

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

Markets closed in the red as the S&P 500 and Nasdaq Composite snapped their three-week upward streak, shedding 0.10% and 0.35% respectively. In Europe, the pan-European Euro STOXX 600 was lower by 2.63%, undoing over two weeks of gains. Concerns about the potential erosion of the Federal Reserve's independence garnered attention during the week following President Donald Trump's announcement that he would be firing Fed Governor Lisa Cook, citing allegations that she committed mortgage fraud. Ms. Cook filed a lawsuit seeking to block the firing on Thursday, and a spokesperson for the Fed said the central bank will abide by any court decision. These jitters surrounding the independence of the Fed undid the gains that markets had realized in the week, propelled by the expectation that the U.S. Federal Reserve would lower its policy rate by 25bps in the next policy meeting in September. Governor Christopher Waller, who notably called for a 25-basis-point rate cut at the Fed's most recent meeting, reiterated his stance for lowering borrowing costs in September saying that he will again support a 25-basis-point cut at the Fed's next meeting and that he anticipates "additional cuts over the next three to six months," noting that "the downside risks to the labour market have increased" and that "economic activity has slowed significantly." Meanwhile, inflation held steady month over month in July, according to the Bureau of Economic Analysis's (BEA) core personal consumption expenditures (PCE) price index—which excludes food and energy costs and is the Fed's preferred measure of inflation. The index showed a 0.3% increase in prices from the prior month, roughly in line with June's reading and consensus estimates, while personal spending and income both rose a tick higher from June at 0.5% and 0.4%, respectively. In Europe, minutes from the ECB showed that policymakers remained split on the path of the policy rate as several rate setters argued that risks were tilted to the downside at least for the next two years, citing weaker growth prospects, the impact of U.S. tariffs, and a strong euro while a few members warned that inflation risks could still be tilted to the upside, especially over the longer term, given uncertainties around energy prices and currency movements. The bar remains high for a ninth rate cut especially in light of the economy's resilience. In addition to this, relatively mute inflation data from major eurozone economies added to the case for no change in the ECB's monetary policy next month. In Asia, equities managed to eke out a gain for the week, with the Japanese Nikkei 225 closing 0.20% higher. Notably, trade talks with the U.S. were further delayed after chief trade negotiator Ryosei Akazawa cancelled a trip to Washington at the last minute, apparently due to unresolved issues that stand in the way of finalizing an agreement. Chinese stock markets remained on a tear with the benchmark CSI 300 Index rising 2.71% for the week and closing about 10% higher in August, ranking the index among the best-performing major indexes. However, many analysts believe that ample domestic liquidity, rather than a strong economy, is fuelling the rally as cash-rich households in China seek higher returns amid low interest rates and a lack of compelling investment options.

Data highlights: The U.S. economy expanded strongly in Q2, with GDP growth coming in at 3.3% quarter-on-quarter, above both the 3.1% forecast and the prior contraction of 0.5%. In contrast, Canada's economy contracted by 1.6% year-on-year in Q2, a deeper decline than the 0.6% expected and well below the previous 2% growth. Japan's unemployment rate dropped to 2.3% in July, well below the 3% forecast. Australia's Consumer Price Index rose sharply to 2.8%, higher than the 2% expectation by analysts.

Week ahead: Eurozone Unemployment Rate – Monday | Eurozone Inflation YoY – Tuesday | Australia GDP Growth Rate YoY, – Wednesday | Switzerland Unemployment Rate – Thursday | U.K Retail Sales, Canada Unemployment Rate, U.S Non-Farm Payroll – Friday

Global Markets Overview

Treasury yields: The 10-year US Treasury yield closed at 4.23%, rebounding from two-week lows of 4.2%, as fresh data underscored the economy's resilience. Meanwhile, the Fed's preferred inflation gauge, core PCE, climbed 2.9% year-on-year, highlighting persistent price pressures. Futures markets continue to signal a 25bps cut in September, with expectations for two cuts in 2025—down from three previously. In Australia, the 10-year government bond yield held at 4.27%, recovering from earlier declines as traders reassessed the Reserve Bank's outlook. July CPI data surprised to the upside, curbing hopes of an imminent rate cut, with markets now pricing in just 34bps of easing for the rest of 2025. The figures followed RBA minutes that reiterated policymakers' willingness to cut further, but only if inflation aligns with forecasts.

Equities: Wall Street began the week on a high, with the S&P 500 briefly touching record territory, but momentum faded as inflation and trade concerns weighed on sentiment. By week's end, the S&P 500 slipped 0.1%, the Nasdaq 100 fell 0.35%, and the Dow edged down 0.11%. Still, August closed on a stronger note, with the S&P 500 up 1.91% and the Nasdaq up 0.85%, marking the longest monthly winning streak in over a year. Across the Atlantic, European markets struggled, with the STOXX 50 down 2.49% and the STOXX 600 losing 2.63% as investors weighed weak growth signals against sticky inflation. Regional price data painted a mixed picture: Germany's inflation topped forecasts, while France and Italy undershot expectations and Spain came in line. This uncertainty left traders split on whether the ECB will deliver another rate cut this year. In the week, Nvidia reported better-than-expected earnings and revenue, and said sales growth this quarter will remain above 50%, signalling to Wall Street that demand for artificial intelligence infrastructure shows no sign of fading. Year-over-year revenue growth has now exceeded 50% for nine straight quarters, dating back to mid-2023, when the generative AI boom started to show up in Nvidia's results. However, the second quarter marked Nvidia's slowest period of growth during that stretch.

Currencies: The dollar ended the week at 97.77, slipping as persistent inflation clashed with signs of labour market weakness, sharpening the Fed's policy dilemma. July's core PCE rose 0.3% month-on-month and 2.9% year-on-year, the fastest since February, while consumer spending jumped at its strongest pace in four months. After holding rates steady this year on tariff-driven inflation risks, Powell's recent tone has markets pricing in cuts at the Sept. 16–17 FOMC meeting, leaving the dollar down 2% in August. The Euro on the other hand held steady near \$1.1686, retaining most of its gains this year even as the region grapples with uneven growth and inflation. For August, the euro has gained 2.37%, extending its 12.9% advance year-to-date, supported by EU stimulus measures and fiscal uncertainty in the US.

Commodities: Gold surged to \$3,448 an ounce by week's end, closing in on April's all-time high of \$3,500 and notching its second straight weekly advance as investors piled into safe-havens amid mounting uncertainty over U.S. monetary policy. Expectations for a September 25bps Fed cut intensified after Governor Christopher Waller backed a swift start to easing, reinforcing dovish signals from Powell and other officials. Political pressure on the Fed to act more aggressively has only added fuel to the rally, pushing gold to a 4.8% gain in August—its strongest month since April. Meanwhile, coffee futures exploded to \$3.86 per pound, extending a blistering rally as U.S. roasters scrambled to lock in supplies amid tightening availability. Exchange stocks sank toward multi-year lows, while dry weather in Brazil—the world's top producer—raised fresh supply risks. Coffee prices have now soared 33.7% in August alone and 33.4% year-to-date, cementing their status as one of the standout commodities of 2025.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.23	-0.59	-7.45
Bund 10Y	2.72	0.07	15.08
Gilt 10Y	4.72	0.62	3.37
Japan 10Y	1.60	-1.42	45.50

Indices	Close	% W/W	% YTD
S&P 500	6460	-0.10	9.84
EU Stoxx 600	568	-2.63	12.42
FTSE 100	9187	-1.44	12.41
Nikkei 225	42718	0.20	7.08

Currencies	Close	% W/W	% YTD
EURUSD	1.1686	-0.27	12.86
GBPUSD	1.3504	-0.16	7.89
USDJPY	147.05	0.07	-6.46
USD Index	97.77	0.06	-9.88

Commodities	Close	% W/W	% YTD
Gold	3448	2.26	31.38
Copper	451.85	1.33	12.22
WTI Crude	64.01	0.55	-10.75
Coffee	386.10	2.06	33.44

Performance of Major Global Financial Assets

% Change.

W/W	-0.6	0.1	0.6	-1.4	-0.9	1.7	-0.1	-0.4	-2.5	-1.9	-1.4	0.2	-1.0	0.1	-0.3	-0.2	0.1	-0.5	1.2	0.5	2.3	1.3	2.1	1.3
MTD	-3.3	1.1	3.3	2.9	0.3	2.3	1.9	0.8	0.6	-0.7	0.6	4.0	1.2	-2.2	2.4	2.2	-2.5	-1.0	-3.1	-7.6	4.8	3.8	33.7	-1.5
YTD	-7.5	15.1	3.4	45.5	-2.0	1.8	9.8	11.4	9.3	20.1	12.4	7.1	25.0	-9.9	12.9	7.9	-6.5	-2.3	-6.3	-10.8	31.4	12.2	33.4	-10.7
	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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