

Reverse tariffs, not tariff reversals

Just hours before the last pause was due to expire, US President Trump postponed tariffs on China for another 90 days as the two superpowers continue to negotiate a deal. The announcement followed news that both Nvidia and AMD had agreed to pay 15% of their Chinese chip sales directly to the US government (a so-called 'reverse tariff') in exchange for permission to export to China.

The week left a lot for markets to digest as a raft of headline indicators made the economic picture less opaque. The US CPI inflation reading for July drew particular attention on Tuesday. The headline rate remained at 2.7%, beating forecasts that it would rise to 2.8%, and demonstrating no clear impact from tariffs. Amid the dovish sentiment, the market fully priced in expectations for a 25-bps rate cut in September. The story was different for producer prices however, which increased by the most in three years in July, growing 0.9% MoM versus consensus estimates of a 0.2% rise.

US retail sales grew by 0.5% in July, while the Michigan consumer sentiment reading dropped from 61.7 to 58.6 in August, below forecasts for 62.0. These two contrasting indicators painted a blurry picture for the current strength of the US consumer, as the market looks to alleviate fears of an economic slowdown.

The German ZEW economic sentiment index dropped to 34.7 in August from 52.7 in July, coming in below expectations for 39.8. The ZEW economic research institute pointed to the US-EU trade deal among the reasons for the fall in confidence. Moreover, readings for Eurozone industrial production in June showed a drop of -1.3% MoM compared to forecasts for a -0.9% monthly decline. Meanwhile, the German 30-year bund yield moved above 3.30%, its highest level since 2011.

The UK economy grew by 0.3% in Q2, quicker than the anticipated rise of 0.1%. Economic growth in Japan also surprised on the upside, with Q2 GDP rising by an annualised rate of 1.0%, well ahead of expectations for 0.4%. Elsewhere, China's retail sales and industrial output in July grew 3.7% and 5.7% YoY, respectively, missing forecasts of 4.6% and 5.9%.



Fact of the week

US inflation moved passed the Federal Reserve's target of 2% in March 2021 and has not returned in the more than four years since.

Our regular market information continues on the next page.

Snapshot



- World Equities
- Gold



- Corporate Bonds
- Sovereign Bonds
- Copper
- Oil

The week ahead

20 Aug	UK CPI inflation data for July is reported.
21 Aug	Jackson Hole Economic Symposium begins.
22 Aug	UK retail sales data for July is released.



	1 Week Return 08.08.25 to 15.08.25		Year to Date Return 31.12.24 to 15.08.25	
	Local Currency	Euro	Local Currency	Euro
World	1.2%	0.8%	13.6%	0.5%
U.S.	0.9%	0.4%	10.4%	-2.4%
Europe	1.4%	1.4%	11.6%	11.6%
Ireland	2.4%	2.4%	22.1%	22.1%
U.K.	0.9%	1.4%	14.8%	9.9%
Japan	3.3%	3.5%	11.8%	5.8%
Hong Kong	0.9%	0.8%	30.4%	14.6%
Corporate Bonds	-0.1%	-0.1%	0.7%	0.7%
Sovereign Bonds	-1.0%	-1.0%	-1.5%	-1.5%

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product, you may lose some or all of the money you invest.

Equities

- Global stocks finished up 0.8% in euro terms and up 1.2% in local terms last week.
- Year-to-date global markets are up by 0.5 % in euro terms and up by 13.6% in local terms.
- The U.S. market, the largest in the world, finished up 0.4% in euro terms and up 0.9% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.3% last week. The German equivalent finished at 2.8%. The Irish 10-year bond yield finished at 3.0%.
- The Euro/U.S. Dollar exchange rate finished at 1.17, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$63 per barrel and is down -22.5% year-to-date in euro terms.
- Gold finished the week at \$3,336 per troy ounce and is up 12.5% year-to-date in euro terms.
- Copper finished the week at \$9,680 per tonne and is down -1.0% year-to-date in euro terms.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced, or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing, or creating any MSCI expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability, and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Source ICE Data Indices, LLC ("ICE DATA"), is used with permission. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD-PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM. NEITHER ICE DATA, ITS AFFILIATES NOR THEIR RESPECTIVE THIRD-PARTY PROVIDERS SHALL BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES OR THE INDEX DATA OR ANY COMPONENT THEREOF, AND THE INDICES AND INDEX DATA AND ALL COMPONENTS THEREOF ARE PROVIDED ON AN "AS IS" BASIS AND YOUR USE IS AT YOUR OWN RISK. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD-PARTY SUPPLIERS DO NOT SPONSOR, ENDORSE, OR RECOMMEND ZURICH LIFE ASSURANCE PLC, OR ANY OF ITS PRODUCTS OR SERVICES. Figures are calculated using Total Returns Indices.

Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.