

Last Week at a Glance

Global equities rallied last week following a significant roll back of US-China tariffs. US Treasuries declined as yields rose, with markets paring back expectations of Fed rate cuts.

- The US and China agreed to temporarily lower tariffs for 90 days, with US tariffs on China now at 30% from the prior 145%, and China tariffs on US goods declining to 10% from 125%. US equities rallied sharply in response, supporting broader gains in global equities.
- US Treasury yields rose as the de-escalation in US-China trade tensions led investors to dial back Fed rate cut expectations. 10-year Treasury yields rose 7 bps over the week to end at 4.44% but had briefly risen to 4.53% mid-week. Softer US consumer data supported the subsequent stabilization of yields. US retail sales in April grew at a muted pace of 0.1% M/M, reflecting a pull back in consumer spending.
- Treasury yields may experience near-term volatility. On Friday, Moody's downgraded the US government's credit rating from AAA to AA1, citing increased US debt concerns. This follows similar downgrades by the S&P in 2011 and Fitch in 2023.
- April's US headline CPI fell to 2.3% Y/Y, while core CPI held steady at 2.8% Y/Y, reflecting a still modest impact of tariffs on consumer prices. However, US producer prices declined 0.5% M/M, largely reflecting a decline in margins as firms likely absorbed some of the higher import duties.
- Gold pulled back sharply last week and fell to -4.9% amid risk-on sentiments, albeit prices are still at 21% YTD.

MARKET PERFORMANCE

As of May 18, 2025 • Local Currency • Percent (%)

Equities	Last Week	This Month	This Year
Global	4.2	6.1	3.5
Developed Markets	4.4	6.3	3.1
United States	5.4	7.2	1.7
Euro Area	2.3	5.6	13.8
United Kingdom	1.7	2.3	8.0
Japan	0.2	2.9	-1.4
Emerging Markets	3.1	4.5	7.1
Fixed Income			
US Aggregate	-0.2	-1.1	2.0
US Treasuries	-0.3	-1.5	2.1
US Corporate IG	0.2	-0.6	1.7
US Corporate HY	0.9	1.4	2.4
Real Assets			
Global Equity REITs	0.6	1.5	4.0
Global Natural Resources	1.7	3.7	2.7
Gold Bullion	-4.9	-4.0	21.0
Currencies			
EUR/USD	-1.0	-1.9	7.7
GBP/USD	-0.3	-0.7	5.9
USD/JPY	0.6	2.3	-7.1