Last Week at a Glance

Global equities rallied last week with several US and Japanese indexes reaching new highs amid mixed US inflation data, a renewed US-China tariff pause, disappointing Chinese economic news, and surprisingly strong Japanese economic data.

- Headline US CPI inflation for July was 2.7% year-over-year (yoy), slightly below expectations, while core inflation rose to 3.1% yoy, surprising to the upside. Investors welcomed the report, noting that services inflation outside shelter were the main drivers, while tariff-related categories were mixed. However, sentiment faded later in the week as producer prices—also driven by services—jumped 0.9% month-over-month, well above the 0.2% expected and June's flat reading
- Following the US CPI report, markets priced in a higher probability of a US Federal Reserve rate cut in September, but expectations moderated after the strong PPI report. The yield curve steepened, with the 3-month/10-year spread widening 7 bps. UK and European yield curves also steepened.
- Chinese equities outperformed, with the domestic A-share market returning 2.9% for the week. Investors celebrated the US and China agreement to pause tariffs for an additional 90 days to allow for continued negotiations, despite a broad range of July economic reports that disappointed and trended downward from prior readings.
- Japanese equities were the strongest-performing major region last week, buoyed by an upside surprise in Q2 GDP—marking the fifth consecutive quarter of positive real GDP and private consumption growth. Markets were further supported by a strong corporate earnings season and reduced US-China trade tensions.

MARKET PERFORMANCE

As of August 17, 2025 • Local Currency • Percent (%)

Equities	Last Week	This Month	This Year
Global	1.2	2.0	11.5
Developed Markets	1.1	2.0	10.9
United States	0.9	1.7	10.4
Euro Area	1.6	2.2	16.6
United Kingdom	0.9	0.8	14.8
Japan	3.3	6.0	11.8
Emerging Markets	1.4	2.1	16.9
Fixed Income			
US Aggregate	0.0	0.6	4.4
US Treasuries	-0.2	0.4	3.8
US Corporate IG	0.2	0.7	5.0
US Corporate HY	0.3	0.5	5.6
Real Assets			
Global Equity REITs	0.3	0.2	3.0
Global Natural Resources	0.8	1.7	10.2
Gold Bullion	-1.4	1.4	27.3
Currencies			
EUR/USD	0.5	2.3	13.1
GBP/USD	0.9	2.5	8.3
USD/JPY	-0.6	-2.4	-6.5

Sources: Bloomberg Index Services Limited, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: This edition was prepared on August 17, 2025, and it reviews developments of the prior week. The equity data are total returns net of dividend taxes of MSCI indexes in local currency. Global natural resources equities are represented by the MSCI All Country World Commodity Producers Index. The fixed income data are total returns for Bloomberg indexes. Gold Bullion uses near-month gold futures contracts, as traded on the COMEX, to determine performance. Currency performance is based on Reuters data.