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02ND – 06TH JUNE 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. stocks notched a second week of gains, marking the third positive week in five, as information technology stocks outperformed, due in part to upbeat sentiment around artificial intelligence (AI)-related stocks in the wake of several positive corporate earnings reports. That said, the honeymoon is over and there is a storm brewing in the Trump-Elon paradise, as the rift between the two widened in a public spat on social media. The escalating dispute between President Trump and Tesla CEO Elon Musk on Thursday sent the car maker to a market-value decline of around $152.4 billion, its biggest one-day slide on record. The stock recouped some 3.67% on the following day as tensions seemed to ease but investors continue to keep a watchful eye on the ripple effects of the fallout. Trade also remained a notable talking point during the week, with tensions between the U.S. and China continuing to re-escalate following social media comments from President Donald Trump at the end of the prior week. However, on Thursday, Trump and President Xi Jinping held a phone call that “resulted in a very positive conclusion for both countries,” according to a social media post from Trump, which gave investors some hope that the issues could be resolved. Across the big pond, the European Central Bank cut its key interest rate by 25bps to 2.15%, capping an eighth consecutive rate cutting cycle. President Christine Lagarde said that the ECB had “nearly concluded” the latest policy cycle while reiterating that the policy stance was in a “good place” and that rate setters were not on any “pre-set path” and would continue to be led by economic data. Her counterpart in the Bank of England, Governor Andrew Bailey, also maintained that the path for interest rates in the U.K. remained downwards but uncertainty remained on the pace and depth of the cuts. Separately, there was no apparent agreement in the bilateral trade talks between the U.S. and Japan, although the talks reinforced preparation for an agreement to potentially be announced in June at the Group of Seven (G7) summit.

Data highlights: The Bank of Canada held its key interest rate steady at 2.75% which matched market expectation. Canada’s unemployment rate for May was reported at 7%, the highest since 2016. The Eurozone unemployment rate in April fell to 6.2%, from 6.3% in March. Inflation rate YoY in the Eurozone, eased to 1.9% in May from 2.2% a month earlier. This came in lower than market expectation of 2%. The European Central Bank reduced its key interest by 25 basis points to 2.15%, which matched analysts’ expectation. The Eurozone employment change Quarter on Quarter, changed by 0.2%. Lower than the analyst’s expectation of 0.3%. The Non-Farm Payroll in the U.S showed that 139k jobs were added in May 2025. This was higher than the market expectation of 130k. Australia’s GDP Year on year for Q1 grew by 1.3%. Lower than the 1.5% expectation by analysts.

Week ahead: U.K Unemployment rate– Tuesday | U.S Consumer Price Index – Wednesday | U.K GDP, U.S Producer Price Index – Thursday.

Global Markets Overview

Treasury yields: The U.S. 10-Year note yield soared by nearly 7 basis points on Friday to 4.51% upon a strong jobs report that signalled a cooling yet resilient labour market. This slightly tempers the expectations for Federal Reserve rate cuts for the year. The unemployment rate held at 4.2%, in line with expectations, average hourly wage rose by 0.4%, beating projections by 0.1%. As a result, probability for a September cut dropped to around 75% from a full pricing prior to news. The German 10-Year Bund trimmed earlier losses to settle at 2.58% as investors weighed the same news against the latest ECB decision. Domestically, the ECB lowered interest rates by 25bps and downgraded 2025 and 2026 inflation forecasts citing softer energy prices and a stronger Euro, indicating that the easing cycle is approaching its end with a pause coming soon. Meanwhile, the 2's – 10's spread narrowed from 50bps to about 47bps for the U.S. treasuries and from 73bps to 69bps for the German bunds.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.51	2.39	-1.39
Bund 10Y	2.58	3.04	8.83
Gilt 10Y	4.64	-0.06	1.66
Japan 10Y	1.46	-3.06	32.15

Equities: U.S. stocks rallied on Friday with the Dow, S&P 500 and Nasdaq all rising more than 1% upon better-than-expected jobs data, signalling relative health of the US economy. President Trump, however, doubled down on his calls for the Federal Reserve Chair, Jerome Powell, to cut interest rates by a full percentage point. The European markets also joined in the rally, with the pan-European Stoxx 600 gaining 0.92% as inflation slowed, and the European Central Bank (ECB) eased monetary policy. Following a period of market uncertainty sparked by the Trump administration's shifting trade policies that prompted many firms to delay IPO plans, Circle Internet Group going public last week will hopefully reverse that narrative and prove to be a boon to the IPO market. Circle's shares scored a 247.4% gain after its outsized Initial Public Offering closing the week at $107.70 up from the IPO price of $31, valuing the company, which issues the USDC stablecoin, at roughly $8 billion on a fully diluted basis before trading commenced. The company's flotation which will also be one of the biggest crypto listings since Coinbase Global in 2021.

Indices	Close	% W/W	% YTD
S&P 500	6000	1.50	2.02
EU Stoxx 600	571	0.92	13.06
FTSE 100	8838	0.75	8.14
Nikkei 225	37742	-0.59	-5.40

Currencies: The US Dollar weakened by 0.14% to 99.19 on Friday despite the latest US jobs data coming out good. A downward revision to April's numbers tempered most of the optimism. The report comes amid signs of a slowing US economy, raising concerns about the impact of ongoing tariff negotiations and what the Fed's next move looks like. All factors held constant; Dollar strength is expected to remain under pressure. The Canadian dollar contrarily traded at 1.3696 per Dollar reflecting weakening domestic fundamentals aside from a relatively firmer US currency. In May, Canada added just 8,800 new jobs which saw unemployment rise to 7%, the highest level since late 2021. This underscores how manufacturers are beginning to feel the pinch from US tariffs on aluminium, steel and autos.

Currencies	Close	% W/W	% YTD
EURUSD	1.1397	0.44	10.07
GBPUSD	1.3528	0.51	8.09
USDJPY	144.85	0.58	-7.86
USD Index	99.19	-0.14	-8.57

Commodities: WTI Crude futures climbed over 6.2% to settle at $64.58 per barrel on Friday, marking their first weekly gain in three weeks. This was fuelled by renewed optimism from Talks between Beijing and Washington that points at stronger global demand. Despite the gains witnessed, the oil market remains volatile mostly from geopolitical turmoil, including increased sanctions from US on Venezuela and the risk of Israeli strikes on Iranian infrastructure.

Commodities	Close	% W/W	% YTD
Gold	3310	0.64	26.14
Copper	484.80	3.65	20.40
WTI Crude	64.58	6.23	-9.96
Wheat	554.75	3.89	-2.59

Performance of Major Global Financial Assets

	GOV. BOND YIELDS						EQUITY INDICES						
	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG
W/W	2.4	3.0	-0.1	-3.1	0.2	0.6	1.5	2.0	1.2	1.3	0.7	-0.6	2.2
MTD	2.4	3.0	-0.1	-3.1	0.2	0.6	1.5	2.0	1.2	1.3	0.7	-0.6	2.2
YTD	-1.4	8.8	1.7	32.2	-2.2	-0.6	2.0	3.6	10.9	22.1	8.1	-5.4	18.6

	CURRENCIES						COMMODITIES				
	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	-0.1	0.4	0.5	0.6	-0.1	-1.2	6.2	0.6	3.6	4.6	3.9
MTD	-0.1	0.4	0.5	0.6	-0.1	-1.2	6.2	0.6	3.6	4.6	3.9
YTD	-8.6	10.1	8.1	-7.9	-1.5	-5.6	-10.0	26.1	20.4	17.7	-2.6

KEY: *-100%* *+100%*

Data Sources: Bloomberg, Investing.com, TradingEconomics, T-RowePrice, Standard Investment Bank

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