

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. market bulls charged forward in the week, reversing the previous week's drop and reaching new record highs supported by solid corporate earnings reports and generally favourable economic data. Earnings season began in earnest on Tuesday with several big banks reporting earnings. JP Morgan Chase, the largest U.S. bank, and Citigroup both reported better-than-expected results for the second quarter. Then on Thursday, well-known consumer-facing names such as PepsiCo, United Airlines, and Netflix released reports that beat forecasts. However, reports emerged on Wednesday that President Trump intended to fire the chair of the Federal Reserve, Jerome Powell, dampening the upbeat mood in the markets, but the move was quickly reversed when Trump said he wasn't going to remove Powell. President Trump, along with a significant number of Republicans, have made repeated calls for the removal of Mr. Powell as the Chair of the Fed, citing multiple policy errors and alleged misuse of funds. Powell's term officially ends in May 2026—just 10 months from now—but that's far too long for them. The President posits that the Fed Chair is unnecessarily slowing down the growth of the U.S. economy while Mr. Powell and several members of the Federal Open Market Committee (FOMC) maintain that the inflationary effects of the U.S. trade policy shifts are yet to be seen and the policy rate is at a "good place" for the committee to respond in case of any material shocks. Financial markets are increasingly aware that whether Powell stays until May or not, Trump and the Senate intend to appoint officials who will aggressively cut rates which is piling upward pressure on long-term yields and precious metals. In the U.K., labour market data showed continued softening, with payroll employment slipping, job vacancies declining for a third year, and unemployment ticking up to 4.7%. Wage growth, though still elevated, showed signs of slowing. In addition to this, June inflation surprised to the upside at 3.6%, topping forecasts further complicating the Bank of England's rate path. Traders have trimmed expectations but still anticipate two cuts in 2025, as the BoE walks a tightrope between cooling wage dynamics and persistently sticky inflation. Japan's stock markets registered modest gains over the week, with the Nikkei 225 Index rising 0.63% although the Returns were capped by political uncertainty ahead of Japan's Upper House election on July 20, where a possible outcome could be that Prime Minister Shigeru Ishiba's ruling Liberal Democratic Party-Komeito coalition-fails to retain majority control. Investors' focus is likely to be on how pro-economy and reformative the new cabinet will be, as well as how dovish or hawkish a fiscal policy it adopts.

Data highlights: Canada's inflation rate rose to 1.9% in June, matching analysts' expectation. The Consumer Price Index in the U.S for June showed that inflation rose to 2.7% also matching market expectation. In the U.S the retail sales rose to 3.9% in June, this came in higher than analyst's expectation of a 3.6% rise. In the U.K the inflation rate rose to 3.6% in June, higher than the analysts' forecast of 3.4%. In the Eurozone the inflation rate rose by 2% as expected by market analysts. Japan inflation rate reduced to 3.3% in June, from a high of 3.7% in the previous month. In Australia the unemployment rate rose to 4.3% in June, the figure came in above market expectation of 4.1%.

Week ahead: Eurozone Interest Rate Decision, Canada Retail Sales – Thursday | U.K Retail Sales YoY – Friday

Global Markets Overview

Treasury yields: US 10-year Treasury yields dipped to 4.42% on Friday, but notched a 14-basis point gain over the week, as markets absorbed upbeat consumer sentiment data and dovish signals from the Federal Reserve. The University of Michigan's July survey revealed rising consumer confidence and falling inflation expectations for both the short-term, while the spread between the 10-year and 2-year widened to 54 bps. Fed Governor Christopher Waller reiterated his support for a rate cut this month and hinted at dissent should the Fed hold rates steady. Despite his remarks, markets remain aligned with a pause in July, but still anticipate two rate cuts by year-end—likely in September and December. Across the pond, the UK's 10-year gilt yield surged to 4.67%—its highest in over six weeks—rising 113 basis points on the week amid a murky economic outlook. Labour market data showed continued softening, with payroll employment slipping, job vacancies declining for a third year, and unemployment ticking up to 4.7%.

Equities: For the week, the S&P 500 advanced 0.59%, the Nasdaq climbed 1.25%, and the Dow edged down 0.05% as markets digested a mix of upbeat economic data and rising geopolitical tensions. European markets turned lower by the close of the week, surrendering early gains as investors kept an eye on earnings and US-EU trade talks. The Eurozone's STOXX 50 fell 0.45% to finish at 5,359, while the broader STOXX 600 dipped 0.24% for the week, ending just below the flatline at 567. Reports surfaced that President Trump is pressing for steeper tariffs—demanding a minimum of 15–20%—in any trade deal with the European Union, adding pressure ahead of the EU's aim to seal an agreement by his August 1 deadline. PepsiCo was the stock to watch in the week as shares gained over 6% after posting a better-than-anticipated Q2 earnings report on Thursday. PepsiCo reported that quarterly revenue rose from a year ago, while Wall Street analysts were anticipating a decline as consumer-spending patterns are under the microscope amid recent uncertainty over the overall economic environment. The company kept its full-year outlook intact, sending the stock toward its biggest single-session gain in five years.

Currencies: The US dollar held firm at 98.48 on Friday, marking its second consecutive weekly gain—the first back-to-back rise since May—as strong economic data gave the Federal Reserve room to delay interest rate cuts. A stronger-than-expected rebound in June retail sales and a surprise drop in jobless claims to a three-month low highlighted the economy's resilience despite escalating tariff pressures. Reinforcing the hawkish tone, Fed Governor Adriana Kugler remarked it would be prudent to hold rates steady "for some time" though mixed signals emerged as Governor Christopher Waller renewed his call for a rate cut later this month, and San Francisco Fed President Mary Daly maintained her projection for two cuts this year. In contrast, the Japanese yen weakened to around 148.81 per dollar, extending its decline from the prior session as investors absorbed new inflation data. Although headline inflation eased slightly to 3.3% in June from 3.5%, it remained above the Bank of Japan's 2% target for the 39th straight month, intensifying speculation of possible policy tightening.

Commodities: Gold prices steadied near \$3,350 per ounce to end the week, marking their first weekly loss in three weeks of 0.17%, as upbeat US economic data cooled expectations of imminent interest rate cuts from the Federal Reserve. Despite a stronger dollar, gold's safe-haven appeal remained underpinned by persistent geopolitical risks, including intensifying trade tensions—exacerbated by President Trump's announcement to notify over 150 trade partners of their tariff rates—and ongoing instability in Eastern Europe and the Middle East. In the base metals market, copper futures in the US closed at \$5.58 per pound, maintaining gains after surging to a record \$5.70 on July 8 following news of a sweeping 50% tariff aimed at reducing reliance on refined imports—set to take effect August 1.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.42	0.14	-3.36
Bund 10Y	2.70	-1.10	13.86
Gilt 10Y	4.67	1.13	2.32
Japan 10Y	1.54	1.25	39.96

Indices	Close	% W/W	% YTD
S&P 500	6297	0.59	7.06
EU Stoxx 600	567	-0.24	12.27
FTSE 100	8992	0.57	10.02
Nikkei 225	39819	0.63	-0.19

Currencies	Close	% W/W	% YTD
EURUSD	1.1626	-0.54	12.29
GBPUSD	1.3416	-0.57	7.19
USDJPY	148.81	0.94	-5.34
USD Index	98.48	0.64	-9.22

Commodities	Close	% W/W	% YTD
Gold	3350	-0.17	27.64
Copper	557.80	0.29	38.53
WTI Crude	67.34	-1.62	-6.11
Wheat	546.25	0.23	-5.98

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	AUSIE 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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