

## WALL STREET RALLY, MARKET AWAITS POWELL AT JACKSON HOLE AND TRUMP AT THE UKRAINE NEGOTIATION TABLE

*Euphoria of stock rally overshadowed by stagflation risk, tariff tensions, and fragile war diplomacy.*

Published on 19 August 2025

### LAST WEEK RECAP (Period: August 11–17, 2025)

**Global stock markets recorded positive performance last week**, despite being haunted by uncertainty from US economic data and geopolitical tensions. **S&P 500 and Nasdaq indices each rose about 0.9% and 0.8% weekly, while Dow Jones strengthened 1.7%** thanks to a surge in their stocks during the Q2 earnings season. Russell 2000 Small Cap index even jumped 3.1%, reflecting investor enthusiasm for the prospect of Fed rate cuts.

**US economic data showed mixed direction.** University of Michigan consumer sentiment fell to 58.6 in August from 61.7 in July, reflecting inflation concerns due to tariffs. 1-year and 5-year inflation expectations jumped to 4.9% and 3.9%, higher than the previous month. Import prices rose 0.4% in July after a decline in June, signaling tariffs are starting to exert cost pressures. However, Retail Sales remained solid, up 0.5% after an upward revision in June. Hotter-than-expected producer inflation also briefly dampened hopes for aggressive rate cuts.

**On the geopolitical side, the meeting between US President Donald Trump and Russian President Vladimir Putin in Alaska produced vague signals regarding the potential for a Ukraine peace deal.** However, Trump sparked controversy by stating that **Ukrainian President Volodymyr Zelensky** could immediately end the war if he was willing to surrender Crimea and abandon ambitions to join NATO. Plans for a follow-up meeting between Trump, Zelensky, and European leaders at the White House raised uncertainty, as markets worried Kyiv would be pressured into accepting a settlement favorable to Moscow.

**From Asia, Thailand's economic growth slowed in Q2 2025 to 2.8% YoY, down from 3.2% in the previous quarter.** Exports remained strong, but prospects were threatened by US tariffs and a decline in Chinese tourists. Domestic consumption was pressured by high household debt, while government spending weakened for three consecutive quarters. **Asian stock markets were relatively solid.** Japan's Nikkei 225 and TOPIX indices set new records thanks to Yen weakness, strong Q2 GDP data, and Japanese government denial of speculation about US pressure to raise interest rates. **Chinese and Indian** blue-chip stocks also rallied, with CSI300 and Shanghai Composite reaching their highest levels since 2024, and India's Nifty 50 gaining 1.5%. However, South Korea's KOSPI fell 1.3% due to a correction in tech stocks, while Australia's ASX 200 stagnated on weakness in mining and energy sectors.

**Commodities showed different dynamics.** **Gold** prices fell to a 2-week low before rebounding to USD 3,357/oz, supported by safe haven demand ahead of Jackson Hole and geopolitical uncertainty. **Silver and Platinum** also strengthened, while **Copper** was pressured by weak Chinese industrial data. **Brent Oil** prices slipped slightly to USD 65.78/barrel as expectations of a Russia-Ukraine peace deal eased supply risk.

**In the foreign exchange market, Dollar Index (DXY) stabilized at 97.85** after falling 0.4% the previous week. **Euro** held at USD 1.1704, **Pound Sterling** edged up to USD 1.3563, while **Yen** weakened to 147.37 / USD. **Australian and New Zealand Dollars** strengthened after correcting the previous week. Bitcoin fell 1.7% to USD 115,700 and Ether dropped 3% to USD 4,334 after rallying the previous week.

## WHAT TO EXPECT THIS WEEK

**The main focus for investors this week is Jackson Hole Symposium (August 21–23, 2025) in Wyoming, where Fed Chairman Jerome Powell is scheduled to deliver a speech on the economic outlook and direction of monetary policy.** Markets estimate an 83–85% chance that the Fed will cut rates by 25 bps at the September 17 meeting, down from nearly 100% last week after hotter producer inflation data. However, any signal from Powell that is more hawkish or overly optimistic could trigger sharp volatility.

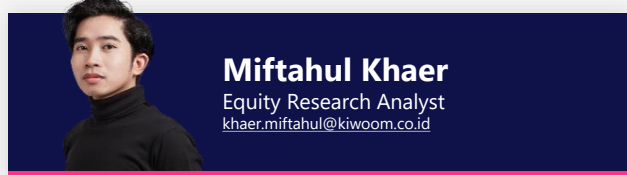
In addition to Jackson Hole, developments in Ukraine diplomacy will be a key sentiment driver. **Trump is scheduled to meet Zelensky and European leaders at the White House to discuss a possible peace agreement.** Markets remain skeptical given Kyiv's refusal to cede territory to Russia. The clarity of this meeting's outcome will influence oil, gold, and overall global market risk direction.

**In Asia, investors will watch Japan's inflation data on Friday as a clue to when the Bank of Japan may continue its long-delayed tightening cycle.** Meanwhile, markets will also assess the impact of Thailand's fiscal policy and the risks of slowing domestic consumption amid household debt burdens. **Domestically, on Wednesday, Bank Indonesia's Board of Governors Meeting (RDG BI) will decide whether to maintain the BI7DRR interest rate, currently at 5.25%.**

**The Q2 earnings season is entering its final stage,** with major US retailers—Walmart, Target, Home Depot, Lowe's, and TJX—set to release results. These will serve as a benchmark of US domestic consumption strength, which has previously remained resilient despite tariffs pushing up goods prices. In the Technology sector, Nvidia, Alibaba, Baidu, and Palo Alto Networks are also scheduled to report results that could move sentiment.

**From the global market side, business surveys this week will provide an early indication of whether US tariffs are pushing the world's largest economy toward stagflation risk.** About 60% of global investors surveyed by Bank of America (BofA) now believe stagflation could become the dominant regime in the next 3 months. With equity markets near record highs, low volatility, and high expectations for rate cuts, this week will be a crucial test of whether the euphoria will hold or turn into a sharp correction.

## Kiwoom Research Team



### HEAD OFFICE

Treasury Tower 27th Floor Unit A, District 8 Kawasan SCBD Lot 28,  
Jl.Jend.Sudirman Kav 52-53, Jakarta Selatan 12190

Tel : (021) 5010 5800  
Fax : (021) 5010 5820  
Email : [cs@kiwoom.co.id](mailto:cs@kiwoom.co.id)

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