Monthly Market Snapshot

April 2025

The Monthly Market Snapshot publication provides commentary on the global economy and the performance of financial markets.

Frontier Advisors

Market commentary

April 2025 was marked by pronounced volatility across global investment markets, triggered early in the month by the announcement of sweeping new tariffs under President Trump's 'Liberation Day' initiative. The abrupt escalation in the trade war saw markets whipsawing in response to both negative headlines and intermittent hopes for de-escalation.

Global equities experienced dramatic intra-month swings in returns. The initial reaction to the tariff announcement saw global equity indices lose around 10% in the first few days of April. However, as the month progressed, most major indices clawed back losses by month-end.

US equities were particularly volatile, as investors digested not only the trade policy shocks but also speculation over potential changes in Federal Reserve leadership, which added to policy uncertainty. US equities, in aggregate, produced a moderate negative return for the month. Technology stocks, after leading the early rout, mounted a partial recovery by month-end.

European markets faced headwinds from both the trade conflict and sluggish economic data but resulted with a small positive performance for the month. Japanese equities were also modestly positive amid continued signs of domestic economic resilience. UK equities lagged, weighed down by both global risk aversion and local economic concerns.

The Australian equity market stood out with a strong positive return for the month. Australia's resilience was attributed to relatively limited direct exposure to the effects of the trade war. Defensive sectors such as consumer staples and communication services outperformed, while banks benefited from capital inflows. Conversely, the resources sector was subdued due to steep declines in commodity prices, on concerns over global growth and the potential impact of tariffs on Chinese demand. However, the price of gold surged as investors sought perceived protection from the geopolitical and economic risks.

Chinese equities suffered a large negative return as the tariff escalation directly undermined export prospects. With US demand for Chinese goods being curtailed, concerns of manufacturing overcapacity in key sectors are exacerbated, and Chinese authorities' encouragement of redirecting products towards the domestic market, may place further downward pressure on prices. Broader emerging markets equities fared better, with India and Latin America posting modest gains in US dollar terms, although local currency returns were dampened by currency volatility.

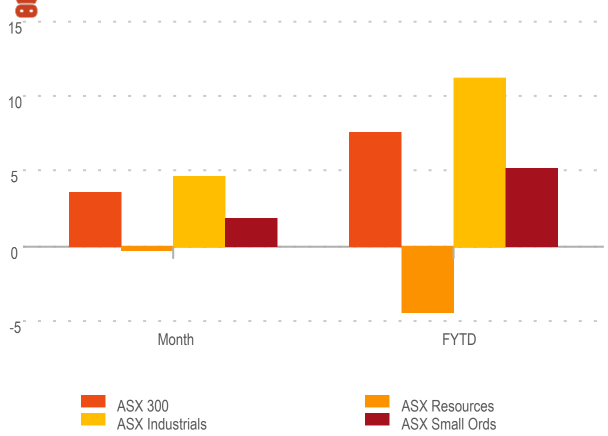
Yields on government bonds fell globally, producing positive returns. This move reflected the rotation into safer assets, amid the market turmoil, and shifting expectations that central banks would need to respond to slowing growth by easing policy. The Reserve Bank of Australia's rate cut earlier in the year continued to support domestic bond and property markets, while the European Central Bank maintained its accommodative stance and cut rates again in April.

Currency markets were also volatile, with the US dollar coming under pressure from recession fears and capital market outflows. The Australian dollar appreciated against the US dollar but weakened against the Euro, Yen, and Pound. The Chinese yuan depreciated in response to the tariff news, providing some cushion to the impact on its exports.

Listed property and infrastructure assets were relatively resilient in the month, supported by falling bond yields. Australian listed property posted a strong positive return, while global listed property was more subdued. Listed infrastructure, benefited from its defensive characteristics, delivering positive returns over the month. Utilities outperformed, while seaports lagged, weighed down by the potential impact from tariffs.

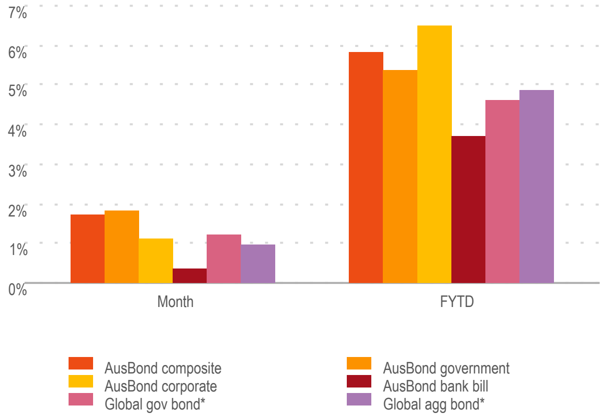
April 2025

Australian equities



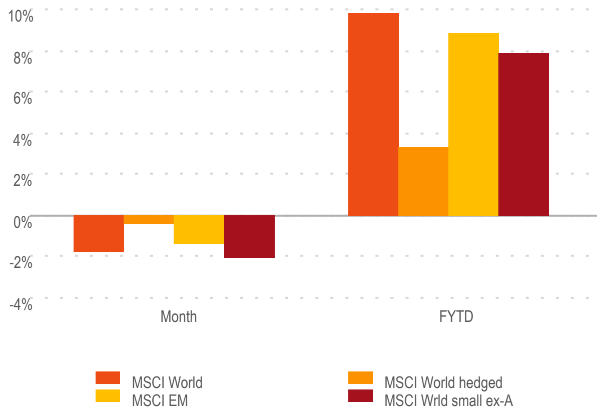
Source: LSEG Datastream

Fixed income



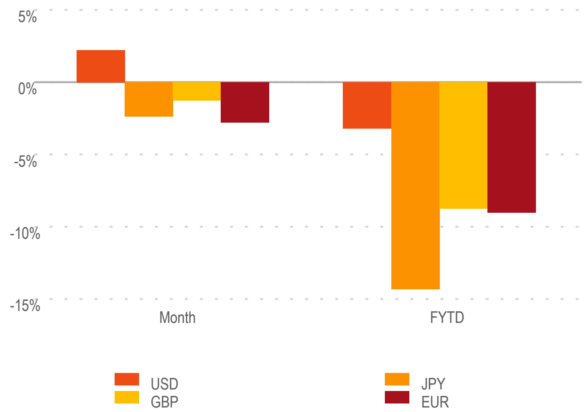
Source: LSEG Datastream

International equities ($A)



Source: LSEG Datastream

Australian dollar



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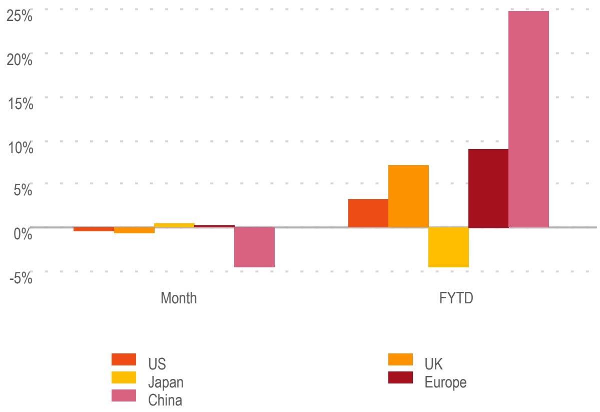
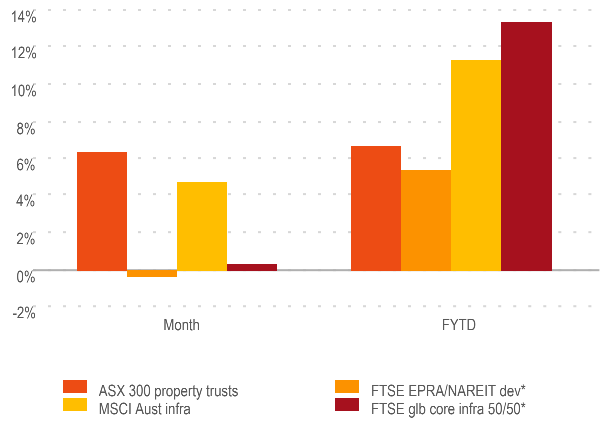
International equities



Source: LSEG Datastream

Real assets



Source: LSEG Datastream *Hedged A$

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