

## GLOBAL MARKETS

# WEEKLY MARKET BRIEF



## Highlights.

Tariffs remained the dominant theme moving markets in the week, but the reaction in the equities market was relatively muted when compared with previous tariff announcements. U.S. President Donald Trump announced 25% trade levies on major trading partners South Korea and Japan while also saying that he would significantly increase Brazil's tariff to 50% in a move linked to the country's legal proceedings against former right-wing President Jair Bolsonaro. In addition to the country-specific tariffs, President Trump also announced an upcoming 50% tariff on copper causing a surge in U.S. copper futures contract prices while benchmark copper futures traded outside the U.S. were little changed to lower. Silver prices also rallied just under 4% in the week hitting levels last seen almost 14 years ago as soured risk sentiment buoyed the rush to safe haven assets. Increasing concerns about the ever-rising U.S. trade deficit and interest payments crowding out essential services have also helped boost the metal's allure. In a slow week for economic data releases, investors digested Wednesday's release of the minutes from the Federal Reserve's mid-June policy meeting. The report showed some disagreement among the committee members with a few being open to rate reductions as soon as the next meeting scheduled late July, while other members opined that they did not anticipate cutting rates at all in 2025. Meanwhile in Europe, Eurozone retail sales volumes fell 0.7% sequentially in May—slightly more than expected and a sign that consumers remained subdued. UK gross domestic product (GDP) shrank unexpectedly by 0.1% in May, after contracting 0.3% in April. Declining production and construction output drove this weakness. In Asia, Japanese stocks traded lower over the week as increased tensions in trade relations with the U.S. and mixed domestic economic data releases weighed on investor risk appetite. The U.S. announced that it would implement a slightly higher tariff of 25% on Japanese imports, up from the 24% rate the administration set in early April. However, many investors viewed positively the indication that the higher tariff will only come into force on August 1, 2025, leaving more time for negotiations. In Mainland China, the producer price index fell 3.6% from June last year. The year-on-year inflation unexpectedly rose 0.1%, raising the possibility that China's leaders may roll out more stimulus to lift the economy out of a persistent cycle of falling prices, corporate profits, and wages.

**Data highlights:** Canada's unemployment rate fell to 6.9%. This came in lower than market expectation of 7.1% unemployment rate. The Eurozone retail sales grew by 1.8% YoY in May, higher than market estimate of a 1.2% growth. Reserve Bank of Australia decided to keep interest rates unchanged at 3.85%, a surprise to the market as the expectation was a 25 basis points cut.

**Week ahead:** Canada Inflation Rate YoY, U.S Consumer Price Index – Tuesday | U.K Inflation Rate YoY – Wednesday | Australia Unemployment Rate, Eurozone Consumer Price Index, U.S Retail Sales – Thursday | Japan Inflation Rate YoY – Friday

## Global Markets Overview

**Treasury yields:** 10-year Treasury yields held steady around 4.41% on Friday, capping off a volatile week shaped by intensifying trade tensions and shifting monetary policy signals. This translates to a 1.46% weekly gain. Meanwhile, Chicago Fed President Austan Goolsbee rebuffed calls for rate cuts to ease government debt servicing, underscoring that the Fed remains laser-focused on its core goals of price stability and maximum employment. The 2Y–10Y yield spread widened to 0.5243, reflecting a dip in appetite for shorter-dated Treasuries even with rising concerns about long-term growth prospects. Despite the tension, investor demand remained strong—evident in the U.S. Treasury's \$22 billion 30-year bond and \$39 billion 10-year note auctions, both of which were well received. Looking ahead, markets are largely pricing in a rate hold at the Fed's upcoming meeting, but still expect two 25-basis-point cuts before year-end.

**Equities:** U.S. stocks treaded water last week, with the S&P 500 slipping 0.31%, the Nasdaq edging down 0.38%, and the Dow falling 1.01%. Notably, both the S&P and Nasdaq still notched fresh record highs during the week, even as sentiment turned cautious. The Dow shed nearly 300 points midweek after President Trump reignited trade tensions, announcing a 35% tariff on Canadian imports starting August 1st, and floated a broader plan to raise tariffs on most major trading partners to 15–20%, up from 10%. With earnings season kicking off this week, traders are preparing for a barrage of corporate results and key economic data, including the all-important CPI report. Across the Atlantic, the FTSE 100 pulled back from earlier record highs, dragged down by a 0.1% contraction in UK GDP for May, signalling growing economic fragility. However, the index found late-week support from rising gold prices, which lifted mining and energy stocks, as investors sought safe havens amid escalating trade concerns. Despite the volatility, the FTSE finished the week up 1.34%, its strongest weekly performance since mid-May. In the week, Nvidia became the first company in history to reach a market capitalization of \$4 trillion, making it the most valuable company in the world. Nvidia's soaring market value underscores Wall Street's confidence in the rapid growth of AI, with the company's high-performance chips forming the backbone of this technological advance.

**Currencies:** The U.S. Dollar Index climbed 0.69% last week, snapping its recent losing streak as markets digested a fresh wave of tariff announcements and shifting monetary policy signals. Early in the week, the administration stunned markets with 50% tariffs on copper imports and a range of Brazilian goods—fuelling risk-off sentiment and demand for the greenback. Labor data added nuance to the picture, with weekly jobless claims indicating a resilient but gradually cooling job market. The dollar posted its sharpest gains against the yen, while the euro slid to \$1.1689, retreating from 2021 highs as fears over escalating U.S.–EU trade tensions deepened. President Trump revealed that a formal tariff letter will soon be sent to the EU, a sign that Brussels' efforts to strike a deal before the August 1st deadline may be falling short. While the ECB is expected to keep rates steady this month, markets are still pricing in at least one more cut before year-end.

**Commodities:** Copper futures in the U.S. slipped slightly to \$5.56 per pound on Friday, retreating from Tuesday's all-time high of \$5.74, yet still trading around 9% above Monday's close as investors digested the implications of newly announced tariffs. President Trump's 50% levy on copper imports, set to take effect on August 1st, is aimed at reshaping the U.S. copper industry by reducing dependence on refined foreign supply. However, the move raises serious concerns over domestic supply strains, given that the U.S. currently imports nearly half of its copper, with Chile as the leading source. In the short term, this risks significant bottlenecks, as the country operates just two active copper smelters, which are unlikely to keep pace with demand if imports slow.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.41	1.46	-3.50
Bund 10Y	2.73	4.53	15.12
Gilt 10Y	4.62	1.49	1.18
Japan 10Y	1.52	5.99	38.24

Indices	Close	% W/W	% YTD
S&P 500	6260	-0.31	6.43
EU Stoxx 600	569	1.52	12.54
FTSE 100	8941	1.34	9.40
Nikkei 225	39570	-0.61	-0.81

Currencies	Close	% W/W	% YTD
EURUSD	1.1689	-0.76	12.89
GBPUSD	1.3493	-1.15	7.81
USDJPY	147.43	2.05	-6.22
USD Index	97.85	0.69	-9.80

Commodities	Close	% W/W	% YTD
Gold	3356	0.55	27.86
Copper	556.20	9.12	38.13
WTI Crude	68.45	2.16	-4.56
Wheat	545.00	-2.11	-6.20

## Performance of Major Global Financial Assets

% Change.

W/W	1.5	4.5	1.5	6.0	3.2	3.7	-0.3	-0.4	1.8	2.0	1.3	-0.6	0.9	0.7	-0.8	-1.2	2.0	0.1	2.1	2.2	0.6	9.1	-1.1	-2.1
MTD	4.3	4.5	3.0	6.3	4.0	2.7	0.9	0.4	1.5	1.4	2.1	-2.3	0.3	1.0	-0.8	-1.7	2.4	0.1	1.3	5.1	1.6	10.6	-4.5	1.3
YTD	-3.5	15.1	1.2	38.2	-0.8	1.4	6.4	8.4	10.0	21.8	9.4	-0.8	20.3	-9.8	12.9	7.8	-6.2	-1.8	-4.8	-4.6	27.9	38.1	-5.1	-6.2
	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
	GOV. BOND YIELDS						EQUITY INDICES						CURRENCIES						COMMODITIES					

KEY: -100%



+100%

Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank

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