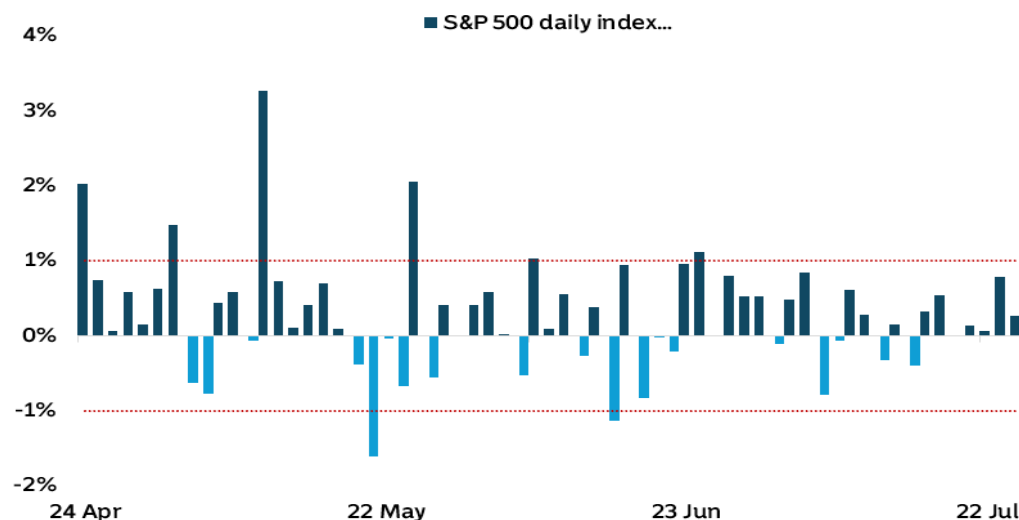


# Global Matters Weekly

28 July 2025

## Calm down

By Richard Stutley, CFA



Source: Bloomberg Finance L.P., data as at 24 July 2025.

### What this chart shows

Credit to Bloomberg for this chart, which neatly illustrates what we've all been feeling: namely, that a degree of calm has returned to markets following the tariff induced panic at the start of Q2. The chart shows the daily change in the closing level of the S&P 500 Index over the past three months. The start of the period is characterised by big swings in markets in both directions, but now we appear to have entered a period of calm, with no daily moves greater than 1% in either direction since the 24th of June.

### Why this is important

There are good reasons why volatility has reduced recently: progress on trade deals between the US and its trading partners; the related easing of Sino-American tensions; and the rowing back of the most serious threats to remove Fed Chair Powell. All this should serve as a reminder that things tend to work out, particularly when a deal is clearly in everyone's best interests. As a rule, focus less on what's being said by policymakers and more on what makes sense in the long run.

There is another way to interpret this chart however, particularly when viewed alongside other data like the decline in the VIX index, a measure of expected volatility. We think it perhaps shows a degree of complacency creeping into markets, despite clear risks on the horizon, not least of all from the change in America's terms of trade with the rest of the world. Be fearful when others are greedy as the maxim says, hence, while we remain constructive on markets over the medium term, we are also spending time looking over our portfolios to check they are sufficiently diversified to weather what comes next, whatever that may be...



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