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09TH – 13TH JUNE 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

Geopolitical tensions elbowed trade policy uncertainty out of the limelight in the week as Israel launched unilateral attacks on Iranian soil. Although fears of an Israeli strike on Iran—aimed at preventing the development of a nuclear bomb—have been growing for some time, the hope remained that diplomacy would prevail. It is still unclear why Israel has chosen to strike at this specific moment. The attack resulted in a spike in oil prices which created an extra negative shock for a global economy that was already weakening. In the short-term, higher oil prices translates to an uptick in inflationary pressures, further dampening the global economic growth prospects while adding another layer of uncertainty to an already complicated balancing act for the global Central Bankers. Without a doubt, the Iranian regime will seek to retaliate but the shape, form and scope of the retaliation remains to be seen. An escalation is seen to accelerate the rise in oil prices even further. Major indexes were broadly higher through Thursday, buoyed by some better-than-expected economic data releases as well as reports that trade talks between the U.S. and China had led to a preliminary agreement to ease recent trade tensions. However, the soured sentiment caused by the escalation in the Israel-Iran conflict saw the U.S and indeed the European indices give back the gains and close the week in the red. A higher-than-expected contraction in industrial output and a shrinking trade surplus in the Euro area steepened the losses in the equities markets while ECB officials hinted at a pause in policy rate cuts further dampening any bullish expectations in the European markets. In China, the consumer price index declined in May for the fourth straight month year on year, the country's statistics bureau reported. Factory deflation continued for the 32nd straight month, with producer prices sinking the most in nearly two years, according to Bloomberg. Economists' outlook for prices in China remains weak despite a more bullish view of the broader economy in the near term after Beijing and Washington agreed to a temporary tariff reprieve in May.

Data highlights: In the U.S, the Consumer Price Index rose to 2.4% in April from 2.3% in the previous month, lower than market expectation of 2.5%. Produce Price Index in the U.S for May increased by 0.1%, falling short of analysts' expectations of a 0.2% rise. U.K unemployment rate in April was reported at 4.6% which matched market expectations. The GDP in the U.K shrank by 0.3% in April, much higher than the -0.1% expectation by analysts.

Week ahead: Bank of Japan Interest Rate Decision, U.S Retail Sales YoY – Tuesday | Core Inflation Rate YoY, Eurozone Consumer Price Index, U.S Fed Interest Rate Decision – Wednesday | Australia Unemployment Rate – Thursday | Japan Inflation Rate – Friday.

Global Markets Overview

Treasury yields: The U.S. 10-Year treasury note rebounded to around 4.55% after dipping to a one-month low of 4.31% as investors digested escalating tensions in the Middle East. President Trump urged Iran to "make a nuclear deal now before it is too late". A $22 billion sale of 30-Year Treasuries saw stronger-than-expected demand offering relief to the bond market easing concerns about rising government spending and debt. Markets now focus on this coming week's Fed policy decision- expected to leave the fund rate unchanged although softer-than-expected CPI and PPI data have reinforced expectations for two rate cuts this year.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.40	-2.37	-3.73
Bund 10Y	2.54	-1.59	7.10
Gilt 10Y	4.55	-2.02	-0.39
Japan 10Y	1.41	-3.02	28.16

Equities: US stocks posted overall losses with the S&P 500 falling 0.39%, Nasdaq losing 0.6% and the Dow Jones shedding 1,401 points amid a flight to safe haven assets. The Hang Seng index managed to gain 0.4% for the week to close at 23,893 on Friday, extending gains for a second consecutive week as global markets turned red following Israel's strike on Iran. The index gain was mainly supported by signs of improving China-US relations following a more constructive tone in the trade talks earlier on in the week. Oracle Corporation is living up to its name having gained 23.70% over the last week. The technology foresight of the last decade from the company is now coming to fruition with all financial metrics running ahead full-steam and the trajectory ahead looking steeper than before. In addition to the phenomenal beat, the management's outlook is nothing short of overwhelming optimism with Larry Ellison enthusiastically claiming that "demand right now seems almost insatiable. I mean I don't know how to describe it. I've never seen anything remotely like this. I mean people are calling up and asking us, please, can you find us more capacity."

Indices	Close	% W/W	% YTD
S&P 500	5977	-0.39	1.62
EU Stoxx 600	559	-2.18	10.59
FTSE 100	8851	0.14	8.29
Nikkei 225	37834	0.25	-5.16

Currencies: The US Dollar rebounded on safe haven demand to close at 98.18 on Friday rebounding from multi-year lows as geopolitical tensions escalate in the Middle East. Weighing on dollar strength is the growing uncertainty around President Trump's aggressive trade stance- including renewed threat of unilateral tariffs. Softer-than-expected consumer and producer inflation data also reinforced expectations for further interest rate cuts by the Federal Reserve. The Swiss Franc also traded at 0.81121 per USD to close Friday, closer to its 2011-highs, also reinforcing flight to safety sentiment in the markets. Aside from this several factors contribute to the Swiss franc being up 10.52% for the year, including broader market uncertainties like US economic and fiscal outlook. The Swiss National Bank may reintroduce negative interest rates by cutting its key rate this coming week.

Currencies	Close	% W/W	% YTD
EURUSD	1.1549	1.33	11.54
GBPUSD	1.3571	0.32	8.43
USDJPY	144.07	-0.54	-8.35
USD Index	98.18	-1.01	-9.50

Commodities: WTI Crude futures soared to just below $73 per barrel, a 13.01% jump to close Friday as Israel strikes Iran. Escalating tensions in the Middle East have seen prices hit their highest levels since February. The Israeli strike on Iran vowed retaliation, heightening fears of a broader conflict. Iran's April crude supply stood at 3.305 million barrels per day, underscoring the region's vital role in the global energy supply. Additionally, data from the International Energy Agency showed a larger-than-expected drop in US crude inventories which offered a strong support. Despite rising geopolitical tensions, the IEA sought to calm markets by affirming it has 1.2billion barrels in emergency reserves and is prepared to act if needed.

Commodities	Close	% W/W	% YTD
Gold	3432	3.68	30.78
Copper	481.45	-0.69	19.57
WTI Crude	72.98	13.01	1.76
Wheat	559.25	-1.67	-3.74

Performance of Major Global Financial Assets

% Change.

GOV. BOND YIELDS

% Change.	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y
W/W	-2.4	-1.6	-2.0	-3.0	-2.6	-0.5
MTD	0.0	1.4	-2.1	-6.0	-2.4	0.1
YTD	-3.7	7.1	-0.4	28.2	-4.7	-1.1

EQUITY INDICES

% Change.	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG
W/W	-0.4	-0.6	-2.6	-3.2	0.1	0.2	0.4
MTD	1.1	1.4	-1.4	-2.0	0.9	-0.3	2.6
YTD	1.6	2.9	8.1	18.1	8.3	-5.2	19.1

CURRENCIES

% Change.	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR
W/W	-1.0	1.3	0.3	-0.5	-0.1	0.9
MTD	-1.2	1.8	0.8	0.0	-0.2	-0.3
YTD	-9.5	11.5	8.4	-8.4	-1.6	-4.8

COMMODITIES

% Change.	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	13.0	3.7	-0.7	-2.7	-1.7
MTD	20.1	4.4	2.9	1.8	2.0
YTD	1.8	30.8	19.6	14.6	-3.7

KEY: -100% +100%

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

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