

MONDAY MORNING RECAP - August 25, 2025

Last Week

Dow Jones Industrial Average (DJIA)	45,631.74	+685.62	+1.53%
S&P 500 Index	6,466.91	+17.11	+0.27%
NASDAQ Composite Index	21,496.53	-126.44	-0.58%
U.S. 10 yr. Treasury Note Yield	4.26%	-7 Basis Points	
Gold (\$ per troy oz.)	\$3,374.40	+\$38.40	+1.15%
WTI Oil (\$ per barrel)	\$63.66	+\$1.68	+2.71%

Market Summary

Global Equities: US equities surged following Fed Chair Powell's dovish comments at the Jackson Hole summit, erasing losses from earlier in the week driven by a sell-off in tech stocks. The S&P 500 finished the week 0.27% up after Powell signaled that the Fed is open to cutting rates, saying "the baseline outlook and shifting balance of risks may warrant adjusting our policy stance." Monetary policy support in the US, plus additional clarity around trade policy with the US and EU releasing a joint statement confirming the agreed terms of their trade deal, supported European equities. After a solid week of economic data, the STOXX 600 rose 1.42%, while the FTSE 100 soared 2.04%, reaching record highs four days in a row.

Fixed Income: US Treasury yields fell sharply after Powell suggested that the Fed may cut rates in response to recent signs of labor market weakness. The 2-Year and 10-Year US Treasury yields ended the week at 3.70% and 4.26%, respectively. The 10- Year German bund yield slipped slightly after 2Q GDP was revised down, ending the week at 2.72%.

Commodities: Oil prices rose following a bigger-than-expected decline in crude inventories and limited progress in Russia-Ukraine talks. WTI and Brent crude ended the week higher at \$63.66 and \$67.73/bbl, respectively. Meanwhile, gold prices rose sharply in response to Powell's speech, supported by lower yields. Gold prices ended the week at \$3374.40/troy oz.

FX: The US dollar index fell -0.14% after the potential for rate cuts rose, reversing gains from earlier in the week fueled by the hawkish tone of the July FOMC minutes. The dollar depreciated against both the euro and the yen, which ended the week at \$1.17 and ¥146.94, respectively.

Economic Summary

Monetary Policy: In his speech at the Jackson Hole summit, Fed Chair Jerome Powell highlighted the shift in the balance of risks, noting that “downside risks to employment are rising” while reiterating that the inflationary effects of tariffs are likely to be short-lived. Powell’s comments suggest that the Fed may be ready to resume rate cuts, a sharp departure from its stance last month. The July FOMC minutes indicated that officials were more concerned about inflation than growth, though the meeting took place before the weak July jobs report.

Activity: The US S&P Global Manufacturing and Services PMIs both surprised to the upside. Services PMI fell to 55.4, above the consensus forecast of 54.2, while Manufacturing PMI rose to 53.3, the highest level since 2022 and above consensus expectations of 49.7. The Euro area composite PMI also beat consensus expectations at 51.1, reaching its highest level in 15 months. Manufacturing activity increased by 0.7 pt to 50.5, its highest level in 38 months, offsetting a 0.3 pt decline in services activity. In the UK, the composite PMI increased to 53.0, above consensus expectations, which was driven by services activity.

Labor: US initial and continuing jobless claims both rose by more than consensus expected, adding to evidence that the US labor market is weakening. Initial claims increased to 235k in the week ended August 16, above consensus expectations of 225k, while continuing claims climbed to 1.972M, versus consensus expectations of 1.960M.

Inflation: UK headline and core CPI inflation both came in at 3.8% YoY in July, above consensus expectations. Strength in services boosted core inflation, though most of the increase was in airfares.



Key Economic Releases

Monday, August 25:

US New Home Sales (Cons: 630K, Prior: 627K)

Tuesday, August 26:

US CB Consumer Confidence (Cons: 98.0, Prior: 97.2)
US Durable Goods Orders MoM (Cons: -4.0%; Prior: -9.4%)

Wednesday, August 27:

No economic releases

Thursday, August 28:

US Q2 GDP QoQ (Cons: 3.0% Prior: -0.5%)
US Initial Jobless Claims (Prior: 235k)

Friday, August 29:

US Core PCE MoM (Cons: 0.3%, Prior: 0.3%)

Source: Goldman Sachs Asset Management: "Market Monitor", 8/22/2025

"Fed" refers to Federal Reserve. "GDP" refers to Gross Domestic Product. "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. "Dovish" and "hawkish" are terms used to describe the expectations for more/less accommodative monetary policy. "PMI" refers to Purchasing Managers' Index. "CPI" refers to Consumer Price Index. "Core CPI" refers to Consumer Price Index, excluding food and energy. "YOY" refers to year-over-year. "BoE" refers to Bank of England.

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