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WEEKLY UPDATE

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MUSINGS

“The greatest glory in living lies not in never falling, but in rising every time we fall.”

NELSON MANDELA

LAST WEEK IN THE MARKETS

Name	Closing Level		Weekly Change		YTD Change	
S&P 500	**7,674**	▼	-1.44%	▼	**12.10%**	▲
Nasdaq Composite	**26,180**	▼	**-2.05%**	▼	**12.64%**	▲
10Y UST Yield	**4.736**	▲	0.94%	▲	**13.76%**	▲
Crude oil	86.63	▲	**5.15%**	▲	**50.92%**	▲
Gold	**4,603**	▲	**5.16%**	▲	**6.60%**	▲
DXY	98.839	▼	-0.80%	▼	0.57%	▲
USD/INR	**95.685**	▲	0.28%	▲	**6.52%**	▲
Bitcoin	**77,500**	▼	**23.06%**	▲	**-11.42%**	▼
Euro STOXX 50	**6,460**	▼	-1.37%	▼	**11.13%**	▲
India (Nifty)	**24,252**	▼	-0.47%	▼	**-7.19%**	▼
Japan (Nikkei)	**66,016**	▼	**-3.90%**	▼	**31.14%**	▲
China (CSI 300)	4,619	▼	-1.00%	▼	0.66%	▲
Saudi (TASI)	10,954	▲	1.20%	▲	4.42%	▲
Abu Dhabi (ADX)	10,004	▼	-0.43%	▼	0.11%	▲
Dubai (DFM)	5,856	▼	-0.49%	▼	-3.16%	▼

NEWS FROM THE MARKETS

The story of the week wasn’t the roughly 1% pullback in the S&P 500 - it was who is actually setting the price of money in America right now. **Treasury Secretary Scott Bessent moved aggressively to cap long-term yields, doubling the Fed’s own bond-buyback program and intervening in currency markets, only to watch the 10-year yield claw back almost all of Wednesday’s relief by Friday.** That tug-of-war between the Treasury and an independent-minded Fed chair, layered on top of an escalating US-Iran standoff and a genuinely split economic picture, is the backdrop investors need heading into Jackson Hole.

Macro & Central Banks

The headline data was unambiguously strong. The flash S&P Global Composite PMI jumped to 56.0 in August from 54.5, its best reading since April 2022, with services surging to 56.8, a 20-month high, and pointing to annualised growth near 3% in the third quarter, roughly double Q2's 1.5% pace. The Philadelphia Fed index blew past consensus, printing 47.4 versus an expected 25. Hiring intentions and business confidence both firmed. On the surface, this is a "soft landing accelerating" story.

But two threads complicate it. First, manufacturing output slipped to a 13-month low as safety-stock building from the Iran conflict fades and supply delays lengthen, the sharpest in four years. Second, and more important for portfolios, Walmart's results on Thursday showed comparable sales growing at their slowest pace in six years, with guidance disappointing badly enough to send the stock down 9.2%, its worst day since 2022. A resilient PMI survey and a wobbling largest retailer in the world are not the same signal, and we'd weight the hard spending data more heavily than the sentiment survey. Meanwhile the Fed held rates at 3.50-3.75% in July with three regional presidents dissenting in favour of a hike, an unusually hawkish three-way dissent, while Chair Warsh has since signalled a hike "may not be his preferred tool" against inflation and floated a disinflationary AI-productivity thesis that not all of his colleagues share. That tension will be the central question at Jackson Hole (27-29 August), where Warsh delivers his first keynote as chair on Friday the 28th.

US Equities

All three major indices posted back-to-back weekly losses - the S&P 500 finished down roughly 1%, having been off as much as 1.4% before Friday's 0.43% bounce, while the Nasdaq and Dow followed a similar pattern. The Russell 2000 underperformed, down 1.34% on Friday alone, and the VIX spiked to 16.01 (+7.5%) on Thursday before easing. **This was a bond-driven equity move, not an earnings-driven one: stocks sold off hardest on the sessions when long yields spiked, and rallied when Bessent's buyback plan looked, briefly, like it was working.**

The week's most extraordinary single stock event was Moderna, which surged 177% on Wednesday after its personalised mRNA cancer vaccine, developed with Merck, cut melanoma recurrence in a late-stage trial. The stock then gave back roughly 20-25% over the following two sessions on profit-taking and a lack of detailed data, but still finished the week up well over 100%. This is genuinely important for oncology and for mRNA-platform economics, but the round-trip volatility is a reminder that even transformative binary catalysts get overshot before they get repriced properly. Elsewhere, Ross Stores jumped 7.9% after hours on strong traffic and raised guidance - a useful counterpoint to Walmart, suggesting **the consumer story is about value-retail share-shifting as much as outright weakness.**

International Equities

Europe was comparatively resilient: the STOXX 600 slipped just 0.36% for the week, with Germany's DAX actually up 0.46% while France's CAC fell 0.9% and the UK's FTSE 100 lagged, down 1.39%. Japan was the standout mover - the Nikkei 225 fell 3.93%, its worst week in some time, as accelerating Japanese inflation strengthened the case for a Bank of Japan rate hike and hit export-sensitive tech names including SoftBank. A genuine BOJ tightening cycle, layered on top of US Treasury volatility, is a combination that could squeeze global yen-funded carry positions over the coming months, something worth watching more closely than the weekly index move suggests. Hong Kong's Hang Seng was down modestly on the week amid continued caution on Chinese consumer and property data.

US Fixed Income & Credit

The 10-year Treasury yield closed near 4.71%, just off a 20-month high of 4.75% touched intraweek, while the 30-year hit a roughly 19-year high near 5.34% before settling around 5.25%. The 2-year, more tethered to near-term Fed policy, stayed comparatively anchored in the low-4% area. This was a long-end, term-premium story, driven by AI-related debt issuance, deficit concerns and Iran-linked inflation risk, not a repricing of the Fed's next move. **Bessent's decision to double Treasury buybacks to at least $4bn per operation briefly compressed yields, but the move faded within 48 hours, which is itself informative: fiscal-side interventions are struggling to override the market's own view on term premium. For portfolios, this argues for a cautious stance on long duration until Jackson Hole clarifies whether the Fed leans into or resists the Treasury's efforts.**

Gold

Gold climbed to a three-month high, up nearly 5% on the week and notching its fifth consecutive weekly gain, its longest winning streak since October 2025. The move was driven by a softer dollar following the Treasury's yield-suppression efforts, alongside safe-haven demand from the Iran standoff and continued central-bank buying. This looks like trend continuation rather than a new narrative, and the multi-driver nature of the rally (currency, real yields, geopolitics) argues for maintaining rather than chasing exposure.

Oil

Brent finished near $93-94/bbl and WTI near $86-87, both up more than 5% for a second consecutive week, as Washington prepared what Trump called an “economic D-Day” of sweeping new sanctions on Iran, details due Monday. Oil is now up over 50% year-to-date. **This remains the single biggest swing factor for inflation, Fed policy and consumer spending power simultaneously, and any credible de-escalation would be a bigger market event than most scheduled data this quarter.**

The Week Ahead

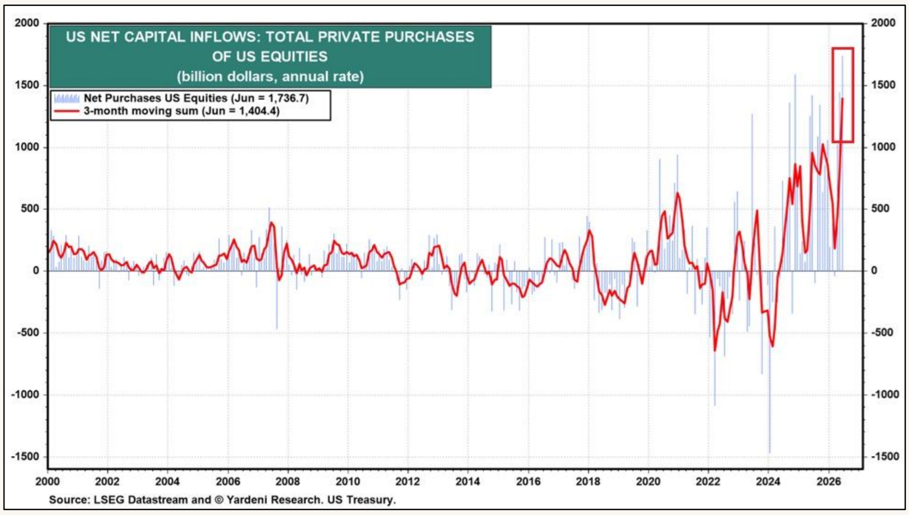
Nvidia reports fiscal Q2 earnings Wednesday, 26 August - the definitive test of whether AI capex demand can offset financing-structure concerns. The Fed’s Jackson Hole symposium (27-29 August) is the dominant macro catalyst, with Warsh’s Friday keynote on “Financial Innovation” watched closely for any rate-path signal despite the stated stablecoin/payments theme. Washington’s detailed Iran sanctions package, due Monday, is critical for oil and inflation expectations. The PCE price index, the Fed’s preferred inflation gauge, is due the Wednesday after Jackson Hole. Treasury auctions of 10- and 30-year debt will test demand at current elevated yields, offering an early read on whether Bessent’s buyback strategy is gaining traction.

COMING THIS WEEK

Key Economic Events

August 24th	–
August 25th	• US New Home Sales Data (July) • Scotia Bank, Intuit, Zoom earnings
August 26th	• US Core PCE Price Index Data (July) • Nvidia, Salesforce, CrowdStrike earnings
August 27th	• Jackson Hole Economic Policy Symposium • Best Buy, Bili Bili, Marvell Technology earnings
August 28th	• Jackson Hole Economic Policy Symposium

CHART OF THE WEEK



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