

# Weekly Newsletter

June 27<sup>th</sup>, 2025

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## Musings

*Markets can remain irrational longer than you can remain solvent*

— John Maynard Keynes

## Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	6,173.07	3.44%	4.96%
Nasdaq Composite	20,273.46	4.25%	4.99%
10Y UST Yield	4.275	-2.33%	-6.52%
Crude oil	65.52	-11.27%	-8.64%
Gold	3,274.18	-2.81%	24.77%
DXY	97.25	-1.54%	-10.35%
USD/INR	85.43	-1.31%	-0.12%
Euro STOXX 50	5,332.00	2.18%	9.77%
India (Nifty)	25,637.80	2.09%	8.43%
Japan (Nikkei)	40,150.79	4.55%	0.64%
China (CSI 300)	3,921.76	1.95%	-0.33%
Saudi (TASI)	11,068.27	4.31%	-8.04%
Abu Dhabi (ADX)	9,886.23	3.92%	4.96%
Dubai (DFM)	5,683.90	6.21%	10.18%

## News from the markets

It was a week that began with relief — and ended with a warning shot.

Markets were optimistic on Monday after **US announced a ceasefire between Israel and Iran**. This eased global tensions, and US indexes, Nasdaq and S&P 500 reached new highs by midweek. Tech stocks did really well, bond yields dropped, and the U.S. dollar, which was strong at the start, lost strength.

**Oil prices fell sharply by over 11%** as fears about geopolitics eased

Investors thought the trouble was over.

But on Thursday evening, things changed. **Donald Trump stirred up tensions by terminating trade talks with one of their biggest trade partners, Canada**, in retaliation for the country's digital services taxes and threatened to impose a fresh tariff rate on Canada within the next week. Markets, which had been doing great, got nervous.

(Update: On 30<sup>th</sup> June, Canada decided to drop the digital service taxes)

The rally, which was based on peace in geopolitics, suddenly seemed fragile. However, later in the week, **an agreement on a “framework” of trade was announced by both Beijing and Washington** which provided another support to the market strength.

Underneath the good market news, the **U.S. economy showed few cracks last week. Core PCE, the Fed’s favourite gauge, went up by 0.2% in May, higher than the previous month**, and increased to 2.7% for the year — meaning rate cuts probably won’t happen soon. People’s income and spending slowed down. While **fewer people filed new unemployment claims, more people were staying on unemployment longer**, showing the job market might be weakening.

The **Atlanta Fed lowered its growth forecast for the second quarter to 2.9%, down from 3.4%**. The Fed foresees a tough situation with slower growth but persistent inflation — a risk of stagflation. Still, markets kept rising, probably due to perceived strength of the US economy, geopolitical de-escalations and a higher market participation from retail investors.

In Europe, the mood was mixed. **Inflation in France and Spain ticked higher**, mostly from services and energy.

With important inflation data for the Eurozone and Germany coming soon, the ECB is being cautious. ECB President Lagarde warned that service inflation is still stubborn. The Euro Stoxx 50 index rose 2.18%, following Wall Street’s lead, but policy uncertainty and labor market concerns remain.

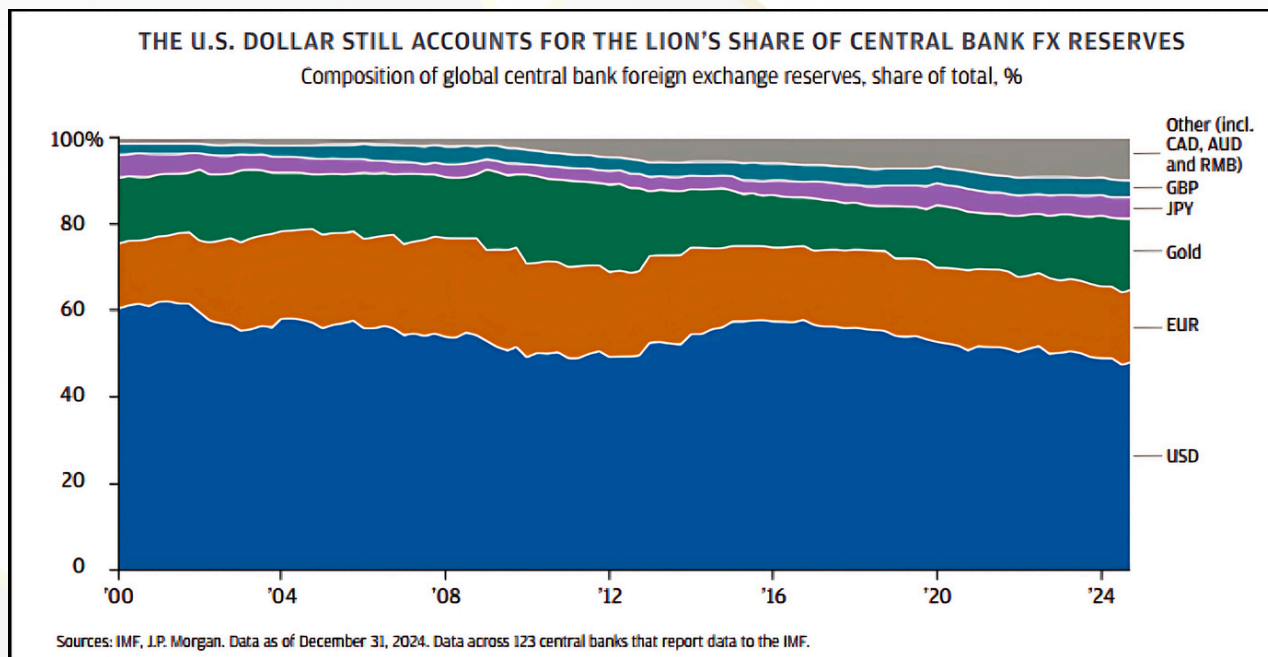
India joined the global market rise. The Sensex jumped 1,650 points (2%) to 84,059, and the Nifty gained 525 points (2.09%) to 25,638. Small companies led the gains, with the Nifty Smallcap 100 up 4.3%. Metals, commodities, and infrastructure sectors also saw strong gains. Lower oil prices, a steady Indian Rupee, and foreign investor inflows supported the rally.

## Key economic events coming this week

June 30 <sup>th</sup>	<ul style="list-style-type: none"><li>• China Manufacturing &amp; Services PMI (Jun)</li><li>• Germany CPI (Jun)</li></ul>
July 01 <sup>st</sup>	<ul style="list-style-type: none"><li>• EUR CPI (Jun)</li><li>• US Manufacturing PMI (Jun)</li><li>• US Job Openings (May)</li></ul>
July 02 <sup>nd</sup>	-
July 03 <sup>rd</sup>	<ul style="list-style-type: none"><li>• US Services PMI (Jun)</li><li>• US Nonfarm Payrolls (Jun)</li><li>• US Unemployment Rate (Jun)</li><li>• US Markets Early Close (Independence Day)</li></ul>
July 04 <sup>th</sup>	<ul style="list-style-type: none"><li>• US Markets Closed (Independence Day)</li></ul>



## Chart of the Week



The U.S. dollar dominates global reserves at 60%, covers 85% of trade finance, and benefits from America's economic and political stability. Yet rising fiscal risks and a record 61% of investors expecting depreciation point to a gradual dollar decline ahead.

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