

# CIO Views – Weekly Bulletin

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## What's top of investors' minds?

### Focus on Powell at Jackson Hole on Friday

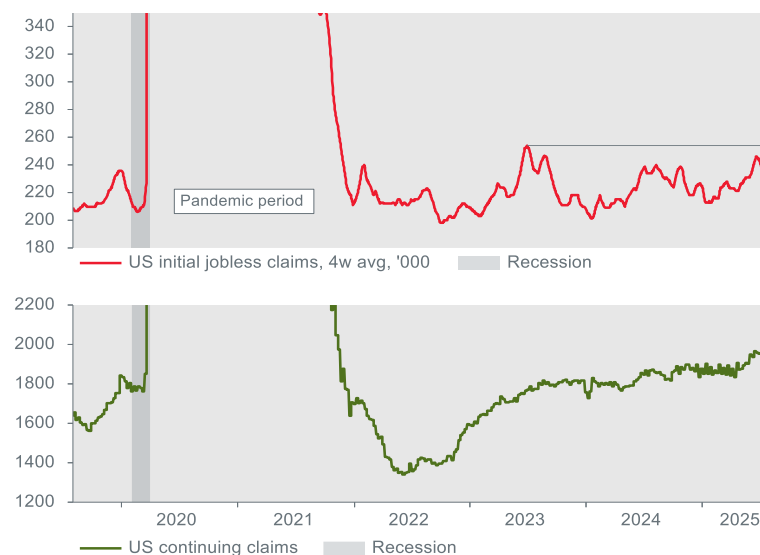
Markets are likely to focus on the global flash PMIs for August and Fed Chairman Powell's speech at the Fed's Jackson Hole conference. With equities at year-highs and the markets pricing in 55bps of Fed cuts by year-end, the greater near-term risk is of stronger-than-expected PMIs and a Fed Chairman who is less dovish than anticipated. We think PMIs will need another couple of months to fully reflect the effects of the US' new trade deals and announced tariffs. August PMIs could rise somewhat in reflection of trade deals having reduced tariff rates from previously feared worst case levels and reducing uncertainty. Meanwhile, US PMI price indexes are biased to rise whereas price indexes outside the US could fall.

Fed Chairman Powell is likely to continue emphasising that the September FOMC rate decision will hinge on employment and inflation data in August. Although July CPI data was less bad than feared, the July PPI pointed clearly to inflationary pressure in the production pipeline. Recent press reports also highlight rising consumer complaints about "back to school" and other forms of emerging inflation. Despite this, recent Fed speakers have tended to focus on the risk of weaker growth and higher unemployment. Yet, last week's data for jobless claims through August 9 gave no signal of deterioration in the labour market.

**India fiscal stimulus:** Following S&P's upgrade of India's sovereign credit rating to BBB, the Modi government has proposed a simplification of India's Goods & Services Tax that should offset some of the negative shock from US tariffs on India's economy. The government will reduce the number of GST categories from four to two, with the effect of cutting the overall tax rate. This could add about 0.3% - 0.4% to GDP growth via stronger consumption, partially offsetting some of the roughly 0.6% of GDP drag from the 50% US tariffs. The proposed GST simplification should also lower CPI inflation by about 0.6%, strengthening the case for the Reserve Bank of India to cut rates. We expect India and the US to ultimately reach a trade deal that lowers tariffs. If this materialises, the net effect of the GST simplification should be stimulatory for the India economy.

**China policy caution:** In contrast to India, recent policy signals from China have been more cautious despite clearly weaker broad-based activity data in July. The Politburo has yet to announce any meaningful new stimulus and the PBOC's Q2 monetary policy report was less dovish than expected. The new "baby bonus" and 1% consumer debt subsidy are tweaks on the margin worth about 0.2% of GDP rather than meaningful boosts to growth. In contrast, the anti-involution campaign may create a slight drag on growth in its early stages. These factors lead us to see risk that Chinese growth slows over the next several months before the government responds later in the year with new measures.

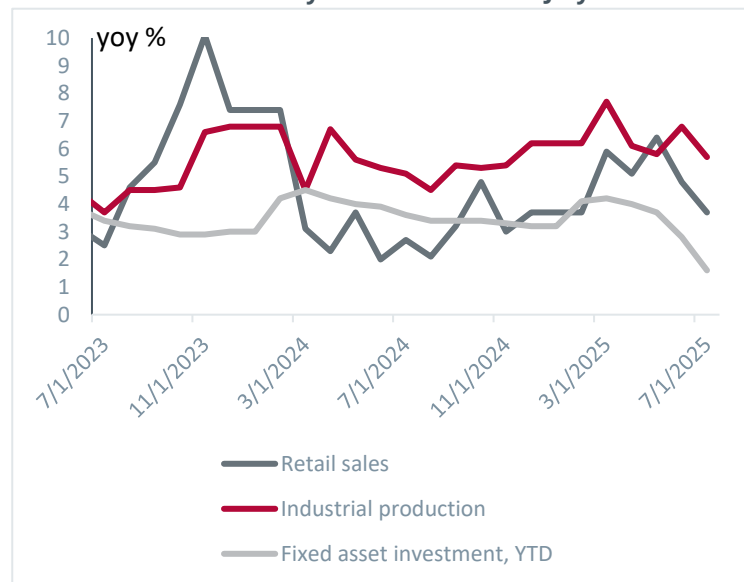
### Still no signs of rapid deterioration in the US labour market



Source: LSEG Datastream, 1

Source: LSEG, August 2025

### Growth in China's activity data weakened in July

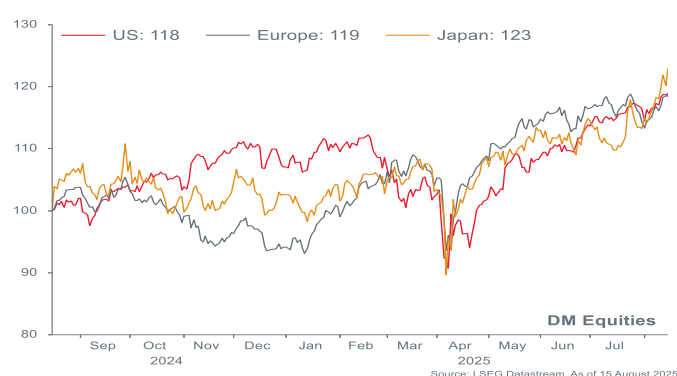
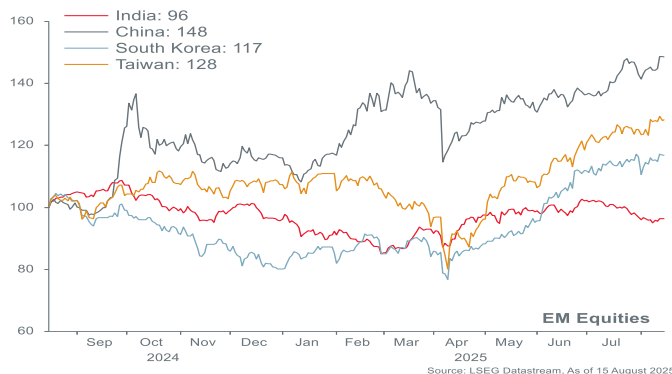
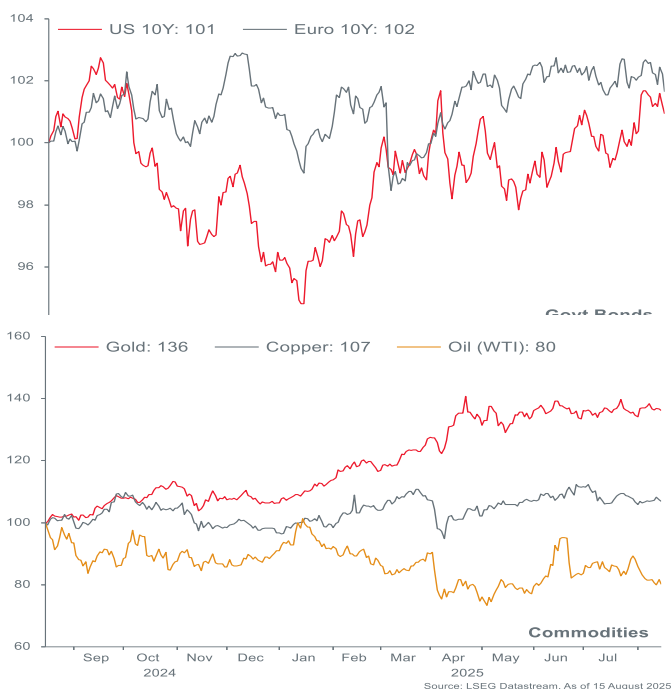
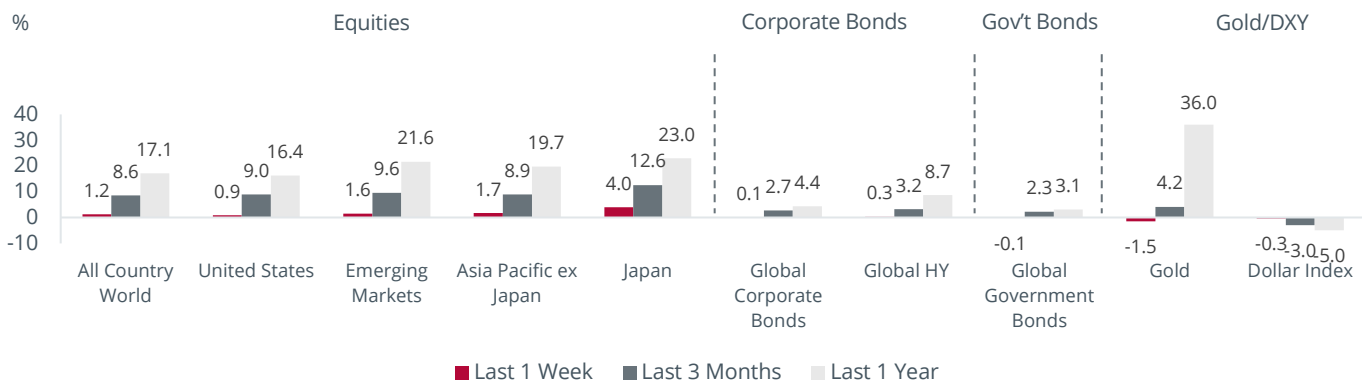


Source: Bloomberg, August 18, 2025

## Market Review

Global equities rose in the recent week with the MSCI ACWI Index returning 1.2%. The US markets saw gains in the S&P 500 Index and tech-heavy Nasdaq, with returns of 0.9% and 0.8%, respectively. Europe rose 1.8% (in USD terms) while the Asia Pacific ex-Japan region delivered 1.7% (in USD terms); emerging markets returned 1.6% (in USD terms). Japan's stock markets notched robust gains on the back of stronger than expected Q2 GDP growth. The much-awaited July 2025 US CPI data showed mixed results with the headline inflation decelerating while core inflation accelerated slightly. Markets priced in higher odds for a Fed rate cut in September which in turn supported the broader equity rally. The longer-end of the US Treasury yield curve (e.g., 10Y, 20Y, 30Y) rose between 6 to 7 basis points (bps). Global corporate bonds (both investment grade and high yield) outperformed their government bond counterparts. The US Dollar Index (DXY) fell by -0.3%.

## Asset Performances



## Market Data

Equity Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
World								
MSCI AC World Index (USD)	952.02	1.23	3.45	8.63	17.13	13.16	953.08	742.96
North America								
US S&P 500 Index	6,449.80	0.94	3.30	9.01	16.35	9.66	6,481.34	4,835.04
US Nasdaq Composite Index	21,622.98	0.81	4.57	13.14	22.90	11.97	21,803.75	14,784.03
Europe								
MSCI Europe	2,464.32	1.81	2.36	5.81	15.26	23.04	2,465.06	1,976.06
Asia Pacific								
MSCI AC Asia Pacific ex Japan	668.69	1.74	2.55	8.93	19.74	17.44	670.46	513.60
Japan Nikkei 225	43,378.31	3.73	9.33	14.89	18.11	8.73	43,451.46	30,792.74
Shanghai Stock Exchange Composite	3,696.77	1.70	5.47	9.35	28.48	10.29	3,704.77	2,689.70
Hong Kong Hang Seng	25,270.07	1.65	2.77	7.75	47.70	25.97	25,766.62	16,926.47
Taiwan TAIEX	24,334.48	1.30	6.56	11.98	11.14	5.64	24,406.94	17,306.97
Korea KOSPI	3,225.66	0.49	0.32	23.05	21.98	34.43	3,288.26	2,284.72
India NIFTY 50	24,631.30	1.10	-2.24	-1.72	2.02	4.17	26,277.35	21,743.65
Australia Stock Exchange 200	8,938.60	1.49	3.57	7.73	13.64	9.55	8,938.60	7,169.20
Indonesia Jakarta Composite	7,898.38	4.85	10.61	12.19	6.60	11.56	8,017.07	5,882.61
Thailand SET	1,259.42	1.00	8.48	5.44	-2.36	-10.05	1,506.82	1,053.79
Malaysia FTSE Bursa KLSE	1,576.34	1.24	3.34	0.21	-2.27	-4.02	1,684.68	1,386.63
Philippines Stock Exchange PSE	6,315.93	-0.37	-2.22	-2.33	-5.63	-3.26	7,604.61	5,804.56
Singapore FTSE Straits Times Index	4,230.53	-0.22	2.69	8.70	27.59	11.69	4,282.80	3,287.34

Government Bonds	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
US Treasury Yield (%)								
10 Year	4.33	1.05	-3.59	-2.85	10.24	-5.44	4.81	3.62
10 Year Bond Yield (%)								
Japan	1.56	4.97	-1.51	5.68	86.86	43.35	1.60	0.81
China	1.75	2.82	4.05	3.92	-20.47	4.05	2.20	1.61
Australia	4.23	-0.63	-3.49	-6.83	8.85	-3.14	4.70	3.82
Singapore	1.88	-4.13	-12.37	-27.41	-32.03	-34.36	3.09	1.88
Malaysia	3.37	0.12	-2.52	-6.63	-11.09	-11.88	3.99	3.36
Indonesia	6.39	-0.51	-2.61	-7.54	-4.74	-8.99	7.30	6.39

	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bond Indices								
Bloomberg Global Aggregate USD	94.28	-0.24	0.50	0.65	-0.59	0.55	96.21	92.65
Bloomberg U.S. Aggregate USD	92.62	-0.06	1.22	1.60	-0.15	2.42	94.86	89.27

Currencies (vs USD)	Latest	1 week Change	1 Month Ago	3 Months ago	1 Year Ago	YTD	52 week high	52 week low
Developed Markets								
EUR	0.44	0.50	0.84	4.56	6.62	12.98	1.18	1.02
GBP	0.15	0.76	1.29	1.91	5.45	8.31	1.37	1.22
CHF	-0.14	-0.21	0.60	-3.51	-7.60	-11.12	0.92	0.79
JPY	-0.39	-0.37	-1.13	1.04	-1.40	-6.36	158.35	140.60
Asia								
CNY	0.03	-0.03	0.12	-0.35	0.12	-1.61	7.35	7.01
HKD	-0.09	-0.30	-0.31	0.25	0.37	0.75	7.85	7.75
INR	-0.19	0.05	1.80	2.33	4.25	2.28	87.80	83.49
MYR	-	-0.59	-0.68	-1.64	-4.97	-5.77	4.51	4.12
KRW	0.00	-0.00	0.18	-0.54	1.79	-5.97	1,485.83	1,308.30
SGD	-0.13	-0.17	-0.19	-1.12	-3.00	-6.04	1.37	1.27
TWD	-0.14	0.42	2.14	-0.49	-7.35	-8.44	33.25	28.90
IDR	0.30	-0.80	-0.62	-2.15	2.96	0.40	16,865.00	15,095.00

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## Sources

**Asset performances: (top chart)** Eastspring Investments, Refinitiv, as at 18 August 2025. Equities: using MSCI indices in USD, United States is using the S&P 500. Corporate Bonds: using ICE BofA indices in USD. Government Bonds: using the FTSE Global Sovereign Bond index, in USD. Gold is London Bullion Market US Dollar per Metric Tonne. DXY is US Dollar Index. **(remaining charts)** Eastspring Investments, Refinitiv, as at the end of the prior week, rebased to 100 as at 1 year ago. Equities: MSCI indices, in USD. Corporate Bonds: using Bloomberg indices in USD. Government Bonds: using ICE BofA US 10 Year US Treasury and ICE BofA 7-10 Year Euro Government indices. Commodities: Gold is London Bullion Market US Dollar per Metric Tonne Ounce. Copper is LME Copper Grade A Cash US Dollar per Metric Tonne. Oil is Crude Oil WTI Spot Cushing US Dollar per Barrel. US Dollar is US Dollar Index.

**Market data:** Eastspring Investments, Refinitiv, as at 18 August 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated.

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