

# CIO Views – Weekly Bulletin

**eastspring**  
investments



**Vis Nayar**  
Chief Investment Officer  
Eastspring Investments



**Ray Farris**  
Chief Economist  
Eastspring Investments

A Prudential plc company

## What's top of investors' minds?

### A delayed reckoning for the US economy

US data seems to be still holding up; the US unemployment rate has remained low at 4.1% and tariffs have yet to meaningfully impact inflation. June's headline inflation level rose 0.3% month-on-month, in line with expectations while core inflation rose 0.2% month-on-month, 1/10th less than expected. These pushed up year-on-year inflation to 2.7% and 2.9% respectively from 2.4% and 2.8%. The data rule out a Fed rate cut in July but are inconclusive about September.

The components show that tariffs are beginning to affect prices, but US companies have thus far mitigated the impact of tariffs by delaying and moderating price increases. As a result, inflation and consumption remain largely stable, and there is so far no shock needed to lead the Trump Administration to back down from the rates announced in the July 7 letters. This means that a day of reckoning is still coming for the US economy. The already high June annualised run rate of tariff collection of 1.1% of GDP is going to rise significantly when these deals are reached given that:

- a) the deals will raise the imposed tariff rate from the current 10% to something higher, and
- b) with greater deal certainty, companies are more likely to pass tariff costs to consumers, driving inflation and dampening consumption; if they don't, margins could fall from over 13% to around 11%, jeopardising earnings forecasts that assume margins will rise to nearly 14% by 2027

Nonetheless the investment lesson from the past few months is that these negatives will come with a delay. They probably will not show in the data until Q4. In the interim it is possible that Q2 earnings beat the low 4% consensus growth estimate leading markets to climb a bit higher on this wall of tariff worry.

The upward pressure on inflation and the drag on consumption and employment will be a gradual build that reaches a crescendo in 2026. We think that the Fed will have cut rates by then and the small stimulus from the Big Beautiful Bill will be taking effect. Thus, the ultimate outcome here is higher inflation with easier monetary policy. This points to a weaker USD and potentially a disorderly weakening in the USD at some point next year depending on just how dovish Powell's replacement sounds ahead of taking over.

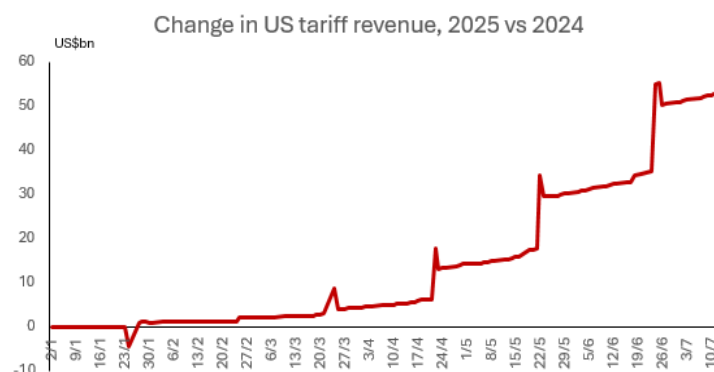
Over in Asia, Japan's ruling LDP-Komeito coalition lost its Upper House majority. Ishiba plans to remain in office as Prime Minister and continue trade talks with the US ahead of the 1 August deadline. Moving forward, the LDP may consider a more flexible fiscal stance to reflect the opposition's growing influence, which could weaken the yen and raise JGB yields, though further details are needed to gauge the fiscal impact.

### Goods inflation easing but June's bounce up justifies caution



Source: LSEG Datastream, July 2025

### Tariff revenue is grinding higher

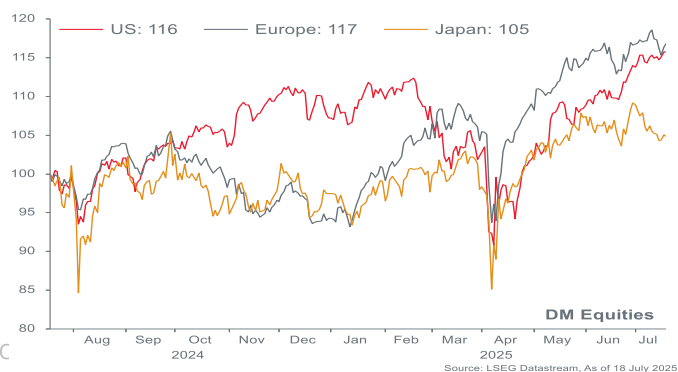
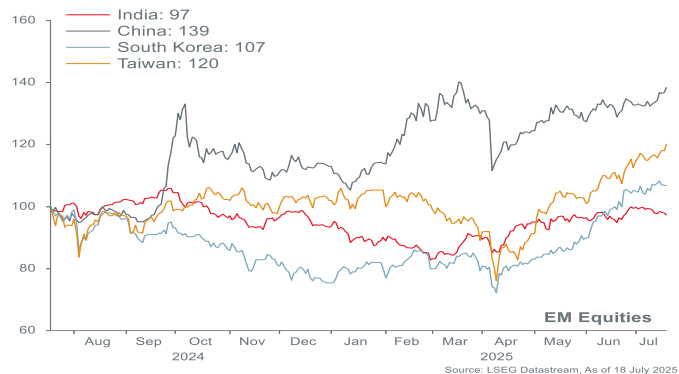
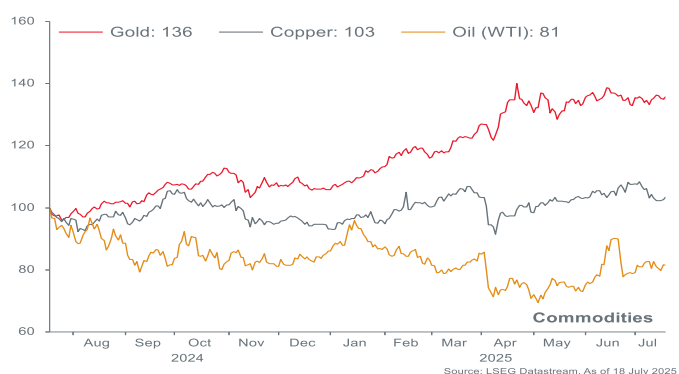
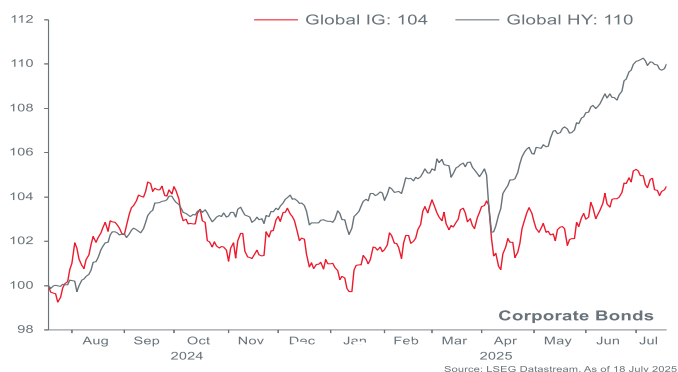
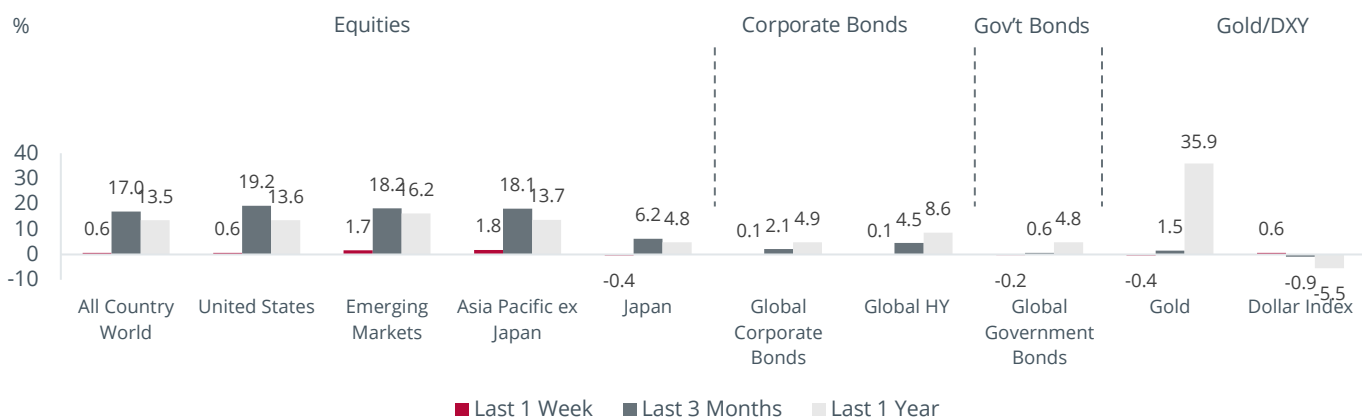


Source: Bloomberg, July 2025

## Market Review

The US Consumer Price Index (CPI) prints for June 2025 finally demonstrated some impact of tariffs in hard economic data, (though less aggressive than feared). As investors digested the news of slightly higher US CPI data, the yield on the US Treasury 10-Year note closed higher at 4.50% on July 15, the highest close in over a month. Both the global equities (MSCI ACWI Index) and the S&P 500 Index gained +0.61% and +0.59%, respectively, over the past week. Among Developed Markets (DMs), Europe lagged with a -0.54% return in USD. Emerging Market equities returned +1.7% in USD, while the Asia Pacific ex-Japan market fared slightly better, posting a 1.8% return in USD. Within Asia, the top country performers included Thailand, Hong Kong, and Taiwan. In fixed income, global corporate bonds and global high yield bonds both outperformed global government bonds. The U.S. Dollar Index (DXY) gained +0.64% during the week.

## 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)	927.99	0.59	4.31	16.96	13.52	10.30	927.99	742.96
North America								
US S&P 500 Index	6,296.79	0.59	5.28	19.20	13.57	7.06	6,315.61	4,835.04
US Nasdaq Composite Index	20,895.66	1.51	6.90	28.30	16.92	8.21	20,980.56	14,784.03
Europe								
MSCI Europe	2,420.64	-0.54	2.26	10.54	13.11	20.86	2,456.56	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	657.94	1.83	4.51	18.06	13.71	15.55	657.94	513.60
Japan Nikkei 225	39,819.11	0.63	2.40	14.65	-0.77	-0.19	40,852.54	30,792.74
Shanghai Stock Exchange Composite	3,534.48	0.69	4.30	7.87	18.72	5.45	3,674.40	2,689.70
Hong Kong Hang Seng	24,825.66	2.84	4.70	16.03	39.64	23.76	24,874.39	16,441.44
Taiwan TAIEX	23,383.13	2.78	4.59	20.56	-0.07	1.51	23,943.95	17,306.97
Korea KOSPI	3,188.07	0.39	7.26	28.37	12.88	32.86	3,216.69	2,284.72
India NIFTY 50	24,968.40	-0.72	0.63	4.68	0.68	5.60	26,277.35	21,743.65
Australia Stock Exchange 200	8,757.20	2.06	2.65	12.00	8.97	7.33	8,776.40	7,169.20
Indonesia Jakarta Composite	7,311.91	3.75	2.87	13.57	-0.13	3.28	7,910.56	5,882.61
Thailand SET	1,206.58	7.62	10.23	4.83	-8.92	-13.83	1,506.82	1,053.79
Malaysia FTSE Bursa KLSE	1,525.86	-0.66	0.92	1.76	-6.61	-7.09	1,684.68	1,386.63
Philippines Stock Exchange PSE	6,303.72	-2.42	-0.53	2.76	-5.99	-3.45	7,604.61	5,804.56
Singapore FTSE Straits Times Index	4,189.50	2.49	6.85	12.61	20.69	10.61	4,192.19	3,198.44

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	4.43	0.18	0.82	2.40	5.80	-3.19	4.81	3.62
10 Year Bond Yield (%)								
Japan	1.52	1.40	4.39	18.26	46.91	39.51	1.59	0.78
China	1.67	0.24	1.39	1.58	-26.06	-0.36	2.26	1.61
Australia	4.34	0.18	1.97	2.24	1.93	-0.66	4.70	3.82
Singapore	2.09	-4.36	-8.59	-18.48	-31.06	-27.09	3.09	2.07
Malaysia	3.43	-0.29	-4.72	-7.20	-10.05	-10.26	3.99	3.43
Indonesia	6.55	-0.40	-2.40	-5.51	-5.06	-6.71	7.30	6.43

	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	93.99	-0.02	-0.23	-0.05	0.47	0.25	96.21	92.65
Bloomberg U.S. Aggregate USD	91.80	-0.03	0.05	0.45	0.74	1.52	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	0.26	-0.55	1.27	2.05	6.69	12.29	1.18	1.02
GBP	-0.08	-0.70	-0.10	0.83	3.58	7.14	1.37	1.22
CHF	-0.39	0.62	-2.14	-1.83	-9.71	-11.67	0.92	0.79
JPY	0.14	0.96	2.56	4.67	-5.44	-5.33	158.35	140.60
Asia								
CNY	-0.08	0.13	-0.16	-1.67	-1.13	-1.67	7.35	7.01
HKD	-0.02	-0.03	-0.03	1.10	0.48	1.02	7.85	7.75
INR	0.15	0.40	-0.32	0.84	3.07	0.69	87.63	83.49
MYR	0.05	-0.14	-0.09	-3.76	-9.02	-5.01	4.69	4.12
KRW	-0.05	0.86	1.10	-2.30	0.46	-5.82	1,485.83	1,308.30
SGD	-0.05	0.39	-0.01	-1.97	-4.38	-5.88	1.37	1.27
TWD	-0.05	0.57	-0.51	-9.79	-10.05	-10.34	33.25	28.90
IDR	-0.25	0.49	-0.06	-3.18	0.84	1.21	16,865.00	15,095.00

---

## Disclaimer

This document is produced by Eastspring Investments (Singapore) Limited and issued in:

Singapore by Eastspring Investments (Singapore) Limited (UEN: 199407631H)

Australia (for wholesale clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore, is exempt from the requirement to hold an Australian financial services licence and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Australian laws.

Hong Kong by Eastspring Investments (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong.

Indonesia by PT Eastspring Investments Indonesia, an investment manager that is licensed, registered and supervised by the Indonesia Financial Services Authority (OJK).

Malaysia by Eastspring Investments Berhad (200001028634/ 531241-U) and Eastspring Al-Wara' Investments Berhad (200901017585 / 860682-K).

Thailand by Eastspring Asset Management (Thailand) Co., Ltd.

United States of America (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is registered with the U.S Securities and Exchange Commission as a registered investment adviser.

European Economic Area (for professional clients only) and Switzerland (for qualified investors only) by Eastspring Investments (Luxembourg) S.A., 26, Boulevard Royal, 2449 Luxembourg, Grand-Duchy of Luxembourg, registered with the Registre de Commerce et des Sociétés (Luxembourg), Register No B 173737.

Chile (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Chilean laws.

The afore-mentioned entities are hereinafter collectively referred to as Eastspring Investments.

The views and opinions contained herein are those of the author, and may not necessarily represent views expressed or reflected in other Eastspring Investments' communications. This document is solely for information purposes and does not have any regard to the specific investment objective, financial situation and/or particular needs of any specific persons who may receive this document. This document is not intended as an offer, a solicitation of offer or a recommendation, to deal in shares of securities or any financial instruments. It may not be published, circulated, reproduced or distributed without the prior written consent of Eastspring Investments. Reliance upon information in this document is at the sole discretion of the reader. Please carefully study the related information and/or consult your own professional adviser before investing.

Investment involves risks. Past performance of and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments or any of the funds managed by Eastspring Investments.

Information herein is believed to be reliable at time of publication. Data from third party sources may have been used in the preparation of this material and Eastspring Investments has not independently verified, validated or audited such data. Where lawfully permitted, Eastspring Investments does not warrant its completeness or accuracy and is not responsible for error of facts or opinion nor shall be liable for damages arising out of any person's reliance upon this information. Any opinion or estimate contained in this document may subject to change without notice.

Eastspring Investments companies (excluding joint venture companies) are ultimately wholly-owned/indirect subsidiaries of Prudential plc of the United Kingdom. Eastspring Investments companies (including joint venture companies) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or with the Prudential Assurance Company Limited, a subsidiary of M&G plc (a company incorporated in the United Kingdom).

## Sources

**Asset performances: (top chart)** Eastspring Investments, Refinitiv, as at 21 July 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 21 July 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated.

Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes/sector. The historical performance or forecast presented in this slide is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund.



A Prudential plc company 

---

## Eastspring Investments (Singapore) Limited

7 Straits View #09-01 Marina One East Tower  
Singapore 018936

Tel: +65 6349 9100

---

Bangkok | Chicago | Ho Chi Minh City | Hong Kong | Jakarta | Kuala Lumpur | Luxembourg | Mumbai | Seoul | Shanghai | Singapore | Taipei | Tokyo