



MARKETS RALLY OVER US-CHINA THAW, FED RATE CUT AND TECH BONANZA

This week was a busy one in geopolitics, finance and markets. President Donald Trump zipped through East Asia on a whistle-stop tour, wrapping things up with a handshake moment in Beijing. He and Chinese Premier Xi Jinping agreed to hit pause on trade tensions—for a year, at least. On the way, Trump inked a deal with South Korea: fewer tariffs in exchange for \$350bn in investments. He also dropped by Tokyo to meet Japan's new prime minister, promising "golden" relations. Cue stock surges in Japan and Korea, as investors cheered the drop in trade drama.

Also, the Federal Reserve delivered an anticipated quarter-point interest rate cut. It's also shelving quantitative tightening and prepping a fresh round of quantitative easing before winter's out. Meaning the Fed's going to scoop up \$20bn in Treasuries every month and expand its already hefty \$6.6tn balance sheet. That should help calm some of the nerves around Washington's deficit spending. Meanwhile, in case you missed it, Nvidia has gone from \$4tn in market capitalisation to \$5tn in just three months and Apple and Microsoft are \$4tn titans now. Trillions, schmillions!

THE MARKETS THIS WEEK

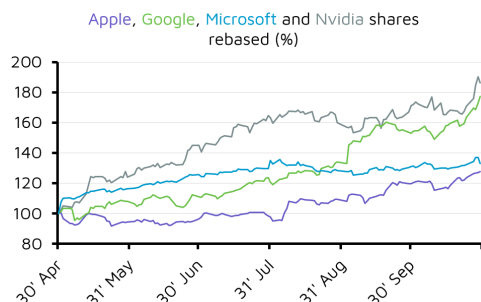
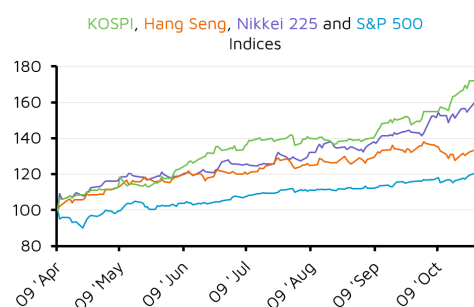
FTSE 100	S&P 500	Nikkei 225	STOXX 600	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Copper	GBP USD
+1.51%	+1.74%	+6.47%	-0.24%	-1.04%	+0.10%	+0.02%	-3.27%	+0.09%	-1.07%	-1.33%



GLOBAL: TRUMP TOURS ASIA AND BURIES THE HATCHET WITH XI

President Trump's whirlwind Asia tour has seen a series of high-stakes summits, with markets closely watching his interactions. The much-anticipated meeting with Chinese President Xi Jinping produced a one-year truce on export controls for rare earths and semiconductors, calming trade tensions and averting an escalation of the US-China trade war, while also broaching co-operation on a range of sensitive issues, including TikTok. Japan's new prime minister, Sanae Takaichi, wooed Trump by pledging higher defence spending and signing bilateral deals on critical minerals and investment.

Meanwhile, Trump and South Korean President Lee Jae Myung struck a deal lowering US auto tariffs, from 25% to 15% in exchange for \$350bn Korean investment, as part of the deal Korea will build nuclear-powered submarines in the US. Markets cheered the signs of reduced trade frictions. The Nikkei jumped 6.5% hailing the new "golden age" US-Japan alliance and Korea's Kospi continued its rally, having gained 70% so far this year.



TECH: US BIG TECH NAB NEW MULTI-TRILLION VALUATIONS

Google, Meta and Microsoft reported \$80bn AI spending in the third quarter as their shares set new records. Google impressed the market with robust double-digit growth across all major divisions, surging past \$100bn in quarterly revenue, even as it raised its capital expenditure forecasts for 2025 to as much as \$93bn. This fuelled a \$500bn jump in its market cap to \$3.5tn. Microsoft touched \$4tn, as it got a sweet deal in OpenAI's restructuring. It also reported strong Azure cloud growth. But these were overshadowed by concerns about escalating costs due to a 74% year-on-year rise in quarterly capex to build "planet scale" cloud infrastructure, resulting in a modest drop in its share price. Apple, buoyed by a 28% six-month share price rally, joined the exclusive \$4tn club amid renewed confidence in its services and iPhone sales, even though it lags in AI.

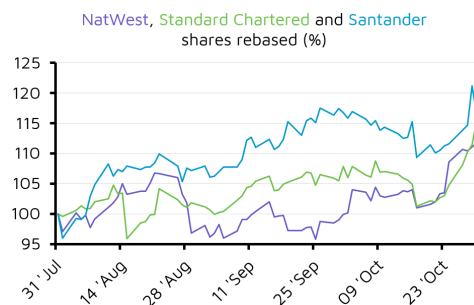
Chipmaker Nvidia, not to be outdone, breached \$5tn in market cap, on the prospect of regaining access to the China and strong sales growth prospects from big tech's AI capex.



BANKS: EUROPEAN BANKS REPORT RECORD EARNINGS

Wall Street banks kicked off the third quarter earnings season with strong trading and dealmaking revenues, this week Europe's leading banks followed suit. Deutsche Bank, mirrored US banks most closely, as bond and currency trading revenues beefed up its record profits. UBS posted a 74% surge in net profit, driven by strong client inflows, cost management and the successful integration of Credit Suisse, with its wealth management arm attracting significant assets from Asia and Europe. Standard Chartered also delivered positive news, raising its annual guidance after attracting \$13bn in new money from wealthy clients and reporting higher-than-expected profits, highlighting the growing importance of wealth management among European banks.

Santander maintained momentum with a €3.5bn quarterly profit, balancing higher fees and revenues against headwinds from currency depreciation in some emerging markets. NatWest's shares climbed to their highest since 2010 after a 30% surge in profits.



Data sourced from FE Analytics and Investing.com

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