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WEEKLY MARKETS ROUND-UP

Executive Summary

1st September 2025

Top news: ISM Manufacturing and Services PMIs on Tuesday and Thursday, Non-Farm Payrolls on Friday – last week was rather calm until NVIDIA's earnings release on Wednesday post close. The company beat expectations on both Sales ($46.74bn vs 46.05 exp., up 55.6% YoY) and Earnings ($1.05/share vs 1.01 exp., up 54.4% YoY), guidance for Q3 was also strong ($54bn in Sales exp.), yet a slight disappointment in sales to data-centers led the stock to correct 3% in afterhours (and 5% into Friday evening). NVIDIA was priced to perfection and almost achieved it. Thursday then saw a revision up of Q2 US Prelim. GDP from 3.0% to 3.3% driven by higher investments and consumer spending (imports and government spending were lower than initially expected). Finally on Friday, Core PCE Inflation (the Fed's favored inflation gauge) came in in-line with expectation at 0.3% MoM, or 2.9% YoY, yet still its highest levels since February and well above the FED's 2% target. That said, the FED is still expected to cut at its meeting in 2 weeks and will be looking for weaker employment data to justify it, as inflation remains sticky for now. Indeed, this week will start with the US ISM Manufacturing PMI on Tuesday (exp. slightly higher at 48.9 from 48 last month), followed by the ISM Services PMI on Thursday (exp. 50.5 vs 50.1 prev.). Yet, Friday's US Non-Farm Payrolls will be the main focus. They are awaited at a low 74k (vs 73K last month). Unemployment is expected to rise slightly to 4.3% (from 4.2%).

Equities: last week US markets held despite NVIDIA dropping 5% and the slight PCE induced sell-off on Friday. Europe retraced throughout the week and China rose 1%. Uptrends should persist into the Fall yet remain slightly Overbought.

Fixed Income: US yields continued to retrace slightly last week as the FED's Sept. rate cut is 86.4% priced in. In Europe, with rate cuts mostly behind us, prospects of fiscal expansion are holding rates up. Global credit continues to hold.

Forex: USD pretty much held last week as the strong US GDP data did compensate for the anchoring of rate cut expectations. Going forward, the balancing act continues, i.e. sticky inflation and expected easing vs resilient growth.

Commodities: Oil was flat last week considering intense fighting in Ukraine, and a pick-up of tensions in the Middle East. Gold broke out to new highs on Friday as it benefits from the ideal set-up of exp. rate cuts and sticky inflation.

	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	6 460	Apr-25	4 983	29,7%	Aug-25	6 502	-0,6%	9,8%	up	slightly OB
Nasdaq100 Index	USD	23 415	Apr-25	17 090	37,0%	Aug-25	23 849	-1,8%	11,4%	up	slightly OB
Dow Jones Industrials Index	USD	45 545	Apr-25	37 646	21,0%	Aug-25	45 637	-0,2%	7,1%	up	slightly OB
EuroStoxx50	EUR	5 352	Apr-25	4 622	15,8%	Mar-25	5 541	-3,4%	9,3%	neutral	neutral
Swiss Market Index	CHF	12 188	Apr-25	10 888	11,9%	Mar-25	13 167	-7,4%	5,1%	neutral	neutral
Nikkei225	JPY	42 718	Apr-25	31 137	37,2%	Aug-25	43 714	-2,3%	7,1%	up	slightly OB
Shanghai Composite	CNY	3 858	Sep-24	2 704	42,7%	Aug-25	3 884	-0,7%	15,1%	up	slightly OB
US 10Y Treasury Yield	%	4,23%	Sep-24	3,62%	0,6%	Jan-25	4,79%	-0,6%	-0,4%	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	87	May-25	84	3,7%	Sep-24	100	-13,1%	-0,1%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	110	Jan-25	103	6,5%	Sep-24	111	-0,9%	4,8%	neutral	slightly OB
US High Yield (HYG ETF, 3-4Y duration)*	USD	81	Apr-25	74	8,7%	Aug-25	81	-0,2%	6,3%	neutral	slightly OB
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	94	Apr-25	86	9,8%	Aug-25	94	-0,1%	8,7%	neutral	slightly OB
EUR/USD		1,17	Jan-25	1,02	14,1%	Jul-25	1,18	-0,9%	12,8%	neutral	neutral
GBP/USD		1,35	Jan-25	1,22	11,0%	Jul-25	1,37	-1,8%	7,9%	neutral	neutral
USD/JPY		147	Sep-24	141	4,6%	Jan-25	158	-7,1%	-6,5%	neutral	neutral
USD/CHF		0,80	Jul-25	0,79	1,1%	Jan-25	0,92	-12,7%	-11,8%	neutral	neutral
AUD/USD		0,65	Apr-25	0,60	9,9%	Sep-24	0,69	-5,4%	5,7%	neutral	neutral
Brent Oil (per Barrel)	USD	68	May-25	60	13,1%	Jan-25	82	-17,3%	-8,9%	neutral	neutral
Gold Spot (per Ounce)	USD	3 447	Sep-24	2 493	38,3%	Aug-25	3 447	0,0%	31,4%	neutral	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

Cross Asset focus: rate cut promises while inflation expectations are picking up

Last Friday, PCE Core Inflation printed 2.9% YoY, in line with consensus, yet at its highest since February. Just before, on Thursday, US Preliminary Q2 GDP was revised up to 3.3% vs the previous Advanced est. of 3%. The Atlanta Fed GDPNow is now targeting 3.5% annualized growth for Q3. Despite these hot datapoints/forecasts, the CME Fed Watch estimates that an 86.4% chance of a cut is still priced in for the FED's 17th September meeting, with 5 more cuts into end 2026. This expected monetary profligacy is supportive of Tips, which just broke out of their range as the whole real yield curve is shifting down, also fueling Friday's breakout to new highs on Gold (the top-left graph is from Thursday). In fact, the bot-left one shows the discrepancy between higher inflation break-evens (Tips vs Treasuries) and real rates, which are falling. 2Y CPI Inflation Swaps also confirm this as they have gradually broken above all previous highs since 2023 (top-right). In fact, as the FED is getting ready cut, while inflation remains sticky, the long end of the US yield curve is steepening rapidly (bot-right). As long as the cuts remain priced in (bullish steepening), this is usually supportive for risk assets and negative USD. If at some point, cuts need to be priced out (inflation driven bearish steepening), then problems for risk assets may start to materialize.

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".

Primis Investment (Suisse) SA
5 rue Jacques-Balmat, 1204 Geneva –Switzerland
T: + 41 22 570 60 80
wealth-management@primis.swiss www.primis.swiss