11TH - 15TH AUGUST 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

Reserve will soon start interest rate cuts and an assumption that the ECB will continue cutting rates, albeit less aggressively than the Fed, boosted market sentiment leading to the S&P 500 and the Nasdaq composite briefly reaching new all-time-highs. Tariff and trade news generally took a back seat to economic data and rate cut speculation for much of the week, although Monday brought news that the U.S. and China had agreed to extend the deadline for higher tariffs for another 90 days while a broader deal is negotiated. On Tuesday, the Bureau of Labor Statistics (BLS) reported its highly anticipated July consumer price index inflation data showing that headline inflation cooled modestly in July, with month-over-month inflation dropping to 0.2% from June's reading of 0.3%, driven by declines in grocery and energy costs. This resulted in stocks rallying and expectations for a September rate cut jumped following the report, as investors seemed to take the lack of a sharp, tariff-driven acceleration in price pressures as a sign that the Federal Reserve will be able to lower borrowing costs at its next meeting. Goods prices haven't risen much yet due to tariffs, but importer surveys suggest increases are coming soon which greatly complicates the Fed's interest rate path. In addition to this, the BLS reported that its producer price index (PPI)—a separate measure of inflation that gauges price increases at the wholesale level—reaccelerated in July after holding steady in the prior month, rising 0.9% compared with estimates for around a 0.2% increase. This release caused stocks to give back some of their weekly gains and prompted analysts to dial down the probability of a September rate cut. Markets now look ahead to the Jackson Hole symposium for fresh policy cues from the Fed Chair while investors also keep a look out for the results of the high-level talks between President Trump and President Putin in Alaska over a ceasefire agreement—or a complete end to the war—between Russia and Ukraine. Over in Asia, Japanese stock markets registered strong gains over a holiday-shortened week. Both indexes reached record-high levels during the period, with Japan's better-than-expected economic growth in the second quarter lifting sentiment. A strong Japanese corporate earnings season and an improving global trade outlook, given signs of easing U.S.-China trade tensions, lent further support. The bullish theme was mirrored in mainland China, with market sentiment bolstered by the agreement by the U.S. and China to renew a tariff pause on each other's products until November. On the economic data front, China's statistics bureau reported that consumer price growth was flat year-on-year in July, dropping from June's modest uptick that snapped a four-month streak of declines.

Data highlights: The Consumer price index in the U.S rose was reported at 2.7% year-on-year in July. This came in lower than the 2.8% forecast by analysts. Retail sales in the U.S reduced to 3.9% year-on-year compared to 4.4% prior. Unemployment in the U.K for June held steady at 4.7% which also matched market expectations. U.K GDP grew by 1.2% for Q2, higher than the 1% forecast by analysts. In the Eurozone the employment changed by 0.7% year-on-year for Q2, which exceeded the 0.6% expectation. China's unemployment rate for July increased to 5.2%, which came in higher than the 5.1% forecasted by analysts. In Japan the GDP grew by 1% on a year-on-year basis for Q2, far exceeding the 0.4% expectation by analysts. The reserve bank of Australia cut the interest rate by 25 basis points to 3.6%, matching the expectations by analysts. Unemployment rate in Australia for July dropped to 4.2% compared to 4.3% for the previous month.

Week ahead: Canada Inflation Rate – Tuesday | U.K Inflation Rate, Eurozone Consumer Price Index, New Zealand Interest Rate Decision – Wednesday | Japan Inflation Rate, U.K Retail sales - Friday

Global Markets Overview

Treasury yields: US Treasury yields held firm on Friday, with the 10-year note steady near 4.32% after bouncing from 4.2% the day before, as robust economic data tempered calls for aggressive Fed easing. July retail sales beat expectations and import prices surged at the fastest pace in 15 months, reinforcing hawkish undertones that followed a hot PPI print and reviving worries that tariffs and fiscal stimulus could keep inflation sticky despite cooler CPI earlier in the week. While markets still lean toward a 25 bps Fed cut in September, confidence in three cuts by year-end has faded. The 10Y–2Y spread widened to 56 bps, reflecting weaker indirect demand at Treasury auctions. In Australia, 10-year yields steadied at 4.23% after a 5-point rise the prior session, trimming weekly losses to 0.43%. A stronger-than-expected labour report eased recession concerns and lowered the urgency for back-to-back RBA cuts. Earlier this week, the RBA delivered a widely expected 25 bps trim to 3.60% but struck a cautious tone, signalling a likely pause before any further moves.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.32	0.77	-5.54
Bund 10Y	2.79	3.64	17.79
Gilt 10Y	4.70	2.06	2.80
Japan 10Y	1.57	5.43	42.78

Equities: All three benchmarks posted weekly gains. The S&P 500 was up 0.94%, while the Nasdaq added 0.43% on chipmaker weakness. The Dow powered ahead, notching fresh highs and adding nearly 2,000 points on the week, boosted by a 14% jump in UnitedHealth after Berkshire Hathaway revealed a large stake. In Asia, Hong Kong's Hang Seng ended at 25,270, gaining 1.65% for the week, its second consecutive advance, underpinned by Wall Street's rally, optimism around Fed easing, and a 90-day extension of the US–China trade truce. Beijing also stepped in with fresh support, subsidizing consumer loan interest and ordering state firms to purchase unsold homes from distressed developers, underscoring its determination to steady growth.

Indices	Close	% W/W	% YTD
S&P 500	6450	0.94	9.66
EU Stoxx 600	579	1.56	14.61
FTSE 100	9139	0.47	11.82
Nikkei 225	43378	3.73	8.73

Currencies: The dollar index slipped to 97.85, after July retail sales topped expectations, easing concerns over consumer demand. Import prices also surprised to the upside with a 0.4% increase, fuelling worries that inflation pressures may intensify just as producer prices spiked earlier in the week. Markets now look ahead to the Jackson Hole symposium for fresh Fed policy cues. The central bank faces a delicate trade-off, with tariff-driven inflation clashing against signs of labour market cooling. Meanwhile, the Japanese yen strengthened to 147.19 per dollar, erasing prior losses after Q2 GDP came in stronger than forecast at 0.3%, up from 0.1% in Q1. Growth was driven by robust net exports, which added 0.3 percentage points despite tariff headwinds. The yen also drew momentum from Treasury Secretary Scott Bessent's remarks that the BOJ is lagging in fighting inflation, intensifying pressure on Governor Kazuo Ueda to abandon restrictive measures tied to domestic demand and wage growth. Still, Ueda remained cautious, stressing that underlying inflation is not yet at the 2% target.

Currencies	Close	% W/W	% YTD
EURUSD	1.1703	0.53	13.03
GBPUSD	1.3554	0.76	8.29
USDJPY	147.19	-0.37	-6.37
USD Index	97.85	-0.33	-9.80

Commodities: WTI crude slid to $62.80 a barrel, logging a 1.69% weekly drop, as markets braced for the Trump–Putin talks that could reshape geopolitical risk around Ukraine. Hopes of a ceasefire briefly buoyed sentiment, but the prospect of easing sanctions—and the potential for more Russian barrels—remains a long shot given US Congressional hurdles. Fresh pressure also came from China, where industrial output slowed to an eight-month low and retail sales growth hit the weakest pace since December, signalling softer fuel demand despite record refinery runs. Meanwhile, wheat prices slipped to $527 a bushel, near four-month lows, though the market remains sensitive to both fundamentals and geopolitics. The Trump–Putin meeting is to be closely monitored given Russia and Ukraine's pivotal role in global grain flows. On the supply side, the USDA trimmed its 2025/26 US wheat outlook slightly, but robust harvests from Russia, Europe, and recovering crops in Australia and Argentina reinforce a heavy global balance sheet.

Commodities	Close	% W/W	% YTD
Gold	3336	-1.81	27.12
Copper	449.25	0.47	11.57
WTI Crude	62.80	-1.69	-12.44
Wheat	527.00	-1.50	-11.95

Performance of Major Global Financial Assets

% Change.

GOV. BOND YIELDS

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y
W/W	0.8	3.6	2.1	5.4	-0.4	3.2
MTD	-1.3	3.5	2.8	1.0	-0.8	2.3
YTD	-5.5	17.8	2.8	42.8	-3.1	1.9

EQUITY INDICES

	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG
W/W	0.9	0.4	1.9	0.8	0.5	3.7	1.7
MTD	1.7	2.1	2.4	1.2	0.1	5.6	2.0
YTD	9.7	12.8	11.3	22.4	11.8	8.7	26.0

CURRENCIES

	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR
W/W	-0.3	0.5	0.8	-0.4	0.1	-0.9
MTD	-2.1	2.5	2.6	-2.4	-0.2	-3.4
YTD	-9.8	13.0	8.3	-6.4	-1.6	-6.6

COMMODITIES

	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	-1.7	-1.8	0.5	10.5	-1.5
MTD	-9.3	1.4	3.2	15.8	-2.9
YTD	-12.4	27.1	11.6	15.5	-11.9

KEY: -100% +100%

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

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