

## GLOBAL MARKETS

# WEEKLY MARKET BRIEF

## Highlights.

Global equities markets rallied across the board with the Nasdaq Composite index leading the way in the U.S., up 3.73% week-on-week and closing at a record high. The Trump administration's new round of global tariffs kicked in on Thursday, though several large U.S. trading partners had already reached agreements prior to the week's deadline, and the market reaction appeared to be more muted compared with other recent tariff actions. However, the agreements reached so far still need legal testing and serve more as frameworks than binding deals. Disagreements over their interpretation have already emerged. The U.S. President shifted his focus to Indian goods by signing an executive order that will raise the overall U.S. tariff rate on Indian exports to 50% in about three weeks because of the country's direct and indirect oil purchases from Russia, which remains in a conflict with Ukraine. U.S. trade negotiations with the Swiss counterparts also bore no fruit, leaving levies on Swiss imports at 39%. Meanwhile, markets were rattled by weaker-than-expected U.S. employment figures – especially when factoring in the downward revisions to previous months' figures. In fact, the U.S. revisions prompted Trump to dismiss the head of the Bureau of Labor Statistics (BLS), the department responsible for compiling the data. However, economists posit that the limited increase in employment may not be due to falling demand but to a shrinking labour supply, driven by sharply reduced immigration and the deportation of foreign workers. This adds a layer of uncertainty to an already complicated balancing act by the Federal Reserve although there seems to be an increasing likelihood of the Federal Reserve lowering interest rates at its next meeting in September. Several Fed officials made comments during the week suggesting rate cuts could be in the near future while President Trump also announced that he would nominate Stephen Miran, the current chair of the White House's Council of Economic Advisors, to temporarily fill a vacancy on the Fed's Board of Governors, a move that some investors viewed as potentially favouring looser monetary policy. In the Euro area, strong retail sales and investor confidence data added to signs of a resilient eurozone economy in the second quarter. The Bank of England cut its key interest rate by 25bps citing concerns about a weakening labour market. The Monetary Policy Committee was split 5–4 in favour of the reduction after a second ballot—the first two-round vote since the inaugural meeting in 1998. In China, total exports in July surged a larger-than-expected 7.2% from a year ago to USD 322 billion despite the continued slump in U.S.-bound shipments, which sank 22% year on year in July. The latest data showed that Chinese companies were able to compensate for the loss of U.S. business with increased sales to other markets.

**Data highlights:** Canada's unemployment rate for July held steady at 6.9%, slightly lower than market expectation of 7%. Switzerland inflation increased to 0.2% YoY, above market expectation of 0.1% increase. New Zealand unemployment rate rose to 5.2%, less than the 5.3% forecast by analysts. In the Eurozone, the year-on-year retail sales in June rose to 3.1%, higher than the 2.6% forecast and much higher than the previous 1.9% report for the previous month. Unemployment rate in Switzerland held steady at 2.7% in July, unchanged from previous month and lower than market forecast of 2.8%. The Bank of England voted by a fine margin to cut interest rates by 25 basis points to 4% which matched market expectations. China's balance of trade report for July came in at USD +98.24B versus USD +105B expected and USD +114.77B for prior month.

**Week ahead:** Australia Interest Rate Decision, U.S. Unemployment Rate, US Consumer Price Index – Tuesday | Australia Unemployment rate, U.K. GDP Growth Rate, Eurozone Employment Change – Thursday | Japan GDP Growth Rate, China Unemployment Rate, U.S. Retail Sales – Friday

## Global Markets Overview

**Treasury yields:** The US 10-year Treasury yield climbed for a fourth consecutive session to 4.28% on Friday, rebounding from a three-month low earlier in the week, as markets digested fresh political and economic crosscurrents. President Trump's nomination of Stephen Miran to the Fed's Board of Governors stirred fears over the Fed's political independence. Coupled with weak economic signals — from a disappointing jobs report and soft ISM Services PMI to elevated jobless claims — traders doubled down on bets for a rate cut next month. Treasury auctions this week hinted at cooling demand for US debt, with the 10Y-2Y spread narrowing to 0.5205, while all eyes now turn to next week's CPI data for fresh economic cues. Across the Pacific, Japan's 10-year bond yield hovered near one-month lows at 1.49% after BOJ minutes revealed deep divisions on future rate hikes. While some policymakers pushed for gradual tightening amid mounting inflation risks, others favoured holding steady given lingering uncertainties.

**Equities:** Wall Street ended Friday on a high note, capping a stellar week as robust earnings and growing optimism over potential Federal Reserve rate cuts fuelled investor confidence. The S&P 500 surged 2.43% for the week, the Nasdaq 100 leapt 3.73% to notch another record close, and the Dow Jones soared over 1,509 points. The pan-European Euro STOXX 600 also surged 3.27% week-on-week while the Japanese Nikkei gained 2.50%. On a good week for equity markets, Palantir Technologies continued to get rewarded after its second quarter earnings beat and raise with the stock surging over 20% to hit another all-time high to close the week solidifying its status as the top performer on the S&P 500 in 2025, after leading the benchmark index last year. The way wars are being fought is changing, and will change even more soon. Modern electronics and artificial intelligence have essentially made low-cost drones into long-range strike weapons. The implications have been, well, world-changing for Palantir whose data analytics software has been utilized by government customers for intelligence gathering, counterterrorism and military purposes. The company is now targeting generative artificial intelligence applications in health care, energy and manufacturing.

**Currencies:** The US dollar index slipped to 98.18 on Friday, erasing a modest 0.2% gain from the previous day and closing the week 0.97% lower. Markets remain fixated on shifting US economic prospects, fresh tariffs, and upcoming Federal Reserve board appointments. Economic data kept uncertainty high: jobless claims exceeded forecasts, echoing last week's disappointing payrolls report and stoking fears of a cooling labour market. On the trade front, sweeping tariffs on nearly all major US partners came into force, while futures markets still see a 91% chance of a Fed rate cut in September. The New Zealand dollar held firm at \$0.5956—its highest in a week—buoyed by US dollar weakness and upbeat Chinese trade figures showing stronger-than-expected export growth in July. While the data offered some relief under a fragile US-China tariff truce, sentiment at home was dampened by soft labour market readings, reinforcing expectations that the Reserve Bank of New Zealand may cut rates later this month.

**Commodities:** WTI crude oil futures closed flat at \$63.88 per barrel on Friday, hovering near a two-month low after sliding 5.12% over the week. The drop came as fresh US tariffs, which took effect Thursday, fuelled concerns over slowing economic growth and softer demand for crude. At the same time, reports of a possible Trump-Putin summit stirred cautious optimism for a diplomatic path toward resolving the Ukraine conflict—potentially easing sanctions on Russia and boosting its markets. Gold prices added 1.02% for the week buoyed by reports of tariffs on one-kilogram gold bars coming from Switzerland. However, White House said that it would "clarify misinformation" on gold tariff orders with a new posting sometime in the near future. However, analysts aver that the impact of U.S. tariffs on the gold market is likely to be limited.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.28	1.59	-6.26
Bund 10Y	2.69	0.41	13.65
Gilt 10Y	4.60	1.61	0.72
Japan 10Y	1.49	-4.30	35.42

Indices	Close	% W/W	% YTD
S&P 500	6389	2.43	8.63
EU Stoxx 600	570	3.27	12.85
FTSE 100	9096	0.30	11.29
Nikkei 225	41820	2.50	4.83

Currencies	Close	% W/W	% YTD
EURUSD	1.1641	0.47	12.43
GBPUSD	1.3452	1.30	7.48
USDJPY	147.74	0.23	-6.02
USD Index	98.18	-0.97	-9.50

Commodities	Close	% W/W	% YTD
Gold	3398	1.02	29.46
Copper	447.15	0.81	11.05
WTI Crude	63.88	-5.12	-10.93
Wheat	514.50	-0.44	-11.45

## Performance of Major Global Financial Assets

% Change.

W/W	1.6	0.4	1.6	-4.3	-1.6	-0.9	2.4	3.7	3.5	3.1	0.3	2.5	1.4	-1.0	0.5	1.3	0.2	-0.2	-2.0	-5.1	1.0	0.8	9.0	-0.4
MTD	-2.1	-0.2	0.7	-4.2	-0.3	-0.8	0.8	1.7	0.5	0.4	-0.4	1.8	0.3	-1.8	2.0	1.9	-2.0	-0.3	-2.6	-7.8	3.3	2.7	4.8	-1.7
YTD	-6.3	13.6	0.7	35.4	-2.6	-1.2	8.6	12.4	9.2	21.4	11.3	4.8	23.9	-9.5	12.4	7.5	-6.0	-1.6	-5.8	-10.9	29.5	11.1	4.5	-11.4
	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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