increase to 125% on goods imported from the US, escalating the trade conflict. Concerns grew about the potential negative impact of the extensive tariffs on China's economic growth and global supply chains.

» Chinese President Xi Jinping emphasized the importance of global economic cooperation. The president begins a tour of south-east Asia where he will seek to strengthen ties with neighbouring countries amid an escalating trade war.

» Japan's Nikkei share average slumped on Friday in a brutal end to a volatile week as investors worried about the economic fallout from the rapidly escalating US-China trade war as well as a strong yen that has been lifted by safe-haven flows.

» Gold reached record highs as investors sought safe-haven assets.

Weekly market data

week ending 11 April 2025

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Asset Class / Region	Currency	Cumulative returns: Week ending 11 April	Month to date	YTD 2025	12 months
Developed Markets Equities					
United States	USD	5.7%	-4.4%	-8.6%	4.1%
United Kingdom	GBP	-1.2%	-7.2%	-1.2%	4.1%
Continental Europe	EUR	-1.4%	-8.2%	-2.6%	-2.0%
Japan	JPY	-0.6%	-7.2%	-10.4%	-7.9%
Asia Pacific (ex Japan)	USD	-4.1%	-5.2%	-4.1%	2.6%
Australia	AUD	-0.3%	-2.5%	-5.2%	1.3%
Global	USD	4.4%	-4.3%	-6.0%	3.8%
Emerging Markets Equities					
Emerging Europe	USD	3.3%	-3.0%	13.3%	8.4%
Emerging Asia	USD	-5.0%	-5.3%	-4.0%	2.7%
Emerging Latin America	USD	-0.1%	-4.0%	8.2%	-16.6%
BRICs	USD	-5.0%	-6.9%	0.7%	8.5%
China	USD	-7.8%	-9.2%	4.4%	24.3%
MENA countries	USD	-2.3%	-4.2%	-2.6%	-2.9%
South Africa	USD	7.3%	-5.2%	7.9%	20.0%
India	USD	-1.0%	8.7%*	-3.9%	-1.7%
Global emerging markets	USD	-3.8%	-5.0%	-2.2%	1.5%
Bonds					
US Treasuries	USD	-2.5%	-1.3%	1.6%	5.2%
US Treasuries (inflation protected)	USD	-2.6%	-2.2%	1.8%	5.4%
US Corporate (investment grade)	USD	-2.6%	-2.5%	-0.2%	4.5%
US High Yield	USD	-0.5%	-2.4%	-1.5%	6.1%
UK Gilts	GBP	-2.3%	-0.7%	-0.2%	0.2%
UK Corporate (investment grade)	GBP	-1.5%	-1.0%	-0.6%	2.9%
Euro Government Bonds	EUR	0.2%	1.1%	-0.3%	3.3%
Euro Corporate (investment grade)	EUR	0.0%	0.0%	0.2%	4.8%
Euro High Yield	EUR	-0.8%	-1.7%	-1.0%	5.7%
Global Government Bonds	USD	-0.4%	1.5%	4.2%	5.6%
Global Bonds	USD	-0.6%	1.0%	3.8%	6.2%
Global Convertible Bonds	USD	1.2%	-2.2%	-1.2%	7.1%
Emerging Market Bonds	USD	-2.7%	-3.1%	-1.1%	4.6%

Asset Class / Region	Currency	Cumulative returns: Week ending 11 April	Month to date	YTD 2025	12 months
Property					
US Property Securities	USD	-0.3%	-8.0%	-7.3%	4.2%
Australian Property Securities	AUD	-0.6%	-1.1%	-8.4%	-4.6%
Asia Property Securities	USD	-2.1%	-0.6%	5.7%	1.4%
Global Property Securities	USD	-0.2%	-4.7%	-3.4%	4.1%
Currencies					
Euro	USD	3.1%	4.6%	9.2%	5.5%
UK Pound Sterling	USD	1.2%	1.1%	4.2%	4.1%
Japanese Yen	USD	2.0%	4.3%	9.4%	6.6%
Australian Dollar	USD	4.1%	0.2%	1.1%	-4.1%
South African Rand	USD	0.0%	-4.1%	-1.3%	-2.0%
Swiss Franc	USD	5.1%	8.2%	11.1%	11.4%
Chinese Yuan	USD	-0.1%	-0.5%	0.1%	-0.8%
Commodities & Alternatives					
Commodities	USD	1.0%	-6.3%	-1.4%	-2.5%
Agricultural Commodities	USD	2.9%	1.1%	0.3%	1.1%
Oil	USD	-1.3%	-13.4%	-13.2%	-27.8%
Gold	USD	6.6%	3.8%	23.4%	37.8%

*Source: Bloomberg Finance L.P. Past performance is not indicative of future returns. * Data to 28 March 2025.*

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