



# The Week Ahead

Date 21 April - 2025

## IFO Business Expectations

Germany, as Europe's largest economy and a major force in global trade, closely monitors its economic performance through several key indicators. One of the most important is the IFO Business Climate Index, published monthly by the ifo Institute in Munich. This index surveys around 9,000 companies across manufacturing, construction, services, and trade to gauge both current business conditions and expectations for the next six months.

As of March 2025, the index rose to 86.7 from 85.3 in February, marking its highest level since July 2024. The Expectations Index also improved significantly, reaching 87.7—a nine-month high. These gains reflect growing optimism among German businesses, supported by recent debt resolutions and stabilizing energy prices. Still, the index remains below its historical average in the mid-90s, showing that while confidence is growing, caution lingers.

Looking ahead, the Business Climate Index is forecast to climb to 89.0 by the second quarter of 2025, with longer-term projections of 87.0 in 2026 and 91.0 in 2027. These figures suggest a modest but steady economic recovery, underpinned by improved business sentiment and easing macroeconomic pressures.

Overall, the IFO Index continues to serve as a key indicator of economic direction, both for Germany and the broader eurozone. The current trend points toward a gradually improving outlook, with businesses becoming more confident in the path ahead.

## Closer Look at U.S Existing Home Sales

The U.S. housing market remains a critical component of overall economic performance, serving as a barometer for consumer confidence, credit conditions, and broader economic health. Among its most watched indicators is Existing Home Sales, which tracks the annualised number of previously owned homes sold each month. Published by the National Association of Realtors, this metric offers valuable insight into demand trends, especially as it typically precedes broader economic shifts.

In February 2025, existing home sales in the U.S. rose unexpectedly by 4.2%, reaching an annualised rate of 4.26 million units, outperforming forecasts of 3.95 million. This rebound came after a notable 4.7% decline the month before, suggesting that despite persistently high mortgage rates, buyer interest is resurging. Analysts attribute this to rising inventory—up 5.1% month-over-month to 1.24 million homes—and more available options easing prior supply constraints. The median sales price also climbed to \$398,400, a 3.8% increase from a year earlier, reinforcing signs of a resilient market.

The data reveals a complex landscape: while high borrowing costs continue to deter some buyers, others are re-entering the market, encouraged by growing inventory and stable pricing. Forecasts for the coming months suggest sales will hover just above 4.1 million units, indicating a gradual and uneven recovery rather than a full-scale boom.

Ultimately, U.S. existing home sales remain a key economic signal, reflecting both financial pressures and shifting consumer behaviour. The recent uptick hints at tentative optimism in the housing sector, but long-term recovery will depend on broader macroeconomic conditions, especially interest rate trends and labor market stability.

## Economic Calendar

### Monday

- IN: Infrastructure Output (YoY) (Mar)
- KR: PPI (YoY) (Mar)
- NZ: Trade Balance (YoY) (Mar)

### Tuesday

- JP: BoJ Core CPI (YoY)
- CH: M3 Money Supply (Mar)
- EU: Consumer Confidence (Apr)

### Wednesday

- EU: Balance of Trade (Feb)
- US: Crude Oil Inventories
- UK: Public Sector Net Borrowing

### Thursday

- GER: IFO Business Climate Index (Apr)
- US: Initial Jobless Claims
- US: Existing Home Sales (Mar)

### Friday

- UK: Core Retail Sales (YoY) (Mar)
- BR: Federal Tax Revenue (Jan)

Importance Level: Low ● Medium ● High ●

Most anticipated earnings release For the week beginning APRIL 21 - APRIL 25 2025				
Monday	Tuesday	Wednesday	Thursday	Friday
 W. R. BERKLEY CORPORATION  els Equity LifeStyle Properties  MEDPACE  HENG RUI  AGNC	 TESLA  SAP  NOVARTIS  General Electric  verizon  LOCKHEED MARTIN	 PHILIP MORRIS INTERNATIONAL  IBM  TEXAS INSTRUMENTS  Boston Scientific  中国电信 CHINA TELECOM  TE	 Alphabet  P&G  MERCK  PEPSICO  sanofi  fiserv  intel	 abbvie  ICBC  HCA Healthcare  中国神华 CHINA SHENHUA  AON



# The Week Prior

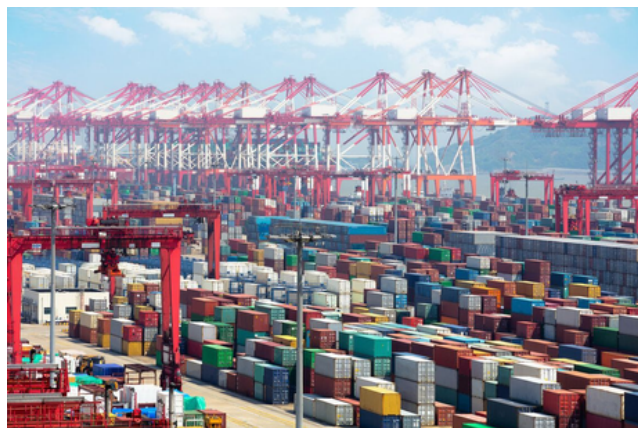
Date 21 April - 2025

## Headline Growth Surpasses Expectations

In a surprising turn of events China's Q1 GDP growth expanded by 5.4%, surpassing the 5.1% forecasts and matching the previous quarters growth. Whilst many had predicted China to struggle in face of American tariffs, GDP growth remained seemingly unaffected for now. China's growth was supported by productive industrial output, surging exports in face of US 145% tariffs. This 'front-loading' strategy helped spike output before tariffs were imposed. This saw retail sales increase 5.9% and unemployment declining to 5.2%, indicating a thriving domestic economy, albeit before tariff effects are enforced.

## Structural Challenges Persist

Despite positive headline figures, the Chinese economy still faces underlying structural issues. The property sector has historically been a drag on the economy with the infamous 'Chinese Housing Crisis', and investment into real estate remains decreasing, falling by 9.9%. Private investment only showed a marginal increase of 0.4% despite positive reporting, highlighting caution from investors, speculating the sustainability of this growth, predicting the 'front-loading' strategy to only provide short-term gains.



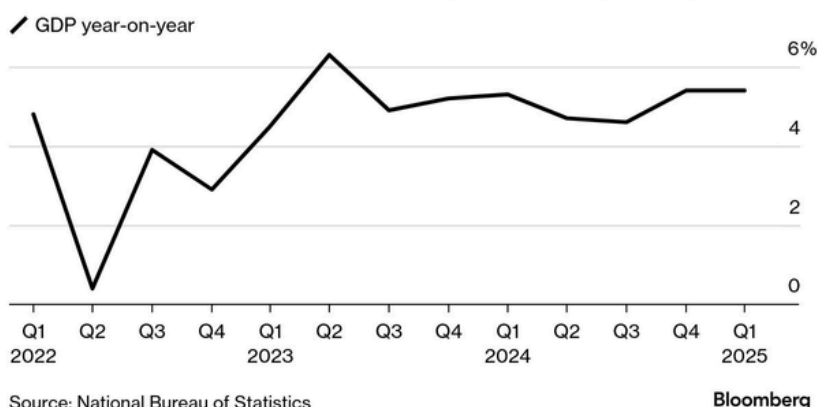
## Potential Policy Responses

In response to these challenges, Beijing has maintained its benchmark lending rates, with the one-year loan prime rate at 3.1% and five-year rate at 3.6%, for the sixth consecutive month. This approach reflects currency stability concerns and the potential impact of further easing of the yuan. However, the government has previously implemented targeted fiscal measures, including a 300 billion yuan program to boost consumption. Additionally, supporting the housing market is essential to try and ease the economic tensions, selective easing of restrictions such as loosening mortgage caps and restructuring developer debt could help begin to recover the housing market and stabilise the economy, restoring household confidence and boosting local government revenues.

## Global Implications

China's Q1 performance provides a temporary lift to global economic prospects, particularly for those countries closely tied to Chinese demand. However, escalating trade tensions and domestic frailties suggests that this positive momentum is not sustainable, with UBS revising China's growth forecast down to 3.4% anticipating a decline in exports to the US. Due to China's integral global exporting status, the effects of their shortcomings may be felt around the world. China's structural issues could reflect in increased prices globally and interrupt supply chains, causing shortages world-wide.

**China's GDP Growth Beats Expectations in First Quarter of 2025**  
Drastic US tariffs threaten to decelerate growth starting from April



## A Resilient Start Amidst Caution

China's stronger than expected Q1 growth demonstrates a resilient and prepared economy. However, the reliance on temporary solutions, such as 'front-loading' and persistent economic challenges sees it difficult for China to maintain this positive momentum. With China's integral role within the global economy, it is likely the shocks of China are reverberated around the world. The forthcoming quarters will be pivotal in seeing the overall effects of US tariffs and China's domestic structural issues in domestic and global economic output.



# Most anticipated earnings release

For the week beginning

APRIL 21 - APRIL 25 2025

Monday

Tuesday

Wednesday

Thursday

Friday

    	     	     	      	    
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