

## World markets review — April 2025

### Equities

**Global equities were volatile in April.** Stocks tumbled after the U.S. unveiled substantial hikes in global trade levies but subsequently recovered after most of the measures were postponed by 90 days to allow for trade talks. However, business and consumer confidence deteriorated on fears over the impact of higher tariffs and increased global trade tensions. With their respective countries at the center of an escalating trade war, U.S. and Chinese stocks trailed European and Japanese shares. The April CBOE Volatility Index (VIX) closed at 24.0, up 15.2% month on month. (A VIX reading above 20 is widely viewed as an indicator of elevated market volatility.)

**Sector returns for the MSCI All Country World Index (ACWI) were mixed.** The consumer staples, utilities and industrials sectors fared best, while energy suffered by far the sharpest losses as crude oil prices plunged. Health care stocks also lagged.

Equity index returns (%)	Apr 2025		YTD 2025	
	U.S. dollar	Local currency	U.S. dollar	Local currency
S&P 500	-0.7	-0.7	-4.9	-4.9
MSCI ACWI	0.9	-0.4	-0.4	-2.5
MSCI ACWI ex USA	3.6	-0.1	9.0	2.6
MSCI World	0.9	-0.4	-0.9	-3.0
MSCI Emerging Markets	1.3	-0.2	4.3	2.4
MSCI EAFE	4.6	-0.1	11.8	2.8
MSCI Europe	4.4	-0.6	15.3	5.5
MSCI Pacific	5.0	1.0	5.4	-2.2

Source: RIMES.

### Fixed income

**Global bonds rose.** U.S. 10-year Treasury yields eased 5 basis points (bps) to 4.16%, while 10-year yields in Germany, the U.K. and Japan fell to a greater extent, down 30 bps, 23 bps and 18 bps, respectively. Global credit advanced but lagged government bonds. Global investment-grade corporate bonds outpaced the high-yield segment.

**In foreign exchange markets,** the U.S. Dollar Index lost 4.6%. The euro, Japanese yen and British pound gained 5.2%, 4.8% and 3.5% against the dollar, respectively. Similarly, emerging markets currencies mostly appreciated versus the dollar.

Fixed income index returns (%)	Apr 2025	YTD 2025	Exchange rates (% change vs. USD)	Apr 2025	YTD 2025
Bloomberg U.S. Aggregate	0.4	3.2	Euro	5.2	9.8
Bloomberg Global Aggregate	2.9	5.7	Japanese yen	4.8	10.2
Bloomberg U.S. Corp IG	-0.0	2.3	British pound	3.5	6.7
Bloomberg U.S. Corp HY	-0.0	1.0	Canadian dollar	4.2	4.1
JPM EMBI Global Diversified	-0.2	2.0	Australian dollar	2.7	3.3
JPM GBI-EM Global Diversified	3.2	7.7	Swiss franc	7.7	10.3

Source: RIMES. Returns are in USD.

**Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.**

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## North America

**U.S. equities ended lower overall.** Stocks slid sharply after U.S. President Donald Trump unveiled larger-than-anticipated trade levies, but subsequently recovered after most of the measures were postponed by 90 days to allow for trade talks. The Trump administration also granted some tariff exemptions, including on imports of certain key technology products. Investors priced in a greater chance of near-term U.S. interest rate cuts, with the U.S. economy shrinking in the first quarter and private sector activity slowing in April. The S&P 500 Index ended 0.68% lower, while the Nasdaq Composite Index gained 0.88% as growth stocks outpaced value.

**S&P 500 sectors were mixed.** Energy suffered by far the biggest losses, with health care and materials also trailing the broader market. Shares of ExxonMobil sold off sharply as crude oil prices registered the largest monthly drop in over three years. Saudi Arabia signaled it would raise production as it seeks to grow market share, while sentiment on the outlook for demand was hit by global trade worries.

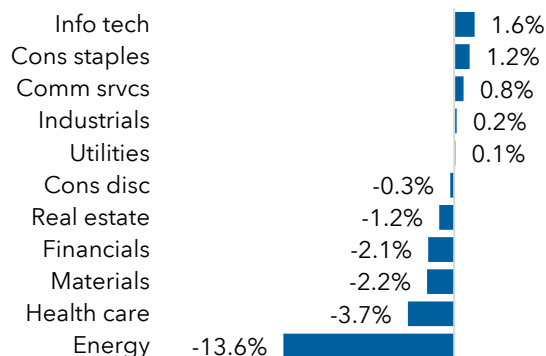
**Information technology fared best,** followed by consumer staples and communication services. Shares of Microsoft gained on positive sentiment around its artificial intelligence (AI) strategy and outlook. The technology giant beat analysts' fiscal third-quarter earnings forecasts, with revenue from its Azure cloud-computing business surging year over year as capacity within the AI services segment came online faster than anticipated.

**Federal Reserve (Fed) chair Jerome Powell warned on tariffs,** pointing to risks for both the central bank's inflation and unemployment goals. However, the Fed chair came under fire from President Trump for not pushing through more interest rate cuts. Minutes from the Fed's March policy meeting, when it opted to keep rates on hold, showed officials anticipated that U.S. inflation would increase this year due to the impact of higher tariffs. Headline U.S. inflation slowed for a second consecutive month in March, down to 2.4% from February's 2.8%.

**The U.S. economy shrank** by an annualized 0.3% in the first three months of 2025, its first contraction since 2022. Stockpiling by importers ahead of new trade levies weighed on growth, as did a slowdown in consumer spending growth and a drop in federal government expenditures. Monthly survey data pointed to a slowdown in U.S. private sector activity in April, with the S&P Global Flash U.S. Composite Purchasing Managers' Index (PMI) falling to 50.6 from 53.5 in March, the weakest reading since September 2023. The University of Michigan Consumer Sentiment Index slumped to 52.2 in April from 57 in March.

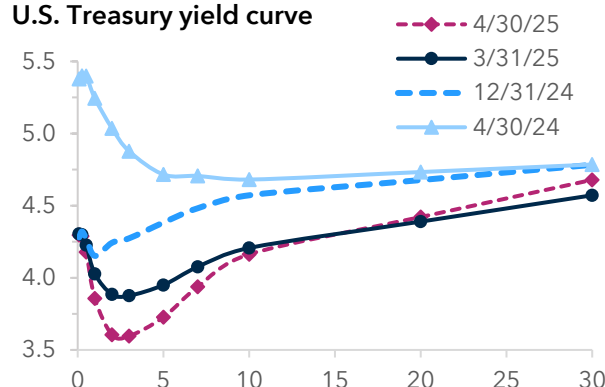
**U.S. bonds ended modestly higher,** with the Bloomberg U.S. Aggregate Index returning 0.39%. The yield curve steepened significantly, with 2-year Treasury yields falling 28 bps to 3.61% and 10-year Treasury yields easing 5 bps to 4.16%. In U.S. credit markets, both investment-grade bonds (rated BBB/Baa and above) and high-yield debt closed broadly flat. Spreads to Treasuries widened by 12 bps and 37 bps for investment grade and high yield corporate bonds, respectively.

### S&P 500 total returns (Apr 2025)



Source: RIMES. Data labels reflect rounded figures.

### U.S. Treasury yield curve



Source: Bloomberg. The x-axis represents Treasury maturities (years). The y-axis represents the U.S. Treasury yield (%).

## Europe

**European stocks advanced** in U.S. dollar terms but were down slightly on a local currency basis. The European Central Bank (ECB) lowered eurozone interest rates and investors moved to price in further rate cuts as higher U.S. trade tariffs cast a shadow over the eurozone economy. The energy sector fell sharply over the month, while consumer discretionary and health care posted the smallest gains. In contrast, real estate, utilities and consumer staples were among the strongest sectors.

**The ECB cut borrowing costs** by 25 bps, leaving its deposit facility rate at 2.25% in the seventh rate reduction since last June. ECB President Christine Lagarde warned the downside risks to economic growth had increased, highlighting escalating global trade tensions and the potential for tighter financing conditions given worsening sentiment. Eurozone interest rate expectations fell as investors priced in further eurozone rate cuts. Headline eurozone inflation held steady at 2.2% in April, but core eurozone inflation increased to 2.7% from a three-year low of 2.4% in March.

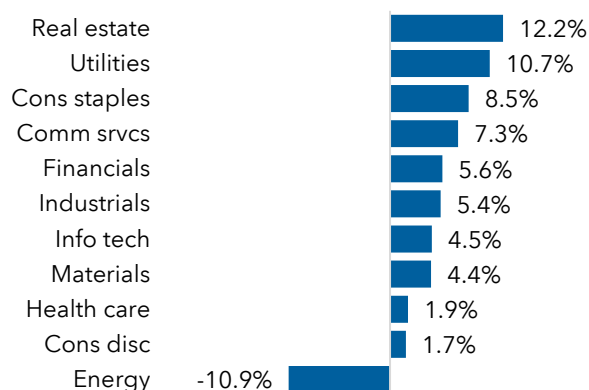
**Eurozone economic growth accelerated** to 0.4% in the first quarter from the prior quarter's 0.2%. It came against lower eurozone inflation and interest rates as well as increased optimism given Germany's decision to ramp up borrowing and spending. Nevertheless, eurozone business confidence slumped on global trade worries in April to its lowest since November 2022, according to the preliminary HCOB Eurozone Composite PMI survey. It showed private sector activity stagnated, with the gauge easing to 50.1 for April from March's 50.9 as the services sector shrank for the first time in five months.

**Germany formed a coalition government** but the ZEW Economic Sentiment Index for Germany plunged to negative 14 in April from March's 51.6, the worst score since July 2023, as U.S. trade policy hit sentiment. Export-oriented areas such as autos, chemicals, machinery and steel were especially impacted by the deterioration in expectations. Germany's new government cut its growth forecast for 2025 to zero from a prior 0.3% estimate.

**U.K. equities rose** in U.S. dollar terms but were down in local terms. Private sector activity dropped for the first time since October 2023, with the S&P Global U.K. Composite PMI easing to 48.5 from March's 51.5. While the ongoing slump in manufacturing lessened, the service sector fell into contraction territory for the first time in 17 months. U.K. inflation for March eased for a second consecutive month, slowing to 2.6% from February's 2.8%.

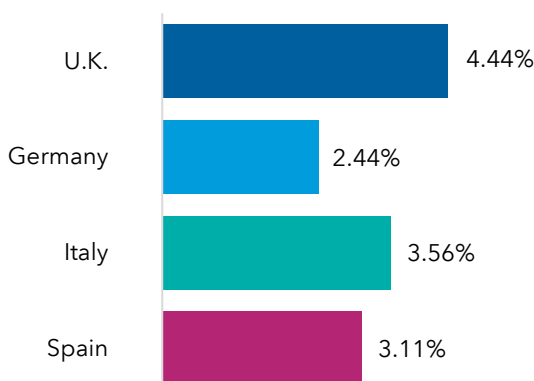
**European government bonds made gains** as investors priced in further interest rate cuts. Returns in U.S. dollar terms were additionally boosted by a sharp depreciation in the dollar. German and French 10-year bond yields dropped by 30 bps to 2.44% and 28 bps to 3.17%, respectively. Spanish and Italian 10-year yields were down 26 bps to 3.11% and 31 bps to 3.56%, respectively. U.K. 10-year gilt yields fell 23 bps to 4.44%.

**MSCI Europe total returns (Apr 2025)**



Source: RIMES. Returns are in USD. Data labels reflect rounded figures.

**10-year government bond yields**



Source: Bloomberg. As of April 30, 2025.

## Asia-Pacific

**Japanese equities closed higher.** Increased U.S. trade tariffs raised concerns on Japan's economic outlook and pushed down domestic interest rate expectations, with Japanese business confidence plummeting to a near five-year low. In terms of sector returns for the MSCI Japan Index, communication services, utilities and real estate fared best. Conversely, energy and financials lost ground. The yen gained 4.8% versus the dollar amid broad weakness for the U.S. currency.

**The Bank of Japan (BoJ) cut its growth and inflation projections,** citing uncertainty on trade and associated risks for Japan's economic outlook. It lowered its GDP estimate for 2025 to 0.5% from 1.1% previously and reduced the 2026 forecast to 0.7%. The BoJ also forecast inflation to drop to 1.7% in 2026, undershooting its 2% target. Japan's central bank kept interest rates on hold at 0.5%. Japanese headline inflation eased to 3.6% for March from February's 3.7% as food price inflation slowed. Core Japanese inflation firmed to 3.2% from 3%.

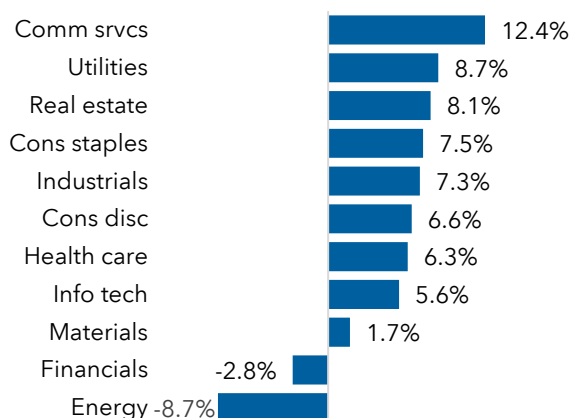
**Japanese business confidence plunged** in April to its lowest in almost five years as trade worries hit sentiment on the outlook, according to preliminary data from the au Jibun Bank Japan Composite PMI survey. The gauge, however, suggested that Japanese private sector activity expanded in April following March's contraction as it rose to 51.1 from 48.9, driven by some improvement in the services sector. Japan's retail sales growth strengthened to 3.1% year-on-year in March from February's 1.3%, with continuing support from recent solid wage growth.

**Hong Kong stocks were flat** in U.S. dollar terms and down in local currency terms, held back by worries around increased U.S.-China trade tensions and on the economic outlook. Hong Kong's private sector activity gauge slid to a nine-month low in March, with the S&P Global Hong Kong SAR PMI softening to 48.3 from February's 49.0. New orders fell sharply given lackluster domestic and external demand while employment declined at its fastest pace since July 2023. The survey also indicated business confidence was at its lowest since November 2020.

**Singapore equities closed higher** in U.S. dollar terms, although were down on a local basis. Singapore's exports and industrial output fell month on month in March. However, overall business conditions in Singapore improved April, with the S&P Global Singapore PMI gauge strengthening for a third successive month to 52.8 from March's 52.7 as an increase in new work drove modest growth in purchasing activity.

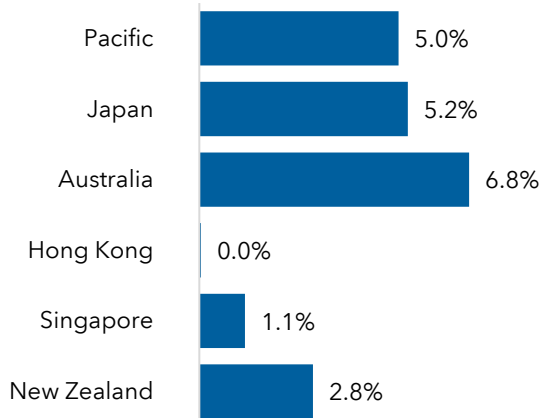
**Australian stocks rose.** The Reserve Bank of Australia left its key interest rate on hold at 4.1% following its April meeting, despite highlighting risks to the economic outlook amid heightened global trade tensions. Australia's headline inflation was at 2.4% in the first three months of 2025, unchanged from the prior quarter.

**MSCI Japan total returns (Apr 2025)**



Source: RIMES. Returns are in USD. Data labels reflect rounded figures.

**MSCI Pacific total returns (Apr 2025)**



Source: RIMES. Returns are in USD. Data labels reflect rounded figures.

## Emerging markets

**Emerging markets (EM) equities were mixed.** Chinese stocks fell as the trade war with the U.S. escalated and China retaliated against higher U.S. trade tariffs with increased levies on U.S. imports. In contrast, Indian stocks advanced after the Reserve Bank of India (RBI) cut interest rates. Brazilian stocks also made gains as private sector activity accelerated and domestic interest rate expectations eased.

**Chinese stocks slid** as trade tensions weighed on China's economic outlook. China's economy expanded 5.4% year over year in the first quarter, equaling the pace of the prior quarter. However, China's factory activity declined in April for the first time since January as increased U.S. trade tariffs began to hurt, with the National Bureau of Statistics Manufacturing PMI sliding to 49 in April from March's 50.5. The survey pointed to a drop in output and new orders, with business confidence hitting a seven-month low. Separate data indicated Chinese consumer prices fell 0.1% year on year in March, following February's 0.7% decrease.

**Indian equities made gains.** The Reserve Bank of India (RBI) lowered its key repo rate by 25 bps to 6% following its April meeting. Against signs of slowing economic momentum and inflation, India's central bank also modestly trimmed its inflation and growth forecasts for the 2025-26 financial year. Monthly business survey data nevertheless suggested India's economy was continuing to grow at a rapid pace, with the HSBC India Composite PMI rising to 59.7 in April from March's 59.5. Separately, headline Indian inflation softened to 3.34% in March from February's 3.61%, dropping further below the RBI's 4% mid-point goal.

**Latin American stocks rallied.** Brazilian equities advanced, continuing to rebound from last year's sharp losses. Business survey data suggested private sector activity reached a four-month high in March, with the S&P Global Composite PMI for Brazil strengthening to 52.6 from February's 51.2. Although Brazilian inflation climbed to 5.48% for March from February's 5.06%, domestic interest rate expectations declined.

**Emerging markets debt (EMD) was mixed.** Local currency EMD made gains as most EM currencies strengthened versus the dollar, but hard currency EMD was broadly flat. Brazilian bond yields eased amid rising expectations that the Central Bank of Brazil will soon end its hike cycle. Yields on Polish debt also declined as domestic inflation slowed amid a sharp drop in fuel costs.

**Turkish local and hard currency debt fell slightly** (in USD terms), while the lira ended modestly lower. The Central Bank of Turkey hiked interest rates to 46% at its April meeting. The move follows substantial weakness for the lira on heightened domestic political worries. Turkish inflation softened to 38.1% in March from February's 39.05%. South Africa's bond yields also rose against worries on the country's fiscal outlook.

## April 2025 total returns (%)

Equity indexes	(USD)	Fixed income / currency	USD debt (USD)	Local debt (USD)	Local debt (Local)	Exchange rate (vs. USD)
MSCI Emerging Markets	1.3	JPM EMBI Global Div	-0.2	-	-	-
MSCI Brazil	5.1	JPM GBI-EM Global Div	-	3.2	1.5	-
MSCI China	-4.3	Brazil	1.0	4.6	3.4	1.2
MSCI India	4.8	China	0.2	1.1	1.2	-0.2
MSCI Mexico	13.0	Indonesia	0.5	1.1	1.4	-0.2
MSCI South Africa	3.7	Malaysia	0.0	4.1	1.2	2.8
MSCI Korea	4.7	Mexico	-1.0	5.5	1.0	4.5
MSCI Saudi Arabia	-2.1	Poland	0.8	6.1	2.9	3.1
MSCI Taiwan	2.4	South Africa	-1.0	-0.3	0.9	-1.2
MSCI Thailand	7.2	Turkey	-0.3	-0.3	1.0	-1.3

Source: RIMES.



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Unless otherwise noted, all returns are in U.S. dollars and assume the reinvestment of dividends. Country stock returns are based on MSCI indexes.

Bond ratings, which typically range from AAA/Aaa (highest) to D (lowest), are assigned by credit rating agencies such as Standard & Poor's, Moody's and/or Fitch, as an indication of an issuer's creditworthiness.

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The **CBOE Volatility Index** is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time mid-quote prices of S&P 500 Index call and put options.

S&P Global purchasing manager indexes (PMIs) track business trends across both manufacturing and service sectors for various countries. The indexes are based on data collected from companies and follow variables such as sales, new orders, employment, inventories and prices. The **S&P Global U.K. Composite PMI**, the **S&P Global Flash U.S. Composite Purchasing Managers' Index**, the **S&P Global Hong Kong SAR PMI**, the **S&P Global Singapore PMI** and the **S&P Global PMI for Brazil** provide similar information for the United Kingdom, the United States, Hong Kong, Singapore and Brazil, respectively. The **au Jibun Bank Japan Composite PMI**, also compiled by S&P Global, provides similar information about Japan.

The **Hamburg Commercial Bank (HCOB) Eurozone Composite Purchasing Managers' Index** measures private sector economic activity in the euro area, based on a survey of companies in the euro area manufacturing and service sectors. The **HSBC India Composite PMI** measures private sector activity in India based on a survey of manufacturers and service providers. The **National Bureau of Statistics Manufacturing Purchasing Manager Index** measures the performance of China's manufacturing sector and is derived from a survey of state-owned companies.

The **University of Michigan Consumer Sentiment Index** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan.

The **ZEW Economic Sentiment Index** measures the level of optimism that analysts have about the expected economic developments in Germany over the next six months.

**J.P. Morgan Emerging Markets Bond Index (EMBI)** Global Diversified and related country-specific indexes track total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, eurobonds.

**J.P. Morgan Government Bond Index – Emerging Markets (GBI-EM)** Global Diversified and related country-specific indexes cover the universe of regularly traded, liquid fixed-rate, domestic currency emerging market government bonds to which international investors can gain exposure.

MSCI indexes are free-float-adjusted, market-capitalization weighted indexes. Developed market index results reflect dividends net of withholding taxes. Emerging market index results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter. Each index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes. **MSCI All Country World Index (ACWI)** is designed to measure results of more than 40 developed and emerging equity markets. **MSCI All Country World (ACWI) ex USA Index** is designed to measure equity market results in the global developed and emerging markets, excluding the United States. **MSCI EAFE® (Europe, Australasia, Far East) Index** is designed to measure developed equity market results, excluding the United States and Canada. **MSCI Emerging Markets Index** is a free-float-adjusted market-capitalization-weighted index designed to measure equity market results in more than 20 global emerging markets. Individual emerging markets listed herein represent a subset of the MSCI Emerging Markets Index. **MSCI Europe Index** is designed to measure developed equity market results across 15 developed countries in Europe. **MSCI Pacific Index** is designed to measure the equity market performance of the developed markets in the Pacific region. It consists of Japan, Australia, Hong Kong, New Zealand and Singapore. **MSCI World Index** is designed to measure equity market results of developed markets. The index consists of more than 20 developed-market country indexes, including the United States. **MSCI Japan Index** is designed to measure equity market performance in Japan.

**Nasdaq Composite Index** is a broad-based market-capitalization-weighted index that measures all domestic and international-based common-type stocks listed on The Nasdaq Stock Market.

**S&P 500 Index** is a market-capitalization-weighted index based on the results of 500 widely held common stocks. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

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