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25TH JULY - 01ST AUGUST 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

Renewed tariff jitters, an uncertain trade policy path and weak economic data drove U.S. equities lower for the week, with some indices seeing their worst week since the tariff-driven sell-off in early April. The week began on a positive note, with the U.S. and the EU reaching a framework deal on trade. The agreement includes a 15% tariff on most European exports to the U.S., half the rate initially mooted. The U.S. will keep a 50% tariff on steel and aluminium for the time being. However, on Thursday, President Trump signed an executive order to raise tariffs on the vast majority of U.S. trading partners, effective August 7. Further, the Federal Reserve as was widely expected, maintained its target policy rate at a range of 4.25% to 4.50%. The Fed Chair's remarks pointing to the central bank's willingness to wait for data to determine monetary policy decisions, shifted market sentiment and sent expectations for a September rate cut lower. Notably, two Fed governors dissented, preferring to immediately lower rates by a quarter point, and the central bank's post-meeting statement noted that "economic activity moderated in the first half of the year," which some market participants viewed as dovish developments. July jobs data came in well below analysts' expectations and further downward revisions of the May and June readings by a total of 258,000 indicated that the labour market has cooled much more significantly than many had thought in recent months. Across the Atlantic, resilient eurozone data for GDP, inflation, and economic sentiment appeared to reduce pressure on the European Central Bank to lower interest rates again. Headline inflation held steady at 2.0% in July while the jobless rate in the euro area remained at a record low of 6.2% in June, unchanged from May's figure. In China, the S&P Global manufacturing purchasing managers' index (PMI) for China fell to 49.5 in July, below the 50 level that indicates a contraction, versus June's 50.4 reading. This data suggests that China's economy could see slower growth in the coming months amid still-weak domestic demand and global trade uncertainty. Front-loading by Chinese exporters ahead of expected U.S. tariff hikes, shipments to non-U.S. markets, and fiscal stimulus at home kept China's economy buoyant in the year's first half. But many economists expect that the momentum in the economy will slow as the impact of these tailwinds diminishes.

Data highlights: The year-on-year Inflation Rate reading in Australia came in at 2.1%, slightly below the 2.2% expected by analysts and lower than the previous reading of 2.4%. Eurozone GDP grew by 1.4%, higher than the forecast of 1.2%. The U.S. GDP grew by 3% from the previous quarter. The Bank of Canada, the Bank of Japan and the Federal Reserve all kept their policy rates unchanged, in line with market expectations. Retail Sales in Switzerland grew by a remarkable 3.8%, far outpacing the 0.2% pencilled in by analysts. Unemployment In the Euro Area held steady at 6.2% slightly lower than the anticipated 6.3%. Personal Consumption in the U.S. was also steady, growing by 2.6 from the previous year, above the expected 2.5% growth. Inflation in Europe held on to the 2% mark. The U.S. non-farm payrolls data came in at 73K, lower than the expected 110K jobs, while the unemployment rate ticked higher than the previous reading, coming in at 4.2%, in-line with forecasts.

Week ahead: Swiss Inflation Rate – Monday | New Zealand Unemployment Rate, Eurozone Retail Sales - Wednesday | China's Balance of Trade, Swiss Unemployment Rate, BoE Interest Rate Decision – Thursday | Canadian Unemployment Rate - Friday

Global Markets Overview

Treasury yields: Yields dropped across the board with the U.S. 10-year bonds shedding 17bps to close at 4.22%. The spread between the U.S. 2's and 10's widened to 53 points while that between the German 2-year and 10-year bunds narrowed for a second consecutive week to close at 75bps. The Bank of Japan left its key interest rate unchanged at 0.5% at its July 30–31 monetary policy meeting. The central bank revised up its expectations for inflation, forecasting that the core consumer price index (CPI) will increase 2.7% in fiscal 2025, up from the 2.2% forecast in April, reflecting persistent increases in food prices. This has resulted in the market sentiment converging around the view that the central bank could raise interest rates later this year.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.22	-3.92	-7.73
Bund 10Y	2.68	-1.43	13.18
Gilt 10Y	4.53	-2.31	-0.88
Japan 10Y	1.56	-2.93	41.51

Equities: Global stock indices tumbled in the week leading to the August 1st self-imposed deadline for U.S. tariffs. The S&P-500 shed 2.36% while the Nasdaq dropped 2.19% week-on-week. Across the pond, the pan-European STOXX 600 index lost 2.95%. Investor risk sentiment was greatly dampened by trade policy uncertainties and weak economic data at the latter stages of the week. Positively, data from FactSet reports that 82% of the companies that have reported their earnings results have beat analysts' estimates but forward guidance remained clouded by the uncertain impacts of the U.S. tariff levels. Of note, Ford Motor Co. expects to take a USD 2 billion hit from tariffs this year. Within the week, Figma-a collaborative interface design tool-had its IPO which was a resounding success. Figma's shares were priced at $33 but opened at $85, peaking at $124 before closing at $115.50—a 250% gain on day one giving the company a market capitalization of nearly $68 billion, making it the largest VC-backed U.S. tech IPO in years. Figma's browser-based, collaborative design platform was built over four years of stealth development, emphasizing product perfection over rapid scaling.

Indices	Close	% W/W	% YTD
S&P 500	6238	-2.36	6.06
EU Stoxx 600	552	-2.95	9.28
FTSE 100	9069	-0.57	10.96
Nikkei 225	40800	-1.58	2.27

Currencies: The U.S. Dollar gained against a basket of currencies within the week with the key exception being the Japanese Yen. Federal Reserve Chair Jerome Powell surprised markets by signalling fewer rate cuts ahead than expected — even amid slowing growth and political pressure to ease. This hawkish tone bolstered Treasury yields and, in turn, supported the dollar. However, the currency retreated at the latter phase of the week, reflecting softer labour data and growing concerns over political influence on economic releases. The yen weakened past JPY 150 against the U.S. dollar, from the JPY 147 range at the end of the prior week, hovering around its lowest levels in four months. This prompted Japan's Finance Minister Katsunobu Kato to express alarm at foreign exchange movements, including those driven by speculators, further emphasizing the importance for currencies to move in a stable manner reflecting fundamentals.

Currencies	Close	% W/W	% YTD
EURUSD	1.1587	-1.32	11.91
GBPUSD	1.3279	-1.18	6.10
USDJPY	147.40	-0.20	-6.23
USD Index	99.14	1.53	-8.61

Commodities: Copper markets were rocked mid-week after the U.S. announced 50% tariffs on semi-finished copper products (such as wire, rods and pipes), while excluding refined copper and scrap—contrary to earlier market expectations triggering a collapse of bearish arbitrage trades and forcing a return to fundamentals in a weakening economic environment. In response, COMEX copper futures plunged by about 22–23% in one day, marking the largest one-day percentage drop since 1968, wiping out earlier U.S. premiums over London Metal Exchange (LME) prices. This resulted in a full week decline of roughly 23% in COMEX futures, breaking a multi-month upward trend and causing widespread liquidation across the metals complex. Separately, Wheat markets experienced a broad-based pullback in the week to August 1, 2025. U.S. futures fell 4% amid harvest pressure and a stronger dollar, even as export demand held steady. A stronger U.S. dollar weighed on U.S. wheat competitiveness abroad. In addition to this, market sentiment was cautious ahead of expected ramp-up in Russian and Ukrainian exports, which may further dampen prices.

Commodities	Close	% W/W	% YTD
Gold	3363	0.78	28.16
Copper	443.55	-23.04	10.16
WTI Crude	67.33	3.33	-6.12
Wheat	516.75	-3.99	-11.06

Performance of Major Global Financial Assets

% Change.

GOV. BOND YIELDS

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y
W/W	-3.9	-1.4	-2.3	-2.9	-0.7	-1.1
MTD	-0.3	2.8	0.9	8.8	3.7	1.0
YTD	-7.7	13.2	-0.9	41.5	-1.1	-0.3

EQUITY INDICES

	S&P 50C	NASDAC	EU STOXX 5C	DAX INDEX	FTSE 10C	NIKKEI 225	HANG SENC
W/W	-2.4	-2.2	-3.5	-3.3	-0.6	-1.6	-3.5
MTD	0.5	0.4	-2.6	-2.0	3.5	0.8	1.8
YTD	6.1	8.3	5.5	17.7	11.0	2.3	22.2

CURRENCIES

	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR
W/W	1.5	-1.3	-1.2	-0.2	0.3	1.9
MTD	2.3	-1.7	-3.3	2.3	0.4	2.3
YTD	-8.6	11.9	6.1	-6.2	-1.5	-3.9

COMMODITIES

	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	3.3	0.8	-23.0	-4.5	-4.0
MTD	3.4	1.8	-11.8	-5.3	-4.0
YTD	-6.1	28.2	10.2	-5.9	-11.1

KEY: -100% +100%

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

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