

Weekly Market Report For 9 - 13 June 2025

Overview



- ❖ Israel-Iran conflict sent global shares lower, while crude oil and gold prices jumped.
- ❖ US done deal with China, wait for signatures.
- ❖ Investors focus on trade negotiations between the US and other trading partners.
- ❖ US inflation rose less than forecasted, Fed seen on track to resume rate cuts.
- ❖ Japanese economy contract less than thought, BOJ to keep rate on hold.
- ❖ China inflation dropped, exports to the US plunged.

Market Brief



-  **Global stock markets fell last week due to Middle East tensions.** Israel launched airstrike on Iran's nuclear plants and defense infrastructures that killed and injured several people. Iran retaliated by launching barrages of ballistic missiles and drones at Israel. The two countries continued to trade strikes and led to airspace closures and put both countries on high alert.
- o Oil surged 13% as Israel-Iran conflict stokes supply concerns and gold gained 3.2% as investors move toward haven assets.
 - o The US has denied involvement in Israel's attack against Iran and emphasized the its top priority is protecting American forces in the region.
 - o G7 leaders meeting in Canada have urged both countries to step back from further escalation and find a diplomatic solution.

-  **US-China trade talks**
- o Trump announced a trade deal with China is done and is awaiting the signatures of US President Donald Trump and his Chinese counterpart, Xi Jinping.
 - o Under the latest agreement, US tariffs will be lowered from 145% to 55% for China. In return, Beijing will impose a 10% tariff on goods it imports from the US, down from 125%. Additionally, China will supply the US with rare earth and the US will allow Chinese students to continue attending US universities.

-  **Although US-China trade tensions have eased, market is still watching the US's stance towards other trading partners.**
- o US President Donald Trump said he would send letters to trading partners to inform about his unilateral tariffs, which are set to kick in after his previously paused reciprocal tariffs deadline on July 9.
 - o The announcement raised concerns that unilateral tariffs could renew trade anxiety. Wall Street is still closely following the latest twists and turns in Trump's tariff policy in the hunt for clarity.

-  **Meanwhile, Trump's most sweeping tariffs continue to face legal uncertainty, a federal appeals court held a decision saying his tariffs can temporarily stay in effect and set a tentative expedited date to hear oral arguments on July 31.**

-  **US**
- o Inflation eased in May. Core CPI increased less than expected, +0.1% MoM and +2.8% YoY. Headline CPI +0.1% MoM and +2.4% YoY due mainly to lower energy prices.
 - o As tariffs have not yet had a substantial effect on prices and PPI edged up slightly, markets expected the Federal Reserve will cut rate again this year, while President Trump again urged the Fed for a jumbo rate cut to boost the economy.

-  **Japan**
- o Japan's economy contracted by 0.2% in 1Q25, performing better than the initial estimate of a 0.7% decline. Domestic consumption grew amid fragile consumer confidence due to high uncertainty over exports and rising inflation.
 - o The BOJ is expected to keep rate steady amid fragile economy and uncertainty over US trade deals.

-  **China**
- o Headline inflation dropped by 0.1% YoY in May, marking the 4th straight month of consumer deflation, and highlighting weak domestic demand. PPI contracted for the 32nd consecutive month and the steepest decline in nearly 2 years, driven by lower oil, raw materials and chemical products prices.
 - o Exports rose by 5% YoY in May, below market expectations of 6% as shipments to the US plunged 34.4% YoY – the steepest fall since February 2020. Meanwhile, exports increased to ASEAN countries and the EU.

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