

WEEKLY BULLETIN

August 2025: Issue #2

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Quote of the Week.

"In the financial markets I find it easy to predict what will happen and very difficult to predict when it will happen" – Warren Buffett

Part 1 – US Equities Driving Global Sentiment

US equities extended their gains last week, with bullish sentiment spilling over into Asia-Pacific markets as investors chased the rally. The S&P 500 now trades above 6,400 with a forward P/E of closer to 23x — elevated versus history and making new entry points a difficult choice. At these levels, our preference is to remain patient and disciplined, waiting for opportunities to add on pullbacks rather than chasing momentum. Elevated valuations leave markets vulnerable to short-term shocks, and we see a potential disruptive event building on the geopolitical front.

Part 2 – Trump's Push to End Ukraine War

President Trump has stepped up efforts to broker a peace deal between Russia and Ukraine, following what he described as a "constructive" meeting with Putin. However, the path forward is far from smooth. President Zelenskyy remains firm in rejecting any land concessions to Russia, and he is now seeking Europe's backing for this stance. This risks creating friction between Trump and European leaders.

Should Trump perceive European resistance as an obstacle to his peace agenda, his approach could turn more aggressive — potentially souring US–Europe relations and injecting fresh uncertainty into markets. In the near term, investors should monitor:

- Zelenskyy's push for full territorial integrity, which may clash with Trump's urgency for a quick resolution.
- Europe's alignment with Ukraine, risking a transatlantic rift if Trump views it as undermining his deal-making.
- Any shift in Trump's tone after his meeting with Putin, which could signal a harder line if talks stall.

Part 3 – Not a straight line to Fed Cuts.

Beyond geopolitics, monetary policy remains a key focus. While Wall Street has priced in an 85% chance of a Fed cut in September, inflation signals are mixed — softer CPI headlines offset by higher PPI data and consumer concerns over tariffs, whose full impact has yet to filter through the economy. Against this backdrop, Powell's bias toward an early cut remains uncertain, and markets will be looking to Jackson Hole for clearer guidance.

Overall, we remain patient and selective, viewing any near-term pullbacks as opportunities to position for a more favorable environment when Fed easing eventually takes hold.

Last Week 's Notable Events.

US Economy/Politics

- US CPI y/y 2.7% vs estimates 2.8% - 12th Aug
- US Michigan Consumer Sentiment Index 58.6 vs estimates of 62 – 15th Aug
- Trump calls for peace agreement to end horrific war between Russia and Ukraine – 17th Aug
- US, Russia agreed on Ukraine Security pledges, Witkoff says – 17th Aug

Europe Economy/Politics

- EU Q2 GDP 1.4% vs estimates of 1.4% – 14th Aug
- German air traffic remains far below pre-COVID levels – 17th Aug
- European to back Zelenskyy in Washington as Trump presses Ukraine deal – 18th Jul

Asia Pacific Economy/Equity

- China urges firms to avoid Nvidia H20 chips after Trump resumes sales – 13th Aug
- Thailand cut 25bps to boost growth – 14th Aug
- China to send envoy to India as ties warms after US tariffs – 15th Aug
- Japan GDP rises +0.3% q/q in Q2 2025 – 15th Aug

Weekly Data Monitor

Weekly chart:

- Bullish sentiment in US equities split over to APAC equities to do catch-up with US peers,
- Gold shines as safe haven, up +27.9% YTD while last week fell -1.8% on profit taking.

Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

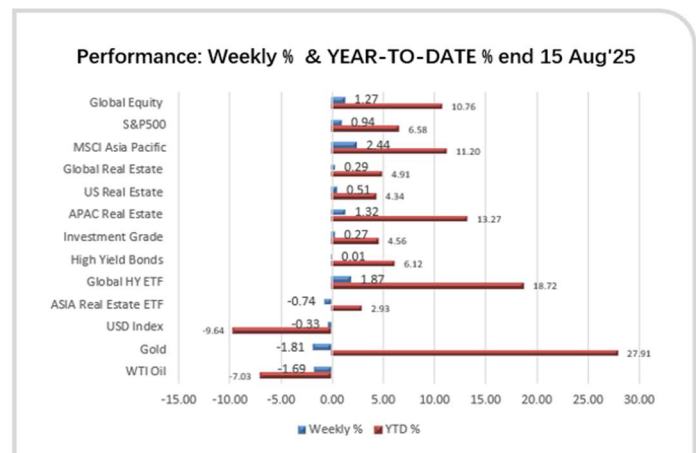
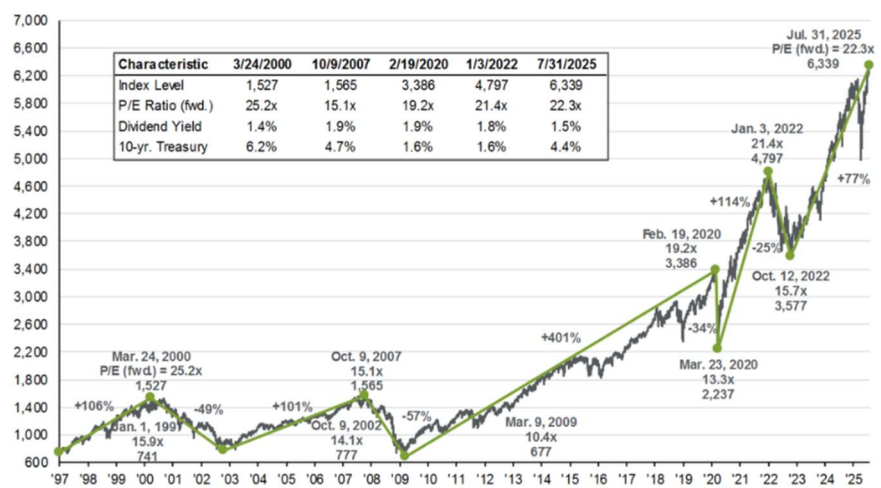


Chart of the Week

The structural details on the chart show that the S&P 500 is once again trading at elevated levels — at 6,339 with a forward P/E of 22.3x. This is above its long-term average but still below the extremes seen during the Dot-com bubble (25.2x in 2000), though we are getting close. Given this elevated valuation, some minor pullback opportunities may emerge this month if any weak news surprises the market.

S&P 500 Price Index



Source: FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management.

History shows that such pullbacks are common: the index corrected -49% from 2000–2002, -57% during the 2008 GFC, and more recently -25% from the Jan 2022 peak before resuming its upward trend. Like in previous cycles, these pullbacks have often proven to be attractive entry points.

I view any near-term weakness as a chance to add positions at a discount, especially with the likelihood of a potential rebound when the Fed begins cutting rates in Q4.

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