

Weekly Newsletter

JUNE 06th, 2025

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Musings

"It does not matter how slowly you go as long as you do not stop."

— Confucius

Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	6,000.37	1.50%	2.02%
Nasdaq Composite	19,529.95	2.18%	1.13%
10Y UST Yield	4.508	2.50%	-1.42%
Crude oil	64.58	6.23%	-9.96%
Gold	3,309.98	0.62%	26.13%
DXY	99.20	-0.23%	-8.55%
USD/INR	85.74	0.30%	0.25%
Euro STOXX 50	5,427.00	1.21%	11.72%
India (Nifty)	25,003.05	1.02%	5.74%
Japan (Nikkei)	37,741.61	-0.59%	-5.40%
China (CSI 300)	3,873.98	0.88%	-1.55%
Saudi (TASI)	11,004.53	0.13%	-8.57%
Abu Dhabi (ADX)	9,734.99	0.52%	3.35%
Dubai (DFM)	5,535.95	1.01%	7.31%

News from the markets

The S&P 500 closed the week at 6,000.36. **This is 20.43% above its low this year of 4,982.77 on April 8th 2025, thereby marking a bull market, and only 2.36% below its All Time High.** This happened despite a weakening unemployment report, a spat between President Trump and Elon Musk, a resurgence in the Ukraine/Russia conflict, and continuing tariff uncertainty between China, Europe, and the U.S. **Interestingly, most of the buying has come from retail investors.**

The Bromance & the Breakup

The relationship between Donald Trump and Elon Musk broke down publicly on June 5th, just days after the Tesla and SpaceX CEO left his role as a special government employee. In a fiery exchange, **Musk posted a series of messages on X criticizing the president's signature tax bill as a "big ugly spending bill". Tesla shares were sent into freefall - falling 14% - but rebounded a little on June 6th following some indications tempers were cooling.**

On the one hand, the spat could mean that Trump stands to lose monetary support from Musk during the upcoming midterm elections in 2026.

On the other hand, Trump has suggested cutting Musk's government contracts, which have an estimated value of \$38 billion . A significant chunk of that goes to Musk's rocket company SpaceX. However, SpaceX has so entrenched itself in the US space and national security apparatus, that Trump's threat could be difficult to carry out. A similar argument can be made about Musk's internet satellite company, Starlink.

On balance, **we believe that Trump has the upper hand in this dispute** and will watch the fortunes of Musk's companies closely to assess their future prospects.

Big, Beautiful Bill is forced to stand before the mirror

A sobering new assessment from the nonpartisan Congressional Budget Office reported that **the Bill would add \$2.4 trillion to federal deficits over the next decade while stripping health coverage from nearly 11 million Americans**, largely through deep Medicaid cuts and the imposition of new work requirements.

Elon Musk has branded the bill a "disgusting abomination," posted more than two dozen messages on X attacking the legislation and urged his followers to call Congress and "KILL the BILL." Musk's ire appears especially focused on how the bill's expansion of the deficit would erase the cost-cutting he hoped to accomplish with the Department of Government Efficiency, which he led under the Trump Administration. He has also expressed concerns with provisions in the House-passed bill that would terminate clean energy tax credits and electric vehicle subsidies established under the Inflation Reduction Act. Tesla Energy, Musk's solar and battery company, has warned that ending those credits "would threaten America's energy independence and the reliability of our grid."

The White House has naturally tried to discredit these charges, but the Bill is facing intensifying resistance in the Senate.

Progress on tariffs is slower than forecast by the White House

President Donald Trump has come up short on striking trade deals with most nations with just one month left before his self-imposed tariff deadline, even as he took his first steps in weeks toward engaging with China. Question marks remain over the US's most consequential trade relationships, with few tangible signs of progress toward interim agreements. India, which the Trump administration has cited as an early deal target, has taken a tougher line in negotiations and challenged Trump's auto tariffs at the World Trade Organization. Japan held another round of talks with the US, while also signaling it wants a reprieve from duties on cars and light trucks. The legal fight over Trump's tariffs hangs over everything. The next test could come as soon as next week, when a court could rule on the administration's appeal.

Key economic events coming this week

June 09th	<ul style="list-style-type: none"> KSA Markets Holiday (Eid Al Adha) Power Finance earnings
June 10th	<ul style="list-style-type: none"> KSA Markets Holiday (Eid Al Adha) US 3-Year Note Auction
June 11th	<ul style="list-style-type: none"> US CPI (May) US Crude Oil Inventories US 10-Year Note Auction Oracle earnings
June 12th	<ul style="list-style-type: none"> US Initial Jobless Claims US PPI (May) US 30-Year Bond Auction India CPI (May) Adobe earnings Chime IPO
June 13th	-

Chart of the Week



The S&P 500 officially closed above 6,000 for the first time since February 21st, 2025. All trade war related losses have been recouped.

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