



PKB's Market Espresso

Short. Rich. Strong.



Cooling payrolls & huge revisions

Last Friday's **weak non-farm payrolls** for the month of July followed by **steep downward revisions** for both May and June mark the **worst three-month period since the pandemic**

- **Payrolls increased** in July by **73'000** units, below market expectations of 103'000 with **unemployment rate** rising to **4.2%** from 4.1% in June
- The figures for the prior two months were **revised down** by nearly **260'000** – following this revision, **employment growth** has **averaged a monthly 35'000 since May**
- President **Trump** was quick to seize the moment calling the revisions a **big mistake** and **firing BLS Commissioner Erika McEntarfer**
- The data sent a strong signal that **labor market** is indeed **weakening**, with job growth cooling, unemployment rate rising and wage gains largely stalled



Earnings Season update

Last week 4 out of the Magnificent 7 **reported their results**

- With the sole exception of Tesla, the published results show average earnings growth of over **20% y/y**, more than **double** the market average, exceeding **analysts' estimates** by over **12%**
- To date, more than **two-thirds** of the companies in the S&P 500 index have published their results, showing average earnings growth of over **9%**, beating analysts' estimates by more than **8%**
- Overall, **83%** of S&P500 companies that have reported **beat** EPS estimates; **Tech, Financials, and Communication Services** are driving the bulk of the overall growth, while Energy, Materials, and Staples are printing **negative** EPS growth

Ticker	Company	Sector (BICS)	Report Date	Sales			Earnings		
				Curr	Prev	Growth	Curr	Prev	Growth
▶ Expected									
▼ Announced									
AMZN	US	AMAZON.COM INC	07/31/2025 (PM)	167.702B	147.977B	13.33%	1.680	1.260	33.33%
AAPL	US	APPLE INC	07/31/2025 (PM)	94.036B	85.777B	9.63%	1.570	1.400	12.14%
MSFT	US	MICROSOFT CORP	07/30/2025 (PM)	76.441B	64.727B	18.10%	3.650	2.950	23.73%
META	US	META PLATFORMS-A	07/30/2025 (PM)	47.516B	39.071B	21.61%	7.140	5.160	38.37%
GOOGL	US	ALPHABET INC-A	07/23/2025 (PM)	81.723B	71.355B	14.53%	2.310	1.890	22.22%
TSLA	US	TESLA INC	07/23/2025 (PM)	22.496B	25.500B	-11.78%	0.400	0.520	-23.08%

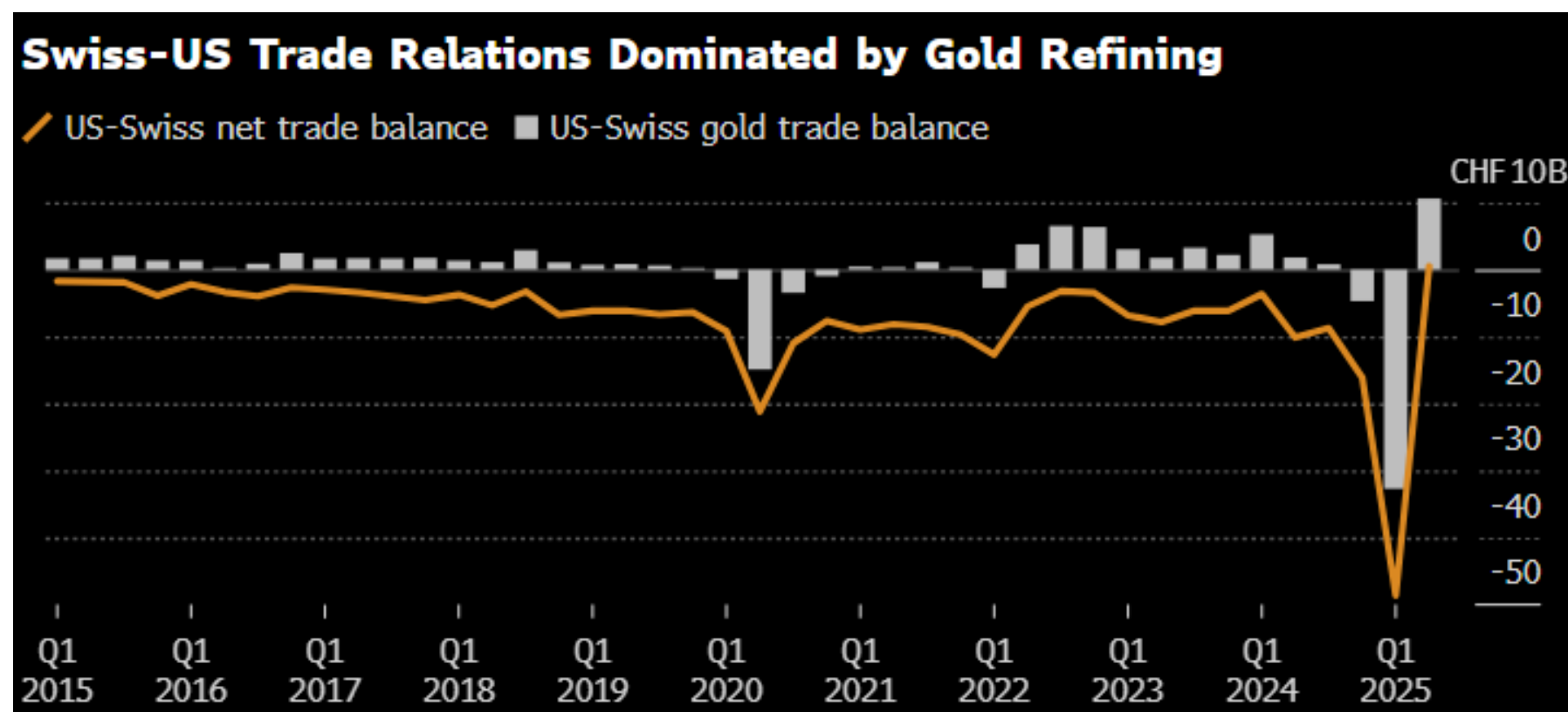
Source: Bloomberg



Swiss to make more attractive offer

The **Swiss government** said it is determined to win over the US on trade after last week's shock announcement of **39% tariffs** on exports to America

- Switzerland's **trade surplus** in goods with the US, partly due to its gold exports, is seen as a factor in the US decision
- Switzerland's **outsized gold exports** are partly to blame for the distorted trade balance, with billions of dollars worth of gold constantly flowing into and out of the nation; **Pharmaceuticals, coffee** and **watches** are the other main drivers



Source: Bloomberg



Now that's one big dam...

Last week **Beijing announced** the beginning of **construction** of a massive **\$167 billion hydropower dam** in Tibet in an attempt to revive China's economy and tighten control over a restive region

- The project will require 60 times the cement of the Hoover Dam, more steel than 116 Empire State Buildings and enough concrete to build a two lane highway around the Earth 5 times
- According to analysts the project may drive **3 trillion yuan** in total **investments** over the next 10-15 years (about 2.2% of last year's GDP) exceeding the most recent major stimulus efforts such as 2023 mid-year budget revision
- Once finalized the dam could generate each year roughly the UK's annual electricity use – **boosting Chinese GDP** by **0.1% to 0.2% per year** and cutting the dependence on coal and other fossil fuels



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