Monday Report | *04 August 2025*

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Economy

Statistics published in the United States tended to disappoint. The upward surprise in Q2 GDP growth (+3% annualised vs +2.6% est.) was due to a decline in imports. The ISM manufacturing index disappointed, falling from 49 to 48 in July (vs 49.5 est.). Similarly, job creation was weaker than expected in July (+73,000 vs. 104,000 est.) and previous months were revised downwards for a total of -258,000. PCE inflation was slightly higher than expected (+2.6% y/y vs. +2.5% est.) in June. In the eurozone, the EC's confidence indices for the economy (from 94.2 to 95.8), industry (from -11.8 to -10.4) and services (from 3.1 to 4.1) all surprised on the upside in July, as did Q2 GDP (+0.1% q/q vs +0%). In China, manufacturing (from 49.7 to 49.3) and services (from 50.5 to 50.1) PMIs were down and weaker than expected in July.

Markets

The Fed's decision to maintain the status quo, which was not unanimous, and disappointing US employment figures caused 10-year sovereign bond yields in the US to fall by around 15bp (EUR: around -5bp). Equities also fell (US: -2.3%; Europe: -2.6% and emerging markets: -2.5%). This risk-off sentiment was also reflected in the appreciation of the USD (dollar index: +0.5%) and gold (+0.5%). This week to watch: trade balance, ISM services and consumer credit in the US; consumer price index, retail sales and investor confidence index (Sentix) in the eurozone; foreign exchange reserves and trade balance in China.

Planetary Boundaries

According to the International Energy Agency's mid-year report, electricity demand is expected to grow by 3.3% in 2025 and 3.7% in 2026, which is about twice the growth in global energy demand. Renewable energy production is expected to exceed coal-fired production in 2025 or 2026, with CO2 emissions from electricity generation levelling off before declining.

Swiss Market

Coming up this week: July inflation (FSO), July PMI index, Q3 employment indicator (KOF), economic survey (KOF), July unemployment (Seco), foreign exchange reserves at the end of July (SNB) and consumer confidence (Seco).

The following companies will publish their results: Oerlikon, Adecco, Ascom, U-blox, Amrize, Galenica, Zurich Insurance, Financière Tradition, GAM, Sandoz, Swisscom and Mobimo.

Bonds

In the US, after the publication of the NFP, whose revisions wiped out almost all of the gains made over the last three months, the market experienced a risk-off movement, with the 10-year yield falling 17bp and the curve steepening. Expectations for a rate cut in September rose to nearly 90%, with two cuts expected by December. In addition, a Fed governor announced his resignation, opening the door for an outsider to potentially replace J. Powell as chair. This week will be quieter in terms of releases, with the ISM services index the only notable event.

Sentiment of traders

Stock markets

Markets opened higher after Friday's sell-off triggered by mixed US data (PCE up, employment down). On the macro front, we will have the ISM in the US and the PPI in the eurozone, as well as the BOE (-0.25% expected). Publishing this week: AMD, Disney, BP, Rheinmetall, etc. More volatility is on the horizon with the implementation of customs duties on Friday.

Currencies

Following Friday's poor US employment figures, the dollar fell from $/CHF 0.8168 to 0.8050. It stabilised this morning at $/CHF 0.8080 and $/JPY 147.80. The euro rebounded to 1.1557, above 1.1450, with resistance at 1.1650. The announcement of 39% US tariffs on Swiss goods pushed the Swiss franc down slightly to €/CHF 0.9345, above 0.9275, with resistance at 0.9400. The £ consolidated at £/$ 1.3268, above 1.3180, with resistance at 1.3500. Gold traded at $3355/oz.

Equities

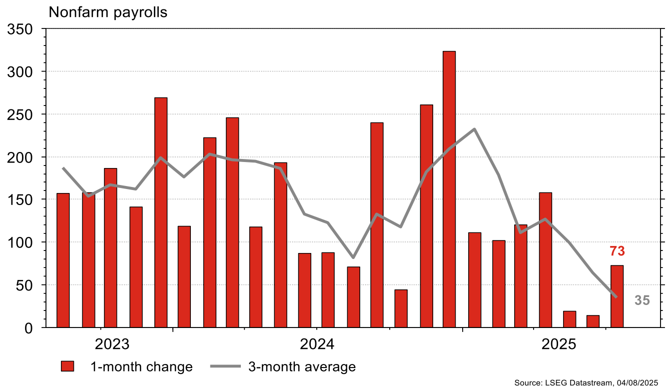
APPLE (Core Holding) reported better-than-expected results, driven by the iPhone 16 ($44.6 billion vs. $40 billion est.) and Services ($27.42 billion vs. $26.85 est.). The company recorded ~$800 million in tariff-related costs in Q3 and anticipates ~$1.1 billion in Q4, despite its diversification efforts (iPhone production in India, Mac/iPad/Watch in Vietnam). The market remains attentive to a possible hardening of the "Made in USA" stance under Trump.

Energy: OPEC+ confirmed its decision to increase production by 547kbl/d from September, returning to its November 2023 level. The market will remain in clear oversupply at the end of 2025 and in 2026, barring any major events.

The results of Big Tech companies **MICROSOFT** (Core Holding) and **META** (No recommandation) were well received by the market, buoyed by increasingly ambitious investment plans in AI. For 2026, the consensus now expects record capital expenditure: $83 billion for Microsoft, $90 billion for Meta and $89.4 billion for Alphabet.

We are removing **NOVO NORDISK** from our Core Holdings recommendations following a profit warning linked to disappointing sales momentum and the significant impact of compounding pharmacies. The 2025 targets have been lowered, visibility is reduced and there are many uncertainties. The appointment of an internal CEO does not inspire confidence. We recommend reallocating positions to AstraZeneca, also in Core Holdings.

Today's graph



Performances

	As at 01.08.2025	Since 25.07.2025	Since 31.12.2024
SMI	11 836.00	-1.00%	2.03%
Stoxx Europe 600	535.79	-2.58%	5.55%
MSCI USA	5 965.04	-2.34%	6.19%
MSCI Emerging	1 226.18	-2.51%	14.01%
Nikkei 225	40 799.60	-1.58%	2.27%
CHF vs. USD	0.8066	-1.23%	12.36%
EUR vs. USD	1.1555	-1.50%	11.58%
Gold (USD/per once)	3 349.28	0.51%	27.57%
Brent (USD/bl)	69.72	1.83%	-6.72%
		As at 25.07.2025	**As at 31.12.2024**
10-year yield CHF (level)	0.34%	0.42%	0.23%
10-year yield EUR (level)	2.64%	2.68%	2.36%
10-year yield USD (level)	4.21%	4.38%	4.57%

Source: LSEG Datastream