

The week in seven charts



Does the EU have a choice?

Meanwhile, the US/EU trade agreement sparks tension—does Europe have a choice? Each week, the Syz investment team takes you through the last seven days in seven charts.

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Chart #1

US central bank keeps rates steady amid pressure to cut them

The US central bank did not change its current policy stance and kept its key rates between 4.25%-4.5% as widely expected. It was also anticipated that two of the seven Federal Open Market Committee (FOMC) governors would dissent in yesterday's vote: Michelle Bowman and Christopher Waller. Both, appointed to the Federal Reserve Board of Governors by President Trump, voted in favour of a 0.25% cut to the key interest rate.

Despite the non-unanimous vote with the two dissenters, the FOMC's written statement emphasised that the majority of the members deem the current policy stance as appropriate. The text states that "The unemployment rate remains low, and labour market conditions remain solid. Inflation remains somewhat elevated." There were also two notable changes in the statement—the part regarding the uncertainty about the economic outlook has diminished—was removed. It reads now "uncertainty ... remains elevated". Also, the text states now that "... growth of economic activity moderated in the first half of the year", reflecting the latest GDP release for Q2.

During the press conference, Fed-Chair Jerome Powell clarified that the majority of the FOMC members think that it is "still early days ... but a substantial amount of tariffs has already been collected ... and the evidence seems to be that not importers but rather people upstream in the chain pay for this and this shows up in the CPI." Yet, Powell had to acknowledge that "... the process seems to be slower than expected at the beginning."

He continued by arguing that under these conditions, a "wait and see" approach remains appropriate, as the FOMC has to be efficient in setting rates – striking a balance between setting rates neither too high nor too low. He added that the committee wants to ensure "...tariff induced price pressures do not become permanent".

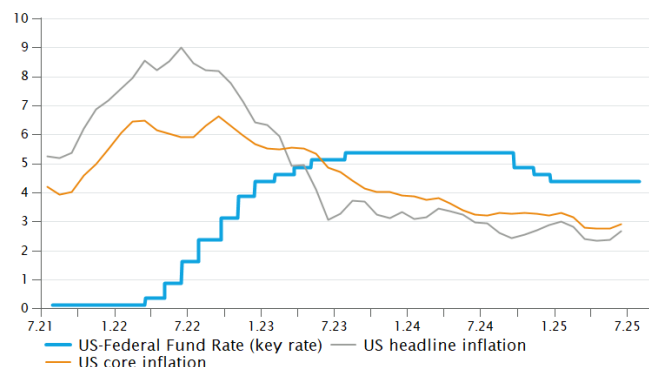
Powell also added that the "labour market is still in balance – you see slowing job creation but also the supply side of the job market is slowing and so ... the labour market is solid." At that point, he identified the unemployment rate as the single most important factor for assessing the employment side of the equation, and that "... the labour market is still at or close to maximum employment".

Interestingly, when asked about the recent rise in credit card delinquencies, Chairman Powell said that "if you ask credit card companies, they are telling you that the US consumer is in solid shape ... and that delinquencies are not a problem".

When questioned about the upcoming September meeting, Chair Powell emphasised that the FOMC did not pre-discuss the next meeting, and that they will focus on the two main reports on inflation and employment for July and August.

Before today's FOMC decision, the market probability for a September rate cut was about 60%, and a bit less than 2 rate cuts were priced until the end of the year. After the press conference, the odds for a September rate cut dropped to below 50%, and the probability for 2 rate cuts in the remainder of the year decreased further. It seems that financial markets repriced the odds of a rate cut because Chair Powell indicated—at least between the lines—that the FOMC currently views the risk of cutting rates too early as a greater than the risks of cutting too late.

US key rates and CPI measures



Source: Syz AM, FactSet Research Systems

Chart #2

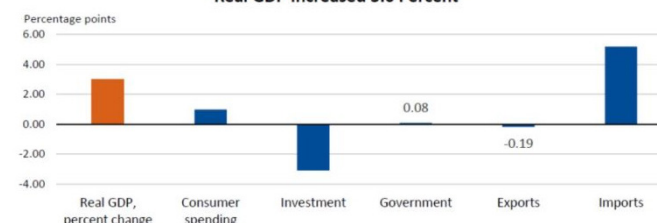
Q2 US real GDP growth beat estimates but...

US real GDP surpassed expectations (+3.0% vs. +2.3% consensus), but the word "growth" would be deceptive. The 3.0% Q2 real GDP figure was artificially boosted by a 5.6% contribution from PLUNGING imports, which count as a positive in GDP calculations.

Looking at the core indicators of the "real economy": investment declined by 2.1%, exports fell by 0.19%, and consumer spending rose by just 0.8%.

So, while the real economy isn't collapsing, it does appear weak.

Contributions to Percent Change in Real GDP, 2nd Quarter 2025
Real GDP Increased 3.0 Percent



Source: The Coastal Journal

Chart #3

Does the EU have a choice?

The EU trade agreement with Trump triggers backlash across Europe: the newly signed trade deal with the US is facing criticism throughout the continent. German Chancellor Friedrich Merz commented, "I wouldn't describe this outcome as 'good.' But given where talks with the US began, expecting more simply wasn't realistic."

French Prime Minister François Bayrou was blunter, calling the EU's acceptance of the deal a "darkday" and a display of submission. The EU remains the US's largest trading partner, running a trade surplus of around \$250 billion. Critics say the one-sided nature of the agreement reflects the actual power dynamics—arguing that an economically lagging region dependent on US security should not be surprised when forced to concede.



Source: Yahoo Finance, HolgerZ

Chart #4

Copper had its worst day in history

Copper plummeted over 20% on Wednesday, marking its worst single-day drop ever, after President Trump announced a 50% tariff on select copper imports starting Friday—the same day the broad "Liberation Day" tariffs are set to take effect.

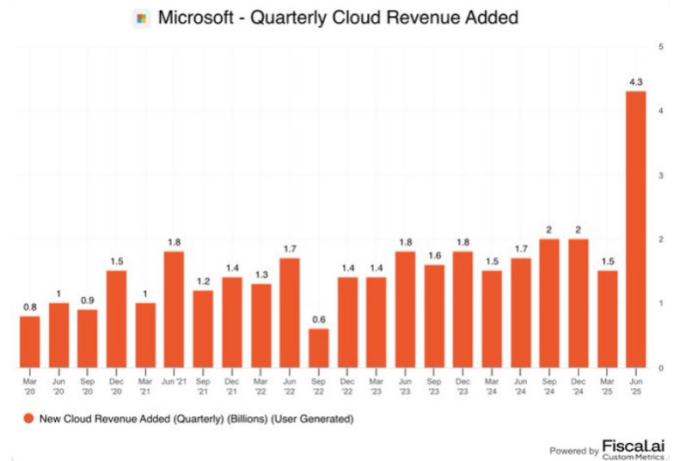


Source: Barchart

Chart #5

STILL QUESTIONING THE AI BOOM?

Many people are still questioning whether the AI hype is translating into real business—but take a look at Azure this quarter. It generated \$4.3 billion in net new cloud revenue, more than twice the amount of any previous quarter in Microsoft's history.



Source: Shay Boloor @StockSavvyShay

Chart #6

Will they sell?

The total unrealised profit of all Bitcoin (\$BTC) holders has reached a record high of \$1.4 trillion. This large concentration of paper gains could lead to increased distribution pressure if prices keep rising.



Source: Glassnode

Chart #7

One of the largest earthquakes ever

Last week's earthquake off the eastern coast of Russia was the sixth-largest ever recorded.

Rank	Date	Location	Event	Magnitude
1	May 22, 1960	Valdivia, Chile	1960 Valdivia earthquake	9.4–9.6
2	March 27, 1964	Prince William Sound, Alaska, United States	1964 Alaska earthquake	9.2–9.3 ^[33]
3	December 26, 2004	Sumatra, Indonesia	2004 Indian Ocean earthquake	9.2–9.3 ^[34] [35]
4	March 11, 2011	Pacific Ocean, Tōhoku region, Japan	2011 Tōhoku earthquake	9.0–9.1 ^[36] [37]
5	November 4, 1952	Kamchatka, Russian SFSR, Soviet Union	1952 Severo-Kurilsk earthquake	9.0
6	January 31, 1906	Ecuador – Colombia	1906 Ecuador–Colombia earthquake	8.8
6	February 27, 2010	Maule, Chile	2010 Chile earthquake	8.8
6	July 30, 2025	Kamchatka, Russia	2025 Kamchatka Peninsula earthquake	8.8 ^[38]

Source: MorningBrew, Wikipedia

Welcome to Syzerland®

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