

# WEEKLY MARKETS ROUND-UP

## Executive Summary

16<sup>th</sup> June 2025

**Top news: amid geopolitical tensions, the FED and many other central banks report this week** – risk assets remained positive until mid last week as the US and China were holding constructive talks and the US CPI came in lower than expected on Wednesday (2.4% in May for Headline vs 2.5% expected) showing a muted effect from the tariffs for now. That evening, however, initial reports of an imminent Israeli strike on Iran's nuclear sites started to emerge, notably as the US started to evacuate its bases in the Middle East. The S&P 500 started to drop, closing in negative territory. Equities did bounce back on Thursday with US PPI also coming in softer, but then again, on Friday morning, as the Israeli attack effectively started, risk assets then dropped again, with the S&P500 Futures opening almost 2% lower, then stabilizing a bit, before sliding again late in the day and despite some improvement in the Univ. of Michigan Consumer Sentiment (60.5 vs 53.5 exp.) and Inflation Expectations (5.1% vs 6.6% last month). This week will mostly focus on Central banks, with first the BoJ on Tuesday morning. It is expected to keep its short term rate flat at 0.5%. The FED will then follow on Wednesday. No cut is expected, yet investors will focus on its updated Economic Projections (SEP) and the dot plot to assess the timing and scope of future rate cuts. Thursday will continue with SNB, which should cut from 0.25% to 0% and the BOE, probably holding at 4.25% as inflationary pressures persist.

**Equities:** the S&P500 and the Nasdaq100 are now slightly Overbought on the table below. We would still expect a bit of retracement into midyear (geopolitical development and inflation remain a concern) and then a Summer rally.

**Fixed Income:** The US10Y and Bund yields dropped back last week (by 5 to 10 bps) and this despite the Israeli attack and the jump in Oil prices. As the conflict extends, yields may bounce back, but we still expect lower levels into Q3.

**Forex:** the USD saw a timid 1% bounce on average into Friday morning on the geopolitical tensions, but still ended the week circa 1% lower following the lower US Inflation data and the rising probabilities of a first FED cut in September.

**Commodities:** Oil obviously shot up on the Israeli attack reaching 77 \$/bbl on Brent and closing the week at 75. Gold was also bid on these risk-off dynamics and made a new all-time closing high at 3'434 USD/oz on Friday evening.

	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	5 977	Apr-25	4 983	20,0%	Feb-25	6 144	-2,7%	1,6%	neutral	slightly OB
Nasdaq100 Index	USD	21 631	Apr-25	17 090	26,6%	Feb-25	22 176	-2,5%	2,9%	up	slightly OB
Dow Jones Industrials Index	USD	42 198	Apr-25	37 646	12,1%	Dec-24	45 014	-6,3%	-0,8%	neutral	neutral
EuroStoxx50	EUR	5 290	Aug-24	4 572	15,7%	Mar-25	5 541	-4,5%	8,1%	neutral	neutral
Swiss Market Index	CHF	12 146	Apr-25	10 888	11,6%	Mar-25	13 167	-7,8%	4,7%	neutral	neutral
Nikkei225	JPY	37 834	Apr-25	31 137	21,5%	Jul-24	42 224	-10,4%	-5,2%	neutral	neutral
Shanghai Composite	CNY	3 377	Sep-24	2 704	24,9%	Oct-24	3 490	-3,2%	0,8%	neutral	neutral
US 10Y Treasury Yield	%	4,41%	Sep-24	3,62%	0,8%	Jan-25	4,79%	-0,4%	-0,2%	neutral	neutral
German 10Y Bund Yield	%	2,54%	Dec-24	2,03%	0,5%	Mar-25	2,89%	-0,4%	0,2%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	86	May-25	83	4,0%	Sep-24	100	-14,0%	-2,1%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Apr-25	105	3,0%	Sep-24	113	-4,6%	1,0%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	Jul-24	75	5,5%	Nov-24	80	-0,4%	1,6%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	91	Jun-24	85	6,4%	Sep-24	92	-1,4%	2,8%	neutral	slightly OB
EUR/USD		1,16	Jan-25	1,02	12,8%	Jun-25	1,16	-0,3%	11,5%	up	slightly OB
GBP/USD		1,36	Jan-25	1,22	11,6%	Jun-25	1,36	-0,3%	8,5%	up	slightly OB
USD/JPY		144	Sep-24	141	2,5%	Jul-24	162	-10,8%	-8,3%	down	neutral
USD/CHF		0,81	Apr-25	0,81	0,3%	Jan-25	0,92	-11,6%	-10,6%	down	slightly OS
AUD/USD		0,65	Apr-25	0,60	9,0%	Sep-24	0,69	-6,1%	4,9%	neutral	neutral
Brent Oil (per Barrel)	USD	74	May-25	60	23,2%	Jul-24	87	-15,1%	-0,7%	down	neutral
Gold Spot (per Ounce)	USD	3 434	Jun-24	2 298	49,4%	Jun-25	3 434	0,0%	30,8%	up	neutral

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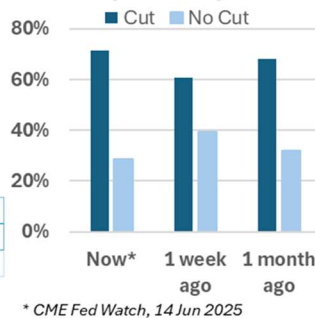
## Rates focus: weaker CPI, Middle East turmoil and their initial impact on US rates

Last Wednesday, the US CPI data came in much lower than expected. The YoY Headline figure slowed to 2.35% despite a base effect which was supportive, as the 3-month data dropped to a pace of 1% p.a. (top-left graph). As a result, the 3M Fed Funds Futures are now back to pricing a 70% probability of a rate cut by September, up from 60% 10 days ago following the strong US employment numbers (top-middle). As for the long end of the curve, we would also see some retracement into Summer. First, as seasonality is usually favorable from mid May to late September (top-right), i.e. the Treasury General Account is usually full post tax season, which lessens the pressure to issue more bonds. Then, longer term, as short positions on USTs are at historical highs (bottom-left), which could imply some exhaustion in the bonds' negative trend. Generally, the impact of the tariffs hasn't made it to the inflation data yet, while the Israeli attack on Iran is seen more as a temporary risk off event (with both Oil and Treasuries initially rising) rather than the beginning of a new inflationary shock. This is highlighted by the positive correlation between the two, which is at its highest since 2022 (dotted pink, r-h scale, bottom-right graph).

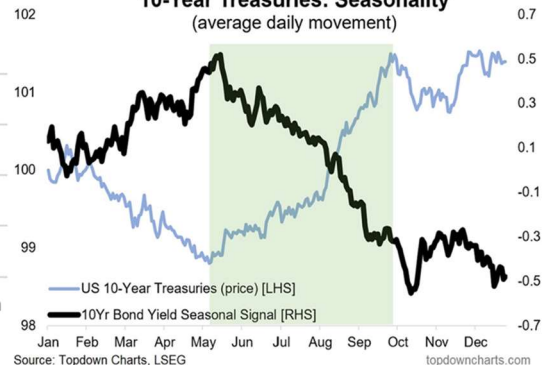
### Consumer price index



### September Rate Cut probability



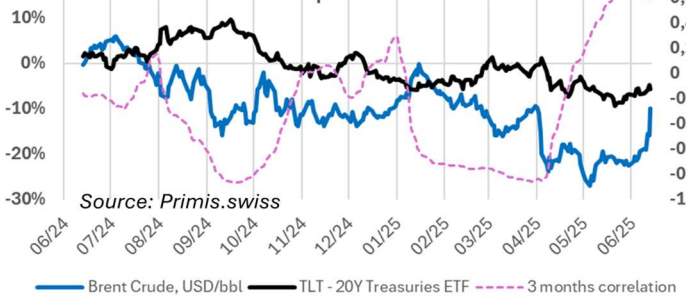
### 10-Year Treasuries: Seasonality (average daily movement)



### TLT (Treasury bond ETF)



### Oil / Treasuries - last 12m performance and correlation



### Notes:

- Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.05% the trend is then "up", below -0.05% then "down", otherwise it is "neutral".
- Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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