June 2025

Monthly Market Commentary

Summary

1. Global markets have recouped most losses caused from tariffs implemented on "Liberation" day.
2. International equities remain strong compared to US equities
3. Growth continues to slow while inflation is expected to rise marginally over the coming months
4. Tariffs, geopolitical tensions, and rates remain the primary concerns to watch

Now that we celebrated the best holiday of the year, we get to celebrate all the fathers out there! With the summer weather upon us, we hope that you can celebrate Father's Day outside and with your family! Take time to enjoy these summer months, it goes quick and before you know it the 4th will be here! As always, we wish you continued health and happiness in 2025! Cheers!

Global asset markets staged an aggressive comeback in the month of May, after a volatile month prior, recovering most losses and are back above pre-liberation day levels. International equities remain strong this year relative to US equities as relative valuations are lower and the dollar weakness has provided a further tailwind. Some of the strength can also be attributed to the economic weakness witnessed relatively over the past several years, that is just starting to inflect higher as central banks are more accommodative than the US, where the FED remains on a pause as inflation remains a concern while it's not been the same for most international economies. On the economic side, growth continues to slow and is expected to trough in the coming months while inflation remains above trend and is expected to rise marginally over the coming months. With this backdrop, fixed income remains an area of concern with the debt and deficits rising at an unsustainable rate. With the administration set to unleash a fresh round of spending with the tax bill, financing the debt should be a concern going forward unless there is at least some offset from tariff revenues and reshoring that does not derail the goal by slowing down the global economy to an extent it is counterproductive to revenue for the government. Threading this needle is no easy task and it remains to be seen if the administration will be able to achieve it successfully. In short, we believe policy in the near term will be a tailwind for economic growth and support earnings to a much higher degree than what is currently consensus expectations. Risk of escalations of tariffs, geopolitical tensions and rates remain the primary concerns to watch as valuations are back to somewhat stretched levels once again.