

Monthly Market Review

APRIL 2025

April was a tumultuous month for investment markets, driven by uncertainty surrounding U.S. tariff policy and fluctuating news. Following President Trump's 'Liberation Day' tariff announcements on 2 April, the S&P 500 Index experienced its worst two-day performance since 2020. However, just days later on 11 April, the S&P 500 recorded its best single-day performance since 2008 after the U.S. declared a 90-day pause on reciprocal tariffs (excluding China). Despite significant market turbulence, by the end of April the S&P 500 was only 0.8% lower, while the technology-heavy Nasdaq Composite Index was up 0.9%. The ASX 200 Index outperformed, climbing 3.6%. Gold was a solid performer, soaring 5.3% (up 25.3% year-to-date) to reach new record highs of US\$3500/oz before paring some gains. The U.S. dollar was also volatile, with the DXY falling 4.6% and down 8.3% year-to-date.

Heightened uncertainty impacted consumer and business confidence globally. U.S. Q1 GDP declined 0.3% annualised, driven by surging imports ahead of the implementation of tariffs. April's one-year inflation expectations from the University of Michigan consumer survey reached their highest level since 1981. Federal Reserve (Fed) Chair Jerome Powell cautioned that unexpectedly high tariffs are likely to increase inflation in the coming quarters and slow economic growth, complicating the Fed's interest rate decisions.

The first quarter U.S. earnings season also commenced in April, which was surprisingly solid with 76% of S&P 500 companies reported so far delivering positive earnings per share surprises. However, companies were increasingly reluctant to provide guidance given the uncertain policy outlook.

Australia

- The Australian equity market, as measured by the S&P/ASX 200 Accumulation Index, rose 3.6% in April. Communication Services (+6.5%), Information Technology (+6.4%) and Consumer Discretionary (+6.1%) outperformed, while Energy (-7.7%) lagged. Australian bonds also gained over the month, with the Bloomberg AusBond Composite Index (AUD) rising 1.7%.
- As expected, the Reserve Bank of Australia (RBA) held interest rates steady at 4.1% at the 31 March – 1 April meeting (after delivering its first cut in February 2025). The Board acknowledged the “*continued decline in underlying inflation*” in the policy statement and Governor Bullock noted the labour market “*might not be quite as tight*” as previously believed, opening the door to a potential rate cut in May.
- The Westpac-Melbourne Institute Consumer Sentiment Index fell 6.0% to 90.1 in April, hitting a six-month low on the back of trade policy uncertainty and equity market weakness. Sentiment weakened sharply over the course of the survey week, with steep falls following the ‘reciprocal tariffs’ announced by President Trump.
- The unemployment rate, seasonally adjusted, remained at 4.1% in March. Labour markets remain relatively tight, with unemployment and underemployment measures still low compared to pre-pandemic levels.
- Nationally, residential property price growth recovered, rising 0.2% as measured by the CoreLogic five capital city aggregate. Darwin prices climbed 1.1%, followed by Brisbane (+0.5%). Over the past 12 months, national residential property prices have increased 2.7%.

International

- Notwithstanding significant volatility in the U.S. equity markets, the S&P 500 Index closed the month down 0.8%, while the Nasdaq Composite Index outperformed, rising 0.9%. Within the S&P 500, Information Technology (1.6%) led the gains, followed by Consumer Staples (1.1%) and Communication Services (0.6%). Energy sank, down 13.7%.
- U.S. equity valuations retreated, with the forward price-to-earnings (P/E) ratio on S&P 500 falling to 19.6x, albeit still above its long-term average.
- Headline U.S. inflation was below expectations, falling 0.1% in March (0.2% in February). Year-over-year inflation eased to 2.4% (down from 2.8% in February). Core CPI (excluding food and energy) rose 0.1%, climbing 2.8% in the 12 months to March. The softer-than expected reading is backward looking, and not yet reflective of the potential impact of tariffs.
- The U.S. labour market remained resilient, despite worries over the impact of President Trump's tariffs. The unemployment rate was steady at 4.2% in April.
- The Fed unanimously voted to hold interest rates steady at 4.5% for a second consecutive meeting in March. The U.S. 10-year bond yield fluctuated wildly in April, temporarily spiking to near 4.50%, before closing the month relatively flat at 4.16% (down from 4.21% in March).
- The Euro Stoxx 600 Index underperformed U.S counterparts in April, falling 1.2%. Energy dragged the index lower, falling 10.9% followed by Resources which fell 6.8%. Retail and Real Estate outperformed, both delivering 5.8% over the month.
- The USD Index (the value of the U.S. dollar against a basket of widely recognised, publicly traded currencies) fell another 4.6% in April, down 8.3% YTD. The Australian dollar rose versus the USD, closing the month at 64.02¢ (vs 62.40¢ in March).

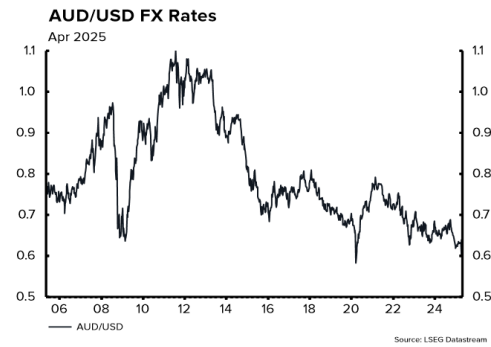
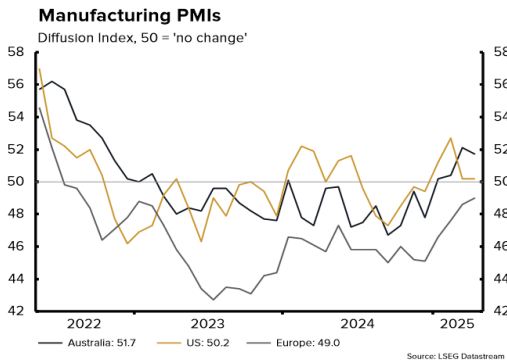
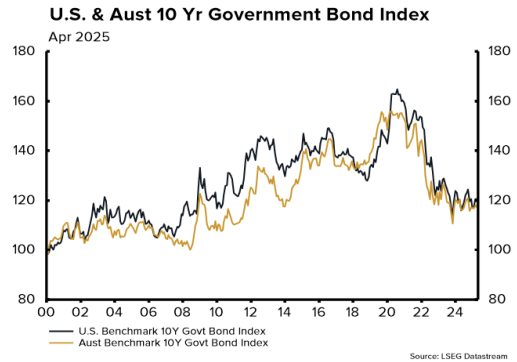
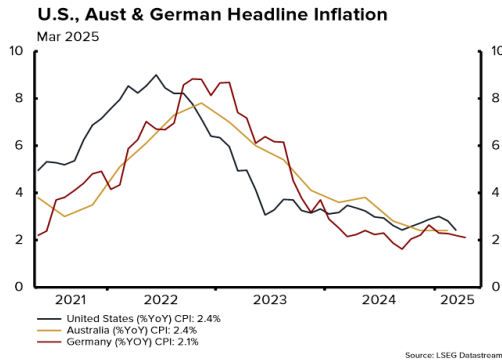
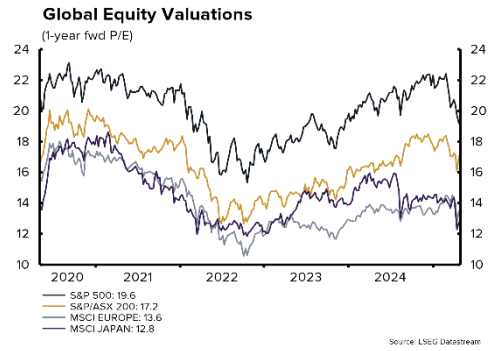
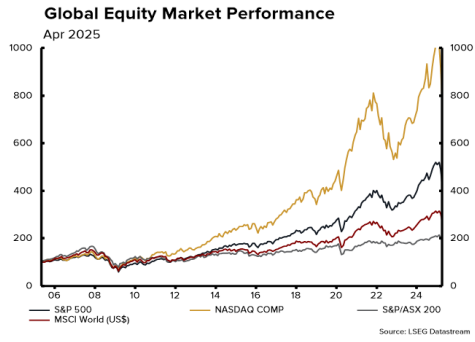
Commodities

- Commodity markets were broadly weaker in April, despite the outperformance of gold. Gold (USD) soared another 5.3%, up 25.3% YTD. Silver fell 4.3% and Copper (\$/t) fell 5.6%.
- Oil plummeted, impacted by the softening demand outlook driven by tariff concerns, and higher OPEC+ supply. West Texas Intermediate Crude sank 18.6% in April to US\$58.21/bbl and Brent Crude fell 15.5% to \$63.12/bbl.

Global Markets – 30 April 2025

Equities	YTD	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
S&P /ASX 200 Accumulation Index (AUD)	0.7%	3.6%	-3.7%	9.8%	7.2%	12.1%
S&P/ASX Small Ordinaries Index (AUD)	-1.3%	1.8%	-5.6%	0.9%	-2.5%	4.9%
S&P 500 Index (USD)	-5.3%	-0.8%	-7.8%	10.6%	10.5%	13.8%
Nasdaq Composite Index (USD)	-9.7%	0.9%	-11.1%	11.4%	12.3%	14.4%
Russell 3000 Index (USD)	-5.7%	-0.8%	-8.6%	9.9%	9.7%	13.4%
FTSE 100 Index (GBP)	3.9%	-1.0%	-2.1%	4.3%	4.0%	7.6%
Euro Stoxx 600 (EUR)	3.9%	-1.2%	-2.2%	4.5%	5.4%	9.2%
Nikkei 225 (JPY)	-9.6%	1.2%	-8.9%	-6.1%	10.3%	12.3%
Hang Seng (HKD)	10.3%	-4.3%	9.4%	24.5%	1.6%	-2.1%
MSCI Emerging Markets Index (USD)	3.5%	1.0%	1.8%	6.4%	1.1%	3.8%
MSCI World Ex Australia (AUD)	-4.2%	-1.8%	-6.8%	13.9%	15.2%	14.5%
Bonds						
Bloomberg AusBond Composite Index (AUD)	3.0%	1.7%	2.8%	7.1%	2.8%	-0.2%
Bloomberg Global Agg Bond TR Index (AUD)	2.1%	0.9%	1.7%	6.5%	1.5%	-0.6%
Currency						
AUD/JPY	-5.9%	-2.2%	-5.0%	-10.3%	0.0%	5.6%
AUD/USD	3.5%	2.5%	3.0%	-1.1%	-3.2%	-0.3%

Source: Bloomberg 30 April 2025 (All returns are in local currency terms.)



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