Purple Patch

MARCH 2025

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In the News: Trump, Trump, Trump

President Trump seems to be becoming more isolationist and in the process is alienating friend and foe. Canadian tariffs have given rise to Canadians boycotting US products and reduced help to Ukraine (not to mention the ambush of President Zelensky in the Oval Office) has pushed Europe to increase defence spending.

His hard-nosed negotiations and "don't care" attitude may yet bring Ukraine and Russia to the table, and it is certainly encouraging Europe to share the burden of protecting itself but at what cost. Following "Liberation Day" yesterday, markets have recoiled and the impact on the $24tr market for global trade is both unknown and precarious.

Inflation remains stubborn (and at risk from a tariff war), the S&P500 is down 6% since inauguration and Tesla sales have fallen by a half in Europe (although sympathy for Elon Musk is hard to find in what I've been reading!).

Away from the US, Rachel Reeves announced in her Spring Statement that belts needed to be tightened more with 10,000 civil service jobs cut, welfare spending cut and foreign aid reduced. The "winner" was defence spending which increases by £2.2bn on top of the £2.9bn already announced.

The big political news in Europe was Marine Le Pen being sentenced to prison for embezzling EU funds and barred from standing in an election for five years, stopping her running in the 2027 French presidential election.

In the markets over Q1, European Tech dominated, leading Europe's Stoxx600 to its best ever quarterly performance against the S&P500, outperforming by 15% in dollar terms.

Market Stats

Bonds Yields and Rates

	31 March	12M ago	36M ago
BOE Base Rate	4.50%	5.25%	0.75%
FED Base Rate	4.50%	5.50%	0.50%
ECB Base Rate	2.50%	4.00%	-0.50%
UK 10 Yr Yield	4.68%	3.94%	1.61%
US 10 Yr Yield	4.21%	4.21%	2.35%

Equities

	1 Month	12 Months	36 Months
MSCI World (USD)	-4.4%	7.5%	8.1% p.a.
S&P500 (USD)	-5.8%	6.8%	7.4% p.a.
FTSE100	-2.6%	7.9%	4.5% p.a.

Source: Investing.com, Bank of England, Federal Reserve (upper), ECB (deposit rate), MSCI

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Sports News (because it is not all about work)

France win the men's 2025 Rugby Union 6 Nations Championship, stopping Ireland winning a record three in a row.

The Gabba, the legendary Brisbane Cricket Ground, is to be demolished after the 2032 Olympics. This is good news for England who have not won there since 1986.

Rory McIlroy wins the Players Championship at Sawgrass on St Patricks day in a three-hole play-off.

The F1 season kicked off in Australia with a Lando Norris win for McLaren.

And finally…. A good news story

An Australian-based not for profit organisation, Mobile Crisis Construction, has set up mobile factories in Ukraine to recycle old rubble and glass into blocks that can be used to quickly build shelter for those who have been displaced.

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Thought of the Month

"My style of deal making is quite simple... I aim very high and then I just keep pushing and pushing and pushing to get what I am after".

Donald Trump, The Art of the Deal, 1987

Stat of the Month

0.3%

Rise in 10-year German Bund yield following the EUR900bn defence and infrastructure spending announcement – the largest single day move since reunification)