PRIMIS® INVESTMENT

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WEEKLY MARKETS ROUND-UP

Executive Summary

21st July 2025

Top news: earnings from Alphabet and Tesla on Wednesday post close, ECB on Thursday – last Tuesday US CPI came in slightly lower than expected on Core (+2.9% vs +3.0% exp.) and in line on Headline at +2.7%. On Wednesday, PPI was also softer than anticipated at 0.0% MoM vs +0.2% exp., while on Thursday, US Retail sales surged beyond expectations rising +0.6% MoM. Finally on Friday, the Univ. of Michigan Consumer Sentiment nudged up slightly (61.8 vs 61.4 exp. and 60.7 prev.), while 12m inflation expectations continued to normalize dropping back to 4.4% from 5%. On the earnings front, large US banks reported rather strong earnings midweek, mostly stating a resilient economy and low unemployment and hence low delinquencies as the most likely reasons. Generally, these macro releases were very Soft-Landish, perhaps even pointing to a subtle Goldilocks environment. Going forward, this week will first focus on the earnings releases from Alphabet (strong advertising revenue exp.) and Tesla (low goalpost as heavily revised down) on Wednesday after the close. We will then await the Global Flash PMIs on Thursday. These are expected to nudge up towards expansion (i.e. 50) in Europe and hold up around 53 in the US. Finally, also on Thursday, the ECB is expected to hold rates at 2% considering QtoQ GDP Growth which recently surprised to the upside at 0.6%, Core Inflation, which is around 2.3% YoY, and the various fiscal stimulus packages than have recently been announced.

Equities: US markets were a bit higher last week (+0.7%), European ones a bit lower (-0.5%). US ones remain slightly Overbought, and we would still expect a shallow, temporary dip on global equities between late-July and mid-August.

Fixed Income: benchmark 10Y yields continued to hold up in both the US and Europe. The trend is now neutral, yet we still believe there is a short window for some retracement into mid/late Summer. Credit continues to hold up for now.

Forex: the US Dollar did bounce early last week but then retraced from Tuesday night as Pres. Trump said he was getting ready to fire Powell. He then denied these intentions. USD then stabilized, up circa 1% on the week.

Commodities: both Brent and Gold were stable last week. We expect Oil to hold into late Summer and then perhaps retest down into Q4. Gold, on the other hand, could continue to consolidate into late Q3 before resuming higher again.

	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %	YTD in %	last 6m[1]	OB / OS [2]
S&P500 Index	USD	6 297	Apr-25	4 983	26,4%	Jul-25	6 297	-0,0%	7,1%	up	slightly OB
Nasdaq100 Index	USD	23 065	Apr-25	17 090	35,0%	Jul-25	23 081	-0,1%	9,8%	up	slightly OB
Dow Jones Industrials Index	USD	44 342	Apr-25	37 646	17,8%	Dec-24	45 014	-1,5%	4,2%	neutral	slightly OB
EuroStoxx50	EUR	5 359	Aug-24	4 572	17,2%	Mar-25	5 541	-3,3%	9,5%	neutral	neutral
Swiss Market Index	CHF	11 983	Apr-25	10 888	10,1%	Mar-25	13 167	-9,0%	3,3%	neutral	neutral
Nikkei225	JPY	39 819	Apr-25	31 137	27,9%	Jun-25	40 487	-1,7%	-0,2%	up	slightly OB
Shanghai Composite	CNY	3 534	Sep-24	2 704	30,7%	Jul-25	3 534	0,0%	5,5%	neutral	neutral
US 10Y Treasury Yield	%	4,42%	Sep-24	3,62%	0,8%	Jan-25	4,79%	-0,4%	-0,2%	neutral	neutral
German 10Y Bund Yield	%	2,68%	Dec-24	2,03%	0,6%	Mar-25	2,89%	-0,2%	0,3%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	85	May-25	83	2,8%	Sep-24	99	-13,8%	-1,0%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Jan-25	103	5,2%	Sep-24	111	-2,1%	3,5%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	80	Aug-24	74	8,6%	Jul-25	80	-0,2%	5,0%	neutral	slightly OB
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	92	Jul-24	85	8,4%	Jun-25	93	-0,8%	5,9%	neutral	neutral
EUR/USD		1,16	Jan-25	1,02	13,5%	Jul-25	1,18	-1,4%	12,2%	up	neutral
GBP/USD		1,34	Jan-25	1,22	10,2%	Jul-25	1,37	-2,5%	7,1%	neutral	neutral
USD/JPY		149	Sep-24	141	5,8%	Jan-25	158	-6,0%	-5,4%	neutral	neutral
USD/CHF		0,80	Jul-25	0,79	1,2%	Jan-25	0,92	-12,6%	-11,6%	down	neutral
AUD/USD		0,65	Apr-25	0,60	9,3%	Sep-24	0,69	-5,9%	5,2%	neutral	neutral
Brent Oil (per Barrel)	USD	69	May-25	60	15,0%	Jan-25	82	-15,9%	-7,3%	neutral	neutral
Gold Spot (per Ounce)	USD	3 351	Jul-24	2 365	41,7%	Jun-25	3 434	-2,4%	27,7%	up	neutral

* These large fixed income ETFs are used as proxies to assess the state of duration trades as well as of credit markets

Source: Primis Investment (Suisse) SA

Tech earnings in focus: Big Growth remains the driving force behind US equities

Earnings season is meant to intensify this week and next with the releases of many of the large US Tech firms. While the indices do appear slightly Overbought according to our table on the previous page, any forthcoming dip could be mitigated (or maybe exacerbated) by positive (or negative) surprises from Alphabet and Tesla this Wednesday evening, Meta and Microsoft the following Wednesday or Amazon and Apple Thursday next week. For now, according to consensus, the Magnificent7 and other Bluechip stocks in the Communication Services or Technology sectors should remain the main drivers of EPS growth over the next 3 years with circa 15% CAGR on average vs circa 12% for the S&P500 as a whole (left-hand graph). From this table, it is also interesting to note that, according to consensus, more cyclical sectors such as US Industrials, Basic Materials, Financials, Energy or Consumer Discretionary ex-Mag7 could reaccelerate next year and into 2027. If correct, this would imply that we are currently in the early stages of a new economic expansion phase. Back to the US Technology sector and to a valuation analysis presented a week ago by @Dualityresearch (right-hand graph), which shows that while the US Technology sector has risen by 9.5% over the last 12 months, forward 12 months earnings have risen even more by 17.1%. This implies that valuations are indeed less stretched than a year ago, which is reflected in the Forward P/E ratio of the sector being still -6.5% below where it was last year (at 29.85 vs circa 32 the 10th July 2024). Hence, while the tariffs and their possible stagflationary impact are still making headlines, bottom-up sector consensus seems much more positive with a combination of earnings growth and possible multiple expansion this year for Tech and a cyclical reacceleration next year.

	Est. YoY EPS Growth FY2025	FY2026	FY2027	3Y CAGR
S&P 500	9.4%	13.9%	12.2%	11.8%
1 Mag 7	16.5%	15.3%	15.0%	15.6%
2 Comm Services ex-Mag 7	22.3%	11.7%	12.1%	15.3%
3 Technology ex-Mag 7	15.9%	17.8%	9.5%	14.3%
4 Industrials	8.7%	16.3%	14.3%	13.1%
5 Healthcare	15.0%	11.1%	11.4%	12.5%
6 Basic Materials	7.3%	16.5%	13.4%	12.3%
7 Financials	6.2%	13.9%	11.8%	10.6%
8 Energy	(12.0%)	19.2%	20.1%	8.0%
9 Utilities	6.8%	9.0%	7.9%	7.9%
10 Real Estate	1.6%	7.0%	6.6%	5.0%
11 Consumer Staples	0.0%	7.7%	7.2%	4.9%
12 Cons Discr ex-Mag 7	(3.6%)	11.3%	6.8%	4.6%

Consensus EPS Growth from 2024 to 2027
GICS 1 + Mag 7. Sorted by 3Y CAGR.

AI driving EPS

Source: fundstrat, Factset

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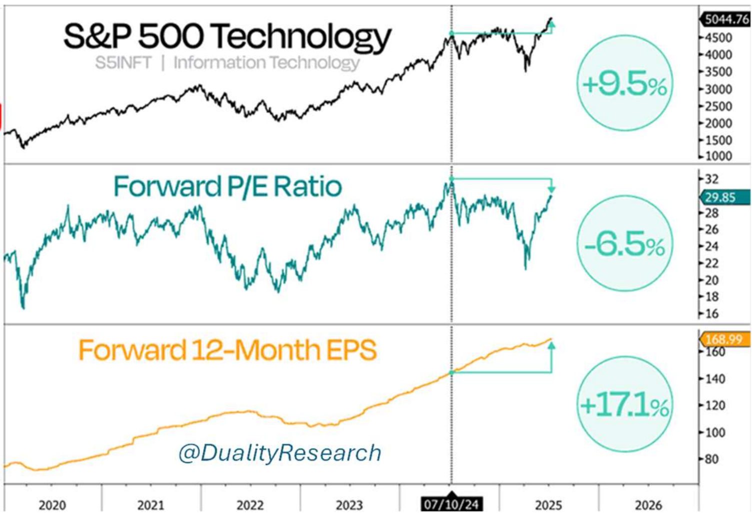
Posted on ISABELNET.com



Notes:

1. **Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.08% the trend is then "up", below -0.08% then "down", otherwise it is "neutral".
2. **Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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