August 2025 | Monthly update

Omnis Agility

Global tariff tensions resurface and equity markets rally, as central banks hold interest rates steady

Market-moving events

Tariffs return to the spotlight. The outcome of trade talks between the US and European Union (EU) has reignited concerns about protectionism, with a new 15% tariff applied to most EU imports. In return, the EU has pledged to buy $750bn of US energy and invest $600bn in the US economy, along with increased defence spending. The deal is being framed as a move towards fairer trade by the US administration.

US–China talks extended. Negotiations between the US and China remain ongoing but constructive, with both sides reportedly seeking to extend the current pause on new tariffs. The easing of tensions has supported investor sentiment, although markets remain sensitive to developments ahead of the 12 August deadline.

Stable rates, but cuts ahead. Major central banks held rates steady in July, with inflation trends largely benign across regions. The US and UK have seen inflation tick higher, but eurozone inflation is on target and Japan's continues to decline. Markets now expect three to four rate cuts in the US and nearly three in the UK over the next year.

Mixed signals from UK data. UK GDP fell month-on-month in both April and May, though these drops appear to reflect base effects and temporary factors. Most indicators point to average demand and a steady 12-month outlook, though a softening labour market suggests a potential slowdown in economic activity, with more cuts likely from the Bank of England.

Investment highlights

Our key investment themes include:
Equities: Latam, China, US smaller companies, US energy, UK mid-cap, India and Europe
Bonds: US Treasuries and global inflation-linked bonds

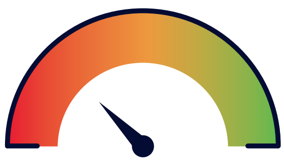
Positive returns from most major asset classes. While we did not rebalance or implement specific TAA trades in July, performance was positive across nearly all regions and asset classes. Equity markets outperformed fixed income markets, led by China, Asia Pacific ex-Japan, North America and Emerging Markets. Cyclical assets continued their bounce from the tariff-induced soft patch in early April. There were modest negative returns for government bonds and modest positive returns for corporate credit. The US dollar registered its first monthly advance this year. For now this looks like a pause in the down trend rather than a change in fortunes.

Asset allocation

Red = underweight
Amber = neutral weighting
Green = overweight

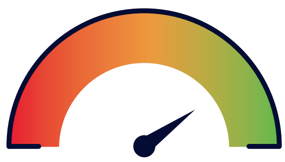
If you'd like more detail on our asset allocation views then please visit our online dashboard.

equities



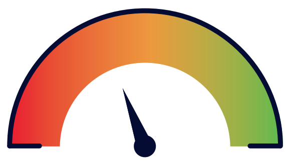
Overweight = UK
Underweight = US + overall

bonds



Overweight = government bonds + overall
Underweight = corporate bonds

alternatives + cash



Overweight = short-dated bonds
Underweight = overall

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Approved by Omnis Investments on 1 August 2025