



Article MARKET COMMENTARY

Weekly round-up: 31 March – 4 April

Tom Watts recaps the past week's events and looks ahead to the next.

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This week

"I was not prepared for the extraordinary credulity of the British Public. They flocked up in shoals to see the lions washed. The warders were almost at their wits' end. They had the bits of pasteboard flourished in their faces, with angry gestures and angrier imprecations, by the indignant crowd of sight-seers and seekers."

Home to the very first zoo in London, the royal menagerie at the Tower of London dated back centuries, having boasted all manner of exotic animals, from leopards to polar bears. From the noise of roaring lions, the stench of animal waste, to the countless staff who were mauled to death by the wild predators, the zoo had gained quite the reputation up and down the country.

And so, it was inevitable that when a large number of invites bearing a red wax seal and a royal crest, the invitation from 'Herbert de Grassen' granted the 'bearer and their friends' admittance to witness the Annual Washing of the Lions, on 1 April 1698, thousands leapt at the chance.

Often regarded as the first recorded example of an April Fools' hoax in British history, the day is now synonymous with silly pranks and rouses. How apt it is then, that there are some theories that the day was originally marked on 2 April during the middle ages, a day that this week saw US President, Donald Trump, celebrate his own "Liberation Day", an event that certainly didn't have investors laughing.

The day many had dreaded finally arrived, designed to usher in a golden era of US manufacturing and economic growth, a new baseline 10% tariff on all imported goods plus some eye-watering additional 'reciprocal' tariffs on various counties, inhabited or otherwise.

Asia was hit particularly hard, with China being slapped with a 34% levy, Japan got 24%, South Korea 25% and Vietnam 46%. Over in Europe, the EU now faces a 20% tariff and the UK just 10%. Even the Heard and McDonald Islands, a barren, uninhabited volcanic area located near Antarctica, were slapped with a 10% tariff on goods, it looks like the penguins found there got off relatively lightly.

World stock markets and oil prices tumbled and investors fled to the relative safety of bonds, gold and the yen after the

announcement, as fears of a global recession began to stir. Ironically, the joke really seemed to be on US tech heavyweights, with Apple's market capitalisation dropping by more than \$240 billion as its shares slid 7% in a day. Nvidia's market cap dropped 5.6% or \$153 billion, adding to the trillions wiped off the 'Magnificent Seven' tech giants already this year.

Japanese markets slumped 2.7% in Asia overnight to leave it on course for its worst week in nearly two years. Wall Street futures were down 3%, while the dollar dropped more than 1% to a six-month low.

Deutsche Bank called the move a "once-in-a-lifetime" event that could easily knock between 1%-1.5% off U.S. growth this year, whilst JPMorgan said the tariffs were, "significantly higher than the realistic worst-case scenario" they have been envisaging.

Whilst Trump's tariffs characterising most market movements throughout the week, there were some economic data releases of note, particularly in the UK, with weak manufacturing data making for no joke. Figures on Wednesday showed the end of the opening quarter saw the downturn at UK manufacturers deepen. The reading for the sector fell to a 17-month low, with the most significant factor underlying the retrenchment was a slump in the level of new business received during March. New order intakes also fell to the greatest extent for over one-and-a-half years (since August 2023) and at one of the quickest rates since the pandemic affected months of 2020.

The week also had a US employment feel to it with a selection of US employment readings, giving us a much more detailed picture as to how the employment landscape is evolving in the world's largest economy. Whilst those claiming unemployment benefits came in slightly better than expected, the report did show that

that new jobs are becoming increasingly scarce. The number of people receiving benefits after an initial week of aid, a proxy for hiring, increased 56,000 to a seasonally adjusted 1.903 million, the highest level since November 2021.

Just as the week was coming to a close, beleaguered markets took one final battering, as China announced it will impose additional 34% tariffs on all US goods and filing a lawsuit against US tariffs with World Trade Organisation as countermeasures for the US's actions. With a tit-for-tat trade war now building, maybe not in the true spirit of April Fool's Day, it seems he laughs last, may not laugh longest.

Next week

With the dust still settling after an eventful, tariff themed few days, the coming week should provide investors with the chance to get back to the fundamentals of the global economy, whilst simultaneously enjoying the mini heatwave supposedly coming our way.

One area of the market that has certainly been hotting up of late, has been domestic property. Basking in the sun provided gently falling borrowing costs, high street lender, Halifax, releases its House Price Index numbers, measuring the change of value for properties on its books. Coming at an increasingly busy time for those looking to buy or sell a house, the announcement should take on added impetus.

With the clocks having now gone forward and Spring officially starting, we go from hours to minutes, as the US Federal Reserve release the notes from their last meeting. The release will act as a detailed record of the central bank's most recent meeting, providing in-depth insights into the economic and financial conditions that influenced their vote on where to set interest rates and should have a strong impact on global markets. With tariffs now starting to increasingly dominate the economic landscape, it

will be interesting to hear what those at the Fed make of it all and how it will affect their decisions on rates going forward.

A big factor for the US Fed when they get together is how consumer confidence and inflation levels are faring. The two latest readings for such concerns being released towards the tail-end of the week. With all that has been going on in Washington, economists will be looking forward to focussing on the data and seeing how Trump's economic policies have affected the US economy so far.

There is also important data to look out for on domestic shores as well GDP figures are released. With the economy having performed sluggishly at best over recent times, Chancellor Rachel Reeves will be looking for any positives in the numbers, especially a week after her Spring Budget.

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Remember that the value of investments can go down as well as up, and could be worth less than what was paid in. The information is based on our understanding as at 4 April 2025.

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