# Weekly Market Update

Markets are buoyed by hopes of monetary easing-particularly in the US-and temporary trade respite. But beneath the surface, worrisome signs-including inflation divergence, economic deceleration in China, political risks in Japan, and geopolitical tensions-signal a cautious road ahead for global finance.

## US

The Federal Reserve is under scrutiny ahead of this weeks' Jackson Hole Meeting, with Chair Jerome Powell expected to clarify rate-cut intentions amid internal dissent.

A Reuters poll anticipates rising long-term Treasury yields, driven by tariff-related inflation concerns and increased debt issuance, even as short-term yields fall on Fed easing expectations.

Stock markets rallied mid-week: the S&P 500, Dow, and Nasdaq hit new highs on expectations of Fed rate cuts, though tech names wobbled.

On 11 August, US markets dipped modestly as investors awaited key inflation data, while Intel and AMD agreed to remit 15 % of China-related chip revenue to the US in exchange for export licences.

## UK

UK Inflation is rebounding -July's CPI climbed to 3.7%, services inflation hit 4.8%, undermining expectations of rapid rate cuts by the Bank of England.

American investors have injected over $15 billion into UK equities year-to-date, drawn by valuation appeal and political stability.

The Bank of England lowered estimated quantitative tightening losses, while corporate profit warnings (e.g., Thames Water) and a cooling jobs market added caution.

Boosted by a US-China trade truce and improved earnings, the FTSE 100 gained moderately mid-week.

## Europe

The planned US/EU joint trade statement is stalled by disagreements over digital regulation: the EU insists on its Digital Services Act while the US objects to its impact on free speech and American tech firms.

European markets benefited from global risk-on sentiment alongside US equity gains, though scepticism remains about the broader impact of recent trade deals.

Geopolitical developments-such as delays in Ukraine peace negotiations and potential US-Russia Arctic energy deals-are increasing pressure for boosted European defence spending.

Overall EU business confidence is waning manufacturing and sentiment indicators lag despite cautious optimism following trade developments.

## Global

The US-China tariff truce was extended another 90 days, providing temporary relief to exporters and markets. China's July data revealed a clear economic slowdown: industrial output rose just 5.7 %, retail sales 3.7 %, the weakest since late 2024. Fixed investment remained sluggish at 1.6 %.

Trump called his meeting with Russian President Vladimir Putin in Alaska as "productive" but indicated that a path to end the war had still not been finalised. Zelenskiy and his European allies will seek solidarity with the US as Donald Trump hosts them for talks to set out terms for a possible Ukraine-Russia peace deal. "Zelenskiy can end the conflict almost immediately if he wants to", Trump posted on Truth Social.

Japan's Nikkei climbed past 43,000 for the first time, extending a multi-day rally aided by US market gains and softer inflation data.

US moves to limit India ties over Russian oil highlight shifting alignments across global supply chains.

# Performance

| Asset Class/Region | Currency | Week ending 15 Aug 25 | Month to date | YTD 2025 | 12 Months |
|---|---|---|---|---|---|
| **Developed Market Equities** | | | | | |
| United States | USD | 1.0% | 1.8% | 10.3% | 17.4% |
| United Kingdom | GBP | 0.9% | 0.8% | 14.8% | 13.0% |
| Continental Europe | EUR | 1.4% | 1.9% | 11.6% | 10.7% |
| Japan | JPY | 2.8% | 5.6% | 13.1% | 22.5% |
| Asia Pacific (ex Japan) | USD | 1.8% | 2.4% | 19.3% | 22.4% |
| Australia | AUD | 1.5% | 2.3% | 11.4% | 17.6% |
| Global | USD | 1.2% | 2.5% | 13.6% | 18.6% |
| **Emerging markets equities** | | | | | |
| Emerging Europe | USD | 0.0% | 5.2% | 47.5% | 38.8% |
| Emerging Asia | USD | 1.8% | 2.1% | 19.2% | 22.0% |
| Emerging Latin America | USD | 1.0% | 5.3% | 30.7% | 6.7% |
| BRICs | USD | 2.3% | 2.5% | 17.1% | 21.2% |
| China | USD | 3.0% | 3.9% | 27.8% | 48.2% |
| MENA countries | USD | -0.3% | -0.2% | 3.2% | 7.0% |
| South Africa | USD | 2.0% | 8.1% | 40.8% | 35.7% |
| India | USD | 1.1% | -0.5% | 2.8% | -1.1% |
| Global emerging markets | USD | 1.6% | 2.5% | 20.4% | 20.9% |
| **Bonds** | | | | | |
| US Treasuries | USD | -0.2% | 0.4% | 3.8% | 1.8% |
| US Treasuries (inflation protected) | USD | -0.3% | 0.4% | 5.1% | 4.0% |
| US Corporate (investment grade) | USD | 0.2% | 0.7% | 5.1% | 4.3% |
| US High Yield | USD | 0.2% | 0.5% | 5.5% | 8.5% |
| UK Gilts | GBP | -0.7% | -0.8% | 1.4% | -1.9% |
| UK Corporate (investment grade) | GBP | -0.3% | -0.3% | 3.4% | 3.2% |
| Euro Government Bonds | EUR | -0.6% | -0.5% | -0.3% | 0.9% |
| Euro Corporate (investment grade) | EUR | -0.1% | -0.1% | 2.3% | 4.7% |
| Euro High Yield | EUR | 0.3% | 0.3% | 4.3% | 8.2% |
| Global Government Bonds | USD | -0.1% | 1.1% | 6.5% | 3.1% |
| Global Bonds | USD | 0.0% | 1.1% | 7.1% | 3.6% |
| Global Convertible Bonds | USD | 1.3% | 1.4% | 14.6% | 21.2% |
| Emerging Market Bonds | USD | 0.6% | 1.4% | 7.7% | 8.5% |

# Performance

| Asset Class/Region | Currency | Week ending 15 Aug 2025 | Month to date | YTD 2025 | 12 Months |
|---|---|---|---|---|---|
| **Property** | | | | | |
| US Property Securities | USD | 0.8% | 0.6% | -0.9% | -0.9% |
| Australian Property Securities | AUD | 1.1% | 2.9% | 10.7% | 10.8% |
| Asia Property Securities* | USD | -0.8% | 0.8% | 18.4% | 17.5% |
| Global Property Securities | USD | 0.8% | 2.2% | 8.4% | 7.0% |
| **Currencies** | | | | | |
| Euro | USD | 0.4% | 2.5% | 13.1% | 6.6% |
| UK Pound Sterling | USD | 0.8% | 2.5% | 8.3% | 5.5% |
| Japanese Yen | USD | 0.4% | 2.4% | 6.9% | 1.3% |
| Australian Dollar | USD | -0.2% | 1.2% | 5.3% | -1.7% |
| South African Rand | USD | 0.7% | 3.3% | 7.3% | 2.2% |
| Swiss Franc | USD | 0.2% | 0.8% | 12.6% | 8.2% |
| Chinese Yuan | USD | 0.0% | 0.2% | 1.6% | -0.2% |
| **Commodities & Alternatives** | | | | | |
| Commodities | USD | -0.1% | -2.1% | 1.5% | 4.9% |
| Agricultural Commodities | USD | 1.9% | 1.6% | -3.2% | 4.6% |
| Oil | USD | -1.1% | -9.2% | -11.8% | -18.7% |
| Gold | USD | -1.8% | 1.2% | 27.1% | 35.9% |

* data to 1 August 2025. Source:Bloomberg Finance L.P. Past performance is not indicative of future returns.

# Global Matters Weekly

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Important notes