Weekly Market Update

Global markets came under strain as slowing growth, weak trade and rising long-term borrowing costs put pressure on governments and central banks alike. Policymakers now tread a fine line between easing to support demand and avoiding destabilising debt or financial imbalances.

US

Markets are increasingly pricing in a Fed rate cut in September, possibly larger than 25 bps.

US job growth slowed sharply: non-farm payrolls rose just -22,000 in August (vs -75,000 expected), with unemployment rising to -4.3%.

US stocks have been setting records (S&P 500, Nasdaq) as rate cut hopes bolster risk appetite.

The SEC is stepping up enforcement against firms (especially smaller ones) connected with "pump-and-dump" schemes, particularly involving Chinese stocks.

UK

Long-term borrowing costs (gilt yields) have surged, with 30-year gilt yields reaching levels not seen since the late 1990s.

Inflation remains elevated (UK inflation -3.8% in July), putting pressure on the Bank of England's policy – BoE expected to hold rates but perhaps slow its quantitative tightening steps.

UK economic growth is weak or flat: zero growth in July, declines in manufacturing output, very modest growth over three months.

There is concern about fiscal sustainability: rising interest rates and debt service costs, together with political pressure ahead of the November budget.

Europe

France's political turmoil deepened after the government collapsed over austerity plans, Fitch cut its credit rating, and investors signalled greater concern over state debt than corporate borrowers.

The ECB and PBOC extended their €45 billion / 350 billion renminbi liquidity swap line through 2028, underlining continued cooperation between euro-area and China on financial stability.

In Europe, government bond yields are rising sharply in several countries (France, Italy etc.), reflecting concerns over budget deficits, debt sustainability.

Some European companies (e.g. Inditex, Vistry in UK) are reporting weakening results amid consumer and housing sector pressures.

Global

China's central bank (PBOC) faces a policy dilemma: how to support a weakening economy without further inflating the stock market or capital flows and is likely to remain cautious about easing until clearer signals emerge.

China's export growth slowed to around 4.4% year-on-year in August (in US dollar terms), the slowest in six months, while imports also underperformed expectations.

Japan's government debt, at nearly 250% of its GDP, faces mounting pressure from rising long-dated bond yields, which, along with increasing social welfare costs, drove the nation's 2026 draft budget to a record high of around ¥122.45 trillion (approximately £680 billion).

The Ukrainian war is spilling over into NATO territory, with Russian drones violating the airspace of Poland and, on a late Saturday, Romania.

Performance

Asset Class/Region	Currency	Week ending 12 Sep 25	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	1.6%	2.0%	12.7%	18.8%
United Kingdom	GBP	0.8%	1.1%	16.8%	16.5%
Continental Europe	EUR	0.9%	0.8%	11.6%	10.1%
Japan	JPY	1.8%	2.8%	15.1%	25.0%
Asia Pacific (ex Japan)	USD	4.0%	5.2%	24.5%	25.4%
Australia	AUD	0.0%	-0.7%	11.6%	13.4%
Global	USD	1.5%	1.8%	15.9%	19.4%
Emerging markets equities					
Emerging Europe	USD	0.3%	0.5%	42.0%	37.0%
Emerging Asia	USD	4.6%	6.3%	25.0%	27.0%
Emerging Latin America	USD	1.6%	3.3%	38.7%	18.9%
BRICs	USD	3.2%	5.0%	23.2%	26.4%
China	USD	4.4%	6.4%	37.3%	62.3%
MENA countries	USD	-0.6%	-1.3%	0.4%	3.5%
South Africa	USD	4.9%	6.2%	47.6%	42.3%
India	USD	1.3%	2.7%	4.1%	-4.8%
Global emerging markets	USD	4.0%	5.4%	25.5%	25.8%
Bonds					
US Treasuries	USD	0.3%	1.2%	5.7%	1.7%
US Treasuries (inflation protected)	USD	0.3%	0.9%	7.2%	4.4%
US Corporate (investment grade)	USD	0.5%	1.7%	7.2%	4.3%
US High Yield	USD	0.3%	0.6%	6.9%	8.3%
UK Gilts	GBP	0.1%	0.7%	2.0%	-2.8%
UK Corporate (investment grade)	GBP	0.3%	0.7%	3.9%	2.5%
Euro Government Bonds	EUR	0.0%	0.3%	0.2%	0.3%
Euro Corporate (investment grade)	EUR	0.0%	0.2%	2.6%	4.1%
Euro High Yield	EUR	0.2%	0.2%	4.2%	7.1%
Global Government Bonds	USD	0.1%	0.6%	7.3%	1.7%
Global Bonds	USD	0.2%	0.9%	8.4%	3.5%
Global Convertible Bonds	USD	2.1%	2.6%	18.9%	24.3%
Emerging Market Bonds	USD	0.7%	1.4%	9.4%	7.9%

Performance

Asset Class/Region	Currency	Week ending 12 Sep 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	0.6%	1.0%	3.8%	-2.6%
Australian Property Securities	AUD	1.9%	0.4%	12.4%	6.7%
Asia Property Securities*	USD	-0.8%	0.8%	18.4%	17.5%
Global Property Securities	USD	1.3%	1.6%	12.1%	4.5%
Currencies					
Euro	USD	-0.1%	0.2%	13.3%	6.2%
UK Pound Sterling	USD	0.3%	0.4%	8.3%	3.6%
Japanese Yen	USD	-0.4%	-0.5%	6.5%	-3.5%
Australian Dollar	USD	1.2%	1.5%	7.4%	-0.9%
South African Rand	USD	1.2%	1.6%	8.8%	2.6%
Swiss Franc	USD	0.1%	0.3%	14.0%	7.1%
Chinese Yuan	USD	0.1%	0.1%	2.4%	-0.1%
Commodities & Alternatives					
Commodities	USD	1.5%	0.2%	3.9%	8.9%
Agricultural Commodities	USD	1.4%	-0.8%	-2.6%	0.0%
Oil	USD	2.3%	-1.7%	-10.2%	-6.9%
Gold	USD	1.6%	5.7%	38.8%	42.8%

* data to 1 August 2025. Source:Bloomberg Finance L.P. Past performance is not indicative of future returns.

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For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited
研富投資服務有限公司
9th Floor, Centre Mark II
305-313 Queen's Road Central
Sheung Wan, Hong Kong

Tel +852 2827 1199
Fax +852 2827 0270
belvest@bis.hk
www.bis.hk

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