

# Weekly Newsletter

August 29<sup>th</sup>, 2025

## MUSINGS

*"How did you go bankrupt?" Bill asked. "Two ways," Mike said. "Gradually and then suddenly."*

– Earnest Hemingway

## LAST WEEK IN THE MARKETS

	Closing level	Weekly change	YTD change
S&P 500	6,460.26	-0.10%	9.84%
Nasdaq Composite	21,455.55	-0.19%	11.11%
10Y UST Yield	4.232	-0.56%	-7.46%
Crude oil	64.01	0.55%	-10.75%
Gold	3,447.44	2.26%	31.37%
DX	97.86	0.13%	-9.79%
USD/INR	88.12	0.93%	3.03%
Euro STOXX 50	5,356.40	-2.38%	10.27%
India (Nifty)	24,462.85	-1.64%	3.46%
Japan (Nikkei)	42,718.47	0.20%	7.08%
China (CSI 300)	4,496.76	2.71%	14.28%
Saudi (TASI)	10,732.31	-1.24%	-10.84%
Abu Dhabi (ADX)	10,094.67	-1.12%	7.17%
Dubai (DFM)	6,063.60	-1.02%	17.54%

## NEWS FROM THE MARKETS

**A federal appeals court struck down most of President Trump's Congress-averting global import tariffs**, and emphasized that under the US Constitution, Congress is empowered to lay and collect taxes, duties, imposts, and excises and to regulate commerce with foreign nations. **The dispute is predicted to head to the US Supreme Court.**

Federal Reserve Board of Governor Lisa Cook has sued President Donald Trump over her dismissal from the panel that guides the nation's monetary policy. However, a court hearing on her request that Trump be temporarily barred from firing her while her lawsuit against the president plays out ended without a ruling. **At this time, it is not clear whether Mrs. Cook can continue to carry out her duties as Fed Governor.**

While the clash between Trump and the Fed has stoked concern among many economists about the independence of the central bank, long viewed as a cornerstone of the U.S. economy, **the reaction from the market has been relatively muted so far, except for some steepening in long-term yields.**

**The Fed's key inflation rate, the core PCE price index, ticked up to 2.9% in July from 2.8% in June.** Core prices rose 0.3% on the month. Both were in line with forecasts. Headline inflation also matched forecasts of a 0.2% monthly increase and steady 2.6% 12-month inflation. Markets are now pricing in 87% odds of a quarter-point rate cut at the upcoming FOMC meeting. We expect the stakes will be higher for August jobs and inflation data out in early September, ahead of the next Fed meeting, but believe that, absent really strong jobs data, the Fed will go ahead with a 25 bp cut in rates.

As mentioned in our special report on NVDA Q2 earnings, the Company beat revenue and earnings forecasts for the period, with sales of \$46.74 billion and EPS of \$1.05. Its third-quarter forecast was less rosy, as it didn't factor in any H20 chip sales in China, an important market for the company. The stock dropped a little over 3% at Friday's close.

**Alibaba is stepping deeper into the AI chip race,** rolling out a new processor that's more versatile than its older designs. The chip is built for AI inference letting trained models analyze new data and unlike most homegrown rivals, it works with Nvidia's platform. That means engineers can reuse programs written for Nvidia hardware, giving Alibaba an edge as Chinese firms scramble to fill the gap left by U.S. export rules.

Dell raised its full year outlook for revenue to be \$107 billion and diluted earnings per share to \$9.55, topping Wall Street estimates of \$104.6 billion and \$9.38 per share. However, **concerns over margin compression in its AI server segment contributed to investor caution and shares dropped almost 9%.** Dell is one of Nvidia's important customers.

**Ulta Beauty delivered a solid Q2 performance** with beats across key financial metrics – strong beats on revenue and EPS, low gross margin improvement – and raised full-year guidance. The stock reacted positively in after-hours trading, but caution around consumer demand and margins led to a sharp pullback once normal trading resumed and the stock ended almost 7% lower.

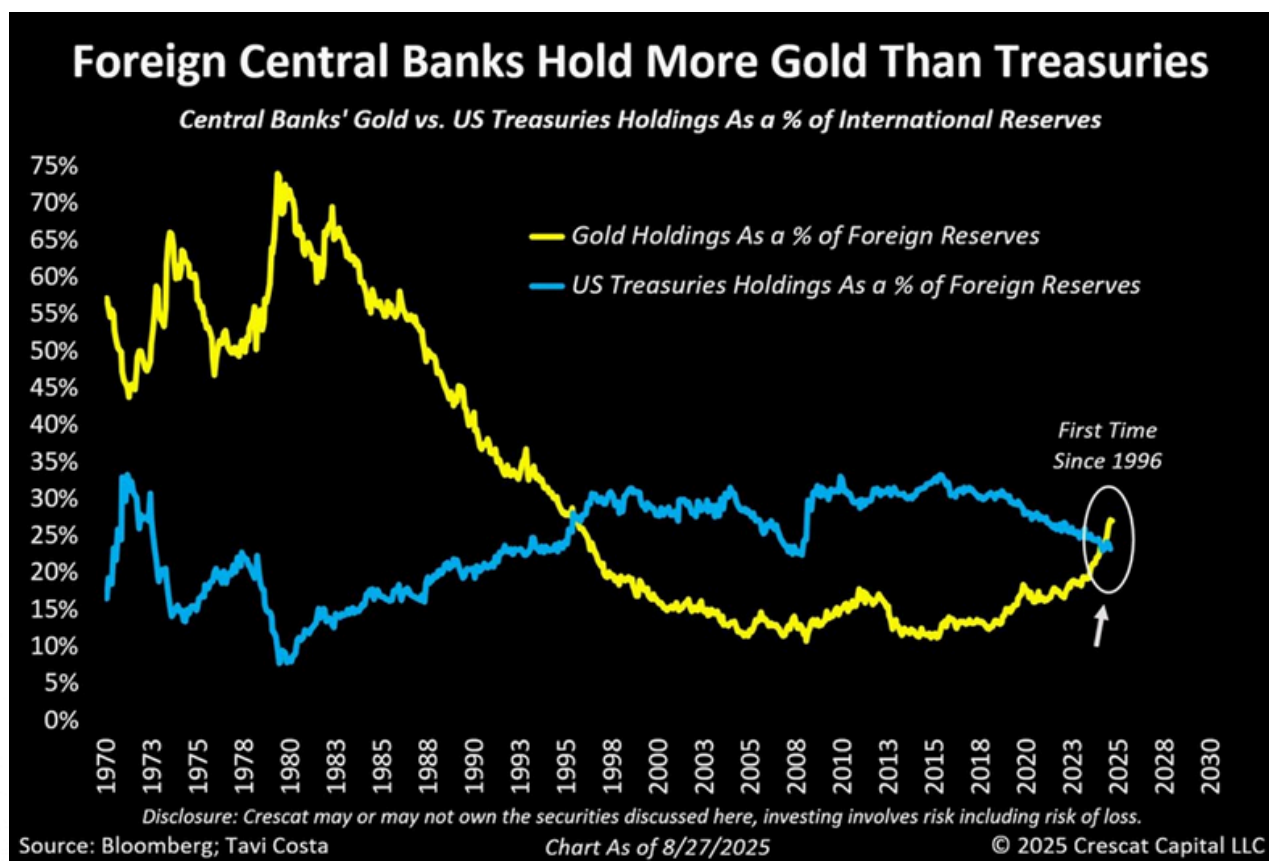
After filing for bankruptcy less than a year ago, **Spirit Airlines is going through the same process again** after a failed reorganization of the struggling discount airline.

**President Donald Trump's 50% tariff on Indian goods took effect on August 27<sup>th</sup>.** The 50% rate, one of the US's highest tariffs, will now apply to a range of goods from gems and jewelry, garments, footwear and furniture to industrial chemicals. The Indian government estimates the tariffs will impact \$48.2 billion worth of exports.

## KEY ECONOMIC EVENTS COMING THIS WEEK

Sep 01 <sup>st</sup>	<ul style="list-style-type: none"><li>• US Markets Holiday (Labor Day)</li><li>• EUR Unemployment Rate (Jul)</li></ul>
Sep 02 <sup>nd</sup>	<ul style="list-style-type: none"><li>• EUR CPI (Aug)</li><li>• US Manufacturing PMI (Aug)</li></ul>
Sep 03 <sup>rd</sup>	<ul style="list-style-type: none"><li>• US Jolts Job Openings (Jul)</li><li>• Dollar Tree, Salesforce, Figma Earnings</li></ul>
Sep 04 <sup>th</sup>	<ul style="list-style-type: none"><li>• US ADP Nonfarm Employment Change (Aug)</li><li>• US Services PMI (Aug)</li><li>• Broadcom, Lululemon Earnings</li></ul>
Sep 05 <sup>th</sup>	<ul style="list-style-type: none"><li>• EUR GDP (Q2)</li><li>• US Nonfarm Payrolls &amp; Unemployment Rate</li></ul>

# CHART OF THE WEEK



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