

EMKAP News Overview

Wednesday, August 20, 2025

UNITED STATES (\$)

U.S. stocks closed mixed on Tuesday, the S&P 500 lost 0.59%, the Nasdaq fell 1.39%, while the Dow edged up 0.02%, as investors await remarks from Fed Chair Jerome Powell at the upcoming Jackson Hole symposium.

President Donald Trump stated he has ruled out deploying U.S. troops in Ukraine but said air support could be considered as part of a broader deal to end the Russia-Ukraine conflict.

Bessent noted that the U.S. is satisfied with the current tariff framework with China, suggesting Trump is looking to maintain stable relations. "The status quo is working pretty well," he told Fox News.

U.S. building permits declined by 2.8% in July to a seasonally adjusted annual rate of 1.354 million, the lowest level since June 2020 and below expectations of 1.39 million.

On the corporate front, tech Megacaps dragged Nasdaq lower. Nvidia dropped 3.5%, marking its steepest loss in nearly four months, HUT down 9.99%, PLTR down 9.35%, COIN down 5.82%, AMD down 5.44%, NBIS down 7.38%, SMCI down 5.71%, MRVL down 6.09%, ARM down 5.00%. In contrast, Intel surged 7% after receiving a \$2 billion capital boost from Japan's SoftBank Group.

U.S. Treasury yields closed lower: UST2 -1.49 bps, UST10 -2.73 bps, and UST30 -2.56 bps. Today, yields opened mixed: UST2 up at 3.75%, UST10 up at 4.31%, and UST30 down at 4.91%. Over the past day, the yield curve moved slightly higher: +0.71 bps for UST2, +0.48 bps for UST10, and +0.05 bps for UST30, with an average move of +0.41 bps.

Main economic data today: FOMC July Minutes, 20-Year Bond Auction, Speech by Fed governor Waller

EUROPE (€)

European markets closed higher: the DAX rose 0.45%, the CAC 40 gained 1.21%, and the FTSE 100 increased 0.34%. Miners led sector gains while defence stocks underperformed across the region.

European leaders are reportedly considering deploying British and French troops to Ukraine as part of a peace agreement. Switzerland has offered to host the talks and would grant President Putin immunity from arrest to facilitate negotiations.

In the UK, annual inflation rose to 3.8% in July, the highest since January 2024, up from 3.6% in June and surpassing forecasts of 3.7%.

On the corporate front, JD Sports rose 5.2%. Meanwhile, German defence firms Rheinmetall, Hensoldt, and Renk declined between 3.7% and 6.5%.

Main economic data today: Sweden Rate Decision, Eurozone July CPI Final

MIDDLE EAST (ريال)

Israel's cabinet agreed to a budget increase of over 30 billion shekels (~1.5% of GDP) to cover expenses from the June conflict with Iran and the ongoing conflict against Hamas. The 2025 budget deficit target was revised up to 5.2% of GDP, from 4.9%.

Yields on major Middle Eastern sovereign Eurobonds closed mixed: JORDAN30 +0.80 bps, EGYPT31 +2.10 bps, KSA34 -0.70 bps, BAHRAIN31 -0.70 bps, TURKEY45 +0.40 bps, ADGB31 -0.20 bps. Today, JORDAN30 is trading at 6.21%, EGYPT31 at 7.86%, KSA34 at 4.78%, BAHRAIN31 at 6.10%, TURKEY45 at 7.81%, and ADGB31 at 4.03%.

LATAM (R\$)

Uruguay's central bank continued its easing cycle, cutting the key rate by 25 bps to 8.75%, following stable inflation readings near the target. This marks the second consecutive cut after July's move.

Yields on major Latam local sovereign bonds closed higher: COLOMBIA10 +2.90 bps, BRAZIL10 +17.17 bps, MEXICO10 +0.60 bps. Yields on major Latam sovereign Eurobonds closed mixed: COLOMBIA35 (USD) -1.80 bps, BRAZIL37 (USD) +0.10 bps and MEXICO35 (USD) -1.90 bps.



COMMODITIES (🏢)

Oil prices closed lower, Brent lost 1.22% and WTI fell 1.69%. Brent is now trading at \$66.32, and WTI at \$62.80. API data showed a 2.4 million-barrel inventory decline, beating expectations for a 1.2 million-barrel decline, signalling improved demand. However, optimism may be tempered by potential Russia-Ukraine peace talks.

Gold dropped 0.51% on Tuesday, currently trading at \$3,336.27/oz. The metal is consolidating ahead of Powell's Jackson Hole speech and amid discussions of possible peace efforts between Ukraine and Russia.

HAPPY TRADING!



Disclaimer

The information provided in this commentary is for general informational purposes only and is not intended to be a substitute for professional financial advice. Readers should seek independent financial advice before acting on the information provided. EmKap disclaims all liability for any direct, indirect, incidental, or consequential damage resulting from the use or reliance on the information contained in this commentary. The content of this commentary is based upon publicly available information from various sources that are believed to be reliable, though not verified independently. Accordingly, no liability is accepted for errors or omissions of fact; no representation or warranty, express or implied, is made concerning its accuracy, reasonableness, or completeness of the information presented.