Weekly Market Update

Global financial markets were buoyed by strong equity rallies, easing trade tensions, and resilient growth in some regions, but lingering risks from looming US tariffs, persistent inflation, and financial market fragmentation kept investor caution elevated.

US

Equities saw a strong rally: S&P 500, Nasdaq, and Dow Jones reached record highs by week-end, supported by upbeat corporate earnings, a June jobs beat, and optimism around US–China and US–Vietnam trade progress.

Concerns over returning tariffs by the 1 August persisted as President Trump threatened 10–70% duties across key trading partners, with a formal 9 July deadline putting pressure on negotiations.

Treasury market sentiment remained cautious: the dollar has dropped by -11% YTD its worst move since 1973, yields rose, and Fed rate-cut expectations were dialled back to just two cuts for the year (4.25-4.5%).

President Donald Trump secured a sweeping shift in US domestic policy as the House passed a $3.4 trillion fiscal package that cuts taxes, curtails spending on safety-net programs and reverses much of Joe Biden's efforts to move the country toward a clean-energy economy.

UK

Q1 GDP grew 0.7% the strongest among G7,but real incomes fell -1% due to rising inflation and taxes, however mortgage approvals edged up.

Santander agreed to buy TSB (£2.3–2.65 bn), while Prax Lindsey refinery went into administration, prompting government intervention.

Sterling was poised for a weekly loss on Friday, with the pound flat against the dollar at $1.36 and slightly lower against the euro at 86.26 pence, while gilt yields remained broadly steady.

A June Bank of England survey found that 66% of firms don't expect US tariffs to impact their operations, despite concerns in some sectors.

Europe

EU–US trade talks intensified. Brussels is working to lock in deals ahead of the 9th July deadline to avoid steep tariffs, aiming to keep tariffs at -10% via provisional agreement.

EU car makers and capitals were pushing for an agreement that would allow for tariff relief in return for increasing US investments. Meanwhile, a draft US-Swiss trade accord contained assurances about tariffs on pharma exports, according to people familiar with the matter.

Europe increased holdings of US Treasuries (behind Japan/ China), although exposure remains modest.

Mixed economic backdrop: marginal eurozone growth, diverging inflation trends, and supply-chain unease amid global trade fears.

Talks progressed on an EU "Savings and Investments Union" and banking market infrastructure aimed at boosting integration.

Global

Chinese equities were among June's best performing emerging market assets, aided by improved global sentiment, easing geopolitical pressures and reduced taxes for foreign investors.

Russia launched one of its most intense drone attacks in weeks on Kyiv after Trump said he made no progress "at all" with Vladimir Putin during a call about Ukraine.

Rising Tokyo inflation is above target, supported market risk appetite but highlights domestic price pressure concerns.

Bank for International Settlements (BIS) warned that economic fragmentation and trade spats could spark bond market turmoil, urging global central bank coordination.

Performance

Asset Class/Region	Currency	Week ending 04 July 2025	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	1.7%	1.2%	7.3%	14.5%
United Kingdom	GBP	0.4%	0.8%	9.9%	10.4%
Continental Europe	EUR	-0.4%	0.0%	9.5%	6.4%
Japan	JPY	-0.4%	-0.9%	2.9%	0.0%
Asia Pacific (ex Japan)	USD	0.0%	0.6%	14.7%	14.3%
Australia	AUD	1.0%	0.7%	7.2%	13.7%
Global	USD	1.3%	0.9%	10.4%	15.4%
Emerging markets equities					
Emerging Europe	USD	4.1%	2.1%	38.9%	23.4%
Emerging Asia	USD	-0.2%	0.6%	14.7%	13.4%
Emerging Latin America	USD	3.5%	2.2%	32.8%	13.1%
BRICs	USD	-0.3%	0.1%	14.1%	16.0%
China	USD	-1.0%	-0.3%	17.0%	30.6%
MENA countries	USD	1.7%	0.7%	2.3%	8.8%
South Africa	USD	3.0%	1.9%	31.8%	32.3%
India	USD	-0.7%	0.1%	8.6%	3.6%
Global emerging markets	USD	0.4%	0.9%	16.3%	14.2%
Bonds					
US Treasuries	USD	-0.2%	-0.6%	3.2%	4.4%
US Treasuries (inflation protected)	USD	0.0%	-0.3%	4.3%	5.2%
US Corporate (investment grade)	USD	0.3%	-0.2%	4.0%	6.3%
US High Yield	USD	0.4%	0.2%	4.7%	10.4%
UK Gilts	GBP	-0.4%	-0.4%	2.1%	1.3%
UK Corporate (investment grade)	GBP	0.0%	-0.1%	3.3%	5.3%
Euro Government Bonds	EUR	0.2%	0.2%	0.7%	4.6%
Euro Corporate (investment grade)	EUR	0.5%	0.5%	2.3%	6.4%
Euro High Yield	EUR	0.3%	0.3%	3.0%	8.2%
Global Government Bonds	USD	0.1%	-0.1%	7.2%	8.3%
Global Bonds	USD	0.2%	-0.1%	7.3%	8.4%
Global Convertible Bonds	USD	1.0%	0.5%	11.6%	19.3%
Emerging Market Bonds	USD	0.7%	0.4%	5.7%	9.9%

Performance

Asset Class/Region	Currency	Week ending 04 July 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	1.5%	1.1%	0.3%	9.3%
Australian Property Securities	AUD	3.1%	3.2%	7.6%	12.0%
Asia Property Securities	USD	1.4%	1.3%	18.6%	19.7%
Global Property Securities	USD	1.4%	1.0%	7.9%	13.8%
Currencies					
Euro	USD	0.5%	0.1%	13.8%	8.9%
UK Pound Sterling	USD	-0.4%	-0.5%	9.0%	6.9%
Japanese Yen	USD	0.1%	-0.2%	8.9%	11.5%
Australian Dollar	USD	0.2%	-0.3%	5.9%	-2.7%
South African Rand	USD	1.1%	0.5%	7.2%	3.6%
Swiss Franc	USD	0.7%	0.1%	14.4%	13.4%
Chinese Yuan	USD	0.1%	0.0%	1.9%	1.4%
Commodities & Alternatives					
Commodities	USD	0.8%	1.6%	3.6%	1.1%
Agricultural Commodities	USD	0.6%	1.2%	-2.1%	0.3%
Oil	USD	0.8%	1.0%	-8.5%	-21.9%
Gold	USD	1.9%	1.2%	27.2%	41.5%

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Important notes