

WEEKLY MARKETS ROUND-UP

Executive Summary

18th August 2025

Top news: Global Flash PMIs on Thursday, Jackson Hole Central Banks Conference and Powell speech on Friday

– last week saw further progression for risk assets with US markets broadly making new all-time highs, along with the Nikkei, while the Shanghai Composite made multiyear highs, Europe progressed sharply, and Credit spreads were also at multiyear lows. During the week, CPI had indeed come in rather tamed with Headline at 2.7% (vs 2.8% exp.) and Core at 3.05% (vs 3% exp.), and while PPI widely surprised to the upside on Thursday (+0.9% MoM vs +0.2% exp. on both Headline and Core, resp. 3.3% and 3.7% YoY vs 2.5% and 2.9% exp.), and the Univ. Of Michigan Consumer Confidence disappointed on Friday (58.6 vs 61.9 exp.) while 12m Inflation Expectations started rising again (4.9% vs 4.5% prev.), markets held late last week as Retail Sales came in solid and the Trump/Putin meeting in Alaska seemed to achieve some progress. This week will first focus on Wednesday's FOMC meeting minutes releases. We will then await the Global Flash PMIs on Thursday, expected slightly lower in both Europe and the US. The Jackson Hole Central Bankers conference will then take center stage, which speeches from Chair Powell and Mrs Lagarde on Friday.

Equities: equity markets continue to show resilience, mostly pushing higher into multiyear / all-time highs. Short term, they are still slightly Overbought and may hence retrace a bit. For now, however, we remain constructive into the Fall as the economy could hold up (i.e. strong Retail sales) and rate cuts expectations for 2025/2026 are rather anchored.

Fixed Income: benchmark 10Y yields still pushed slightly higher in both the US and Europe. We still await a short window for some temporary retracement over the next few weeks. Credit spreads for now remain at record lows.

Forex: USD retraced across the board last week, giving up much of its July gains. We still expect it to hold up into late Q3 / early Q4 initially, yet for now, short term dynamics are keeping it under pressure. The FED minutes on Wednesday and Chair Powell's Friday's speech at Jackson Hole will give us some clues as to how dovish the FED actually is.

Commodities: Oil and Gold were pressured last week as the Trump/Putin meeting led to some hopes of geopolitical appeasement. The FED's easing plans may soon support Gold again, while it may take time for Oil demand to increase.

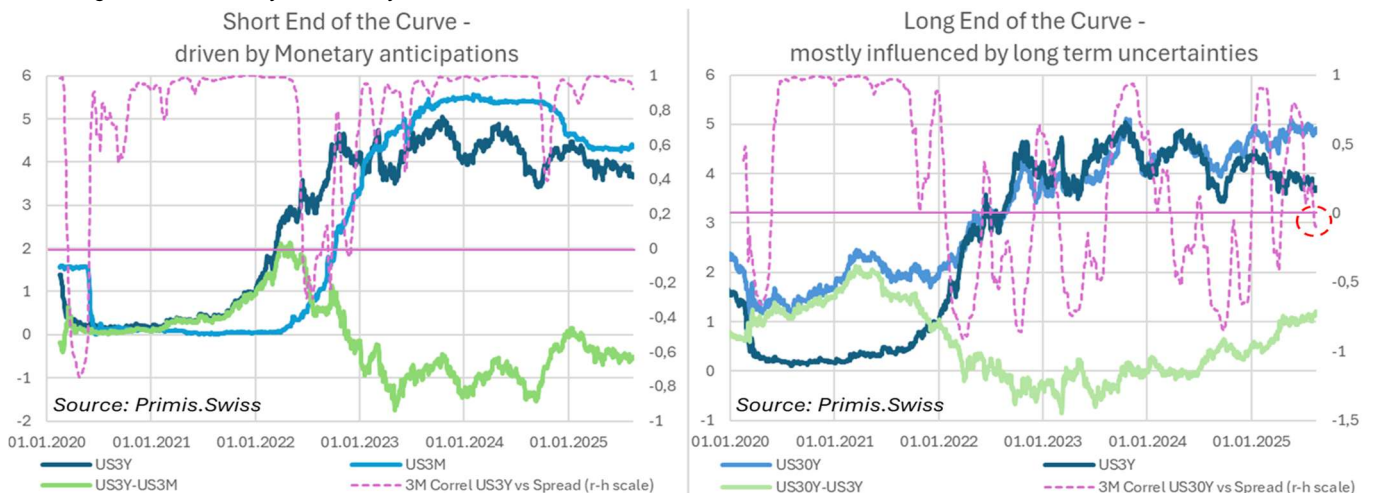
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance YTD in %	Trend last 6m ¹	Exaggeration OB / OS ²
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	6 451	Apr-25	4 983	29,5%	Aug-25	6 469	-0,3%	9,7%	up	slightly OB
Nasdaq100 Index	USD	23 711	Apr-25	17 090	38,7%	Aug-25	23 849	-0,6%	12,8%	up	slightly OB
Dow Jones Industrials Index	USD	44 962	Apr-25	37 646	19,4%	Dec-24	45 014	-0,1%	5,7%	up	slightly OB
EuroStoxx50	EUR	5 450	Apr-25	4 622	17,9%	Mar-25	5 541	-1,6%	11,3%	neutral	neutral
Swiss Market Index	CHF	12 072	Apr-25	10 888	10,9%	Mar-25	13 167	-8,3%	4,1%	neutral	neutral
Nikkei225	JPY	43 369	Apr-25	31 137	39,3%	Aug-25	43 369	0,0%	8,7%	up	OB
Shanghai Composite	CNY	3 700	Sep-24	2 704	36,8%	Aug-25	3 700	0,0%	10,4%	up	slightly OB
US 10Y Treasury Yield	%	4,32%	Sep-24	3,62%	0,7%	Jan-25	4,79%	-0,5%	-0,3%	neutral	neutral
German 10Y Bund Yield	%	2,78%	Dec-24	2,03%	0,7%	Mar-25	2,89%	-0,1%	0,4%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	86	May-25	84	3,5%	Sep-24	100	-13,3%	-0,3%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	110	Jan-25	103	6,4%	Sep-24	111	-1,0%	4,7%	neutral	slightly OB
US High Yield (HYG ETF, 3-4Y duration)*	USD	80	Apr-25	74	8,1%	Aug-25	81	-0,2%	5,7%	neutral	slightly OB
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	94	Apr-25	86	9,5%	Aug-25	94	-0,3%	8,4%	neutral	slightly OB
EUR/USD		1,17	Jan-25	1,02	14,3%	Jul-25	1,18	-0,7%	13,0%	up	neutral
GBP/USD		1,36	Jan-25	1,22	11,4%	Jul-25	1,37	-1,4%	8,3%	neutral	neutral
USD/JPY		147	Sep-24	141	4,7%	Jan-25	158	-7,1%	-6,4%	neutral	neutral
USD/CHF		0,81	Jul-25	0,79	1,9%	Jan-25	0,92	-12,0%	-11,1%	down	neutral
AUD/USD		0,65	Apr-25	0,60	9,4%	Sep-24	0,69	-5,9%	5,2%	neutral	neutral
Brent Oil (per Barrel)	USD	66	May-25	60	9,3%	Jan-25	82	-20,1%	-11,9%	neutral	neutral
Gold Spot (per Ounce)	USD	3 336	Aug-24	2 485	34,2%	Jun-25	3 434	-2,9%	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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US Yields in focus: inflation caught crosscurrents, along with the US yield curve

Last week's CPI and PPI data are fueling intense debate as to the transitory nature (or not) of the recent stabilization of CPI, and its influence on short- and long-term interest rates. Indeed, PPI data printed higher across all categories, while the increase in imports prices, at +0.3% MoM, is making new 12m highs, fueling speculations that the impact of the tariffs on CPI is still to come. Recently, hot ISM Non-Manufacturing price data is also sparking concern as it usually leads CPI by 1-2 quarters. Finally, the number of categories of CPI rising at above 2% annualized is now 68%, or at its highest level in 3 years. Yet on the other hand, some are arguing that the FED is already behind the curve in cutting rates. They consider that CPI, and to a lesser extent PPI, are very much lagging indicators, and that real-time inflation indexes such as e.g. the [Truflation](#) one, are pointing to a sharp drop in CPI in coming months. This is especially true for the important Shelter component as several New Tenant rent indexes have recently crashed (by circa 8-10% YoY), possibly as a result of the increase in deportations and lesser international students demand. All in all, inflation data seems caught in political crosscurrents (e.g. rising import prices vs slowing shelter dynamics), and we would hence revert to recent yields and yields curves data for some forward guidance. On the short end of the US curve (l-h graph), the US3Y has been almost perfectly correlated year-to-date to the US3Y-US3M spread. This indicates a dominant influence from rate cuts expectations (according to the [CME FED watch tool](#), these are well anchored at -0.25% in September, 1 more -0.25% cut before yearend and 3 next year). On the long end (r-h graph), the US30Y-US3Y spread is steepening, yet its 3m correlation with the US30Y is very volatile, switching from positive to negative correlation (i.e. from bearish to bullish steepening). Interestingly, this correlation has recently dropped back below zero (red circle), suggesting that long term geopolitical and budgetary concerns may be receding and that long term rates may eventually start to follow short term ones lower. Yet, how sustainable is this new trend?



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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