Home Insights > Market views

Market View
A week in the life of an investment manager

from Sanjay Rijhsinghani Partner, Chief Investment Officer | Management Board

Date 7 May 2025

Reading time 5 minutes

At a glance

Tariffs and ongoing trade policy changes have resulted in significant volatility.

Analysing and understanding macroeconomic data helps investment managers evaluate the medium- to long-term outlook for various asset classes.

Short-term noise may drive markets, but our job is to stay disciplined, patient and forward-looking.

Financial markets are constantly evolving in normal times. To say this has amplified ever since President Donald Trump re-entered the White House is an understatement. Tariff implementations and ongoing trade policy changes have resulted in significant volatility in equity, bond and currency markets globally, and this looks set to continue for the foreseeable future. During times of uncertainty and market gyrations, investment managers and analysts can find some logic in the form of data, and this week, we have an avalanche of data coming through.

US

- Payroll data. This gives us an idea how many US jobs are added or lost in the previous month.
- Core PCE (Personal Consumption Expenditures) inflation. This data reflects changes in the price of goods and services purchased by consumers in the US and is widely used by the Federal Reserve (Fed) to help decide the direction of interest rates.
- GDP (Gross Domestic Product) figures. This measures the total monetary value of all finished goods and services produced in a country over a specific period.
- ISM (Institute for Supply Management) data. This index indicates the level of demand for products by measuring the volume of orders in US factories.
- JOLTS (Job Openings and Labor Turnover Survey). This is a monthly snapshot of the US labour market that tracks job openings, hires, layoffs and people quitting jobs.
- Consumer confidence figures. This tells us how optimistic consumers are about the economy and their own financial situation, which impacts future spending and activity.

Europe

- Flash CPI (Consumer Price Index) inflation figures from Spain, Germany, France, Italy and the Eurozone aggregate.
- Q1 GDP figures for Germany, France, Italy and the Eurozone.

Asia

- Bank of Japan (BoJ) meeting. BoJ members will decide whether to change interest rates.
- Chinese PMIs (Purchasing Managers' Index) for April. This is an economic indicator derived from monthly surveys of private sector companies in the manufacturing and service sectors.

Beyond macroeconomic indicators, corporate performance also drives market direction. This week, earnings season has intensified with Microsoft, Meta, Apple and Amazon – which combined contribute about 40% of the S&P 500's market cap – all reporting earnings.

Receiving and analysing data is an essential part of our jobs as investment managers. But part of our job is to always remember these short-term macroeconomic data releases – such as employment figures, inflation prints or consumer sentiment – can have a disproportionate influence on market behaviour, often driving sharp, sentiment-driven moves that may not reflect underlying economic and company fundamentals.

It is also worth noting that these data points are subject to revisions and can be influenced by temporary factors – such as hurricanes – yet markets tend to react swiftly and sometimes irrationally to initial readings. Ultimately, short-term price action can become decoupled from longer-term trends, creating potential mispricing or volatility that may cloud the broader investment landscape. Recent examples include the significant price movements we've seen following Trump's tariff announcements.

From our perspective, we try to understand the implications of these events on markets and economies. This ultimately allows us to identify quality global companies that help preserve and grow our clients' capital.

Cut through the noise

In addition to analysing the hard data, cutting through the noise that accompanies financial markets is another important facet to the job. Many investment managers are used to the never-ending barrage of news flow and commentary, not to mention 'clickbait' headlines from media. But throw in unpredictable Tweets from the White House and constant U-turns from the Trump administration, and one may start to get a sense of how difficult forecasting has become. Ongoing geopolitical tensions following Trump's tariffs have caused extreme volatility across financial markets, which ultimately trickles down into the economy and poses real threats to a company's profitability. Nevertheless, it is crucial not to get caught up in the turmoil.

A classic example of data that may be deemed as "noise" is when CPI figures – another way to track inflation – come in higher than expected. Does this mean central banks will increase interest rates to try to combat inflation? Perhaps this would happen in normal times, but given the uncertainty around Trump's tariff regime, raising interest rates may not be an option for central banks. Does that represent an opportunity to buy inflation protection, real assets, gold or commodities? Should we sell equities as companies may have to deal with higher borrowing costs going forward? Or is this an opportune time to cash in on our bond holdings as bond prices may fall because rates might need to be raised to combat inflation?

While reading the indicators, stepping back from short-term data points and noise helps us evaluate the medium- to long-term outlook for various asset classes, while recognising that short-term reactions to data can be unnerving.

A waiting game

Just because there is a barrage of data – like we've had this past week – doesn't mean we should react to every single figure or reading. As Charlie Munger, former vice chairman of Berkshire Hathaway and Warren Buffett's long-time business partner, once said, "It's waiting that helps you as an investor, and a lot of people just can't stand to wait." These are uncertain times, and the pace of policy changes and tariffs has increased the complexity and challenges that come with our jobs. They have also reinforced the value of disciplined investing.

Our investment approach allows us to identify well-run, financially resilient businesses with strong competitive advantages that can navigate uncertainty and deliver long-term value. Short-term noise may drive markets from day-to-day. Our role is not to react to every headline but rather stay disciplined, patient and forward-looking, ensuring we preserve and grow our clients' capital by investing in companies best able to withstand turbulence and market gyrations.

About the author

Sanjay Rijhsinghani
Partner, Chief Investment Officer | Management Board

Sanjay is a founding Partner of LGT and is Chief Investment Officer. With over 30 years' of investment experience, he is responsible for the implementation of the firm's investment process through oversight of the investment research and asset allocation positioning decisions. Sanjay chairs the Investment Committee and is a leading spokesperson for LGT Wealth Management.

Article from Sanjay Rijhsinghani +