

Weekly Newsletter

June 13th, 2025

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Musings

"In modern war there is no such thing as victor and vanquished... There is only a loser, and the loser is mankind."

U Thant (Former UN Secretary-General)

Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	5,976.97	-0.39%	1.62%
Nasdaq Composite	19,406.83	-0.63%	0.50%
10Y UST Yield	4.409	-2.20%	-3.59%
Crude oil	72.98	13.01%	1.76%
Gold	3,432.84	3.71%	30.81%
DXY	98.14	-1.07%	-9.53%
USD/INR	86.09	0.41%	0.65%
Euro STOXX 50	5,272.00	-2.86%	8.53%
India (Nifty)	24,718.60	-1.14%	4.54%
Japan (Nikkei)	37,834.25	0.25%	-5.16%
China (CSI 300)	3,864.18	-0.25%	-1.80%
Saudi (TASI)	10,840.94	-1.49%	-9.93%
Abu Dhabi (ADX)	9,564.01	-1.76%	1.54%
Dubai (DFM)	5,364.70	-3.09%	3.99%

News from the markets

Global markets shifted their focus from policy risk to geopolitical risk this week.

The week began with mixed signals as global markets navigated a complex landscape of cooling labor markets, trade tensions, and evolving monetary policies.

On June 12th, U.S. stock markets rose, driven by a **cooler-than-expected U.S. inflation report**, with headline Consumer Price Index (CPI) at 2.4% and core CPI at 2.8%, easing tariff driven inflation concerns.

Oracle's stock surged nearly 14% after reporting better-than-expected profit and revenue, alongside optimistic forecasts for 2026.

This was somewhat offset by a **4.8% loss for Boeing** following the crash of an Air India Boeing 787 Dreamliner in India, which raised safety concerns and weighed on the aerospace sector.

All these moves were overshadowed on June 13th, when Israel launched military strikes on Iran, prompting a retaliatory launch of 100 drones by Iran toward Israel. Naturally, this escalation sent shockwaves through global financial markets, leading to sharp declines in stock indices and a surge in safe-haven assets.

Oil prices reacted dramatically, with Brent crude and West Texas Intermediate crude futures both surging more than 8% amid fears of disruptions to global oil supplies. **Despite Iran's financial incentive to keep the Strait of Hormuz open for its oil exports, the escalation raised concerns about a broader Middle East conflict that could stoke inflation and disrupt energy markets.**

While Gold, a traditional safe-haven asset, rallied over 1% as investors sought stability amid the uncertainty, we note that the reaction of the US Dollar and the 30-year US Treasury, both of which have historically reacted very positively in times of crises, was more muted.

The travel and leisure sector was particularly hard-hit. In Europe, airline stocks like British Airways owner IAG (down 4.8%), Wizz Air (down 4.8%), Norse Atlantic (down 4.2%), and Finnair (down 3.7%) saw significant declines after Wizz Air suspended flights to and from Tel Aviv and rerouted planes to avoid conflict zones. Cruise operator Carnival's London-listed shares dropped 4.2%, and digital car sales firm Auto1 Group shed 6%, reflecting broader concerns about consumer spending and travel disruptions.

The Indian stock market and the Indian rupee also felt the impact, driven by rising oil prices and global market weakness. However, IT stocks in India showed resilience, and markets recovered slightly from their intra-day lows, supported by cooling domestic inflation, with headline retail inflation dropping to its lowest level in six years at 0.99%.

It is difficult, if not impossible, to foresee the extent to which the conflict can go. One key element to watch out for is the impact on oil prices. Any action that results in a sustained rise could ripple through the global economy and lead to higher inflation at a time when growth is already slowing and concerns around policy risk remain elevated. As such, we expect stock prices to be somewhat soft in the near-term.

Key economic events coming this week

June 16 th	<ul style="list-style-type: none">• Japan Rate Decision• US 20-Year Bond Auction
June 17 th	<ul style="list-style-type: none">• US Retail Sales (May)
June 18 th	<ul style="list-style-type: none">• EUR CPI (May)• US Initial Jobless Claims• US Rate Decision
June 19 th	<ul style="list-style-type: none">• US Markets Holiday (Juneteenth)• Switzerland Rate Decision• UK Rate Decision
June 20 th	<ul style="list-style-type: none">• Kroger, Accenture earnings

Chart of the Week

How Do Stocks Do After Major Events?

S&P 500 Index Performance After Geopolitical And Major Historical Events

S&P 500 Index Returns					
Market Shock Event	Event Date	1 Month	3 Months	6 Months	12 Months
Germany Invades France	5/10/1940	(19.9%)	(12.7%)	(4.5%)	(18.7%)
Pearl Harbor Attack	12/7/1941	(1.0%)	(11.0%)	(6.5%)	4.3%
N. Korean Invades S. Korea	6/25/1950	(10.0%)	1.6%	4.1%	11.7%
Hungarian Uprising	10/23/1956	(2.1%)	(2.8%)	(1.3%)	(11.7%)
Suez Crisis	10/29/1956	(4.4%)	(3.6%)	(0.0%)	11.6%
Cuban Missile Crisis	10/16/1962	5.1%	14.1%	20.7%	27.8%
Kennedy Assassination	11/12/1963	6.8%	11.9%	15.5%	23.2%
Gulf of Tonkin Incident	8/2/1964	(1.6%)	1.9%	5.3%	2.7%
Six-Day War	6/5/1967	3.3%	5.9%	7.5%	13.5%
Tet Offensive	1/30/1968	(3.8%)	5.1%	5.2%	10.2%
Penn Central Bankruptcy	6/21/1970	(0.1%)	7.2%	16.8%	28.6%
Munich Olympics	9/5/1972	(1.0%)	5.7%	2.3%	(5.8%)
Yom Kippur War	10/6/1973	(3.9%)	(10.7%)	(15.3%)	(43.2%)
Oil Embargo	10/16/1973	(7.0%)	(13.2%)	(14.4%)	(35.2%)
Nixon Resigns	8/9/1974	(14.4%)	(7.0%)	(2.8%)	6.4%
Reagan Shooting	3/30/1981	(0.9%)	(1.8%)	(14.0%)	(16.4%)
Continental Illinois Bailout	5/9/1984	(3.1%)	1.0%	6.4%	12.8%
1987 Stock Market Crash	10/19/1987	8.1%	10.9%	14.7%	22.9%
Iraq's Invasion of Kuwait	8/2/1990	(8.2%)	(13.5%)	(2.1%)	10.1%
Soros Breaks Bank of England	9/16/1992	(2.5%)	3.0%	6.8%	9.9%
First World Trade Center Bombing	2/26/1993	1.7%	2.0%	4.0%	4.7%
Asian Financial Crisis	10/8/1997	(3.7%)	(1.8%)	14.1%	(1.5%)
U.S.S. Cole Yemen Bombing	10/12/2000	2.7%	(0.9%)	(11.3%)	(19.6%)
U.S. Terrorist Attacks	9/11/2001	(0.2%)	2.5%	6.7%	(18.4%)
Iraq war started	3/20/2003	1.9%	13.6%	18.7%	26.7%
Madrid Bombing	3/11/2004	3.5%	2.7%	1.5%	8.4%
London Subway Bombing	7/5/2005	3.3%	1.8%	5.3%	5.5%
Bear Stearns Collapses	3/14/2008	3.6%	5.6%	(2.8%)	(41.5%)
Lehman Brother Collapses	9/15/2008	(16.3%)	(26.2%)	(34.8%)	(11.7%)
Boston Marathon Bombing	4/15/2013	6.3%	8.4%	9.7%	17.9%
Russia Annexed Crimea	2/20/2014	1.5%	2.6%	8.0%	14.7%
BREXIT	6/24/2016	6.5%	6.2%	11.0%	19.7%
Bombing of Syria	4/7/2017	1.8%	3.1%	7.6%	12.8%
North Korea Missile Crisis	7/28/2017	(1.1%)	3.6%	14.8%	13.4%
Saudi Aramco Drone Strike	9/14/2019	(1.4%)	5.4%	(8.8%)	12.5%
Iranian General Killed in Airstrike	1/3/2020	1.9%	(23.1%)	(4.2%)	14.4%
U.S.Pulls Out of Afghanistan	8/30/2021	(3.7%)	2.8%	(4.9%)	(12.0%)
Russia invades Ukraine	2/24/2022	5.9%	(7.2%)	(2.1%)	(7.1%)
Hamas attacks Israel	10/7/2023	1.3%	10.6%	20.9%	33.5%
Iran Missile and Drone Attack On Israel	4/13/2024	1.9%	9.9%	13.5%	5.3%
All Years (1950-2024)	Average	(1.1%)	0.3%	2.8%	3.0%
	Median	(0.6%)	2.5%	4.6%	7.4%
	% Higher	45.0%	65.0%	60.0%	65.0%
	Average	0.7%	2.2%	4.4%	9.0%
	Median	1.0%	2.5%	4.9%	10.3%
	% Higher	60.5%	65.8%	69.9%	73.6%

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