

Global Market Summary

As of 2025/07/31

MARKET INDICES (\$)

	YTD	1 month	3 months	1 year	3 years	5 years
MSCI World	10.88	1.29	11.91	15.72	15.83	13.78
S&P 500 (US)	8.59	2.24	14.21	16.33	17.10	15.88
FTSE 100 (UK)	20.69	0.74	7.36	16.66	14.45	13.43
FSE DAX (Germany)	33.61	-1.86	7.71	37.53	26.06	13.60
Nikkei (Japan)	8.67	-2.63	8.18	7.07	11.69	7.90
MSCI EM	17.51	1.95	12.69	17.18	10.50	5.40
MSCI India	0.59	-5.10	-1.11	-7.95	10.32	14.63
SSE Composite (China)	8.18	3.34	10.03	22.17	0.95	0.93
BOVESPA (Brazil)	22.08	-6.57	-0.14	5.25	6.20	3.75

MARKET COMMENTARY

Despite elevated policy uncertainty, economic growth across major economies has remained resilient. This strength, in addition to better-than-expected earnings, provided key support for most equity markets this month. As a result, most major stock market indices – including those in the U.S. – reached new all-time highs in July. In the U.S., nearly 80% of S&P 500 companies that reported results exceeded consensus expectations for both earnings and revenue growth, surpassing long-term averages. Emerging Market (EM) equities outperformed their Developed Market (DM) counterparts over the month, largely driven by strong performance from Greater China and South Korea. However, a stronger U.S. dollar acted as a modest headwind to EM allocations, as the USD strengthened against most EM currencies. Another key theme for the month was the strong performance posted by Technology stocks. The “Magnificent Seven” tech giants reported strong earnings growth, with revenue growth across the broader sector outpacing the rest of the market. Global bond markets, on the other hand, posted weak returns as rising yields pushed bond prices down. UK Gilts were particularly weak, with renewed concerns over fiscal stability in the UK pushing yields higher and driving bond prices lower over the month.

The U.S. economy grew at an annualised rate of 3.0% in the second quarter of 2025, rebounding strongly from a 0.5% contraction in the first quarter and exceeding market expectations of 2.4%. This growth was largely driven by a sharp 30.3% drop in imports, reversing a 37.9% surge in the previous quarter, when businesses and consumers rushed to front-load purchases in anticipation of price hikes tied to new tariffs. In contrast, the Eurozone economy slowed notably, expanding just 0.1% quarter-on-quarter in Q2 2025, down from 0.6% growth in the first quarter. China's economy grew by a seasonally adjusted 1.1% in the second quarter, slightly below the 1.2% increase in the first quarter but still ahead of market expectations of 0.9%.

U.S. annual inflation rose to 2.7% (year-on-year to the end of June 2025), the highest since February and up from 2.4% in May, matching expectations. U.S. core inflation edged up to 2.9%, slightly below the forecasted 3.0%. In the Eurozone, inflation for June (data released in July) was confirmed at 2.0% year-on-year, up from 1.9% in May and in line with the European Central Bank's (ECB) target. UK inflation climbed to 3.6% (year-on-year to the end of June), its highest level since January 2024, exceeding expectations and up from 3.4% in May. Japan's inflation eased to 3.3% from 3.5%, it's lowest since November 2024. In China, consumer prices rose 0.1% year-on-year in June, ending a three-month streak of deflation and beating expectations.

The Federal Reserve (Fed) held interest rates steady at 4.25%–4.50% in July, as widely expected. However, for the first time since 1993, two members of the committee dissented, favouring a rate cut instead. Futures markets are pricing in the first cut this year in September, with expectations of at least two rate cuts by year-end, broadly in line with both the Fed's forward guidance and Morningstar's internal forecasts. Meanwhile, the European Central Bank (ECB) also kept rates unchanged at 4.25%, signalling a likely end to its current easing cycle after delivering eight cuts over the past year.

Most equity markets ended the month higher, despite elevated policy uncertainty. The **MSCI World Index** (+1.3%) posted positive returns for the month. Furthermore, the **MSCI Emerging Markets Index** (+2.0%) ended the month positively, outperforming its developed market peers. Within emerging markets, China's **Shanghai SE Composite** (+3.3%) and Korea's **KOSPI** (+2.9%) posted positive returns for the month. In Europe, the **MSCI Europe Ex UK Index** (-2.5%) ended the month negatively, detracting from some of its strong performance for the year, with the UK's **FTSE 100** (+0.7%) ending the month marginally positive. Additionally, Japan's **Nikkei 225** (-2.6%) posted negative returns for the month. In the US, tech-heavy **NASDAQ 100** (+2.4%) posted strong returns, as underlying Tech stocks performed well over the month. The **S&P 500** (+2.2%) continued its positive momentum over the month, as the Tech, Energy and Utility sectors contributed to performance. Commodities posted mixed returns over the month, with **Gold** (+0.35%) ending the month marginally higher. However, **Platinum** (-3.3%) and **Copper** (-14.3%) finished the month meaningfully lower. Copper was pressured by President Trump's announcement of a 50% tariff on copper imports, followed by an exemption for refined metals later in the month. Furthermore, **Brent Crude** (+7.3%) ended the month higher. The US dollar generally displayed strength against most major currencies this month.

The US dollar strengthened against the **pound sterling** (+3.4%) and the **euro** (+2.5%), whereas it weakened slightly against the **yen** (-0.6%).

*All data is sourced from Morningstar Direct as at 2025/07/31. The performance of global asset classes is quoted in US dollars.

Returns are quoted in US Dollar. Returns greater than a year have been annualised.

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