

ASAS CAPITAL
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WEEKLY UPDATE

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W E E K L Y U P D A T E

✦ MUSINGS

“We all want survival, safety, security, peace, prosperity, opportunity, health, happiness, and love. Yet we seem utterly unable to produce it for any but the tiniest minority of us – even after trying for thousands of years.”

NEALE DONALD WALSCH

📈 LAST WEEK IN THE MARKETS

Name	Closing Level	Weekly Change	YTD Change
S&P 500	7,501 ▲	0.93% ▲	9.57% ▲
Nasdaq Composite	26,517.93 ▲	2.43% ▲	14.09% ▲
10Y UST Yield	4.455 ▼	-0.62% ▼	7.01% ▲
Crude oil	84.28 ▲	11.61% ▲	46.83% ▲
Gold	4,155.40 ▼	-1.50% ▼	-3.76% ▼
DXY	100.76 ▲	0.96% ▲	2.52% ▲
USD/INR	94.31 ▼	-0.83% ▼	4.98% ▲
Bitcoin	63,487 ▼	-0.07% ▼	-27.44% ▼
Euro STOXX 50	6,291.45 ▲	1.75% ▲	8.23% ▲
India (Nifty)	24,013 ▲	1.65% ▲	-8.10% ▼
Japan (Nikkei)	71,250.00 ▲	7.92% ▲	41.54% ▲
China (CSI 300)	4,976.10 ▲	4.16% ▲	0.66% ▲
Saudi (TASI)	11,121.10 ▲	0.72% ▲	6.01% ▲
Abu Dhabi (ADX)	10,016.80 ▲	2.16% ▲	0.24% ▲
Dubai (DFM)	6,163.50 ▲	3.52% ▲	1.92% ▲

📰 NEWS FROM THE MARKETS

Fed Recalibrates Expectations as Geopolitical Risk Eases

Global markets had a mixed but constructive week as investors balanced two competing forces: easing geopolitical concerns after the US-Iran ceasefire and a more cautious message from the US Federal Reserve. The immediate fear of a major disruption to energy supplies eased, with shipping activity through the Strait of Hormuz beginning to normalize. This reduced the risk of a sharp inflation shock and supported risk assets. However, the Fed's June meeting reminded investors that inflation remains the central challenge.

The global economy continues to show resilience. The US economy is expanding at a solid pace, supported by productivity gains, business investment and a still-healthy labor market. Europe remains weaker but is benefiting from lower energy prices. China remains the main global growth concern, with property weakness and softer consumer confidence limiting momentum. The key market debate has shifted from “when will central banks cut rates?” to “can inflation fall enough to allow easier policy?”

US Equities: AI Leadership Continues, but Fed Caution Creates Volatility

US equities ended the week higher despite a sharp reaction to the Federal Reserve decision, continuing to benefit from enthusiasm around artificial intelligence investment.

Technology remained the strongest area of the market. Semiconductor and AI infrastructure companies continued to attract investor interest as spending on data centers and computing capacity accelerates.

Beyond technology, industrial companies tied to infrastructure investment performed well. Names linked to electrification, grid upgrades and automation remained favored.

However, the market reaction to the Fed showed that valuations remain sensitive to interest rates. Growth stocks, particularly those trading on high earnings multiples, remain vulnerable if rates stay higher for longer.

US Fixed Income and Credit: Fed Pushes Back Against Early Rate-Cut Expectations

The main event of the week was the Federal Reserve’s June FOMC meeting. The Fed left interest rates unchanged at 3.50%–3.75%, marking the fourth consecutive meeting without a change. The decision was unanimous. The more important message was the shift in tone:

- The Fed acknowledged that economic activity remains solid
- Labor markets remain stable
- Inflation remains above the 2% target
- Energy-related price pressures remain a concern

The Fed’s projections became more cautious. **Policymakers indicated that the next move could potentially be a hike rather than a cut, with markets now pricing a higher probability of rates remaining elevated through 2026.**

Bond markets reacted accordingly. Treasury yields moved higher, the US dollar strengthened, and rate-sensitive sectors faced renewed pressure

Credit markets remained stable, and investment-grade bonds continued to attract demand due to attractive yields.

International Equities: Europe Benefits, China Remains the Weak Link

International equities generally followed the improvement in geopolitical sentiment, although regional performance varied. **European markets benefited from lower energy prices and reduced recession concerns.** Lower oil prices are particularly supportive for energy-importing economies such as Germany and Italy. European industrial and consumer sectors received a boost from expectations of improved business confidence.

Japan remained one of the stronger developed markets, supported by corporate governance reforms, shareholder returns, and strong earnings trends

Emerging markets were mixed. India attracted investor interest due to strong domestic growth, infrastructure spending and manufacturing momentum. China remained the main drag, with investors still cautious about property-sector weakness and domestic consumption.

Overall, international markets are benefiting from a weaker geopolitical risk premium, but investors continue to prefer markets with stronger structural growth stories.

Oil: Sharp Correction as Supply Fears Ease

Oil was the biggest mover of the week. **Brent crude fell sharply after the ceasefire reduced fears of a prolonged disruption in Middle East energy flows.** Prices moved below recent highs, with Brent trading around the US\$75–80 per barrel range.

The decline reflected lower probability of a prolonged Hormuz disruption, reduced risk premium and improved expectations for global supply availability. Energy equities underperformed as a result. However, oil markets remain highly sensitive. Any breakdown in the ceasefire or renewed shipping disruption could quickly reverse the recent decline.

Gold: Still Structurally Strong Despite Fed Pressure

Gold had a volatile week as investors balanced two opposing forces. The recent pullback was driven less by weakness in the long-term gold story and more by changing expectations around US monetary policy. Factors that are putting downward pressure on prices include a stronger US dollar, higher interest-rate expectations, and reduced immediate geopolitical risk. Gold equities also remained under pressure as bullion corrected.

In our view, the broader investment case remains intact: gold continues to serve as portfolio insurance against geopolitical shocks, currency concerns and fiscal instability. However, **near-term weakness driven by expectations of higher interest rates cannot be ruled out.**

Looking Ahead: Key Events That Could Move Markets

Investors will focus on several important developments in the week ahead:

Economic data

- US inflation data (PCE inflation)
- Labor market indicators
- Consumer spending data

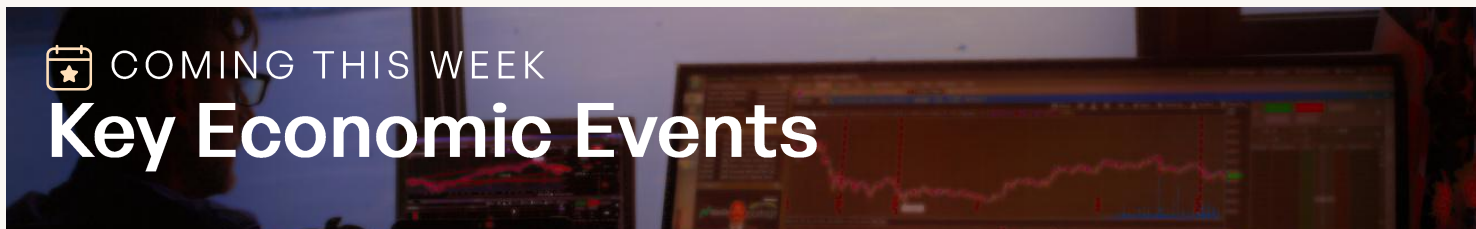
Central banks

- Further commentary from Fed officials after the June meeting
- Guidance on whether inflation progress is sufficient for future easing

Geopolitics

- Durability of the US-Iran ceasefire
- Oil shipping activity through Hormuz
- Any escalation risks in the Middle East

The week highlighted a key shift: geopolitical risk has eased, but monetary policy remains the dominant driver. Investors are increasingly comfortable taking risk, but the Fed has reminded markets that the path to lower rates will be slower and more uncertain than previously expected.



June 22nd	• —
June 23rd	<ul style="list-style-type: none"> • Euro Area PMI Data (Jun) • US PMI Data (Jun) • UK PMI Data (Jun) • Japan PMI Data (Jun) • India PMI Data (Jun) • FedEx, Cerebras Systems earnings
June 24th	<ul style="list-style-type: none"> • US Crude Inventory Data • Micron Technology earnings
June 25th	<ul style="list-style-type: none"> • US GDP Data (Q1) • US Core PCE Data • ECB General Council Meeting • US Jobless Claims Data
June 26th	<ul style="list-style-type: none"> • US Michigan Consumer Sentiment

CHART OF THE WEEK



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