

WEEKLY MARKETS ROUND-UP

Executive Summary

7th July 2025

Top news: End of the Tariffs Moratorium and FED Minutes awaited on Wednesday – US markets made fresh new all-time highs last week, following the strong Non-Farm Payrolls on Thursday and despite central banks remaining cautious on further rate cuts. On Tuesday, indeed, Chair Powell said the FED would have likely eased policy by now if it wasn't for the tariffs, reinforcing the view that the Fed still needs more visibility on their impact. On the data front, the ISM Manufacturing PMI for June came in at 49.0 on Tuesday (vs. 48.8 exp. and 48.5 prior), showing slight improvement although still in contraction. The May JOLTS report was also strong with 7.77mio job openings (vs. 7.32mio exp.), confirming resilient labor demand. The NFPs then rose by 147k on Thursday (vs. 111k exp. and 144k in May), while the unemployment rate unexpectedly fell to 4.1% (vs. 4.2% prior), surprising most analysts who had anticipated a modest uptick to 4.3%. Interestingly, YoY wage growth slowed to 3.7% - the smallest increase in a year and close to pre-pandemic levels - highlighting that strong employment reports are not translating into upward wage pressure. Further, while the deadline for the tariffs moratorium is approaching on Wednesday, a trade agreement was announced last week with Vietnam (20% tariff on Vietnamese goods, 40% on transshipped items) and positively received. More deals are apparently in preparation. We will also await the release of the FOMC Minutes on Wednesday.

Equities: US indices have pushed to new all-time highs and are now Overbought. Eurozone and Japan also remain firm. A short pause remains possible into mid Summer, but longer term, the uptrend probably remains intact.

Fixed Income: Yields were broadly unchanged last week, the US 10Y dipping early in the week but then bouncing back on the strong NFPs and 10Y Bund yields doing the opposite. Credit remains well supported but a bit Overbought.

Forex: the US Dollar made new lows early last week vs most other major currencies, but has since recovered a bit. On average, it now seems slightly Oversold, suggesting some scope for a Q3 stabilization.

Commodities: Brent found support in the mid 60s and is now inching up again (strong NFPs, Iran's refusal to engage with the UN nuclear watchdog). Following its strong rally into April, Gold could continue to consolidate at high levels.

| | Currencies | Price | Performance since 52 Week Low | | | Performance since 52 Week High | | | Performance YTD in % | Trend last 6m ¹ | Exaggeration OB / OS ² |
|--|------------|--------|-------------------------------|-----------|--------|--------------------------------|------------|-----------|----------------------|----------------------------|-----------------------------------|
| | | | Date Low | Low Price | Rise % | Date High | High price | Decline % | | | |
| S&P500 Index | USD | 6 279 | Apr-25 | 4 983 | 26,0% | Jul-25 | 6 279 | -0,0% | 6,3% | up | OB |
| Nasdaq100 Index | USD | 22 867 | Apr-25 | 17 090 | 33,8% | Jul-25 | 22 867 | 0,0% | 8,0% | up | OB |
| Dow Jones Industrials Index | USD | 44 829 | Apr-25 | 37 646 | 19,1% | Dec-24 | 45 014 | -0,4% | 5,4% | neutral | slightly OB |
| EuroStoxx50 | EUR | 5 291 | Aug-24 | 4 572 | 15,7% | Mar-25 | 5 541 | -4,5% | 5,6% | neutral | neutral |
| Swiss Market Index | CHF | 11 970 | Apr-25 | 10 888 | 9,9% | Mar-25 | 13 167 | -9,1% | 1,2% | neutral | neutral |
| Nikkei225 | JPY | 39 831 | Apr-25 | 31 137 | 27,9% | Jul-24 | 42 224 | -5,7% | -0,6% | up | slightly OB |
| Shanghai Composite | CNY | 3 472 | Sep-24 | 2 704 | 28,4% | Oct-24 | 3 490 | -0,5% | 7,5% | neutral | neutral |
| | | | | | | | | | | | |
| US 10Y Treasury Yield | % | 4,33% | Sep-24 | 3,62% | 0,7% | Jan-25 | 4,79% | -0,5% | -0,4% | neutral | neutral |
| German 10Y Bund Yield | % | 2,57% | Dec-24 | 2,03% | 0,5% | Mar-25 | 2,89% | -0,3% | 0,1% | neutral | neutral |
| US 20Y Treasuries (TLT ETF, 17-18Y duration)* | USD | 87 | May-25 | 83 | 4,9% | Sep-24 | 100 | -13,3% | 0,3% | neutral | neutral |
| US Investment Grade (LQF ETF - 8-9Y duration)* | USD | 109 | May-25 | 105 | 4,3% | Sep-24 | 113 | -3,5% | 3,1% | neutral | slightly OB |
| US High Yield (HYG ETF, 3-4Y duration)* | USD | 80 | Apr-25 | 76 | 6,4% | Jul-25 | 80 | 0,0% | 2,6% | neutral | slightly OB |
| EM USD Sovereigns (EMB ETF, 7-8Y duration)* | USD | 92 | Apr-25 | 86 | 7,0% | Jun-25 | 93 | -0,1% | 4,4% | neutral | slightly OB |
| | | | | | | | | | | | |
| EUR/USD | | 1,18 | Jan-25 | 1,02 | 15,0% | Jul-25 | 1,18 | -0,1% | 13,9% | up | slightly OB |
| GBP/USD | | 1,36 | Jan-25 | 1,22 | 12,2% | Jul-25 | 1,37 | -0,7% | 9,4% | up | slightly OB |
| USD/JPY | | 144 | Sep-24 | 141 | 2,7% | Jul-24 | 162 | -10,6% | -8,6% | neutral | neutral |
| USD/CHF | | 0,79 | Jul-25 | 0,79 | 0,3% | Jan-25 | 0,92 | -13,4% | -12,7% | down | slightly OS |
| AUD/USD | | 0,66 | Apr-25 | 0,60 | 10,1% | Sep-24 | 0,69 | -5,2% | 5,2% | neutral | slightly OB |
| | | | | | | | | | | | |
| Brent Oil (per Barrel) | USD | 68 | May-25 | 60 | 13,4% | Jul-24 | 86 | -20,3% | -11,5% | neutral | neutral |
| Gold Spot (per Ounce) | USD | 3 337 | Jul-24 | 2 359 | 41,4% | Jun-25 | 3 434 | -2,8% | 26,0% | up | neutral |

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

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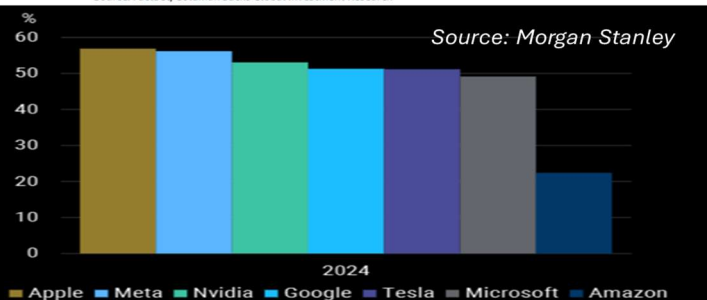
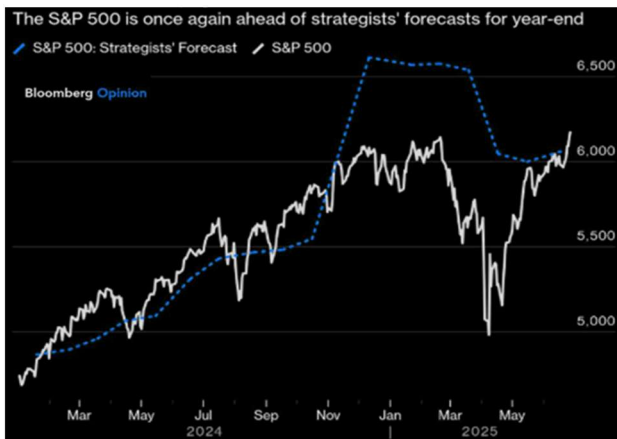
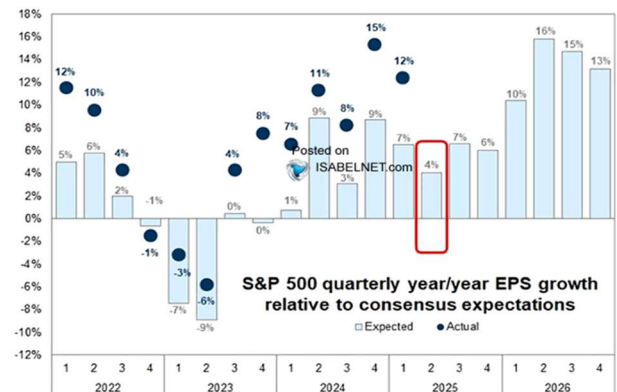
Earnings focus: expectations have fallen, setting the stage for potential beats

Since January, S&P 500 Q2 earnings expectations have been revised down from 12 to 5% (top-left graph). These cuts, which are sharper than usual, now set a low bar for these estimates to be beaten. Indeed, past quarters have shown that analysts consistently underestimate earnings (top-right), while history confirms that such expectations have been beaten by 6.9% on average over the past decade. Much of the current macro uncertainty stems from policy-driven risks such as tariffs. Such man-made uncertainties that do not reflect underlying economic weakness and historically, when such risks ease, earnings tend to accelerate rapidly, providing further upside potential. The current forecasts hence appear overly cautious. Consensus for the S&P500 year-end targets also seems quite low as they are now below current levels (bot-left). We can also add that major tech companies derive over 50% of their revenue from overseas (bot-right), shielding them from domestic risks like tariffs, while earnings from abroad will now convert more favorably into the currently weaker US Dollar.

Evolution of 2025 Q2 Earnings Growth Estimates



Exhibit 2: Bottom-up consensus expects 2Q S&P 500 EPS growth will decelerate to 4% year/year



Notes:

- 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 +0.05% the trend is then "up", below -0.05% then "down", otherwise it is "neutral".
- 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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