

Investment Daily

8 May 2025



US stocks edged higher with Fed and trade developments in focus

US stocks ended a choppy session modestly higher on Wednesday, as investors weighed Fed policy decision and trade developments. The S&P 500 added 0.4%, buoyed by gains in semiconductor shares on hopes for looser exports regulations.

US Treasuries were little impacted by the Fed meeting. 10-year yields closed down 2bp at 4.27%.

European stock markets declined on Wednesday amid caution ahead of Fed policy decision. The Euro Stoxx 50 fell 0.6%. The German DAX dropped 0.6%, whilst the French CAC lost 0.9%. In the UK, the FTSE-100 was down 0.4%.

European government bonds rose (yields fell). 10-year German bund yields declined 7bp to 2.47%, as 10-year French bond yields were also down 7bp to 3.19%. In the UK, 10-year gilt yields fell 5bp to 4.46%.

Asia stock markets fluctuated on Wednesday, ahead of the Fed policy decision. Investor hopes of a de-escalation in US-China trade tensions have also raised optimism over trade deals for other regional economies, though investor concerns over global trade uncertainties lingered. Japan's Nikkei 225 and Hong Kong's Hang Seng closed little changed, as China's Shanghai Composite gained 0.8% aided by monetary/financial policy stimulus. India's Sensex ended a volatile session little changed, as the signing of a free trade agreement with the UK and foreign fund inflows cushioned the impact of geopolitical tensions.

Crude oil prices fell on Wednesday amid lingering concerns over global oil demand outlook. WTI crude for June delivery settled 1.7% lower at USD58.1 a barrel.

US stocks and Treasuries edged higher

European stocks and government bond yields fell

Asian stocks fluctuated ahead of Fed decision

Key Data Releases and Events

Releases yesterday

The **US Fed** kept the fed funds rate at 4.25%-4.50%, as expected. The central bank highlighted the risk of higher unemployment and higher inflation but reiterated that policy is well positioned to wait for further clarity how the economy evolves.

In **Brazil**, the **central bank** delivered a 50bp hike as widely anticipated, but signalled the next move would be data dependent.

Releases due today (08 May 2025)

Country	Indicator	Period	Survey	Prior
UK	BoE MPC Base Rate	May	4.25%	4.50%
Norway	Norges Bank Sight Deposit Rate	May	4.50%	4.50%
Sweden	Riksbank Policy rate	May	2.25%	2.25%

The **Bank of England** (BoE) is expected to cut policy rates by 25bp to 4.25% while lowering its medium-term inflation forecast.

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