

10th July 2025: “In the Foothills of the Sunlit Uplands”

The ‘[Daily Dose of Macro & Markets](#)’ is our new publication designed to speak to the key global macro debates that matter for markets (with 1 - 3 charts and two paragraphs). This product will be published every Tuesday, Wednesday, Thursday and Friday morning (early London time).

Key Theme/Quote:

“...a combination of factors are coming together which should generate a (somewhat global) cyclical upswing over the next 12 – 18 months (despite the disruption from the imposition of tariffs).....”.

Source: Longview on Friday (LVof) publication, 9th May 2025: “[Global Macro -> In the ‘Foothills of Sunlit Uplands’](#)”

One of our key global macro themes that we’ve been laying out in various publications this year (as well as in a webinar on 21st May 2025 – pls email for a copy of the recording), is the idea that the ‘[shape of global growth is changing](#)’ and that we are in the ‘[foothills](#)’ of that change – with the ‘[sunlit uplands](#)’ ahead.

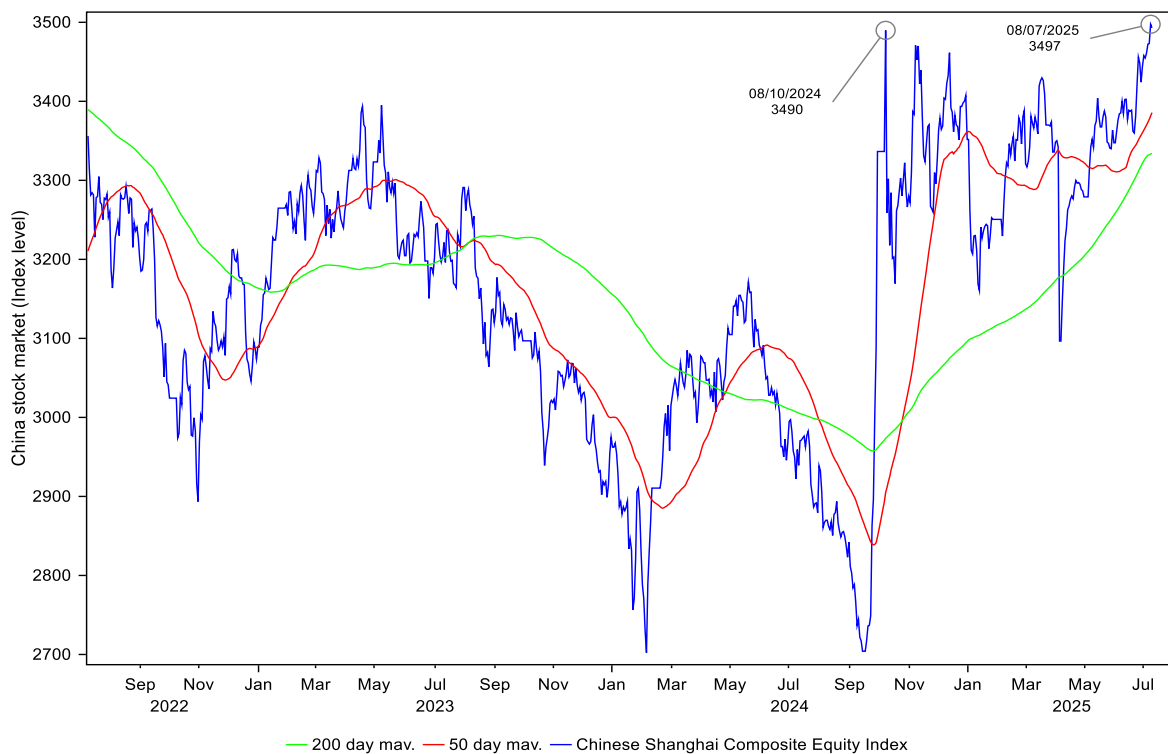
“**Drivers of that change** include: **i)** Widespread central bank ‘rate cutting’ cycles; **ii)** Resultant accelerating money supply growth; **iii)** which, in turn, will drive private sector credit growth; & **iv)** cyclical upswings in housing; while **v)** the industrial cycle, which has been weak since 2022, should then start to re-accelerate as consumers buy more goods. And finally **vi)** once tariff negotiations are settled, the US Administration will move on and concentrate on other (economic) factors, specifically the ‘growth positive’ US economic agenda. All of that is then supported by the robust structural shape of the private sectors in the US, UK & EZ.” – NB Adapted from the 9th May 2025 LVof publication.

Yesterday/this week, various pieces of published/updated macro data, as well as certain market movements, have reinforced the view that the theme is brewing (and the ‘[sunlit uplands](#)’ are coming).

Those further signs included:

- i) **A potential breakout of the Chinese stock market (chart 1).** It’s early days, but on Tuesday the Shanghai Composite closed above its 8th October 2024 high (i.e. after 9 months of consolidation). Whilst only marginal, the more marked breakout of the Chinese financials sector PLUS the ongoing attempts to stimulate the economy COUPLED WITH signs of a bottom forming in Chinese housing data (and an expected acceleration in housing activity), all add to our view that this will prove to be an enduring breakout. (NB we are tactically overweight Chinese equities – for more detail on the improving cyclical Chinese outlook, see 12th June 2025, Global Macro Analysis: “[China’s Policy Engine: Revving Up](#)”).

Chart of the Day 1: China's Shanghai Composite shown with key moving averages



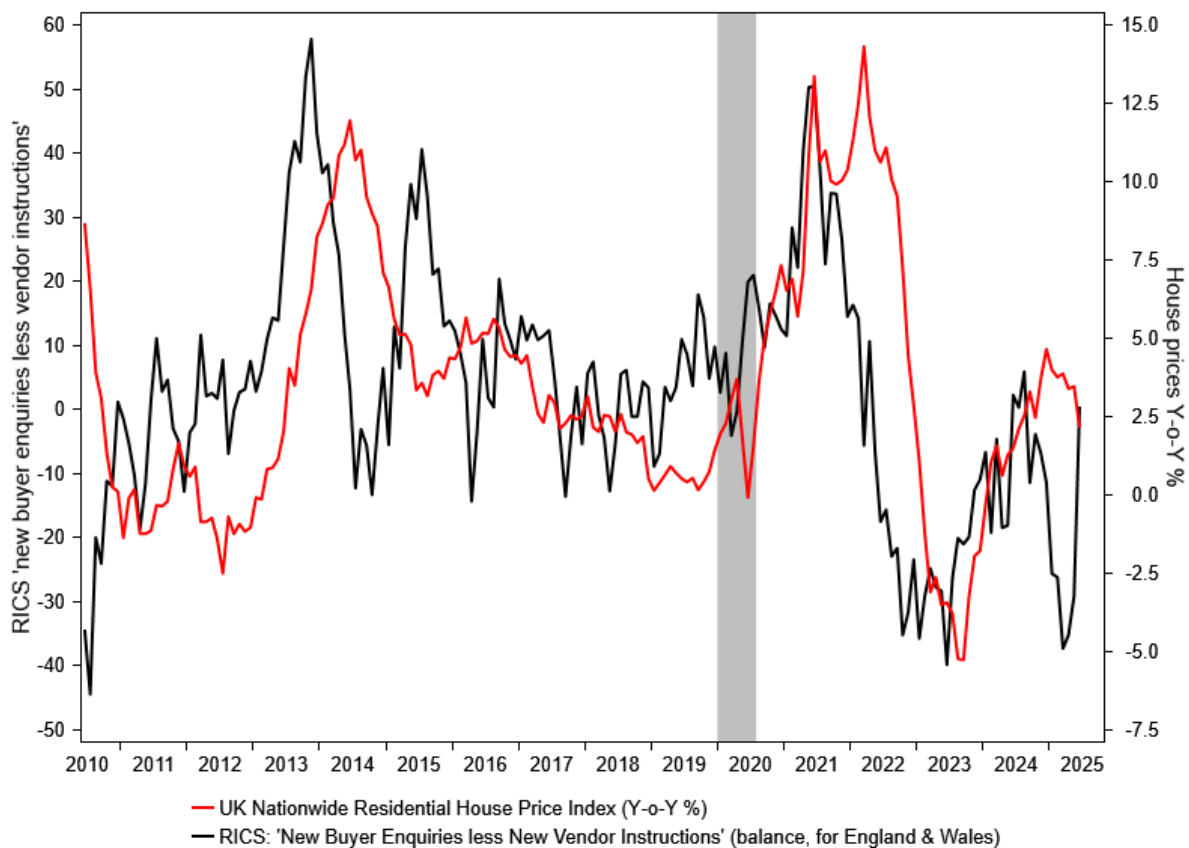
Source: Longview Economics, Macrobond

- ii) Overnight the UK's Royal Institute of Chartered Surveyors (RICS) have published their **latest UK housing data**. The headline index was modestly better than expected (-7% vs. -8% consensus). More interestingly the **'new vendor instructions' were weaker and the 'new buyer enquiries' were stronger**. Almost constantly since mid-2022, the balance of those two sub indices has been below zero (i.e. more sellers than buyers). This month, the balance has just shifted into positive territory, as lower interest rates (amongst other factors) encourage buyer interest back into the market. Falling vendor numbers further reinforce the expectation that prices should move higher over coming months/quarters (chart 2). Added to which, the BoE is committed to further rate cuts:

"The path of [interest] rates is still downwards," Bailey told the House of Lords Economic Affairs Committee on Tuesday, "but it is going to be very gradual and very careful"

Source: BoE's Bailey, 24th June at the House of Lords Economic Affairs Committee.

Chart of the Day 2: UK RICS 'New Buyer Enquiries less New Vendor Instructions' vs house prices (Y-o-Y %)



Source: Longview Economics, Macrobond

- iii) **US weekly mortgage applications picked up sharply last week** (chart 3): While the US economy continues to exhibit significant pockets of weakness (and remains in need of Fed rate cuts), it's encouraging that the modest move lower in 10 & 30 bond yields, in the past two months, is releasing some of the pent-up demand for housing in the US. So, whilst we remain concerned about the strength of the US economy (e.g. see weak Amazon Prime day sales yesterday, along with our analysis last Friday of the softness of the US labour market), these sorts of signs provide some hope that once those rate cuts are delivered, then the US is well positioned to accelerate.

Chart of the Day 3: US weekly mortgage applications for house purchase (index)



Source: Longview Economics, Macrobond