

WEEKLY MARKETS ROUND-UP

Executive Summary

23rd June 2025

Top news: Powell testifies in front of Congress Tuesday and Wednesday, PCE inflation data on Friday - the Fed held its Federal Funds Rate at 4.25%-4.50% on Wednesday, but its updated economic projections and its Dot plot were rather hawkish. Indeed, 7 of 19 FOMC members now anticipate no rate cuts in 2025, up from 4 in March, while the average is set on 2 cuts into yearend. However, according to the FED's forecasts, both unemployment and inflation are now expected to rise during H2 2025. These rather stagflationary dynamics were somewhat confirmed by US retail sales, which fell -0.9% MoM in May (vs -0.5% exp.), and the 4-week average for jobless claims, which rose to 245k, its highest level since Aug-23. As for other CBs, the BoJ left its short-term rate at 0.5% on Tuesday, the SNB then surprised markets on Thursday with a further 25bp cut to 0%, while later in the day, the BoE held rates at 4.25%. Late in the week, Trump's 2 weeks delay to intervene in Iran had helped stabilize oil prices, while the bombing campaign over the weekend, is now seeing Oil retest up. Today we also await the Global Flash PMIs, Europe just matched expectations, the US could weaken a bit. Focus will then switch to Chair Powell's testimonies in front of congress (the House on Tuesday and the Senate on Wednesday), in order to get more clues on the timing and scope of potential rate cuts into yearend. Finally on Friday, Core PCE inflation data will be released. It is expected to rise moderately at +0.1% MoM.

Equities: US markets were pretty much flat last week. Japan rose slightly while Europe and China retraced. As a result, the Nasdaq100 and the Nikkei remain slightly Overbought. We expect a bit more dipping before higher highs into Q3.

Fixed Income: 10Y US and Bund yields were stable last week. Since mid May, they remain in a shallow consolidation that could extend into the Summer. High Yield and EM credits are slightly Overbought (table below) and could dip.

Forex: USD bounced by 1-2% vs most majors as the FED remained rather hawkish and several European central banks (Norway, Sweden, SNB) lowered their interest rates. USD remains slightly Oversold and may stabilize into the Summer.

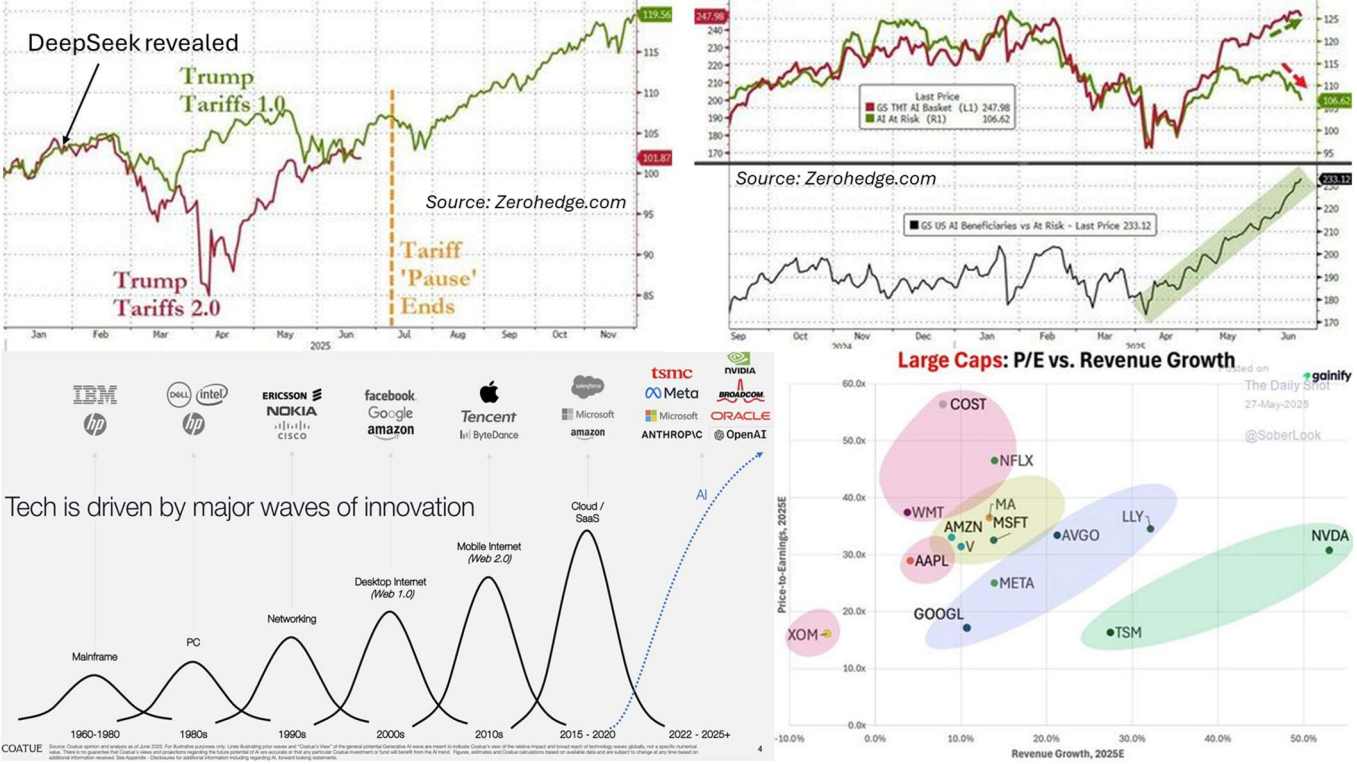
Commodities: Oil rose another 4% last week to 77 \$/bbl on Brent and may still push slightly higher this week as the conflict in Iran persists. Gold retraced circa 2.5% last week yet could also retest up given the geopolitical tensions.

	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	5 968	Apr-25	4 983	19,8%	Feb-25	6 144	-2,9%	1,5%	neutral	neutral
Nasdaq100 Index	USD	21 626	Apr-25	17 090	26,5%	Feb-25	22 176	-2,5%	2,9%	up	slightly OB
Dow Jones Industrials Index	USD	42 207	Apr-25	37 646	12,1%	Dec-24	45 014	-6,2%	-0,8%	neutral	neutral
EuroStoxx50	EUR	5 234	Aug-24	4 572	14,5%	Mar-25	5 541	-5,5%	6,9%	neutral	neutral
Swiss Market Index	CHF	11 871	Apr-25	10 888	9,0%	Mar-25	13 167	-9,8%	2,3%	neutral	slightly OS
Nikkei225	JPY	38 403	Apr-25	31 137	23,3%	Jul-24	42 224	-9,0%	-3,7%	neutral	slightly OB
Shanghai Composite	CNY	3 360	Sep-24	2 704	24,3%	Oct-24	3 490	-3,7%	0,2%	neutral	neutral
US 10Y Treasury Yield	%	4,38%	Sep-24	3,62%	0,8%	Jan-25	4,79%	-0,4%	-0,2%	neutral	neutral
German 10Y Bund Yield	%	2,53%	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	4,2%	Sep-24	100	-13,8%	-1,9%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Apr-25	105	3,4%	Sep-24	113	-4,3%	1,3%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	80	Jul-24	75	6,1%	Jun-25	80	0,0%	2,2%	neutral	slightly OB
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	91	Jun-24	85	6,7%	Sep-24	92	-1,1%	3,1%	neutral	slightly OB
EUR/USD		1,15	Jan-25	1,02	12,5%	Jun-25	1,16	-0,6%	11,2%	up	slightly OB
GBP/USD		1,34	Jan-25	1,22	10,5%	Jun-25	1,36	-1,2%	7,5%	up	slightly OB
USD/JPY		146	Sep-24	141	3,9%	Jul-24	162	-9,6%	-7,1%	down	neutral
USD/CHF		0,82	Apr-25	0,81	1,1%	Jan-25	0,92	-10,8%	-9,9%	down	slightly OS
AUD/USD		0,65	Apr-25	0,60	8,4%	Sep-24	0,69	-6,7%	4,3%	neutral	neutral
Brent Oil (per Barrel)	USD	77	May-25	60	27,9%	Jul-24	87	-11,9%	3,1%	down	slightly OB
Gold Spot (per Ounce)	USD	3 368	Jun-24	2 298	46,6%	Jun-25	3 434	-1,9%	28,3%	up	neutral

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Tech focus: US markets have recovered as the AI cycle still holds much promise

Tariffs may still be a concern as the deadline for the end of the pause early July approaches, yet, the S&P500 has not only recuperated its early April sell-off but is now also nearing its all-time highs made around the DeepSeek revelation late January (top-right graph). While the paths are different, the S&P500 is on-track with the Trump's first tariffs experience 8 years ago and if this analog is any guidance could continue to rise in H2/25. Another trend, which is accelerating, is the outperformance of AI driven stocks vs those at risk from AI. The ratio has seen a linear rally (+32%) since early April (top-right). This AI expansion cycle represents the 7th wave of IT innovation since the 1980s (bot-left), while each wave seems to have a wider impact on our lives, businesses and markets, and while the companies driving such waves are growing ever bigger and influential. In terms of valuation, we believe it isn't too late to embrace these tech giants. Indeed, when comparing their revenue growth vs their P/E ratio, they continue to offer a much better value proposal that most other large caps (bot-right).



Notes:

1. **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".
2. **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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