
# MONTHLY NEWSLETTER – June 2025

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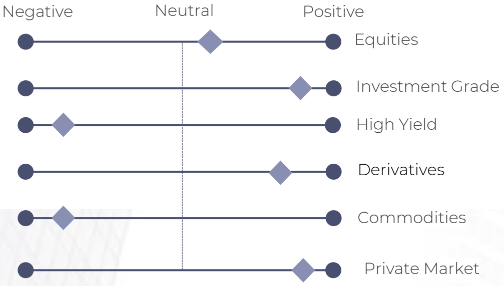
“After April’s market pullback following “Liberation Day”, equities rebounded in May, supported by President Trump’s announcement of a 90-day trade truce. June was more volatile amid rising tensions between Iran and Israel, fuelling concerns over oil prices and risk assets. However, markets remained relatively complacent, buoyed by the absence of conflict escalation, growing expectations of Fed rate cuts in H2, upward revisions to corporate earnings growth, and renewed hopes of a US–China trade agreement.

The US dollar weakened notably, supporting international returns for dollar-based investors. As expected, the Fed held rates steady in June. However, market expectations for rate cuts are increasing, as US economic data shows signs of weakening and inflation remains contained. The Fed still has room to ease policy (with a target Fed Funds rate of 3% by end-2026), though it must remain cautious amid potential tariff-related risks. In contrast, the ECB proceeded with another rate cut in June but signaled the end of its easing cycle. Meanwhile, the proposed “One Big Beautiful Bill Act” – which could add $3–5 trillion to US debt over the next decade – may trigger concerns in the Treasury market.

In this environment, we continue to favour investment grade bonds for its attractive risk-return profile and are gradually increasing equity exposure. That said, we remain cautious heading into the summer, with the 9 July deadline of trade agreements likely to be a potential source of volatility.”

## OUR MARKET VIEWS




## POTENTIAL MARKET CATALYST

- **Monetary policy easing by central banks**
- **Inflation easing more significantly**
- **Favourable trade agreements between the US and major global economies**
- **Easing of geopolitical tensions**

## KEY INDICATORS

| Equities (%) | Level | May | June | YTD |
|---|---|---|---|---|
| S&P 500 | 6 205 | 6,2 | 4,96 | **5,27** |
| Nasdaq 100 | 22 679 | 9,0 | 6,27 | **6,94** |
| Eurostoxx 50 | 5 303 | 4,0 | -1,18 | **7,89** |
| FTSE 100 | 8 761 | 3,3 | -0,13 | **7,49** |
| China SI 300 | 3 936 | 1,8 | 2,50 | **0,20** |
| Emerging markets | 1 223 | 4,0 | 5,65 | **13,70** |

| Bonds (rate spreads) | Level | May | June | YTD |
|---|---|---|---|---|
| | | Spread change level | | |
| **10 year government bonds** | | | | |
| US | 4,23 | 0,24 | -0,17 | **-6,65** |
| Europe | 2,61 | 0,06 | 0,11 | **8,75** |
| **Corporate – 5 years spread (change level)** | | | | |
| Investment Grade US | 51 | -10,96 | -5,10 | **1,94** |
| Investment Grade Europe | 95 | -8,45 | -2,43 | **-3,56** |
| High Yield US | 318 | -56,40 | -33,07 | **2,33** |
| High Yield Europe | 283 | -50,19 | -17,51 | **-9,61** |

| Currencies (%) | Level | May | June | YTD |
|---|---|---|---|---|
| EUR / USD | 1,1787 | 0,2 | 3,88 | **13,69** |
| GPB / USD | 1,3732 | 1,0 | 2,03 | **9,64** |
| CHF / USD | 1,2609 | 0,4 | 3,70 | **-12,55** |

| Commodities (%) | Level | May | June | YTD |
|---|---|---|---|---|
| Gold | 3 303 | 0,0 | 0,42 | **27,28** |
| Brent | 68 | 1,2 | 5,81 | **-9,94** |
| Copper | 508 | 1,6 | 7,46 | **24,25** |
| Aluminium | 2 598 | 2,1 | 6,56 | **2,42** |

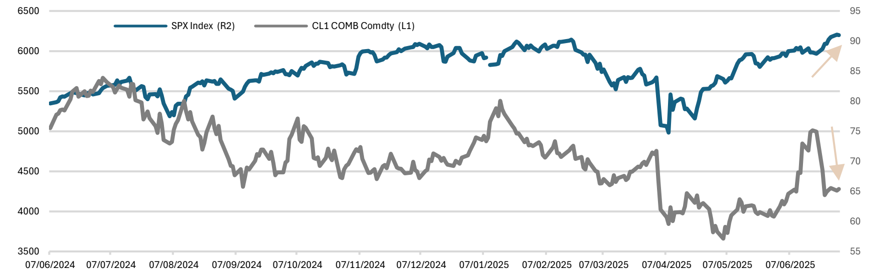
| Volatility | Level | May | June | YTD |
|---|---|---|---|---|
| Euro Stoxx 50 | 18 | -14,8 | -7,76 | **3,90** |
| Nasdaq 100 | 17 | -24,8 | -9,91 | **-2,31** |

| Cryptos (%) | Level | May | June | YTD |
|---|---|---|---|---|
| Bitcoin | 107 607 | 10,8 | 2,64 | **13,3** |
| Ethereum | 2 504 | 41,7 | -1,55 | **-27,4** |

*Sources: Bloomberg, Norman K. - Data as of June 30th 2025. Past performance is not a reliable indication of future performance. Non-contractual information.*

## CHART OF THE MONTH

*Markets were largely complacent about the Israel-Iran conflict in June, with only temporary volatility, ultimately leading to a rise in equities and a decline in oil prices.*




Source : Bloomberg, Norman K.

## June 2025: Markets remain complacent despite the conflict in the Middle East.

### MACROECONOMICS

Markets experienced bouts of **volatility** amid Donald Trump's tariff rhetoric and the conflict between Iran and Israel. However, these moves were short-lived, with **equities quickly rebounding** and even **reaching new highs** by the end of June. This resilience was supported by signs of **de-escalation in the Middle East** and the continued strength of growth stocks.

Despite heightened geopolitical tensions linked to the Iran–Israel conflict, market impact was limited. **Brent crude briefly rose** to $80 a barrel ahead of US intervention on 22 June, but pressure from increased OPEC supply saw **prices fall back**, ending the quarter at around $68.

Since the start of 2025, the euro has gained over 10% against the US dollar, while the pound has risen by nearly 8%. The **dollar's weakness** reflects a mix of trade tensions, political pressure on the Federal Reserve, growing fiscal imbalances, and large capital flows. The trend **accelerated sharply from 2 April**, following the announcement of new tariffs by the Trump administration.

Unlike the Federal Reserve, which has paused for now, easing inflation enabled the **European Central Bank** (ECB) to **lower rates** in both April and June. At the June meeting, President Lagarde signaled that the ECB is nearing the **end of its rate-cutting cycle**. Nevertheless, the ECB's own projections suggest headline inflation will fall below target next year, and markets are still pricing in one more cut before year-end. The **Fed**, however, still **anticipates two rate cuts** by the end of the year, followed by a gradual easing path through 2026 and 2027.

## NK VIEW

We remain **neutral on equities**. However, with the upcoming 9 July deadline likely to bring renewed market volatility, we are maintaining a cautious stance.

However, this could also create **opportunities** — particularly for structured products, with a careful selection of the underlying assets.

We remain **positive on investment grade bonds**, which continue to offer an attractive risk-return profile. We favour **longer durations and USD-denominated bonds**, in anticipation of further rate cuts ahead.

The **private debt market** continues to expand, especially in **real estate financing**, as market participants aim to capitalise on falling rates.

We continue to seek **decorrelation and diversification in the pre-IPO segment**, even though some players may postpone their listing due to geopolitical uncertainties.

## WHICH OPPORTUNITIES IN THIS CONTEXT?

Market volatility and tariffs' threats

- In-depth analysis and selectivity
- Opportunities in fundamentally strong stocks

Upcoming rate cuts / geopolitical uncertainty

- Anticipate impacts on portfolios
- Currency diversification
- Real estate deals opportunities

Weaker macroeconomic environment

- Alternative investments
- Pre-IPO segment / private debt

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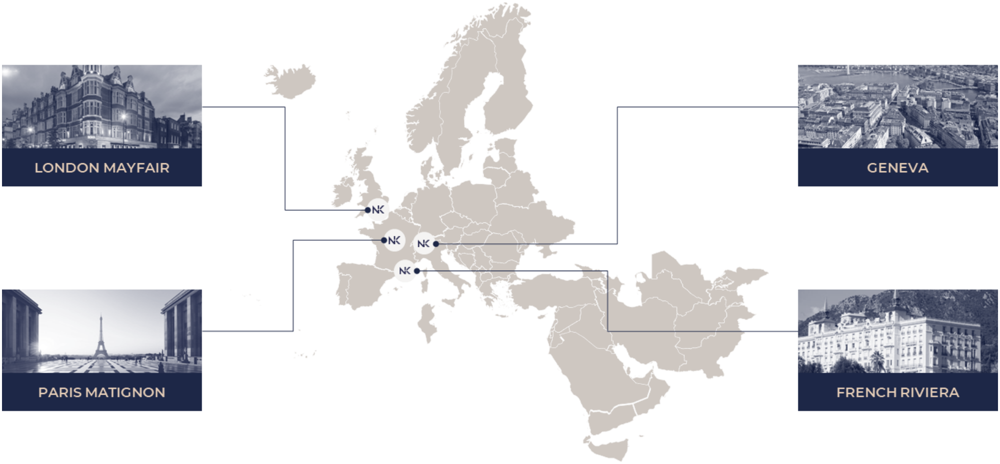


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