

# Monthly Market Review

## MARCH 2025

The first quarter of 2025 was a tale of two halves for equity markets. The S&P500 Index reached a record high in mid-February, subsequently declining 10% from its peak. Markets were unsettled by tariff announcements from the Trump Administration on steel, aluminium and cars, alongside concerns for further announcements coming on April 2 (referred to as “Liberation Day” by President Trump). Concerns around retaliatory actions, policy changes, rising global tensions and the increased probability of an economic slowdown weighed heavily on investor sentiment and risk appetite.

The S&P 500 Index closed the quarter 4.6% lower (down 5.8% in March) – its worst quarterly performance since Q3 2022. Most of the selloff was driven by the “Magnificent Seven” companies (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) which declined 16% over the quarter. In contrast, the remaining S&P 493 rose 0.5% over the same period. The ASX 200 Accumulation Index also retreated, falling 3.4% in March to end the quarter down 2.8%. European and emerging market outperformed. The Euro Stoxx 600 closed the quarter up 5.0%, and the MSCI Emerging Markets Index (USD) was up 2.4%.

Bond markets responded to concerns around slower growth, with the U.S 10-yr bond yield falling 36 basis point from 4.57% at the end of 2024, to close the quarter at 4.21%. Commodities outperformed in March, with Gold (USD) soaring 9.3% (up 19% Q1 25) reaching record highs. Copper also performed well, up 3.4% (up 12% Q1 25). Oil markets were flat over the quarter despite being higher in March (Brent Crude up 2.1% over the month).

## Australia

- The Australian equity market, as measured by the S&P/ASX 200 Accumulation Index, fell 3.4% in March (-2.8% Q1 25). Information Technology (-9.7%), Consumer Discretionary (-6.4%) and Healthcare (-5.2%) underperformed.
- Australian bonds delivered minor gains over the month, with the Bloomberg AusBond Composite Index (AUD) rising 0.2%, to close the quarter up 1.3%
- As expected, the Reserve Bank of Australia (RBA), held interest rates steady at 4.1% in the March 31 – April 1 meeting (after delivering its first cut in February 2025). The Board reiterated that *“sustainably returning inflation to target within a reasonable timeframe remains the Board’s highest priority”* and future rate cuts will be data driven.
- The Westpac-Melbourne Institute Consumer Sentiment Index rose 4.0% in March to 95.9. The RBA’s decision to cut interest rates in February and a further easing in cost-of-living pressures helped support a clear lift in sentiment. The survey detail showed a broad-based improvement with a notable rise in confidence around the labour market outlook.
- The unemployment rate, seasonally adjusted remained at 4.1% in February. Labour markets remain relatively tight, with unemployment and underemployment measures still low compared to pre-pandemic levels.
- Nationally, residential property price growth recovered, rising 0.4% as measured by the CoreLogic five capital city aggregate. Adelaide prices climbed 0.8%, followed by Melbourne (+0.5%). Over the past 12 months, national residential property prices have increased 3.0%.

## International

- U.S. equity markets sank in March, with the S&P 500 Index closing the month down 5.8% (-4.6 % Q1 25), while the NASDAQ Composite Index underperformed, down 8.2% (-10.4% Q1 25). Within the S&P 500, Consumer Discretionary (-9.0%) led the declines, followed by Information Technology (-8.9%) and Communication Services (-8.4%). Energy (+3.7%) outperformed.
- Headline U.S. inflation came in below expectations, increasing 0.2% in February (0.5% in January). Year-over-year inflation subsided to 2.8% (up from 3.0% in January). Core CPI (excluding food and energy) rose 0.2%, climbing 3.1% in the 12 months to February, the lowest reading since April 2021.
- The U.S. labour market remains tight, with the unemployment rate steady at 4.0% (after reaching 4.2% in November). Forward looking employment expectations have slumped, with two-thirds of consumers expecting unemployment to rise in the year ahead, the highest reading since 2009, according to the University of Michigan Consumer Sentiment survey.
- The U.S. Federal Reserve (Fed) unanimously voted to hold interest rates steady at 4.5% for a second consecutive meeting (following three straight rate reductions since September). Fed Chair Jerome Powell did suggest that the Fed was more concerned about downside risk, “*uncertainty to the economic outlook has increased*” in part due to policy changes.
- The U.S. 10-year bond was flat over the month, closing March at 4.21% however is down 36 basis points since the start of the year.
- The Euro Stoxx 600 Index outperformed U.S counterparts in the first quarter (+5.0%) despite falling 4.2% in March. European markets were supported by the prospect of lower interest rates, cheaper relative valuations and fiscal policy development and a rotation out of the U.S.
- The USD Index (the value of the U.S. dollar against a basket of widely recognised, publicly traded currencies) fell in March, down 3.2% (-3.9% in Q1 25). The Australian dollar rose slightly versus the USD, closing the month at 62.4¢ (vs 62.09¢ in February).

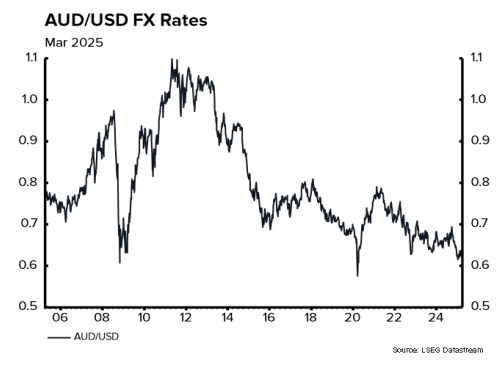
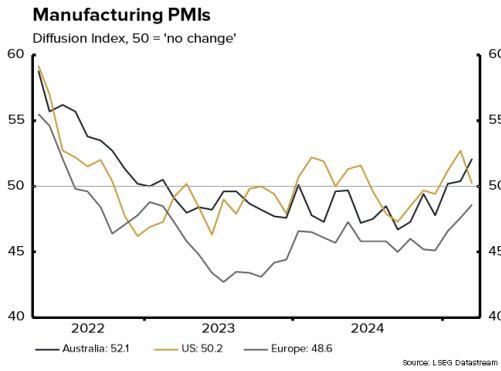
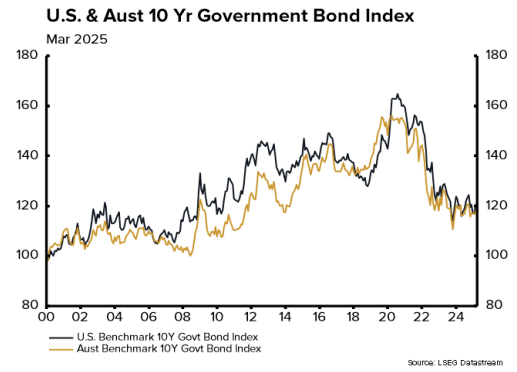
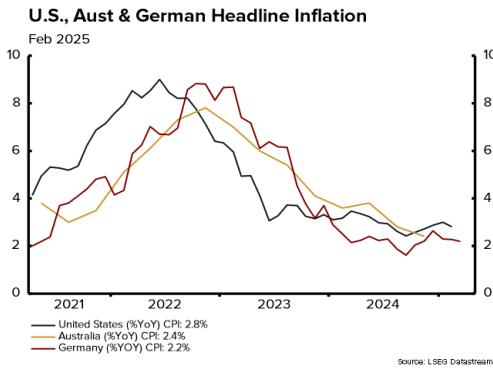
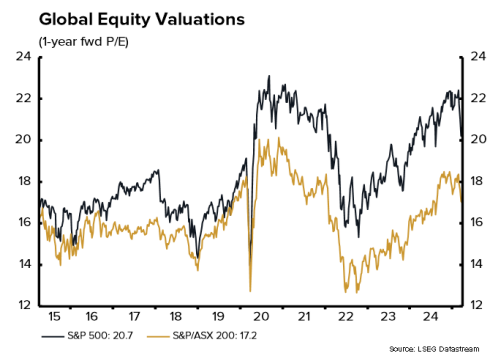
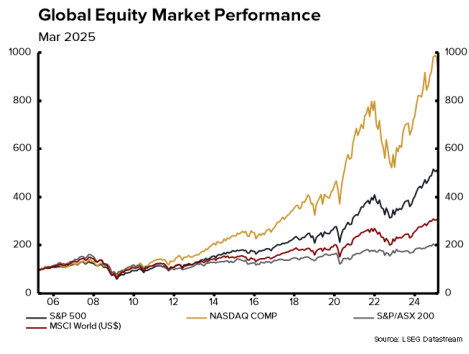
## Commodities

- Commodity markets were mixed March. Gold (USD) soared 9.3% to close the quarter up 19% driven by safe haven demand. Copper also climbed 3.4% in March (+11.6% over the quarter). Oil prices rose in March but were flat over the quarter. West Texas Intermediate Crude climbed 2.5% in March to US\$71.48/bbl. Brent Crude rose 2.1% to \$74.74/bbl.

## Global Markets – 31 March 2025

Equities	YTD	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
S&P /ASX 200 Accumulation Index (AUD)	-2.8%	-3.4%	-2.8%	2.8%	5.6%	13.2%
S&P/ASX Small Ordinaries Index (AUD)	-3.0%	-4.4%	-3.0%	-4.0%	-3.6%	7.3%
S&P 500 Index (USD)	-4.6%	-5.8%	-4.6%	6.8%	7.4%	16.8%
NASDAQ Composite Index (USD)	-10.4%	-8.2%	-10.4%	5.6%	6.8%	17.6%
Russell 3000 Index (USD)	-5.0%	-6.0%	-5.0%	5.8%	6.6%	16.4%
FTSE 100 Index (GBP)	5.0%	-2.6%	5.0%	7.9%	4.5%	8.6%
Euro Stoxx 600 (EUR)	5.2%	-4.2%	5.2%	4.1%	5.4%	10.8%
Nikkei 225 (JPY)	-10.7%	-4.1%	-10.7%	-11.8%	8.6%	13.5%
Hang Seng (HKD)	15.3%	0.8%	15.3%	39.8%	1.7%	-0.4%
MSCI Emerging Markets Index (USD)	2.4%	0.4%	2.4%	5.6%	-1.2%	5.4%
MSCI World Ex Australia (AUD)	-2.4%	-4.7%	-2.4%	12.2%	14.6%	15.8%
Bonds						
Bloomberg AusBond Composite Index (AUD)	1.3%	0.2%	1.3%	3.2%	1.7%	-0.5%
Bloomberg Global Agg Bond TR Index (AUD)	1.1%	-0.4%	1.1%	3.7%	0.2%	-0.5%
Currency						
AUD/JPY	-3.7%	0.2%	-3.7%	-5.0%	0.9%	7.3%
AUD/USD	1.0%	0.6%	1.0%	-4.2%	-5.8%	0.4%

Source: Bloomberg 31 March 2025 (All returns are in local currency terms.)



Please contact your Advisor for further details or [click here](#) for a copy of our latest Quarterly Outlook.

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