Global Markets

Global equities declined over the month, driven by concerns surrounding tariff-related risks and their potential impact on economic growth and inflation, which contributed to increased market volatility. In contrast, global bonds outperformed equities, as government bond yields offered a measure of stability for investors amid heightened economic and policy uncertainty. Meanwhile, central banks diverged in their monetary policy decisions: the US Federal Reserve and the Bank of England held rates steady, while the European Central Bank opted for a rate cut.

Major technology companies experienced a sharp decline this month, increasing volatility in global equity markets. The 'Magnificent Seven' group of U.S. mega cap tech stocks entered bear market territory, reflecting a broader market pullback. Investor concerns over tariffs and slowing economic growth triggered a shift toward more defensive sectors, reinforcing the importance of diversification across sectors, regions, and investment styles to manage risk effectively.

Global Markets Brace for Tariff Turbulence

Starting with the elephant in the macroeconomic room, the Trump Administration entered its second term with ambitious plans to reshape policies on trade, taxes, immigration, regulation, and the administrative state. Less than three months in, the Administration moved swiftly—particularly on trade—issuing multiple tariff announcements in March, including 25% tariffs on cars and car parts, which intensified economic uncertainty and raised concerns about slower growth. Market participants, who had largely viewed tariffs as a negotiation tactic, are now re-evaluating that assumption as officials argue that short-term economic pain is justified by the long-term benefits of reshoring manufacturing. The March tariffs—covering steel, aluminum, Chinese-made goods, and automobiles—are projected to raise the U.S. effective tariff rate to approximately 7.5%, the highest since the 1940s and significantly above the 3.0% rate at the end of the first Trump term. Expectation surveys suggest markets anticipate this figure could reach 10% by the end of 2025, though uncertainty remains high. Furthermore, the "reciprocal tariffs" announcement on April 2nd is no longer seen as a market-clearing event, as the risk of further tariff escalation—both domestically and globally—remains elevated.

Markets Retreat as Trade Fears Take Hold

The most pronounced risk-off move in March occurred in the equity markets, as trade policy uncertainty underscored headwinds to broader economic activity and drove investors away from consumer-related and high-growth stocks. The tech-heavy Nasdaq 100 fell 7.7%, with mega cap stocks bearing the brunt of the sell-off, while the S&P 500 declined 5.8%, marking its worst monthly performance since September 2022. This year's equity market downturn has effectively erased the wave of investor optimism that followed President Trump's election victory last fall. Meanwhile, a flight to quality fueled a rally in safe-haven commodities, with gold reaching a new record high above $3,100 per ounce—up over 19% year to date—while crude oil also advanced, with West Texas Intermediate rising 2.5% during the month.

Regional Markets

Moody's Shifts Outlook on Saudi Banks

Moody's has revised the outlook for Saudi Arabian banks from Positive to Stable, citing tightening funding conditions as credit growth continues to outpace deposit growth. While government spending and economic diversification efforts remain supportive of overall growth, the agency noted that banks are becoming increasingly reliant on market funding and term deposits.

S&P Applauds Saudi's Economic Reforms

S&P Global Ratings has upgraded Saudi Arabia's long-term sovereign credit rating to 'A+', reflecting the Kingdom's ongoing socioeconomic and capital market reforms under Vision 2030. The stable outlook is supported by strong non-oil sector growth, rising investment momentum, and improved governance. Despite lower oil revenues, government-led initiatives in tourism, manufacturing, logistics, and green energy are expected to drive average real GDP growth of 4% between 2025 and 2028. While large-scale development projects may widen the fiscal deficit, the sovereign balance sheet remains strong, with net government assets projected to stay around 32% of GDP by 2028.

SEDCO CAPITAL سدكو كابيتال

Global Market Indices

Global Data: As End Of:	**31-Mar-25**
Saudi Market Data: As End Of:	**30-Mar-25**

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2022 (%)	2023 (%)	2024 (%)
World	DJIM World TR	10,328.43	(5.9)	(5.7)	2.9	15.3	5.5	15.1	10.0	(24.2)	27.0	18.0
Developed	DJIDEV TR	5,927.41	(6.3)	(6.1)	2.1	15.9	6.0	16.0	10.6	(24.2)	29.4	18.5
Emerging Markets	DJIEMG TR	5,281.26	(1.7)	(1.6)	12.2	9.5	1.3	7.2	5.3	(24.2)	6.4	13.3
Saudi	TASI	12,025.05	(0.7)	(0.1)	(4.3)	7.0	(2.7)	13.5	3.0	(6.4)	14.2	0.6
NAREIT	All REITS (EM Inc) TR	3,035.29	(2.1)	1.6	4.6	8.3	(3.3)	6.2	2.7	(23.6)	9.8	1.6
GSCI	All Commodities	560.51	1.3	2.0	(3.8)	(0.5)	(9.1)	16.5	3.4	8.7	(12.2)	2.6
Currencies	Euro	1.08	4.4	4.6	0.4	(0.1)	(0.5)	(0.6)	(0.1)	(5.8)	3.1	(6.2)
	Yen	149.84	0.5	4.9	1.0	(6.5)	(6.1)	(6.3)	(2.3)	(12.2)	(7.0)	(10.3)
	GBP	1.29	2.9	3.4	2.5	2.4	(0.4)	1.6	0.9	(10.7)	5.4	(1.7)