

# Markets respond to escalations in the Middle East

Both US and European equity markets opened on a positive note on Monday after reports emerged that Iran wanted to de-escalate conflicts with Israel. However, this sentiment soured throughout the week, and European stocks would ultimately finish in negative territory. Over the weekend, investors' worries were realised when the US bombed Iranian nuclear sites. Oil prices spiked in response and reached a five-month high.

There were plenty of monetary policy decisions made across leading economies during the week, albeit with no changes to note. The Bank of Japan kicked off proceedings on Tuesday with a unanimous vote to hold rates at 0.5%, while also stating it would slow its reduction in government bond purchases next year. On Wednesday, the Federal Reserve decided to keep rates steady for the fourth consecutive time, citing the country's solid economic position and "unusually elevated" uncertainty. Keeping with the trend, the Bank of England voted to maintain interest rates on Thursday, however, the vote was split 6-3, exposing the internally divided opinions on the economic outlook.

There was weaker economic data to report from the US last week. Retail sales fell for the second month in a row by -0.9% in May, worse than the -0.7% drop expected. Industrial production also contracted by -0.2% in May, missing forecasts for a 0.1% expansion. Meanwhile, a US homebuilder sentiment index fell unexpectedly in June and recorded its lowest reading since December 2022.

Eurozone consumer confidence declined unexpectedly to -15.3 in June having improved the month previous to -15.1. In the UK, consumer activity deteriorated in May with retail sales falling by -2.7%, its largest drop since December 2023. UK CPI headline inflation eased to 3.4% from 3.5% in the 12 months to May, as expected, while in Japan, the core CPI rate jumped to 3.7%, a two-year high. Elsewhere, China's retail sales grew by 6.4% YoY in May, soaring past estimates of 5%.



## Fact of the week

Approximately \$6.5 trillion worth of options expired on a "Triple Witching Day" on Friday, an event which comes around once every quarter when stock options, index options, and index futures contracts all expire on the same day.

Our regular market information continues on the next page.

## Snapshot



- Corporate Bonds
- Sovereign Bonds
- Gold
- Copper



- World Equities
- Oil

## The week ahead

<b>23 June</b>	US, UK, German, and Japan PMI indices for June are reported.
<b>24 June</b>	US consumer confidence index goes to print.
<b>27 June</b>	US PCE price index for May is released.



	1 Week Return 13.06.25 to 20.06.25		Year to Date Return 31.12.24 to 20.06.25	
	Local Currency	Euro	Local Currency	Euro
World	-0.5%	-0.2%	5.5%	-5.1%
U.S.	-0.1%	0.1%	2.0%	-8.3%
Europe	-1.6%	-1.6%	8.3%	8.3%
Ireland	-2.9%	-2.9%	16.3%	16.3%
U.K.	-0.8%	-1.4%	9.3%	5.6%
Japan	0.4%	-0.6%	-0.7%	-3.8%
Hong Kong	-1.8%	-1.6%	17.7%	4.8%
Corporate Bonds	0.3%	0.3%	0.3%	0.3%
Sovereign Bonds	0.0%	0.0%	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 -0.2% in euro terms and down -0.5% in local terms last week.
- Year-to-date global markets are down by -5.1% in euro terms and up by 5.5% in local terms.
- The U.S. market, the largest in the world, finished up 0.1% in euro terms and down -0.1% 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 1.15, whilst Euro/GBP finished at 0.86.

## Commodities

- Oil finished the week at \$75 per barrel and is down -6.1% year-to-date in euro terms.
- Gold finished the week at \$3,368 per troy ounce and is up 15.3% year-to-date in euro terms.
- Copper finished the week at \$9,909 per tonne and is up 2.9% year-to-date in euro terms.

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