

Markets react to conflicts in the Middle East

Markets opened the week on a positive note as US and Chinese representatives met in London on Monday to negotiate a trade deal. US President Trump proclaimed on Wednesday that the “deal with China is done” in a social media post where he also said that the flow of rare earth metals and magnets from China would recommence. However, global equities would turn red for the week on Friday after Israel’s attack on Iran and the subsequent retaliation caused a market sell-off. The price of oil spiked over 11% for the week, as investors priced in supply disruptions from Iran, which is OPEC’s third largest producer.

Meanwhile, there were plenty of indicators for US economists to digest throughout the week. On Monday, the New York Fed reported that consumer expectations for inflation had cooled across all time horizons in May. Inflation data released later in the week aligned with this sentiment, with both the CPI and PPI price indices showing marginal growth, albeit below expectations. CPI inflation in May stood at 2.4% on a yearly basis, up from 2.3% in April and below forecasts of 2.5%. Producer prices grew 2.6% YoY in May, marking a small uptick from 2.5% in April. Jobless claims for the week previous remained at 248,000, which is the highest level in 8 months, signifying some weakness in the labour market.

Economic indicators raised expectations for rate cuts from the Fed this year. An auction of 10-year treasury bonds showed strong demand from traders, and the 10-year yield which had started the week above 4.51% slipped as low as 4.34%, before closing near 4.40% on Friday. The dollar continued to weaken, with EUR/USD reaching a near four-year high above 1.16 during the week.

UK GDP contracted by -0.3% in April, the sharpest monthly decline since October 2023 and below forecasts for -0.1%. The unemployment rate rose from 4.5% to 4.6% in the three months to April 2025, the highest it has been since the three months to July 2021.



Fact of the week

Gold has overtaken the euro to become the world’s second-largest reserve asset by market value.

Our regular market information continues on the next page.

Snapshot



- Sovereign Bonds
- Gold
- Copper



- Corporate Bonds
- World Equities
- Oil

The week ahead

| | |
|----------------|--|
| 17 June | Bank of Japan announce their rate decision. |
| 19 June | Bank of England announce their rate decision. |
| 20 June | Eurozone consumer confidence for June is reported. |



| | 1 Week Return 06.06.25 to 13.06.25 | | Year to Date Return 31.12.24 to 13.06.25 | |
|-----------------|---------------------------------------|-------|---|-------|
| | Local Currency | Euro | Local Currency | Euro |
| World | -0.3% | -1.7% | 6.0% | -4.9% |
| U.S. | -0.4% | -1.8% | 2.1% | -8.4% |
| Europe | -1.8% | -1.8% | 10.0% | 10.0% |
| Ireland | -1.8% | -1.8% | 19.7% | 19.7% |
| U.K. | 0.1% | -0.8% | 10.2% | 7.2% |
| Japan | -0.5% | -1.3% | -1.1% | -3.2% |
| Hong Kong | 1.9% | 0.5% | 19.9% | 6.5% |
| Corporate Bonds | -0.7% | -0.7% | 0.1% | 0.1% |
| Sovereign Bonds | 0.1% | 0.1% | 0.0% | 0.0% |

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product, you may lose some or all of the money you invest.

Equities

- Global stocks finished down -1.7% in euro terms and down -0.3% in local terms last week.
- Year-to-date global markets are down by -4.9% in euro terms and up by 6.0% in local terms.
- The U.S. market, the largest in the world, finished down -1.8% in euro terms and down -0.4% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.4% last week. The German equivalent finished at 2.5%. The Irish 10-year bond yield finished at 2.9%.
- The Euro/U.S. Dollar exchange rate finished at 1.16, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at \$73 per barrel and is down -8.8% year-to-date in euro terms.
- Gold finished the week at \$3,432 per troy ounce and is up 17.2% year-to-date in euro terms.
- Copper finished the week at \$9,718 per tonne and is up 0.7% year-to-date in euro terms.

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