

Street Lamp News



April certainly wasn't short on market volatility as investors grappled with Trump's erratic trade policies. It now feels like a lifetime ago since Trump announced his "reciprocal" tariffs during April 2nd's "liberation day". They triggered sharp market declines and a major spike in volatility across asset classes. Market sentiment improved after Trump announced he would pause tariffs for 90-days (initially except for China). Markets began to recover much of their losses, but despite this, economic data weakened over the period with the US economy contracting 0.3% in Q1 and US consumer confidence fell to its lowest level since the Covid outbreak.

Nearly every region posted a negative equity return in April. The US was the worst performing region declining by -2.6%. This had a big knock-on effect on global equities (the US represents roughly 70% of the global market) and dragged down the global index by -1.4%. It's worth noting that these returns were exacerbated by US dollar weakness as the pound appreciated 7.5% against the dollar. As noted already this year, the UK has proven to be more resilient in the equity-market downturn, and only fell -0.1% in April. And on a more positive note, Europe was an outlier with the European equity markets posting a small gain of 0.3% for the month. The European region is benefitting from several factors including fresh economic stimulus, attractive relative valuations and a more benign inflation outlook.

Bond markets certainly weren't immune to all the volatility, but they did provide a decent counter to falling stock markets and generated gains over the period. The market's initial reaction has been that tariffs will impact global growth, providing central banks with the ability to cut interest rates. As a result, markets are pricing in further interest rate cuts by the Fed, BoE and ECB. We saw the first cut by the BoE last week, and as market interest rates fall, the price of those interest bearing bonds such as Gilts and Treasuries rise.

Precious metals outperformed significantly. Gold prices rallied to an all-time high of \$3,500 per ounce on 22nd April. Aside from precious metals, most other industrial-linked commodities fell sharply in April, dragging the three month returns into negative territory. Energy commodities fell by double digits in April alone amid rising fears and a decision from OPEC members to increase oil supplies.

Things have already moved on rapidly in the first two weeks of May. In just the last week we've seen the UK and US reach an "Economic Prosperity Deal" and the US and China slash tariffs and pause their trade war.

With Congress needed to approve any major trade deal, there will be plenty more negotiations between the UK and US in the months ahead, but the major agreements so far include a significant cut to car tariffs, the scrapping of the steel and aluminium tariff and the UK's removal of its 20% tariff on US beef.

Negotiations between the US and China will obviously continue during the current 90-day pause, but the tariff climbdown has been very well received by markets and comes well ahead of previous market expectations.

Regardless of the more positive and progressive news we've had so far in May, the outlook for the remainder of 2025 remains uncertain and looks set to be dominated by geopolitics and the whims of Trump. In this heightened uncertainty being well diversified is prudent, though as ever market volatility may create opportunities. A calm head is certainly required in such times...



Office News

As many of you know, we regularly use our windows for displays and this month has been no exception.

12th -18th May was Mental Health Awareness week and we supported a local project 'Shade 2 Light'.

We transformed some lamp shades in support of this important issue:

Technical News

If you are fortunate enough to be considering the implications of Inheritance tax (on your Estate or as a beneficiary) then you may also be worried about the downside of any windfall, specifically, Inheritance Tax.

Inheritance tax is paid on the value of an Estate above any exemptions (a complex area which we are happy to talk to you about). Where the inheritance is in the form of land or a property, this becomes particularly challenging. It is possible that

Book Club

During 2020 many of us took to our gardens, reconnecting with nature in the extra spare time we all had. Many people found this to be very therapeutic. So in continued support of Mental health awareness week and in connection with the lamp shade shown, this month's book is 'My Garden World' by Monty Don



If you want to find out more about Mental Health matters please follow this link:

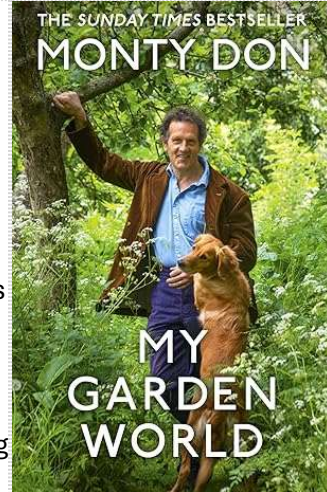
<https://mentalhealth-uk.org/>

the Estate has insufficient cash to pay the tax.

The Executors, the individuals responsible for administering the Estate, can be stuck in a 'catch 22' situation. The assets of the Estate, i.e. a property, cannot be sold until the process known as Probate, is complete. This includes valuing all the assets and paying any tax due. But the Executors could find that they do not have enough cash to pay the tax, to finalise Probate, to be able to sell the assets.

In this situation it could be they have to borrow, possibly even from the beneficiaries, to pay the tax, in order to sell and distribute the Estate. This is exacerbated further if the Estate includes land or a property which the beneficiary(ies) wish to retain. In which case they have to find the cash from personal assets to pay the tax and retain the asset.

If you wish to discuss this with your adviser please do contact us.



Rather than a how-to manual, this is a gentle meditation on the interconnectedness of life, the importance of biodiversity, and the joy of simply paying attention.

Don's prose is lyrical and personal, often touching on his own emotional journey and the solace he finds in nature.

Whether you're a keen gardener or simply a lover of the outdoors, *My Garden World* offers a thoughtful and comforting read, rooted in quiet observation and deep appreciation for the wild companions in our everyday surroundings.

Interesting fact: Composting is not suitable for polymer notes. One UK based recycling solution turns our old bank notes into pellets which are then turned into plant pots!

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