

Weekly Market Update

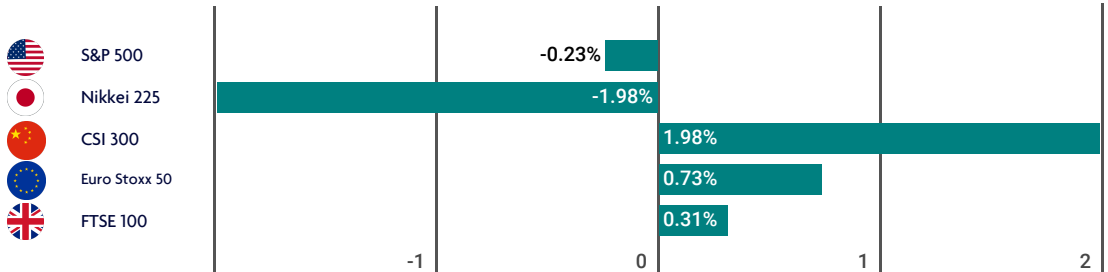
10th February 2025



Last week's performance – major stock markets

An interest rate reduction in the UK and more tariff threats from the US were the top stories of last week. China, Europe and the UK performed well however Japan and the US struggled to deliver positive returns over the week.

Market Monitor (%): How did major stock markets perform last week*?



Market Update:

US stocks opened sharply lower to start the week in response to the prior Friday's announcement from President Donald Trump stating that the U.S. would be implementing 25% tariffs on imports from Mexico and Canada, along with 10% levies on Chinese imports, as of February 1. However, by the end of the day Monday, Trump had agreed to postpone tariffs on Mexico and Canada for 30 days, which provided some relief and seemed to help stocks recover some of their early losses by the end of the week.

Despite expressing opposition to Trump's announcements and being prepared to respond with her own set of measures, Mexican President Claudia Sheinbaum has been cooperative overall. Following a phone call on Monday—which she classified as “good” and Trump as “very friendly”—Sheinbaum offered an additional 10,000 troops to defend the U.S.-Mexico border and combat drug trafficking with a focus on fentanyl. In exchange, Trump postponed tariffs until March 3, allowing time for the U.S. Secretaries of State, Treasury, and Commerce to negotiate with Mexican officials to achieve a “deal.”

Sheinbaum should continue to be cooperative, though there are some red lines that she won't cross. For example, Sheinbaum has repeated multiple times that Mexico will not forgo its sovereignty and independence. She has also been clear that any tariffs implemented by the U.S. will have to be reciprocated 1-for-1, thus significantly increasing the odds of a full-blown trade war should Trump follow through with his threats. As a result, Sheinbaum has called for the U.S. and Mexico to work together. She has also signalled the importance of the North American trade union in competing against China, attempting to align with another one of Trump's priorities.

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An interview with **Ninety One**

Alessandro Dicorrado
Portfolio Manager, Ninety One Asset Management

Stewart Duncan
Investment Specialist, Omnis Investments

On last week's Investment Club Podcast, we sat down with portfolio manager of the Omnis Income & Growth Fund, Alessandro Dicorrado of Ninety One Asset Management to chat about all things investment approach, market outlook, and opportunities in UK Equities. You can listen to this interview on the Omnis Investment Club Podcast.

To hear more about these topics, please search for “The Omnis Investment Club Podcast” on your podcast player.

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