

ASAS CAPITAL

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Weekly Newsletter

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MUSINGS

Nothing is more despicable than respect based on fear.

— Albert Camus

LAST WEEK IN THE MARKETS

	Closing level	Weekly change	YTD change
S&P 500	6,296.78	0.59%	7.06%
Nasdaq Composite	20,895.66	1.51%	8.21%
10Y UST Yield	4.42	0.07%	-3.35%
Crude oil	66.05	-3.51%	-7.91%
Gold	3,350.10	-0.17%	27.66%
DX	98.46	0.60%	-9.24%
USD/INR	86.13	0.41%	0.70%
Euro STOXX 50	5,340.20	-0.75%	9.93%
India (Nifty)	24,968.40	-0.72%	5.60%
Japan (Nikkei)	39,819.11	0.63%	-0.19%
China (CSI 300)	4,058.55	1.09%	3.14%
Saudi (TASI)	11,006.98	-2.32%	-8.55%
Abu Dhabi (ADX)	10,261.69	1.96%	8.95%
Dubai (DFM)	6,093.75	4.08%	18.13%

NEWS FROM THE MARKETS

China's economy expanded by 5.2% in the first half of 2025, significantly exceeding expectations. Industrial output from major firms rose 6.4%, buoyed by a 9.5% surge in high-tech manufacturing. Retail sales, a critical gauge of consumption, climbed 5%, marking an acceleration from the first quarter. Meanwhile, exports grew 7.2% during the same period. Analysts attributed the upgrades to robust global demand for Chinese goods, supportive government trade policies, and improving corporate earnings. A rebound in tourism has also bolstered domestic consumption.

The US Consumer Price Index, a broad-based measure of goods and services costs, increased 0.3% on the month, putting the 12-month inflation rate at 2.7%. The numbers were right in line with the Dow Jones consensus, though the annual rate is the highest since February and still above the Federal Reserve's 2% target.

As per the CME Fedwatch tool, **market expectations of an interest rate cut by the Federal Reserve have changed to 4% in July and 53% in September.**

The second-quarter earnings season for U.S. financial institutions began on a strong note, with major banks like JPMorgan Chase, Wells Fargo, Citi and BNY Mellon all exceeding expectations despite macroeconomic headwinds. A key theme was the sector's resilience in a high interest rate environment, supported by diversified revenue streams and disciplined risk management.

JPMorgan Chase led the pack with revenue of \$44.91 billion and EPS of \$5.24, both beating estimates. Strong fixed income trading and deposit growth highlighted the bank's robust performance.

Wells Fargo reported revenue of \$20.82 billion and EPS of \$1.60, also surpassing forecasts. A notable 12.5% dividend hike and easing regulatory constraints (including the removal of its asset cap) are all helping its turnaround story.

BNY Mellon posted \$5.03 billion in revenue and \$1.93 EPS, driven by strength in wealth management and custody services. Assets under management reached \$2.11 trillion, and the bank raised its expense guidance to support growth.

Citi reported second-quarter results that topped analyst expectations, with net income of \$4.02 billion up 25% from the same quarter last year.

BlackRock posted a somewhat mixed performance, with earnings per share coming in at \$12.05, revenue up 13% over last year, and assets under management rising to a record \$12.5 trillion. However, long-term net inflows were impacted by a single institutional client redeeming \$52 billion from a low-fee index fund.

Meanwhile **TSMC, the world's largest contract chip manufacturer, reported earnings of \$2.47 per U.S. share on sales of \$30.07 billion.** Analysts polled by FactSet had expected earnings of \$2.38 a share on sales of \$30.21 billion. For the current quarter, TSMC expects revenue of \$31.8 billion to \$33 billion. The midpoint of \$32.4 billion topped Wall Street's target of \$30.7 billion.

Semiconductor equipment giant ASML on Wednesday beat estimates for the second quarter. But its **disappointing guidance sent ASML stock tumbling 11.37% on the day.**

On Friday, President **Donald Trump signed the first federal bill to regulate stablecoins**, hailing it as a "giant step to cement American dominance of global finance and crypto technology" and delivering a major victory for the digital asset industry. The measure sets regulatory rules for US dollar-backed stablecoins, including a requirement for firms to hold dollar-for-dollar reserves in short-term government debt or similar products overseen by state or federal regulators.

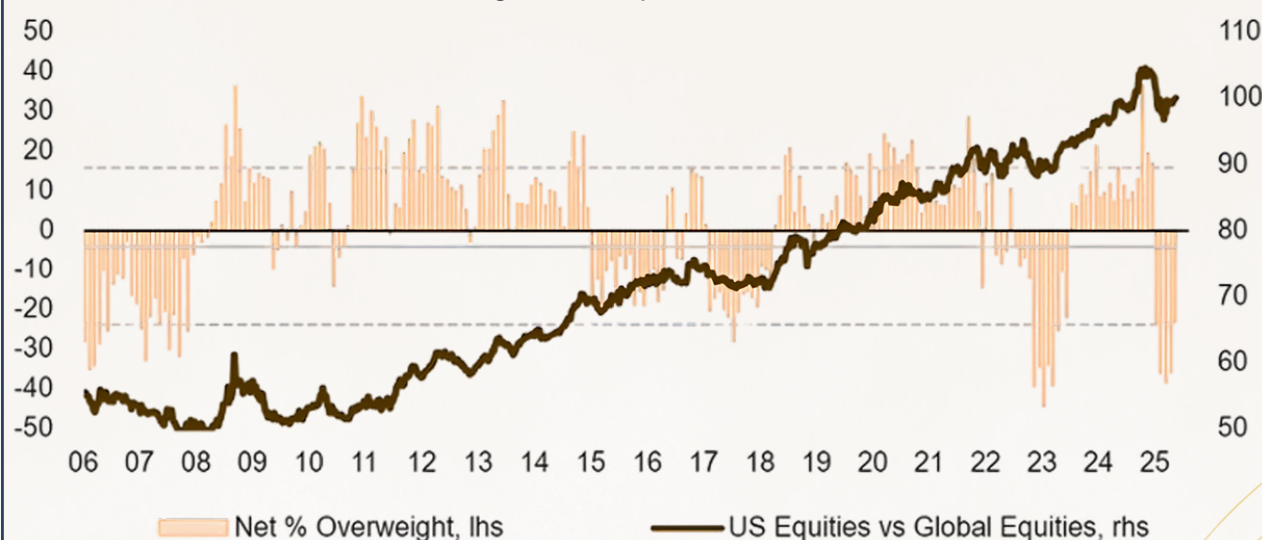
KEY ECONOMIC EVENTS COMING THIS WEEK

July 21 st	<ul style="list-style-type: none">• Japan Market Holiday (Marine Day)• Verizon earnings
July 22 nd	<ul style="list-style-type: none">• US Fed Chair Speaks• Lockheed, RTX, Northrop, SAP earnings
July 23 rd	<ul style="list-style-type: none">• US Existing Home Sales (June)• Tesla, Alphabet earnings
July 24 th	<ul style="list-style-type: none">• EUR Interest Rate Decision• US New Home Sales (Jun)• SK Hynix, American Airlines, Intel earnings
July 25 th	-

CHART OF THE WEEK

Chart 42: Net % AA Say they are overweight US Equities

Net% of FMS investors overweight US equities



Source: BofA Global Fund Manager Survey, Datastream

Fund managers remain underweight US equities

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