

Weekly Market Report For 13 – 15 August 2025

# Overview



- Global stock markets rallied on US-China trade truce extension, prospect of a Fed rate cut and discussions about ending the Russia-Ukraine conflict.
- Overall, the impact of tariff measures on inflation has not been as bad as feared.
- A vast majority of US listed companies are reporting operating results that beat expectations.
- China's economy has slowed down, prompting the government to continue implementing economic stimulus measures.
- The MPC unanimously resolved to cut the policy rate by 0.25% to 1.50%.

# Market Brief



### Last week, overall global stock markets surged, driven by:

- o US has extended trade truce with China for another 90 days from the original deadline of 12 August.
- o Market predicts that the Fed is likely to cut interest rates at its September meeting after CPI inflation figures came in close to expectations.
- o Following the meeting between Trump and Putin to end the Russia-Ukraine conflict on Friday (15 August), the United States stated that Russia has agreed to allow the United States and Europe to provide protection to Ukraine as a security guarantee as part of a deal to end the war.

### **US inflation data**

- o CPI rose by 0.2% MoM in July, matching market expectations, and rose by 2.7% YoY, aligning closely with the expected +2.8%.
- o Overall, the impact of high tariffs on inflation has not been as severe as feared. This, along with weakening labor market data that had been released earlier, resulted in market evaluation of higher probability of a Fed rate cut. However, the higher-than-expected PPI may slightly temper the Fed's decision to cut interest rates. Market currently still sees an 85% chance of an interest rate cut by the Fed in the September meeting.

## **Operating Results of US Listed Companies**

- o 92% of S&P 500 companies have reported results for Q2 2025, most of which are stronger than anticipated with an average earnings growth of 11% YoY compared to market expectations of only 4%. In addition, more than 58% of these companies have raised their 2025 full year guidance for EPS growth.
- o The impact of tariff measures on corporate earnings has been less than expected due to the reduction of tariffs imposed on each country, resulting in a slight upward revision of earnings forecasts for Q3 and Q4.

## China

- o The Chinese economy slowed down in July with retail sales rising at a lower-than-expected rate of 3.7% YoY, industrial output missing forecasts, investment in fixed assets for the first 7 months of the year growing by only 1.6%, and new bank loans falling for the first time in 20 years.
- o The government announced domestic consumption stimulus measures through cutting interest rates on loans to household and target service sectors by 1% to help reduce borrowing costs.
- o Goldman Sachs sees that the government's stimulus measures reflect China's policy priorities that aim to boost consumption, particularly in the service sector, although such measures are not large enough and do not cover every sector. If the economy weakens, the Chinese government is prepared to implement additional measures in order to meet the GDP growth target of this year.

## **Thailand**

- o The Monetary Policy Committee (MPC) unanimously resolved to cut the policy interest rate by 0.25% to 1.50%.
- o The MPC assessed that the economy would grow well in the first half of the year due to accelerated exports before the tariff measures. However, the second half of the year may see an economic slowdown due to the impact of US tariffs on Thailand's competitiveness structure and potential, particularly SMEs, amidst low inflation and credit contraction.
- o The policy interest rate is predicted to be lowered to 1.00 1.25% by the end of 2026.

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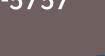
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