



Your Income Advantage

13<sup>th</sup> June 2025



## Overview of the US Market

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The US stock market snapped a two-week winning streak as investors piled into safe haven assets after Israel launched military strikes on Iran, followed by retaliation from Tehran, with traders fearing the clash may spiral into a wider global and economic conflict.

The S&P 500 Index sank 1.1%, its worst session since May 21, while the Nasdaq 100 Index declined 1.3%. A basket tracking the Magnificent Seven stocks fell about 0.8%, with Nvidia Corp., Apple Inc., Alphabet Inc., Microsoft Corp., Meta Platforms Inc. and Amazon.com Inc. all declining. Tesla Inc. was the only stock that posted gains in the group, advancing 1.9%. For the week, the S&P 500 declined 0.4%, while the Nasdaq 100 dropped 0.6%.

Safe-haven assets such as gold, government bonds, the Japanese yen and the Swiss franc strengthened as the attack spurred investors to pare down risk. Spot gold rose 1.7% to \$3,459.50 per troy ounce, and U.S. Treasury yields climbed after an initial retreat overnight; the yield on the 10-year Treasury note traded around 4.387%, up about three basis points from Thursday's U.S. settle.

Brent crude futures rose 6.8% to \$74.08 a barrel while the U.S. oil gauge West Texas Intermediate was up 7% at \$72.81 a barrel, both benchmarks having surged as much as 13% earlier in the trading session before paring gains. European benchmark natural-gas prices based on the Dutch TTF futures contract were up 5.4%. U.S. natural-gas futures were up 1.7% in a muted response to the turmoil.

Ten of the 11 sectors in the S&P 500 fell, driven by losses in financial, technology and real estate stocks. Energy was the lone gainer, with crude prices soaring as much as 13% and sending oil majors like Exxon Mobil Corp. and Chevron Corp. higher. Defense stocks Rtx Corp. and Lockheed Martin Corp. also rose. Airline shares from Delta Air Lines Inc. to American Airlines Group Inc. slid 3.8% and 4.9% respectively following Israel's attacks. Travel stocks like Royal Caribbean Cruises Ltd., Carnival Corp. and Norwegian Cruise also fell.

Israel attacked Iran's nuclear program and military sites, escalating regional tensions.

Energy stocks and defense stocks gained. Shares of Occidental Petroleum rose 3.8%, tracking the surge in oil prices. Defense contractors Lockheed Martin and Northrop Grumman also rallied 3.7% and 3.9%, respectively, following Israel's attack. Israel relies on Lockheed Martin for its primary attack jet.

## Overview of the Australian Market

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The S&P/ASX 200 institutional index finished 17.7 points lower at 8,547.4, roughly mid-range, 0.26% from its session low and 0.35% from its high. In the broader-based S&P/ASX 300, advancers lagged decliners by a conclusive 87 to 194. For the week, the index finished up 31.7 points or 0.37% higher, 0.37% from its intraweek low and a disappointing 1.07% from its intraweek high.

Iran-Israel geopolitical risk escalation drove investors towards safety, with Utilities (+4.2%) and Staples (+0.25%) outperforming the broader market

Gold prices holding steady, currently up 1.2% (session highs of 1.7%), with the All-Ords Gold Index up 4.2%. This move on gold price had positive impact of listed gold stocks.

Brent crude is currently 5.5% higher to US\$74.1 a barrel, down from session highs 11.6%. Nevertheless, this drove considerable upside for energy stocks (XEJ up +4.7%).

## **Overview of the US Bond Market**

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U.S. Treasury yields started Friday 13<sup>th</sup> session modestly higher, in relatively calm trading considering Israel's attack on Iran. Israel's attacks seem to have spared Iran's oil infrastructure, a decision that could limit the conflict's implications for the global economy, at least initially.

Increasing attention to the possibility of a Fed rate cut amid some weaker data this week—although the market still deems a rate cut next week highly unlikely. The 10-year yield trades near 4.387%, versus 4.357% Thursday, and the two-year yield is near 3.941%, up from 3.904% a day ago.

U.S. Treasury yields edge lower as investors search for safe havens following Israel's attack on Iran's nuclear facilities. Falls are contained, however, as investors await next week's Federal Reserve announcement for guidance on the outlook for interest rates. The Fed to keep the policy rate range at 4.25%-4.50%. Money markets aren't pricing in a rate cut until September at the earliest, LSEG data show.

The University of Michigan said Friday its preliminary index of consumer sentiment for June was 60.5, up from 52.2 in May, and higher than the 54.0 level forecast by economists polled by The Wall Street Journal.

## **Overview of the Australian Bond Market**

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Markets are now almost certain of a July interest rate cut after a week of underwhelming economic data, as the RBA's former chief economist Luci Ellis questions whether the Central Bank has waited too long to ease policy. Financial markets now ascribe a 97% chance that the RBA will deliver the third rate cut this year when the board next meets July 7 to 8, cutting the cash rate to 3.6% from 3.85%.

Bets on another rate cut shot up last week after data released on Wednesday showed that GDP grew by just 0.2% in the first three months of the year, far short of the RBA's expectation for an expansion of 0.45%. The figures were followed by separate data on Thursday, showing consumer spending barely grew in April, with economists warning the uncertainty from Donald Trump's trade war could cause both businesses and households to rein in spending. Financial markets predict the central bank will cut the cash rate to 3.1% by the end of the year.

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