Purple Patch

JUNE 2025

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In the News: Dollar weakness

If you were hoping for the quiet life and less turmoil in June, you were terrifyingly disappointed.

As bombs rained down on Iran, Gaza, Lebanon, Israel and Ukraine, it was hard not to get caught up in the "world on a war footing" rhetoric. Seeing beyond to a lasting ceasefire let alone lasting peace takes some vision.

But markets do try to look beyond the headlines and market reaction to all the events is perhaps not as we may have predicted. The oil price fell after the US bombs hit the Iranian nuclear bunkers (although it had risen prior to that) and US equity markets (in dollar terms) are pushing new highs, as was the FTE 100 before falling back. It would also seem that there is a level of ambivalence to the looming end to the pause on tariffs, on 8 July, to which there has been little, if any, progress given everything else that has occupied the US President.

As the One Big Beautiful Bill Act makes its way through the Senate, the other story rumbling in the background is the slide of the US dollar. There are many factors affecting the dollar but the more isolationist stance of the President stands out, something he is not uncomfortable with (and seems to be positively chasing). Afterall, a weak dollar helps to offset those trade imbalances (imports are more expensive, exports cheaper) even if it does encourage the repatriation of capital from the US. The Bank of America Global Fund Manager Survey showed that fund managers held their biggest underweight US dollar position in 20 years.

In the UK, the Prime Minister announced a military revamp, including £15bn into the nuclear warhead programme, to move to "war-fighting readiness". However, Keir Starmer's attempted benefit reforms were pared back following significant pressure from his own party and that after the reversal of his winter fuel cuts.

In Europe, the ECB cut interest rates but cautioned against further rate cuts, stating the upside pressure on inflation.

Market Stats

Bonds Yields and Rates

	30 June	12M ago	36M ago
BOE Base Rate	4.25%	5.25%	1.25%
FED Base Rate	4.50%	5.50%	1.75%
ECB Base Rate	2.15%	4.25%	0.00%
UK 10 Yr Yield	4.51%	4.15%	2.29%
US 10 Yr Yield	4.23%	4.39%	3.02%

Equities

	1 Month	12 Months	36 Months
FTSE World (USD)	4.4%	14.6%	16.2% p.a.
S&P500 (USD)	5.0%	13.6%	17.9% p.a.
FTSE100	-0.1%	7.3%	6.9% p.a.

Source: Investing.com, Bank of England, Federal Reserve (upper), ECB (refinancing rate), MSCI

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Sports News (because it is not all about work)

Cricket: England won a thrilling test match at Headingly, beating India by 5 wickets in the final session on day 5.

Tennis: Spain's Carlos Alcaraz beat Jannik Sinner in 5 sets to win the French open. American Coco Gauff won the women's event, beating Aryna Sabalenka.

Golf: JJ Spaun won golf's US open with a 64 foot put on the 18th hole.

Rugby Union: Bath beat Leicester Tigers at Twickenham to win the English Premiership title.

Rugby League: Hull KR beat Warrington Wolves to win a low scoring Challenge Cup final at Wembley.

And finally…. A good news story

Researchers at Kew and Queen Mary University in London have found that a new generation of ash trees, growing naturally, is showing greater resistance to ash dieback. The disease, which arrived in the UK in 2012, was expected to affect 85% of ash trees but natural selection seems to be providing hope that the trees will not succumb unlike the poor old elm did to Dutch elm disease.

Quote for the Month

"Better stop dreaming of the quiet life 'cause it's the one we'll never know."

The Jam, Town Called Malice (1981)

Stat of the Month

140

Average minutes per day spent on social media platforms across 5.3bn users (there are one or two on LinkedIn clocking this up!)

Source: Social Pilot