# Market Monthly

## August 2025

## Highlights

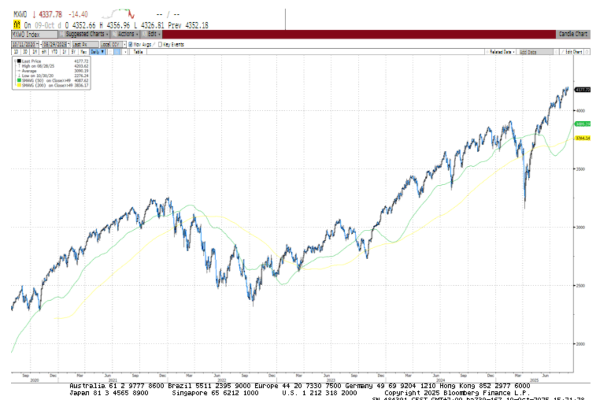
- **Economics** Global equities ended mostly on a positive note in August. In the US, the second reading of the annualized GDP for 2Q25 improved from 3.0% to 3.3%, above the 3.1% expected while the unemployment rate went from 4.1% to 4.2%, as expected. Final US Manufacturing PMI for July decreased from 52.9 to 49.8 previous with 49.7 expected. Services final July numbers on the other hand improved from 52.9 to 55.7, above the expected 55.2. In Europe the picture was a bit different, YoY GDP for 2Q25 second reading is as expected at 1.4% with Eurozone aggregate unemployment for 2Q25 preliminary at 0.7%; PMI numbers for final July improved, manufacturing at 49.8 (prior 49.5 and expected 49.8), services came in better than previous (50.5) at 51.0, below 51.2 expected.
- **Inflation:** July CPI in USA remained at 2.7%, below the expected 2.8%; the preferable FED measure, core price inflation (PCE) YoY remained at 2.6%, as expected. Eurozone inflation for final July figures remained at 2.0% as expected. Inflation figures in other economies were as follows: China 0.0%, India 1.55%, Brazil 4.95%, Russia 8.79%
- **Central bank interest rates**: In August there was FED meeting with the current upper bound rate at 4.50%. The next meeting is scheduled for September 17, 2025. During August there was also no ECB meeting, current main refinancing rate is at 2.15. The next meeting is scheduled for September 11, 2025.
- **Capital market rates:** During the month of August, the yield on the 10Y Treasuries moved down from 4.4% to 4.2%. The general USD yield curve moved down slightly as a whole from 1Y to 30Y. In the 10Y Bund, the move up was minimal and it stayed around 2.7% in the month of August.

## Tactical Asset Allocation

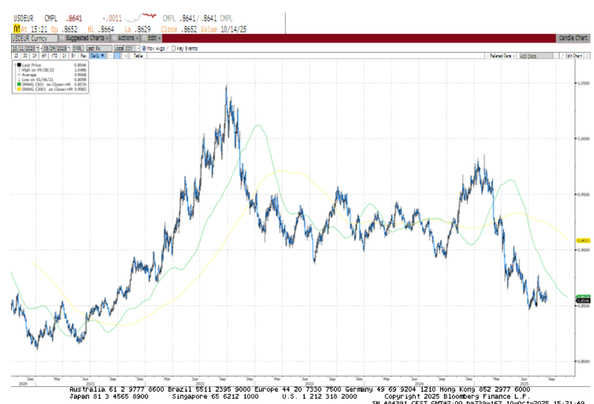
- **Forex:** The USD strengthened against the EUR and at the end of the month noted at 0.86 EUR/USD up 2.4%.
- **Bonds incl. High Yields (N[i]):** So far, our view with peak of yields on US Treasuries in April of last year still holds. Currently fixed income rebalances should be done to utilize the still high yield environment. USD yields have not moved much, but pressure and expectations continue that yields come down.
- **Equities (N):** August was mostly a positive month for the markets, with the US markets S&P500 up +1.61%; Dax down -0.68%; Eurostoxx 50 +0.60% and the SMI up +2.97%.
- **Commodities (U):** Crude oil had a weak month in August going from \$69.26/barrel to \$64.01/barrel, with the various conflicts still ongoing. Gold continued on a positive note from end July \$3'289/oz to end of August \$3'446/oz.

## Investment Ideas[ii]

- Our exposure in equities remains reserved and we are focused on taking opportunities as governments start negotiations.



Performance Equity Markets MSCI World 5Y



EURUSD Technical Chart 5y, Bloomberg

[i] How to read: (U) underweight; (N) neutral; (O) overweight