

# Global Monthly Outlook

August 2025 (covering July 2025)

Index	July (%)	YTD (%)
MSCI World	USD 1.3	11.2
S&P 500	USD 2.2	8.6
MSCI Europe	EUR 0.8	9.9
MSCI Asia Pac ex Japan	USD 2.2	17.0
Hong Kong Hang Seng	HKD 3.1	26.7
Hang Seng China Enterprises (H-shares)	HKD 2.7	25.0
Topix	JPY 3.2	7.1

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as of July 31, 2025. YTD refers to year-to-date.

## Global Outlook

Global markets posted gains in July, supported by easing trade tensions, resilient corporate earnings, and selective policy support. US equity markets outperformed global peers, as optimism around tax reform and improving trade relations lifted investor sentiment. European equities rebounded, driven by strong financial sector earnings and rising oil prices that boosted energy stocks. Chinese markets extended their rally for a third consecutive month, supported by ongoing US-China trade negotiations and sustained southbound inflows.

Fixed income markets declined in July as hawkish central bank commentary weighed on government bonds, with US Treasuries, German bunds, and UK gilts posting negative returns. However, corporate bonds delivered positive performance, led by high yield.

## United States

- US equities rallied in July, led by the technology sector, which continued to benefit from robust AI-driven demand and a rotation back into growth-oriented stocks.
- The US economy grew at an annualized rate of 3% in Q2, beating expectations. However, weak jobs data and persistent inflation at 2.7% raised market bets on Federal Reserve (Fed) action. The Fed held rates steady, but dissenting votes signaled growing pressure for a cut in September.

## Europe (including UK)

- European equities moved higher in July, partially reversing June weakness. Strong earnings from banks meant that financials were the best performing sector in Europe while energy also outperformed as US threats of sanctions on Russian oil buoyed the oil prices.
- Eurozone inflation remained at the European Central Bank's (ECB) 2% target last month, bucking expectations of a slight fall as lower energy costs and a stronger Euro helped keep prices in check.

## Asia Pacific (ex Hong Kong ex China ex Japan)

- Asia ex-Japan equities continued their upward momentum in July, supported by inflows driven by positive developments in trade deals across the region.
- Taiwan led regional performance, with strong equity gains fueled by robust export growth and accelerating GDP, while Korea also outperformed, backed by steady policy rates and a rebound in retail sales.

## Hong Kong and Mainland China (H-shares)

- Economic momentum remained solid in China, with Q2 GDP growing 5.2% YoY and June industrial production accelerating 6.8%, led by high-tech manufacturing and electronics.
- Policy support is expected to continue, with the government likely to broaden its successful consumption trade-in program—initially focused on white goods and autos—to further boost consumer confidence and spending.

## Japan

- Japanese equities ended the month higher, lifted by a new US-Japan trade agreement. Despite tariffs on exports, sentiment improved on Japan's \$550 billion US investment and better access for American goods, driving gains across automakers, financials, and consumer sectors.
- Political uncertainty weighed on domestic sentiment, as the ruling LDP-Komeito coalition lost its majority in the upper house. The setback weakened Prime Minister Ishiba's leadership and heightened concerns over potential policy gridlock, tempering investor enthusiasm despite positive trade developments.

## Fixed Income

- Interest rates were held steady in the US and eurozone, but hawkish-leaning comments from Fed Chair Powell and ECB President Lagarde led investors to scale back expectations of near-term rate cuts, resulting in negative returns for US Treasuries, German bunds, and UK gilts.
- Corporate bond markets delivered positive returns, led by high yield. Credit spreads tightened across sterling, euro, and dollar markets, with spreads nearing ten-year lows. Strong investor demand and resilient macro data supported performance, especially in euro-denominated investment grade bonds.

## Emerging Markets

- Peruvian equities advanced, supported by a stable policy backdrop and resilient macro fundamentals. The central bank held its policy rate at 4.50%, in line with expectations.
- Turkish equities advanced following a central bank rate cut and a renewed commitment to disinflation, with broad-based gains across financials, industrials, and consumer sectors.

August 2025 (covering July 2025)

---

## Important Information

This document is intended only for investors in Hong Kong for informational purposes only. This document is not an offering of a financial product and should not be distributed to retail clients who are resident in jurisdiction where its distribution is not authorized or is unlawful. Circulation, disclosure, or dissemination of all or any part of this document to any unauthorized person is prohibited.

This document may contain statements that are not purely historical in nature but are “forward-looking statements,” which are based on certain assumptions of future events. Forward-looking statements are based on information available on the date hereof, and Invesco does not assume any duty to update any forward-looking statement. Actual events may differ from those assumed. There can be no assurance that forward-looking statements, including any projected returns, will materialize or that actual market conditions and/or performance results will not be materially different or worse than those presented.

All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. Investment involves risk. Please review all financial material carefully before investing. The opinions expressed are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals. The distribution and offering of this document in certain jurisdictions may be restricted by law. Persons into whose possession this marketing material may come are required to inform themselves about and to comply with any relevant restrictions. This does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

All data as of August 20, 2025, unless otherwise stated.

This document is issued in Hong Kong by Invesco Hong Kong Limited 景順投資管理有限公司, 45/F, Jardine House, 1 Connaught Place, Central, Hong Kong. This document has not been reviewed by the Securities and Futures Commission.