Purple Patch

AUGUST 2025

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In the news: You're Fired!

The month began with a Presidential firing and ended with another, of sorts. On 1 August Dr. Erika McEntarfer, the Commissioner of the Bureau of Labor Statistics, was fired after the release of a weak jobs report and a significant downward revision of previous figures. Whilst the process may be flawed, calling into question her integrity after bad news smacks of shooting the messenger.

Four weeks later, President Trump announced the firing of Fed Governor Lisa Cook over allegations of mortgage fraud. Such a dismissal must be "with cause" but the US is in unchartered territory in defining what that means. Cook is now suing the President, arguing that there is not "sufficient cause", setting up what looks to be a drawn-out legal case.

Meanwhile Jerome Powell, despite the Presidential mud-slinging, is still Fed Chair and delivered his last Jackson Hole speech where he hinted at rate cuts, citing short lived tariff inflation.

The US President continued trying to broker a peace deal between Russia and Ukraine at a summit in Alaska with Vladimir Putin. However, Russian demands for territory did not sit well with Volodymyr Zelenskyy and the war rages on.

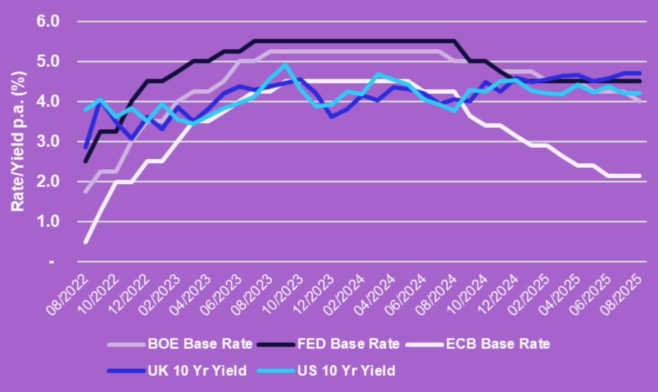
In the UK, the MPC cut interest rates by 0.25%, to 4%, but only after a second round of voting followed a tie in the first round – the only time since the MPC's creation in 1997 that a second vote has been needed.

In markets, the big news is long dated bond yields: UK 30 year reached its highest since 1998, the US 30 year continued its upward trend and Japanese 30 year hit an all time high. Maybe the bond markets are telling us something: higher for longer inflation, fiscal concerns, central bank independence worries, general uncertainty, or perhaps all four?

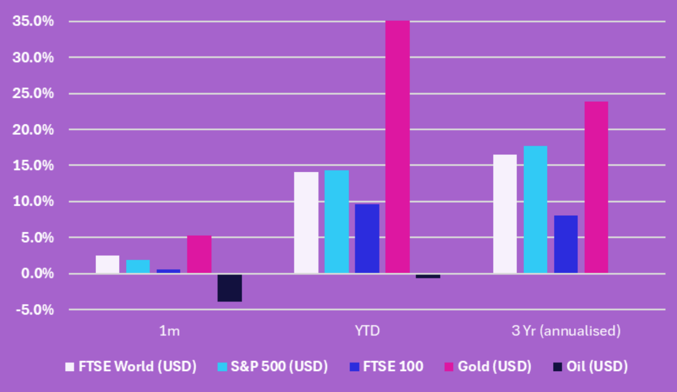
Concerns over the French economy have also reared their head. With a political confidence vote looming, a rising debt burden and low growth, bond spreads over Bunds have blown out and equity markets are underperforming. In a radio interview, the French finance minister hinted that they may need an IMF bail out, making it feel like we are back in 2011.

Market Stats

Bond Yields and Rates



Equities, Gold and Oil



Source: Investing.com, global-rates.com, FTSE 100 and S&P 500 are price indices

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Sports news (because it is not all about work)

Cricket: A pulsating five match test series saw England draw with India 2-2, with a match drawn. Amazingly each test lasted the full 5 days.

Football: The start of the English Premier League season was marked with the traditional Charity Shield at Wembley. Crystal Palace added more silverware, beating Liverpool on penalties.

Golf: Tommy Fleetwood won his first US tournament, in Atlanta, after 11 years of trying, pocketing $10m in prize money.

A good news story

Scientists from Oxford University and the Royal Botanic Gardens Kew have engineered a yeast species that provides a perfect diet to honey bees.

As natural sources of pollen are reduced, it is thought that the yeast could supplement bees' diets and stop the decline in the vitally important insect.

Tests have shown that colonies fed with the yeast reared up to 15 times more larvae to the pupal stage, which is great news, although more pollenating plants would help too!

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Quote for the Month

"..a shifting balance of risks may warrant adjusting our policy stance.."

Jerome Powell's placatory comments at Jackson Hole, August 2025. His last Economic Policy Symposium as Federal Reserve Chair.

Stat of the Month

28 million

The number of online stores – I know one person in our family who has probably visited them all!