



MONTHLY HOUSE VIEW

August-September 2025

Hot summer, cold war

Architects of Wealth

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Jérôme VAN DER BRUGGEN
Chief Market Strategist

With several bilateral trade agreements now in place between the United States and key partners such as the United Kingdom, Japan, and the European Union, market participants are beginning to gain greater clarity on the direction of trade policy. At the same time, second-quarter corporate earnings suggest that productivity gains driven by Artificial Intelligence (AI) are beginning to take hold, potentially paving the way for strong earnings growth in the future.

ARTIFICIAL INTELLIGENCE

On 23 July, Alphabet reported a notable increase in the adoption of its new AI tools, particularly in processing search queries. Just two days later, The Economist published a leading article arguing that AI capabilities have already exceeded expectations. This rapid technological acceleration points to faster economic growth, as AI automates the discovery of ideas and drives innovation without human intervention. For businesses, AI opens up new profit opportunities by automating complex tasks and enhancing operational efficiency.

ECONOMIC ACTIVITY AND MONETARY POLICY

On the economic outlook, when it comes to assessing the impact of trade agreements on activity, the mood is still one of relief, even though the direction is not necessarily positive (more tariffs, not fewer) ... which, incidentally, highlights the panic caused by Trump's communication during "Liberation Day." Their impact on currencies, however, is more nuanced. In particular, the weakness of the dollar appears to have stabilised, likely due to excessively bearish speculative positioning.

We remain cautious on the dollar in the medium-term. As **Bénédicte Kukla** highlights, the anticipated rebound in US inflation over the coming months may be less pronounced than initially expected. The implication? The Federal Reserve may be inclined to resume its easing cycle as early as this fall.

INVESTMENT STRATEGY

The combination of strong earnings growth and the prospect of monetary easing is currently supporting equity markets, particularly in the United States. As a result, our portfolios have seen an automatic increase in equity exposure. In previous months, we used market rallies as opportunities to lock in gains. This month, however, we adopted a slightly more flexible approach and allowed for a higher allocation to US equities. As you can see in the new allocation grid, we are now back to a "neutral" weighting in listed equities.

BUDGETARY CHALLENGES AND THE ROLE OF CENTRAL BANKS

Hans Bevers addresses growing concerns about US public finances, noting that these concerns are not unfounded. To maintain fiscal credibility, the Republican administration must generate economic growth that outweighs the upward pressure on interest rates.

This evolving dynamic could have a profound impact on financial markets. As we emphasised in last month's editorial, the role of central banks as guardians of stability, is becoming increasingly pivotal. In recent years, they have managed to support growth-oriented monetary policy while preserving their independence. But could that independence now be at risk? **Alexander Bell** outlines three reasons why a loss of Federal Reserve autonomy would be counterproductive.

KEY CONVICTIONS – TACTICAL VIEW

○ June 2025

● July 2025

	-	-/=	=	+/=	+
EQUITIES		○ →	●		
Europe				●	
USA		○ →	●		
Japan		●			
Emerging Markets				●	
Small Caps Europe				●	
Small Caps US				●	
Value Europe				●	
Value US			●		
Growth Europe			●		
Growth US			●		
BONDS		●			
Government bonds (EUR)		●			
Corporate IG bonds (EUR)				●	
High Yield (EUR)				●	
Government bonds (USD)		●			
Corporate IG bonds (USD)			●		
High Yield (USD)		●			
Emerging Market bonds (Local Currency)*				●	
USD VS. EUR		●			
GOLD				●	

* Overweight only in the USD grid.

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SUMMER BRIEF: EU PRODUCTIVITY AND US FISCAL PRESSURE



Hans BEVERS
Chief Economist
Degroof Petercam

The summer months are not particularly well suited for peak efficiency or budget discipline. But they do offer space to take a step back and zoom out. In this short piece, we explore both Europe's productivity challenge and the strained budgetary picture in the United States.



PRODUCTIVITY
since the
pandemic:
+2%
in the Euro Area
+10%
in the United States

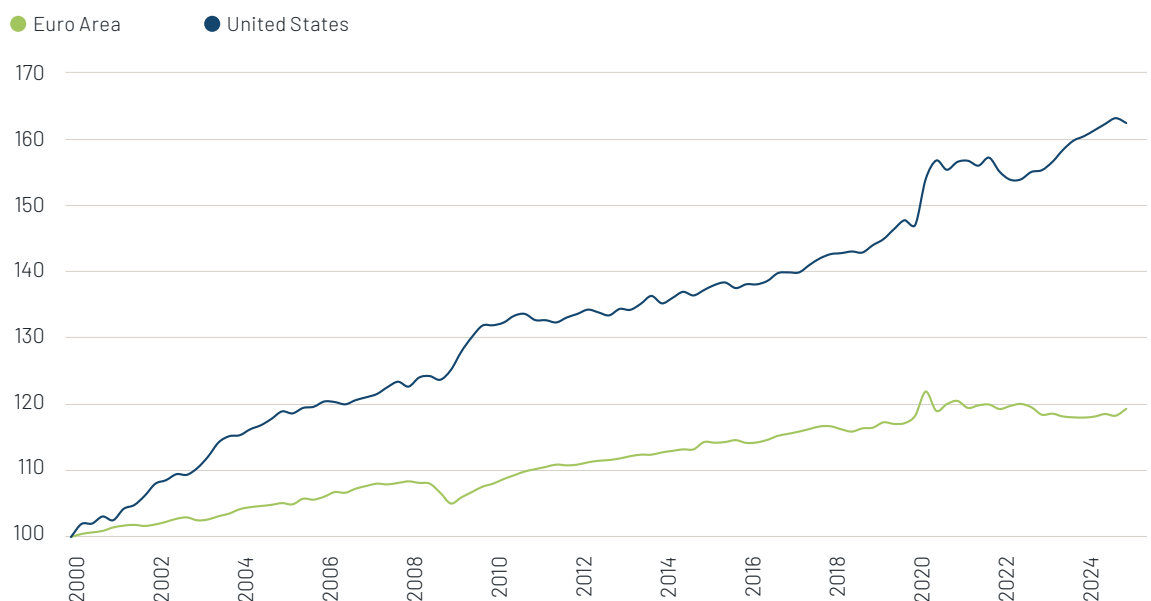
EU POLICYMAKERS IN SEARCH OF HIGHER PRODUCTIVITY GROWTH

Over the past six months, sentiment towards Europe has undergone a positive transformation. Developments under Donald Trump have spurred Germany to unveil substantial infrastructure investment plans, accompanied by a broader pan-European initiative to boost defence spending. While this long-overdue political *momentum* is welcome, it does not imply that the structural challenges constraining Europe's economic potential have been resolved. Several member states continue to grapple with precarious fiscal positions. At the same time, European exporters are exposed to the resurgence of protectionist policies in the United States and intensifying competitive pressure from China. That said, the biggest challenge arguably lies in increasing productivity growth.

Since the start of the pandemic labour productivity increased by only 2% in the Euro Area, a stark contrast with the situation in the US (plus 10%). This adds to the two decade-long widening of the productivity gap between both regions (Chart 1).

There's obviously much more to life than productivity. However, against the background of the energy transition, rapidly ageing populations, geopolitical tensions and budgetary constraints, a reacceleration of productivity growth will probably make things easier. Widespread agreement has now emerged, as also underlined in the Letta and Draghi reports (2024), that Europe's slow productivity growth stems from a lack of market depth and scale. Completing the single market will thus be key to achieve Europe's full growth potential. There is significant potential for removing internal barriers to trade.

CHART 1: LABOUR PRODUCTIVITY (OUTPUT PER HOUR WORKED, REAL INDEX Q1 2000 = 100)



Source: Eurostat, US Bureau of Labor Statistics, Indosuez Wealth Management.

The International Monetary Fund (IMF) analysis shows that trade costs within Europe are equivalent to a 44% tariff in manufacturing – three times higher than the 15% observed between states in the US – and up to 110% in services. Fragmented goods and services markets hinder broader efficiency gains and business investment. Completing the single market also includes the integration of capital markets and the creation of a European safe asset. Alongside more coordinated public and defence investment, this is no luxury as the US and China are pushing hard on industrial policy and artificial intelligence (AI). In other words, to have a significant impact, the scale will have to be European rather than national. The question remains whether policymakers can rise above national constraints and help people connect with a bigger European story.

US GOVERNMENT BUDGET AT ODDS WITH STATE OF THE ECONOMY

With democracy under pressure amid deep-seated political polarisation, America's safe haven status has come under scrutiny alongside more intense discussion about the state of its public finances. While fiscal alarmism stemming directly from the implications of the "One Big Beautiful Bill Act" seems exaggerated – with additional revenues from tariffs likely largely offsetting the increase in the deficit – the political willingness to address the budget remains totally absent. What's troubling is not just the size of the deficit – over 6% of GDP – but the fact that it's being run while the US economy is operating near full employment. Moreover, at 4.4%, the US 10-year government bond yield sits close to where we can expect nominal GDP growth to land in the coming years. It is not surprising therefore that public finances in the US have become the subject of an increasing body of academic research.

The current primary deficit (around 3% of GDP) in combination with structurally higher interest rates and rising ageing costs points to ever mounting debt levels in the coming decade. Concerns over ballooning treasury issuance have already driven up the term premium component this year. And given its still low level in a historical perspective and the fiscal situation at hand, the risk of further upward pressure cannot be dismissed.

To be clear, a fiscal crisis is not inevitable. A credible fiscal plan would quickly ease investor concerns. Unfortunately, there is no such plan and the current polarised political landscape offers little hope in this respect. Moreover, the question arises as to what extent the "exorbitant privilege" status continues to offer protection in the event of trust in America's domestic and foreign policies being eroded further. Surely, fears that things will spiral out of control must be thoroughly tempered by the fact that the US government issues debt in its own currency. Therefore, it can always find the means to pay back creditors and avoid a self-fulfilling liquidity crisis. At the same time, however, this does not shield the economy from potential adverse effects in the future. Central bank intervention to keep interest rates in check may well (if price stability is considered less important) stoke inflation expectations, whereas financial repression risks suppressing private investment and consumption. And while welcome (though not popular), addressing the issue by means of traditional budgetary efforts (cutting expenditure, increasing taxes, or a combination) would still weigh on economic activity. All in all, the current economic and political context suggests that concerns about US public finances are well-founded. An imminent debt crisis looks unlikely, but the theme of US fiscal vulnerability looks set to remain topical in the coming years.



Bénédicte KUKLA
Chief Strategist

While US inflation has been revised downward in the short-term, reflecting recent trends, a temporary reacceleration is still expected in the coming months—albeit to a lesser extent than initially anticipated. This stands in stark contrast to the outlook in Europe and especially China, where inflation dynamics are more subdued.

US: INFLATION, WHAT INFLATION?

After a downturn in growth in the first quarter (Q1), US GDP growth in the second quarter (Q2) is to be supported by an upward reversal on net trade; overall, the 2025 GDP growth forecast remains unchanged for the US at 1.7% in 2025 and 1.6% in 2026. However, our inflation narrative has shifted. Inflation came in below expectations for four consecutive months and did not surprise in June (at 2.7% in line with expectations). We have revised our annual inflation forecast to 2.9% in 2025 (down from 3.1%) and 2.8% in 2026 (down from 2.9%). Although not a sharp revision, this adjustment acknowledges the reduced pass-through of tariffs to consumer prices, as both New York and Atlanta Fed surveys indicate a 50% pass-through to consumers — the rest being absorbed by company margins and lower import prices (notably in clothing).

Despite this short-term reprieve, we anticipate a temporary inflationary uptick in the latter half of 2025 and the first half of 2026. Business surveys suggest that price pressures could resurface as the labour market tightens and demand stabilises. However, the rebalancing of the labour market — where hiring has been limited and the unemployment rate is expected to approach 4.5% in the coming months — should help anchor inflation expectations and limit second round price effects on wages.

On the policy front, the Federal Reserve is set to proceed cautiously, with markets now pricing a more dovish stance. We anticipate two rate cuts to come in 2025, bringing the Federal Funds rate to 4% by year-end, and two additional cuts expected in 2026 to reach 3.5%, with risks tilted towards more cuts. This reflects the central bank's view that this inflationary shock will be temporary and that the economy can withstand a gradual easing of monetary conditions.

Meanwhile, household and corporate balance sheets remain robust, financial conditions supportive, and supply chains resilient to tariff disruptions. US retail sales rebounded in June (+0.6 over the month, versus 0.1% expected), signalling resilient consumers. A slowdown in growth is expected in late 2025 but is not projected to tip the economy into a recession, with growth expected to recover in 2026. However, risks remain, including the potential for further rate cuts if growth falters more than anticipated. Additionally, the recently passed “One Big Beautiful Bill Act” has raised concerns about the US debt trajectory, although it is not expected to provide significant fiscal stimulus, notably in the context of still high uncertainty.

EURO AREA: GROWTH SURPRISES, BUT CAUTION PREVAILS

Across the Atlantic, the Euro Area has seen an unexpected boost in growth. Our GDP forecast for 2025 has been revised upwards by 10 basis points (bps) to 1.2%, with 2026 growth remaining steady at 1.4%, above consensus expectations. This growth surprise, however, comes with a caveat: much of the strength appears to be driven by US frontloading of European products ahead of anticipated tariffs. As such, the sustainability of this short-term momentum remains uncertain. The potential volatility in Irish GDP growth, in particular, brings downside risks to Euro Area growth in Q2, before the impact of the German fiscal stimulus plan kicks in late 2025. However, Germany, the region's renewed economic powerhouse, stands to benefit from a new tax reform introduced in May and already set to take effect by the end of 2025. Business surveys point to relative resilience in the German economy: the IFO Expectations Index increased to 90.70 points in June 2025 from 89 points in May, and above forecasts of 90.



US:
an estimated
50%
pass through of
tariffs to consumer
prices

Inflation in the Euro Area is expected to remain stable at 2% in both 2025 and 2026, reflecting continued progress in achieving price stability. The European Central Bank (ECB) is projected to cut its policy rate to 1.75% in 2025, with the ongoing threat of tariffs raising the likelihood of an additional 25 bps cut in a challenging global environment. On the disinflation front, several factors – including a strong euro, modest wage growth, still relatively stable oil prices and limited expected EU tariff retaliation – are expected to help contain inflationary pressures.

CHINA: PRODUCER PRICES CONTINUE TO MODERATE

China's economic trajectory remains steady, with GDP growth forecast at 4.5% for both 2025 and 2026. The government continues to prioritise consumption and technological investment, aiming to reinforce productivity growth and ensure long-term stability.

China's trade surplus surged to 114.77 billion dollars in June 2025, driven by an above consensus 5.8% export rise amid eased tariff pressures ahead of the August US tariff deadline. However, inflation in China has been revised downward significantly. Consumer Price Index (CPI) growth is now expected at just 0.5% in 2025 (down from 1.4%) and 1% in 2026 (down from 1.5%). These adjustments reflect ongoing producer price deflation and weaker-than-expected inflationary pressures. While fiscal stimulus is expected to taper off, the People's Bank of China (PBoC) remains well-positioned to provide monetary support, with a further 50-bps rate cut anticipated in 2025. China's ability to sustain growth hinges on the government's strategic focus on consumption and innovation, even as it faces external headwinds.

TABLE 1: MACROECONOMIC FORECAST 2024 - 2026, %

● Downward forecasts since last month

● Upward forecasts since last month

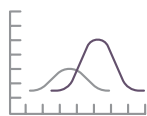
	GDP			INFLATION		
	2024	2025	2026	2024	2025	2026
United States	2.8%	1.7%	1.6%	3.0%	2.9%	2.8%
Euro Area	0.8%	1.2%	1.4%	2.4%	2.0%	2.0%
China	5.0%	4.5%	4.5%	0.2%	0.5%	1.0%
World	3.2%	2.8%	2.9%	-	-	-

Source: Indosuez Wealth Management.



Alexander BELL
Fixed Income Portfolio Manager

The US Treasury market has had plenty to digest over the past few months: tariffs and the debate over their pass-through effect on inflation, the passing of the “One Big Beautiful Bill Act” (President Trump’s signature domestic policy package that locks in high fiscal deficits for as far as the eye can see), and the usual bombardment of monthly economic data releases.



**10-YEAR
TREASURY**
yield steady at
4.2%-4.6%

Despite the heavy news flow, the 10-year US Treasury yield — arguably the world’s most important interest rate — has remained remarkably stable, anchored within a narrow range of around 4.2% to 4.6% since the end of April.

While we continue to debate internally about what catalyst might drive a sustainable breakout from this range — either below 4.2% or above 4.6% — there is one looming risk that’s giving fixed income market participants chills: the prospect of President Trump firing Jerome Powell, the chairman of the Federal Reserve. Such an event would cast serious doubt on the Fed’s independence, a cornerstone of US monetary policy for decades. This scenario represents a quintessential “grey swan” risk: improbable but with potentially significant consequences.

Even during his first term as president, it’s safe to say that Trump and Powell never saw eye to eye. However, the attacks on the Fed chair have escalated significantly under Trump 2.0. In 2019, they were limited to relatively harmless jabs, like critiques of Powell’s golfing skills. In recent months, however, Trump and his allies have ramped up the pressure for lower interest rates. When those demands fell on deaf ears, they publicly called for Powell’s resignation (despite his four-year term ending quite soon in May 2026 anyway). This campaign culminated on 16 July, with a widely shared news story claiming that Donald Trump was actively preparing to fire Jerome Powell.

Even though Trump walked it back an hour later, we saw a glimpse of what the market reaction would be in this scenario: yields at the short end of the US Treasury curve moved lower, reflecting the likelihood that a new chair appointed by Trump would be more inclined to cut interest rates sooner. However, longer-term yields (10 years and beyond) moved higher, resulting in a sharp steepening of the yield curve.

There are several compelling reasons why such a dramatic move would likely backfire:

FIERCE LEGAL CHALLENGES

Removing the Fed chair is not a unilateral decision. The President of the United States does not have the authority to dismiss the chair without cause, such as misconduct, malfeasance or dereliction of duty. Perhaps this is why recent critiques of Powell have included allegations of mismanagement surrounding the Federal Reserve building renovation project.

THE FED IS NOT A ONE-PERSON OPERATION

The US Federal Funds rate is set by a committee of 12 voting members, not solely by the Chair. According to the most recent Fed minutes, the vast majority of committee members support holding interest rates steady until there is more clarity on the impact of tariffs on inflation. It is difficult to see how a new, more “dovish” Chair could persuade the committee to completely reverse its stance.

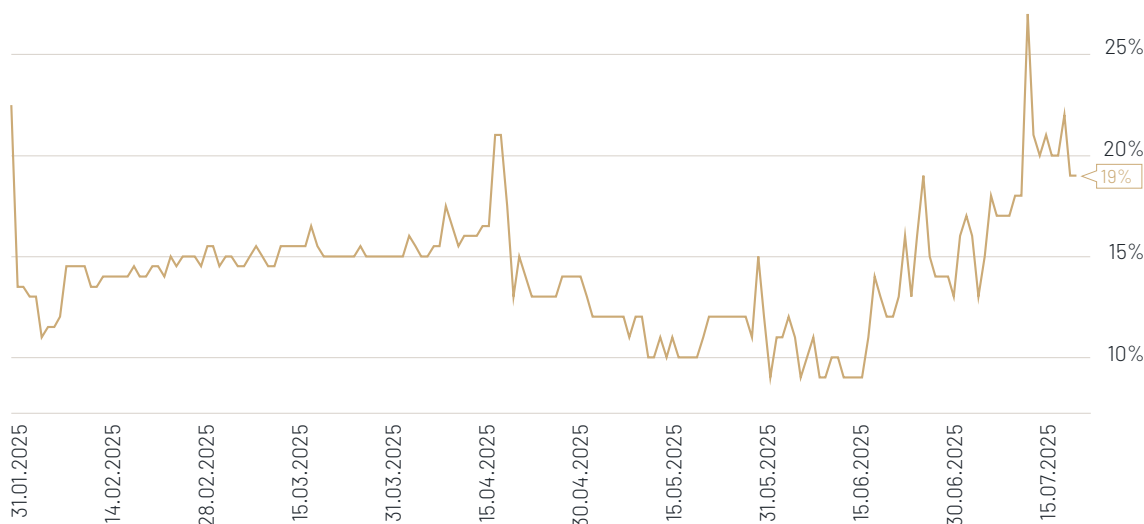
COUNTERPRODUCTIVE OUTCOMES

While short-term interest rates are heavily influenced by monetary policy, longer-term rates are largely market-driven and can even move in the opposite direction. Market-based measures of long-term inflation expectations have remained well-anchored around 2.5% this year, a key reason why long-term US Treasury yields have traded within such a tight range. If markets were to believe that the Fed is no longer politically independent or serious about targeting inflation, inflation expectations could surge. This, in turn, would push long-term nominal yields higher. Ironically, for an administration aiming to lower long-term borrowing costs, this move could backfire spectacularly.

That said, even with all these reasons why firing Powell would be a bad idea, can we completely rule it out? Unfortunately, no. Polymarket, the decentralised prediction market platform, currently places the probability of Powell being fired by the end of 2025 at 19% (Chart 2). This “grey swan” risk is one of the key factors underpinning our cautious outlook on very long-term US Treasuries. A silver lining for global investors is that there are absolutely no concerns about the independence of the European Central Bank. This, alongside relatively more supportive inflation dynamics in the Euro Area, keep us relatively more constructive about the Euro bond market.

Looking ahead, the only certainty is that Trump 2.0 will keep bond market investors on their toes.

CHART 2: JEROME POWELL OUT AS FED CHAIR IN 2025? ESTIMATES %



Source: Polymarket (data as of 23.07.2025), Indosuez Wealth Management.

05 • Market Monitor (local currencies)

OVERVIEW OF SELECTED MARKETS

DATA AS OF 25.07.2025



GOVERNMENT BONDS	YIELD	4 WEEKS CHANGE (BPS)	YTD CHANGE (BPS)
US Treasury 10-year	4.39%	11.09	-18.12
France 10-year	3.39%	12.10	19.10
Germany 10-year	2.72%	12.60	35.20
Spain 10-year	3.31%	8.90	25.60
Switzerland 10-year	0.44%	-2.50	11.50
Japan 10-year	1.60%	16.80	51.60

BONDS	LAST	4 WEEKS CHANGE	YTD CHANGE
Government Bonds Emerging Markets	40.44	0.70%	12.06%
Euro Government Bonds	212.13	-0.16%	1.40%
Corporate EUR high yield	238.50	0.75%	3.15%
Corporate USD high yield	380.94	0.68%	5.36%
US Government Bonds	327.04	-0.12%	3.66%
Corporate Emerging Markets	45.47	0.33%	2.46%

CURRENCIES	LAST SPOT	4 WEEKS CHANGE	YTD CHANGE
EUR/CHF	0.9336	-0.25%	-0.69%
GBP/USD	1.3438	-2.03%	7.37%
USD/CHF	0.7954	-0.45%	-12.34%
EUR/USD	1.1742	0.20%	13.41%
USD/JPY	147.69	2.10%	-6.05%

VOLATILITY INDEX	LAST	4 WEEKS CHANGE (POINTS)	YTD CHANGE (POINTS)
VIX	14.93	-1.39	-2.42

EQUITY INDICES	LAST PRICE	4 WEEKS CHANGE	YTD CHANGE
S&P 500 (United States)	6'388.64	3.49%	8.62%
FTSE 100 (United Kingdom)	9'120.31	3.65%	11.59%
STOXX 600	549.95	1.16%	8.34%
Topix	2'951.86	3.92%	5.99%
MSCI World	4'127.47	2.95%	11.32%
Shanghai SE Composite	4'127.16	5.24%	4.89%
MSCI Emerging Markets	1'257.78	2.38%	16.95%
MSCI Latam (Latin America)	2'265.96	-1.92%	22.31%
MSCI EMEA (Europe, Middle East, Africa)	238.48	4.21%	16.80%
MSCI Asia Ex Japan	824.72	2.65%	17.13%
CAC 40 (France)	7'834.58	1.86%	6.15%
DAX (Germany)	24'217.50	0.77%	21.64%
MIB (Italy)	40'726.26	2.48%	19.13%
IBEX (Spain)	14'237.30	1.92%	22.79%
SMI (Switzerland)	11'955.73	-0.21%	3.06%

COMMODITIES	LAST PRICE	4 WEEKS CHANGE	YTD CHANGE
Steel Rebar (CNY/Tonne)	3'249.00	8.52%	-1.49%
Gold (USD/Oz)	3'337.30	1.92%	27.16%
Crude Oil WTI (USD/Bbl)	65.16	-0.55%	-9.15%
Silver (USD/Oz)	38.17	5.91%	30.52%
Copper (USD/Tonne)	9'769.50	-1.10%	11.42%
Natural Gas (USD/MMBtu)	3.11	-16.82%	-14.40%

Source: Bloomberg, Indosuez Wealth Management.
Past performance does not guarantee future performance.

MONTHLY INVESTMENT RETURNS, PRICE INDEX

- FTSE 100
- Topix
- MSCI World
- MSCI EMEA
- MSCI Emerging Markets
- STOXX 600
- S&P 500
- Shanghai SE Composite
- MSCI Latam
- MSCI Asia Ex Japan

APRIL 2025	MAY 2025	JUNE 2025	4 WEEKS CHANGE	YTD (25.07.2025)
6.26%	6.15%	5.69%	5.24%	22.31%
1.04%	5.69%	5.68%	4.21%	17.13%
0.86%	5.03%	5.65%	3.92%	16.95%
0.74%	5.00%	4.96%	3.65%	16.80%
0.53%	4.02%	4.22%	3.49%	11.59%
0.32%	4.00%	4.21%	2.95%	11.32%
-0.76%	3.27%	2.50%	2.65%	8.62%
-1.02%	1.85%	1.83%	2.38%	8.34%
-1.21%	0.91%	-0.13%	1.16%	5.99%
-3.00%	0.80%	-1.33%	-1.92%	4.89%

Source: Bloomberg, Indosuez Wealth Management.
Past performance does not guarantee future performance.

BEST
PERFORMING
+

-
WORST
PERFORMING



Basis point (bps): 1 basis point = 0.01%.

Blockchain: A technology for storing and transmitting information. It takes the form of a database which has the particularity of being shared simultaneously with all its users and generally does not depend on any central body.

BLS: Bureau of Labor Statistics.

BNEF: Bloomberg New Energy Finance.

Brent: A type of sweet crude oil, often used as a benchmark for the price of crude oil in Europe.

CPI (Consumer Price Index): The CPI estimates the general price level faced by a typical household based on an average consumption basket of goods and services. The CPI tends to be the most commonly used measure of price inflation.

Cyclicals: Cyclicals refers to companies that are dependent on the changes in the overall economy. These stocks represent the companies whose profit is higher when the economy is prospering.

Defensives: Defensives refers to companies that are more or less immune to the changes in the economic conditions.

Deflation: Deflation is the opposite of inflation. Contrary to inflation, it is characterised by a sustained decrease in general price levels over an extended period.

Duration: Reflects the sensitivity of a bond or bond fund to changes in interest rates. This value is expressed in years. The longer the duration of a bond, the more sensitive its price is to interest rate changes.

EBIT (Earnings Before Interest and Taxes): Refers to earnings generated before any financial interest and taxes are taken into account. It takes earnings and subtracts operating expenses and thus also corresponds to non-operating expenses.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): EBITDA takes net income and adds interest, taxes, depreciation and amortisation expenses back to it. It is used to measure a company's operating profitability before non-operating expenses and non-cash charges.

ECB: The European Central Bank, which governs the euro and Euro Area member countries' monetary policy.

Economic Surprises Index: Measures the degree of variation in macro-economic data published versus forecasters' expectations.

Economies of scale: Decrease in a product's unit cost that a company obtains by increasing the quantity of its production.

EPS: Earnings per share.

ESG: Non-financial corporate rating system based on environmental, social and governance criteria. It is used to evaluate the sustainability and ethical impact of an investment in a company.

Fed: The US Federal Reserve, i.e. the central bank of the United States.

FOMC (Federal Open Market Committee): The US Federal Reserve's monetary policy body.

GDP (Gross Domestic Product): GDP measures a country's yearly production of goods and services by operators residing within the national territory.

Growth: Growth style refers to companies expected to grow sales and earnings at a faster rate than the market average. As such, growth stocks are generally characterised by a higher valuation than the market as a whole.

IEA: International Energy Agency.

IMF: The International Monetary Fund.

Inflation breakeven: Level of inflation where nominal bonds have the same return as inflation-linked bonds (of the same maturity and grade). In other words, it is the level of inflation at which it makes no difference if an investor owns a nominal bond or an inflation-linked bond. It therefore represents inflation expectations in a geographic region for a specific maturity.

Inflation swap rate 5-Year: A market measure of what 5-Year inflation expectations will be in five years' time. It provides a window into how inflation expectations may change in the future.

IPPC: The Intergovernmental Panel on Climate Change.

IRENA: International Renewable Energy Agency.

ISM: Institute for Supply Management.

Metaverse: A metaverse (portmanteau of meta and universe) is a fictional virtual world. The term is regularly used to describe a future version of the internet where virtual, persistent and shared spaces are accessible via 3D interaction.

OECD: Organisation for Economic Co-operation and Development.

"One Big Beautiful Bill Act": This is the name given to a sweeping budget reconciliation bill passed by the United States Congress and signed into law by President Trump on 4 July 2025. It is a large and complex piece of legislation that includes numerous provisions affecting various aspects of American life, including taxes, health-care, energy policy, and more.

OPEC: Organization of the Petroleum Exporting Countries; 14 members.

OPEC+: OPEC plus 10 additional countries, notably Russia, Mexico, and Kazakhstan.

PMI: Purchasing Managers' Index.

Policy mix: The economic strategy adopted by a state depending on the economic environment and its objectives, mainly consisting of a combination of monetary and fiscal policy.

Pricing power: Refers to the ability of a company or brand to increase its prices without affecting demand for its products.

Quality: Quality stocks refers to companies with higher and more reliable profits, low debt and other measures of stable earnings and strong governance. Common characteristics of Quality stocks are high return to equity, debt to equity and earnings variability.

Quantitative easing (QE): A monetary policy tool by which the central bank acquires assets such as bonds, in order to inject liquidity into the economy.

SAFE (Security Action for Europe): The programme, backed by 150 billion euros in funding, is a European initiative designed to streamline and enhance joint arms procurement among EU Member States. It is a key component of a broader rearmament strategy for the continent, unveiled by the European Commission, with an ambitious goal of mobilising up to 800 billion euros.

SEC (Securities and Exchange Commission): The SEC is an independent federal agency with responsibility for the orderly functioning of US securities markets.

Spread (or credit spread): A spread is the difference between two assets, typically between interest rates, such as those of corporate bonds over a government bond.

Secular stagnation: Refers to an extended period of little or no economic growth.

SRI: Sustainable and Responsible Investments.

Stagflation: Stagflation refers to an economy that is experiencing simultaneously an increase in inflation and stagnation of economic output.

TPI: An addition to the Eurosystem's toolkit that can be activated by the ECB to counter unwarranted, disorderly market developments if these pose a serious threat to the smooth transmission of monetary policy across the euro area. The ECB Governing Council approved the instrument on the 21 July 2022.

Trump Put: The perception among investors that President Trump's economic policies and statements could influence the stock markets in a way that limits their downside.

Value: Value style refers to companies that appear to trade at a lower price relative to its fundamentals. Common characteristics of value stocks include high dividend yield, low price-to-book ratio, and a low price-to-earnings ratio.

VIX: The index of implied volatility in the S&P 500 Index. It measures market operators' expectations of 30-day volatility, based on index options.

WTO: World Trade Organization.

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