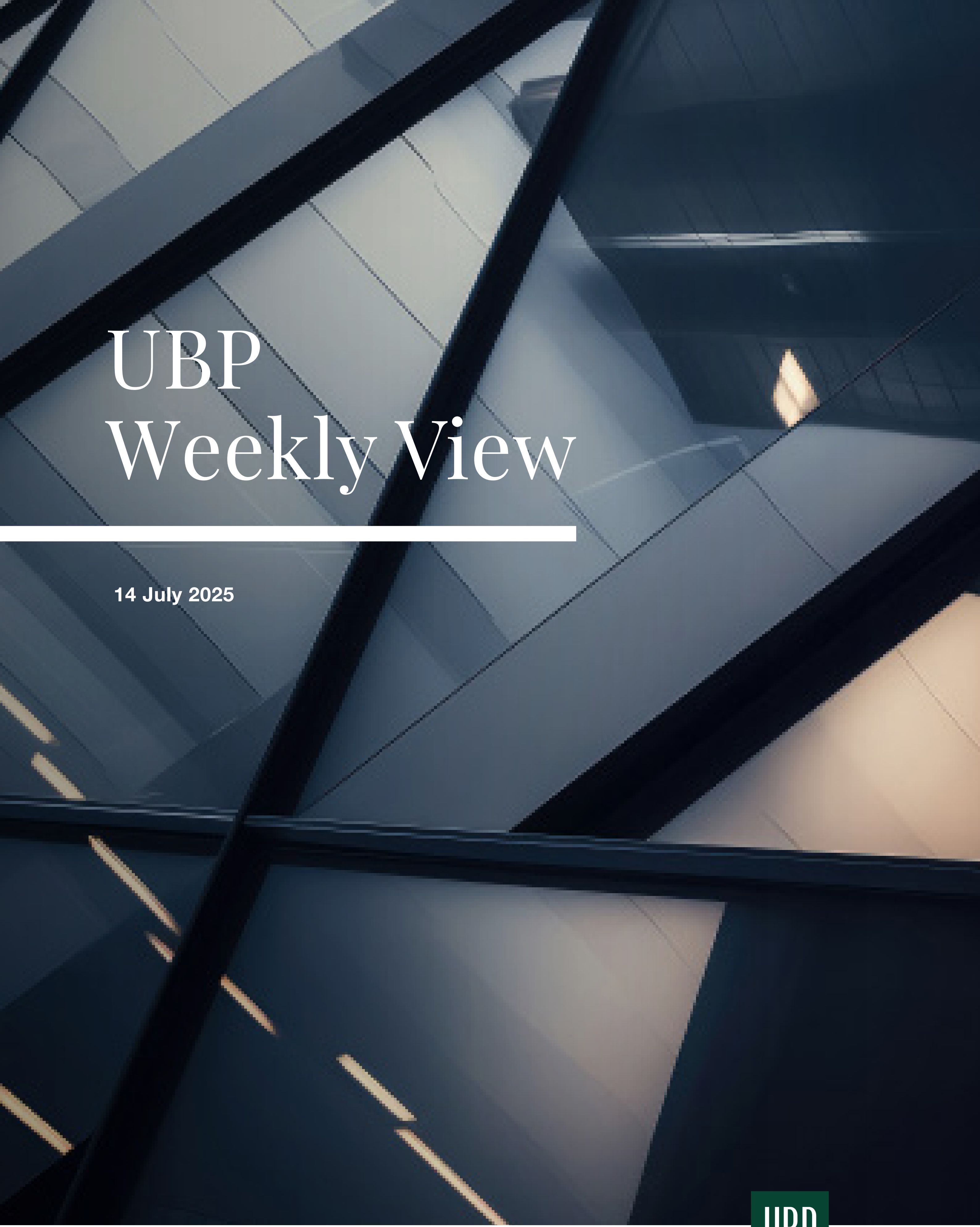


UBP Weekly View

14 July 2025

Union Bancaire Privée

UBP WEEKLY VIEW

Equities steady ahead of earnings season

Summary

The fresh salvo of tariffs paused the rally on global equity markets, leaving them broadly stable. Renewed tariff threats are reigniting concerns about global industrial supply chains, generating doubts about whether or not these pressures will erode corporate margins. The upcoming earnings season, which kicks off this week, may offer some hints of an answer.

Market recap

	Last Close (11.07.2025)	1-Week Total Return	1-Month Total Return	Year-to-Date Total Return
S&P 500	6 260	-0.3%	4.1%	7.2%
STOXX Europe 600	547	1.2%	-0.6%	10.7%
Nikkei 225	39 570	-0.6%	3.1%	0.3%
MSCI EM	1229	-0.1%	2.2%	16.4%
US 10yr yield	4.4%	6 bps	-1 bps	-16 bps
Gold (USD/oz)	3 356	0.6%	0.0%	27.9%
Brent Crude Oil (USD/bbl)	70	3.0%	0.8%	-5.7%

Sources: Bloomberg Finance L.P.

Beyond the numbers

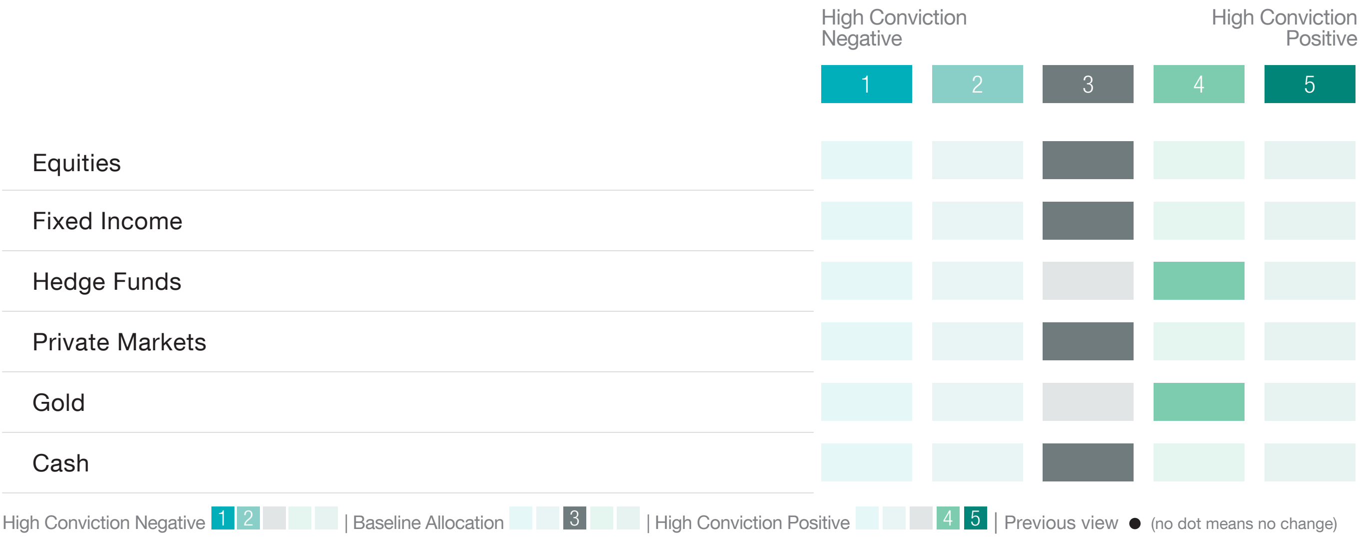
Macroeconomics

With trade agreements still limited ahead of the 9 July negotiating deadline, President Trump has extended the end date to 1 August. He issued new reciprocal tariffs on several emerging countries (Brazil is facing a 50% hike, for example), increased copper tariffs to 50%, and reiterated threats of 200% tariffs on pharmaceuticals. These announcements have revived the risk of a trade war and disruption of the industrial supply chain, which would result in higher costs for US consumers and manufacturers.

The publication of the minutes from the Fed's June meeting revealed concerns about the impact of tariffs on inflation, as well as a split among governors regarding rate policy. Notably, there was little appetite for a rapid easing of key rates.

Next week, we will focus on inflation and retail sales in the US to assess the impact of tariffs on final prices and consumer resilience. Chinese economic data, particularly second-quarter GDP, should show relatively strong growth, despite uncertainties regarding trade and housing.

Asset allocation: strategic views as at July 2025



Equities

Global equities finished modestly lower last week, with the MSCI ACWI total return down by -0.3% as trade tensions re-emerged and dampened recent investor enthusiasm. Some appetite for European equities returned, with the STOXX Europe 600 up by +1.2% on hopes of a US trade deal, while US markets paused after three consecutive weeks of gains (S&P 500 -0.3%).

The previous week's style rotation – with US small and mid-caps outperforming at the expense of larger-cap 'quality' and 'growth' names – failed to continue amid very choppy trading, with the Magnificent 7, once again taking the lead (+0.6% last week vs. US small and mid-caps' -0.6%). This performance was driven in part by Nvidia surpassing the USD 4 trillion market capitalisation mark, the first company to achieve this milestone. This helped support the global technology sector, which remained stable over the week, while most other sectors finished the week in negative territory.

While successful US debt auctions midweek initially spurred appetite for risk as they did not drive up long-term US yields as feared, this had been reversed by the end of the week, as macro concerns resurfaced on the White House returning to a more aggressive stance on tariffs with several trading partners, hitting economically sensitive areas of the market the most.

Muted equity market activity also came ahead of the Q2 earnings season, which will officially kick off this week with large-cap US banks. In addition to these earnings reports, which serve as a barometer for US economic health and corporate activity, market attention will also focus on trade developments and inflation data for June. The latter will play a key role in shaping expectations for future rate cuts, where a benign inflation reading would support a risk-on mood, complementing low Q2 earnings growth expectations (S&P 500 Q2 +5.0%), which are being bolstered by exposure to the technology sector, a weaker USD, and a still-resilient US economy.

The Magnificent 7 took the lead again, rising by 0.6%

Fixed income

Fixed income performance was slightly negative last week, with investment grade (IG) and high yield (HY) down by 0.2%, while AT1s declined by 0.1%, partially offsetting the strong performances seen the previous week.

Yields on 10-year US Treasuries rose slightly last week and passed 4.4% on Wednesday, fuelled not only by concerns about future deficits, but also by a stronger focus on tariffs during the week. However, an auction of USD 39 billion of US Treasuries found strong demand and calmed the markets on Wednesday, which subsequently drove yields down.

In the UK, yields on 10-year gilts continued to rise and passed 4.6% on Wednesday. On top of worries about the UK budget, the Bank of England is now saying that a significant proportion of gilt investors are hedge funds, whose opportunistic positions are increasing the volatility of gilt prices.

The yield on 10-year US Treasuries has risen above 4.4%

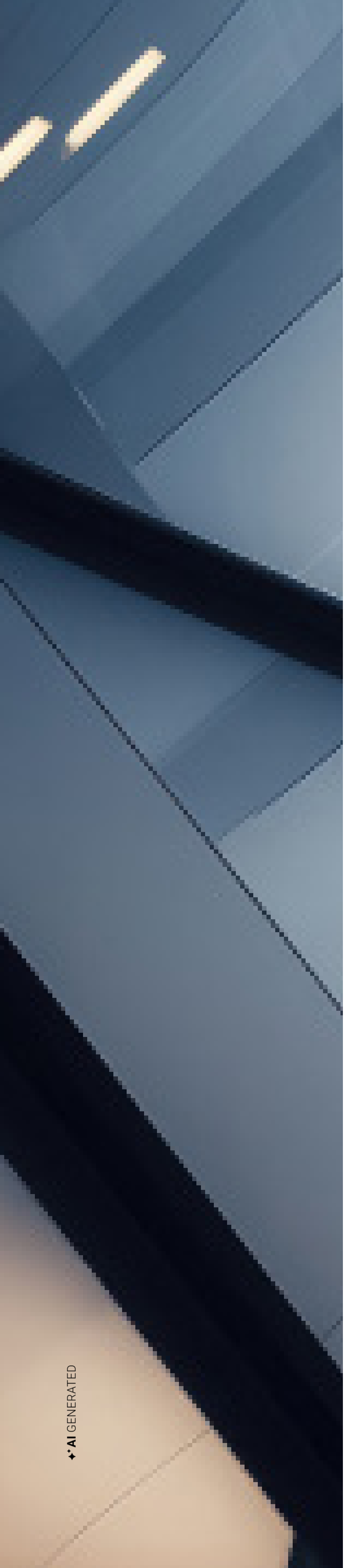
Forex & Commodities

The USD consolidated over the last week, following the publication of stronger-than-expected US non-farm payroll data. Forex risk sentiment was largely unaffected by President Trump's latest tariff proposals. The JPY weakened considerably following lower-than-expected Japanese wage growth data. The lack of wage growth means that the Bank of Japan will be in no rush to raise its deposit rate; the USD/JPY rose to levels above 146.

The USD/CHF failed to sustain its break below 0.79 and subsequently edged higher over the remainder of the week. Over the coming week, the main risk event for markets will be the publication of US CPI data. A higher-than-expected inflation print will lead to a modest USD consolidation, as markets may price out an imminent Fed rate cut.

Both gold and silver were largely rangebound last week, and they did not benefit from the return of tariff noise, suggesting that markets believe an extension of tariff deadlines will come about. Copper prices rose aggressively following Trump's decision to place a 50% tariff on copper imports. We do not anticipate any further aggressive upside above USD 10,000 per tonne in the short term, given already abundant inventories.

A higher-than-expected inflation print will lead to a modest USD consolidation



Contributors

Publisher

Union Bancaire Privée, UBP SA

Lead Authors

Michaël Lok, Group CIO and Co-CEO Asset Management
Nicolas Laroche, Global Head of Advisory & Asset Allocation

Authors

Patrice Gautry, Global Head of Economic & Thematic Research
Moshmi Kamdar, Head of Equity Advisory
Filipe Alves Da Silva, Head of Fixed Income Advisory & Strategy
Alvaro Cucchiara Velazquez, Investment Specialist
Peter Kinsella, Global Head of Forex Strategy

Project Management

Investment Marketing

The opinions expressed in this document are as at 14 July 2025 and are subject to change without notice.

Disclaimer

This document is a marketing communication containing GENERAL INFORMATION on financial services reflecting the sole opinion of Union Bancaire Privée, UBP SA and/or any entity of the UBP Group (hereinafter "UBP") as of the date of issue. It is not and does not purport to be considered as an offer nor a solicitation to enter into any transaction with UBP, buy, subscribe to, or sell any currency, product, or financial instrument, make any investment, or participate in any particular trading strategy in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or solicitation. This document is meant only to provide a broad overview for discussion purposes, in order to determine clients' interest. It does not replace a prospectus, KID, KIID or any other legal document relating to any specific financial instrument, which may be obtained upon request free of charge from UBP or from the registered office of the issuer of the instrument concerned, where applicable. The opinions herein do not take into account individual clients' circumstances, objectives, or needs.

UBP performs analysis on the financial instruments based on market offer and may maintain and/or seek to develop business affiliations with third parties for that purpose; furthermore, UBP may create its own financial instruments. This generic information is therefore not independent from the proprietary interests of UBP or connected parties, which may conflict with the client's interests. UBP has policies governing cases of conflicts of interest and takes appropriate organisational measures to prevent potential conflicts of interest.

The information contained in this document is the result neither of financial analysis within the meaning of the Swiss Banking Association's "Directives on the Independence of Financial Research" nor of independent investment research as per the EU's regulation on MiFID provisions. EU regulation does not govern relationships entered into with UBP entities located outside the EU.

When providing investment advice or portfolio management services, UBP considers and assesses all relevant financial risks, including sustainability risks. Sustainability risks are defined by the EU's Sustainable Finance Disclosure Regulation (2019/2088) as "an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment". For further information on our sustainability risk management approach please visit [www.ubp.com].

Reasonable efforts have been made to ensure that the content of this document is based on objective information and data obtained from reliable sources. However, UBP cannot guarantee that the information contained herein and gathered by the Bank in good faith is accurate and complete, nor does it accept any liability for any loss or damage resulting from its use. Circumstances may change and affect the data collected and the opinions expressed at the time of publication. Therefore, information contained herein is subject to change at any time without prior notice. UBP makes no representations, provides no warranty and gives no undertaking, express or implied, regarding any of the information, projections or opinions contained herein nor does it accept any liability whatsoever for any errors, omissions or misstatements in the document. UBP does not undertake to update this document or to correct any inaccuracies which may have become apparent after its publication.

This document may refer to past performance which is not a guide to current or future results. All statements in this document, other than statements of past performance and historical fact, are "forward-looking statements". Forward-looking statements do not guarantee future performances.

The tax treatment of any investment depends on the client's individual circumstances and may be subject to change in the future. This document does not contain any tax advice issued by UBP and does not reflect the client's individual circumstances.

This document is confidential and is intended to be used only by the person to whom it was delivered. This document may not be reproduced, either in whole or in part. UBP specifically prohibits the redistribution of this document, in whole or in part, without its written permission and accepts no liability whatsoever for the actions of third parties in this respect. This document is not intended for distribution in the US and/or to US Persons or in jurisdictions where its distribution by UBP would be restricted.

Switzerland: UBP is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA).

UK: UBP is authorised in the United Kingdom by the Prudential Regulation Authority, and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the Prudential Regulation Authority.

Dubai: This marketing material has been communicated by Union Bancaire Privée (Middle East) Limited, a company regulated by the Dubai Financial Services Authority ("DFSA"). It is intended for professional clients and/or market counterparties only and no other person should act upon it. The financial products or services to which this material relates will only be made available to a client who meets the professional client and/or market counterparty requirements. This information is provided for information purposes only. It is not to be construed as an offer to buy or sell, or a solicitation for an offer to buy or sell any financial instruments, or to participate in any particular trading strategy in any jurisdiction.

Hong Kong: UBP is a licensed bank regulated by the Hong Kong Monetary Authority (HKMA) and a registered institution regulated by the Securities and Futures Commission (SFC) for Type 1, 4 & 9 activities only in Hong Kong. The securities may only be offered or sold in Hong Kong by means of documents that (i) are addressed to "professional investors" within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder (the "SFO"); or (ii) are defined as "prospectuses" within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "CO") or constitute offers to the public within the meaning of the CO. Unless permitted to do so under the laws of Hong Kong, no person may issue or have in their possession for the purpose of issuing, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities, directed at, or likely to be accessed or read by, the public in Hong Kong, except where the securities are intended to be disposed of only to persons outside Hong Kong, or only to "professional investors" within the meaning of the SFO.

Singapore: UBP is a bank regulated by the Monetary Authority of Singapore (MAS), is an exempt financial adviser under the Financial Advisers Act 2001 of Singapore to provide certain financial advisory services, and is exempt under section 99(1) of the Securities and Futures Act 2001 of Singapore to conduct certain regulated activities. This document has not been registered as a prospectus with the MAS. Accordingly, this document and any other document or material in connection with generic recommendations may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) institutional investors; or (ii) accredited investors as defined under the Securities and Futures Act 2001 of Singapore. This advertisement has not been reviewed by the Monetary Authority of Singapore.

Luxembourg: UBP is registered by the Luxembourg supervisory authority the Commission de Surveillance du Secteur Financier (CSSF).

Italy: Union Bancaire Privée (Europe) S.A., Succursale di Milano, operates in Italy in accordance with the European passport – held by its parent company, Union Bancaire Privée (Europe) S.A. – which is valid across the entire European Union. The branch is therefore authorised to provide services and conduct business for which its parent company, Union Bancaire Privée (Europe) S.A., has been authorised in Luxembourg, where it is regulated by the Luxembourg financial supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF).

Monaco: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco's laws, but might be made available for information purposes to clients of Union Bancaire Privée, UBP SA, Monaco Branch, a regulated bank under the supervision of the Autorité de Contrôle Prudentiel et de Résolution (ACPR) for banking activities and under the supervision of the Commission de Contrôle des Activités Financières for financial activities.

Jersey: Union Bancaire Privée, UBP SA, Jersey Branch is regulated by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Union Bancaire Privée, UBP SA, Jersey Branch is a branch of Union Bancaire Privée, UBP SA, whose registered offices are at Rue du Rhône 96-98, P.O. Box 1320, 1211 Geneva 1, Switzerland, with its principal place of business in Jersey at 3rd Floor, Lime Grove House, P.O. Box 526, St Helier, Jersey JE4 5UH.

Portugal: Union Bancaire Privée (Europe) S.A. Sucursal em Portugal is regulated by the Securities Market Commission (CMVM) and duly authorised by Banco de Portugal.

South Africa: UBP Investment Services (Pty) Ltd is an authorised financial services provider (FSP number 53152) in terms of section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) and conducts its activity under the supervision of the Financial Sector Conduct Authority.

Union Bancaire Privée, UBP SA | Head Office
Rue du Rhône 96-98 | P.O. Box 1320 | 1211 Geneva 1 | Switzerland
ubp@ubp.com | www.ubp.com