Weekly Market Update

Markets are balancing political turbulence, fiscal uncertainty, and protectionist pressures, with US tech gains and bond issuance, UK leadership upheaval, EU industrial protection calls, China's financial manoeuvres, and wider geopolitical risks shaping sentiment.

US

September began with investors on edge as markets reopened after Labor Day, stoked by concerns over Federal Reserve independence and uncertainty in Trump-era tariff.

The S&P 500 hit a new high during the week but closed with modest gains (0.3%), leading analysts to warn of a potential 10-15% correction ahead.

US firms unleashed a deluge of bond issuance- about $56.4 billion in investment-grade debt and $9.6 billion in high-yield - as companies aimed to lock in yields before anticipated Fed rate cuts.

Oil rose after OPEC+ said it would restart 137,000 barrels a day of output from October, much smaller than the increments scheduled for the previous two months.

UK

Deputy Prime Minister Angela Rayner's resignation, prompted by her own committees tax misstep, unravelled into a high-stakes cabinet reshuffle and leadership contest, putting renewed pressure on Prime Minister Starmer's authority and testing markets' confidence in governance and fiscal consistency.

The Bank of England issued a discussion paper proposing measures to bolster the resilience of the gilt repo market, including central clearing and minimum haircuts. 30-year gilts hit '98 highs at 5.75%.

Burberry Group and Metlen Energy & Metals were added to the FTSE 100, while Taylor Wimpey and Unite Group were downgraded to the FTSE 250 as part of the quarterly rebalancing.

The UK's S&P composite PMI rose to 54.2 in August (a 16-month high), driven by strong service sector performance, even as concerns grew over public finances ahead of the November budget.

Europe

France's finance minister told the FT the government would have to compromise on plans to cut the budget deficit even if the PM is toppled at the no-confidence vote on the 8 September, one he is posed to lose.

European steel industry leaders are urging the Commission to impose US-style 50% tariffs and origin rules to shield against cheap steel imports, particularly from China, amid rising energy costs and global oversupply.

The EU's VAT in the Digital Age (ViDA) package, aimed at modernising VAT via e-invoicing, platform economy rules, and single VAT registration, came into force earlier in April and continues to shape EU-wide tax policy.

Analysts note September's reputation as the underperforming month for European equities, though 2025 may diverge depending on market breadth signals and potential policy moves.

Global

The yen fell and Japanese stocks gained after PM Shigeru Ishiba resigned, with a 4 October leadership contest. Trump signed an order implementing the US-Japan trade deal, with a 15% tariff rate on most imports.

China will allow major Russian energy companies to issue renminbi-denominated "panda bonds" in its domestic bond market - a workaround amid Western sanctions.

Regulators are considering curbs on stock speculation to rein in China's $1.2 trillion market rally and prevent overheating.

Russia launched a record mass drone attack on Ukraine, adding geopolitical risks that may influence markets, especially in Europe and beyond.

Performance

Asset Class/Region	Currency	Week ending 05 Sep 25	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	0.4%	0.4%	10.9%	18.9%
United Kingdom	GBP	0.3%	0.3%	15.9%	15.5%
Continental Europe	EUR	-0.1%	-0.1%	10.6%	9.2%
Japan	JPY	1.0%	1.0%	13.1%	21.5%
Asia Pacific (ex Japan)	USD	1.2%	1.2%	19.7%	21.3%
Australia	AUD	-0.7%	-0.7%	11.5%	15.1%
Global	USD	0.4%	0.4%	14.2%	19.1%
Emerging markets equities					
Emerging Europe	USD	0.2%	0.2%	41.6%	31.9%
Emerging Asia	USD	1.6%	1.6%	19.5%	22.0%
Emerging Latin America	USD	1.7%	1.7%	36.6%	15.8%
BRICs	USD	1.7%	1.7%	19.3%	21.9%
China	USD	1.9%	1.9%	31.5%	54.0%
MENA countries	USD	-0.7%	-0.7%	1.1%	2.6%
South Africa	USD	1.3%	1.3%	40.8%	34.3%
India	USD	1.4%	1.4%	2.7%	-5.0%
Global emerging markets	USD	1.4%	1.4%	20.7%	21.0%
Bonds					
US Treasuries	USD	0.9%	0.9%	5.3%	1.8%
US Treasuries (inflation protected)	USD	0.7%	0.7%	6.9%	4.8%
US Corporate (investment grade)	USD	1.1%	1.1%	6.6%	4.2%
US High Yield	USD	0.3%	0.3%	6.6%	8.2%
UK Gilts	GBP	0.7%	0.7%	1.9%	-1.9%
UK Corporate (investment grade)	GBP	0.4%	0.4%	3.6%	3.0%
Euro Government Bonds	EUR	0.4%	0.4%	0.2%	0.8%
Euro Corporate (investment grade)	EUR	0.2%	0.2%	2.6%	4.4%
Euro High Yield	EUR	0.0%	0.0%	4.0%	7.0%
Global Government Bonds	USD	0.5%	0.5%	7.2%	2.0%
Global Bonds	USD	0.7%	0.7%	8.2%	3.6%
Global Convertible Bonds	USD	0.5%	0.5%	16.5%	22.3%
Emerging Market Bonds	USD	0.8%	0.8%	8.7%	7.8%

Performance

Asset Class/Region	Currency	Week ending 05 Sep 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	0.4%	0.4%	3.2%	-0.6%
Australian Property Securities	AUD	-1.5%	-1.5%	10.3%	8.4%
Asia Property Securities*	USD	-0.8%	0.8%	18.4%	17.5%
Global Property Securities	USD	0.2%	0.2%	10.6%	5.0%
Currencies					
Euro	USD	0.3%	0.3%	13.4%	5.7%
UK Pound Sterling	USD	0.1%	0.1%	8.0%	2.7%
Japanese Yen	USD	-0.2%	-0.2%	6.9%	-2.5%
Australian Dollar	USD	0.3%	0.3%	6.1%	-2.5%
South African Rand	USD	0.4%	0.4%	7.5%	0.8%
Swiss Franc	USD	0.3%	0.3%	13.9%	6.1%
Chinese Yuan	USD	0.0%	0.0%	2.3%	-0.6%
Commodities & Alternatives					
Commodities	USD	-1.3%	-1.3%	2.4%	7.9%
Agricultural Commodities	USD	-2.2%	-2.2%	-3.9%	-1.2%
Oil	USD	-3.8%	-3.8%	-12.2%	-9.9%
Gold	USD	4.0%	4.0%	36.7%	42.9%

* 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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Belvest 研富

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited
研富投資服務有限公司
9th Floor, Centre Mark II
305-313 Queen's Road Central
Sheung Wan, Hong Kong

Tel +852 2827 1199
Fax +852 2827 0270
belvest@bis.hk
www.bis.hk