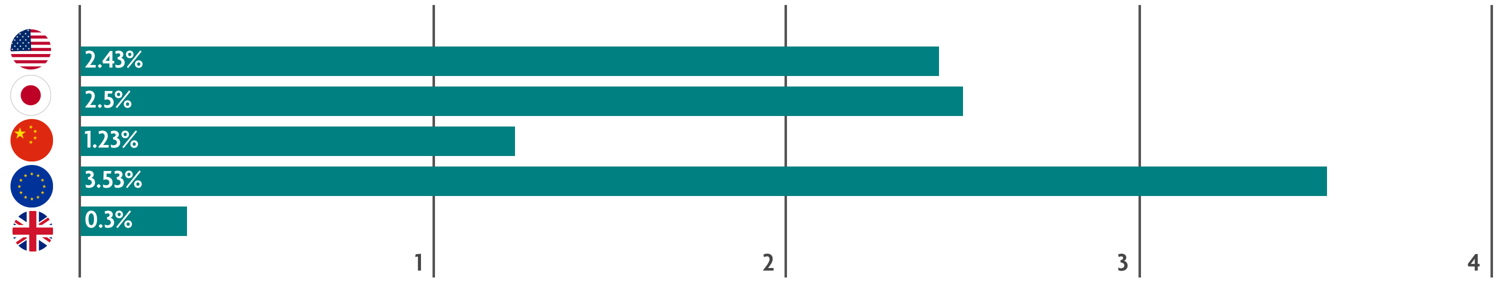
Weekly Market Update

11 August 2025

Last week's performance – major stock markets

Market Monitor (%): How did major stock markets perform last week*?



Key stories from last week

US: U.S. EQUITY INDEXES ADVANCED FOR THE WEEK, REBOUNDING FROM THE PRIOR WEEK'S SELL-OFF

The technology-heavy Nasdaq Composite performed best, closing the week at a record high, followed by the S&P 500 and Russell 2000 indices. Numerous stock-specific headlines helped drive market sentiment during the week. Notably, Apple announced that it would invest USD 100 billion developing U.S.-based manufacturing over the next four years, which would reportedly exempt the company from the Trump administration's steep tariffs on semiconductors. In trade policy news, the Trump administration's new round of global tariffs kicked in on Thursday, though several large U.S. trading partners had already reached agreements prior to the week's deadline, and the market reaction appeared to be more muted compared with other recent tariff actions. Another area of focus was on the seemingly increasing likelihood of the Federal Reserve (the Fed) lowering interest rates at its next meeting in September. Several Fed officials made comments during the week suggesting rate cuts could be in the near future.

JAPAN: JAPAN STOCKS ROSE OVER THE WEEK ON STRONG CORPORATE EARNINGS

Japan's stock markets rose over the week, driven by strong corporate earnings. Trade developments appeared favourable, despite some signs early in the week that Japan and the U.S. had differing interpretations of the bilateral trade agreement reached in July. Markets were reassured as the U.S. administration clarified that the 15% tariff on Japanese exports to the U.S. would not stack on existing levies and that the tariff on autos would be reduced to 15% from 27.5%. Bank of Japan's (BoJ) July monetary policy meeting showed that board members had debated the timing and pace of future interest rate hikes. On the economic data front, Japan's real (inflation-adjusted) wages fell 1.3% year on year in June, following a 2.6% drop in May, as inflation continued to outpace pay gains.

CHINA: STOCKS RALLY ON IMPROVING ECONOMIC DATA

Mainland Chinese stock markets rose for the week, aided by trade data underscoring the strong global demand for Chinese products despite the U.S.-sparked trade war. Total exports in July surged a larger-than-expected 7.2% from a year ago. Increased shipments to Europe, Southeast Asia, Australia, and other markets outweighed the continued slump in U.S.-bound shipments. The latest data showed that Chinese companies were able to compensate for the loss of U.S. business with increased sales to other markets. Earlier in the week, a private survey showed an unexpected uptick last month in services activity, possibly indicating a turnaround in weak consumer sentiment.

EUROPE: EUROPEAN STOCKS RALLY ON STRONG CORPORATE EARNINGS

Equities in Europe performed strongly for the week driven by strong corporate earnings and hopes of a resolution of the Ukraine-Russia conflict. Italy's FTSE MIB climbed 4.21%, Germany's DAX gained 3.15%, and France's CAC 40 Index added 2.61%. Strong retail sales and investor confidence data added to signs of a resilient eurozone economy in the second quarter. Retail sales expanded in June by 0.3% sequentially, increasing for three months running. However, they climbed 3.1% year over year, exceeding the consensus forecast of 2.0%. Investor confidence rose over the second quarter, although the mood soured in August, suggesting that businesses were unimpressed with the framework trade deal between the U.S. and the European Union.

UK: UK STOCKS RISE, ALTHOUGH GAINS LAGGED BROADER RETURNS ACROSS EUROPE

The UK's FTSE 100 Index added 0.30% for the week, lagging broader returns across Europe. The Bank of England (BoE) cut its key interest rate by a 0.25% points to 4%, reportedly on concerns about a weakening labour market. Governor Andrew Bailey said the decision was "finely balanced" and reiterated that "interest rates are still on a downward path, but any future rate cuts will need to be made gradually and carefully." The BoE also forecast that inflation would accelerate to a two-year high of 4% in September, from 3.6% in August, and warned of a stronger risk of price increases in the coming years. The central bank is required to keep inflation at 2%—a target it has not achieved since last summer. UK employers are cutting back hiring in response to higher labour costs and the threat of further tax increases, fuelling concerns about the effects of government policies on the economy.

The Omnis Investment Club

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*Source: Bloomberg. All performance measured in local currency.