Chart of the Week

18 August 2025

Impact of Jackson Hole Meetings on Financial Markets

Year	Fed chair	Market theme	Most volatile assets
2010	Ben Bernanke	QE2 Signal	Gold, Equities, USD
2014	Janet Yellen	Dovish Tone	Currencies
2022	Jerome Powell	Hawkish Warning	Equities, Short-term Bonds

Source: Bloomberg Finance L.P.

Key Jackson Hole meetings

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What this chart shows

The table above highlights key Jackson Hole meetings in the post-Great Financial Crisis era. Jackson Hole is an annual Economic Symposium hosted by the Federal Reserve Bank of Kansas City. It is a closely watched event where central bankers, economists, and policymakers gather to discuss major global economic issues. Although it is not a policy-setting meeting, speeches–especially those delivered by the Federal Reserve Chair–can offer critical insights into the future direction of monetary policy.

Impact on Financial Markets

1. Interest Rate Expectations Markets tend to react sharply to any indications about future interest rate moves. If the Fed Chair signals a shift toward tightening (rate hikes) or easing (rate cuts), expectations can adjust swiftly.
2. Market Volatility The event often causes short-term spikes in volatility due to unexpected comments or shifts in tone from policymakers.
3. Investor Sentiment Jackson Hole can shape investor confidence and risk appetite, especially when the macroeconomic outlook is presented in stark or uncertain terms.

Asset classes most affected

1. Currencies The U.S. dollar is highly sensitive to any perceived changes in Federal Reserve policy.
2. Bonds U.S. Treasury yields–particularly the 2-year and 10-year notes–often react to the policy tone, reflecting changes in interest rate expectations and inflation outlook.
3. Equities Stock markets, especially rate-sensitive sectors such as technology and financials, can experience significant moves based on changes in liquidity expectations and borrowing costs.
4. Gold and Commodities As traditional safe-haven assets, gold and other commodities often move inversely to the dollar and are influenced by discussions about inflation and interest rates.

Why this is important

In summary, the Jackson Hole meetings serve as pivotal moments for financial markets, capable of triggering significant shifts in asset prices–particularly in currencies, bonds, and equities–based on the guidance and tone set by central bankers.

Given today's elevated asset valuations, ongoing geopolitical tensions, and uncertainty surrounding future economic growth and inflation, investors are likely to be especially sensitive to any unconventional ideas or comments. These could have a profound impact on market dynamics.

Weekly market update

week ending 15 August 2025

momentum
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Markets are buoyed by hopes of monetary easing-particularly in the US-and temporary trade respite. But beneath the surface, worrisome signs-including inflation divergence, economic deceleration in China, political risks in Japan, and geopolitical tensions-signal a cautious road ahead for global finance.

US

- The Federal Reserve is under scrutiny ahead of this weeks' Jackson Hole Meeting, with Chair Jerome Powell expected to clarify rate-cut intentions amid internal dissent
- A Reuters poll anticipates rising long-term Treasury yields, driven by tariff-related inflation concerns and increased debt issuance, even as short-term yields fall on Fed easing expectations.
- Stock markets rallied mid-week: the S&P 500, Dow, and Nasdaq hit new highs on expectations of Fed rate cuts, though tech names wobbled.
- On 11 August, US markets dipped modestly as investors awaited key inflation data, while Intel and AMD agreed to remit 15 % of China-related chip revenue to the US in exchange for export licences.

UK

- UK Inflation is rebounding -July's CPI climbed to 3.7%, services inflation hit 4.8%, undermining expectations of rapid rate cuts by the Bank of England.
- American investors have injected over $15 billion into UK equities year-to-date, drawn by valuation appeal and political stability.
- The Bank of England lowered estimated quantitative tightening losses, while corporate profit warnings (e.g., Thames Water) and a cooling jobs market added caution.
- Boosted by a US-China trade truce and improved earnings, the FTSE 100 gained moderately mid-week.

Europe

- The planned US/EU joint trade statement is stalled by disagreements over digital regulation: the EU insists on its Digital Services Act while the US objects to its impact on free speech and American tech firms.
- European markets benefited from global risk-on sentiment alongside US equity gains, though scepticism remains about the broader impact of recent trade deals.
- Geopolitical developments-such as delays in Ukraine peace negotiations and potential US-Russia Arctic energy deals-are increasing pressure for boosted European defence spending.
- Overall EU business confidence is waning manufacturing and sentiment indicators lag despite cautious optimism following trade developments.

Rest of the World/Asia

- The US-China tariff truce was extended another 90 days, providing temporary relief to exporters and markets. China's July data revealed a clear economic slowdown: industrial output rose just 5.7 %, retail sales 3.7 %, the weakest since late 2024. Fixed investment remained sluggish at 1.6 %.
- Trump called his meeting with Russian President Vladimir Putin in Alaska as "productive" but indicated that a path to end the war had still not been finalised. Zelenskiy and his European allies will seek solidarity with the US as Donald Trump hosts them for talks to set out terms for a possible Ukraine-Russia peace deal. *"Zelenskiy can end the conflict almost immediately if he wants to"*, Trump posted on Truth Social.
- Japan's Nikkei climbed past 43,000 for the first time, extending a multi-day rally aided by US market gains and softer inflation data.
- US moves to limit India ties over Russian oil highlight shifting alignments across global supply chains.

Weekly market data

week ending 15 August 2025

momentum
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Asset Class / Region	Currency	Cumulative returns: Week ending 15 August	Month to date	YTD 2025	12 months
Developed Markets Equities					
United States	USD	1.0%	1.8%	10.3%	17.4%
United Kingdom	GBP	0.9%	0.8%	14.8%	13.0%
Continental Europe	EUR	1.4%	1.9%	11.6%	10.7%
Japan	JPY	2.8%	5.6%	13.1%	22.5%
Asia Pacific (ex Japan)	USD	1.8%	2.4%	19.3%	22.4%
Australia	AUD	1.5%	2.3%	11.4%	17.6%
Global	USD	1.2%	2.5%	13.6%	18.6%
Emerging Markets Equities					
Emerging Europe	USD	0.0%	5.2%	47.5%	38.8%
Emerging Asia	USD	1.8%	2.1%	19.2%	22.0%
Emerging Latin America	USD	1.0%	5.3%	30.7%	6.7%
BRICs	USD	2.3%	2.5%	17.1%	21.2%
China	USD	3.0%	3.9%	27.8%	48.2%
MENA countries	USD	-0.3%	-0.2%	3.2%	7.0%
South Africa	USD	2.0%	8.1%	40.8%	35.7%
India	USD	1.1%	-0.5%	2.8%	-1.1%
Global emerging markets	USD	1.6%	2.5%	20.4%	20.9%
Bonds					
US Treasuries	USD	-0.2%	0.4%	3.8%	1.8%
US Treasuries (inflation protected)	USD	-0.3%	0.4%	5.1%	4.0%
US Corporate (investment grade)	USD	0.2%	0.7%	5.1%	4.3%
US High Yield	USD	0.2%	0.5%	5.5%	8.5%
UK Gilts	GBP	-0.7%	-0.8%	1.4%	-1.9%
UK Corporate (investment grade)	GBP	-0.3%	-0.3%	3.4%	3.2%
Euro Government Bonds	EUR	-0.6%	-0.5%	-0.3%	0.9%
Euro Corporate (investment grade)	EUR	-0.1%	-0.1%	2.3%	4.7%
Euro High Yield	EUR	0.3%	0.3%	4.3%	8.2%
Global Government Bonds	USD	-0.1%	1.1%	6.5%	3.1%
Global Bonds	USD	0.0%	1.1%	7.1%	3.6%
Global Convertible Bonds	USD	1.3%	1.4%	14.6%	21.2%
Emerging Market Bonds	USD	0.6%	1.4%	7.7%	8.5%

Asset Class / Region	Currency	Cumulative returns: Week ending 15 August	Month to date	YTD 2025	12 months
Property					
US Property Securities	USD	0.8%	0.6%	-0.9%	-0.9%
Australian Property Securities	AUD	1.1%	2.9%	10.7%	10.8%
Asia Property Securities*	USD	-0.8%	0.8%	18.4%	17.5%
Global Property Securities	USD	0.8%	2.2%	8.4%	7.0%
Currencies					
Euro	USD	0.4%	2.5%	13.1%	6.6%
UK Pound Sterling	USD	0.8%	2.5%	8.3%	5.5%
Japanese Yen	USD	0.4%	2.4%	6.9%	1.3%
Australian Dollar	USD	-0.2%	1.2%	5.3%	-1.7%
South African Rand	USD	0.7%	3.3%	7.3%	2.2%
Swiss Franc	USD	0.2%	0.8%	12.6%	8.2%
Chinese Yuan	USD	0.0%	0.2%	1.6%	-0.2%
Commodities & Alternatives					
Commodities	USD	-0.1%	-2.1%	1.5%	4.9%
Agricultural Commodities	USD	1.9%	1.6%	-3.2%	4.6%
Oil	USD	-1.1%	-9.2%	-11.8%	-18.7%
Gold	USD	-1.8%	1.2%	27.1%	35.9%

**data to 1 August 2025. Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.*

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