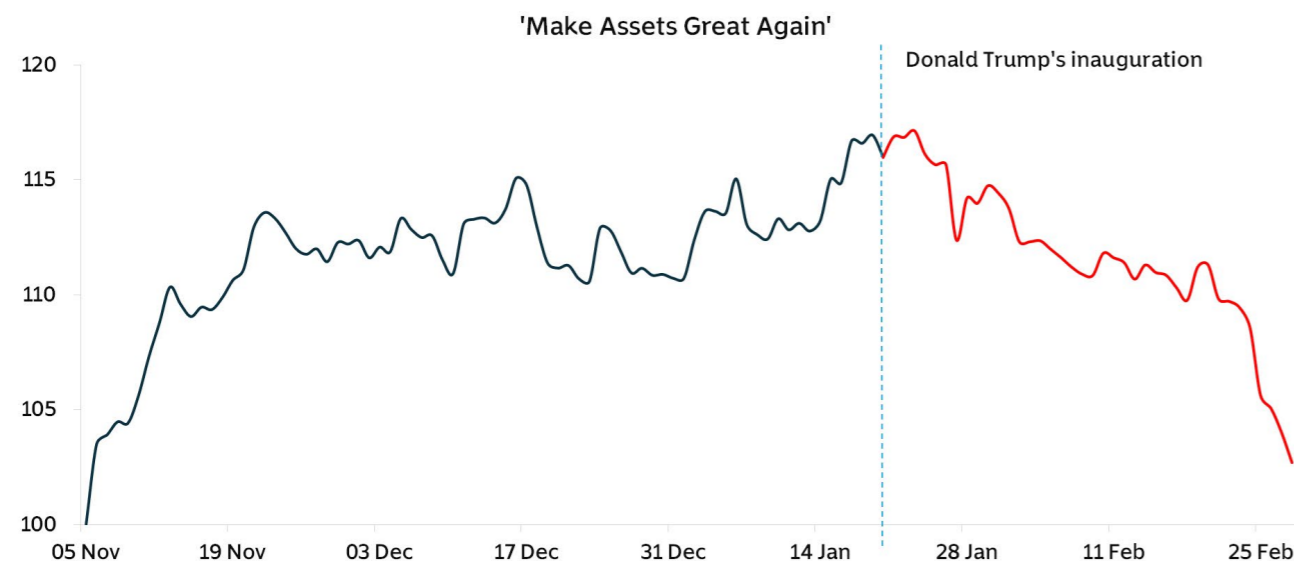


# Chart of the Week

3 March 2025



Source: Bloomberg Finance L.P., Momentum Global Investment Management



## Topped Trumps

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### What does it show?

The chart shows the rolling performance of an equally weighted composite<sup>1</sup> of perceived 'Trump trades' – that's to say investible trade ideas that might be considered to have done well in the event that Donald Trump won the US election, which of course he did. We show this from the date of the US election (5th November) to the end of February 2025 and have marked on the chart the date of his inauguration – in effect, the date from which his policy agenda went live. The chart shows the significant run up in performance of this basket of 'Trump trades' before he actually came into office, and the subsequent fall back once he assumed his presidential post. In reality, the basket's strong performance started in the months before the election itself, from late September last year when the odds started to shift from the Democratic candidate, Kamala Harris, in favour of Donald Trump.

### Why is it important?

In effect, what we're saying here is 'buy the rumour, sell the fact'. Donald Trump's win gets increasingly discounted into asset prices well advance of the actual election. Once the main event takes place, the excitement subsides, and the smart money moves on. Just like equity and bond markets, these 'Trump trades' embed forward looking expectations around the future event. This creates an underlying momentum, attracting more money and pushing prices higher still before at some point, profit gets taken and prices fall back. The price of Bitcoin – one of the five trades in our composite 'Trump trade' basket – peaked at \$109,000 on the very same day as his inauguration. It has since fallen back almost 30%, edging below \$80,000 during the last trading day of February.

<sup>1</sup>The composite consists of five components: Bitcoin (in USD); the relative performance of the MSCI US index vs an equally weighted composite of MSCI Europe, MSCI China and MSCI Mexico (a proxy for a tariff exposed equity index); the iShares Oil & Gas Exploration & Production ETF (a 'drillers' ETF); the 'Magnificent Seven' big tech index; the Dollar index (DXY).

# Weekly market update

week ending 28 February 2025

momentum

global investment management

Global financial markets were influenced by a combination of corporate earnings volatility, strategic international agreements, and the broader implications.



## US

- » President Donald Trump announced plans to impose a 25% tariff on goods imported from the European Union, escalating trade tensions.
- » The S&P 500 experienced a decline of approximately 1% for the week, while the Nasdaq fell 3.5%, reflecting market volatility amid economic uncertainties, Bitcoin fell over 25% to sub \$80,000 but recovered over the weekend as Trump looks to Crypto reserve.
- » The US Conference Board Consumer Confidence for February came in at 98.3 vs. 102.7 that rocked the market.
- » Anticipation built around the February jobs report, with forecasts predicting a gain of 160,000 jobs; deviations from this expectation could signal deeper economic issues and lead to significant market adjustments.



## Europe

- » The European Union faced the prospect of new US tariffs, with President Trump announcing a 25% levy on EU imports, potentially impacting the bloc's economy.
- » European stocks reacted negatively to the tariff announcement, with the STOXX Europe 600 declining.
- » The EU estimated that the proposed tariffs could have a €28 billion impact, significantly larger than previous tariff rounds.
- » European officials prepared for potential economic contractions, with estimates suggesting a 0.4% decrease in the EU economy if the tariffs were implemented.



## UK

- » The People's Pension, a major UK pension fund, withdrew £28 billion from State Street, citing diminished commitments to environmental, social, and governance (ESG) investing.
- » The UK faced potential economic impacts from the US's planned tariffs on the European Union, given its close trade ties with EU countries.
- » Sterling hit a two-month high at 1.2650, boosted by sticky UK inflation and delayed Bank of England rate cuts.
- » Anticipation grew around upcoming UK PMI data, which could test the strength of the pound amid global trade uncertainty.



## Rest of the World/Asia

- » China faced new US tariffs, with a 10% levy announced by President Trump, adding to global trade uncertainties.
- » Market reactions in Asia were cautious, with investors monitoring the implications of US trade policies on China's economy.
- » The real official policy rate in Japan stood at -3.5%, the lowest in two years, as annual consumer price inflation reached 4%, higher than in the US, eurozone, and UK.
- » Ukraine and the US discussed signing a minerals deal aimed at securing long-term security commitments and investing in Ukrainian projects, as part of efforts to solidify US-Ukraine relations.

# Weekly market data

week ending 28 February 2025

Asset Class / Region	Currency	Cumulative returns			
		Week ending 28 February	Month to date	YTD 2025	12 months
<b>Developed Markets Equities</b>					
United States	USD	-1.0%	-1.3%	1.4%	18.6%
United Kingdom	GBP	2.0%	2.2%	8.4%	19.6%
Continental Europe	EUR	0.3%	3.7%	10.9%	13.4%
Japan	JPY	-2.0%	-3.8%	-3.7%	2.6%
Asia Pacific (ex Japan)	USD	-4.1%	0.2%	1.6%	12.8%
Australia	AUD	-1.3%	-3.8%	0.6%	10.5%
Global	USD	-1.0%	-0.7%	2.8%	16.1%
<b>Emerging Markets Equities</b>					
Emerging Europe	USD	-0.8%	2.9%	11.6%	10.9%
Emerging Asia	USD	-4.6%	0.7%	1.4%	13.5%
Emerging Latin America	USD	-4.5%	-1.8%	7.5%	-17.1%
BRICs	USD	-4.5%	3.1%	3.2%	14.4%
China	USD	-4.3%	11.8%	12.8%	39.5%
MENA countries	USD	-1.7%	-0.8%	2.3%	0.4%
South Africa	USD	-5.6%	0.5%	5.9%	28.5%
India	USD	-3.8%	-6.7%	-8.2%	-3.2%
Global emerging markets	USD	-4.3%	0.5%	2.3%	10.3%
<b>Bonds</b>					
US Treasuries	USD	1.4%	2.2%	2.8%	5.1%
US Treasuries (inflation protected)	USD	1.4%	2.3%	3.6%	6.7%
US Corporate (investment grade)	USD	1.1%	2.0%	2.6%	6.9%
US High Yield	USD	0.4%	0.7%	2.0%	10.2%
UK Gilts	GBP	0.8%	0.8%	1.6%	2.1%
UK Corporate (investment grade)	GBP	0.5%	0.4%	1.6%	5.7%
Euro Government Bonds	EUR	0.5%	0.7%	0.5%	4.4%
Euro Corporate (investment grade)	EUR	0.3%	0.6%	1.1%	6.8%
Euro High Yield	EUR	0.2%	1.0%	1.7%	9.1%
Global Government Bonds	USD	0.3%	1.4%	2.0%	2.1%
Global Bonds	USD	0.6%	1.6%	2.1%	3.4%
Global Convertible Bonds	USD	-1.0%	0.8%	3.1%	11.3%
Emerging Market Bonds	USD	0.9%	1.4%	2.7%	9.5%

Asset Class / Region	Currency	Cumulative returns			
		Week ending 28 February	Month to date	YTD 2025	12 months
<b>Property</b>					
US Property Securities	USD	2.1%	3.7%	4.7%	16.0%
Australian Property Securities	AUD	-5.7%	-6.8%	-2.4%	7.1%
Asia Property Securities	USD	1.2%	2.6%	3.6%	0.3%
Global Property Securities	USD	0.7%	2.0%	3.4%	11.7%
<b>Currencies</b>					
Euro	USD	-0.6%	-0.2%	0.5%	-4.1%
UK Pound Sterling	USD	-0.4%	1.1%	0.6%	-0.6%
Japanese Yen	USD	-0.8%	2.9%	4.6%	0.2%
Australian Dollar	USD	-2.6%	-0.8%	0.3%	-4.5%
South African Rand	USD	-1.9%	-0.3%	1.3%	3.4%
Swiss Franc	USD	-0.5%	0.7%	0.6%	-2.5%
Chinese Yuan	USD	-0.3%	-0.4%	0.3%	-1.1%
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	-3.3%	-0.5%	2.5%	7.8%
Agricultural Commodities	USD	-4.3%	-3.4%	-0.2%	1.7%
Oil	USD	-1.7%	-4.7%	-2.0%	-12.5%
Gold	USD	-2.7%	2.1%	8.9%	40.5%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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