



CIO OFFICE MORNING MARKET WRAP

30 July 2025

The S&P 500 (-0.3%) lost steam following a record-setting run, ahead of today's Federal Reserve meeting, and as valuations hit levels last seen post Covid. The Nasdaq Composite ended 0.4% lower, the Dow Industrials almost 0.5% down. Industrials (-1.1%) led losses, while real estate (+1.7%) and utilities (+1.2%) outperformed. Investors will be looking forward to Meta and Microsoft reporting today, followed by Amazon and Apple tomorrow. A rally in Treasuries gained steam after a solid USD44bn sale at a 7-year auction. Gains were larger at the longer end of the curve, with the yields on the 30-year and the 10-year note losing 10bps, the latter ending the session at 4.32%. Next catalyst for Treasuries is today's Quarterly Refinancing Announcement, where a breakdown of maturities for the roughly USD1tn debt to be rolled over will be announced. Gold was little changed, while Brent crude (3.5%) hit the highest level in more than a month. Threat of sanctions on Russia played a role, most likely alongside the approaching driving season in the United States that tends to see seasonal peak demand. Markets showed signs of fatigue to tariffs-related progress, as newsflow on the US-EU deal and the extension of negotiations with China failed to boost sentiment. Recent market gains reflect relative improvement in newsflow as against an initial worst case of paralysing tariffs. Yet, in absolute terms expensive valuations and a furious rally do not sit well with an outlook for stagflation in the United States driven by an average tariff rate around 15%. There will be some rude awakening when down the road price pressures will start feeding through to the economy.

Jobs- and consumer-related surveys confirmed the US economy's resilience within a softening mode. The Job Openings and Labor Turnover Survey suggested companies are cautiously managing payrolls and workers are becoming less confident about the outlook for the labor market. Openings, an indicator of labor demand, were below expectations for the month of June. According to the Conference Board consumer confidence survey confidence improved in July on receding policy uncertainty, even as consumers remain watchful of tariffs and their impact on prices. The main takeaway is that consumer caution about spending is likely to linger.

Markets this morning:

In the morning session Asian equities edged higher in muted trade, on progress on US-China tariff talks as an extension to the current truce was agreed upon. An Asian stock gauge rose 0.5% led by technology shares as Taiwan Semiconductors and Samsung electronics. The yen strengthened after trading at the lower end of its recent range and Japan issued a tsunami warning. Treasuries were steady after jumping the most in a month in the previous session. Oil held its biggest gain in six weeks following President Trump's threatening of further sanctions against Russia without a truce. Hong Kong shares lost 0.2%, while mainland China advanced by 0.6%. Trump is set to make the final call on maintaining the truce with China before it expires in two weeks, an extension that would further stabilise ties between the two biggest economies. Also, Trump said that India may be hit with a 20% to 25% tariff with the rate to be finalised by the Aug. 1 deadline

Upcoming key events/data:

Today's key event is the Federal Reserve policy meeting, alongside the Treasury's refunding need announcement and the Q2 US GDP release. In Europe data on Q2 GDP will be published as well. During the post-FOMC Q&A session investors will be looking for clues to the timetable for rate cuts. Powell should characterise the economy as being solid, while invoking data dependency as to the timing of rate cuts. On the earnings front, Meta and Microsoft will be reporting today.

Have a great day.

Chief Investment Office
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