Global Market Summary

As of 2025/08/31

MARKET INDICES ($)

	YTD	1 month	3 months	1 year	3 years	5 years
MSCI World	**13.78**	**2.61**	**8.41**	**15.68**	**18.50**	**12.89**
S&P 500 (US)	10.79	2.03	9.62	15.88	19.54	14.74
FTSE 100 (UK)	24.73	3.35	5.84	16.83	17.88	13.33
FSE DAX (Germany)	35.71	1.57	2.69	33.68	29.42	12.56
Nikkei (Japan)	15.93	6.68	10.84	11.75	15.10	7.98
MSCI EM	**19.02**	**1.28**	**9.47**	**16.80**	**10.82**	**5.21**
MSCI India	-2.55	-3.13	-5.26	-11.76	7.70	13.13
SSE Composite (China)	17.79	8.88	16.27	34.89	5.21	1.77
BOVESPA (Brazil)	33.81	9.61	8.99	8.49	7.22	7.54

MARKET COMMENTARY

Policy uncertainty remained prevalent in August, with President Trump continuing to escalate tariffs – most notably placing a 50% tariff on India – while increasing pressure on the Federal Reserve. Despite these risks, global equities not only recovered from April's "Liberation Day" declines but pushed to new highs. US and UK stocks set fresh record highs, as progress on trade agreements and expectations of monetary and fiscal stimulus lifted risk appetite. Developed Markets (DM) outperformed Emerging Markets (EM), led by strong gains in Japan and broader Europe, while US small caps outpaced large caps. A weaker U.S. dollar provided a modest tailwind to EM performance. Global bonds delivered positive returns over the month, as decreasing yields pushed bond prices higher. In the U.S., the yield curve steepened: front-end yields declined on rate-cut expectations, while longer maturities pushed higher as concerns over Fed independence and policy credibility gained traction.

The US annual inflation rate remained at 2.7% in July 2025 (data released in August), below forecasts of 2.8%. Meanwhile, core inflation, which excludes food and energy, accelerated to a five-month high of 3.1%, compared to 2.9% in June and above forecasts of 3%. The headline annual inflation rate in the Eurozone was unchanged from the prior month at 2% in July 2025 (data released in August), slightly above the initial market expectations of 1.9%. This marks the second consecutive month that inflation has aligned with the European Central Bank's (ECB) official target. The annual inflation rate in the UK jumped to 3.8% in July 2025 (data released in August), the highest since January 2024, up from 3.6% in June and above market expectations of 3.7%.

The US economy grew at an annual rate of 3.3% in Q2 2025, a sharp rebound from the 0.5% contraction in Q1. China's GDP grew by a seasonally adjusted 1.1% in Q2 2025, beating market forecasts of 0.9% despite slowing slightly from a 1.2% increase in Q1. The stronger-than-expected result reflected the positive effect of a series of policy support measures from Beijing, including interest rate cuts and increased liquidity injections to support the tariff-hit economy. Japan's GDP grew 0.3% quarter-on-quarter in Q2 2025, accelerating from an upwardly revised increase in Q1 and surpassing market expectations, both of which stood at 0.1%, preliminary data showed. In other economic news, FOMC Chair Jerome Powell signalled at Jackson Hole that the Fed is prepared to cut interest rates, reflecting a shift in the balance of economic risks. He noted that, while inflation remains above the Fed's 2% target, it has declined significantly over the past one to two years. Futures markets now assign a 92% probability to a rate cut at the September Fed meeting. Meanwhile, the Bank of England (BoE) cut interest rates by 0.25% to 4%, the lowest level since March 2023. The rare two-round vote highlighted deep divisions over how best to address persistent inflation amid a slowing economy.

Most equity markets ended the month higher, despite policy uncertainty remaining prevalent. The **MSCI World Index** (+2.6%) posted positive returns, while the **MSCI Emerging Markets Index** (+1.5%) posted positive returns but lagged developed markets. Within emerging markets, China's **Shanghai SE Composite** (+8.9%) performed strongly, supported by the US-China trade truce extension until 10 November and China's plan to triple chip supply by 2026. In contrast, Korea's **KOSPI** (-1.9%) posted negative returns for the month. In Europe, the **MSCI Europe Ex UK Index** (+3.4%) ended the month positively, outperforming most DM this month, with the UK's **FTSE 100** (+3.3%) also ending the month higher. Additionally, Japan's **Nikkei 225** (+6.7%) posted strong returns for the month, assisted by the US-Japan trade deal agreed towards the end of July and supportive economic data. In the US, tech-heavy **NASDAQ 100** (+0.9%) posted positive returns; however, it lagged the broader market as underlying Tech stocks underperformed. The **S&P 500** (+2.0%) continued its positive momentum over the month, supported by strong Q2 earnings, as about 75% of the S&P 500 index beat forecasts. Commodities posted generally positive returns over the month, with **Gold** (+4.0%), **Platinum** (+3.1%) and **Copper** (+4.0%) ending the month higher. However, **Brent Crude** (-6.1%) declined over the month following a 50% tariff imposed on India to discourage purchases of Russian oil, which pushed oil prices lower. The US dollar displayed broad-based weakness against most major currencies this month.

The US dollar weakened against the **pound sterling** (-2.1%), the **euro** (-2.3%) and the **yen** (-2.5%).

*All data is sourced from Morningstar Direct as at 2025/08/31. 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.