



Article **MARKET COMMENTARY**

Weekly round-up: 14 – 17 April

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

Author

Thomas Watts

Senior Investment Analyst

Duration: 4 Mins

Date: 17 Apr 2025

This week

With chocolatiers claiming to have made the world’s largest Crème Egg this week and pet shop, Pets at Home, halting rabbit sales over the weekend in an attempt to discourage any impulsive purchases, it’s starting to feel very much like Easter.

In what was a truncated week due to markets closing in observation of Good Friday, there was still enough news to force investors, like the proverbial bunny, to hop to it.

After the bad *hare* days markets had endured the previous weeks after a wave of US trade tariffs were announced, then subsequently withdrawn in some cases, we saw a much more sanguine few days this week, allowing investors to focus more on the economic data coming through.

The 24-carrot news this week came in the form of UK inflation data, showing price rises slowing from 2.8% in February to 2.6% for March. The data showed that a considerable price drop for computer games and falling fuel prices helped bring down the overall rate, although the prices of clothes did rise strongly after a surprise fall in February.

Whilst weaker than expected, the respite for the consumer is expected to be brief, with the Bank of England (BoE) forecasting a leap to 3.6% for April, as tariffs for household utility bills rise sharply. After the release, markets put a roughly 86% chance on the BoE cutting borrowing costs by 0.25% at its next meeting in May, up from about an 80% at the start of the week.

With Trump's proposed tariffs set to have such a considerable impact on the person on the street's behaviour, much like domestic inflation, good news could be short lived for the US consumer too. This week also saw stronger than expected retail sales in the world's largest economy, but worries of how the landscape may look going forward stymied the news somewhat.

US retail sales increased by the most in more than two years for March as it appears households stepped up purchases of motor vehicles in particular to avoid higher prices from tariffs. Overall, sales increased by 1.4% last month, the largest gain since January 2023.

Motor vehicle manufacturers reported a big jump in auto sales in March, attributed by some to a rush by buyers "to try and beat the tariffs." Trump's 25% global car and truck tariffs came into effect in early April and were obviously playing on consumer's minds.

Receipts at food services and drinking places, the only services component in the report, rebounded 1.8%. That was the largest increase since January 2023 and followed a 0.8% decline in February.

Clothing shop sales rose 0.4% while those at electronic retailers increased 0.8%. But sales at furniture outlets dropped 0.7%.

Interestingly, a separate credit and debit card report suggested much of this spending continues to be driven by high-income households, with low-income consumers struggling. However, higher income individuals are also more likely to have investments in the US stock market and with the recent sharp losses in asset prices, there are worries that such consumers could start tightening their purse strings too.

One man who can never be accused of "rabbiting on" is US Federal Reserve Chair, Jay Powell, who gave a press conference in Chicago during the middle of the week. It seems the Fed is very much in wait and see mode for more data on the economy's direction before changing interest rates. "For the time being, we are well positioned to wait for greater clarity before considering any adjustments to our policy stance," commented Powell.

Powell also called Trump's tariff plans "fundamental changes" that don't provide businesses and economists with any clear parallels to study. Asked if the central bank is considering a "Fed put", where they would step in if markets go into freefall, Powell offered a simple "no". He went on to indicate that "Markets are struggling with a lot of uncertainty and that means volatility. But having said that, markets are functioning...They're orderly and they're functioning just about as you would expect them to function."

With a slightly more downbeat tone taken from the world's most influential central banker, indicating they won't be offering a safety net if markets do struggle, caused US markets to fall further, with the broadest measure of American stocks falling 2.2% after the news. However, Powell's words weren't definitive and the bank's views could always change if we see good news on tariffs, just like the easter bunny himself, investors should keep their ears to the ground for further communications...

Next week

With markets in the UK, Europe and US all closed in observance of Easter Monday, the coming week should be slightly subdued. However, this won't stop the US Conference releasing its Leading Index figures on Monday, a fascinating insight into how the US economy is faring, especially in a post tariff world.

The data should offer a comprehensive view into the US economy, with a combined reading of 10 economic indicators related to employment, new orders, consumer confidence, housing, stock market prices, credit trends and interest rate differentials. Whilst the index is designed to predict the direction of the US economy, it actually tends to have a fairly muted impact because most of the indicators used in the calculation have been released previously. However, the figure itself does act as a really useful gauge for economists to get to grips on the many facets of the economy all in one place.

The middle of the week sees economic data coming thick and fast as a mass of Purchasing Manager's Index (PMI) readings arrives on Wednesday. Covering both the Services and Manufacturing sectors for Germany, France and an overall European composite, the data will also cover the UK and US too. The readings will give us an invaluable sense of the global economy at a company level as businesses will be asked to rate the relative level of business conditions including employment, production, new orders, prices, supplier deliveries and inventories.

The week should be wrapped up with domestic retail sales on Friday, a key piece of information for economists when gauging how consumers are feeling about the economy. After a run of fairly strong readings, flying in the face of worries of rising inflation and a weak economy, many will be hoping this streak can continue.

[Back to top](#) 

Risk warning

The value of your investments can go down as well as up and you may get back less than you paid in. Tax rules can always change in the future. Your own circumstances and where you live in the UK could have an impact on tax treatment.



Copyright © Aberdeen Group plc 2021–2025. All rights reserved. Aberdeen Group plc is registered in Scotland (SC286832) at 1 George Street, Edinburgh, EH2 2LL