

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

Global markets faced mixed performance over the past week, shaped by rising geopolitical tensions and shifting economic signals. Oil prices rallied for a third consecutive week, with WTI crude briefly spiking above \$78 per barrel following U.S. airstrikes on Iranian nuclear sites, before settling lower amid confidence in OPEC+ spare capacity. Equity markets reflected this uncertainty: the S&P 500 slipped about 0.15%, the Nasdaq declined by 0.02%, while the Dow Jones posted a modest gain. European and Asian indices were also mixed, with Japan's Nikkei retreating after core inflation came in hotter than expected. Bond markets held steady, with U.S. 10-year Treasury yields hovering around 4.37% and Japan maintaining stable government bond yields despite inflation pressure. In Australia, the ASX dipped slightly due to energy-driven inflation concerns, while Indian markets saw sharper losses amid crude volatility. The U.S. dollar strengthened on safe-haven demand. Looking ahead, markets are eyeing Fed Chair Jerome Powell's upcoming testimony, fresh PCE inflation data, and further developments in U.S.-EU trade talks.

Data highlights: U.S. retail sales grew by 3.3% year-over-year in May, falling short of the 4.9% expected by analysts. The Federal Reserve kept interest rates unchanged at 4.5%, aligning with market expectations. In the U.K., the Consumer Price Index rose 3.4% YoY, also matching forecasts. The Eurozone reported a 1.9% increase in consumer prices over the same period. In Japan, the central bank maintained its interest rate at 0.5% as expected, while core inflation came in slightly higher than anticipated at 3.7% YoY versus a 3.6% forecast. Meanwhile, Australia's unemployment rate remained stable at 4.1%, in line with projections.

Week ahead: Canada Core Inflation Rate – Tuesday | Australia Consumer Price Index – Wednesday | Japan Unemployment rate, Japan Retail Sales, Canada GDP – Friday.

Global Markets Overview

Treasury yields: The U.S. 10-Year Treasury Note yield moved sharply over the past week as investors navigated a mix of fiscal concerns, geopolitical tensions, and technical market drivers. The 10-year yield rose to 4.43% by Friday, reflecting increased risk sentiment tied to potential tariffs and U.S. debt sustainability issues. The yield curve steepened, with the 10-year-2-year spread widening by 16 basis points to approximately 4.7 basis points, signalling a modest shift away from deep inversion. Notably, Friday's "triple witching" event- the simultaneous expiration of stock options, index futures, and index options- added volatility, contributing to a 39-basis point drop in the 2-year yield for the week as demand surged for shorter-dated Treasuries.

Equities: U.S. equities were marginally lower last week, with the S&P 500 down 0.15%, the Nasdaq slipping 0.02%, and the Dow rising 0.07%, as markets weighed mixed signals on Federal Reserve rate cuts and rising geopolitical tensions in the Middle East. Conflicting Fed commentary saw Governor Waller suggest a potential cut as early as July, while Chair Jerome Powell maintained a cautious, data-driven stance. Tensions flared further after President Trump postponed a decision on U.S. military involvement in the Israel-Iran conflict by two weeks. Across the pond, the FTSE 100 lagged, falling 0.86% to close at 8,775, after retail sales slumped 2.7% in May, highlighting potential economic weakness in Q2. Major payment stocks, Visa (-5.4%), Mastercard (-5.17%), and American Express (+2.07%) all reacted midweek following the Senate's advancement of the GENIUS Act, which would allow merchants to issue their own stablecoins, posing a potential long-term threat to traditional payment networks. The gain for American Express unlike its peers was supported by upbeat earnings but still lagged in industry outlook discussions.

Currencies: The US Dollar posted a weekly gain to close at 98.71 on Friday as the ongoing conflict between Israel and Iran and potential US involvement bolstered safe haven demand. This follows a 9.01% decline in the dollar so far this year. It is alleged that President Trump is giving Iran a last chance to negotiate an end to their nuclear program, delaying potential US military intervention for up to two weeks. For monetary policy, the Federal Reserve kept rates unchanged, exercising caution amidst growing economic and geopolitical uncertainty. The Australian Dollar held above \$0.645 on Friday as escalating tensions in the middle east weighed on risk sentiment. Intramurally, the recent jobs report did little to alter expectations with investors pricing a July RBA rate cut at a probability of 75%.

Commodities: WTI Crude oil futures posted a third consecutive weekly gain to settle at \$74.93 per barrel to close the week. This is despite experiencing a minor dip on Friday largely attributed to tempering of geopolitical tensions by President Trump's decision to keep off against Iran, providing opportunity for potential diplomatic negotiation over their nuclear program. Tensions continue to escalate in the region with Israeli Prime Minister Benjamin Netanyahu allegedly ordering intensified strikes on strategic sites in Iran. In the midst of these tensions Iran has reportedly increased crude exports to 2.2 million barrels per day this week. Prices draw support from a sharper-than-expected drop in US crude inventories and this tightening supply dictates overall bullish sentiment even as markets continue to watch for developments with the Strait of Hormuz one of the most strategically important choke points in the global oil supply chain.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.38	-0.54	-4.24
Bund 10Y	2.52	-0.71	6.34
Gilt 10Y	4.54	-0.29	-0.68
Japan 10Y	1.40	-0.92	26.98

Indices	Close	% W/W	% YTD
EU Stoxx 50	5234	-1.08	6.90
S&P 500	5968	-0.15	1.47
EU Stoxx 600	553	-1.06	9.42
FTSE 100	8775	-0.86	7.36

Currencies	Close	% W/W	% YTD
EURUSD	1.1523	-0.23	11.29
GBPUSD	1.3451	-0.88	7.47
USDJPY	146.09	1.40	-7.07
USD Index	98.71	0.53	-9.01

Commodities	Close	% W/W	% YTD
Gold	3368	-1.86	28.34
Copper	483.35	0.39	20.04
WTI Crude	74.93	2.67	4.48
Wheat	583.50	4.34	0.43

Performance of Major Global Financial Assets

% Change.

W/W	-0.5	-0.7	-0.3	-0.9	0.7	0.4	-0.2	0.0	-1.1	-0.7	-0.9	1.5	-1.5	0.5	-0.2	-0.9	1.4	0.0	0.3	2.7	-1.9	0.4	-8.9	4.3
MTD	-0.6	0.7	-2.4	-6.9	-1.8	0.5	0.9	1.3	-2.5	-2.7	0.0	1.2	1.0	-0.6	1.6	-0.1	1.4	-0.2	-0.1	23.3	2.4	3.3	-7.3	6.4
YTD	-4.2	6.3	-0.7	27.0	-4.1	-0.7	1.5	2.9	6.9	17.3	7.4	-3.7	17.3	-9.0	11.3	7.5	-7.1	-1.6	-4.5	4.5	28.3	20.0	4.3	0.4
	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	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
	GOV. BOND YIELDS						EQUITY INDICES						CURRENCIES				COMMODITIES							

KEY: -100%

+100%

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

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