



MARKET VIEWS

EQUITIES: The S&P 500 reached new highs in July, fuelled by corporate earnings and economic data. However, the index saw a late-month pullback after Federal Reserve Chair Jerome Powell was cautious on any imminent rate cut. The Nasdaq Composite rose by 3.7% in dollar terms, with mega-cap technology stocks showing mixed performance in earnings, but on balance positive. Resilience has been a useful description of U.S. earnings this quarter, with around two-thirds of S&P 500 companies having reported at the time of writing. More than 80% have reported earnings above analyst expectations, that being above the 5 and 10-year averages.

European equities, which had outperformed earlier in the year, saw momentum slow. Novo Nordisk weighed heavily, with its share price falling over 25% after the company reported slower demand for its weight-loss products in the U.S. This highlights the importance of valuation discipline with the company's price-to-earnings ratio falling from over 40 times earnings to less than 15, in 12 months, leading to a 64.5% drop in price for what was Europe's largest company.

The FTSE All-Share returned almost 4% in July and European defence companies, including Rolls Royce, reported solid earnings, benefiting from NATO commitments and Germany's fiscal stimulus. Banks had a strong month, with the STOXX 600 Banks index in Europe rising 9% in GBP terms.

CURRENCY & DEBT: The dollar posted its first monthly gain of 2025, supported by strong data, more muted interest rate expectations, and trade uncertainty. The euro weakened against the dollar due to disappointing growth data, while the pound fell by 3.7%, providing some relief for U.K. investors with U.S. holdings. Currency moves meant the S&P 500, up 2.8% in dollars, rose by c.6.5% in sterling. Volatility was less pronounced in Europe, with the Euro fractionally higher against the pound, highlighting how moves are more a reflection of volatility in the dollar, as opposed to stronger cyclical moves. The Yen fell almost 5% against the dollar, while the Swiss Franc, which had risen over 10% so far this year, dropped 3%. August has started with some significant swings due to new tariff announcements and weaker U.S. employment data.

Government bond markets were relatively stable, though yields on longer-dated debt rose modestly, reflecting scaled-back rate cut expectations. Corporate bond spreads remain tight, at 15-year lows. While this could signal overvaluation, these levels are supported by strong earnings and a continued search for yield.

COMMODITIES: Oil prices were less volatile in July after the sharp swings of June in light of the Israel / Iran conflict. Following a sharp retreat, Brent Crude rose back to a more settled \$70 range, a rise of almost 7% for July.

Precious metals delivered modest returns, with gold rising slightly. Gold continues to benefit from safe-haven flows, trading near all-time highs and providing a useful diversification tool for portfolios.

MACRO VIEWS

POLITICS: The ongoing trade tariff saga dominated headlines. President Trump announced new tariff rates on August 1st for countries that had not yet agreed to a trade deal. Notable tariffs include 50% on most goods from Brazil, 35% on some goods from Canada, and 39% on Switzerland. Taiwan received a 20% tariff, higher than the 15% levied on key competitors like Japan and South Korea. This will be closely watched by companies like Taiwan Semiconductor Manufacturing Company (TSMC), whilst AI-related tariffs are put together by the U.S. administration alongside further talks. The pharmaceutical industry is also awaiting the outcome of a U.S. Department for Health review into tariffs, with President Trump having previously indicated potential tariffs as high as 200%.

While the trade dispute with China has de-escalated, the broader implications of tariffs, seen as a tax increase on U.S. households and businesses, are expected to slow growth in the second half of the year.

MONETARY POLICY: Central banks have maintained a cautious, data-dependent approach. Despite President Trump's rhetoric on cutting rates, the Federal Reserve kept the benchmark interest rate unchanged, and Chair Powell's comments did not signal imminent cuts ahead. Recent news of a weaker than expected labour market means the Fed must continue to tread the delicate tightrope between balancing inflation and unemployment.

The European Central Bank also kept its main interest rates unchanged at its July meeting, having already delivered several consecutive cuts – with the focus remaining on inflation stabilisation and cautious commentary from Christine Lagarde. The Bank of England announced a 0.25% reduction in its headline rate at its latest meeting, as was anticipated, albeit with the vote closer than expected. Ahead of the meeting, Chancellor Rachel Reeves had unwelcome news in the form of a report citing a larger hole in the public finances than previously thought, raising the prospect of further tax rises, or other fiscal tightening, in the autumn budget.

GLOBAL TRADE & SUPPLY CHAINS: Investors remain focused on the continued reshaping of global supply chains, especially with various tariff deadlines passing. Ongoing trade tensions and the U.S. administration's focus on its domestic economy are pushing businesses to diversify their sourcing and production away from traditional hubs. This policy approach, while aiming to boost resilience and national security, also introduces operational complexities and appears to be inflationary, with market expectations already rising. The front-loading of production and purchases ahead of tariffs provided a temporary economic boost, but it's expected to be short-lived and may now drag on growth. Raw materials, particularly copper, have come into focus due to recent U.S. policy shifts. India is also facing scrutiny from President Trump over its purchases of Russian oil, potentially impacting further supply chains. Whilst Liberation Day has come and gone, this story will not go away quickly.

CHART OF THE MONTH

Market concentration continues to generate plenty of column inches, and it was interesting to see the below chart this month on the size of NVIDIA – the world’s largest company – relative to other countries within global equity indices. The weight of NVIDIA in the MSCI ACWI Index now surpasses that of Japan, which is the world’s third largest stock market. With China not included in the index, if NVIDIA were a country it would rank second by weight, behind only the U.S. Whilst the shares have risen by more than 75% from the Deepseek and Liberation Day induced ‘lows’, results in late-August will provide an important steer on operational performance, and perhaps even more importantly given current valuations, the outlook for the company and the wider sector.



Source: Augur Infinity on X: available at: <https://x.com/AugurInfinity/status/1950979803466608946>

MARKET DATA

Index	Value	%1m	%3m	%6m	%YTD	%1yr	%3yr	%5yr	%10yr
FTSE 100	9,157.0	3.9	7.3	7.2	12.0	18.3	37.7	82.4	99.3
FTSE All-Share	4,968.0	3.6	7.5	7.1	11.2	17.3	35.0	76.4	94.4
FTSE AIM	763.8	-1.3	7.5	6.0	6.1	0.5	-17.0	-16.7	1.5
FTSE World (ex-UK)	716.5	2.8	11.3	0.3	3.9	17.1	39.8	79.3	229.0
S&P500	6,299.2	0.4	12.7	4.2	7.1	21.8	59.0	103.0	261.0
Dow Jones	44,111.7	-1.6	8.0	-1.4	3.7	13.1	34.5	61.1	153.0
Nasdaq 100	23,018.6	0.7	16.3	5.7	9.6	27.3	74.3	104.0	408.0
S&P Smallcap 600	1,351.8	-2.1	9.0	-6.8	-4.0	2.2	9.1	50.9	91.7
Eurostoxx 50	5,249.6	-0.7	-0.3	-2.0	7.2	14.7	40.9	62.0	43.1
Nikkei	40,549.5	1.9	10.1	3.8	1.6	16.9	43.9	80.9	96.2
Hang Seng	24,910.6	4.2	9.9	19.2	24.2	49.6	23.3	-0.1	2.2
Shanghai (SSE)	3,617.6	4.2	9.1	10.6	7.9	26.2	12.1	6.8	-1.2
GBP/USD	1.328	-2.7	-0.5	6.8	6.2	4.7	10.0	1.1	-14.4
Gold \$	3,365.4	0.9	-1.0	17.7	28.2	41.2	89.6	62.6	209.0
FTSE Gilt All Stocks	128.9	0.6	0.9	1.2	0.5	-0.7	-10.4	-26.3	-2.7

Source: Alpha: data as at 06-08-25

Get in touch

If you are interested in using a discretionary investment manager or are contemplating switching from your existing manager, we would be delighted to hear from you. We are passionate about what we do and unincumbered by any large corporate mindset, free to act independently in your best interest.

E: contact@oxoniancapital.co.uk

T: 01865 415 490

The value of investments, and any income from them, can fall and you may get back less than you invested. Neither simulated nor actual past performance are reliable indicators of future performance. Investment values may increase or decrease as a result of currency fluctuations. Information is provided only as an example and is not a recommendation to pursue a particular strategy. Information contained in this document is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness. We or a connected person may have positions in or options on the securities mentioned herein or may buy, sell or offer to make a purchase or sale of such securities from time to time. For further information, please refer to our conflicts policy which is available on request or can be accessed via our website at www.oxoniancapital.co.uk. Oxonian Capital is a trading name of RC Brown Investment Management plc which is authorised and regulated by the Financial Conduct Authority. Registered Office: 1 The Square, Temple Quay, Bristol, BS1 6DG. Registration Number: 2489639 For more information about regulation and investor protection, please visit Important Information – RC Brown (rcbim.co.uk)

