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18TH - 22ND AUGUST 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

In the previous week, the best day was saved for last. U.S. markets, as gauged by the S&P 500, were set to snap their two-week winning streak as at the close of trading on Thursday but Federal Reserve Chair Jerome Powell's prepared remarks on Friday morning at a symposium in Jackson Hole, Wyoming, appeared to open the door to rate cuts, lifting investor sentiment and seeing the index eke out a 0.27% gain for the week. The rally was led by the energy, real estate, financials, and materials sectors while large-cap value stocks outperformed the growth counters. However, the tech-heavy Nasdaq Composite finished the week lower, likely reflecting profit taking amid reemerging concerns about the sustainability of massive spending on infrastructure related to artificial intelligence. In his speech, the Fed chair gave a nod to the difficulties posed by inflationary pressures and emerging weakness in the labour market in pursuing the central bank's dual mandate of controlling inflation and maximizing employment. He, however, acknowledged that the central bank's policy stance may need to be adjusted in light of the shift in the balance of risks. The Fed chair noted that his view was that the policy rate was at a restrictive level while also highlighting that the unusual combination of weak labour demand and declining labour supply due to the drop in immigration "suggests that downside risks to employment are rising." Meanwhile, the S&P Global U.S. Purchasing Managers Index (PMI) indicated that business activity in August grew at the fastest pace so far this year, coming in at 55.4 and marking the 31st consecutive month where the composite PMI came in above 50, the level that demarcates an expansion. However, companies increasingly cited tariffs as a key driver of higher costs with average prices charged for goods and services also increasing at the fastest rate since August 2022. Across the Atlantic, European markets as measured by the pan-European Euro STOXX 600 notched a third consecutive week of gains powered by the dovish comments from the Fed Chair Jerome Powell and further complemented by the sustained rise in business activity for a third successive month. In the U.K., however, annual inflation accelerated to the highest level in a year and half, driven by rising food and airfare costs which dampened expectations of any further rate cuts by the Bank of England in the near-term. In Asia, Japan's core consumer price index (CPI) increased 3.1% year over year in July, outpacing an expected 3.0% rise but easing from the 3.3% inflation rate recorded in June. While consumer price inflation remains well above the BoJ's 2% target, the central bank has continued to reiterate that an accommodative stance is warranted because underlying inflation is still below target. Finally, mainland Chinese stock markets also joined in on the bullish cheer as a recent stabilization in U.S.-China trade ties spurred risk-on sentiment. Retail investors have driven the Chinese stock market's recent rally as cash-rich households seek better returns amid low interest rates and a lack of compelling investment options in China.

Data highlights: Canada's Inflation Rate slowed to 1.7% year-on-year, missing the 2% forecast and below the previous 1.9%. The U.K Inflation Rate year-on-year for July came in at 3.8%, edging above both the forecast and the previous 3.7%. Japan's Inflation Rate for July edged lower to 3.1%, coming in under the 3.3% forecast and down from the prior reading of 3.3%. The Reserve Bank of New Zealand lowered its interest rate by 25 basis points to 3%, in line with expectations.

Week ahead: Australia Consumer Price Index – Wednesday | U.S GDP Growth Rate – Thursday | Japan Unemployment rate, Canada GDP Growth Rate - Friday.

Global Markets Overview

Treasury yields: Global bond markets slipped to close the week as dovish signals from the Fed set the tone. The US 10-year yield slipped to 4.25% after Chair Powell hinted at a likely September rate cut, citing a shift in risks between sticky inflation and a cooling labour market. Markets are now pricing in a 25 bps move next month, with futures leaning toward two cuts this year and a 40% chance of three. Across the Atlantic, German 10-year Bund yields eased to 2.72%, echoing US Treasuries after Powell's Jackson Hole remarks. While the ECB halted its cutting cycle in July after eight consecutive trims, markets still see a 45% chance of another cut this year as Eurozone momentum improves. In the UK, however, hotter July inflation at 3.8% tempered bets on further BOE easing, pushing traders to expect a policy pause. The US 10Y and Bund 10Y are both down for the week 1.44% and 2.37% respectively.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.25	-1.44	-6.90
Bund 10Y	2.72	-2.37	15.00
Gilt 10Y	4.69	-0.06	2.74
Japan 10Y	1.63	3.37	47.59

Equities: Stocks powered higher Friday as Federal Reserve Chair Jerome Powell hinted at a potential rate cut as early as September, igniting a broad-based rally led by tech heavyweights. Speaking at the Jackson Hole Symposium, Powell said the "shifting balance of risks" could justify policy easing, boosting market odds of a 25bps cut next month to nearly 90%, up from 75% earlier in the week. The Dow surged 1.59%, helping the S&P 500 notch a modest 0.27% weekly gain, while the Nasdaq pared its losses to just 0.9%. European markets joined the rally, with the STOXX 50 rising 0.73% to its highest since February and the STOXX 600 hitting a record 583. Optimism over looser financial conditions sent luxury names like LVMH, Hermès, and Kering sharply higher, while autos and tech names, including Stellantis, Mercedes-Benz, and ASML, also advanced. The upbeat tone came despite fresh data showing Germany's economy shrank more than expected in Q2, weighed down by weak manufacturing after U.S. firms rushed early-year purchases to beat tariffs.

Indices	Close	% W/W	% YTD
S&P 500	6467	0.27	9.95
EU Stoxx 600	583	0.74	15.46
FTSE 100	9321	2.00	14.05
Nikkei 225	42633	-1.72	6.86

Currencies: The dollar index slipped 0.14% to 97.72 after Fed Chair Jerome Powell's Jackson Hole remarks signalled rate cuts could be on the horizon. Powell acknowledged that while unemployment remains historically low, labour market risks are rising and policy is still "restrictive," hinting that adjustments may soon be needed. The Canadian dollar staged a rebound, strengthening to 1.39 before settling at 1.3826 per U.S. dollar, recovering from its two-month low as broad greenback weakness overshadowed tepid domestic data. In Canada, policy expectations also turned dovish as July retail sales likely fell 0.8%, the sharpest drop in over a year, while trimmed-mean inflation held at 3.0%, slightly softer than expected. Labor market figures added to the downbeat tone, with a surprise 41,000 job loss against expectations of a 13,500 gain, keeping unemployment steady at 6.9%—all factors bolstering the case for Bank of Canada easing amid trade uncertainties.

Currencies	Close	% W/W	% YTD
EURUSD	1.1718	0.13	13.17
GBPUSD	1.3525	-0.21	8.06
USDJPY	146.94	-0.17	-6.53
USD Index	97.72	-0.14	-9.93

Commodities: WTI crude futures climbed 1.37% to $63.66 per barrel on Friday, securing their first weekly gain in three weeks as geopolitical tensions and tightening supply underpinned prices. Fresh uncertainty emerged after Russia unleashed new airstrikes while Ukraine hit a refinery and a key Druzhba pipeline station, disrupting flows. Adding to the bullish tone, U.S. crude stockpiles plunged by 6 million barrels, far exceeding expectations and signalling resilient demand. However, lingering concerns over weak German data and the risk of a post-summer supply glut capped upside momentum, keeping prices within a tight range. Meanwhile, gold edged up to $3,372 an ounce, holding steady near record highs of $3,500 set in April as investors positioned for a dovish Fed pivot. Chair Jerome Powell acknowledged growing labour market risks versus persistent inflation pressures, reinforcing bets on a 25bps September rate cut and at least three reductions by year-end—supporting appetite for non-yielding assets.

Commodities	Close	% W/W	% YTD
Gold	3372	1.07	28.48
Copper	445.90	-0.75	10.74
WTI Crude	63.66	1.37	-11.24
Wheat	527.25	0.05	-11.90

Performance of Major Global Financial Assets

% Change.

	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
W/W	-1.4	-2.4	-0.1	3.4	2.0	-1.8	0.3	-0.9	0.7	0.0	2.0	-1.7	0.3	-0.1	0.1	-0.2	-0.2	-0.2	-0.8	1.4	1.1	-0.7	13.2	0.0
MTD	-2.8	1.0	2.7	4.4	1.2	0.5	2.0	1.2	3.2	1.2	2.1	3.8	2.3	-2.3	2.7	2.4	-2.5	-0.5	-4.2	-8.1	2.5	2.4	31.0	-2.8
YTD	-6.9	15.0	2.7	47.6	-1.1	0.1	10.0	11.8	12.1	22.4	14.1	6.9	26.3	-9.9	13.2	8.1	-6.5	-1.8	-7.4	-11.2	28.5	10.7	30.7	-11.9
	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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