

WEEKLY MARKETS ROUND-UP

Executive Summary

28th July 2025

Top news: the FED meeting and US Labor Market Data in Focus Next Week – last Thursday in the US, the Flash Services PMI rose to a 7-months high at 55.2 (vs. 53.0 exp.), while Manufacturing dropped to a 7-months low at 49.5 (vs. 52.7 exp.), pointing to diverging sector momentum. In the Eurozone, the Services PMI rose to a 6-months high of 51.2 (vs. 50.7 exp.), while Manufacturing improved to 49.8 (vs. 49.7 exp.), a 36-months high. Also on Thursday, the ECB kept rates unchanged after cutting 200bps since last September; Pres. Lagarde left the door open for further easing but indicated that more evidence will be needed. Later, US initial jobless claims fell to 217,000 (vs. 226,000 exp.), its sixth consecutive weekly decline. Markets will now turn to a packed schedule this week: Wednesday brings the Fed's rate decision, statement, and press conference. On Thursday, the BoJ will announce its policy decision, which will be followed that afternoon by the Core PCE Price Index, Employment Cost Index, and Unemployment claims. Friday will then feature the Non-Farm Payrolls, the unemployment rate, average hourly earnings, and the ISM Manufacturing PMI. Mag 7 earnings season kicked off with some divergence last week as Alphabet beat expectations while Tesla fell short. Microsoft, Meta will now report on Wednesday, Apple and Amazon on Thursday.

Equities: major indices were flat to slightly lower last week, with stretched levels suggesting a potential dip before renewed upside into the Fall, and most probably with new highs.

Fixed Income: the US10Y yield retraced slightly last week, while the 10Y German Bund yield edged higher. Modest corrections are still expected on both into late August, perhaps September, in first instance.

Forex: USD weakened early last week but then recovered some of these losses into Friday. The lows made early July have predominantly held and we would now expect this moderate rebound to continue into August vs most majors.

Commodities: Oil traded sideways last week, could hold during August, but then probably resumes lower into the Fall. Gold retested its highs last week without breaking clearly above them and could now consolidate again into August.

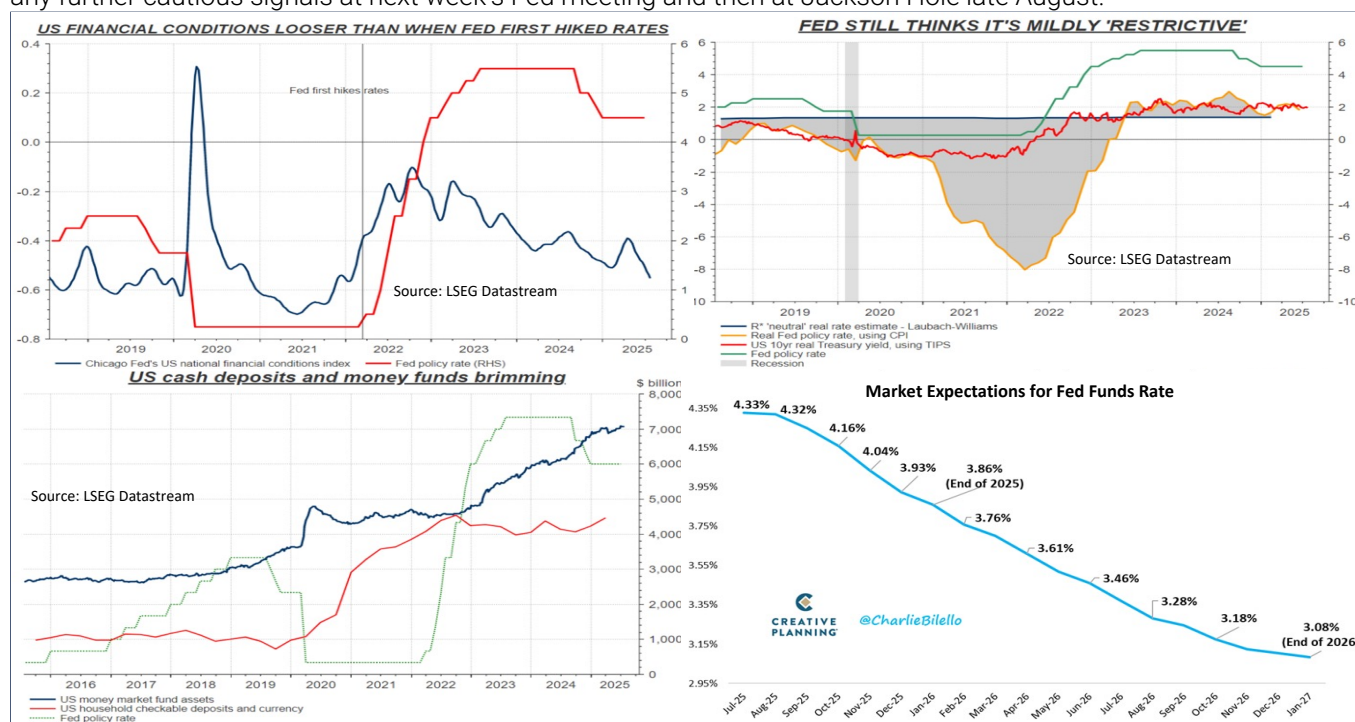
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %	YTD in %	last 6m ¹	OB / OS ²
S&P500 Index	USD	6,391	Apr-25	4,983	28.3%	Jul-25	6,391	0.0%	8.7%	up	slightly OB
Nasdaq100 Index	USD	23,275	Apr-25	17,090	36.2%	Jul-25	23,275	0.0%	10.8%	up	slightly OB
Dow Jones Industrials Index	USD	44,914	Apr-25	37,646	19.3%	Dec-24	45,014	-0.2%	5.6%	neutral	slightly OB
EuroStoxx50	EUR	5,357	Aug-24	4,572	17.2%	Mar-25	5,541	-3.3%	9.4%	neutral	neutral
Swiss Market Index	CHF	11,970	Apr-25	10,888	9.9%	Mar-25	13,167	-9.1%	3.2%	neutral	neutral
Nikkei225	JPY	41,458	Apr-25	31,137	33.1%	Jul-25	41,826	-0.9%	3.9%	up	OB
Shanghai Composite	CNY	3,595	Sep-24	2,704	32.9%	Jul-25	3,606	-0.3%	7.3%	up	slightly OB
US 10Y Treasury Yield	%	4.38%	Sep-24	3.62%	0.8%	Jan-25	4.79%	-0.4%	-0.2%	neutral	neutral
German 10Y Bund Yield	%	2.72%	Dec-24	2.03%	0.7%	Mar-25	2.89%	-0.2%	0.4%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	86	May-25	83	4.3%	Sep-24	99	-12.6%	0.4%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	109	Jan-25	103	5.9%	Sep-24	111	-1.5%	4.2%	neutral	slightly OB
US High Yield (HYG ETF, 3-4Y duration)*	USD	80	Aug-24	74	9.0%	Jul-25	81	-0.1%	5.3%	neutral	slightly OB
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	93	Aug-24	85	8.7%	Jul-25	93	0.0%	6.9%	neutral	slightly OB
EUR/USD		1.17	Jan-25	1.02	14.6%	Jul-25	1.18	-0.4%	13.3%	up	neutral
GBP/USD		1.34	Jan-25	1.22	10.4%	Jul-25	1.37	-2.3%	7.3%	neutral	neutral
USD/JPY		148	Sep-24	141	5.0%	Jan-25	158	-6.7%	-6.1%	neutral	neutral
USD/CHF		0.80	Jul-25	0.79	0.4%	Jan-25	0.92	-13.3%	-12.4%	down	neutral
AUD/USD		0.66	Apr-25	0.60	10.3%	Sep-24	0.69	-5.0%	6.1%	neutral	neutral
Brent Oil (per Barrel)	USD	68	May-25	60	13.6%	Jan-25	82	-16.9%	-8.5%	neutral	neutral
Gold Spot (per Ounce)	USD	3,337	Aug-24	2,383	40.0%	Jun-25	3,434	-2.8%	27.1%	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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Pressure builds on Fed: Strong data and liquidity test cautious stance

With the White House pressure mounting to cut rates, the Chicago Fed Financial Conditions index is currently nearing 1.0 (top-left graph), its lowest level since before the 2022 hikes (driven by rebounding markets, a weaker dollar, and a 20% drop in oil prices). The economy hence remains well-funded, shrugging off the tariff concerns. The real policy rate is actually getting close to a neutral stance as job and growth data also remain solid, making the Fed's stance only mildly restrictive and this even before any rate cuts (top-right). As for potential liquidity, it remains abundant as Money Market assets hit a record \$7.1T and household savings stand at \$4.46T (bot-left), just below their 2022 peak. In this context, current market expectations of falling rates, from 4.33% to 3.08% (bot-right) by late 2026 do clash with the data and the Fed's current cautious approach. We hence believe that some of these cuts may have to be priced out over the next several quarters, especially if the FED needs to remain rather hawkish. In this respect, we will watch for any further cautious signals at next week's Fed meeting and then at Jackson Hole late August.



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 +0.08% the trend is then "up", below -0.08% 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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