

Weekly Market Report For 16 - 20 June 2025

Overview



- ❖ US bombs three nuclear sites in Iran, President Donald Trump will decide whether to join the Israel-Iran war within the next two weeks.
- ❖ Oil prices surge amid fears of potential Strait of Hormuz closure.
- ❖ US futures slide on Monday 23rd June morning, US dollar gains.
- ❖ SET Index dropped, dragged by both internal and external factors.
- ❖ Fed keeps rate steady at 4.25%-4.50%, sees two additional cuts in 2025.
- ❖ BOJ keeps policy rate at 0.5%, BOJ to slow pace of bond-buying reduction.
- ❖ BOE votes 6:3 to maintain benchmark interest rates at 4.25%, next cut is expected in August.

Market Brief



 **Last week, global stock markets remained volatile amid prolonged Middle East conflict.**

 **US and Israel-Iran conflicts**

- o At the end of last week, President Donald Trump said he will decide whether to get directly involved in the Israel-Iran conflict within the next two weeks.
- o However, tensions escalate at the end of the week as the US has carried out a bombing attack on three Iran's nuclear sites, namely, Natanz, Isfahan and Fordow.
- o Iran's parliament supported a proposal to close the Strait of Hormuz, leaving the final decision to Iran's Supreme National Security Council. Oil prices jumped amid fears of the closure as the Strait of Hormuz is a vital artery for the global energy market, with roughly 20% of the world's total oil consumption passing through it.
- o US futures dropped on Monday 23rd June morning, while the dollar strengthened.

 **SET Index fell last week due to concerns over internal and external factors. Domestic political turmoil led to government instability.**

 **Major central banks decisions**

- o **US Federal Reserve (Fed)**
 - o The Fed left the federal funds rate unchanged at 4.25%–4.50% as expected. The central bank downgraded its GDP growth forecast for 2025 from 1.7% to 1.4%.
 - o Fed officials raised core PCE projection to 3.1% and raised its forecast for the unemployment rate to 4.5%.
 - o Fed dot plot signals two cuts later this year and one additional cut in 2026. Fed officials' diverging views has left market confused.
 - o Fed is expected to maintain its wait-and-see stance before taking further actions. Tariffs impact should be the main concern as it will affect goods prices and overall economic activities.
- o **Bank of Japan (BOJ)**
 - o The BOJ put its policy rate on hold at 0.5% as expected.
 - o The central bank reaffirmed its plan to cut Japanese government bond purchases by JPY400 billion each quarter through March 2026. Starting April 2026, it will then slow the reduction to JPY200 billion per quarter.
 - o Goldman Sachs expected the BOJ to raise rates again in 1Q26.
 - o Japan announced trimming issuance of super-long bonds, which help cooling pressure on super-long yield.
- o **Bank of England (BOE)**
 - o The BOE's Monetary Policy Committee votes by a majority of 6 to 3 to keep its benchmark interest rate unchanged at 4.25%. Three members supported a 25bps cut.
 - o Markets expect the BOE to deliver next cut in August and one more cut at the end of the year.

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