



US Tariff Escalation and Market Reaction - On July 16, President Trump sent letters to over 150 countries announcing blanket “reciprocal” tariffs: a 20–40% baseline on imports and a 50% levy on Brazil, calculated to offset bilateral trade deficits rather than match foreign rates. He later delayed most new duties (excluding those on China) until August 1 but warned he could reimpose a 125% tariff on Chinese goods, prompting Beijing’s 84% retaliation and Canada’s 25% car duties. The European Union has prepared countermeasures, and many nations are scrambling for exemptions or new trade deals.

US equities remain sanguine about tariff headlines, with the S&P keeping its head well above the 6200 mark, the UST 10 year yield has been on a march higher since the beginning of July, but is continually meeting resistance at the 4.50% level. The dollar index, likewise, has attempted to reverse a nearly 13% peak-to-trough rout since printing 110 at the beginning of January, but has struggled most recently to even maintain 99 in recent days.

US Labour Market: Conflicting Signals - July’s nonfarm payrolls report showed 147,000 jobs added in June—well above the 110,000 forecast—and pushed the unemployment rate down to 4.1% as labour-force participation ticked to 62.3%. Yet the ADP private-sector survey revealed a surprise drop of 33,000 jobs—the first decline since March 2023—underscoring divergent measures of labour strength and signalling cautious hiring ahead.

Fed’s “Wait-and-See” Versus Dissenting Hawks - At the ECB Forum in Sintra on June 30, Fed Chair Jerome Powell acknowledged that, absent the shock of Trump’s tariffs, the central bank “would have eased by now” and reaffirmed a meeting-by-meeting, data-driven approach—“well-positioned to wait” for clarity on how trade measures affect inflation and growth. In parallel, Fed Governor Christopher Waller broke with the majority by publicly advocating an imminent rate cut—citing slowing spending and transitory tariff-driven price rises—and joining a growing chorus urging policymakers to pre-empt further economic weakness.

Uncertainty for the BoE amidst a surprise uptick in Inflation this wee - the Bank has emphasised a “gradual and careful” approach, noting that monetary policy is not on a preset path. The MPC is to remain cautious due to persistent inflation, which rose to 3.6% in June, and ongoing global uncertainties. The BoE has also signalled that it intends to keep rates in restrictive territory until it is confident that inflation is sustainably on track to return to the 2% target—something it doesn’t expect until early 2027

OPEC+ Accelerates Production Hikes - On July 5, eight OPEC+ members agreed to ramp up output more quickly, adding 548,000 barrels per day in August on top of the 411,000 bpd increases in May-July, despite concerns that a faster unwind of the 2.2 million bpd cut will oversupply the market. This move follows months of member overproduction, notably from Kazakhstan and Saudi Arabia, and sets the stage for renewed global crude price pressure.

Eurozone Inflation Hits ECB Target - Flash data for June confirmed euro-area consumer price inflation at 2.0% year-on-year—up from 1.9% in May and exactly on the ECB’s target midpoint. Services inflation edged up to 3.3%, food and tobacco to 3.1%, while energy deflation eased to –2.7% and core inflation (excluding food and energy) held at 2.3%. With headline prices back at target, the ECB appears poised to pause further rate cuts at its next meeting amid renewed uncertainties.