

Weekly Market Report For 4 - 6 June 2025

Overview




- ❖ S&P 500 surpassed 6,000 points on US-China trade talks and strong jobs data.
- ❖ US and Chinese officials will be in London on June 9, to talk about the trade dispute between the two countries.
- ❖ Tesla plunged 14% on the feud between President Trump and Elon Musk on the One Big Beautiful Bill Act.
- ❖ ECB cut interest rates by a quarter point to 2%, likely to cut again in September.
- ❖ China PMI continued to show contraction as Trump tariffs hit.
- ❖ New South Korea leader focuses on economic stimulus, KOSPI gained.


Market Brief



 **Last week, S&P 500 rose above 6,000 points**, the level last seen in February, while the 10-year US Treasury yield climbed to 4.5% and the dollar gained, driven by renew hopes for a US-China trade deal and a stronger-than-expected US jobs report.


 **US-China trade talks progress**

- o President Donald Trump spoke over the phone with Chinese leader Xi Jinping and agreed to resume trade talks.
- o China urged the US to remove some restrictions e.g. limit the access of Chinese companies to technology, aggressively revoke visas of Chinese students. Trump has accepted an invitation to visit China.
- o Delegations from both countries planned to meet in London on June 9.


 **Mixed US economic data**

- o The ISM Services PMI declined to 49.9 in May, the lowest level in one year.
- o Private sector added just 37,000 jobs, below expectations.
- o Nonfarm Payrolls increased by 139,000 in May, more than expected. Unemployment rate held at 4.2% and worker pay grew more than expected.
- o Early signs of softening are beginning to emerge. Employment in manufacturing decreased by 8,000 and government lost 22,000 jobs (the sharpest rate since 2020). However, employment in service sector, especially tourism and healthcare, remains resilient.


 **Tesla's stock price plunged by 14%** after Elon Musk criticized the One Big Beautiful Bill Act that will eliminate EV vehicle credits and increase federal deficits. Trump threatened to cut off government contracts with Musk's companies.

 **Europe**

- o The ECB cut its policy rate by 0.25%, sending its deposit facility rate to 2.0% as expected. The decision came after new figure showed the bloc's inflation eased to 1.9% in May, falling below the ECB's target.
- o The central bank lowered its inflation forecast to 1.6% in 2026 and downgraded its projection for next year GDP growth. It expected government investment and military spending would support medium-term growth.
- o Traders expected the ECB will cut interest rates again in September.

 **China**

- o Caixin manufacturing PMI fell to 48.3 in May, missing forecasts of 50.6, as tariffs dent sentiment.
- o Inventories increased for the first time in 4 months.
- o Official manufacturing PMI went up to 49.5 from 49.0, marking the second straight month of contraction.

 **South Korea**

- o Opposition's Lee Jae-Myung has won snap election and will become South Korea's next president. He stressed on stabilizing relation with the US, China, and North Korea.
- o Goldman Sachs expected the new government will pursue economic stimulus and corporate governance reform.
- o KOSPI ended higher on election results.

 **WTI jumped 6.2% last week**, the first gain in 3 weeks, bolstered by strong US jobs data and renew US-China trade talks.

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