



CIO Office

Global Markets Weekly Kickstart

Back to American Made

21 July 2025

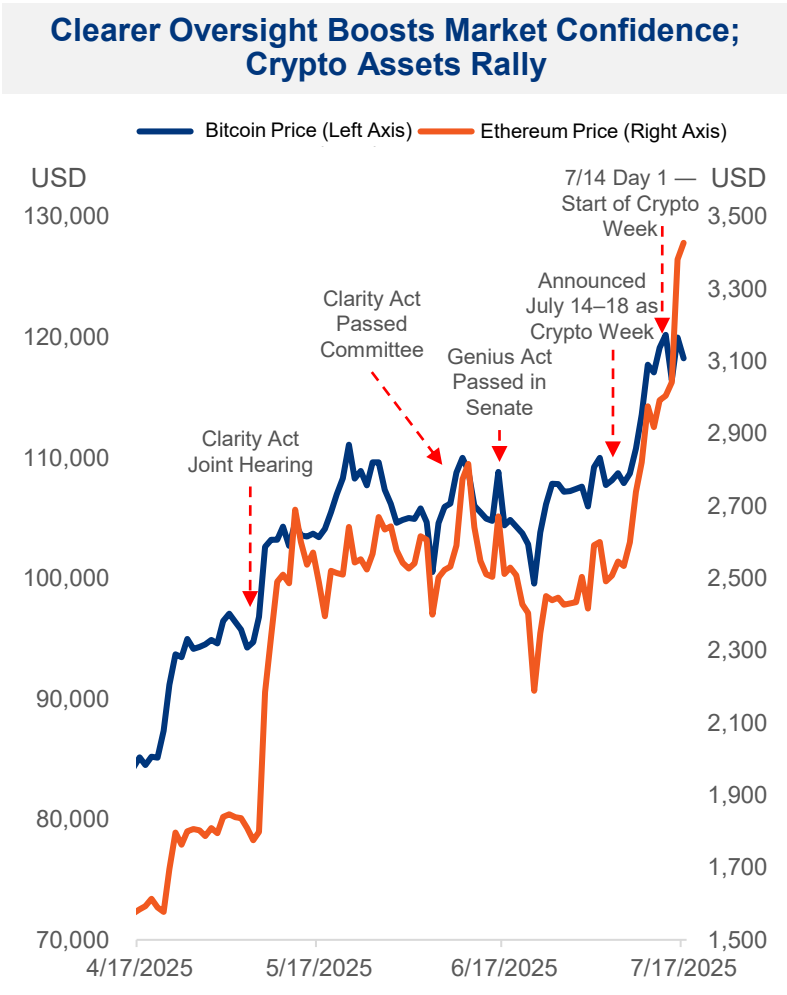




Trump Drives Crypto Policy; House Passes Key Bills with Broad Support

- ▶ The U.S. House overwhelmingly passed three major crypto-related bills last week—GENIUS, CLARITY, and Anti-CBDC—despite some midweek setbacks. Under Trump’s leadership, a structured legislative roadmap has emerged, signaling a regulatory embrace rather than a crackdown. The GENIUS Act, which sets clear rules for stablecoins to support institutional capital flows and real-world payment use cases, passed with a strong 308–122 vote, gaining support from over 100 Democrats and is expected to become law. The CLARITY Act, which defines the primary regulatory authority for digital assets, passed 294–134 and moves to the Senate. The Anti-CBDC Act reinforces the core principle of decentralized currencies and protects financial freedom.
- ▶ A clearer regulatory framework is expected to attract more traditional financial capital into the crypto space. Over the past three months, each sign of legislative progress has fueled rallies in major cryptocurrencies like Bitcoin and Ethereum. Related sectors—including exchanges, miners, and crypto-holding companies—have also benefited.

Push for Regulatory Framework Aligns with Vision for Global Crypto Hub			
Bill Name	GENIUS – Stablecoin Bill	CLARITY – Market Structure Bill	Anti-CBDC – Anti-CBDC Bill
Theme	Regulating Stablecoins	Clear Regulatory Authority	Opposes Fed-Issued Digital Currency
Key Provisions	<ul style="list-style-type: none"> * Issuers must undergo qualification review; dual oversight by state and federal regulators * Payment stablecoins require 100% reserves in cash or short-term U.S. Treasuries (<93 days) * Trust and bankruptcy protections; issuers must comply with financial regulations (AML, KYC) 	<ul style="list-style-type: none"> * Defines regulatory authority over digital asset commodities and securities: • Commodity tokens register with the CFTC • Security tokens register with the SEC * Aims to prevent regulatory overreach, ensure transparency, and safeguard innovation 	<ul style="list-style-type: none"> * Blocks government from issuing surveillance-based digital currencies * Prohibits the Fed from distributing CBDCs to individuals * Bans use of CBDCs as monetary policy tools * Prohibits development of surveillance-oriented CBDC infrastructure
Market Impact:	Stablecoin Legalization	Reduces Market Uncertainty	Strengthens Free Market for Cryptocurrencies
Beneficiaries	Payment Platforms	Exchanges / Developers	Decentralization Advocates



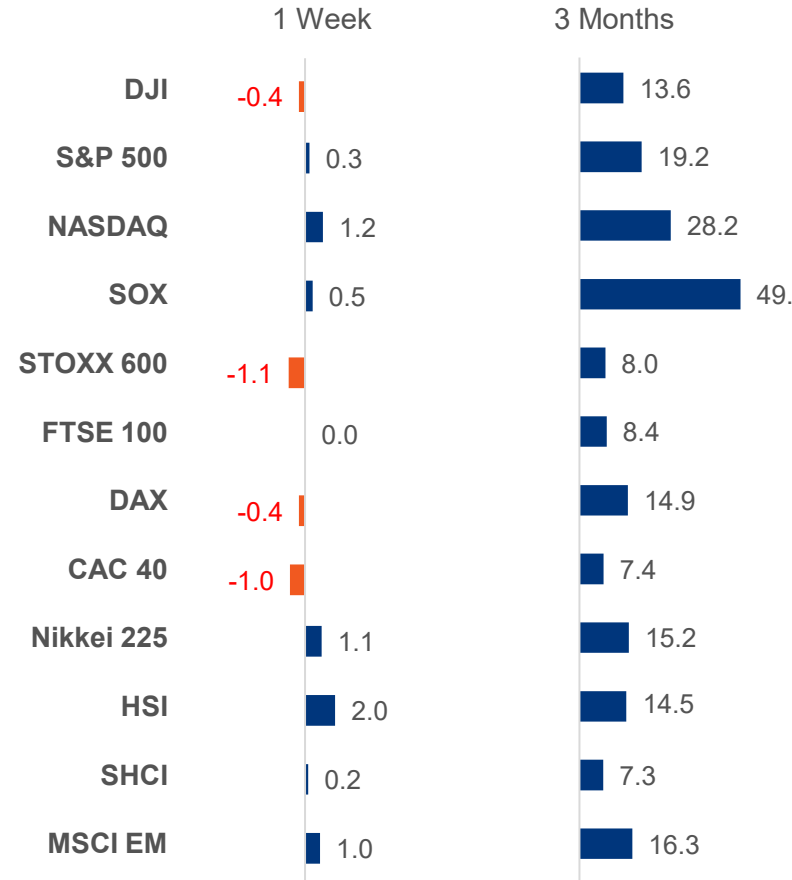
Source: Bloomberg, as of July 17, 2025

Market Recap

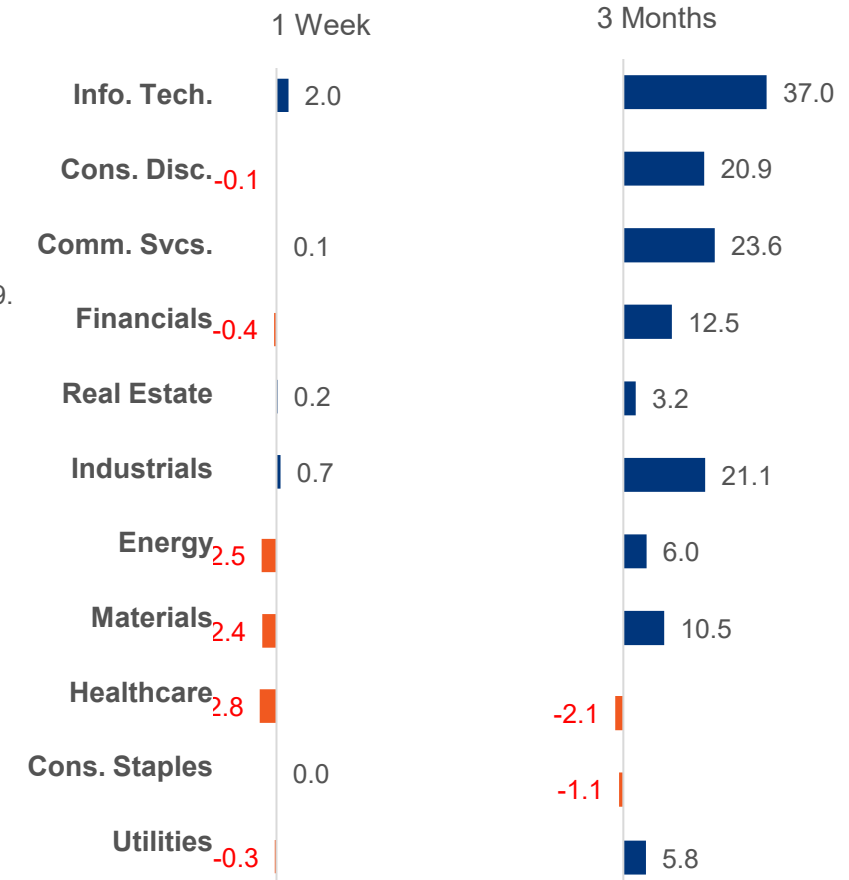
Nvidia China Export Ban Lifted; U.S. Tech Stocks and Hong Kong Markets Rally

- ▶ Following close negotiations with the U.S. government, Nvidia's H20 chips have been cleared for export to China. The news triggered a sharp rally in Nvidia shares and boosted related tech stocks. The Nasdaq, heavily weighted in tech, led the four major U.S. indexes. Sector-wise, Information Technology posted the strongest gains among the 11 sectors. In contrast, the Dow underperformed, weighed down by investor concerns that upcoming earnings may reflect higher costs from tariffs. So far, about 60% of companies have reported better-than-expected results—below the 60–80% beat rate seen from 3Q24 to 1Q25.
- ▶ Nvidia's export approval also lifted Hong Kong stocks, making them the top performers globally. Neighboring markets like Taiwan and Japan saw gains in tech names, supporting broader index strength. In contrast, Europe underperformed, with the STOXX 600 posting the steepest decline. Geopolitical tensions weighed on sentiment after Trump threatened severe economic sanctions on Russia if it fails to halt hostile actions against Ukraine within 50 days.

Regional Index Performance (%)



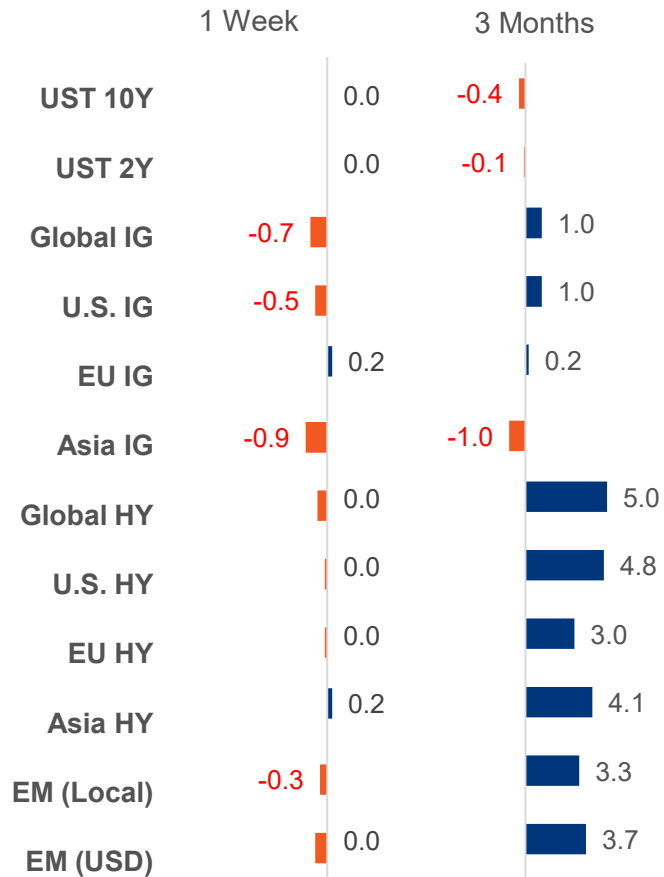
U.S. Sector Index Performance (%)



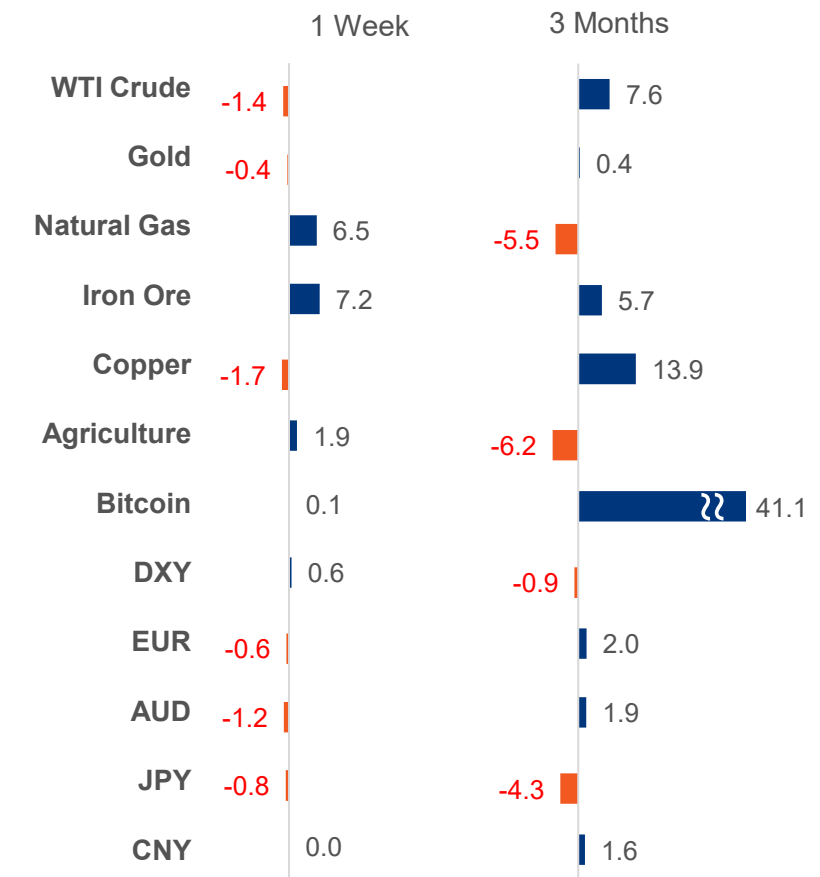
Tariff News Weighs on Asia Credit, Lifts Copper Prices; Yen Faces Near-Term Pressure

- Core inflation continued to ease, but services inflation edged higher, driving June CPI above expectations. Retail sales rose sharply, with June's MoM growth rebounding from -0.9% to 0.6%, well above the 0.1% forecast—signaling resilient consumer demand. With solid economic momentum and sticky inflation, the Fed is widely expected to hold rates steady in July. Market sentiment remains risk-on. Bonds were under pressure, with only European IG and Asian HY outperforming—European IG supported by geopolitical risk, and Asian HY buoyed by China's improving data, which has lowered credit risk given its heavy weighting.
- China's 2Q GDP came in at 5.2%, beating expectations of 5.1%, driven by strong policy support—boosted infrastructure spending, consumer subsidies, and accommodative monetary policy. These measures lifted demand in the steel sector. Iron ore rallied sharply this week, further supported by output cuts in major producing regions. The U.S. dollar index rebounded, weighing on non-USD currencies. In Australia, unemployment rose to 4.3%, the highest since November 2021, adding pressure on the RBA to cut rates in August amid signs of a weakening labor market.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)

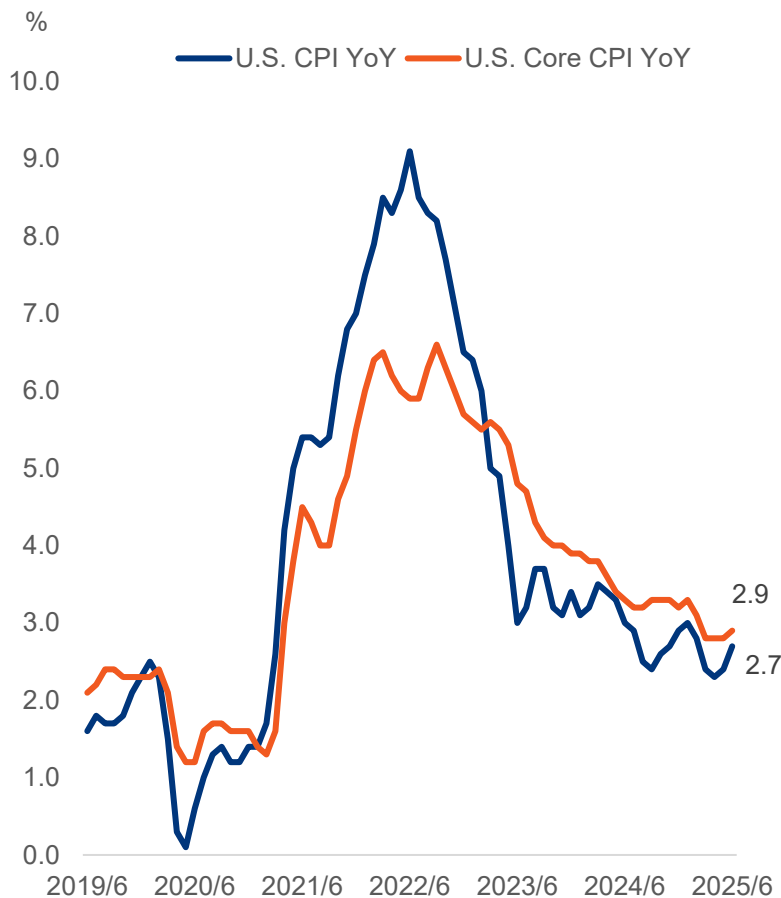


Source: Bloomberg, 18 July 2025

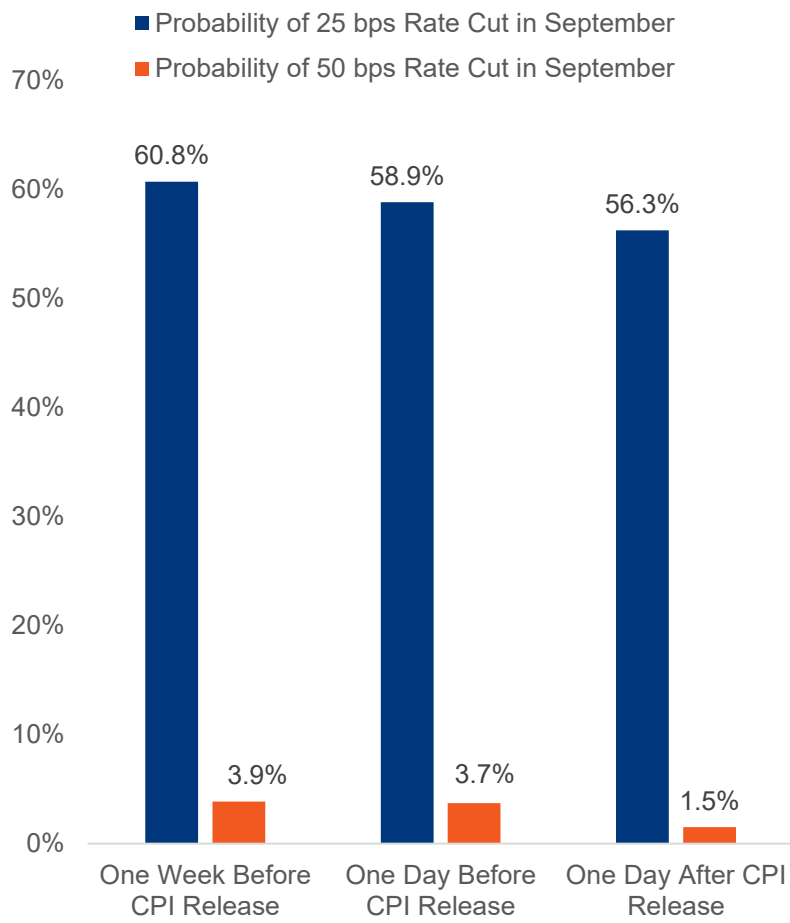
June CPI Tops Forecasts; Implied Odds of September Rate Cut Dip Slightly

- ▶ U.S. CPI rose 0.3% MoM in June, in line with Bloomberg consensus but higher than May's 0.1%. YoY, inflation came in at 2.7%, slightly above the 2.6% forecast and May's 2.4%. Housing inflation continued to ease, but service inflation edged up, mainly due to higher medical service costs. Goods inflation was driven by rising furniture prices, while autos—both new and used—saw price declines, with no clear signs of tariff impact yet. Core CPI rose 0.2% MoM, just below the 0.3% estimate but above May's 0.1%. The YoY core figure held at 2.9%, in line with forecasts but still above May's 2.8%.
- ▶ According to CME FedWatch data, ahead of the CPI release, markets priced a 58.9% chance of a 25 bps cut in September and a 3.7% chance of a 50 bps cut. Post-release, those odds dipped to 56.3% and 1.5%, respectively. With inflation data slightly hotter than expected, the likelihood of a 3Q rate cut was modestly revised down. A weaker labor market or limited inflation impact from tariffs would support the case for a September Fed cut.

U.S. CPI Rose 2.7% YoY in June, Above May's 2.4%



Rate-Cut Odds for September Trimmed to 56% Post-CPI



Source: Bloomberg, CME FedWatch

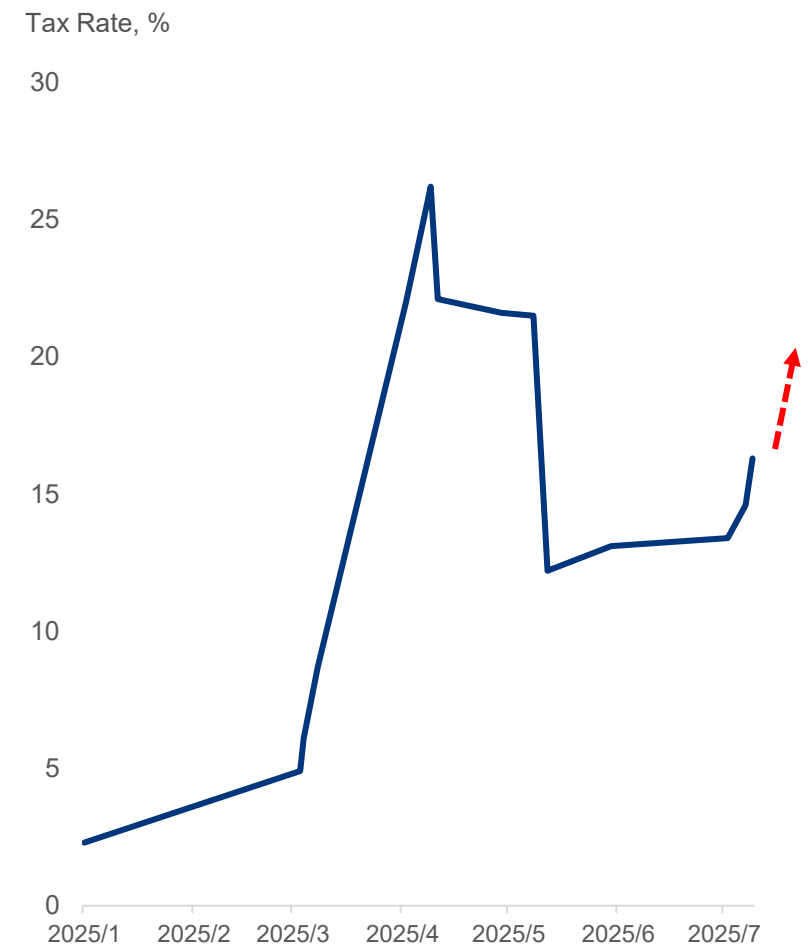
U.S. Effective Tariff Rate Could Exceed 15%; Long-Term Goal: Drive Onshoring of Manufacturing

- ▶ Following the implementation of high tariffs on April 2, 2025 (Liberation Day), many countries entered negotiations with the U.S. during the three-month consultation window. The U.K.—with a trade surplus and strong alignment with Trump—was the first to reach a deal, securing a reciprocal tariff floor of 10–20%. This illustrates Trump’s clear goal of reshaping global trade through tariff pressure, ultimately aiming to drive companies to relocate production to the U.S. and re-establish American industrial dominance.
- ▶ According to J.P. Morgan estimates, the U.S. effective tariff rate is expected to rise to 16.3%. With additional tariffs—including a 50% duty on imported copper, 25% tariffs under Section 232 on select sectors like pharmaceuticals and semiconductors, and a 10% surcharge on BRICS imports—the peak effective rate could reach 20.7%. Since the start of 2025, tariffs have surged nearly tenfold from 2.3%. Treasury Secretary Bessent noted that as of end-June, tariff revenues had reached \$100 billion and are on track to surpass \$300 billion by year-end.

Room for Adjustment Before Aug 1; Market Watching Trump Tariff Policy

Trump's 2025	Reciprocal Tariffs	Key Timeline and Effective Rates
Apr 2	▶▶	Trump Announces Retaliatory Tariffs
Apr 9	▶▶	Tariffs on China raised to 125%; 10% tariffs imposed on other countries
Apr 15	▶▶	Tariffs on China as high as 245%
Apr 29	▶▶	Adjusted auto tariffs; eased restrictions on parts imports
May 8	▶▶	U.S. and U.K. Reach Trade Agreement
May 12	▶▶	U.S.–China trade talks begin; China adjusts reciprocal tariffs to 10%
May 30	▶▶	Steel and aluminum tariffs raised to 50%
Jul 2	▶▶	U.S. and Vietnam Reach Trade Agreement
Jul 7	▶▶	First wave of tariff notices sent to 14 countries
Jul 9	▶▶	Additional 8 countries receive tariff notices; Brazil's tariffs reach 50%
Aug 1	▶▶	Reciprocal tariffs officially in effect
Future Tariff Assumptions		<ul style="list-style-type: none"> ■ 50% tariff on copper imports ■ 25% tariff on pharmaceuticals under Section 232 (assumed) ■ 25% tariff on semiconductors under Section 232 ■ Additional 10% tariff on all BRICS imports

Current Projections Put Effective Tariff Rate at 16.3%

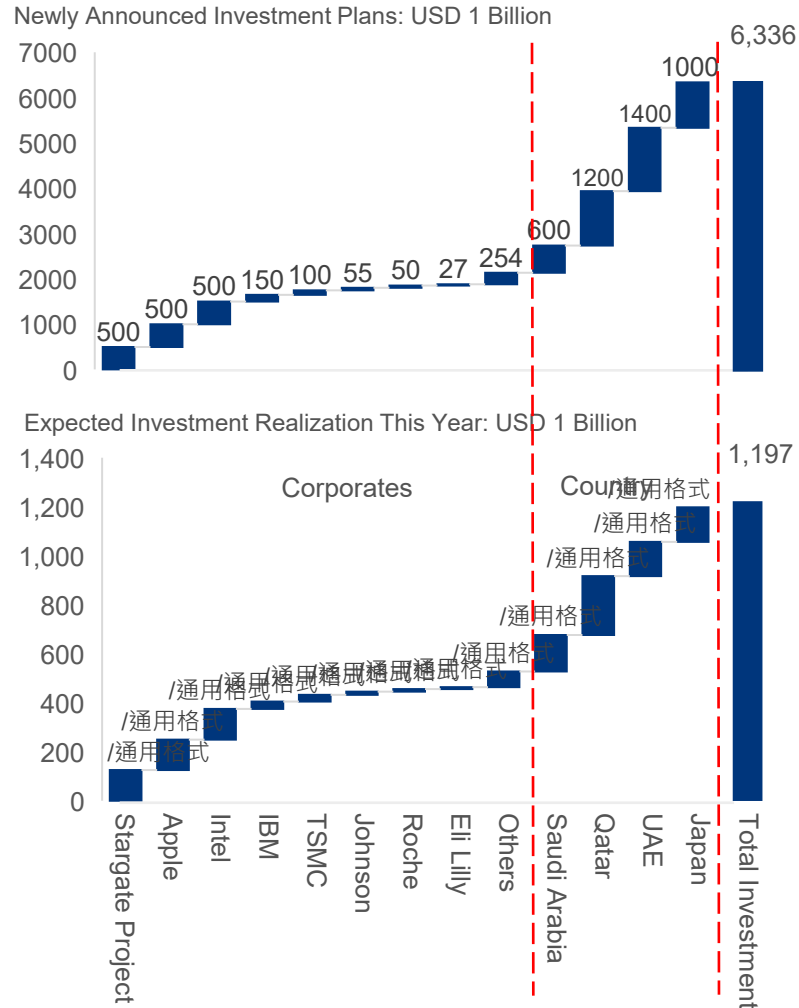


Source: J.P.Morgan

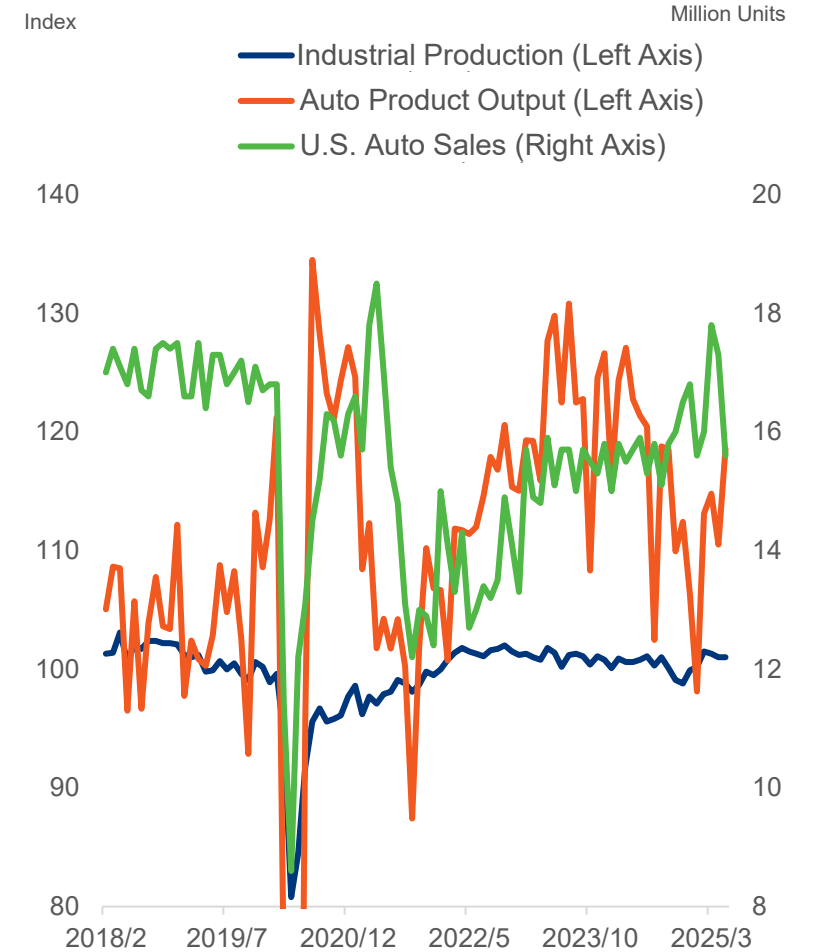
Foreign and Corporate Investment in U.S. Rises; Tariff Pressure Drives Auto and Parts Production Back Home

- ▶ In his second term, Trump has made it clear that his economic strategy centers on attracting trillions of dollars in investment to restore U.S. manufacturing dominance, with tariffs as the key driver. Corporates have responded with over \$2 trillion in new investment announcements. U.S. allies in the Middle East and Japan have pledged an additional \$4.2 trillion. Goldman Sachs estimates over \$1 trillion in actual investment will be realized this year. Corporate capex is expected to account for 1.5% of GDP, while foreign capital could add another 2.5%, supporting economic growth.
- ▶ Beyond new investment, Trump also aims to shift the industrial structure by increasing the share of manufacturing. Tariff-induced cost pressure is prompting companies to reshore production. While broader industrial output has yet to show major gains, tariffs introduced in late April on autos and parts have already had a clear effect. Auto production indexes have surged, even as U.S. auto sales fell sharply—from 17.8 million to 15.6 million units—indicating that the rebound in output is likely tied to reshoring by manufacturers.

Investment in the U.S. Begins to Materialize; Corporates and Foreign Capital Show Positive Intent



Tariff Momentum Supports Manufacturing Output, with Notable Gains in Autos and Parts



Source: Goldman Sachs (Left) · Bloomberg (Right)

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ Trump's tariff hikes on key trading partners—Japan, Canada, Mexico, and the EU—still leave room for negotiation before the August 1 deadline, helping reduce policy uncertainty. Meanwhile, sentiment improved on reports that Nvidia may resume chip exports to China. However, with corporate earnings forecasts already revised downward and equity valuations appearing stretched, industry-specific tariffs remain a potential risk. Portfolio strategy should remain anchored in defensives and quality stocks, with flexibility to adapt to shifting market conditions. Long-term investors may look to accumulate AI-related themes on pullbacks, with a relative preference for software and cybersecurity stocks within tech. ◆ U.K. equities, having reached an early trade deal, offer relative advantages. In the eurozone, supportive monetary policy and Germany's push for fiscal stimulus suggest European equities can be accumulated gradually on dips. In Japan, continued economic improvement favors domestic demand plays—particularly banks, which are attractive on weakness. 	<p>Strategy: Focus on high-quality large caps, emphasizing defensives and quality stocks. For long-term positioning, accumulate structural AI themes such as software and cybersecurity stocks.</p> <p>Regions: European equities, UK equities, Japanese domestic and bank stocks.</p>
Bonds	<ul style="list-style-type: none"> ◆ Inflation data edged higher, and the Fed's Beige Book indicated that in the second half of the year, manufacturers are likely to begin passing tariff costs through to prices, adding inflationary pressure. While the probability of a September rate cut has slightly declined, the 10-year U.S. Treasury yield rose modestly, hovering around 4.4%–4.5%. Current short- to intermediate-term yields remain attractive, offering an opportunity to lock in rates during yield upticks. For investment-grade credit, A-rated or higher blue-chip corporates are preferred. Sectors with favorable risk-adjusted spreads include financials, industrials, energy, utilities, and communications. ◆ With the U.S. dollar remaining weak, diversifying into non-USD investment-grade bonds—such as those denominated in EUR or SGD—can help mitigate currency risk. 	<p>Duration: Lock in yields via short- to intermediate-term high-quality corporate bonds</p> <p>Type: Focus on investment-grade bonds from large-cap issuers, with sector exposure in financials, industrials, energy, utilities, and communications</p>
Forex	<ul style="list-style-type: none"> ◆ The Trump administration supports a weaker U.S. dollar to enhance manufacturing competitiveness. Expectations for the passage of the “Big and Beautiful” Act have also fueled projections of a widening fiscal deficit, reinforcing a medium- to long-term weak dollar outlook. ◆ Non-USD currencies like the euro and yen remain rangebound at elevated levels, with potential for medium- to long-term upside. 	<p>USD: Weak consolidation trend</p> <p>EUR, JPY: Rangebound at elevated levels</p>
Commodity	<ul style="list-style-type: none"> ◆ Trump's tariff policy remains unresolved, and downside risks persist in 2H, including potential economic slowdown, inflation pressure, and widening fiscal deficits. With continued central bank and institutional gold purchases, gold retains upside potential and can be accumulated on dips. 	<p>Gold: Bullish</p>

Exports Face Headwinds as Domestic Demand Takes the Lead

► Q2 Growth Beats but Export Pressures Mount

China reported 2Q GDP growth of 5.2% YoY, slightly above the 5.1% forecast, supported by resilient exports and targeted policy support for consumption and investment. However, with the U.S. expected to impose tariffs of up to 55% on Chinese goods later this year, export momentum may weaken, making it harder to rely on trade as the main growth driver in 2H.

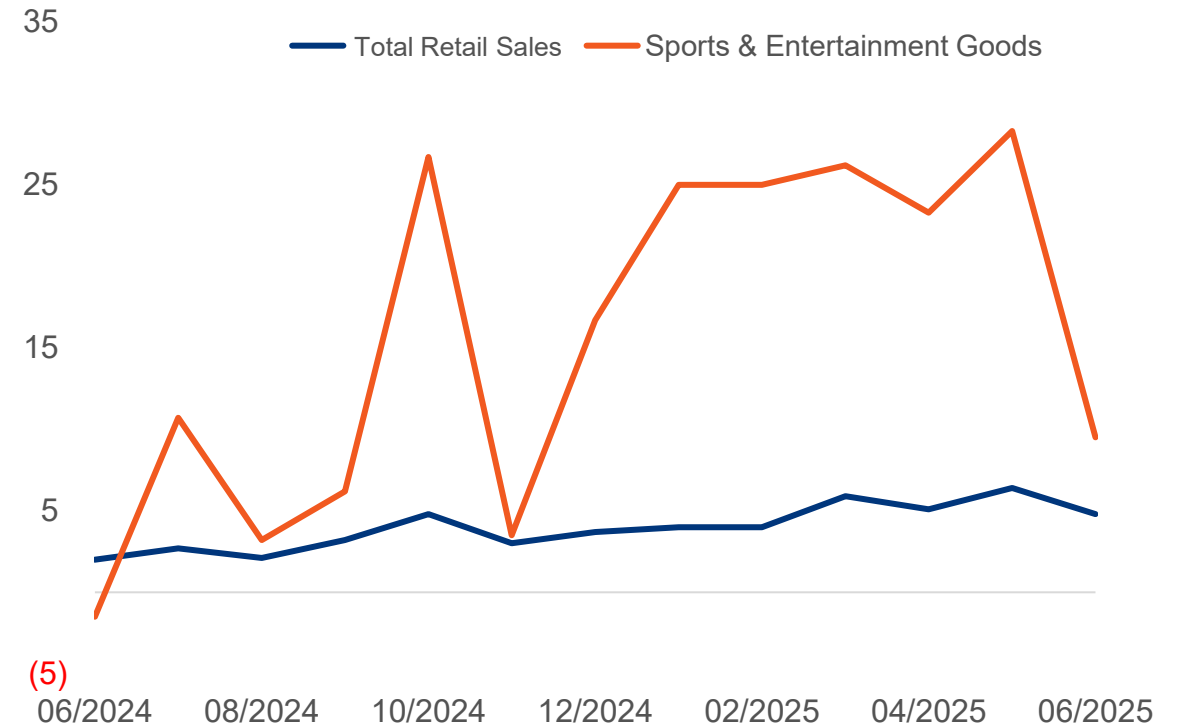
► Pivot to Domestic Expansion Becomes More Urgent

With external trade likely to face multiple headwinds in 2H—including tariff barriers and softening global demand—China's economic growth will increasingly depend on robust domestic consumption. Although June's domestic demand indicators showed signs of weakness, sportswear sales continued to outperform broader retail, signaling a shift in consumption structure. Targeted fiscal support and consumption vouchers are expected to gradually revive demand and provide a more stable growth base.

► National Games to Boost Sports Spending

China's upcoming National Games in November are expected to significantly boost sports-related consumption in the three months leading up to the event. This, alongside ongoing government support for the sports industry, should help offset export weakness, inject momentum into domestic demand, and enhance overall economic resilience.Q2

YoY Change in China's Total Retail Sales and Sportswear Segment Over the Past Year



Appendix

Key Economic Data / Events

► JUNE 2025

14

Monday

- Japan May Core Orders MoM (Act:-0.6% Est.: -1.5% Prev:-9.1%)
- Japan May IP Final MoM (Act:-0.1% Prev:-1.1%)
- China Jun Exports YoY (Act:5.8% Est.:5.0% Prev:4.8%)

15

Tuesday

- US Jun Core CPI YoY (Act:2.9% Est.:2.9% Prev:2.8%)
- US Jun CPI YoY (Act:2.7% Est.:2.6% Prev:2.4%)
- US Jun CPI MoM (Act:0.3% Est.:0.3% Prev:0.1%)
- China 2Q GDP YoY (Act:5.2% Est.:5.1% Prev:5.4%)
- China Jun IP YoY (Act:6.8% Est.:5.6% Prev:5.8%)

16

Wednesday

- US Jun PPI YoY (Act:2.3% Est.:2.5% Prev:2.7%)
- US Jun IP MoM (Act:0.3% Est.:0.1% Prev:0.0%)

17

Thursday

- US Weekly Jobless Claims (Act:221k Est.:233k Prev:228k)
- US Jun Retail Sales MoM (Act:0.6% Est.:0.1% Prev:-0.9%)
- Eurozone Jun Final CPI YoY (Act:2.0% Est.:2.0% Prev:1.9%)
- Japan Jun Exports YoY (Act:-0.5% Est.:0.5% Prev:-1.7%)
- HK Jun Jobless Rate (Act:3.5% Est.:3.6% Prev:3.5%)

18

Friday

- US Jul Prelim. UoM Sentiment (Est.:61.5 Prev:60.7)
- US Jun Housing Starts (Est.:1,300k Prev:1,256k)
- US Jun Building Permits (Est.:1,387k Prev:1,394k)
- Japan Jun CPI YoY (Act:3.3% Est.:3.3% Prev:3.5%)

21

Monday

- Earnings: VZ

22

Tuesday

- Taiwan Jun Export Orders YoY (Prev:18.5%)
- Taiwan Jun Jobless Rate (Prev:3.34%)
- Earnings: KO, DHR, PM, GE

23

Wednesday

24

Thursday

- US Weekly Jobless Claims (Prev:221k)
- US Jul Prelim. S&P Mfg PMI (Prev:52.9)
- Eurozone Jul ECB Refi Rate (Prev:2.15%)
- Eurozone Jul HCOB Mfg PMI (Prev:49.5)
- Japan Jul Jibun Mfg PMI (Prev:50.1)
- Earnings: IBM, BX, NEE, UNP

25

Friday

- US Jun Durable Goods Orders (Est.: -10.0% Prev:16.4%)
- Japan Jul Tokyo CPI YoY (Est.:3.0% Prev:3.1%)
- Earnings: RTX, BBV

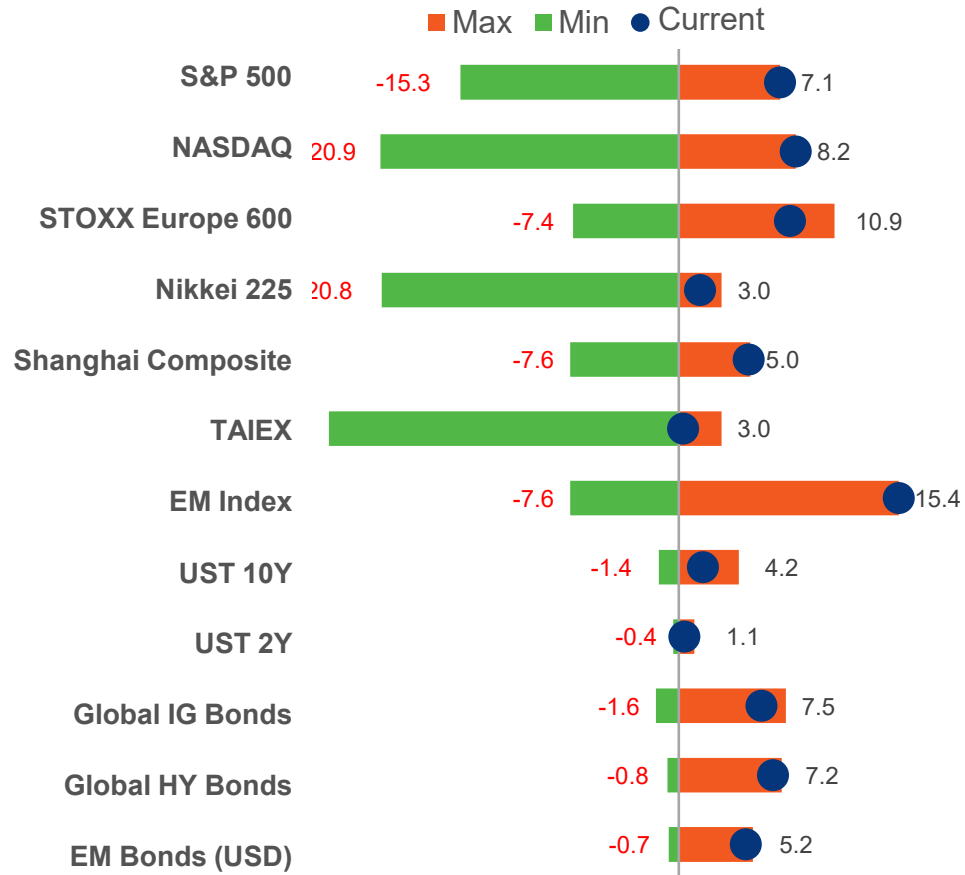
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2025/7/15	JPMorgan Chase & Co. (JPM)	43.86B	44.91B	4.48	4.96	V	V
2025/7/15	Wells Fargo & Co. (WFC)	20.76B	20.82B	1.4	1.6	V	V
2025/7/15	BlackRock, Inc. (BLK)	5.41B	5.42B	10.6	12.05	V	V
2025/7/15	Citigroup Inc. (C)	20.94B	21.67B	1.61	1.96	V	V
2025/7/16	The Progressive Corporation (PGR)	20.48B	20.08B	4.36	5.4		V
2025/7/16	Bank of America Corp. (BAC)	26.75B	26.5B	0.86	0.89		V
2025/7/16	Johnson & Johnson (JNJ)	22.86B	23.74B	2.68	2.77	V	V
2025/7/16	The Goldman Sachs Group, Inc. (GS)	13.51B	14.58B	9.59	10.91	V	V
2025/7/16	Morgan Stanley (MS)	16.01B	16.8B	1.98	2.13	V	V
2025/7/17	PepsiCo, Inc. (PEP)	22.25B	22.73B	2.03	2.12	V	V
2025/7/17	Marsh & McLennan Companies, Inc. (MMC)	6.94B	6.97B	2.67	2.72	V	V
2025/7/17	Abbott Laboratories (ABT)	11.07B	11.42B	1.25	1.26	V	V

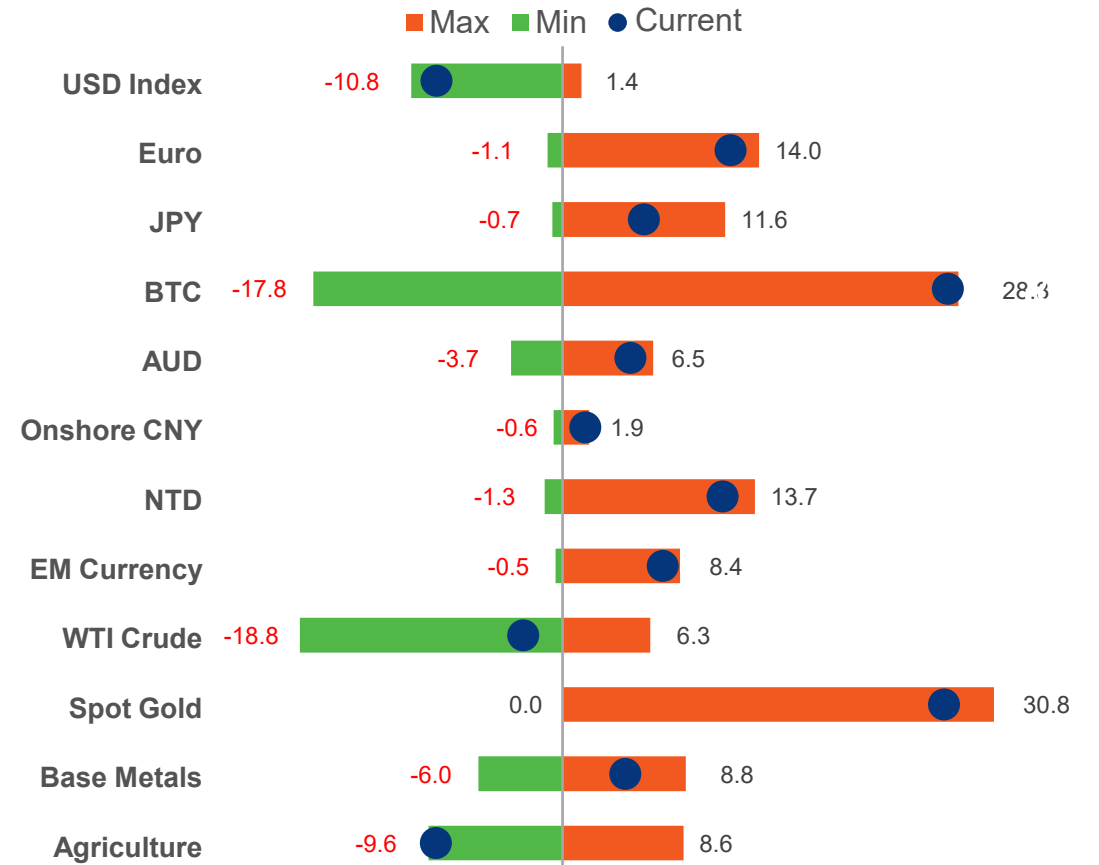
Source: Investing.com

YTD Major Market / Asset Performance

Stock and Bond Market YTD Performance (%)



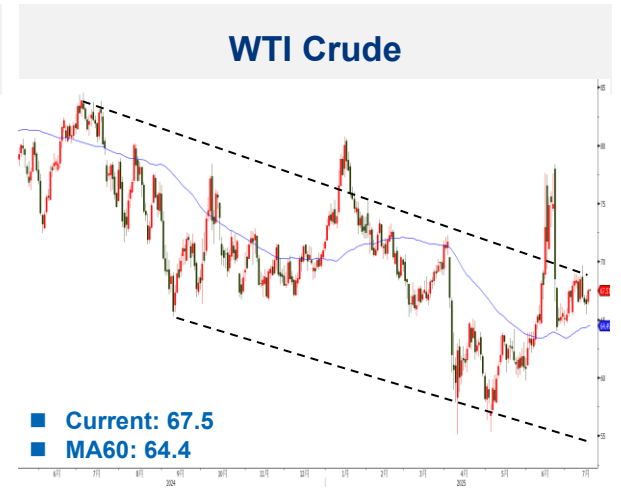
Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg, 18 July 2025

Technical Analysis

— 60D MA



Source: Bloomberg, 18 July.2025

Market Monitor

U.S. CPI YoY (%)



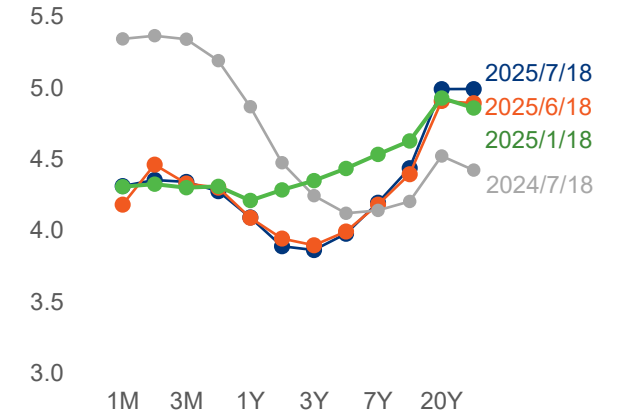
U.S. 10-Year Treasury Yield (%)



U.S. Treasury Yield Spread (bps)



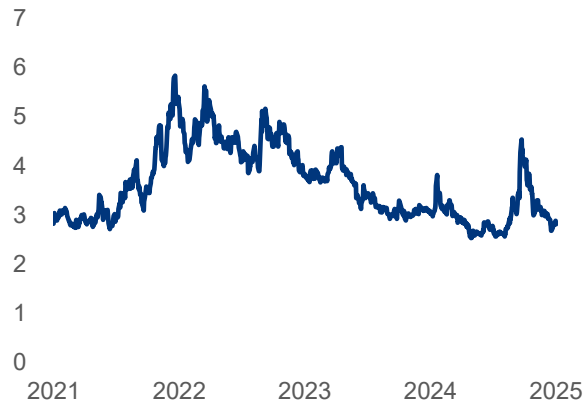
U.S. Treasury Yield Curve (%)



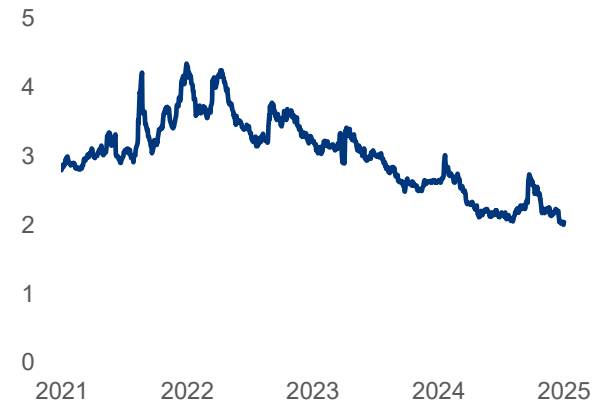
USD IG Credit Spread (%)



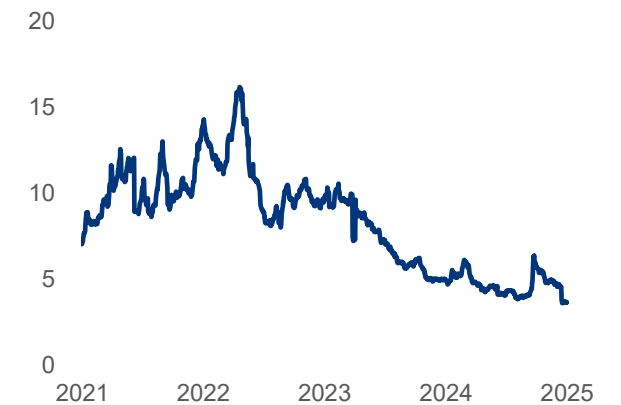
USD HY Credit Spread (%)



USD EM Credit Spread (%)



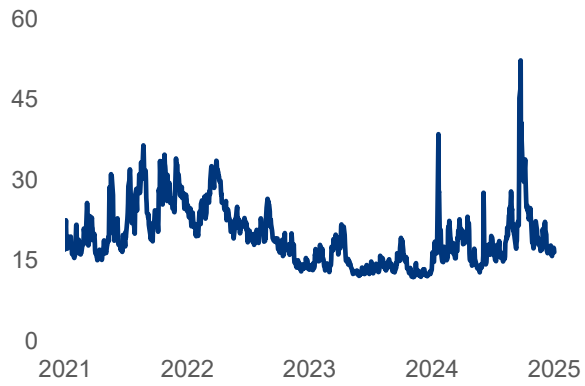
USD Asia Credit Spread (%)



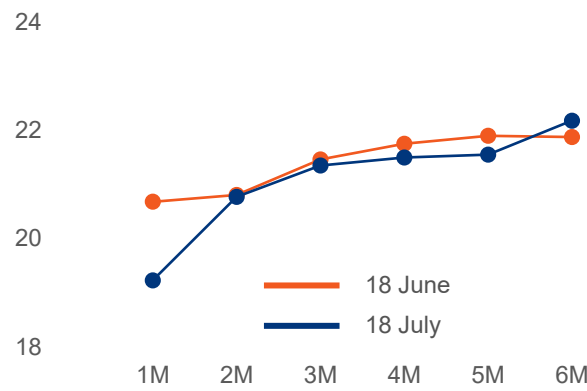
Source: Bloomberg, 18 July 2025

Market Monitor

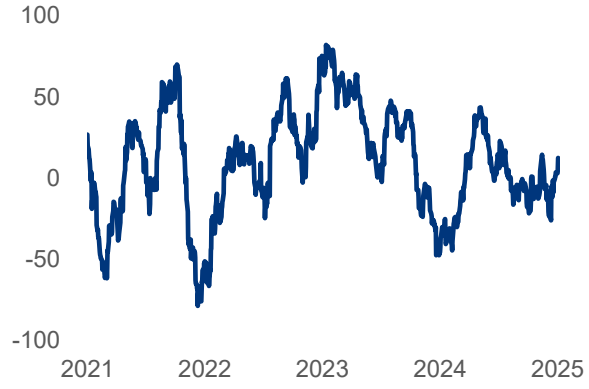
VIX Index



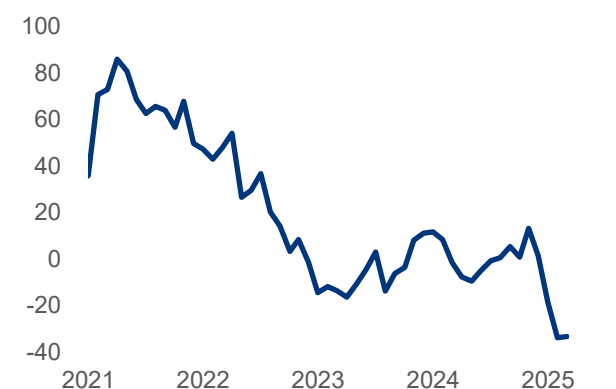
VIX Term Structure



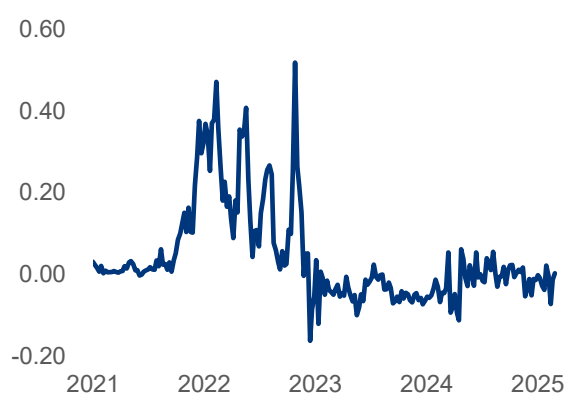
U.S. Citi Economic Surprise Index*



U.S. Citi Inflation Surprise Index*



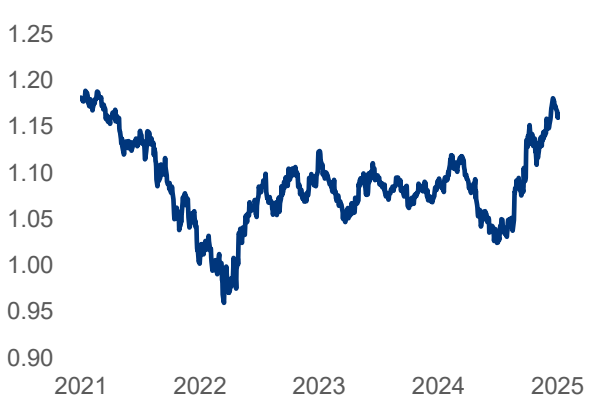
TED Spread (bps)



U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, 18 July 2025; *The Citi Economic/Inflation Surprise Index measures the deviation between economic data/actual inflation and market expectations. A rising index indicates economic improvement/inflation exceeding market expectations.

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