

ASAS CAPITAL

أساس كابيتال

Regulated by the DFSA

# Weekly Newsletter

August 8<sup>th</sup>, 2025

## MUSINGS

*"Our greatest glory is not in never falling, but in rising every time we fall."*

— Confucius

## LAST WEEK IN THE MARKETS

	Closing level	Weekly change	YTD change
S&P 500	6,389.45	2.43%	8.63%
Nasdaq Composite	21,450.02	3.87%	11.08%
10Y UST Yield	4.285	1.64%	-6.30%
Crude oil	63.88	-5.12%	-10.93%
Gold	3,397.77	1.04%	29.48%
DXY	98.26	-0.43%	-9.42%
USD/INR	87.44	0.25%	2.23%
Euro STOXX 50	5,359.40	3.56%	10.33%
India (Nifty)	24,363.30	-0.82%	3.04%
Japan (Nikkei)	41,820.48	2.50%	4.83%
China (CSI 300)	4,104.97	1.23%	4.32%
Saudi (TASI)	10,930.30	0.09%	-9.19%
Abu Dhabi (ADX)	10,311.62	-0.05%	9.48%
Dubai (DFM)	6,148.50	0.60%	19.19%

## NEWS FROM THE MARKETS

Market momentum picked up as the week closed, with all major indices ending comfortably higher. Roughly two-thirds of S&P 500 companies have reported Q2 earnings so far. The earnings season has mostly swept markets upward, with many companies delivering surprisingly strong performances that reassured investors. **As per FactSet, the blended EPS growth stands at about 10.3%, a third straight quarter of double-digit growth; while blended revenue growth is close to 6.0%, the strongest since Q3 2022.**

Treasury yields were modestly hawkish, with investor appetite at the auctions for 10 and 30 year notes poorer than expected.

Gold futures surged after a letter from the U.S. Customs Border Protection Agency was published, suggesting that levies would be imposed on one-kilo and 100-ounce gold bars because of the “reciprocal tariffs” that Trump announced earlier this year. The speculation cooled later in the afternoon, when the Trump administration said that it would issue a new policy that would state that the imports of gold bars should not face tariffs.

Oil prices, on the other hand, were under pressure. Weekly losses exceeded 5%, pressured by trade policy concerns (notably tariffs affecting Indian imports) and shifting expectations around supply flows and geopolitical news, including hopes of a Russia truce.

## Leadership Changes at the Federal Reserve

**President Trump has nominated Stephen Miran, currently chair of the Council of Economic Advisers, to fill the vacancy left by Federal Reserve Governor Adriana Kugler**, who resigned effective August 8<sup>th</sup>, 2025. Miran, known for advocating major structural reforms – like enhancing presidential oversight, reducing the Board’s independence, empowering regional Fed banks, and increasing dissent within FOMC decisions – signals an ideological shift at the Fed.

Trump also told CNBC that **there are now four people under his consideration to replace Jerome Powell as Fed Chairman, and named two: White House National Economic Council Director Kevin Hassett, former Fed governor Kevin Warsh. The other two are believed to be former St. Louis Fed president James Bullard and current Board Governor Christopher Waller.** Not surprisingly, all are seen as Trump loyalists. Waller is seen as the one promising the greatest likelihood of continuity.

## 50% tariffs on India

President Donald Trump signed an executive order on August 6<sup>th</sup> imposing an additional 25% in tariffs on India over the country’s purchases of Russian oil. The tariffs are set to go into force within 21 days. Moody’s estimates this could shave approximately 0.3% off India’s GDP growth for FY2025–26. Goldman Sachs sees a possible drop of up to 0.6%, while Morgan Stanley warns of downside risks ranging from 0.4 to 0.8% if tariffs persist for a year.

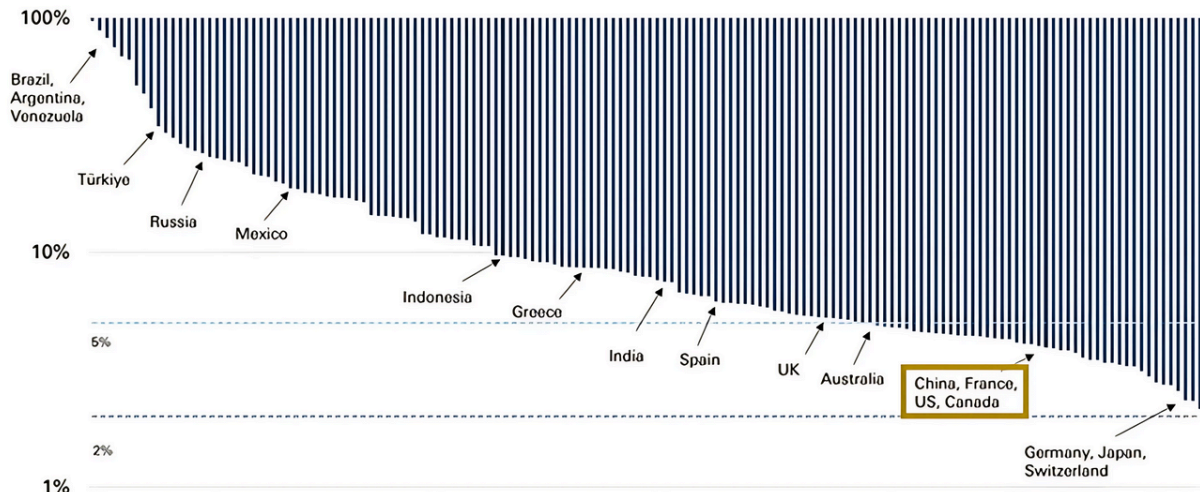
**Indian stock markets have so far shown resilience** despite the escalating threat, with the Nifty index down only ~2% since July 30<sup>th</sup>. Domestic Institutional Investors have stepped in with sizable buying (₹29,070 crore (\$ 3.3 billion) vs. ₹15,950 crore (\$ 1.8 billion) sell-off by Foreign Institutional Investors) to supplement the steady SIP inflows from mutual funds, insurers, and retail investors.

# KEY ECONOMIC EVENTS COMING THIS WEEK

<b>August 11<sup>th</sup></b>	–
<b>August 12<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• US CPI (Jul)</li> <li>• Circle, Coreweave earnings</li> </ul>
<b>August 13<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• Cisco earnings</li> </ul>
<b>August 14<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• US Initial Jobless Claims</li> <li>• US PPI (Jul)</li> <li>• Japan GDP (Q2)</li> <li>• JD.com, John Deere, Applied Materials earnings</li> </ul>
<b>August 15<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• India Market Holiday (Independence Day)</li> <li>• US Retail Sales (Jul)</li> </ul>

# CHART OF THE WEEK

Figure 1: Average annual inflation of 152 countries since 1971 when the Bretton Woods system collapsed. No country has averaged less than 2% inflation but Switzerland at 2.2% comes closest. 107 have averaged above 5%, 55 above 10%.



Source : World Bank, Deutsche Bank. Note: log scale.

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