

CIO Views – Weekly Bulletin



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What's top of investors' minds?

A new stage of US tariff uncertainty begins

The US Federal Appeals Court ruled 7 – 4 that US President Trump cannot use the IEEPA Act to impose tariffs because the law does not specify tariffs as a potential remedy. Tariffs are a form of taxation, and the US Constitution restricts the power to impose taxes to the Congress, unless Congress specifically delegates this power. However, the Court remanded the case to the Court of International Trade (CIT), the court that originally ruled that the tariffs were not legal but left the tariffs in place pending this review. The specific technicality appears to be about the CIT's ability to impose a broad injunction against the tariffs given the Supreme Court's recent ruling in *Trump v CASA Inc* that lower court injunctions should apply only to specific plaintiffs, not broadly to all possible plaintiffs. Put differently, should the CIT rule that Trump cannot use IEEPA to impose tariffs on any party or should the CIT rule that Trump cannot impose the tariffs only on the specific plaintiff(s) that bring cases to the CIT seeking relief?

This case is almost certain to ultimately be appealed to the US Supreme Court. In the interim, the tariffs remain in place, but with continued uncertainty for businesses about their duration. This will likely keep US hiring depressed and slow but will not completely stop the passthrough of tariffs to US consumer prices.

We still think the US Federal Reserve is likely to cut the Fed Funds rate by 25bps at its September meeting. The recent shift in Fed Chair Powell's bias of concern towards the labour market suggests that a rise in the August unemployment rate to 4.3% or higher this Friday, would be enough to justify a cut.

How markets respond to the Fed's cut will depend on the mix of payrolls and CPI data. If August payrolls increase close to the current consensus of 75k, markets would likely view a September cut as a pre-emptive step to keep the US out of recession. To be sure, the Atlanta Fed's GDPNow estimate for Q3 GDP growth rose to 3.5% after incorporating Friday's data personal spending and trade. If in-line payrolls come with August CPI data that shows rising inflationary pressure, markets would need to reprice expectations towards sustained higher inflation and subsequently lower US real interest rates. Repricing of lower US real interest rates would create risk of further USD depreciation.

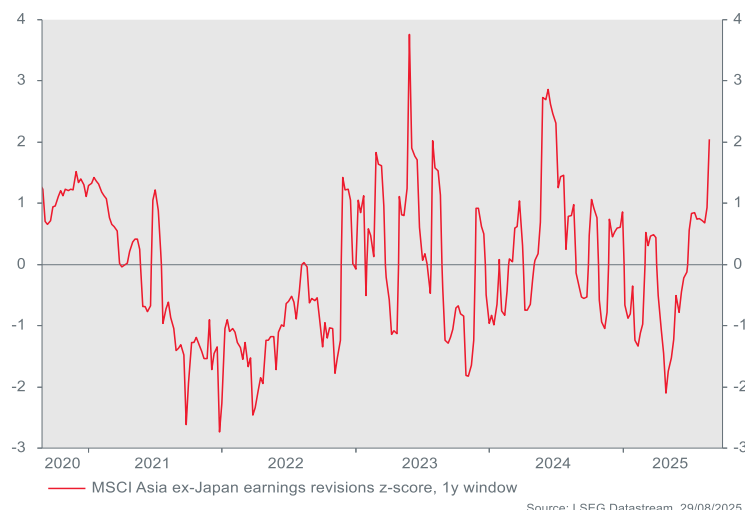
Sustained US growth with a weaker US dollar would be positive for Asian equity and bond markets. Asia could look forward to continued on-trend export growth, stronger capital inflows, and further policy rate cuts. Interestingly, PMIs rose somewhat in almost all Asian economies in August, suggesting slightly better growth in the region in August and September. Earnings revisions for MSCI Asia ex-Japan have also turned positive recently.

EM Asia's PMI rose further in August



Source: LSEG, August 2025

Asia ex-Japan earnings revisions have turned positive



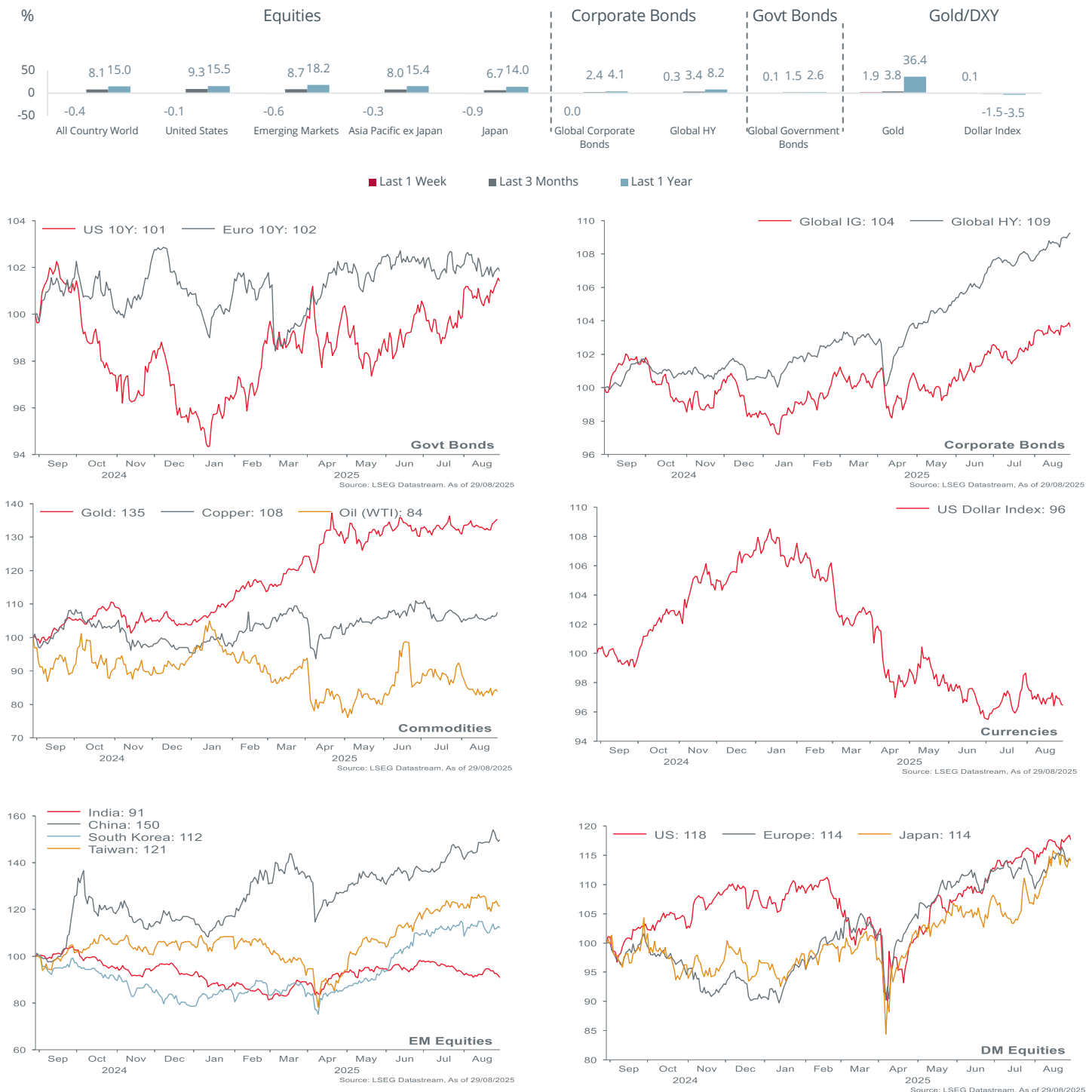
Source: LSEG, August 4, 2025

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Market Review

Investors digested Fed Chair Powell's Jackson Hole address at the end of the prior week, with Powell suggesting the central bank will proceed cautiously with any rate cuts as it continues to evaluate the impact of tariffs and other policies on the economy. Whilst equity markets rose initially, they fell back over the week as President Trump's ongoing criticism of Powell – and the news that Trump had fired Federal Reserve Board Governor Lisa Cook – marked a significant escalation of Trump's perceived attack on the Fed's independence. Gold and the US Dollar Index (DXY) rose by 1.9% and 0.1% in this environment, whilst equity markets declined. Fixed income markets were flat or rose, with Global High Yield the best performer of those assets tracked (up 0.3% for the week). US equities ended the week down just -0.1%, whilst Emerging Markets and Japan (on a USD basis) were the worst performers and declined by -0.6% and -0.9% respectively. The MSCI All Country index was down -0.4% and the Asia Pacific (ex Japan) declined 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)	951.57	-0.39	1.69	8.10	15.02	13.10	956.34	742.96
North America								
US S&P 500 Index	6,460.26	-0.10	1.40	9.27	15.53	9.84	6,508.23	4,835.04
US Nasdaq Composite Index	21,455.55	-0.19	1.69	11.89	22.49	11.11	21,803.75	14,784.03
Europe								
MSCI Europe	2,449.22	-2.01	1.72	3.55	10.47	22.28	2,499.40	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	662.90	-0.34	0.41	8.02	15.43	16.42	675.26	513.60
Japan Nikkei 225	42,718.47	0.20	5.03	11.15	11.35	7.08	43,876.42	30,792.74
Shanghai Stock Exchange Composite	3,857.93	0.84	6.88	14.70	36.66	15.10	3,888.60	2,689.70
Hong Kong Hang Seng	25,077.62	-1.03	-1.75	6.38	40.99	25.01	25,918.86	16,964.28
Taiwan TAIEX	24,233.10	1.97	4.45	13.52	9.15	5.20	24,570.15	17,306.97
Korea KOSPI	3,186.01	0.55	-1.38	17.11	19.67	32.78	3,288.26	2,284.72
India NIFTY 50	24,426.85	-1.78	-1.59	-1.64	-2.88	3.31	26,277.35	21,743.65
Australia Stock Exchange 200	8,973.10	0.06	3.09	6.70	11.54	9.98	9,054.50	7,169.20
Indonesia Jakarta Composite	7,830.49	-0.36	2.79	9.12	2.66	10.60	8,022.76	5,882.61
Thailand SET	1,236.61	-1.34	0.24	6.24	-8.90	-11.68	1,506.82	1,053.79
Malaysia FTSE Bursa KLSE	1,575.12	-1.40	3.37	3.70	-4.74	-4.09	1,684.68	1,386.63
Philippines Stock Exchange PSE	6,155.57	-2.01	-2.69	-4.01	-10.68	-5.72	7,604.61	5,804.56
Singapore FTSE Straits Times Index	4,269.70	0.39	0.95	9.01	25.41	12.73	4,282.80	3,372.38

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	4.23	-0.75	-2.36	-4.48	9.28	-7.67	4.81	3.62
10 Year Bond Yield (%)								
Japan	1.60	-0.80	2.89	5.18	79.91	46.93	1.63	0.81
China	1.79	-0.22	2.82	3.66	-17.78	6.25	2.18	1.61
Australia	4.30	-0.56	-0.97	-1.78	8.48	-1.63	4.70	3.82
Singapore	1.83	-3.93	-13.16	-25.51	-32.35	-35.90	3.09	1.80
Malaysia	3.40	0.06	0.47	-3.93	-10.37	-11.10	3.99	3.36
Indonesia	6.32	-0.75	-3.48	-7.44	-4.47	-9.97	7.30	6.30

	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	94.44	0.02	0.14	0.56	-0.59	0.73	96.21	92.65
Bloomberg U.S. Aggregate USD	93.06	0.06	0.68	1.89	-0.20	2.91	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	0.02	-0.26	1.20	2.75	5.48	12.86	1.18	1.02
GBP	-0.07	-0.14	1.16	0.12	2.54	7.93	1.37	1.22
CHF	-0.12	-0.14	-0.68	-2.72	-5.55	-11.79	0.92	0.79
JPY	0.07	0.06	-0.96	1.96	1.41	-6.46	158.35	140.60
Asia								
CNY	-0.00	-0.48	-0.65	-0.77	0.47	-2.31	7.35	7.01
HKD	0.04	-0.22	-0.67	-0.57	-0.01	0.38	7.85	7.75
INR	0.67	0.94	1.22	3.22	5.08	3.03	88.14	83.49
MYR	0.19	-0.07	-0.21	-0.42	-2.00	-5.51	4.51	4.12
KRW	0.25	0.36	0.05	1.33	4.17	-5.96	1,485.83	1,308.30
SGD	0.10	0.18	-0.33	-0.27	-1.47	-5.99	1.37	1.27
TWD	0.25	0.63	3.09	2.47	-4.13	-6.80	33.25	28.90
IDR	0.89	0.92	0.58	1.23	6.98	2.45	16,865.00	15,095.00

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Sources

Asset performances: (top chart) Eastspring Investments, Refinitiv, as at 29 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 29 August 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated.

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