



“Tariffied” investors spur a market selloff.

The market and economy

- Major U.S. equity market indexes moved lower during the week ending August 1 amid investors' concerns regarding the Trump administration's new tariffs on imported goods from various U.S. trading partners, as well as weaker-than-expected employment data and comments from the Federal Reserve (Fed) following its monetary policy meeting.
- On Thursday, President Donald Trump announced that the U.S. will impose tariffs on numerous countries, but the start date for the levies would be pushed back from August 1 to August 7. Trump also issued an executive order applying 35% tariffs on imports from Canada, citing his view that the government had failed to stem the flow of fentanyl over the border, along with Canada's retaliatory tariffs on goods from the U.S. earlier this year. During the previous weekend, Trump announced that the U.S. had reached a trade deal with the European Union (EU). Under the terms of the agreement, the U.S. will impose a 15% tariff on most European exports to the U.S. The EU agreed to eliminate tariffs on a wide range of U.S. exports and purchase \$250 billion annually in U.S. energy products through 2027. Toward the end of the week, Trump granted a 90-day extension for Mexico to reach a trade deal with the U.S.
- The Department of Labor reported that U.S. payrolls expanded by 73,000 jobs in July. The total fell short of expectations but was higher than the 14,000 positions added in June, which represented a downward adjustment of 133,000 from the government's initial tally of 147,000 last month. The unemployment rate ticked up 0.1 percentage point to 4.2%. The healthcare and social assistance sectors registered the largest job gains for the month, while there was a downturn in federal government employment.
- In a split 7-2 vote, the Federal Open Market Committee (FOMC) left the federal-funds rate unchanged in a range of 4.25% to 4.50% following its meeting on Tuesday and Wednesday. Two Committee members supported a rate cut of 25 basis points (0.25%). In a statement announcing the rate decision, the FOMC reiterated that it will continue to assess “a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.” During a news conference following the meeting on Wednesday, Fed Chair Jerome Powell said that the central bank's decision on a rate cut would be dependent upon the “totality of the evidence” released before the next FOMC meeting in mid-September. Powell also noted the challenges that the Fed faces in seeking to achieve its dual mandate of maximum employment and stable prices.
- The Department of Commerce announced that the personal-consumption expenditures (PCE) price index rose 0.3% in June. The index advanced 2.6% year-over-year, up from the 2.3% annual increase in May. The core PCE price index, which excludes volatile food and energy prices, increased 0.3% in June following a 0.2% rise in May. The year-over-year advance of 2.8% was marginally higher than the 2.7% annual upturn in May. The PCE price index is widely considered the Federal Reserve's preferred measure of inflation as it tracks the prices that consumers pay for goods and services to reveal underlying inflation trends.
- According to the advance estimate from the Department of Commerce, U.S. gross domestic product (GDP) increased at an annual rate of 3.0% in the second quarter of 2025—up from a 0.5% decline in the first quarter and exceeding expectations. The upturn in the economy for the second quarter was attributable primarily to a notable decline in imports (which are subtracted from the calculation of GDP) following a surge in imports in the first quarter as businesses rushed to stockpile goods before the Trump administration's tariffs took effect, as well as an increase in consumer spending.

Stocks

- Global equities posted losses for the week. Emerging markets outperformed developed markets.
- U.S. equities fell sharply during the week. Utilities and communication services were the top-performing sectors, while materials and consumer discretionary were the primary market laggards.
- Growth stocks outperformed value, while large caps outpaced small caps.

Bonds

- The 10-year U.S. Treasury note yield declined to 4.22% during the week.
- Global bond markets were virtually flat during the week.
- Corporate bonds led the markets, followed by high-yield bonds and government bonds.

The Numbers as of August 1, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	-1.2%	10.5%	15.7%	929.6
MSCI EAFE (\$)	-2.8%	15.7%	11.7%	2616.2
MSCI Emerging Mkts (\$)	-1.2%	15.6%	14.3%	1243.2
US & Canadian Equities				
Dow Jones Industrials (\$)	-2.9%	2.5%	8.0%	43588.6
S&P 500 (\$)	-2.4%	6.1%	14.5%	6238.0
NASDAQ (\$)	-2.2%	6.9%	20.1%	20650.1
S&P/ TSX Composite (C\$)	-1.7%	9.3%	18.9%	27020.4
UK & European Equities				
FTSE All-Share (£)	-0.7%	10.1%	8.2%	4919.1
MSCI Europe ex UK (€)	-1.5%	7.2%	5.5%	1891.7
Asian Equities				
Topix (¥)	-0.1%	5.9%	9.1%	2948.7
Hong Kong Hang Seng (\$)	-3.5%	22.2%	41.6%	24507.8
MSCI Asia Pac. Ex-Japan (\$)	-1.1%	14.8%	15.2%	653.9
Latin American Equities				
MSCI EMF Latin America (\$)	-1.5%	20.5%	2.2%	2231.8
Mexican Bolsa (peso)	-0.7%	14.9%	8.6%	56900.1
Brazilian Bovespa (real)	-0.8%	10.1%	4.0%	132437.4
Commodities (\$)				
West Texas Intermediate Spot	4.8%	-3.4%	-9.2%	69.3
Gold Spot Price	0.5%	27.5%	36.9%	3347.4
Global Bond Indices (\$)				
Bloomberg Global Aggregate (\$)	0.1%	3.7%	3.0%	2271.1
JPMorgan Emerging Mkt Bond	0.5%	6.7%	8.5%	957.5
10-Year Yield Change (basis points*)				
US Treasury	-17	-35	24	4.22%
UK Gilt	-11	-4	64	4.53%
German Bund	-4	31	44	2.68%
Japan Govt Bond	-5	46	52	1.56%
Canada Govt Bond	-14	16	28	3.38%
Currency Returns**				
US\$ per euro	-1.3%	11.9%	7.4%	1.159
Yen per US\$	-0.2%	-6.2%	-1.3%	147.40
US\$ per £	-1.2%	6.1%	4.2%	1.328
C\$ per US\$	0.6%	-4.2%	-0.6%	1.379

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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