



Purple Patch

MAY 2025

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In the News: It's deja vu all over again

Another quiet month in the US! Trump announced a 50% European tariff and then deferred it three days later. At a press conference last week he was questioned on the brilliantly acerbic acronym, TACO (Trump Always Chickens Out), which riled him. A federal court ruling was meant to halt many of the tariffs before an appeal halted the halt, for now. Then on Friday Trump posted that China had "totally violated its agreement with us. So much for Mr Nice Guy!".

Markets certainly seem to be buying into the TACO trade (you wouldn't know anything had happened if you only looked at the month's returns) but, of course, the danger is that he doesn't back down, and remember tariffs are still much higher than they were.

None of this helps in brokering a deal between Presidents Putin and Zelensky, over which Trump seems to have lost patience. He even calling Putin crazy after Russia ignored ceasefire talks and increased its offensive in Ukraine.

In the UK, the Bank of England cut rates by 0.25% to 4.25%, citing slowing inflation and the impact of tariffs on growth. However, subsequent inflation data surprised to the upside and, with stronger than forecast growth in Q1, further rate cut expectations have been tempered. US rates were held steady, on risks of both higher inflation and unemployment – the dreaded stagflation scenario.

In pensions, the Mansion House Accord expressed the intent of the 17 signatories to invest at least 10% in private markets, and at least 5% in the UK by 2030. The government also announced it could give DB trustees the power to share surpluses and that it wants mega DC schemes, with a Pensions Bill provision that could force schemes to invest in the UK.

In other news, Pope Leo XIV became the first US pope in history, succeeding Pope Francis.



Market Stats



Bonds Yields and Rates

	30 May	12M ago	36M ago
BOE Base Rate	4.25%	5.25%	1.00%
FED Base Rate	4.50%	5.50%	1.00%
ECB Base Rate	2.40%	4.50%	0.00%
UK 10 Yr Yield	4.63%	4.27%	2.13%
US 10 Yr Yield	4.40%	4.50%	2.85%

Equities

	1 Month	12 Months	36 Months
FTSE World (USD)	5.7%	12.0%	11.0% p.a.
S&P500 (USD)	6.2%	12.0%	12.7% p.a.
FTSE100	3.3%	6.0%	4.9% p.a.



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Sports News (because it is not all about work)

Crystal Palace won the FA Cup with a 1-0 win over Manchester City at Wembley, their first ever major trophy.

Arsenal won the Women's Champions League with a 1-0 win over Barcelona in Lisbon.

Paris St-Germain thrashed Inter Milan 5-0 in Munich, to win their first Champions League title.

Northampton Saints missed out on the Champions Cup at the Principality Stadium in Cardiff, losing 20-28 to Bordeaux Begles.

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And finally.... A good news story

In Tunisia, one entrepreneur is turning thousands of tons of waste from olive oil production into fuel. Bioheat sells briquets of the waste, that was traditionally used by rural households for fuel or animal feed, around the world. With waste now outstripping domestic use, the idea for the commercial and environmentally friendly enterprise was born.



Quote for the Month

"The whole problem with the world is that fools and fanatics are always so confident of themselves, and wiser people so full of doubts."

Bertrand Russell, British philosopher and Nobel Prize for Literature winner

Stat of the Month

31

The number of times Kami Rita Sherpa, the Nepali mountaineer, has reached the summit of Mt Everest – beating his own record

