



Global Markets

Geopolitical Turbulence and Resilient Equities

Geopolitical risk returned to the forefront in June as US airstrikes on Iran briefly rattled markets, propelling oil prices over 12% higher mid-month. As tensions de-escalated, Brent crude retreated to approximately \$68 per barrel by month-end. Gold prices also surged, touching record highs above \$3,450 per ounce before consolidating gains. Despite heightened volatility, US equities extended their upward trajectory. The S&P 500 advanced 4.96%, and the Nasdaq climbed 6.27%, supported by robust earnings among mega-cap technology companies and optimism surrounding tax and regulatory reforms. The Magnificent 7 Index rallied 7.55% during the month alone. However, persistent tariffs and a widening fiscal deficit stoked investor caution and fueled inflation concerns.

European equities underperformed, weighed down by political uncertainty and mixed corporate earnings. In Asia, Taiwan and Korea continued to outperform, buoyed by resilient technology exports. Chinese markets also advanced, benefiting from policy stimulus measures and renewed enthusiasm for artificial intelligence sectors.

Bonds and Commodities Diverge as Policy Uncertainty Deepens

Fixed income markets remained under pressure, as deficits and inflationary forces pushed yields higher. The US 10-year Treasury yield peaked at 4.41% in mid-June before easing marginally.

Credit markets showed relative resilience, with high-yield bonds bolstered by solid corporate earnings expectations. Commodities were mixed: while oil closed broadly unchanged versus May despite sharp swings, gold retained its safe-haven appeal, and industrial metals posted modest gains amid cautious growth sentiment.

Navigating Forward: Balancing Opportunities and Challenges

Looking ahead, resilient corporate earnings and pro-growth policy measures continue to underpin market momentum. However, the environment remains complex. Tariffs and supply chain disruptions are adding pressure to input costs, while a fiscal deficit exceeding 6% of GDP underscores the need for prudent policy management. Even so, steady consumer demand, robust innovation investment, and strong corporate profitability provide a constructive backdrop for the second half of 2025. Investors remain vigilant but are uncovering selective opportunities as the global economy adapts to evolving dynamics.



Regional Markets

Equities Rebound as Investor Sentiment Strengthens

Saudi equities staged a recovery in June, with the Tadawul All Share Index (TASI) rising 1.58% to close at 11,163 points. This rebound marked a significant improvement over May's declines and reflected firmer investor sentiment as oil markets stabilized and domestic economic indicators strengthened. Gains were led by energy and materials stocks, which recovered from prior geopolitical volatility, while telecoms and real estate delivered mixed performance.

Non-Oil Economy Maintains Strong Momentum

Economic fundamentals remained solid through the month. The Riyadh Bank Saudi Arabia Purchasing Managers' Index climbed to 57.2—the highest reading in three months—signaling robust non-oil sector expansion. New orders, output, and employment all registered gains, underscoring the resilience of domestic demand. Market turnover also improved, rising 16% month-on-month to SAR 145.7 billion and reflecting healthier trading activity.

Funding Innovation and Positive Economic Outlook

June saw the Public Investment Fund launch its inaugural commercial paper program, diversifying funding sources and highlighting the continued maturation of Saudi capital markets. The International Monetary Fund further raised its GDP growth forecast for 2025 to 3.5%, driven by strong non-oil activity and progress on transformative large-scale projects.

Despite ongoing global uncertainties and oil price volatility, resilient equity performance, buoyant PMI data, and steady credit growth point to sustained economic momentum heading into the second half of the year.



Global Market Indices

Global Data: As
End Of: 30-June-25

Saudi Market
Data: As End Of: 30-June-25

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2022 (%)	2023 (%)	2024 (%)
World	DJIM World TR	11,546.99	5.1	5.8	10.2	15.5	16.9	12.3	11.3	(24.2)	27.0	18.0
Developed	DJIDEV TR	6,650.55	5.1	5.6	9.9	15.7	17.9	13.3	11.9	(24.2)	29.4	18.5
Emerging Markets	DJIEMG TR	5,702.88	5.2	8.2	13.7	13.6	7.2	4.3	6.0	(24.2)	6.4	13.3
Saudi	TASI	11,163.96	1.6	(7.2)	(4.4)	(1.3)	(1.6)	9.1	2.1	(6.4)	14.2	0.6
NAREIT	All REITS (EM Inc) TR	3,193.52	1.3	6.9	12.3	8.6	4.2	5.2	3.8	(23.6)	9.8	1.6
GSCI	All Commodities	543.14	3.5	(1.2)	(6.1)	0.2	(8.5)	10.8	2.1	8.7	(12.2)	2.6
Currencies	Euro	1.18	3.9	13.8	10.0	3.9	4.0	1.0	0.6	(5.8)	3.1	(6.2)
	Yen	144.03	(0.0)	9.1	11.7	0.1	(2.0)	(5.6)	(1.6)	(12.2)	(7.0)	(10.3)
	GBP	1.37	2.0	9.7	8.6	4.0	4.1	3.6	1.7	(10.7)	5.4	(1.7)

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