



FINURA

# YOUR MARKET REVIEW APRIL 2025



# INFOGRAPHIC: THE GLOBAL ECONOMY

## Big questions remain where US tariffs will eventually settle

**7.7%**

Effective tariff rate  
on US imports assumed by  
Schroders' forecasts from  
before "Liberation Day"



...so the levies certainly still  
have potential to stoke inflation  
and suppress growth versus  
our forecasts...

**US inflation ▲**

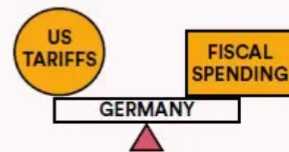
...and, given the much higher  
tariffs on Chinese goods, maybe  
even to a similar extent as the  
initial Liberation Day plans

**US growth ▼**



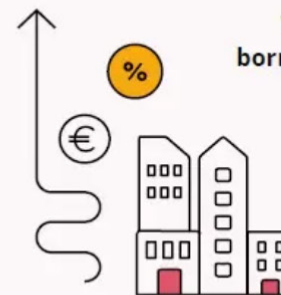
It seems all countries will face  
at least a 10% baseline tariff  
until the end of the 90-day pause...

## German fiscal policy may help offset impact of US tariffs



**1 percentage point**

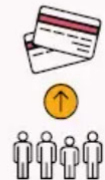
Potential boost to German  
growth in 2026 and 2027



The German government's plans to **loosen  
borrowing** limits are set to boost investment...

...possibly **driving up** growth and helping  
offset the impact of US tariffs...

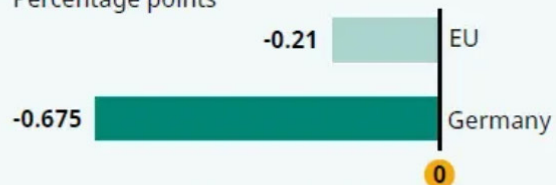
...as new funds are focussed  
on infrastructure and Europe's  
defence sector



## Economic reforms key to Germany's long-term economic outlook

### Projected change in working-age population (15-64 year olds)

Percentage points



Annual growth rate, 2019-2023 to 2025-2029.

Source: OECD and Schrodgers Economics Group as at March 2025.

**Economic reforms** alongside measures to loosen borrowing limits are key to Germany's long-term success...

...these would **incentivise** German businesses to invest domestically again...



...they should include measures to address a **shrinking** working-age population and **declining** productivity

Source: [Schrodgers as at April 2025.](#)





# MULTI-ASSET INVESTMENT VIEWS

KEY

▲ Up from last month ▼ Down from last month

● Long / Positive

● Neutral

● Short / Negative

	Category	View	Comments
Main Asset Classes	Equities	● ▼	We have downgraded to neutral as aggressive trade policy has worsened the near-term growth and inflation outlook. The shock to markets has so far been self-inflicted and a policy U-turn could see a rapid recovery in markets.
	Government Bonds	●	A violent sell-off following Liberation Day means treasuries appear cheap. However, we remain neutral as we don't expect government bonds to be an effective hedge against the US trade war given the inflationary impact.
	Commodities	●	We remain neutral on commodities overall but keep our positive view on gold and negative view on energy. We cut our view to neutral on industrial metals following the escalating trade war between the US and China.
	Corporate Bonds (Credit)	● ▼	We have downgraded to negative with a particular focus on US credit. US spreads are under-pricing equity market volatility and we expect further widening from current levels.
Equities	US	● ▼	We have moved to negative as President Trump's tariff policies are ultimately stagflationary for the US. Efforts to reduce current account and fiscal deficits, alongside a retreat from globalisation, undermine the foundations that have supported US asset outperformance over recent decades.
	UK	●	We remain neutral on UK equities. While the UK is well positioned to evade the most stringent tariffs, we are mindful of limited fiscal headroom in a slowing growth environment.
	Europe ex UK	●	We remain positive on Europe where expansive fiscal policy is likely to help close the gap between US and European economic growth. As investors flee volatile US markets, European shares, with their better valuations, remain the preferred destination.
	Japan	●	Rising inflation expectations, real wage increases, and loose financial conditions provide an accommodative backdrop for Japanese equities. However, we remain neutral given Japan's export-orientated economy and increased demand for the yen.
	Global Emerging Markets <sup>1</sup>	● ▼	Following a 90-day reprieve on reciprocal tariffs for the rest of the world, we have downgraded our view on emerging markets given the escalating tariff spat between the US and China.
	Asia ex-Japan: China	● ▼	We have downgraded our view to neutral as China is now the prime target of President Trump's trade war.
	EM Asia ex China	●	Whilst Asian markets were granted a temporary reprieve from reciprocal tariffs, they are indirectly impacted by reliance on imports from China. This adds further downside risks to exporters such as South Korea and Taiwan amidst an already fragile manufacturing cycle.
Government Bonds	US	●	Following the recent sell-off, we view US government bonds as attractive on a valuation basis. However, concerns around fiscal credibility and the uncertain impact of upending the global trade order on US treasury demand and inflation keeps us neutral.
	UK	●	UK gilt yields are trading at attractive valuations and thus far the government has honoured its limited fiscal headroom. However, threats to growth from the global trade war may lead to higher spending and gilt yields (the interest paid to an investor) remain sensitive to treasury yields.
	Europe	●	We remain neutral. Although German bond yields found favour during the recent treasury sell-off, yields remain underpinned by a structural shift towards fiscal expansion.
	Japan	●	We remain neutral as although US tariffs have reduced the prospect of a May rate hike, the ultimate path of interest rates is likely higher.
	US Inflation Linked (TIPS)	●	Medium term inflation-linked securities are trading at attractive valuations as the market has shifted its concerns from inflation to growth.
	Emerging Markets Local	●	We maintain a positive view on emerging market debt as all-in yields are attractive and we expect further depreciation of the US dollar.

<sup>1</sup> Global Emerging Markets includes Central and Eastern Europe, Latin America and Asia.

	Category	View	Comments
Investment Grade Credit	US	●	We maintain our negative stance. Valuations are still at extreme levels despite the recent sell-off and US credit has lagged other asset classes in pricing in increased recession risk.
	Europe	●	We remain neutral on European IG, where valuations are less extreme relative to the US, but recent outperformance has narrowed the valuation premium.
	Emerging Markets USD	●	Although we remain neutral we are carefully monitoring the asset class, which is highly concentrated in Asia and thus vulnerable to tariffs.
High Yield Bonds (Non-IG)	US	● ▼	We have downgraded to negative as high yield spreads (the difference in yield between two bonds or classes of bonds) are underpricing equity market volatility. The asset class also has high exposure to consumer-related sectors, which have been among the hardest hit by the tariff fallout.
	Europe	●	We remain neutral but are monitoring the asset class closely given high exposure to the automotive industry. There is evidence of widening spreads in auto parts and equipment in response to tariffs.
Commodities	Energy	●	We remain negative on energy where threats to global growth undermine demand for a commodity with ample supply. Projections indicate substantial inventory builds this year, with OPEC+ increasing supply with a bumper hike expected in May.
	Gold	●	We remain positive on gold, which is our preferred diversifier against elevated geopolitical risk.
	Industrial Metals	● ▼	We have downgraded to neutral as the escalating global trade war undermines a recovery in the global manufacturing cycle.
	Agriculture	●	We remain neutral on agriculture. Market fundamentals are finely balanced but the ratcheting up of retaliatory tariffs could weigh down on prices.
Currencies	US \$	● ▼	We have downgraded the US dollar to negative as the currency's safe-haven status has been called into question. The market is actively selling US assets in response to the tariff fallout, as opposed to the traditional hoarding of dollars.
	UK £	●	We remain neutral. The Bank of England is walking a fine line; holding rates risks triggering a recession, whilst premature cuts risk reigniting sticky services inflation.
	EU €	●	We remain positive on the euro, which is poised to benefit from cross-border flows away from the US and a shift towards expansionary fiscal policy within the eurozone.
	CNH ¥	●	For now, we maintain our negative stance. CNH is vulnerable to any further escalation in US-China trade tensions.
	JAP ¥	● ▲	We have upgraded to positive on the Japanese yen, which has already started to benefit from safe-haven flows following the fall in sentiment globally.
	Swiss F	● ▲	We have upgraded the Swiss franc to neutral. The currency has become an effective diversifier given the US dollar's declining status as a safe-haven asset.

Source: [Schroders, April 2025](#).

**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.**

The views for equities, government bonds and commodities are based on return relative to cash in local currency. The views for corporate bonds and high yield are based on credit spreads (i.e. duration-hedged). The views for currencies are relative to US dollar, apart from US dollar which is relative to a trade-weighted basket.





# MARKETS REVIEW

**A look back at markets in April when the announcement of “Liberation Day” tariffs by President Trump sparked significant stock market volatility while the US dollar weakened and gold hit a new all-time high.**

## THE MONTH IN SUMMARY

A look back at markets in April when the announcement of “Liberation Day” tariffs by President Trump sparked significant stock market volatility while the US dollar weakened and gold hit a new all-time high.

## THE US

US shares fell in April, underperforming most other regions. Equities experienced significant swings following “Liberation Day” on 2 April which saw President Trump announce sweeping tariffs on imported goods. The tariffs were larger and broader based than expected (a 10% tariff rate on all US imports and higher “reciprocal” tariffs for countries with which US has large trade deficit).

The new tariffs were later suspended for 90 days for most countries while negotiations take place, and this helped shares recover.

Find out more: [Podcast: The week that roiled global markets](#)

Markets were also rattled by worries over the ongoing independence of the Federal Reserve (Fed) although these fears were calmed mid-month when Trump stated he had “no intention” of firing Fed chair Jay Powell.

Data showed that the US economy contracted by an annualised 0.3% in Q1. US inflation (as measured by the consumer price index figure from the Bureau of Labor Statistics) fell to 2.4% in March from 2.8% in February.

Energy was the weakest sector amid lower crude oil prices. Other sectors registering declines included healthcare, financials and materials. The top performing sectors were consumer staples and information technology.

## EUROZONE

Eurozone data from Eurostat. Eurozone shares were slightly positive in April. As in the US, energy was the weakest sector. Defensive areas of the market, including consumer staples and utilities, outperformed.

The eurozone economy grew by 0.4% quarter-on-quarter in Q1, according to an estimate from Eurostat. The European Central Bank cut interest rates by 25 basis points (bps) and said the outlook for growth had deteriorated given the US tariff announcement.

Find out more: [Trump tariffs: how might the EU respond?](#)

In Germany, incoming chancellor Friedrich Merz struck a deal to form a coalition government with the Social Democrats (SPD). The German Ifo business climate index rose slightly in April to 86.9, up from 86.7 in March.

## UK

UK shares were slightly weaker in April with the energy sector again the main laggard while the defensive utilities sector was the top performer. The more domestically focused FTSE 250



index outperformed the more internationally focused large cap FTSE 100 index.

Inflation fell to 2.6% in March, down from 2.8% in February, according to the consumer price index released by the Office for National Statistics. Data showed that UK annual public borrowing was £14.6 billion more than expected in the year to March.

## JAPAN

In Japan, the Topix index registered a small positive return in yen terms. The Nikkei 225 performed better, gaining 1.2%. Japan secured priority tariff negotiations with the US in the wake of “Liberation Day”, although no deal had been concluded by month end.

Many Japanese companies began announcing their full-year earnings and providing guidance for the next fiscal year. One positive development stood out: the volume and scale of share buyback announcements to date have significantly exceeded those of the previous year, which was itself a historic high.

## EMERGING MARKETS

The MSCI Emerging Markets (EM) index registered a small positive return for the month, outperforming developed markets, helped by a weaker US dollar. Mexico was the top performing market in the MSCI EM index as it faced no new trade tariffs on “Liberation Day” on 2 April. Brazil was notably strong, aided by local currency strength. India also continued to perform well, supported by easier monetary conditions following the Reserve Bank of India’s 25bps interest rate cut, improving inflation outlook and a weaker US dollar. South Africa gained, helped by record-high gold prices.

China underperformed the MSCI EM index, posting the second biggest losses among its EM peers. China responded to the trade tariffs announced by President Trump with its own levies, and the retaliatory response escalated over the course of the month. Turkey fell the most in US dollar terms given a weaker currency, ongoing inflationary pressure and an unexpected interest rate hike mid-month.

## ASIA (EX JAPAN)


The MSCI Asia ex Japan index rose in April. Top performing markets included Thailand and the Philippines while China underperformed. By sector, the top performers were consumer staples and utilities while consumer discretionary and materials were laggards.

## GLOBAL BONDS

There was marked divergence within global government bond markets. In the US, the Treasury yield curve steepened, with yields falling in shorter maturities but rising at the longer-end of the curve (yields move inversely to price) as weak survey data reinforced the narrative of subdued economic growth coupled with higher inflation.

In Europe, yields fell across all eurozone markets and in UK gilts. The European Central Bank lowered borrowing costs by 25 bps again in April, bringing the deposit rate to 2.25%. The key message was that disinflation is “well on track”, while growth uncertainty has increased. While the Bank of England did not meet in April, market expectations for a cut in May increased. Survey data has weakened significantly, reflecting a combination of trade uncertainty and the impact of higher taxes.





Asian government bond yields fell in line with European markets. In China, manufacturing survey data has already started to show signs of a heavy hit from the escalation in trade tensions with the US.

Credit markets have experienced significant fluctuations since the new tariffs were announced. In the US, investment grade credit (IG) spreads – representing the yield difference between government bonds and credit – widened sharply on the announcement in what was a traditional “risk-off” move.

A subsequent improvement in risk sentiment on the back of softer political headlines drove a partial retracement in spreads. Overall total returns were flat on the month, with energy the weakest sector, reflecting the sharp fall in oil prices.

In US high yield (HY), the energy sector was also a notable drag on the overall market. Although, despite significant spread widening on the month, total market returns were positive. It was a similar pattern for euro and sterling denominated credit, with spreads peaking at their year-to-date wides before contracting back to elevated levels in both IG and HY. Total returns were positive in both and outperformed their US counterparts.

The US dollar weakened against all major currencies, reacting to US policy uncertainty and concerns over its economic impact. Within G10 currencies, the Swiss franc outperformed, benefitting from its safe-haven status amid market volatility. Similarly, the defensive nature of the Japanese yen saw the currency supported by a flight-to-safety bid early in the month. Some of the JPY appreciation was later reversed on an improvement of risk sentiment and on expectations that the Bank of Japan would pause further rate hikes.

## COMMODITIES

The S&P GSCI Index fell in April, led lower by the energy component. Crude oil prices fell amid worries over the impact of trade tariffs on global economic growth, while additional oil supply from Opec also served to depress prices. The industrial metals component also fell in April amid growth concerns.

Precious metals registered a positive return, driven by gold. Worries over tariffs and their potential impact on economic growth saw investors turn to assets perceived as safe havens, such as gold which hit a new all-time high during the month.

Find out more: [Gold: an alternative to “safe” US assets?](#)

The agriculture component also gained with cocoa and coffee posting the strongest advances.

## DIGITAL ASSETS

April was dominated by the tariff news. Investors began to question the dominance of the US dollar and gold rallied significantly to all-time highs this year. Digital assets were relatively stable amid the uncertainty. Bitcoin returned 15% in the month as President Trump increasingly put pressure on the Fed.

The UK government unveiled significant draft legislation to regulate the cryptocurrency sector. This marks a pivotal step toward integrating digital assets into the country’s financial regulatory framework with a focus on seeking closer regulatory alignment with the US. The final version is expected to be introduced later this year.



# TOTAL RETURNS (NET) % – TO END APRIL 2025

Equities	1 MONTH			12 MONTHS		
	USD	EUR	GBP	USD	EUR	GBP
MSCI World	0.9	-4.1	-2.5	12.2	5.5	5.1
MSCI World Value	-1.4	-6.3	-4.7	11.0	4.4	4.0
MSCI World Growth	3.2	-2.0	-0.3	13.3	6.5	6.2
MSCI World Smaller Companies	0.7	-4.3	-2.7	5.9	-0.4	-0.7
MSCI Emerging Markets	1.3	-3.7	-2.1	9.0	2.5	2.2
MSCI AC Asia ex Japan	0.7	-4.3	-2.7	10.8	4.2	3.9
S&P500	-0.7	-5.6	-4.0	12.1	5.4	5.1
MSCI EMU	5.4	0.2	1.8	15.9	9.0	8.7
FTSE Europe ex UK	5.0	-0.2	1.5	14.3	7.6	7.2
FTSE All-Share	3.2	-1.9	-0.3	14.7	7.9	7.5
TOPIX*	5.2	0.0	1.7	10.0	3.5	3.1

Government Bonds	1 MONTH			12 MONTHS		
	USD	EUR	GBP	USD	EUR	GBP
JPM GBI US All Mats	0.6	-4.4	-2.8	7.6	1.2	0.8
JPM GBI UK All Mats	5.3	0.1	1.8	10.3	3.8	3.4
JPM GBI Japan All Mats**	5.3	0.1	1.8	6.7	0.3	0.0
JPM GBI Germany All Traded	7.4	2.0	3.7	10.4	3.9	3.5
Corporate Bonds	1 MONTH			12 MONTHS		
	USD	EUR	GBP	USD	EUR	GBP
BofA ML Global Broad Market Corporate	1.9	-3.1	-1.5	9.4	2.9	2.5
BofA ML US Corporate Master	0.0	-5.0	-3.4	7.8	1.4	1.0
BofA ML EMU Corporate ex T1 (5-10Y)	6.5	1.2	2.9	13.5	6.8	6.4
BofA ML £ Non-Gilts	4.8	-0.4	1.3	12.8	6.1	5.7
Non-investment Grade Bonds	1 MONTH			12 MONTHS		
	USD	EUR	GBP	USD	EUR	GBP
BofA ML Global High Yield	0.9	-4.1	-2.5	10.1	3.5	3.2
BofA ML Euro High Yield	5.4	0.2	1.9	15.1	8.2	7.9

Source: LSEG DataStream. Local currency returns in April 2025: \*0.3%, \*\*0.5%.

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Source: [Schroders, April 2025](#)

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Approved by Evolution Wealth Network Ltd on 08/04/2025.



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