Dear clients, Dear readers,

The first quarter of 2025 was marked by the inauguration of Donald Trump in January. The newly elected president hit the ground running, signing a series of major executive orders relating to his programme measures from his first day in office. Since then, not a day goes by without talk of his latest measures and sometimes completely outlandish ideas. He has also paved the way for trade wars with Canada, Mexico, China and the European Union by announcing tariffs and then postponing some of them depending on his mood and reactions from the countries concerned. This has led to increasing volatility in financial markets. So far, it is mainly the US markets and the dollar that have suffered from the US president's antics. Last year's big winners, the "Magnificent 7" (Alphabet, Amazon, Apple, Microsoft, Meta, Nvidia and Tesla), are experiencing significant sell-offs this year. Investors have returned to more traditional stocks with lower valuations. The European markets, which were also better, have made a comeback.

The clash between the US and Ukrainian presidents in the Oval Office, brought home to European leaders that Donald Trump was unreliable. The President of the European Commission, Ursula von der Leyen, has proposed a "Rearm Europe" plan, including investment of up to €800 billion to relaunch European defence. At the same time, Germany announced a €500 billion special fund to strengthen its military, modernise its infrastructure and stimulate its economy. These initiatives have boosted European markets, in particular the defence and infrastructure sectors. However, this has also led to a rise in long-term yields as market participants now anticipate a sharp increase in the supply of European bonds to finance these various plans.

In terms of interest rate policy, the European Central Bank (ECB) cut its interest rates by 0.25% on two occasions during the past quarter (at the end of January and the beginning of March), taking them to 2.5%. The ECB has therefore already cut its interest rates six times since June 2024. This time, however, it has changed its language on its monetary policy, suggesting that the cycle of interest rate cuts is coming to an end as trade wars and rearmament cause the biggest upheaval in the continent's economic policy for decades.

As expected, the US Federal Reserve did not make any rate changes during the quarter. Rising consumer prices and trade wars are a cause for concern. The resilience of US inflation means that the Fed is likely to maintain its restrictive policy longer than expected, which could dampen the economy and weigh on corporate profits. The next interest rate cut is now expected to come in September, rather than June as previously anticipated.

On the commodities front, gold continued its 2024 momentum with an impressive 19% rise in the first quarter of this year. The yellow metal is popular with investors in the face of escalating trade wars and an uncertain geopolitical climate, while the terms of a ceasefire in Ukraine remain unresolved. Oil, on the other hand, fell slightly by 0.3%. In terms of currencies, the dollar fell by 4.5%.

We begin the second quarter of the year with a significant level of uncertainty about the economy. Part of this uncertainty stems from tariffs.

History has taught us that for a patient investor, timing isn't crucial to securing highly satisfactory returns over the long run.

Donald Trump is likely to end up negotiating trade deals with most of the United States' partners, which could reassure the markets.

Until then, however, we cannot rule out temporarily heightened volatility in the markets.

Performance of the main markets in 2025

	March 2025	2025 YTD
EURO STOXX 50	-3,94%	7,20%
STOXX Europe 600	-4,18%	5,18%
BEL 20	-1,92%	1,66%
S&P 500	-5,75%	-4,59%
S&P 500 Equal Weight	-3,86%	-1,08%
NASDAQ 100	-7,69%	-8,25%
NIKKEI 225	-4,14%	-10,72%
HANG SENG	0,78%	15,25%
MSCI EMERGING	0,38%	2,41%
MSCI WORLD	-4,64%	-2,14%

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