

MONDAY MORNING RECAP - August 4, 2025

Last Week

Dow Jones Industrial Average (DJIA)	43,588.58	-1,313.34	-2.92%
S&P 500 Index	6,238.01	-150.63	-2.36%
NASDAQ Composite Index	20,650.13	-458.18	-2.17%
U.S. 10 yr. Treasury Note Yield	4.23%	-17 Basis Points	
Gold (\$ per troy oz.)	\$3,347.70	+\$12.10	+0.36%
WTI Oil (\$ per barrel)	\$67.33	+\$2.17	+3.33%

Market Summary

Global Equities: US equities saw mixed performance last week, initially rising to record highs before declining amid material signs of weakening in the US labor market and the US announcing new reciprocal tariff rates on trading partners that had not yet reached a deal. The S&P 500 ended the week down -2.36%. In Europe, equities also rose early in the week following the announcement of a US-EU trade agreement, before declining later as trade uncertainties persisted. The STOXX 600 ultimately ended the week down -2.56%, posting its worst day since April on Friday.

Fixed Income: US Treasury yields plunged last week as the bond market digested weaker-than-expected payrolls and higher-than-expected inflation prints. The 2-Year and 10-Year US Treasury yields ended the week at 3.69% and 4.23%, respectively. The 10-Year German Bund yield fell to 2.68% as Euro Area inflation came in above consensus expectations in July, boosting confidence that the ECB will continue to hold its policy rate steady.

Commodities: Oil prices experienced a mixed week, closing higher overall but falling on Friday behind rising supply expectations and renewed trade tensions, which continued to weigh on market sentiment. WTI and Brent crude ended the week at \$67.33 and \$69.67/bbl, respectively. Gold prices edged higher last week, driven by persistent economic uncertainty and its role as a hedge, despite gains being tempered by a stronger US dollar, ultimately ending the week at \$3347.70/troy oz.

FX: The US dollar index rose 1.53% over the week as markets digested new US tariff rates and weaker labor market data. Meanwhile, the euro and the pound sterling depreciated to \$1.16 and \$1.33, respectively, amidst differing monetary policy expectations across major central banks.

Economic Summary

Monetary Policy: At its July meeting, the FOMC maintained the federal funds rate target range at 4.25-4.50%, despite Governors Bowman and Waller dissenting in favor of a 25bp reduction, the first time that two Governors have dissented from a FOMC decisions since 1993. The weak July jobs data strengthened the argument for a September rate cut. The BoJ maintained its policy rate at 0.5% at its July meeting, as broadly anticipated, and projected inflation to reach 2% in FY2027 while reiterating its commitment to further rate hikes should economic and price outlooks materialize.

Labor: US job growth slowed in July, adding a seasonally adjusted 73,000 jobs, which fell short of the 106,000 jobs expected by consensus and came at odds with a hotter than consensus expected inflation print as the Fed continues to weigh competing economic impulses. Furthermore, May and June's hiring figures were revised down sharply by a combined 258,000 jobs. The unemployment rate rose slightly from 4.1% to 4.2%, in line with consensus expectations.

Inflation: US core PCE rose 0.3% MoM in June, while the YoY rate rose to 2.8%, above consensus expectations of 2.7%, indicating that tariffs costs may be starting to materialize in prices. Euro area headline and core CPI came in at 2.0% and 2.3% YoY respectively in July, both above consensus expectations.

Growth: US real GDP rose 3.0% annualized in Q2, slightly above consensus expectations. Both Q1 and Q2 GDP growth were influenced by 1) swings in net exports, inventories, and equipment investment due to pre-tariff frontloading, 2) distortions to consumer spending, and 3) government spending cuts.



Key Economic Releases

Monday, August 4:

No economic releases

Tuesday, August 5:

US Services PMI (Cons: 55.2, Prior: 55.2)

Wednesday, August 6:

US 10-Year Note Auction (Prior: 4.36%)

Thursday, August 7:

BoE Interest Rate Decision

US 30-Year Bond Auction (Prior: 4.89%)

Friday, August 8:

No economic releases

Source: Goldman Sachs Asset Management: "Market Monitor", 8/1/2025

"EU" refers to European Union. "Fed" refers to Federal Reserve. "ECB" refers to European Central Bank. "WTI" refers to West Texas Intermediate crude oil, a common US benchmark for oil prices. "Brent" refers to a global benchmark for oil prices worldwide. "Bbl" refers to barrel. "Oz" refers to ounce. "FX" refers to foreign exchange. "FOMC" refers to Federal Open Market Committee. "BoJ" refers to Bank of Japan. "FY" refers to full year. "core PCE" refers to personal consumption expenditures, less food and energy. "MoM" refers to month-over-month. "YOY" refers to year-over-year. "Core CPI" refers to Consumer Price Index, excluding food and energy. "CPI" refers to Consumer Price Index. "GDP" refers to Gross Domestic Product.

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