

Monthly Market Review

JUNE 2025

Equity markets showed remarkable resilience over the 2025 financial year (FY25). Despite volatility and uncertainty regarding global policy developments and heightened geopolitical tensions, U.S. equity markets closed FY25 at all-time highs (up 5% in June and 13.6% over the year). Over the June quarter, the S&P 500 Index rebounded strongly from the “Liberation Day” sell-off in April, supported by easing trade tensions, falling inflation, and better-than-expected U.S. corporate earnings.

The Nasdaq Composite Index – which has a heavier weighting to technology and AI companies – outperformed, rising 6.6% in June, closing FY25 up 14.9%. The S&P/ASX 200 Accumulation Index gained 1.4% in June and 13.8% over FY25. Emerging markets also posted strong returns, buoyed by gains in Hong Kong, China, and South Korea, alongside a weaker U.S. dollar.

Investor optimism was further supported by the anticipated passage of President Trump’s One Big Beautiful Bill Act (OBBBA) and potential budget amendments. However, uncertainty around trade policy tempered this enthusiasm. The interaction between the OBBBA (which supports economic growth but increases U.S. government debt) and tariffs (which increases inflation and ultimately slows growth) continues to cloud the U.S. Federal Reserve’s (Fed’s) economic projections and path to further interest rate cuts. The Fed has held rates steady since December but forecasts two rate cuts later in 2025.

Geopolitical tensions added complexity to investment markets, with the Israel-Iran conflict briefly prompting a flight to safe-haven assets and a spike in oil prices in June. Brent Crude closed the month up 5.8%, and West Texas Intermediate Crude up 7.1%. The price of both fell 21.8% and 20.1% respectively over FY25. Gold closed June broadly flat (+0.4%), rising 42% over FY25. The U.S. Dollar Index (DXY) declined 2.5% in June and is down 10.7% since the start of January – its worst rolling six-month decline since August 2009. Volatility in the bond market increased, and the Bloomberg Global-Aggregate Total Return Index delivered 0.9% in June, to close FY25 up 5.4%. Australian bonds outperformed over FY25 closing up 6.8% (+0.7% in June) as measured by the Bloomberg Global-Aggregate Total Return Index Value Hedged (AUD).

Australia

- The Australian equity market, as measured by the S&P/ASX 200 Accumulation Index, rose 1.4% in June (+9.5% June Quarter (Q4)) and closed the month 0.9% below its record high. Energy (+9.0%), Financials (+4.3%) and Communications (+1.6%) outperformed, while Materials (-3.1%), Consumer Staples (-2.3%) and Utilities (-1.3%) lagged the index.
- Australian bonds ended the month slightly higher, with the Bloomberg AusBond Composite Index (AUD) rising 0.7% in June. Over FY25, the Index delivered 6.8% (+2.6% in Q4).
- Australian GDP grew by a slower than expected 0.2% in the March 2025 quarter (+1.3% for the year). Extreme weather events reduced household consumption and exports. Weather impacts were particularly evident in mining, tourism and shipping.
- Monthly Australian CPI for May 2025 eased to 2.1% year-over-year, while trimmed mean inflation dropped to 2.4%, below the midpoint of the Reserve Bank of Australia’s (RBA) 2% to 3% target range.
- At the 19 to 20 May meeting, the RBA delivered its second rate cut in FY25 – lowering rates by 25 basis points to 3.85%. While the rate cut was expected, the Board’s dovish sentiment was surprising. *“The Board judged that the risks to inflation have become more balanced... The Board*

considered a severe downside scenario and noted that monetary policy is well placed to respond decisively to international developments.”

- The labour market remained relatively tight, with unemployment and underemployment measures still low compared to pre-pandemic levels. The unemployment rate, seasonally adjusted, remained at 4.1% in May. The Westpac-Melbourne Institute Unemployment Expectations Index rose 5% to 127.4 in June, still broadly positive, but only slightly better than the long-run average of 129 (a higher index reads mean more consumers expect unemployment to rise over the year ahead).
- April retail sales contracted 0.1% month-on-month driven by weak discretionary spending in all states except Queensland. The Westpac Melbourne Institute Consumer Sentiment Index rose slightly, up 0.5% in June to 92.6 – significantly better than the 83.6 recorded in June 2024, but well below the ‘neutral’ level of 100.
- Nationally, residential property price growth continued to rise, increasing 0.6% as measured by the CoreLogic five capital city aggregate. Perth prices climbed 0.8%, followed by Brisbane (+0.8%) and Adelaide (+0.5%). Nationally, residential property prices increased 2.8% over 12 months.

International

- The S&P 500 and NASDAQ Composite indices both hit fresh record highs towards the end of June. The S&P 500 Index climbed 5.0% over the month (+10.6% in Q4), while the NASDAQ Composite was up 6.6% (+17.7% in Q4). Intramonth volatility was heightened, driven by trade, fiscal, monetary and geopolitical developments.
- Within the S&P 500 Index, Information Technology soared (+9.7%) in June, followed by Communication Services (+7.2%) and Energy (4.7%). Consumer staples (-2.2%) and Real Estate (-0.5%) lagged the Index. Over FY25, Financials (+27.4%) was the best performing sector, followed by Communication Services (21.8%) and Industrials (+21.0%). Health Care (-7.5%) and Energy (-7.1%) underperformed.
- Market breadth of the S&P500 remained positive in June – 340 companies closed higher and 163 closed lower. Nine out of 11 sectors gained over the month, and the Magnificent Seven accounted for 47% of the Index’s total return – excluding these companies, total return for June would have been 2.7%.
- The U.S. 10-year bond yield was volatile intramonth, closing June at 4.23% (versus 4.40% at the end of June 2024).
- Headline U.S. annual inflation fell to 2.4% in May (versus 3.3% in May 2024). Core CPI (excluding food and energy) came in below expectations at 2.9% (versus 3.4% in May 2024). The potential impact of tariffs on consumer prices are yet to be reflected in consumer process. U.S. labour market remained resilient, with the unemployment rate falling slightly to 4.1% in June.
- The Fed held rates steady at 4.25% to 4.50% in June taking a wait-and-learn approach, after reducing rates three times (100 basis points in total) in the second half of calendar year 2024. The Fed is forecasting two further rate reductions later this year, despite a mixed outlook for the U.S economy, with expectations of slower economic growth and higher inflation.
- The Euro Stoxx 600 Index fell 1.3% in June, although closing 5.9% higher over FY25. Annual inflation in the Eurozone was in line with expectations at 2.0% for the month. Core inflation – which excludes food, energy, alcohol, and tobacco – remained unchanged at 2.3%, its lowest level since January 2022. The ECB lowered the key interest rates by another 25 basis points in its June meeting but indicated a pause (the ECB has lowered rates eight times (200 basis points) since last June).
- Emerging market equities delivered solid performance in June, climbing 5.7% as measured by MSCI Emerging Markets Index (USD). Over FY25 the index rose 12.6% (+11.0% in Q4). The Hang Seng was the strongest contributor, up 35.9% over FY25 (+3.4% in June).
- The USD Index (the value of the U.S. dollar against a basket of widely recognised, publicly traded currencies) fell 2.5% in June and is down 8.5% over FY25. The Index experienced its largest six-month decline (-10.7%) since 2009. The Australian dollar closed the month at 65.81¢ versus the USD, rising 2.3% in June, but is only slightly higher than a year ago (June 2024 close 64.70¢).

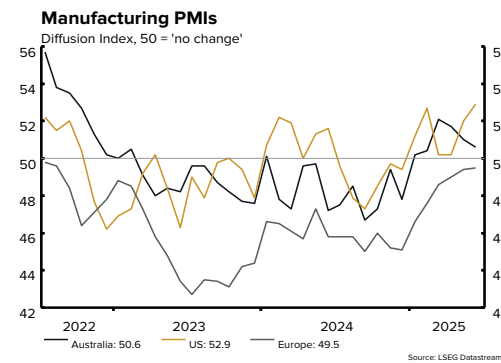
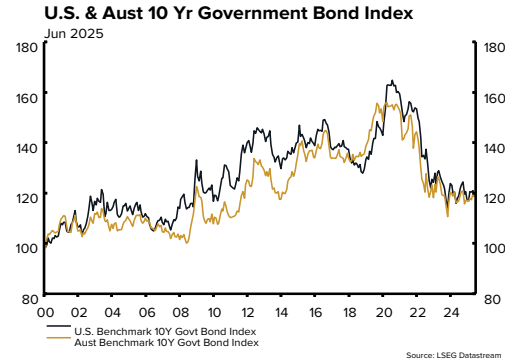
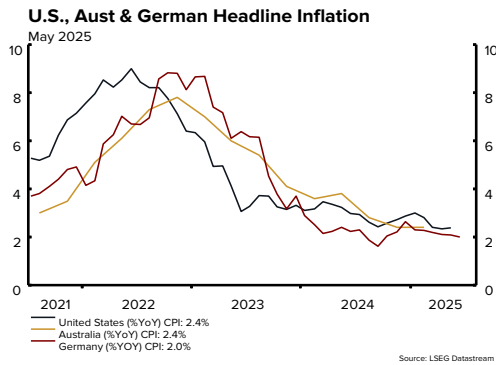
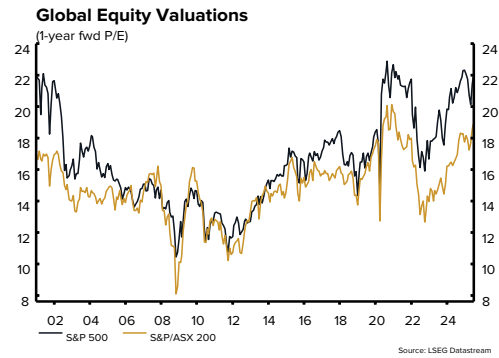
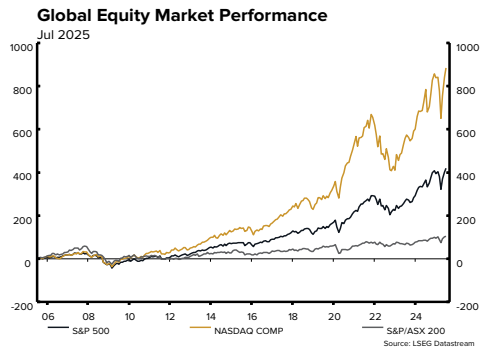
Commodities

- Commodities were volatile over the month, but closed broadly stronger in June. Oil surged mid-month due to supply concerns arising from the Israel-Iran conflict but has since receded from highs. West Texas Intermediate Crude (US\$65.11/bbl) rose 7.1% in June but closed 20.1% lower over FY25. Similarly, Brent Crude (US\$67.61/bbl) climbed 5.8% over the month but closed 21.8% lower over FY25.
- Gold was the strongest performing commodity over FY25, up 42% (+5.7% in Q4). Gold prices rose mid-June due to geopolitical concerns, however fell back to close the month up only 0.4%. The rally in gold has been supported by central bank purchasing and ongoing uncertainty regarding trade and geopolitics.
- Spot iron ore prices continued to fall driven by concerns around weakening demand from China and global oversupply, as well as uncertainty around tariff policy developments. Iron Ore \$/t fell 2.1% in June and closed 13.2% lower over FY25 (-8.9% Q4).
- Copper U.S.\$/t soared in June, up 5.3%, and performed strongly over FY25, climbing 6.3% (+4.1% in Q4). Demand for copper remained resilient driven by structural forces such as the green energy transition, data centre and digital expansion, and strategic stockpiling ahead of potential trade policy changes.

Global Markets – 30 June 2025

Equities	YTD	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
S&P /ASX 200 Accumulation Index (AUD)	6.4%	1.4%	9.5%	13.8%	13.6%	11.8%
S&P/ASX Small Ordinaries Index (AUD)	5.0%	0.6%	8.3%	9.2%	7.0%	4.6%
S&P 500 Index (USD)	5.5%	5.0%	10.6%	13.6%	17.9%	14.9%
NASDAQ Composite Index (USD)	5.5%	6.6%	17.7%	14.9%	22.7%	15.2%
Russell 3000 Index (USD)	5.1%	5.0%	10.6%	13.8%	17.3%	14.3%
FTSE 100 Index (GBP)	7.2%	-0.1%	2.1%	7.3%	6.9%	7.3%
Euro Stoxx 600 (EUR)	6.6%	-1.3%	1.4%	5.9%	10.0%	8.5%
Nikkei 225 (JPY)	1.5%	6.6%	13.7%	2.3%	15.3%	12.7%
Hang Seng (HKD)	20.0%	3.4%	4.1%	35.9%	3.3%	-0.3%
MSCI Emerging Markets Index (USD)	13.7%	5.7%	11.0%	12.6%	6.9%	4.2%
MSCI World Ex Australia (AUD)	3.4%	2.5%	5.9%	18.6%	20.4%	15.8%
Bonds						
Bloomberg AusBond Composite Index (AUD)	4.0%	0.7%	2.6%	6.8%	3.9%	-0.1%
Bloomberg Global Agg Bond Index (AUD)	2.7%	0.9%	1.5%	5.4%	2.3%	-0.6%
Currency						
AUD/JPY	-2.6%	2.3%	1.2%	-11.7%	0.4%	4.9%
AUD/USD	6.4%	2.3%	5.3%	-1.3%	-1.6%	-1.0%

Source: Bloomberg 30 June 2025 (All returns are in local currency terms.)



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