SG Analytics
A Straive Company

Veda

SGA's Monthly Investment Research Roundup

Investment Research Spotlight

Global Macroeconomic Development

Improving growth prospects, easing trade tensions, and rising expectations of policy support boosts risk sentiment

Fixed Income

US Treasury yield curve flattens amid Fed uncertainty, while German Bund yield rose on supply concerns

Currencies

US Dollar strengthened as the Fed held rates steady, while the euro extended its rally on trade deal and ECB optimism

Equities

Global equities tread a fine line between optimism and lingering macroeconomic risks

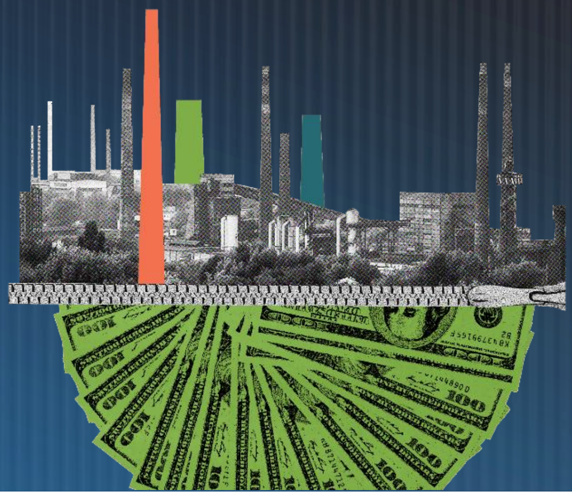
Commodities

Oil slumps, silver shines, and bitcoin surges, while gold posts modest gains

Real Estate

Cautious sentiments and momentum in selective sub-categories drove mixed trends

From the SGA Research Desk



July 2025 saw an improvement in the global backdrop as trade tensions eased and policy clarity improved. The Trump administration secured trade deals with Vietnam, Japan, and the EU—keeping tariffs elevated but reducing fears of escalation. The IMF upgraded global growth forecasts for major economies, reflecting optimism around easing trade frictions and continued fiscal support.

In the US, the passage of the One Big Beautiful Bill Act (OBBBA) provided a near-term boost to market sentiment. However, concerns lingered over a potential leadership change at the Federal Reserve amid rising political pressure to lower rates. The Fed kept policy unchanged but signaled it may need until autumn to fully assess the impact of tariffs and fiscal measures. Markets continue to price in a rate cut by September.

Europe saw mixed developments. A trade agreement with the US offered some relief, while Germany introduced new fiscal measures to counter persistent growth weakness. The ECB held rates steady and adopted a "meeting-by-meeting" approach. Meanwhile, expectations for a Bank of England rate cut rose sharply, with markets anticipating easing in August as growth stagnates, despite a recent uptick in inflation.

Emerging markets and GCC economies remained relatively stable. China showed signs of resilience, with improving credit conditions and monetary indicators. Despite a firm US dollar, sentiment held up amid easing trade tensions and accommodative domestic policy across EMs and oil exporters.

Meanwhile, gold's rally paused, silver edged higher, and copper came under pressure after the US announced—then partially rolled back—a 50% import tariff.

Our Views on Asset Classes

Asset Class	US	Europe	UK	Japan	EM/Others
Rates	Positive	Neutral	Neutral	Negative	Neutral (Local Currency)
Credit	Neutral	Positive	—	—	Positive (Hard Currency)
Currencies	Negative	Positive	Neutral	Positive	Neutral
Equities	Negative	Positive	Positive	Neutral	Neutral
Real Estate	Neutral	Positive	—	Positive	Positive (APAC)
Commodities					
Commodity	**Oil**	**Gold**	**Silver**	**Bitcoin**	
Views	Neutral	Positive	Positive	Positive	

Source: SGA Research

Outlook & Strategy

With trade tensions easing and growth prospects improving, we adopt a cautiously constructive stance—favoring high-quality credit and selective equity exposure in fiscally supported markets. Diversified commodities and EM assets remain essential to hedge against inflation surprises and evolving policy dynamics.

Global Macroeconomic Development

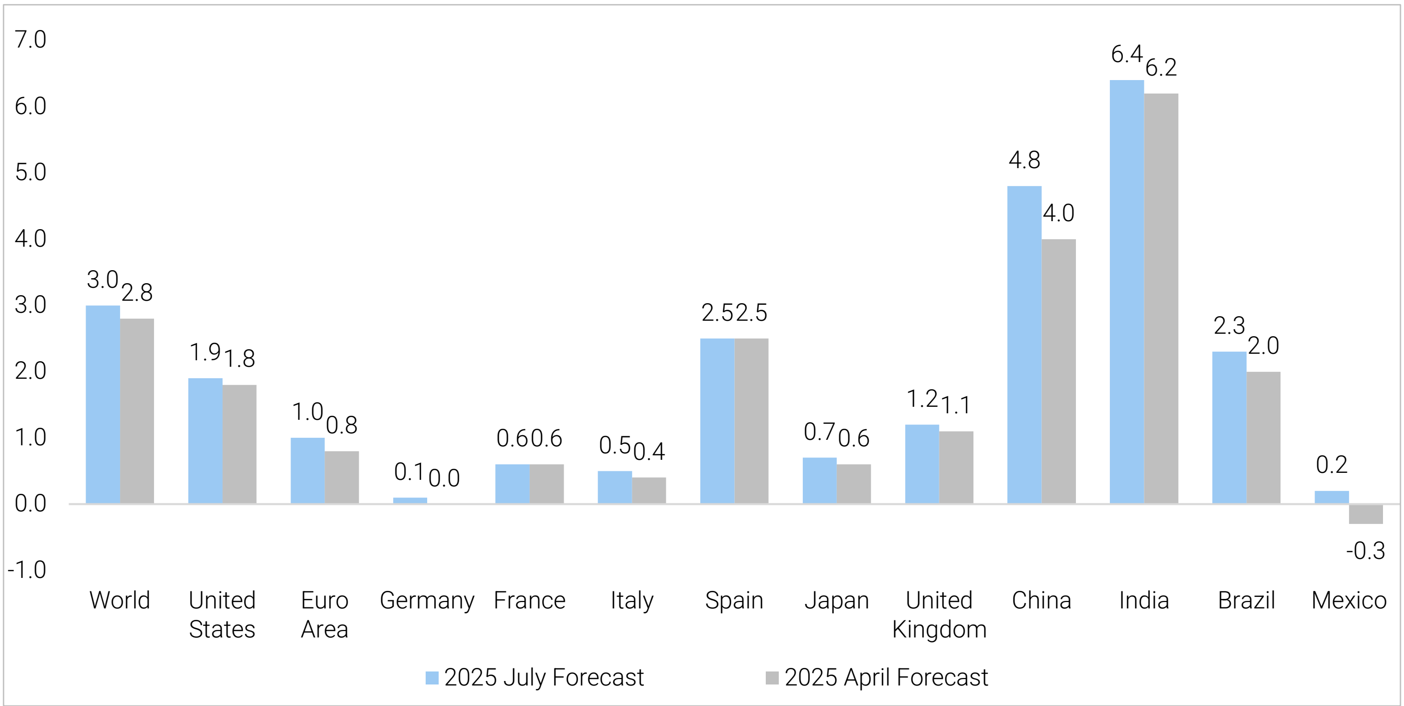
Global Macros: Fed Likely to Cut Rates In September

United States: Fed Stays Put; September Cut in Sight

July brought a subtle but meaningful shift in the US macroeconomic landscape. The Trump administration finalized several trade agreements ahead of the August 1 tariff deadline, prompting the International Monetary Fund (IMF) to upgrade the global growth outlook, along with the US 2025 GDP forecast to 1.9% (from 1.8%). Q2 GDP surprised to the upside, growing 3% versus expectations of 2.3%, driven by a rebound in trade balances and solid consumer spending. However, growth momentum is expected to slow later in the year, especially as fiscal risks reemerge. The administration's expansive "One Big Beautiful Bill" (OBBBA) may reduce near-term uncertainty but raises medium-term debt sustainability concerns.

Inflation dynamics remain mixed. While core Personal Consumption Expenditure (PCE) data showed a modest pickup month-on-month, year-on-year inflation remains stubbornly above the Fed's 2% target. The Fed kept its policy rate unchanged at 4.25–4.50% in its latest monetary policy meeting held on July 29–30, with a more neutral tone. Notably, two Fed Governors—Waller and Bowman—dissented in favor of an immediate 25-bps cut, underscoring growing internal divisions on the path forward. Markets are increasingly pricing in a September rate cut. The Fed has signaled readiness to pivot, contingent on continued disinflation and signs of labor market cooling. Geopolitical and trade policy remain key market drivers ahead.

IMF Growth Upgrade Amid Easing Tariffs



Source: International Monetary Fund, SGA Research

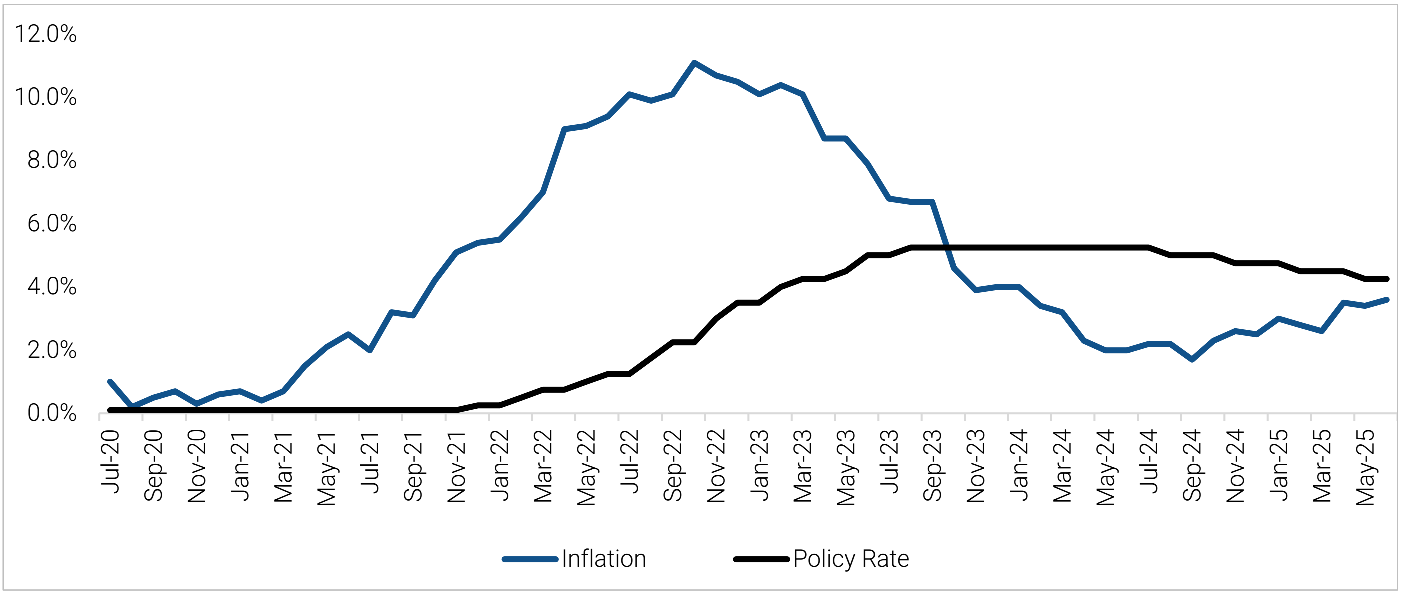
Europe: Soft Landing in Sight, Cautious ECB Watches Uneven Recovery

The Eurozone economy is showing early signs of a soft landing, but the path to recovery remains uneven. Preliminary Q2 GDP grew by just 0.1% q/q, a marked slowdown from 0.6% in Q1, though still slightly above market expectations. Services continue to outperform, while manufacturing remains in mild contraction, with flash Purchasing Managers' Indexes (PMIs) suggesting marginal improvement across both sectors. Labor markets are stable, with unemployment holding steady at 6.2% in June. Inflation remains on a downward path, with the ECB's preferred core Harmonized Index of Consumer Prices (HICP) rising 2.0% y/y in June, aligning with the central bank's target. This reinforces expectations of further easing. The ECB held rates at 2.0% in July after a 25-bps cut in June, with President Lagarde signaling a cautious, data-dependent approach ahead. Markets now anticipate another rate cut by October. Geopolitically, a key development was the EU-US trade deal, which averted steeper US tariffs and included market-opening concessions. However, lingering risks—ranging from fiscal pressures in Italy to broader global trade fragmentation—continue to cloud the outlook. For investors, easing inflation and gradual policy support are constructive, but ongoing volatility in external conditions and uneven growth warrant a selective and risk-aware approach.

UK: Recovery Faces Headwinds; BoE Cuts Likely

The IMF has upgraded the UK's growth outlook, forecasting GDP expansion of 1.2% in 2025 and 1.4% in 2026. The improved projections reflect expectations of monetary easing, firmer consumer confidence, and supportive wealth effects that should underpin private consumption. Additional fiscal spending from the October budget is also expected to bolster near-term growth. Meanwhile, inflation is projected to remain elevated in 2025—driven by regulated price hikes and increased employer National Insurance Contributions (NICs)—before easing in 2026 as base effects fade. However, downside risks remain. Sluggish global trade, tighter financial conditions, and cautious household behavior could dampen investment and consumption. These risks are beginning to surface in the data. June retail sales rose by just 0.9% after a sharp 2.8% drop in May, while core sales missed expectations. PMI readings also pointed to broad-based weakness in manufacturing and services. With wage pressures moderating and growth remaining sluggish, recent data have strengthened the case for monetary easing. Markets now price in a 25-bps rate cut by the central bank as early as August, with a second move likely before year-end. The BoE's upcoming guidance will be key in setting expectations for the pace and extent of future policy adjustments.

BoE Set to Ease Policy Despite Persistent Inflation Pressures



Source: Bank of England, SGA Research

Global Macroeconomic Development

Asia’s Recovery Steady but Uneven

Japan: Gradual Growth Ahead as BoJ Holds Steady, Signals Openness to Future Rate Hike

The Bank of Japan (BoJ) kept its policy rate unchanged at 0.5% in its latest monetary policy meeting held on July 31, but raised its inflation forecast, reinforcing expectations of a potential rate hike later in the fiscal year. Core inflation is now projected to reach 2.7% by March 2026, up from April’s 2.2% forecast, driven by persistent food price pressures. The BoJ also revised its FY2025 GDP growth outlook to 0.6%, slightly above its previous 0.5% estimate, though growth momentum remains weak. Governor Ueda welcomed the recent trade agreement with the US, which helped ease some external uncertainty. However, he emphasized that overall risks to Japan’s economic and inflation outlook remain elevated, particularly from global trade policy volatility. While the BoJ remains cautious, it signaled that if its growth and inflation projections are met, a gradual reduction in monetary accommodation could follow.

China: Upgraded Growth Outlook, But Recovery Hinges on Confidence and Reforms

China’s economic momentum remained broadly resilient in July 2025, with the IMF revising its 2025 GDP forecast up to 4.8%—a notable upgrade driven by strong export performance and targeted policy support. Q2 GDP grew by 5.2% y/y, underscoring the economy’s near-term resilience. However, structural headwinds persist. Weakness in the property sector, fragile consumer sentiment, and persistent deflationary pressures suggest the recovery remains uneven. Inflation re-entered positive territory in June, with Consumer Price Index (CPI) rising 0.1% y/y, but both headline and core measures remain below historical norms, reflecting subdued domestic demand and ongoing price competition. On the policy front, the People’s Bank of China (PBoC) held the Loan Prime Rate steady in July—at 3.0% (1Y) and 3.5% (5Y)—but continues to signal a moderately accommodative stance. The central bank has deployed liquidity tools and reserve requirement ratio cuts to support growth while keeping a watchful eye on financial stability. Further rate cuts remain possible in H2, depending on incoming data and external risks. Looking ahead, markets will closely monitor Beijing’s signals around additional easing and real estate sector reforms. While policy remains supportive, a durable recovery will hinge on restoring consumer confidence and resolving structural imbalances—key challenges as China navigates a complex macroeconomic transition.

India: Fastest-growing Major Economy, RBI Pauses After Aggressive Cuts

India’s macroeconomic outlook improved further in July 2025, with the IMF raising its GDP growth forecast to 6.4%—affirming India’s status as the fastest-growing major economy. The Reserve Bank of India (RBI) projects similar momentum at 6.5% for FY 2025–26, supported by strong domestic demand and continued public investment, despite weakness in goods exports amid global trade uncertainty. Inflation provided a positive surprise, with June CPI falling to 2.1%—a six-year low and well below the RBI’s 4% target. Favorable food prices and good harvests played a key role. In response, the RBI front-loaded rate cuts this year, slashing the policy rate by 100 bps to 5.50% and shifting to a “neutral” stance in June. While further cuts are not imminent, the RBI is expected to stay data-dependent. Markets will watch the August 6 policy meeting for guidance—especially if inflation remains soft and external risks weigh on the outlook.

Latin America: Disinflation Opens Room for Easing, But External Risks Persist

Latin America (LatAm)'s major economies are navigating a delicate balance between easing inflation and mounting global headwinds. While Brazil holds rates steady and Mexico eyes gradual cuts, Argentina's reform push signals a potential turning point. Meanwhile, Andean economies such as Colombia, Peru, and Chile face mixed conditions—moderating inflation and stable currencies are supporting easing cycles, but weak external demand and political uncertainties continue to weigh on growth prospects.

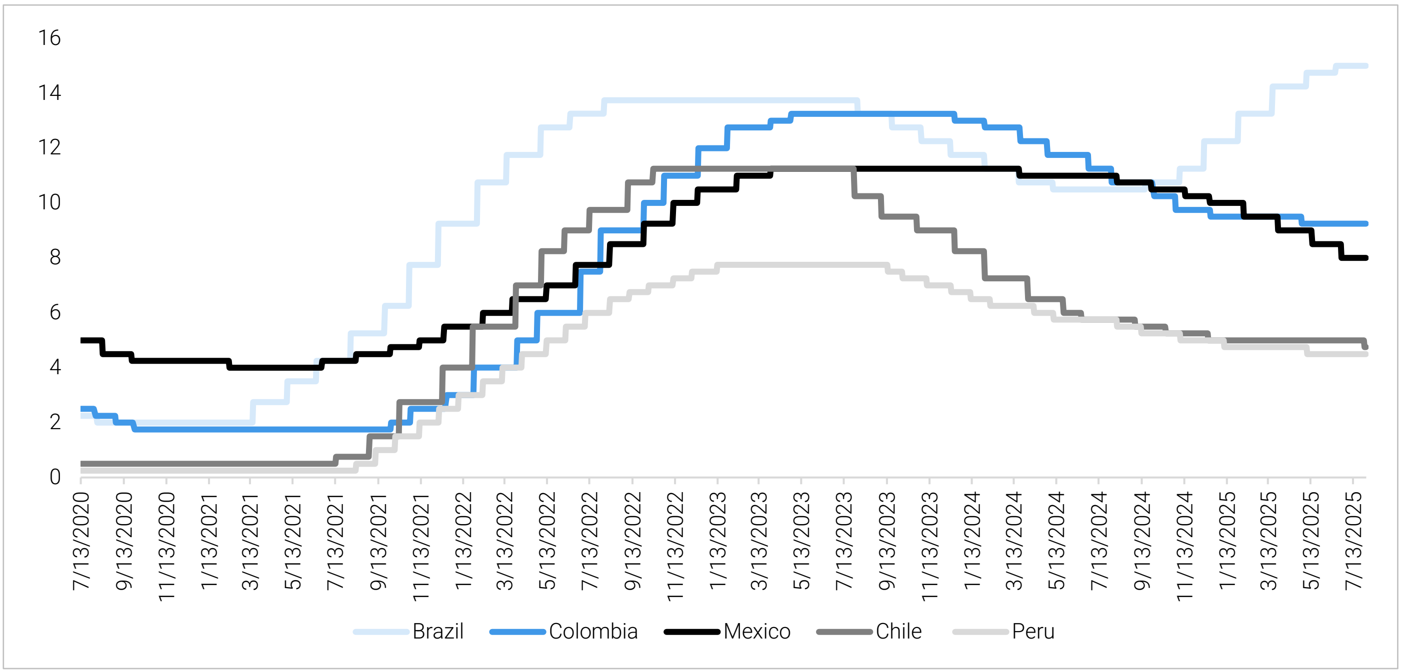
The Central Bank of Brazil kept the Selic rate steady at 15.00%, marking the end of a tightening cycle after seven consecutive hikes. While domestic indicators show expected moderation, the labor market remains resilient. However, heightened uncertainty from US tariff threats—despite partial exemptions—casts a shadow on growth prospects. Copom cited inflation still above target and global trade tensions as reasons for caution. Going forward, the Bank will assess the lagged impact of prior hikes. Key risks include a widening fiscal deficit, exchange rate volatility, and weaker global demand that could dampen external inflation pressures.

Mexico's economy grew 0.7% q/q in Q2 2025, outperforming expectations, but underlying momentum remains weak amid tepid domestic demand and external trade uncertainty. Annual growth was just 1.2% (seasonally adjusted), with the IMF projecting only 0.2% growth in 2025. While fears of recession have eased, the outlook remains fragile. Inflation surprised to the downside in early July, with headline CPI falling to 3.55% y/y. Core inflation remains sticky but moderated slightly. With inflation easing, Banco de Mexico is expected to deliver a 25-bps rate cut in August, with the policy rate likely ending 2025 at around 7.50%.

Argentina is undergoing a strong, reform-led recovery following years of macroeconomic imbalances. Inflation has dropped sharply, thanks to aggressive fiscal consolidation and monetary tightening initiated in late 2023. The Organisation for Economic Co-operation and Development (OECD) and IMF note early reform success, with GDP growth improving, poverty declining, and international market access restored. In July, IMF staff and Argentine authorities reached a staff-level agreement on the first review of the Extended Fund Facility (EFF) program, unlocking potential access to about US$2 billion. Politically, President Milei retains high popularity ahead of October's midterm elections, though markets remain cautious, awaiting clarity on reform durability.

Looking ahead, LatAm's outlook remains uneven. While disinflation allows some central banks to pivot, global trade disruptions, fiscal fragilities, and domestic political risks will continue to test the region's resilience through the rest of 2025.

LatAm Central Banks Stay on Easing Path, While Brazil Ends Tightening Cycle



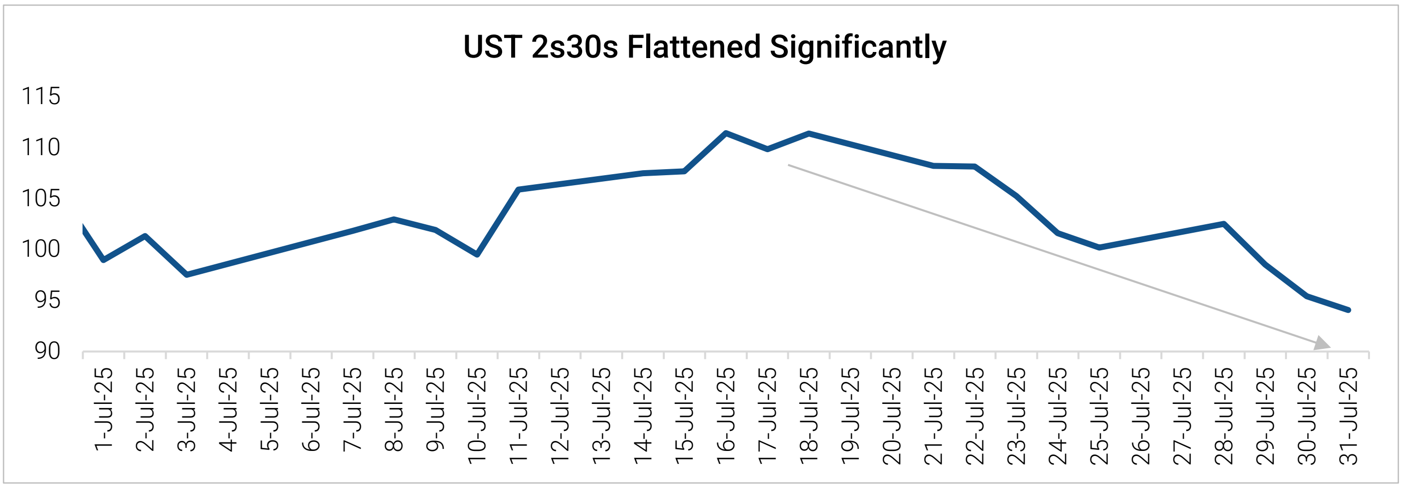
Source: LatAm Central Banks, SGA Research

Fixed Income

US Treasury Yields Expected To Get Supported From Policy Easing Bets

UST Yield Curve Flattens as Leadership Uncertainty Clouds Fed Outlook

The US Treasury yield curve flattened in July 2025, with the 2s30s spread narrowing from a mid-month peak of 111 bps to 100 bps by month-end. Investor sentiment turned cautious after news broke that the Trump administration had begun its search for Fed Chair Powell's successor, injecting a fresh wave of political uncertainty. Yields at the front end of the curve moved higher, with the two-year rising to 3.96% following Treasury Secretary Bessent's hawkish remarks, reflecting mounting short-term policy risk. Meanwhile, markets continued to price in a 25-bps Fed rate cut in September, anticipating cooling growth momentum. The newly enacted OBBBA—though providing near-term fiscal stimulus—is expected to add $3.4 trillion to the federal deficit over the next decade, according to the Congressional Budget Office (CBO), raising concerns over long-term debt sustainability and upward pressure on term premia. Despite these risks, we changed our view from neutral to positive on Treasuries, driven by moderating inflation, policy easing expectations, and persistent global demand for safe assets. In the credit space, investment-grade (IG) bonds held firm, ending the month at 5.02%, supported by stable inflation and strong corporate fundamentals. High-yield (HY) bonds, however, saw some volatility—peaking at 7.01% mid-month before easing to 6.78% as investors cautiously embraced risk amid tighter spreads. Looking ahead, we change our view from positive to neutral on IG credit, as spreads remain tight and prefer HY, as corporate fundamentals are solid, making it more attractive.



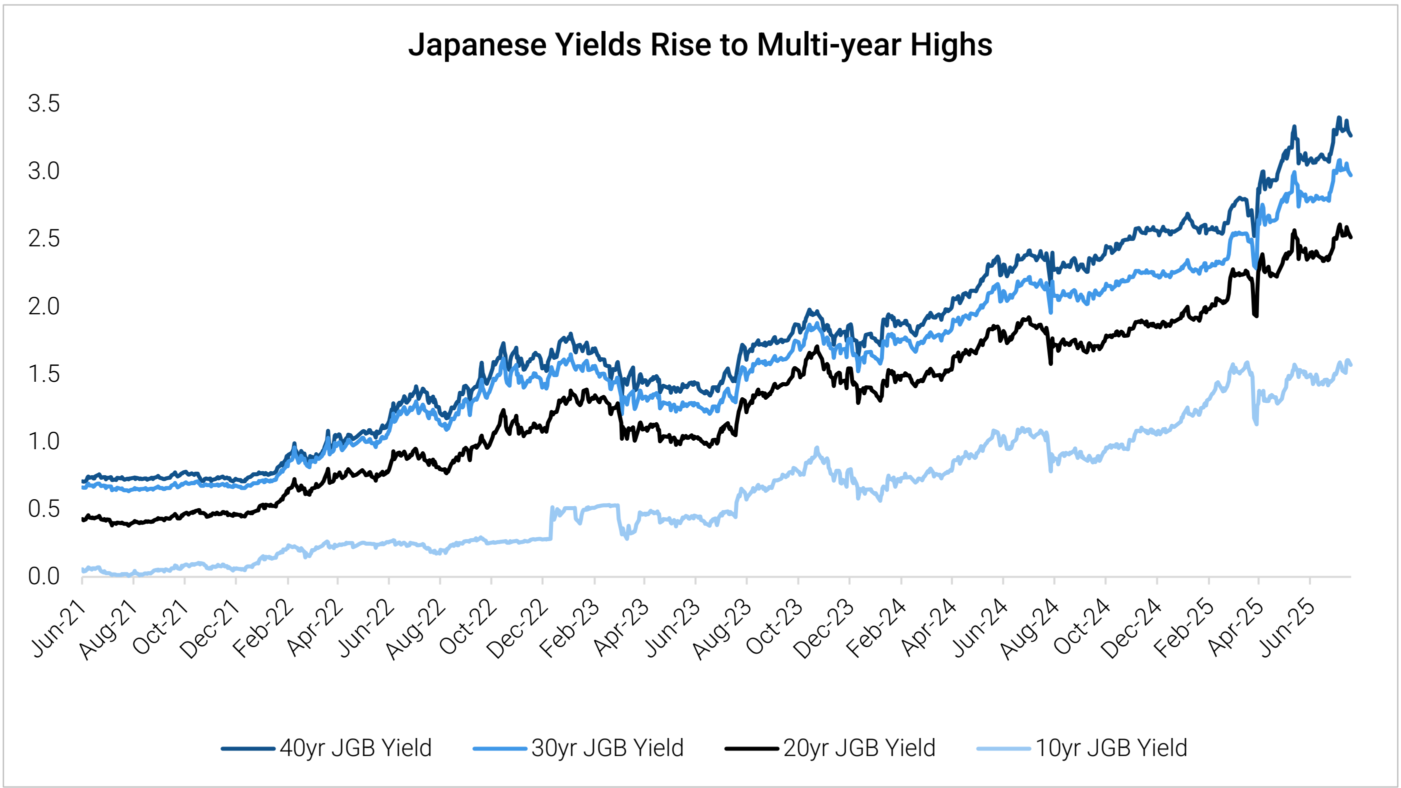
Source: FRED, SGA Research

German Bund Long-end Yields Climb as Supply Pressures Mount; Italy Spread remain stable

The Italian-German 10-year yield spread narrowed to 85 bps in July 2025, its lowest level since 2010, supported by Italy's €5 billion bond buyback and stable 10-year yields near 3.54%. Meanwhile, German 30-year Bund yields rose to 3.26%, a 21-month high, amid expectations of increased issuance and fiscal expansion following Germany's launch of a €500 billion infrastructure fund. German 10-year Bund yields climbed, reaching 2.73%, reflecting investor caution toward long-duration bonds and spillover effects from rising Japanese yields. Market participants largely shrugged off tariff risks as the IMF upgraded its global growth forecast from 2.8% to 3.0% for 2025, with attention shifting to concerns over global debt levels and rising term premiums. Looking ahead to August, we expect moderate upward pressure on German yields to persist, while Italian yields should remain stable—keeping the spread range-bound near current levels.

Japanese Long-end Bond Yields Surge Amid Political Turmoil and Fiscal Uncertainty

Japanese Government Bond (JGB) yields soared in July 2025, with the 10-year yield hitting 1.6%, its highest level since 2008, amid surging fiscal concerns and rising political risks. The 30-year and 40-year JGB yields climbed to 3.2% and 3.5%, respectively, following weak auction demand and speculation over Prime Minister Ishiba's potential resignation. Japan's fiscal outlook deteriorated as opposition-led stimulus proposals gained traction after the election for the upper house of the Japanese parliament, fueling fears of wider deficits. Meanwhile, the Finance Ministry's move to cut super-long bond issuance helped stabilize the yield curve. With BoJ policy on hold and inflation still elevated above the 2% target, long-end volatility is expected to persist. Looking ahead, JGB yields are likely to remain elevated, with the curve potentially steepening further if fiscal risks escalate.



Source: Investing.com, SGA Research

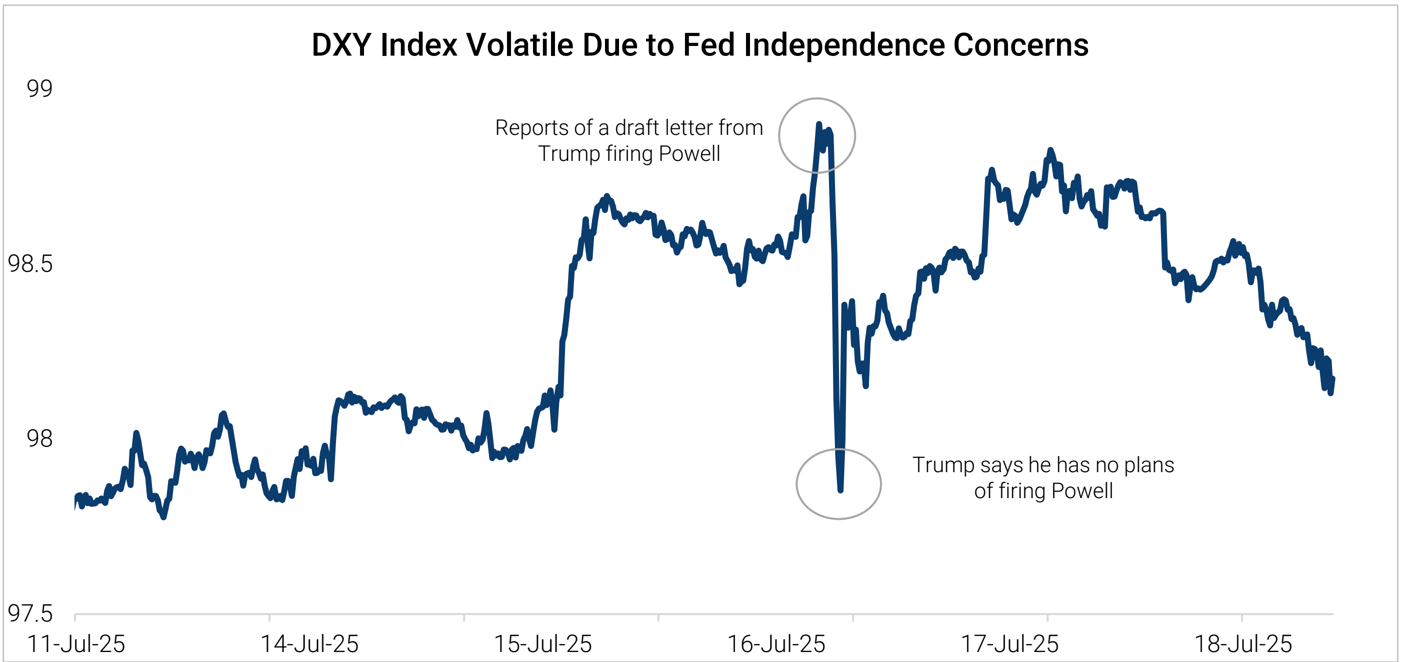
GCC and EM Bond Yields Steady Amid Dovish Policy and Resilient Macro Signals

Gulf Cooperation Council (GCC) and Emerging Market (EM) bond yields remained mixed in July 2025, supported by dovish central bank guidance, stable inflation, and stronger risk sentiment. China's 10-year yield rose modestly to 1.74% from 1.65%, amid improved trade dialogue and resilient macro data following US tariff actions. Inflation stayed muted near 0%, allowing continued PBoC accommodation. Meanwhile, India's 10-year Government Security (G-Sec) yield hovered around 6.4%, a one-month low, as inflation eased to 2.1% in June from 2.8%, strengthening expectations of further RBI rate cuts. GCC HY bonds delivered a 7.5% y/y return, while IG sovereigns gained 6.2% y/y in July. Looking ahead, amid softening inflation and tempered growth concerns, we maintain a neutral stance on EM and China sovereign bonds, as GCC and EM yields are likely to remain anchored in August on continued policy support.

Currencies depreciate as the Dollar strengthens

US Dollar Strengthened as the Fed Held Rates Steady

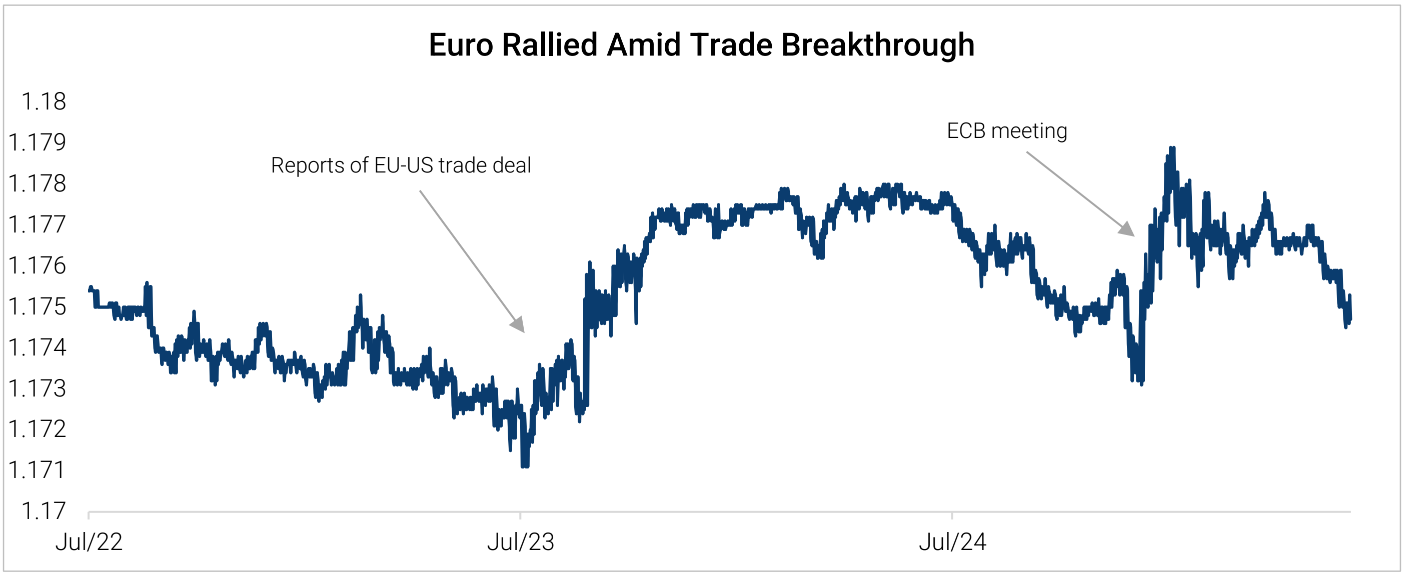
The US Dollar recovered somewhat in July 2025, reaching 100, its highest level since June 1, after the Fed held interest rates steady at 4.25–4.5%. However, from Monday, July 14 to Friday, July 18, the Dollar was notably sensitive to concerns over Fed independence, with a 1% sell-off coinciding with rising market fears that President Trump may attempt to oust Fed Chair Powell. Political interference concerns—coupled with twin deficits and waning confidence in US policy stability—continue to erode the greenback's safe-haven status. While the Fed has held rates steady, the outlook for 100-bps in cuts over the next year remains intact as growth expectations soften. Looking ahead, we maintain a negative view on USD, as the Fed's rate cut, institutional uncertainty, and politically driven volatility continue to weigh on sentiment. We expect the Dollar Index (DXY) to remain range-bound to weaker through August.



Source: Investing.com, SGA Research

Euro Extends Rally Amid Trade Breakthrough and ECB Optimism

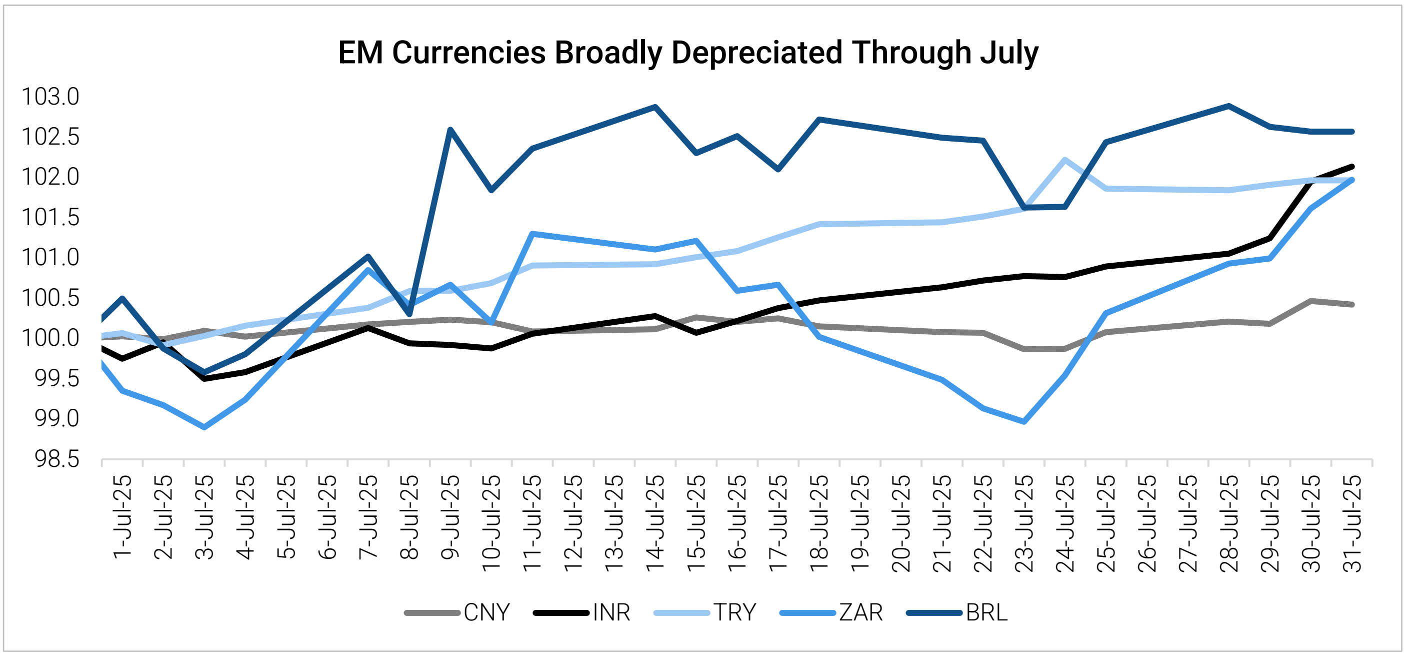
The Euro appreciated sharply to $1.1679 from mid-month lows of $1.1607 in June, buoyed by the EU–US trade breakthrough and the ECB's constructive tone. The Euro rallied notably on July 23–24, as markets welcomed the new deal, which averted a tariff escalation and included $750 billion in US energy purchases. The ECB's decision to hold rates steady at 2.00% further supported Euro demand, despite mixed growth data across the bloc. However, the Euro eventually weakened to $1.1415 toward the end of the month, pressured by a stronger Dollar. Meanwhile, the British pound fell to $1.3205, its lowest since May, as soft UK PMI data and fragile growth momentum shifted focus toward potential BoE rate cuts. With economic activity slowing, markets now expect a 25-bps rate cut in August. Breaking from its typical seasonal strength, the Japanese yen (Yen) weakened by around 4.5% in July amid rising domestic political risks and renewed trade tensions. Looking ahead, we maintain our positive view on the Euro and Yen, amid improved risk sentiment, while maintaining a neutral stance on the pound amid persistent structural headwinds and possible rate cut by the BoE.



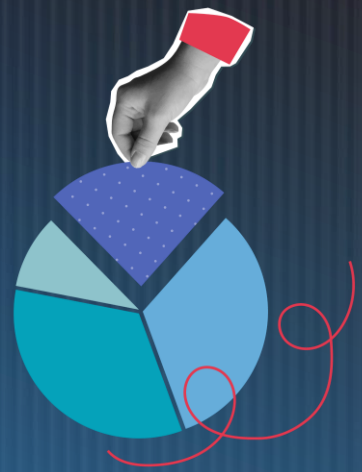
Source: Investing.com, SGA Research

EM Currencies Weaken Broadly Amid Trump Tariffs and Trade Uncertainty

EM currencies broadly depreciated in July 2025, reversing June's modest gains, as aggressive tariff measures by President Trump rattled markets. The offshore Chinese Yuan (CNY) briefly strengthened to an eight-month high but later retreated to 7.20/USD amid uncertainty over US-China trade talks and potential TikTok sanctions. Market sentiment remained cautious despite optimism surrounding a possible Trump visit to Beijing. The Indian Rupee (INR) fell to 87.50/USD, nearing February's record low, following Trump's announcement of a 25% tariff on Indian exports. Despite a firm diplomatic posture and ongoing trade diversification, low inflation (2.1% y/y) reinforced dovish RBI expectations, adding to downward pressures. The Turkish Lira (TRY) weakened to a new low of 40.60/USD, as investor caution persisted despite the country avoiding direct tariff measures. Subdued economic growth (2%) and the lowest inflation in three years contributed to the cautious sentiment. The South African Rand (ZAR) weakened to 18.09/USD amid tariff-related uncertainty and an anticipated 25-bps rate cut by the South African Reserve Bank (SARB). Meanwhile, the Brazilian Real (BRL) suffered sharp losses as political tensions triggered a 50% US tariff. In August, EM Foreign Exchange (FX) is likely to stay under pressure, though stabilization could emerge if trade negotiations progress.



Source: Investing.com, Rebased as of 30 June 2025, SGA Research



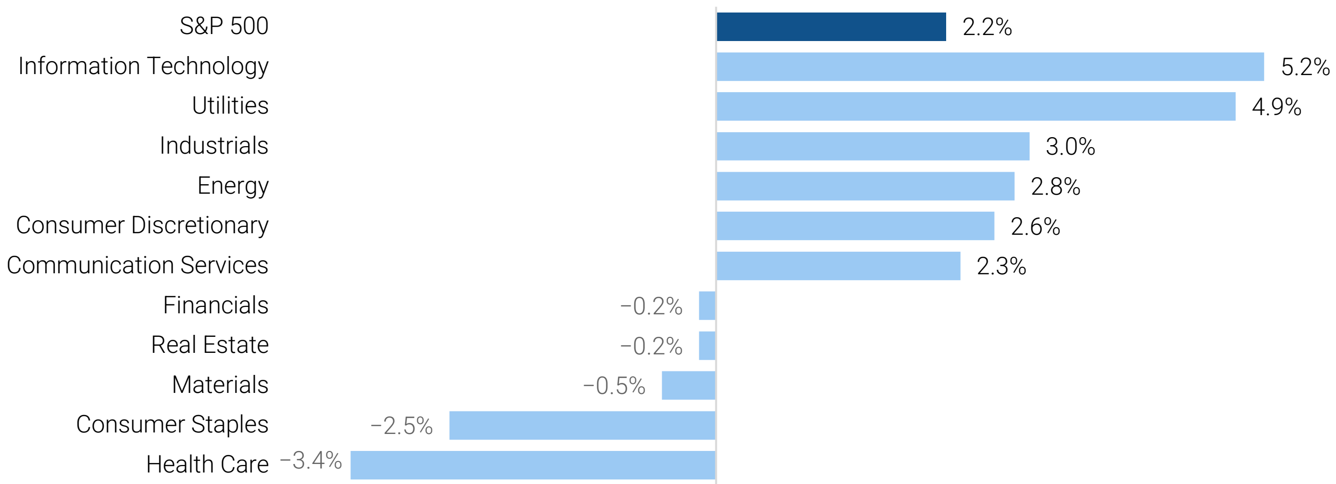
Global Equity Markets Balance Optimism with Caution

US Stocks Rise on Tech Gains; Health Care and Staples Lag

In July 2025, the S&P 500 posted a solid 2.2% gain (vs. ~5.0% in the prior month), supported by robust performance in growth-oriented sectors. Information Technology (+5.2%) and Utilities (+4.9%) led the rally, driven by strong earnings and rising oil prices, while gains in Industrials, Energy, Consumer Discretionary, and Communication Services reflected optimism around economic resilience and rate stability. Defensives underperformed, with Health Care (−3.4%) and Consumer Staples (−2.5%) declining due to policy concerns and weaker demand visibility. Strong gains in General Holdings (+36.0%), Invesco (+33.2%), Norwegian Cruise Line (+26.0%), and AES Corp (+25.0%) boosted the index, though steep losses in Centene Corp (−52.0%) and Molina Healthcare (−47.0%) weighed on returns.

The S&P 500 is expected to see moderate gains in the second half of 2025, supported by resilient earnings and potential Fed policy easing. Growth sectors such as Information Technology and Energy are likely to outperform, driven by strong demand in Artificial Intelligence (AI), cloud, semiconductors, as well as favorable energy supply dynamics. Industrials and Materials may benefit from infrastructure spending and improving global manufacturing. However, overall market performance for 2025 is expected to lag 2024, as earnings growth slows and monetary tailwinds fade. Defensive sectors such as Health Care and Consumer Staples may remain under pressure due to cost challenges and regulatory uncertainty ahead of the US elections. Financials could also face headwinds from narrowing margins if interest rates decline sharply. Key market drivers will include Fed decisions, corporate earnings, geopolitical risks, and election-related volatility.

S&P 500 and Sector Indices Returns (July 2025)

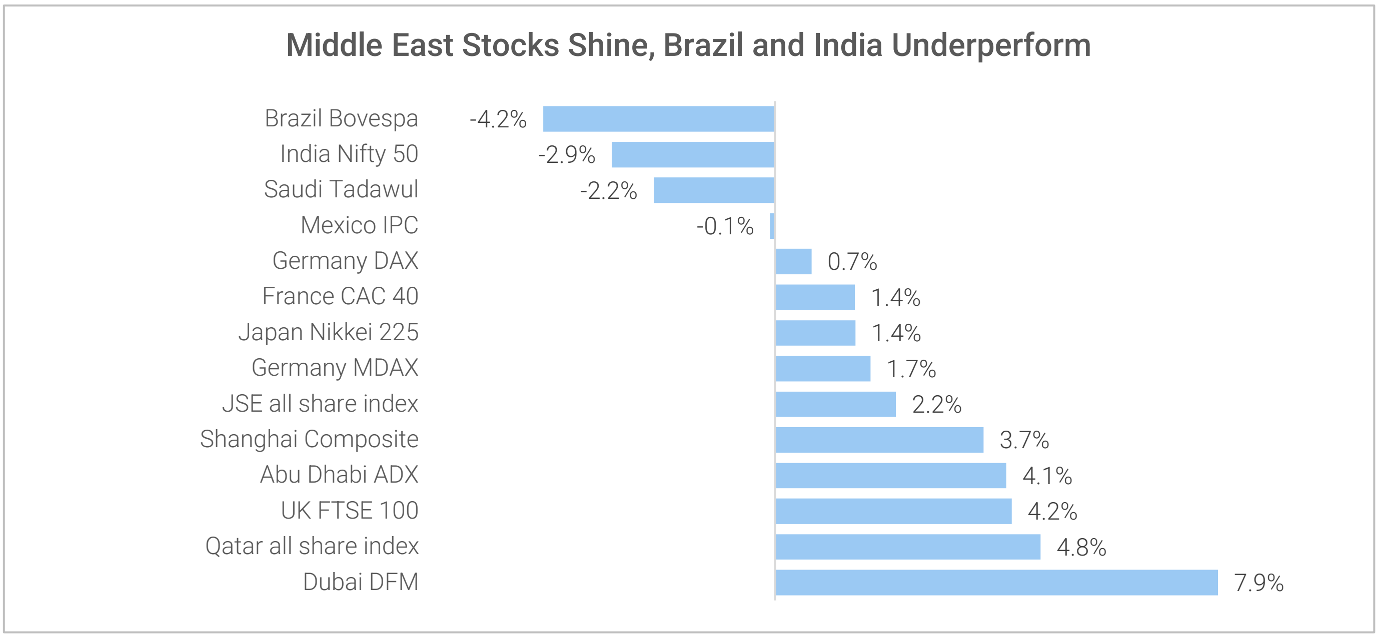


Source: S&P500, SGA Research

European Stocks Gain in July as Investors Pivot to Domestic Themes

European equities extended their rally in July 2025, with the STOXX 600 gaining around 0.9%, bringing year-to-date gains to approximately 7.6%. Markets were buoyed by ongoing optimism about Germany's fiscal stimulus, which supported infrastructure and defense-related sectors, while expectations of easing monetary policy also lifted sentiment. Germany's DAX and MDAX advanced sharply, rising by more than 0.7% and 1.7%, respectively, during the month, benefiting from renewed domestic demand and investor interest in cyclicals and small caps. Small caps broadly outpaced large caps in July, continuing a trend that began earlier in the year. Investors rotated into domestically oriented names, particularly in banking, utilities, and industrials. Overall, July's performance reflected a broader shift in investor focus toward internal European growth drivers, with less reliance on global trade or US-linked tailwinds.

European equities are expected to perform well in 2H 2025, supported by attractive valuations, ECB rate cuts, and fiscal stimulus—especially in Germany. Rotation into banks, small caps, and domestic cyclicals is expected to continue. While geopolitical risks and US trade tensions pose challenges, optimism around Ukraine peace efforts and German stimulus may help offset downside pressures.



Source: Investing.com, SGA Research

A Mixed Month for Asia-Pacific, Middle East, and Emerging Markets

Markets across Asia-Pacific (APAC), the Middle East, and Emerging Economies showed mixed trends in July 2025, shaped by trade developments, earnings reports, and monetary policy cues. In Asia, Japan's Nikkei 225 gained 1.4%, rebounding from election-driven volatility and supported by a US-Japan trade deal that lowered auto tariffs (from 25% to 15%). China's Shanghai Composite rose 3.7% amid progress in US-China trade talks and supportive domestic measures, especially for the EV sector. Conversely, India's Nifty 50 declined 2.9%, pressured by persistent trade concerns and cautious investor sentiment amid earnings season and volatile foreign flows. The late-July announcement by President Trump of a proposed 25% tariff on Indian goods further dampened market sentiment toward the end of the month.

In the Middle East, Dubai's DFM surged 7.9% and Qatar's QE Index climbed 4.8%, buoyed by strong corporate earnings, particularly in banking, with both indices reaching multi-year highs. Abu Dhabi's ADX posted solid gains (+4.1%), while Saudi Arabia's Tadawul fell 2.2%, weighed down by a losing streak in the first half of the month despite some positive earnings announcements. Regional sentiment remained sensitive to oil price swings and lingering global trade uncertainties.

Among emerging markets, performance varied. Mexico's IPC slipped modestly by 0.1% as the gains from easing US trade tensions and robust GDP data were capped by new tariffs. Brazil's Bovespa slipped 4.2% from its early-month high, weighed by tariff threats, elevated interest rates, and commodity price volatility. Meanwhile, South Africa's JSE advanced 2.2%, hitting a record high on hopes of interest rate cuts and improving trade prospects.

Going into 2H 2025, China's economic growth is expected to see a modest uptick despite ongoing domestic challenges. India's outlook remains positive, supported by robust domestic demand and ongoing supply chain shifts; however, the late-July announcement of a 25% US tariff introduces fresh headwinds. Southeast Asia is well-positioned to benefit from regional diversification trends. Meanwhile, Brazil continues to grapple with high interest rates and trade uncertainty, and the Middle East, though buoyed by rising oil activity, remains sensitive to geopolitical tensions.

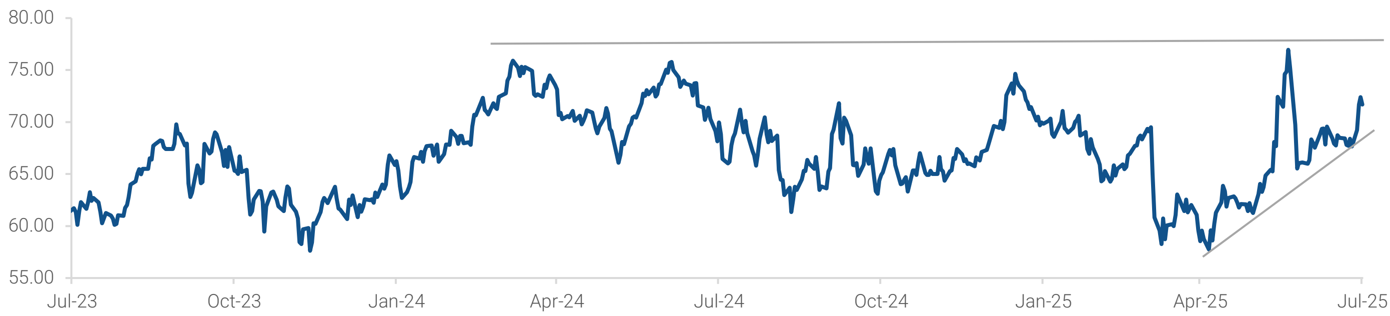
Commodities

Oil Steady While Silver Shines Amid Geopolitical Risks

Crude Oil Prices Rise Amid Renewed Pressure from Trump on Russia Timeline

Brent crude oil traded in a tight range of $65.0-66.0/bbl for the most part of July before moving past $70. 0/bbl touching a high of around $73.0/bbl towards the end after the US President Donald Trump announced a new deadline for Russia to end the war in Ukraine. The US-EU trade agreement and the US-Japan trade and investment pact signed in late July also sparked a rally on favorable expectations around future energy trade flows. While prices recovered in July, uncertainty over the US-China trade deal, along with the possibility of OPEC+ increasing its output, may keep prices in check in the coming weeks. However, from a technical analysis standpoint, Brent oil prices are forming an ascending triangle pattern, suggesting a potential breakout scenario.

Brent Crude Oil Prices Forming Ascending Triangle Pattern

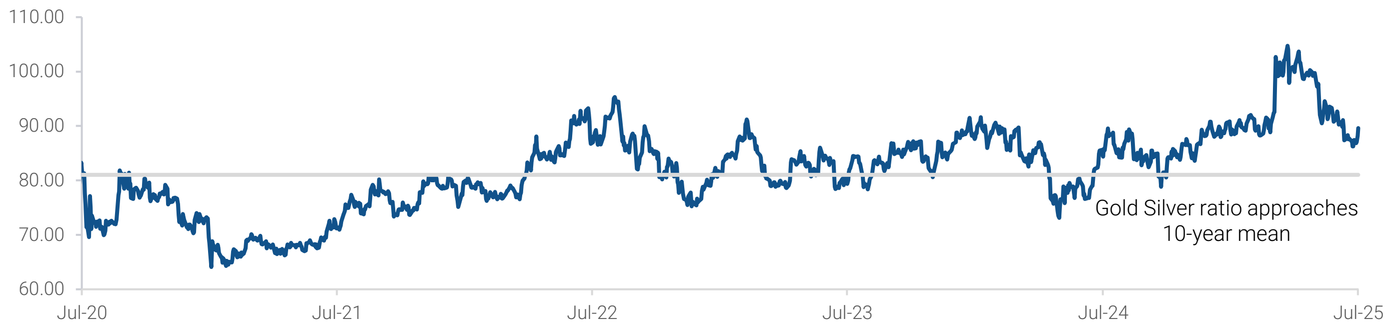


Source: Investing.com, www.matteoiacoviello.com, SGA Research

Silver Extends Gains Amid Strong Demand and Looming Tariff Concerns

Silver jumped nearly 1.8% in July to reach $36.71 per ounce, its highest level in 13 years, on 3-year high ETF inflows. The strength was driven by continued macroeconomic headwinds and its relative attractiveness compared to gold, as measured by the gold-silver ratio, which narrowed from 92 to 89. Continued strong demand from the solar, electronics, and green energy industries, along with robust ETF inflows and expectations of a softer USD, support a favorable outlook for silver in H2 2025. Additionally, structural supply deficits and increasing industrial and monetary demand continue to position silver as a compelling long-term asset class to invest in.

Silver Attractively Placed vs Gold



Source: Macrotrends.net, SGA Research

Gold Eases Marginally Amid Easing Tensions and Firm Fed Stance

Gold prices remained volatile throughout the month, fluctuating between $3,260 and $3,440 per ounce, and eventually closing down by 0.4% month-over-month. Easing trade tensions and a stronger US dollar more than offset the safe-haven demand from central banks. However, we remain positive on gold, as a combination of US growth, tariff-related concerns, and potential weakening of the USD is likely to sustain its safe-haven appeal. Continued buying by central banks may also support sentiment.

Gold prices are expected to remain range-bound, albeit with positive bias, in the second half of 2025. Deterioration in economic conditions-marked by stagflation and rising geopolitical tensions-could boost safe-haven demand and drive prices higher. Conversely, a comprehensive resolution of global conflicts, while unlikely, may weigh on gold prices. The Fed has held interest rates steady at 4.25–4.50% for the fifth consecutive meeting, reflecting a cautious stance amid moderate economic growth and persistent inflation. At the same time, sentiment has improved following the US-EU trade agreement, which helped ease global tensions. This, along with favorable outcome of ongoing negotiations with China and other partners, may keep gold in check.

Bitcoin Hits Highs, Ethereum Soars on ETF Momentum and Institutional Inflows

Bitcoin (BTC) surged 8.0% in July 2025, climbing to a new all-time high of $122,449 before retreating slightly to close the month at $115,765. The rally was fueled by robust institutional inflows, growing momentum in ETF markets, and continued expansion of crypto infrastructure. Ethereum (ETH) also surged 49.2% to $3,734, driven by positive sentiment around spot ETH ETF developments and rising interest in Altcoins. Multiple structural drivers continue to support market sentiment. The launch and growing acceptance of spot Bitcoin ETFs have led to substantial institutional inflows, expanding the market's capital base and enhancing liquidity. Also, evolving regulatory frameworks in major markets further encourage the broader adoption of cryptocurrencies.

Real Estate

Mixed Trends Amid Imbalances & Improved Liquidity

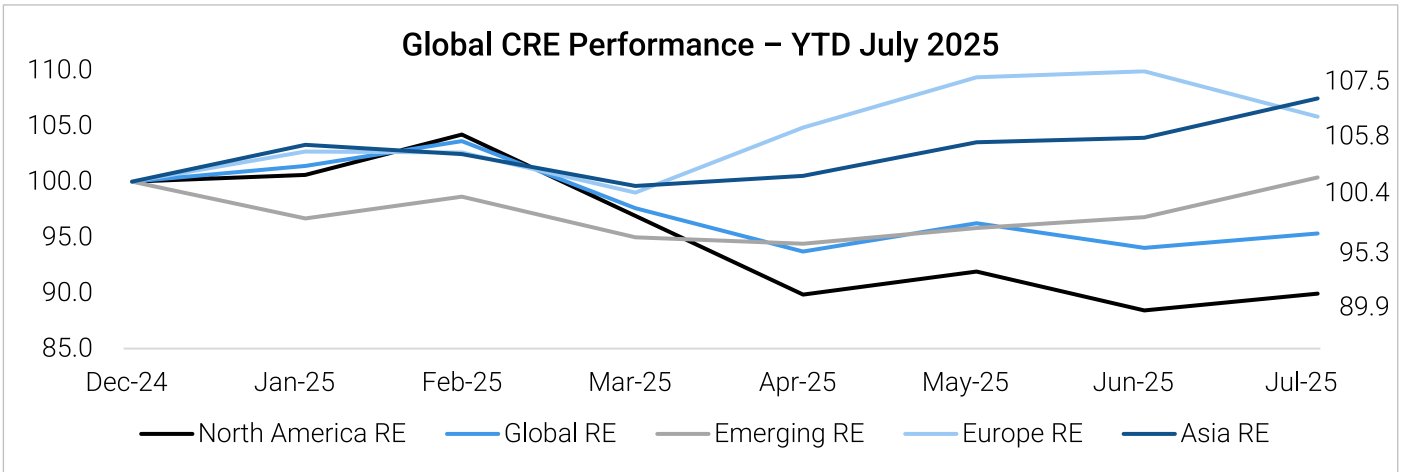
Mixed Regional Trends Reflects Selective Activity Driven by Caution, Strategic Shift

The global Commercial Real Estate (CRE) landscape in Q2 2025 was shaped by easing monetary policies, uncertainty around tariffs, and a strategic pivot toward high-growth sub-sectors. While residential supply remained tight, office demand stayed muted as corporates reassessed space needs and the US government scaled back its footprint.

Despite this, premium office, retail, and residential spaces remained in short supply, reflecting evolving demand preferences. The industrial sector showed resilience across most markets, even as trade-related uncertainties lingered.

Looking ahead, controlled inflation and accommodative monetary policy could support a gradual recovery, especially as housing affordability improves and prices stabilize. Additionally, repurposing underperforming retail assets and upgrading sub-prime office stock could boost leasing activity, provided labor markets remain stable in key regions.

The global RE indices were down 4.6% YTD through July 2025. Among the regional indices, the North American RE market detracted the most, with a decline of 10.1% YTD through July 2025, while the Asian RE market grew 7.5%. On monthly basis, Europe RE was down 3.7%, due to weakness in Germany and Sweden economy.



Source: EPRA, Global RE Represented by FTSE EPRA Nareit Global Index, Regional RE Indices Are Subsectors of Broader Index, SGA Research

Buyer Hesitation, Federal Retreat, and Retail Softness Weigh on US CRE

The US housing market activity remains burdened by affordability concerns despite steady sales incentives from 67% of builders, reflecting continued buyers' hesitation. This demand pullback resulted in inventory built-up and longer lead time to sale—4.7 months in June (vs. 4 months in June 2024). Median new home sales price fell 4.9% from May's $401,800 (Source: NAR), while at current sales rate, supply expands to 9.8 months (+1% from May). Existing home sales were flat y/y, while inventory surged over 15.9%, maintaining all-time high levels of the last 25 years. This rising inventory will continue to narrow the price gap between new and resale properties and is likely to soften rent growth going forward. Both new mortgage originations and refinancing activity remained strong in July; however, the average loan amount continues to fall. Refinancing activity jumped 22% in July; conversely, the 30-year mortgage rate edged higher to 6.85%. In the meantime, slowdown in office leasing owing to lukewarm response to the return-to-office initiative and federal downsizing deteriorated vacancy rates to their highest level in the last six quarters, reaching 20.6% in Q2 2025 (Moody's Analytics report). Retail and industrial sectors also witnessed some pullback in absorption and leasing activity.

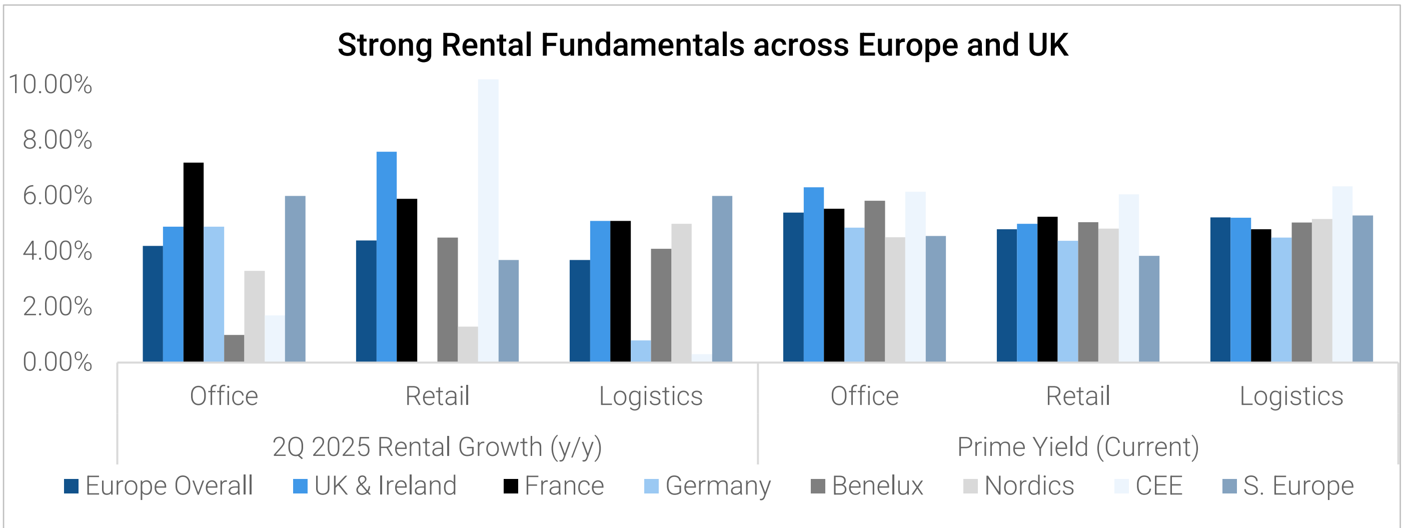
Looking ahead, housing prices are expected to decline further as inventory builds up. The office sector will likely experience a selective recovery, driven by continued federal downsizing and corporate reassessment of space needs. In retail, the repurposing of strategic assets and growing demand for quality space are expected to support leasing activity in the coming quarters.

At the sub-sector level, data centers and senior living continue to attract investment due to their strong growth potential. From a portfolio strategy perspective, investors are expected to shift toward inflation-protected, income-generating assets, while maintaining a focus on opportunistic, high-return opportunities.

Surging Occupier Demand and Supportive Fiscal Policies Aid Europe & UK CRE

Yields in the European region have been attractive since the start of 2025, which in turn has attracted investments. The structurally supply-constrained Euro area attracted $50 billion in investments in Q2 2025, up 8% y/y (Source: Savills), underpinning demand in the student housing, retail, and hotels sub-sectors. This supply-demand imbalance continues to fuel rental growth with France & UK offering average yields well above 5% across sub-sectors. Region wise, Central and Eastern Europe and Benelux remained most attractive in terms of yield potential. Whereas, Western Europe, notably Germany with extension of rent control law until 2029 is likely to limit investment incentives, especially for private investors.

Overall, demand for the logistics space is stable, yet selective, whereas the office demand continue to pivot towards sustainable, energy efficient workspaces. Lower cost of financing & rising capital values indicate likely yield compression for prime assets in the Europe & UK markets in future.



Source: Cushman & Wakefield, SGA Research

APAC Continue to Attract Investments in Key Sub-sectors across Selected Markets

APAC CRE remained positive despite concerns over erratic tariffs, recording 15% y/y growth in investment volumes in Q2 2025. As overseas investments reached $6.7 billion in Q2 2025, up 86% y/y (Source: JLL), yields have started to compress across key markets. Japan remained the top performer in the region, with a surge of 46% y/y (CBRE) in investments, supported by strong fundamentals for the office, industrial, and multifamily sectors. Chinese CRE remains distressed due to liquidity concerns, whereas South Korea observed fourfold growth in overseas investments in 1H25. India and Hong Kong witnessed strong demand for luxury residential, office, and retail properties. The logistics and Industrial sectors kept the momentum going for Australia, driven by growth in e-commerce and supply-chain diversification. In the Gulf region, the UAE, Saudi Arabia, and Qatar continue to benefit from government-led initiatives, which have further opened the market to foreign ownership. Overall leasing activity across all commercial sub-sectors remained strong, with India leading the region, backed by Global Capability Centers and tech companies.

With many developing economies in the APAC region yet to strike a trade deal with the US, and the August 1, 2025, deadline having passed, inflationary pressures are weighing on the region. Going forward, easing monetary policies, strong demand for office, retail, and industrial assets, a refined tenant mix, and assets less sensitive to tariffs are likely to drive the APAC CRE market.

Currencies

Currencies	Jul-end	▲ 1-Month	▲ YTD	▲ YoY
DXY Index	100	3.2%	-7.9%	-4.0%
EUR/USD	1.1415	-3.1%	10.3%	5.5%
GBP/USD	1.3205	-3.8%	5.5%	2.7%
USD/CHF	0.8122	2.4%	-10.5%	-7.5%
USD/CAD	1.3852	1.8%	-3.7%	0.3%
USD/AUD	1.5562	-2.3%	3.9%	-1.7%
USD/AED	3.6727	0.0%	0.0%	0.0%
USD/INR	87.4960	2.1%	2.3%	4.5%
USD/CNY	7.2002	-0.5%	-1.4%	-0.3%
USD/JPY	150.7400	-4.7%	-4.1%	0.5%
Bitcoin	115,765.0	8.0%	23.7%	79.1%

Commodities

Commodities	Jul-end	1-Month	YTD	YoY
WTI Crude ($/barrel)	69.3	6.4%	-3.4%	-11.1%
Brent Oil ($/barrel)	72.5	7.3%	-2.8%	-10.1%
Natural Gas ($/mmBtu)	3.1	-10.1%	-14.5%	52.6%
Gold ($/oz)	3,290.0	-0.4%	25.4%	34.4%
Silver	36.7	1.8%	27.2%	26.5%
Platinum	1,289.3	-4.7%	42.6%	32.1%
Palladium	970.5	-4.5%	6.3%	1.7%
Copper	9,518.8	6.6%	10.0%	12.6%

Fixed Income

Rates	31-Jul-25	30-Jun- 25	31-Dec-25	31-Jul-24
Fed Funds Target	4.50%	4.50%	4.50%	5.50%
ECB Depo Rate	2.00%	2.00%	3.00%	4.00%
US Treasuries 2-year	4.0%	3.7%	4.3%	4.3%
US Treasuries 10-year	4.4%	4.2%	4.6%	4.1%
US Treasury 2–10 Spread (bps)	41	51	33	(23)
German Bunds 2-year	1.9%	1.9%	2.1%	2.5%
German Bunds 10-year	2.7%	2.6%	2.4%	2.3%
UK Gilts 10-year	4.6%	4.5%	4.6%	4.0%
Japanese Govt Bonds 10-year	1.6%	1.4%	1.1%	1.1%
Swiss Govt Bonds 10-year	0.3%	0.4%	0.4%	0.5%
China 10-year	1.7%	1.7%	1.7%	2.1%
India 10-year	6.4%	6.3%	6.8%	6.9%
Australia 10-year	4.3%	4.2%	4.4%	4.1%

Source: investing.com, July-end data as of 31 July 2025, SGA Research

Global Equity Markets

Country	Index	Jul-end	▲1-Month	▲YTD	▲YoY
US	S&P 500 ($)	6,339.4	2.2%	7.8%	14.8%
	DJ Industrial Average ($)	44,130.9	0.1%	3.7%	8.1%
	Nasdaq 100 ($)	23,218.1	2.4%	10.5%	19.9%
Europe	STOXX Europe 600 (€)	546.1	0.9%	7.6%	5.4%
	STOXX Europe 50 (€)	5,319.9	0.3%	8.7%	9.2%
	UK FTSE 100 (£)	9,132.8	4.2%	11.7%	9.1%
	Germany DAX (€)	24,065.5	0.7%	20.9%	30.0%
	France CAC 40 (€)	7,771.9	1.4%	5.3%	3.2%
	SWISS MKT (CHF)	11,836.0	-0.7%	2.0%	-3.9%
APAC	Japan Nikkei 225 (JPY)	41,069.8	1.4%	2.9%	5.0%
	SHANGHAI COMPOSITE (CNY)	3,573.2	3.7%	6.6%	21.6%
	Hang Seng (HKD)	24,773.3	2.9%	23.5%	42.8%
	Australia S&P/ ASX 200 (AUD)	8,742.8	2.3%	7.2%	8.0%
	India Nifty 50 (INR)	24,768.3	-2.9%	4.8%	-0.7%
MENAT	UAE ADX (AED)	10,370.7	4.1%	10.1%	11.0%
	Dubai DFMGI (AED)	6,159.2	7.9%	19.4%	44.3%
	Qatar DSM (QAR)	11,261.6	4.8%	6.5%	10.9%
	Saudi Arabia Tadawul (SAR)	10,920.3	-2.2%	-9.3%	-9.8%
	Kuwait BK Main 50 (KWD)	7,604.7	5.3%	11.7%	28.1%
	Muscat MSM30 (OMR)	4,780.9	6.2%	4.5%	2.6%
	Bahrain All Share (BHD)	1,955.6	0.6%	-1.5%	-0.7%
	Egypt EGX 30 (EGP)	34,198.0	4.1%	15.0%	16.4%
	Turkey N100 (TRY)	10,743.2	8.0%	9.3%	1.0%

Source: investing.com, July-end data as of 31 July 2025, SGA Research

SGA Newsletter Team

Mayuresh Wagh
Head of Capital Markets

Rajib Das
Head of Investment Research

Ashish Jain
Head of Equity Research

Ramkrishna Umre
AVP, Investment Research

Laxmikant Waghmare
SPM, Investment Research

Rakesh Kakani
Head of Fixed Income Research

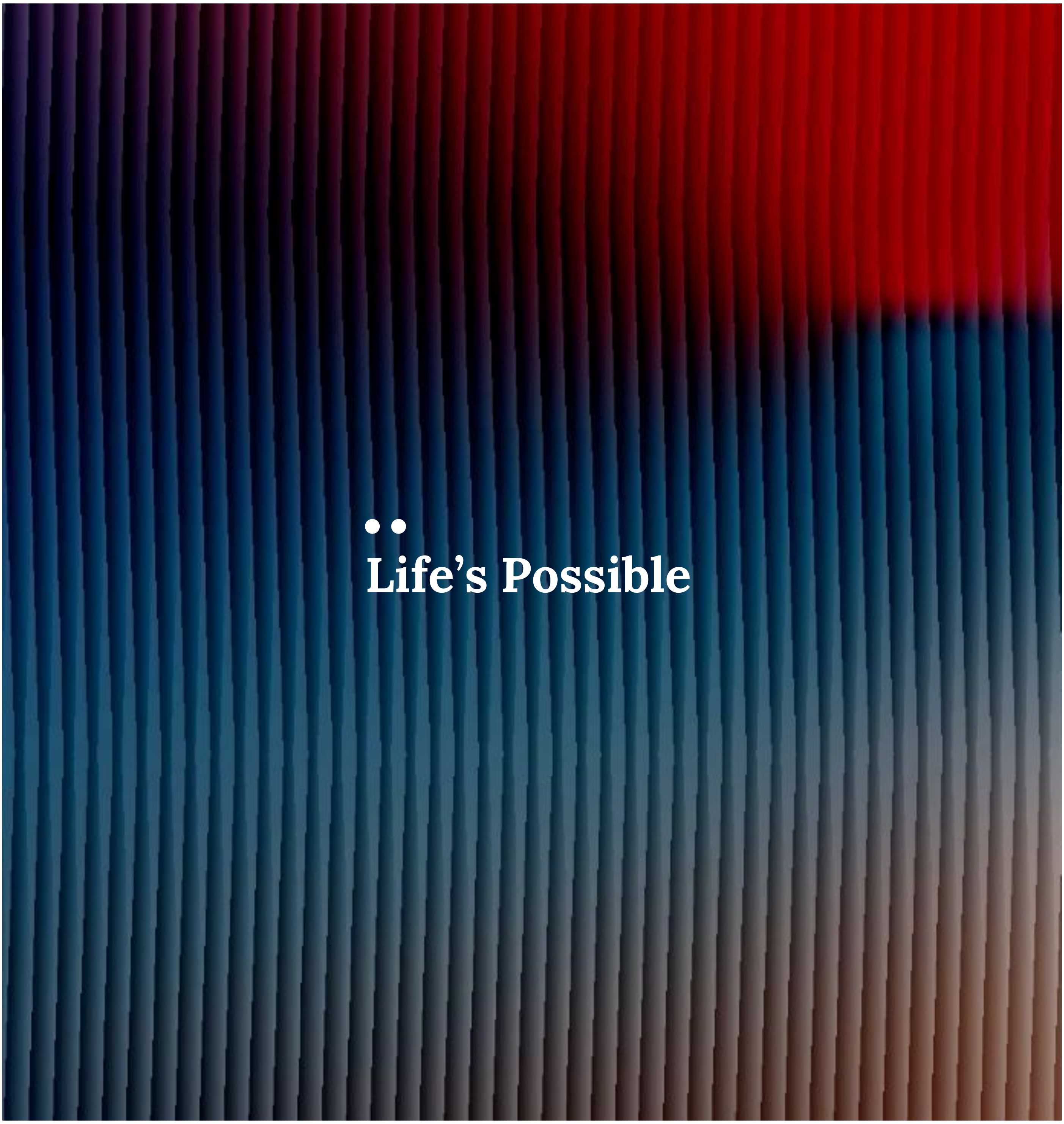
Rahul Ingle
Lead Analyst, Investment Research

Kunal Patil
APM, Investment Research

Sarita Ghosh
Analyst, Fixed Income Research

Ashish Maurya
Lead Analyst, Investment Research

Shrutika Jadhav
Content Editor



Disclaimer

SG Analytics (SGA), a Straive company, is a leading global data and AI consulting firm delivering solutions across AI, Data, Technology, and Research. With deep expertise in BFSI, Capital Markets, TMT (Technology, Media & Telecom), and other emerging industries, SGA empowers clients with Ins(AI)ghts for Business Success through data-driven transformation.

A **Great Place to Work®** certified company, SGA has a team of over 1,600 professionals across the U.S.A, U.K, Poland, and India. Recognized by Gartner, Everest Group, ISG, and featured in the Deloitte Technology Fast 50 India 2024 and Financial Times & Statista APAC 2025 High Growth Companies, SGA delivers lasting impact at the intersection of data and innovation.

SG Analytics
A Straive Company

in

New York | London | Pune | Bengaluru | Hyderabad | Gurugram | Toronto | Wroclaw