



Weekly Market Update

Rising geopolitical tensions—particularly the escalating Israel-Iran conflict—have significantly unsettled global markets, driving energy prices sharply higher and prompting a flight to safe assets.

US

Israel and Iran launched fresh attacks on each other, killing scores of civilians and raising fears of a wider conflict, US President Donald Trump said it could be ended easily while warning Tehran not to strike any US targets.

The Fed is likely to maintain interest rates at 4.25–4.5% when they meet this week, resisting pressure for aggressive cuts despite June job data and softer-than-expected inflation.

30-year Treasury auction drew strong demand; 10-year yields dipped below 4.4% amid easing rate cut expectations.

Dollar sinks to 3-year low on Trump tariff threat. US currency falls sharply after president says he will set new levies on trading partners in next two weeks.

UK

UK Chancellor Rachel Reeves says the government will do "everything in [its] power" to protect people in the UK from the knock-on economic effects of the conflict between Iran and Israel. She would not "take anything off the table" in response to the threat of rising energy costs.

Chancellor Reeves is set to unveil a 10-year infrastructure strategy, aiming to boost growth and improve UK services, following her Spending Review which committed an additional £190 billion in government spending from 2026–2029.

UK economy suffers worst contraction since 2023, data from the Office for National Statistics showed monthly GDP fell by 0.3% in April, following growth of 0.2% in March. It was below the 0.1% contraction market experts had been predicting.

British exports to US suffer biggest fall on record. Goods exports to its largest trading partner fell by £2 billion between March and April to about £4bn.

Europe

European shares closed lower on Friday as Israel's wide-scale strike against Iran triggered a broad market selloff, with investors rushing to safe-haven assets amid an already uncertain trade environment.

The European Central Bank's (ECB) inflation target of 2% is in reach, ECB President Christine Lagarde was quoted as saying in an interview published on Saturday.

The ECB will cut red tape for banks in areas such as buybacks and new appointments, but lenders should not expect wholesale deregulation, the ECB's top supervisor Claudia Buch said on Wednesday.

The EU executive has called for lowering the price cap on Russian oil as it seeks to tighten energy and financial sanctions against the Kremlin's ability to wage war. The president of the European Commission, Ursula von der Leyen, proposed that western countries reduce the price at which Russian oil can be sold to \$45 (£30) a barrel, down from the current \$60.

Asia/ROW

The escalation of the conflict in the Middle East, the focal point of global oil production, prompted a sharp increase in wholesale prices. Brent crude surged by more than 10% after news of the attacks broke, briefly moving above \$75 (£55) a barrel to its highest level since April.

Corporate bond defaults nearly vanish: Only one first-time default in China's \$4 trillion onshore corporate bond market in 2025, down sharply from 16 in 2024, thanks to implicit state support—though hidden stress remains in bank loans and bill payments.

The People's Bank of China plans a second 400 bn CNY 6-month reverse repo on June 16 after a 1 tr CNY 3-month injection—aimed at managing funding strains amid heavy bond issuances.

With 30-year JGB yields peaking at -3.2%, the Bank of Japan and Ministry of Finance are debating buybacks and reduced issuance of super-long bonds to curb volatility.

Performance

Asset Class/Region	Currency				
		Week ending 13 June 2025	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	-0.4%	1.2%	2.1%	11.0%
United Kingdom	GBP	0.1%	0.9%	10.2%	12.1%
Continental Europe	EUR	-1.8%	-0.7%	10.0%	7.1%
Japan	JPY	-0.5%	-1.6%	0.2%	3.4%
Asia Pacific (ex Japan)	USD	0.8%	3.2%	11.4%	13.8%
Australia	AUD	0.4%	1.3%	6.4%	14.2%
Global	USD	0.8%	2.1%	7.2%	14.1%
Emerging markets equities					
Emerging Europe	USD	0.5%	0.8%	27.2%	18.6%
Emerging Asia	USD	1.0%	3.5%	10.9%	12.8%
Emerging Latin America	USD	1.1%	2.9%	25.9%	11.7%
BRICs	USD	-0.1%	1.9%	11.9%	15.2%
China	USD	0.6%	3.1%	16.6%	29.1%
MENA countries	USD	-1.5%	-0.8%	-2.3%	5.4%
South Africa	USD	-1.1%	3.2%	27.8%	39.6%
India	USD	-1.5%	-0.6%	4.5%	3.7%
Global emerging markets	USD	0.7%	3.0%	12.0%	13.4%
Bonds					
US Treasuries	USD	0.6%	0.1%	2.5%	3.3%
US Treasuries (inflation protected)	USD	0.5%	-0.4%	3.2%	4.3%
US Corporate (investment grade)	USD	0.6%	0.4%	2.8%	4.7%
US High Yield	USD	0.2%	0.5%	3.2%	8.8%
UK Gilts	GBP	0.7%	1.1%	2.1%	1.2%
UK Corporate (investment grade)	GBP	0.8%	1.3%	2.8%	5.2%
Euro Government Bonds	EUR	0.1%	-0.2%	0.6%	4.4%
Euro Corporate (investment grade)	EUR	0.2%	0.1%	1.7%	6.0%
Euro High Yield	EUR	0.0%	0.4%	2.7%	8.2%
Global Government Bonds	USD	0.7%	0.6%	6.2%	6.7%
Global Bonds	USD	0.9%	0.8%	6.1%	6.8%
Global Convertible Bonds	USD	-0.4%	0.9%	7.7%	15.9%
Emerging Market Bonds	USD	0.5%	0.9%	3.8%	7.4%

▲ Performance

Asset Class/Region	Currency				
		Week ending 13 June 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	-0.5%	-0.1%	0.0%	9.9%
Australian Property Securities	AUD	1.2%	2.8%	6.4%	9.6%
Asia Property Securities	USD	1.8%	2.3%	15.0%	15.4%
Global Property Securities	USD	-0.1%	0.5%	5.8%	12.5%
Currencies					
Euro	USD	1.5%	1.8%	11.7%	7.6%
UK Pound Sterling	USD	0.6%	1.0%	8.6%	6.7%
Japanese Yen	USD	0.7%	-0.1%	9.3%	8.9%
Australian Dollar	USD	0.4%	1.4%	5.3%	-1.8%
South African Rand	USD	-0.5%	0.7%	5.6%	3.2%
Swiss Franc	USD	1.4%	1.3%	11.9%	10.3%
Chinese Yuan	USD	0.1%	0.2%	1.6%	1.0%
Commodities & Alternatives					
Commodities	USD	3.8%	7.9%	5.8%	3.7%
Agricultural Commodities	USD	-0.1%	1.4%	-0.7%	-1.9%
Oil	USD	11.7%	16.2%	-0.5%	-10.3%
Gold	USD	3.7%	4.4%	30.8%	49.3%



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