



Weekly Market Report For 18 – 22 August 2025

Overview



- ❖ US shares rebounded as Fed Chair's Jackson Hole speech fueled rally.
- ❖ CME FedWatch Tool indicates that the probability of a September cut now at 89%.
- ❖ Chinese chip stocks surged after Beijing urged firm to avoid Nvidia H20 chips.
- ❖ The US and The EU announced additional details of the trade agreement.
- ❖ Russia-Ukraine peace talks between Trump, Zelenskyy and seven European leaders ended.

Market Brief



US shares fell on profit taking. However, stocks surged on Friday (August 22) after Fed Chair's dovish remark at the Jackson Hole symposium.

- o The Fed Chair Jerome Powell's remarks signal the Fed is likely to cut rates at its September meeting as he told the audience "the shifting balance of risks may warrant adjusting our policy stance". Under the Fed's mandate, the central bank is tasked with promoting full employment while keeping inflation in check.

- o Powell said the tariffs could result in a "one-time shift in the price level, " resulting in a short-term boost to inflation.

- o The Fed's updated monetary policy framework, which abandoned the 2020 "makeup strategy" and reaffirmed a 2% inflation target, underscores a return to flexible inflation targeting.

- o Wall Street cheered Powell's remarks, with both equity and treasury markets gained on Friday 22nd August

- o S&P 500 gained 1.5%

- o Russell 2000 surged more than 4%

- o 2-year treasury yield dropped 0.12% to 3.69%

- o 10-year treasury yield went down 0.07% to 4.26%

- o The CME FedWatch Tool indicates that traders are now pricing in 89% odds of an interest rate cut at the Fed's September policy meeting, and expect two rate cuts this year — in September and December. At the next Fed meeting, an intense debate is expected as weak employment should support rate cut, while inflation remains above the 2% target and import tariffs could push it higher support a steady stance.



Individual Stocks

- o Walmart topped Wall Street's quarterly sales estimates but fell short of earnings expectations. The company raised its full-year earnings and sales outlook, even as it said costs are rising from higher tariffs. It said it has fully absorbed the impact of tariff costs in some areas and has to pass some of those costs in other areas.

- o Nvidia has asked Samsung Electronics to pause H20-related production after the Chinese government reportedly told local tech companies to stop buying the chips due to alleged security concerns. However, Nvidia is developing a new AI chip for the Chinese market based on its latest Blackwell architecture that could outperform the H20 and is with full approval of the applicable authorities. Chinese semiconductor stocks are getting a boost from hopes that more of the chips used in China will be made locally and DeepSeek says its latest model could work well with 'home-grown chips'. CSI 300 +2%, SMIC +9% and Cambricon Technologies +20%.



US and EU flesh out trade commitments under new framework deal. The U.S. will impose a 15% tariff on imports of most European goods, pharmaceuticals, semi-conductors, and cars. Some of the additional provisions include:

- o The EU will eliminate tariffs on all American industrial exports and provide preferred terms for some US seafood and farm products.

- o The EU promises to purchase \$750 billion worth of US energy.

- o A pledge by the EU to buy at least \$40 billion worth of US AI chips and will invest \$600 billion in the US by 2028.



Russia-Ukraine talks between Trump, Zelenskyy and seven European leaders ended

- o Trump is working toward a bilateral meeting between Putin and Zelenskyy, followed by a trilateral where the US president would join them.

- o The US would help guarantee Ukraine's security and European ground troops could be part of security guarantees.

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