United Capital

UNITED CAPITAL WEALTH MANAGEMENT

GLOBAL MARKET OUTLOOK

JUNE 2025

United Capital

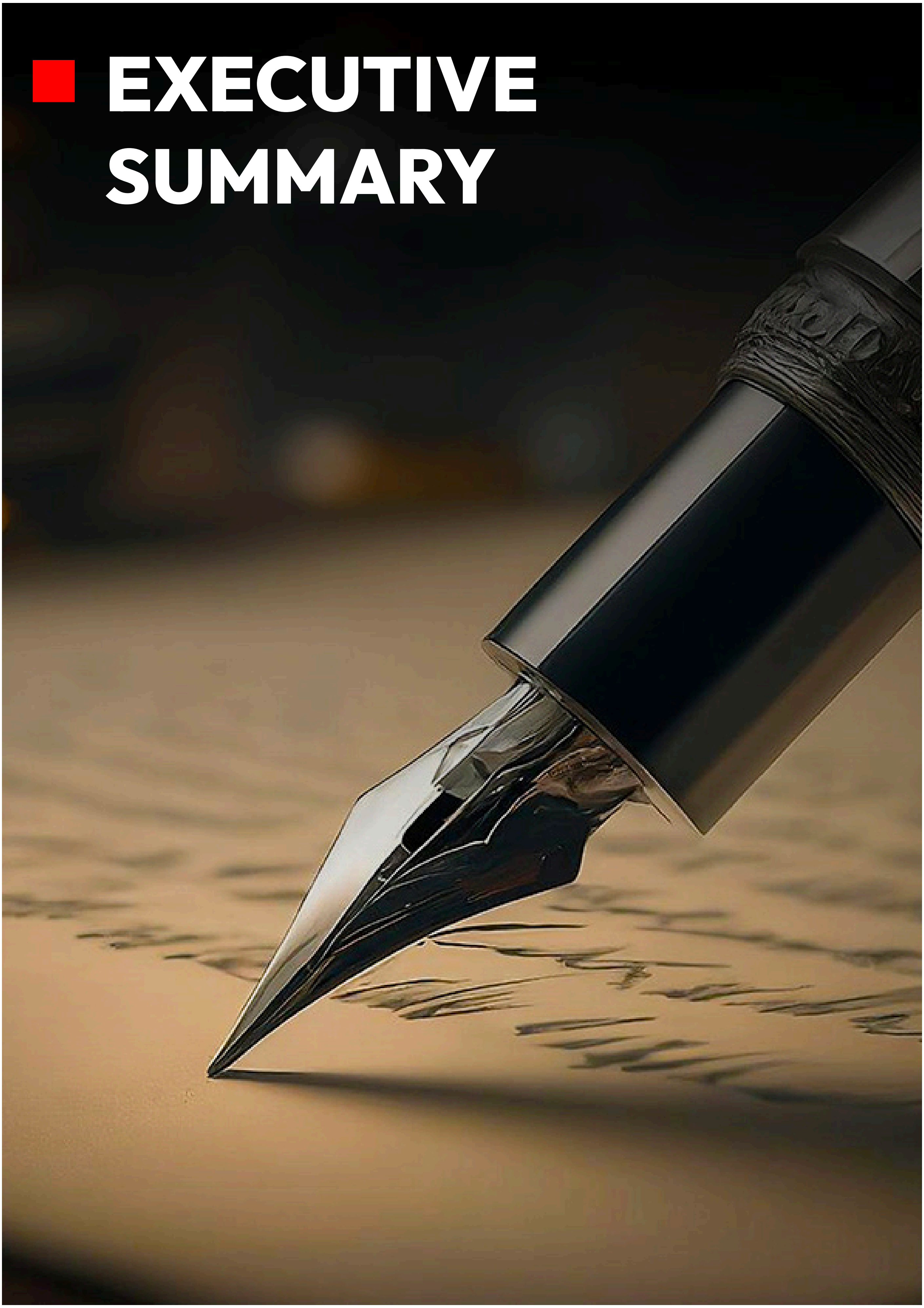
Gain Exposure to Offshore Markets with Competitive Returns

UC Prestige offers you the opportunity to diversify your investments effectively across geographic regions, currencies and asset classes through a range of offshore fixed income securities.

This investment is suitable for investors who desire competitive rates on their foreign denominated holdings.

- Gain exposure to offshore markets and diversify your investments across geographic regions, currencies, and asset classes.
- Access international markets and leverage by pledging marketable assets like bonds or investment funds.
- Minimum investible amount: **$100,000**
  Tenor: **180 days / 1 year or more**
- Trading currencies include but are not limited to: **CHF, USD, EUR, JPY, GBP, CAD, SEK, NOK, DKK, AUD, NZD, HKD, SGD**
- We help you structure your portfolio to meet your individual needs considering portfolio type, amount, time frame, currency, and risk tolerance.
- Upside Potential ROI: **Very competitive**

EXECUTIVE SUMMARY



MAY IN REVIEW

US – May was marked by cautious optimism as progress on U.S.–China trade talks and a temporary tariff truce helped equity markets rebound. The S&P 500 and Nasdaq reversed prior losses, supported by strong tech earnings. Inflation remained elevated, particularly in manufacturing, while services activity held up better. The Fed held rates steady at 4.25–4.50%, adopting a “wait-and-see” stance amid tariff uncertainty and mixed inflation signals. Market expectations for 2025 rate cuts were scaled back to just 2–3 moves, with the Fed funds rate now forecast around 3.75% by year-end. Despite Q1 GDP contraction, a strong labor market and resilient consumption prevented a recession narrative.

UK – Inflation surged to 3.5% in April 2025, up from 2.6% in March, driven by increased costs in energy, water, airfares, and road taxes. This unexpected rise complicates the Bank of England's (BoE) efforts to manage inflation and may delay further interest rate cuts. Despite inflationary pressures, the UK's GDP grew by 0.7% in Q1 2025, marking the strongest quarterly growth in a year. However, the OECD has downgraded the UK's growth forecast for 2025 to 1.3%, citing the adverse effects of U.S.-imposed tariffs and limited fiscal flexibility. In response to economic uncertainties, the BoE reduced the base interest rate by 0.25 percentage points to 4.25% in May 2025. However, Governor Andrew Bailey emphasized that the trajectory of future rate cuts is uncertain, given global economic volatility, particularly stemming from disruptive trade policies. The Monetary Policy Committee remains divided, with some members advocating for larger cuts to support growth, while others urge caution amid persistent inflationary pressures .

Eurozone – Growth momentum remained weak across the Eurozone in May, with soft PMIs and ongoing export headwinds due to U.S. trade tariffs. Despite this, Q1 GDP surprised modestly to the upside. The ECB delivered its seventh consecutive rate cut, bringing cumulative easing to 175 bps since mid-2024. ECB officials hinted at further cuts, particularly as inflation continued to decline. German economic forecasts were revised down to 0%, and the threat of recession remains if global trade frictions persist. Equities rose, led by banks and cyclical sectors, though defensives underperformed. The ECB is widely expected to announce its eighth rate cut in June.

Japan - Japan experienced a solid market performance in May, with the Nikkei gaining +5.3%, supported by reduced trade tensions and continued foreign investor inflows. The yen remained weak against the dollar, helping exporters. Macroeconomic data showed steady if unspectacular growth, while the BoJ maintained its accommodative stance. Inflation remained low, and policy normalization is not expected near-term. Trade discussions with the U.S. progressed positively, keeping Japan largely shielded from escalating global tariff frictions.

China - China remained under pressure as domestic data pointed to deflation risks and weakening industrial momentum. CPI decelerated further, while PMIs softened amid prolonged tariff threats from the U.S. Although a 90-day truce on mutual tariffs was agreed, long-term trade resolution remains uncertain. The government is expected to roll out fresh fiscal and monetary support. Chinese equities underperformed relative to global peers, and the yuan weakened modestly. Monetary easing is set to continue as policymakers attempt to stabilize growth and counter disinflation.

KEY ECONOMIC DATA

US Existing home sales slipped 0.5% in April to a seasonally adjusted annual rate of 4.00 million units. Sales last month were the slowest for April since 2009, marking a weak start to the spring selling season. Housing inventory soared 9.0% to 1.45 million units, the highest in more than four years.

US Weekly jobless claims fall 2,000 to 227,000 & Continuing claims increase 36,000 to 1.903 million, **moving back to levels last seen in November 2021.**

Japan's headline consumer price index (CPI) remained at 3.6% for the second consecutive month, but core inflation, which excludes fresh food, came in higher than expected. Core inflation jumped to 3.5% in April, the highest level since 2023, up from 3.2% in March. This exceeded the market consensus of 3.4%. Excluding both fresh food and energy, core-core inflation rose to 3.0%, suggesting that underlying inflation will remain above the BoJ's target of 2.0%. This should strengthen market expectations that the BoJ will hike policy rates sooner than expected.

UK Services inflation, which rose much further than expected, was driven by a big change in road tax and the timing of Easter. It should fall back from April's 5.4% figure to the 4.5% area this summer. Headline inflation rose by almost a full percentage point between March and April to 3.5%. Much of that was due to rise in household energy and water bills. But crucially for the BoE, services inflation surged too, from 4.7% to 5.4% in April. This is the part of the inflation basket that the BoE cares most about.

German Ifo index increases in May, came in at 87.3 in May, from 86.9 in April. While the current assessment component weakened to 86.1, from 86.4 in April, expectations improved significantly to 88.9, from 87.4, the highest in a year. French business sentiment signals a bleak economic outlook. Business confidence in France took a sharp downturn in May in the industrial and services sectors. More concerning is the downturn in the services sector, historically a key driver of French economic growth. Business sentiment in this sector also fell by three points, remaining well below its long-term average since November.

EXECUTIVE SUMMARY – INVESTMENT IMPLICATIONS

Fixed Income: We expect 10 year yields be capped at 4.60%-4.80% levels and eventually target 3.50%-3.60% on the back of deterioration in US economic data. Credit spreads remain at the tighter end of the range and may expand if recession risks rise further.

Equities: We are cautious on equities and see strong factors for global equity markets to retrace recent gains. Uncertainty on tariffs, volatility in US 10 year and 30 year rates & expected weakness in economic data, could cap the gains.

Currencies & Precious Metals: USD is extremely oversold based on both fundamental and technical investment factors. We expect a retracement in 2-3 months given the USD's continued status as the world's most prominent reserve currency and the wide interest rate differentials against other developed market countries.

- EUR/USD – Remains in overbought territory, expect a correction to 1.0850-1.0950 levels over the next 2-3 months, upside limited to 1.15 levels
- GBP/USD – Remains in overbought territory, target remains 1.28-1.29 range
- USD/JPY – Target in 138-140 range
- USD/CHF – Target remains in 0.8450-0.8600, support at 0.80-0.81 range

Gold & Silver: Geopolitical risks are declining and initial deflation across markets also could lead to deeper corrections. Unless there is another risk-off correction, upside is limited to 3350-3400 range. Silver - Support in 31-32 range, to target 35-37 levels. Long term support at 28 levels.

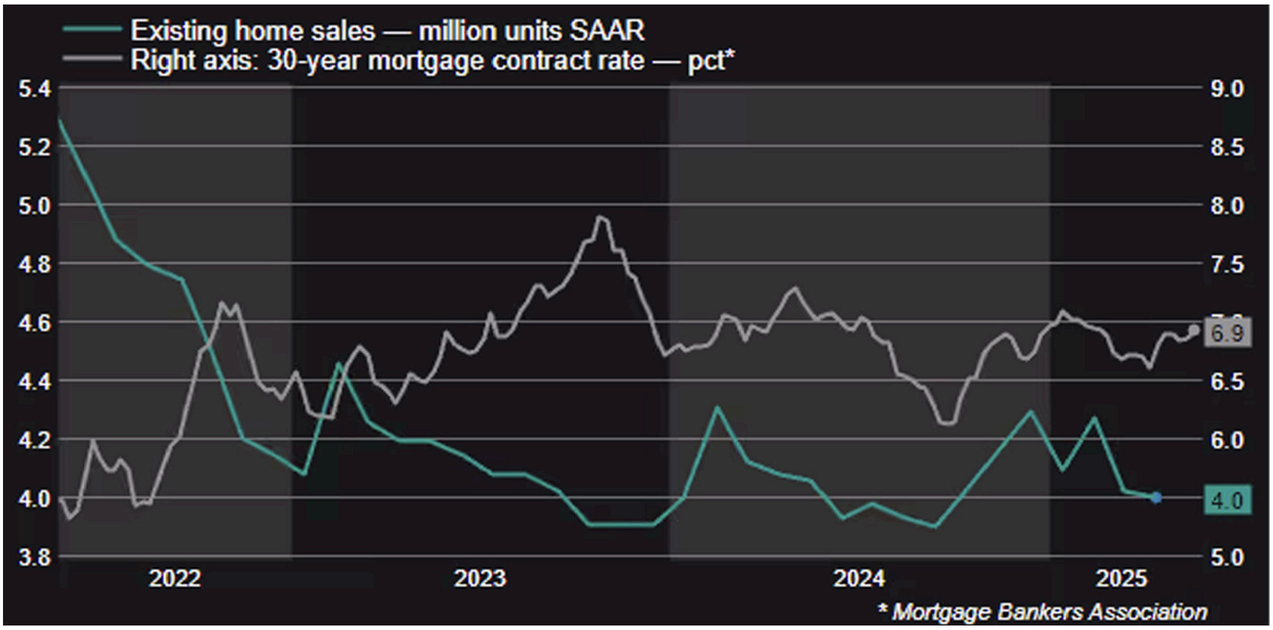
Crude oil: We are cautious on oil. We expect prices to trend lower on the back of reduced global demand and recession fears.

Source – United Capital WM Research, June, 2025

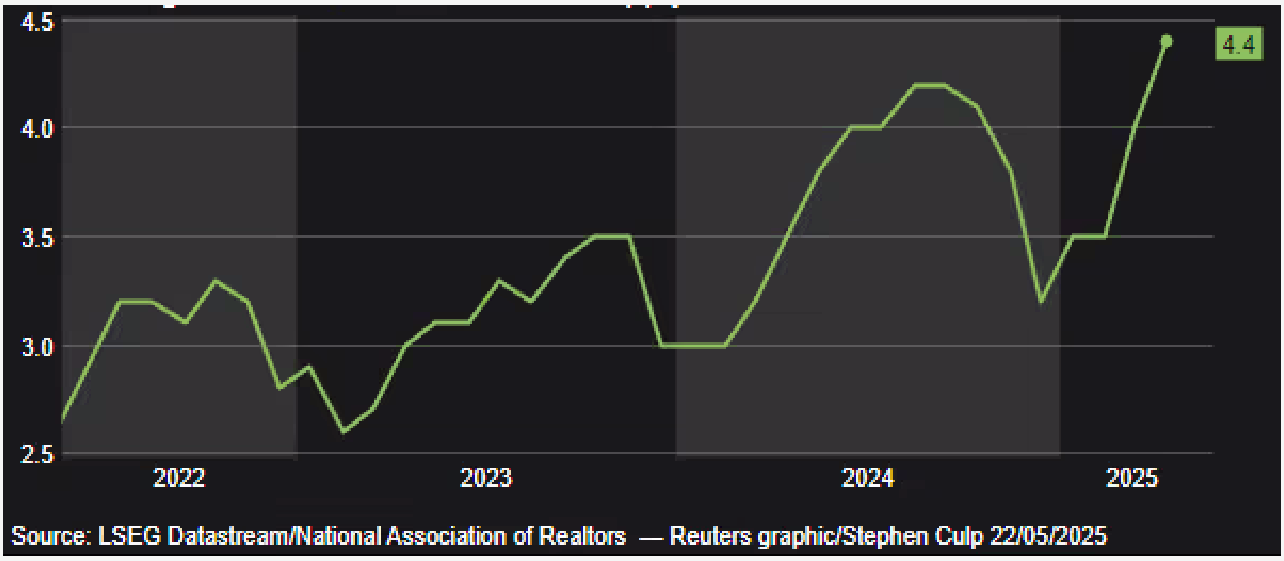
KEY MACRO DATA

US EXISTING HOME SALES SLIP IN APRIL

US Home Sales in April

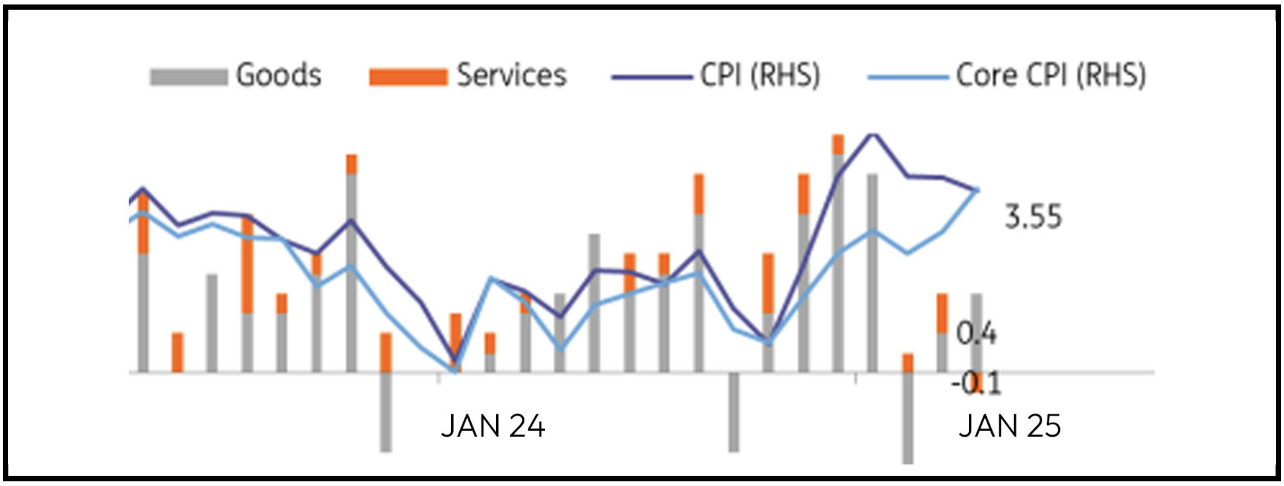


EXISTING HOME INVENTORIES: MONTHS SUPPLY



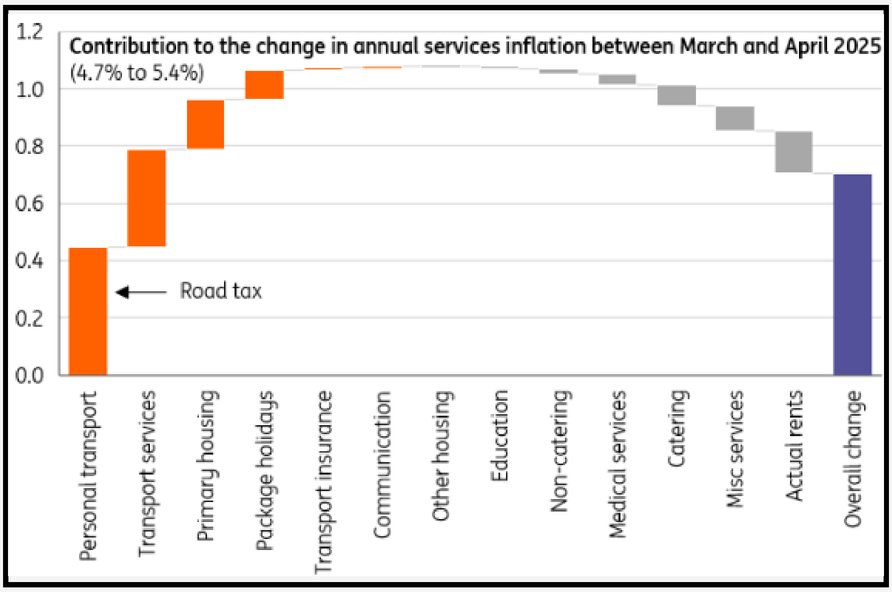
JAPAN CORE INFLATION CONTINUES TO RISE

Japans inflation continues



UK INFLATION – SERVICES INFLATION RISES BUT NOT AS PROBLEMATIC

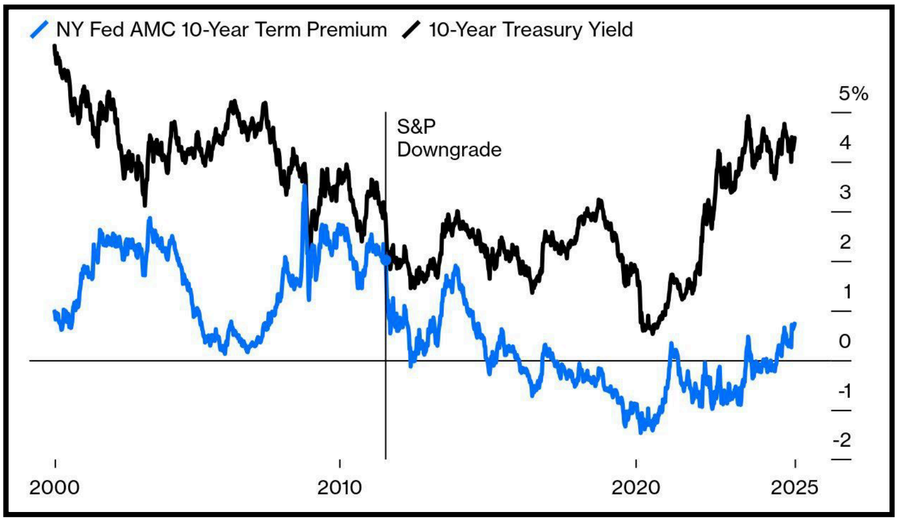
When you drill into it, though, the rise doesn't look nearly as problematic as it might at first glance. Half of that change was solely down to the rise in road tax – the contribution from "personal transport" services rose by 0.5ppt.
That will stick around for the next 12 months, then drop out of the annual comparison.



US DOWNGRADE - 2011 VS 2025

Bond Markets vs. Rating Agencies

S&P's downgrade was counteracted by a huge cut in the term premium



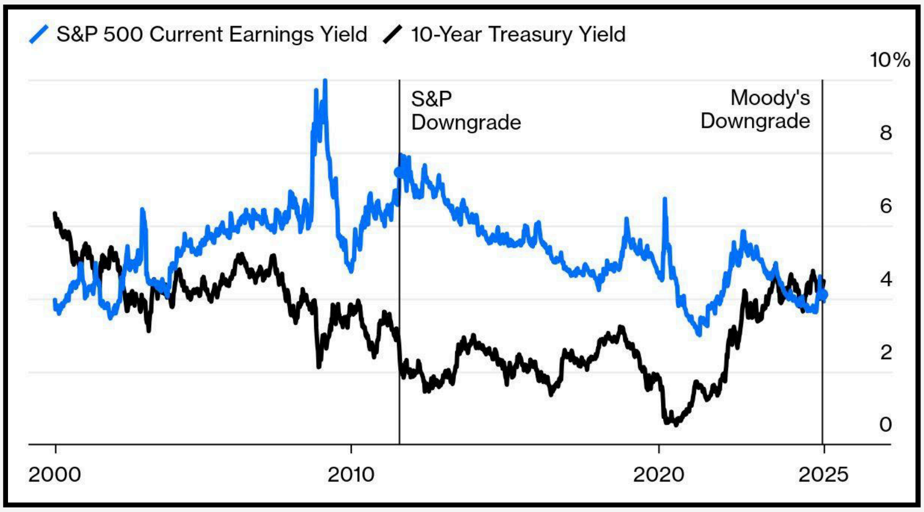
The S&P downgrade in August 2011 following that summer's negotiations over the fiscal cliff proved to be a critical turning point, but not in the way people feared at the time.

New York Fed's estimate of the term premium — the implicit extra yield that investors demand to take the risk of lending over long periods — before and after that downgrade.

US DOWNGRADE – 2011 VS 2025

A Tale of Two Downgrades

Bonds were expensive when S&P downgraded. This time is different



In 2011, investors bought Treasuries, as they were still safer than anything else. Foreign investors bought treasuries, as it was obvious that inflation wasn't coming back, and demand for Treasuries was good, low yields propped up stocks, which were cheap compared to bonds.

This time is very different. Comparing stocks' earnings yield (the inverse of the price/earnings multiple) with the 10-year Treasury yield, stocks now yield less than bonds for the first time in almost 25 years. And Treasury yields are much higher than in 2011.

JAPAN – 30-YEAR YIELDS, YEN CARRY TRADE AT SIGNIFICANT RISK

Japan, now has substantially more inflation than the US – 3.6% overall CPI and 3.2% core CPI – is witnessing its very-long-term bond yields spike, while the Bank of Japan has accelerated QT this year, which it started in mid-2024.
The 30-year yield is still below the rate of Japan's overall inflation rate, and thereby a negative in real terms.

US MANUFACTURING PMI – CONTRACTING FASTER

Manufacturing at a glance

INDEX	Apr Index	Mar Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	48.7	49.0	-0.3	Contracting	Faster	2
New Orders	47.2	45.2	+2.0	Contracting	Slower	3
Production	44.0	48.3	-4.3	Contracting	Faster	2
Employment	46.5	44.7	+1.8	Contracting	Slower	3
Supplier Deliveries	55.2	53.5	+1.7	Slowing	Faster	5
Inventories	50.8	53.4	-2.6	Growing	Slower	2
Customers' Inventories	46.2	46.8	-0.6	Too Low	Faster	7
Prices	69.8	69.4	+0.4	Increasing	Faster	7
Backlog of Orders	43.7	44.5	-0.8	Contracting	Faster	31
New Export Orders	43.1	49.6	-6.5	Contracting	Faster	2
Imports	47.1	50.1	-3.0	Contracting	From Growing	1
Overall Economy				**Growing**	**Slower**	**60**
Manufacturing Sector				**Contracting**	**Faster**	**2**

*Number of months moving in current direction. Manufacturing ISM® *Report On Business*® data has been seasonally adjusted for the New Orders, Production, Employment and Inventories Indexes.

US NON- MANUFACTURING PMIs: GROWING BUT SUB INDICES CONTRACTING

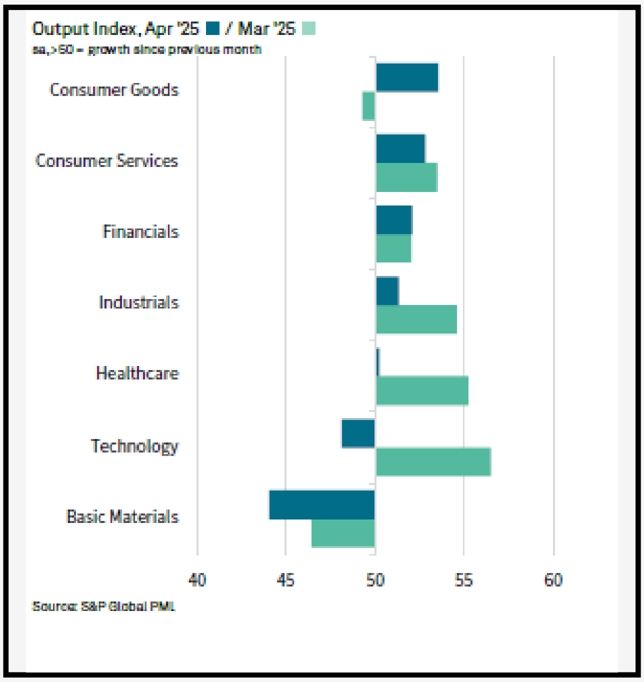
Service at a glance

INDEX	Apr Index	Mar Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	51.6	50.8	+ 0.8	Growing	Faster	10
Business Activity	53.7	55.9	- 2.2	Growing	Slower	59
New Orders	52.3	50.4	+ 1.9	Growing	Faster	10
Employment	49.0	46.2	+ 2.8	Contracting	Slower	2
Supplier Deliveries	51.3	50.6	+ 0.7	Slowing	Faster	5
Inventories	53.4	50.3	+ 3.1	Growing	Faster	3
Prices	65.1	60.9	+ 4.2	Increasing	Faster	95
Backlog of Orders	48.0	47.4	+ 0.6	Contracting	Slower	2
New Export Orders	48.6	45.8	+ 2.8	Contracting	Slower	2
Imports	44.3	52.6	- 8.3	Contracting	From Growing	1
Inventory Sentiment	56.1	56.6	- 0.5	Too High	Slower	24
Overall Economy				**Growing**	**Faster**	**59**
Services Sector				**Growing**	**Faster**	**10**

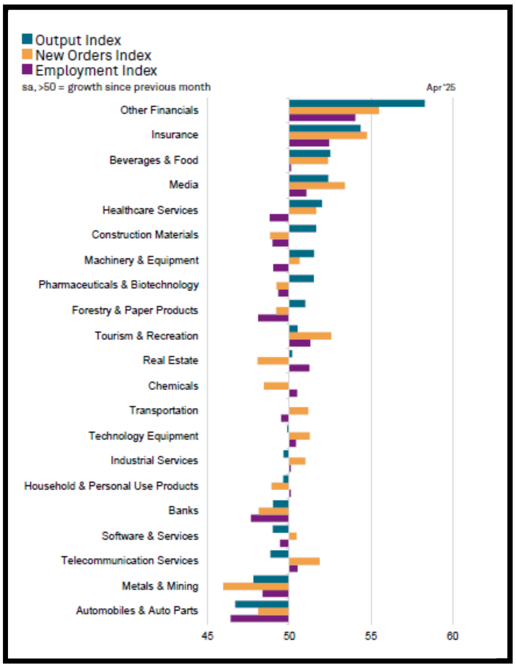
*Number of months moving in current direction. Services ISM® *Report On Business®* data has been seasonally adjusted for the Business Activity, New Orders, Employment and Prices Indexes.

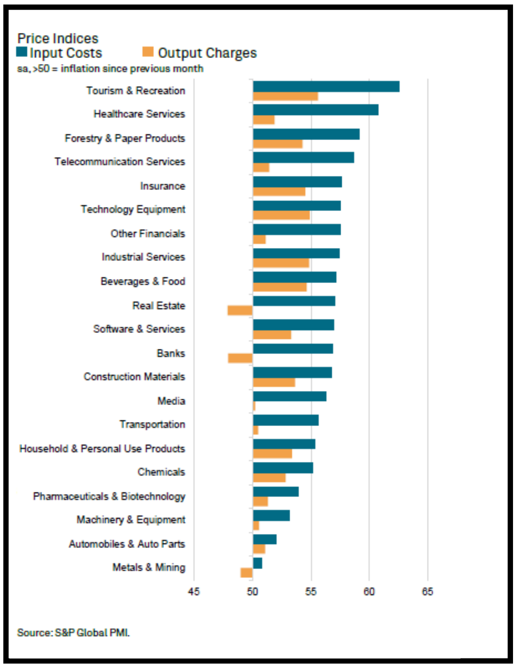
US SECTOR PMIs

Slower growth across sectors in April barring consumer goods.



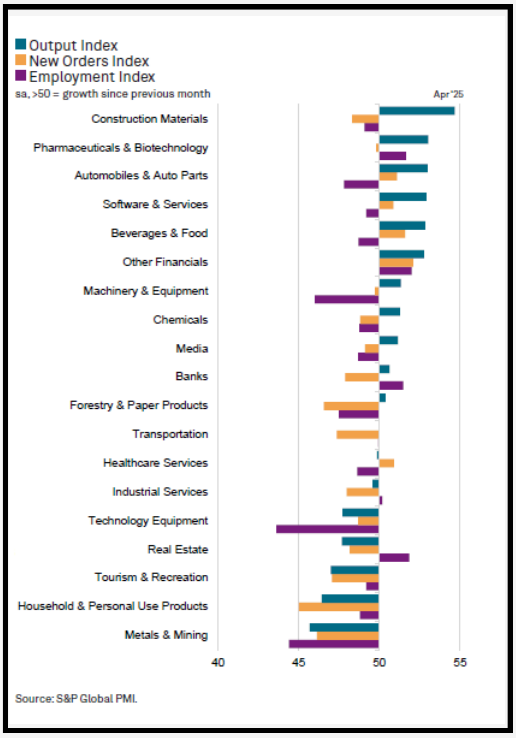
GLOBAL SECTOR PMIs

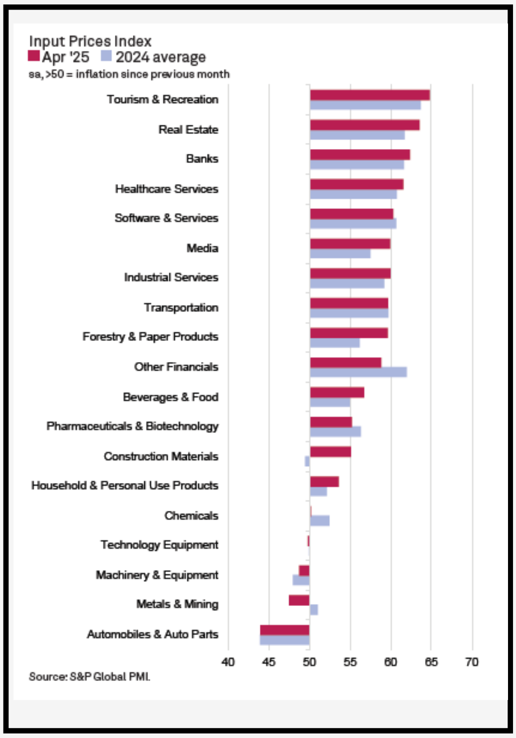




- New Orders and Employment Index weak in many sectors
- Input costs and output charges moving higher across sectors.

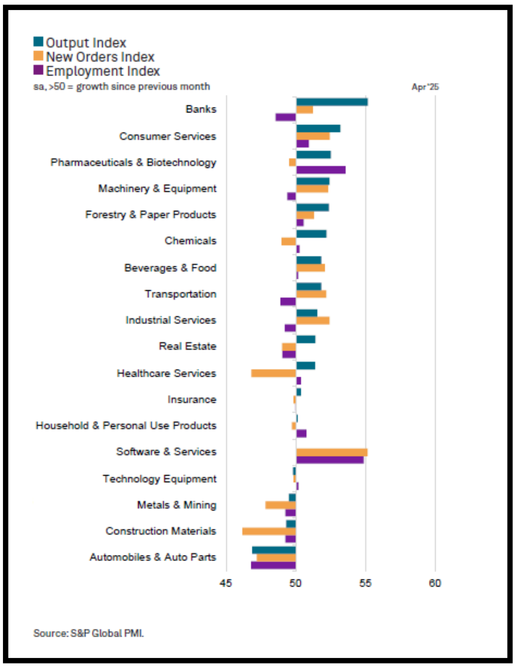
EUROPE SECTOR PMIs

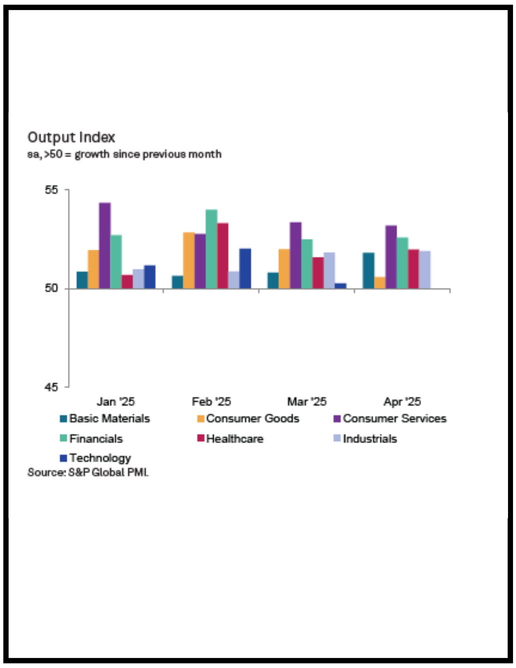




- New Orders and Employment Index weak in many sectors.
- Input costs are higher than 2024 average.

ASIA SECTOR PMIs





- New Orders and Employment Index stable and high across sectors.
- Growth has been positive Month on Month across sectors.
- Can Asia sustain the momentum if US & Europe slow down?

EURO ZONE - PMIs

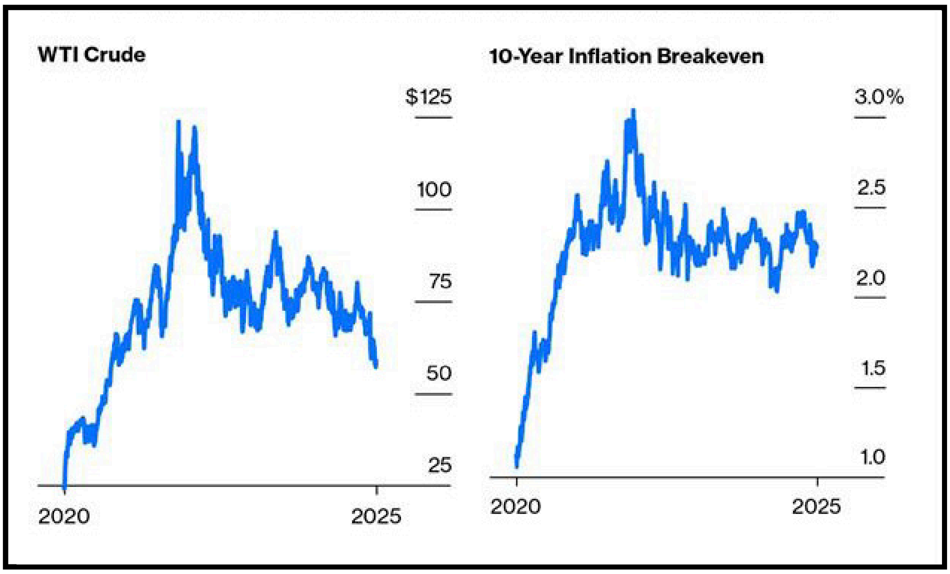
Countries ranked by Composite PMI Output Index: April
Spain 52.5 15-month low
Italy 52.1 11-month high
Germany 50.1 (flash: 49.7) 4-month low
France 47.8 (flash: 47.3) 2-month low

HCOB France Services PMI® Services economy weakens further in April
Business activity contracts for eighth month in a row
Demand for French services declines rapidly
Confidence ticks up but remains historically subdued

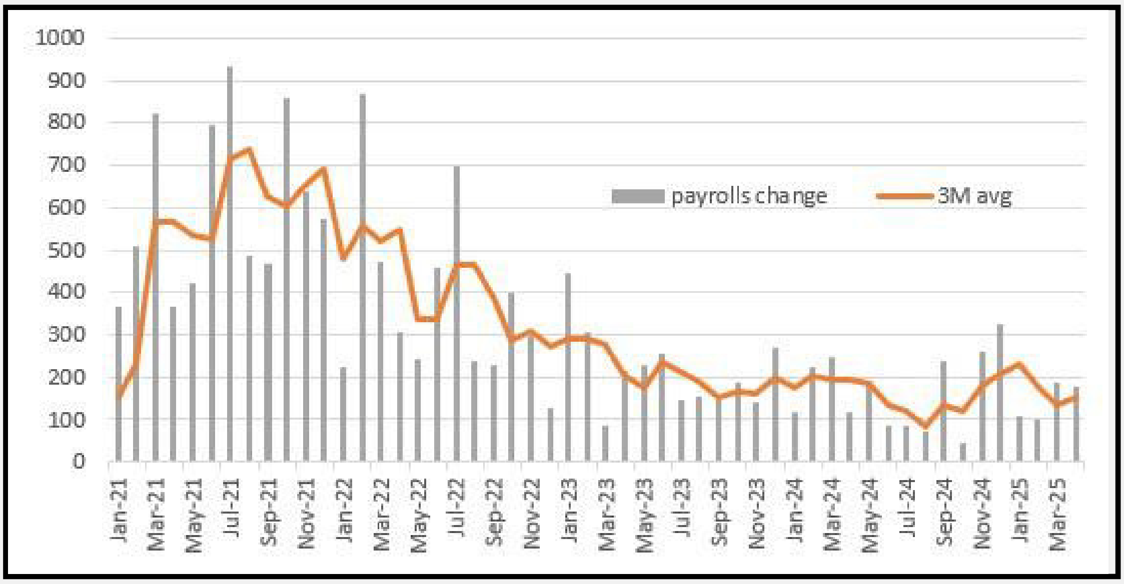
German service sector slips back into contraction in April Key findings: HCOB Germany Services PMI
Business Activity Index at 49.0 (Mar: 50.9). 14-month low
HCOB Germany Composite PMI Output Index at 50.1 (Mar: 51.3). 4-month low
Optimism towards year-ahead outlook wanes

INFLATION BREAK-EVENS: TARIFFS IMPACTING THE BREAKEVENS

Oil's Impact on Inflation Expectations (or Lack of It)
TIPS usually move crude prices, but have ignored the recent dip

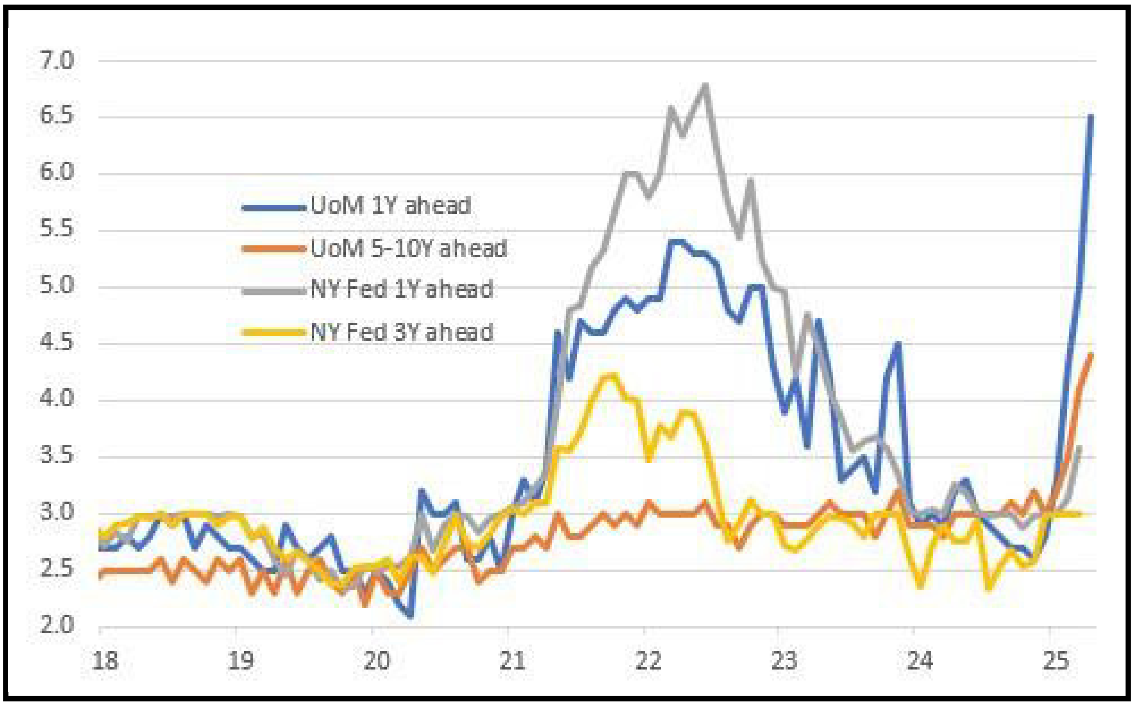


US NON-FARM PAYROLLS: HOLDS FIRM, 177K JOBS ADDED IN APRIL



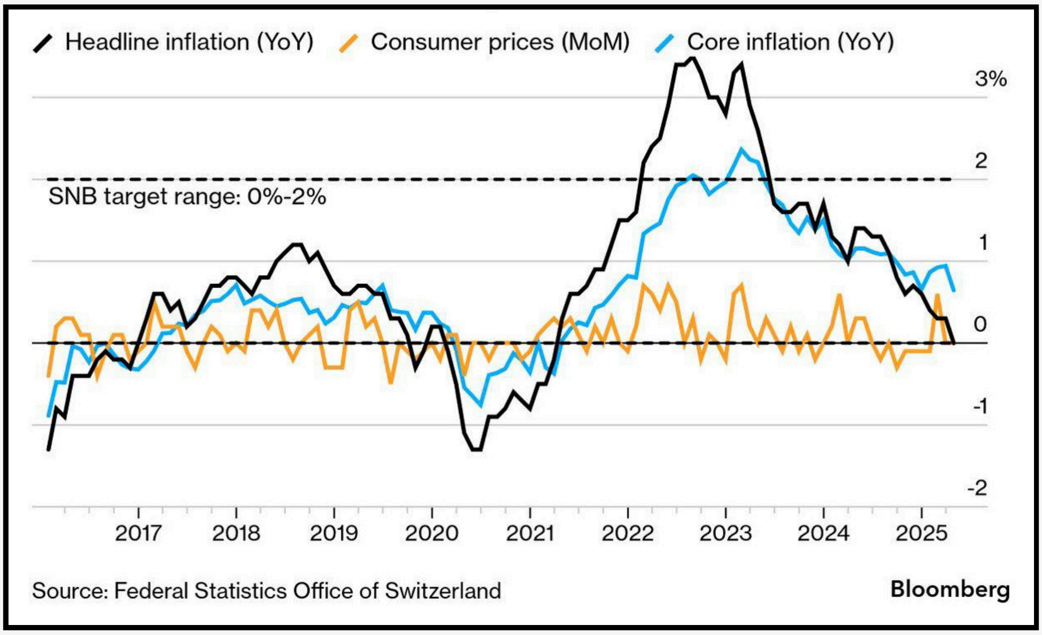
Source – United Capital WM Research, June, 2025

US – HOUSEHOLD INFLATION EXPECTATIONS HAVE SPIKED

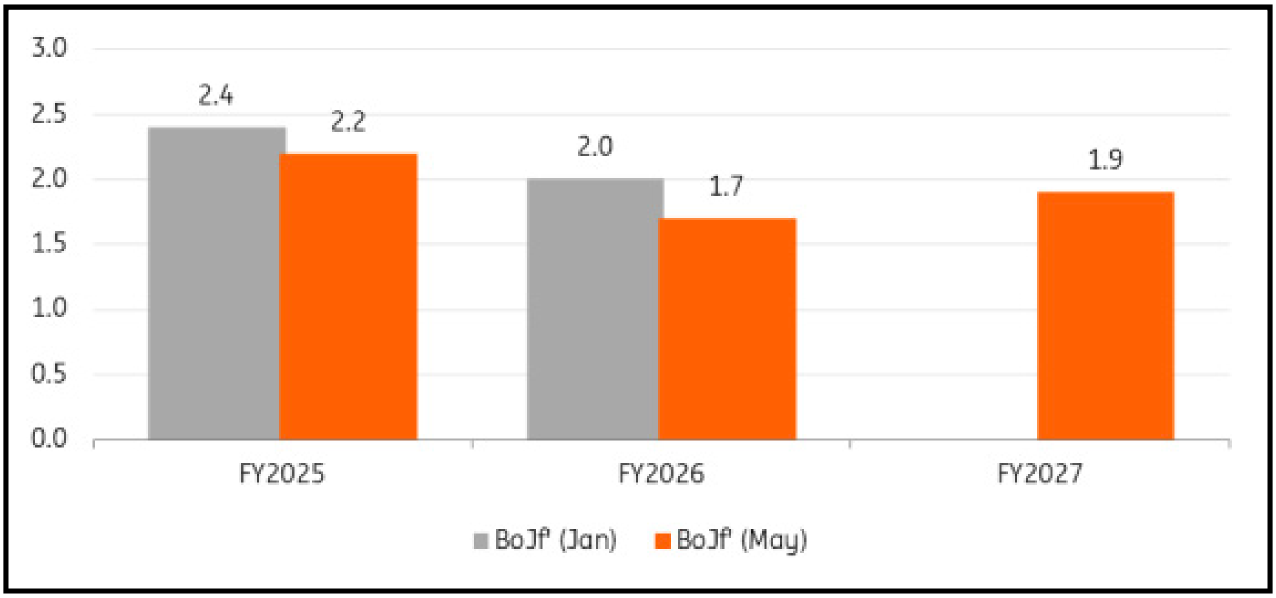


SWISS INFLATION – AT ZERO!

Swiss Inflation Slowed to 0% in April



JAPAN – FY25 INFLATION IS EXPECTED TO GROW AT 2.2%



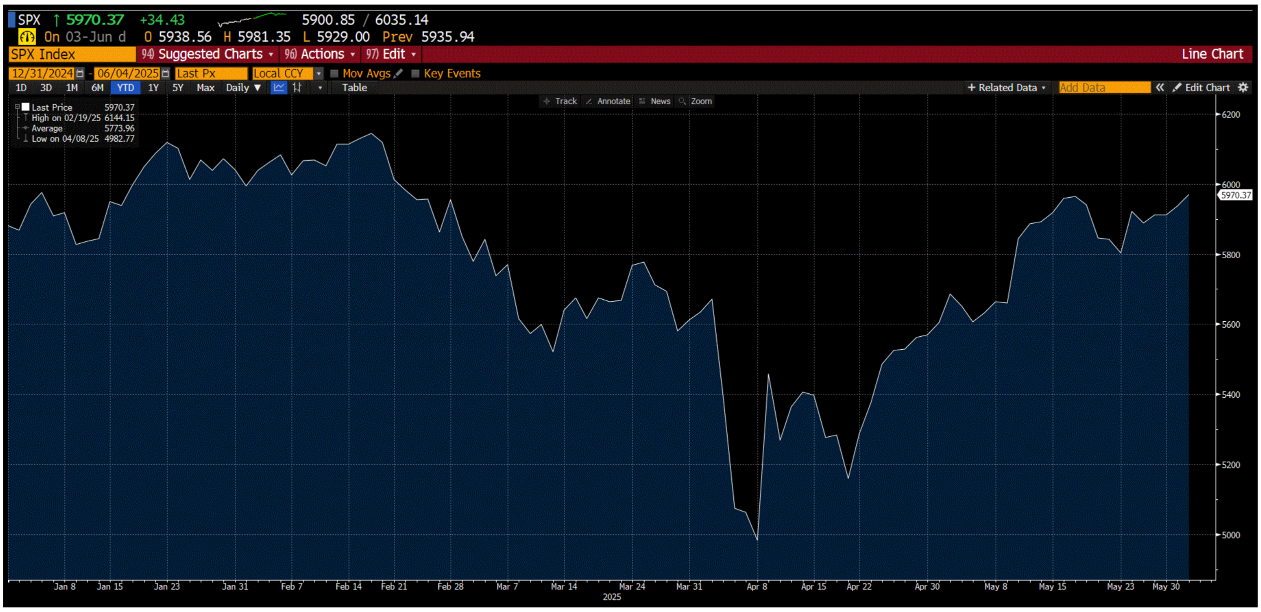
Source – United Capital WM Research, June, 2025

INVESTMENT VIEWS

US 10 YR – COULD NOT BREACH RESISTANCE AT 4.60%

- Continuous jobless claims are moving higher, indicating weakness is creeping into the job markets.
- Existing home sales are declining and inventory at highest levels in four years.
- Employment trends, backlog of orders are weak, according to PMIs.
- We expect 10-year yields be capped at 4.60%-4.80% levels and eventually target 3.50%-3.60% on the back of deterioration in US economic data.

S&P 500 – BREACHED RESISTANCE LEVEL OF 5870



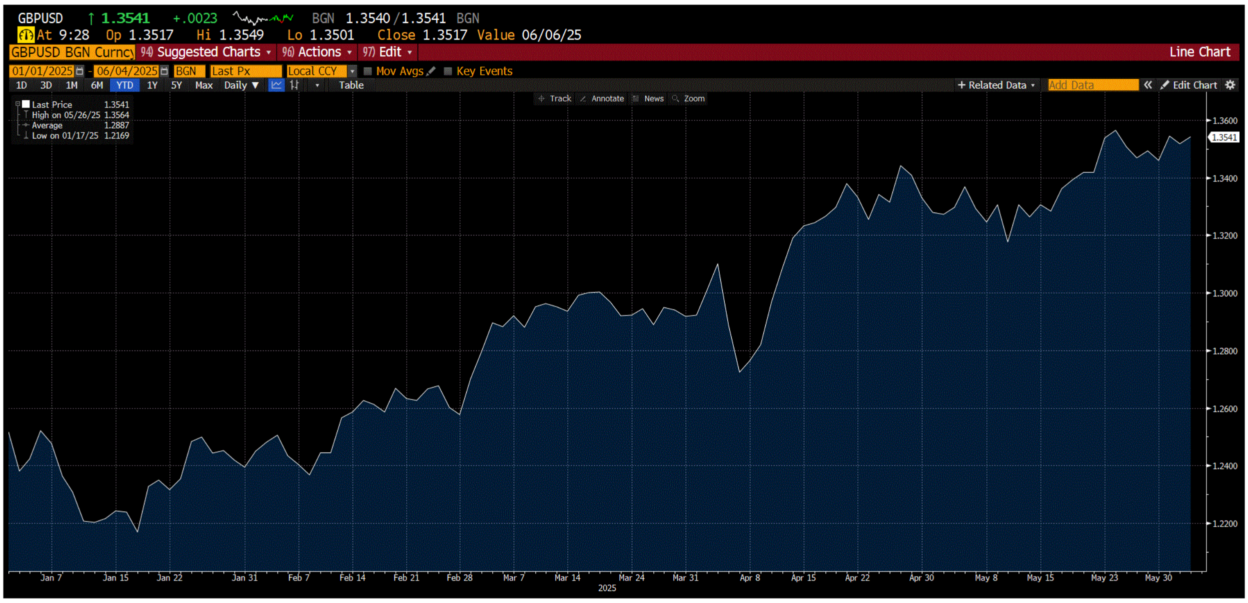
- US 10 year and 30-year rates remain elevated, rates could pose headwinds to equities.
- Tariffs at 30% and baseline tariffs at 10% across the board could add to inflationary pressures.
- Initial signs of weakness in Job markets & housing market.

Source: Bloomberg, June 2025

EURO – LIMITED UPSIDE, RESISTANCE AT IN 1.1450-1.15 FROM A MEDIUM-TERM PERSPECTIVE

- Tariff related uncertainty persists.
- Short term target is at 1.1050 levels.
- Medium term target remains in 1.08-1.0950 range.

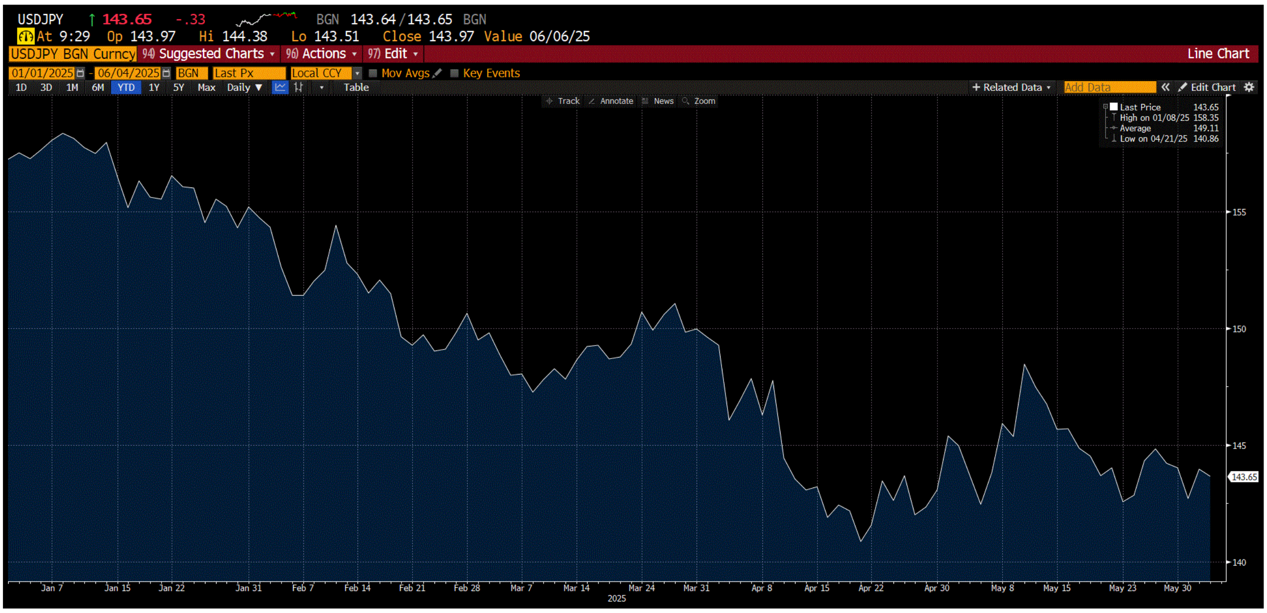
GBP – TARGET REMAINS IN 1.28-1.29 RANGE



- Services inflation remains sticky, could decline in the 2nd half.
- Medium term target remains in 1.28-1.29 levels.

Source: Bloomberg, June 2025

USD/JPY – TARGET IN 138-140 RANGE.



- CPI continues to trend higher, 3.6% overall CPI and 3.5% core CPI.
- Long term target remains at 135 (9-12 months).

USDCHF – SUPPORT IN 0.80-0.81 RANGE, TARGET AT 0.8450-0.8600

- USDCHF could receive support in 0.80-0.81 range.
- USDCHF could target 0.8450-0.8600 range after receiving support at 0.80-0.81 range.

Source: Bloomberg, June 2025

DXY – TO TARGET 102.50-104 LEVELS, SUPPORT IN 98-99 RANGE.

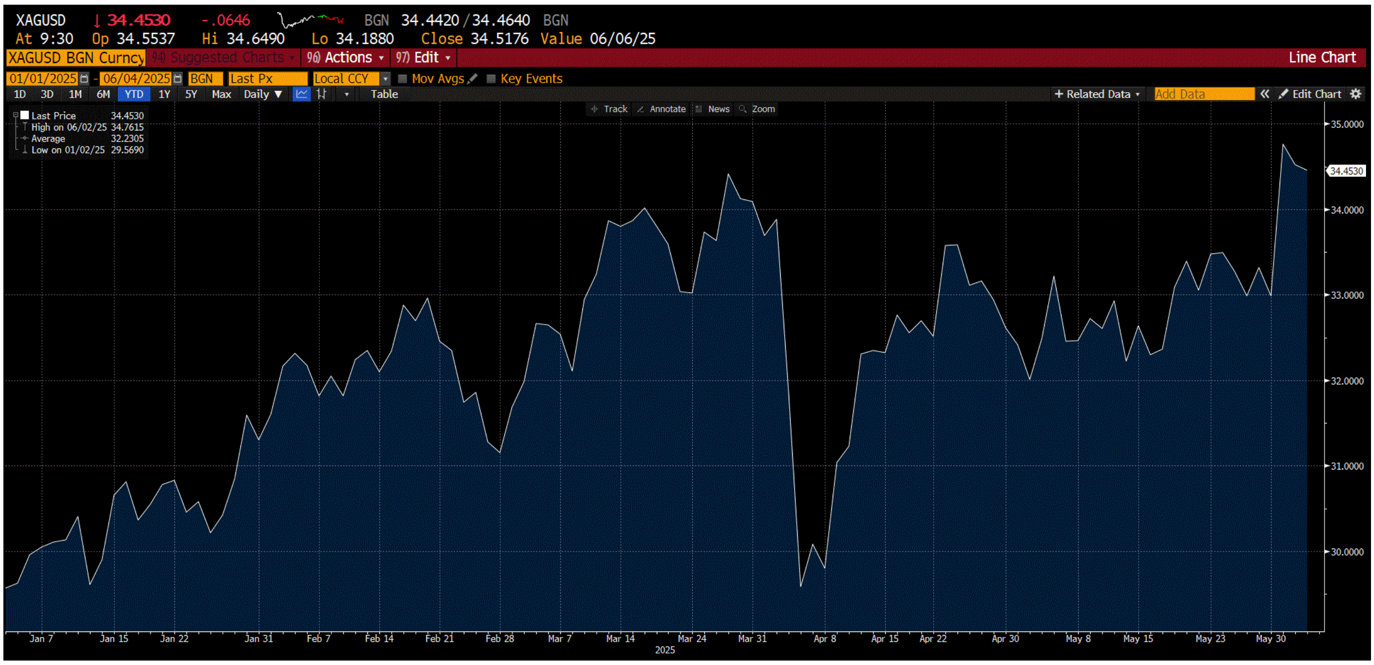
- DXY trading at long term median levels.
- DXY to receive support in 98-99 range.
- DXY to target 102.50-104 range.
- DXY could trade in 98-104 range over the next 9-12 months.

GOLD – TARGET REMAINS AT 3100 LEVELS.

- Initial deflation across markets also could lead to deeper corrections.
- Barring tariff related volatility, the upside is limited to 3350-3400 range.

Source: Bloomberg, June 2025

SILVER – SUPPORT IN 31-32 RANGE, TO TARGET 35-37 LEVELS. LONG TERM SUPPORT AT 28 LEVELS.



Source: Bloomberg, June 2025

ANNEXURE

ASSET CLASS - PERFORMANCE

Asset Class	Instrument	2022	2023	2024	YTD 2025
Fixed Income	Bloomberg US Treasury Index	-12.5%	4.1%	0.6%	2.1%
	Bloomberg Global High Yield	-12.7%	14.0%	9.2%	4.7%
	Bloomberg EM Local Currency Debt	-8.4%	6.9%	1.7%	5.5%
	Bloomberg Global Aggregate - Corporate	-16.7%	9.6%	1.1%	5.0%
Equities	Shanghai A shares	-15.1%	-3.7%	12.7%	0.7%
	Japan Nikkei 225	-9.4%	28.5%	18.9%	-5.4%
	FTSE 100	0.9%	3.8%	5.7%	7.7%
	Euro zone STOXX	-11.7%	19.2%	8.3%	10.1%
	S&P 500	-19.4%	24.2%	23.3%	1.8%
	Dow Jones Industrial Average	-8.8%	13.7%	12.9%	0.1%
	Nasdaq 100	-33.0%	53.8%	24.9%	3.4%
	MSCI Frontier Markets	-29.0%	7.3%	5.1%	13.2%
	MSCI Emerging Markets	-22.4%	7.0%	5.1%	7.7%
	MSCI Developed Markets	-19.5%	21.8%	17.0%	5.0%
	MSCI All-Country	-19.8%	20.1%	15.7%	5.3%
Volatility	Volatility index S&P500	25.8%	-42.5%	39.4%	0.9%
	Volatility index Nasdaq	30.2%	-41.3%	23.0%	-5.1%
	Volatility index Eurostoxx 50	8.4%	-35.3%	25.8%	9.0%

Asset Class	Instrument	2022	2023	2024	YTD 2025
MSCI world sectors	MSCI World Index	-19.5%	21.8%	17.0%	5.0%
	Utilities	-7.0%	-2.5%	10.0%	13.1%
	Energy	41.1%	-0.7%	-0.4%	0.6%
	Consumer Staples	-8.0%	0.1%	3.5%	10.5%
	Real Estate	-28.0%	3.4%	-3.6%	2.9%
	Materials Sector	-13.7%	11.7%	-7.5%	8.1%
	Health Care	-6.6%	2.4%	-0.1%	-1.2%
	Industrials	-14.6%	21.2%	11.7%	13.2%
	Financials	-12.4%	13.1%	23.8%	11.9%
	Communication Services	-37.6%	44.0%	32.6%	5.7%
	Information Technology	-31.3%	52.3%	32.2%	1.2%
	Consumer Discretionary	-34.0%	33.6%	20.4%	-2.4%

Source: Bloomberg, June 2025

ASSET CLASS - PERFORMANCE

Asset Class	Instrument	2022	2023	2024	YTD 2025
Commodities	Natural Gas	20.0%	-43.8%	44.5%	2.2%
	Brent Crude oil	10.5%	-10.3%	-3.1%	-12.3%
	Nickel	43.2%	-45.0%	-7.9%	0.8%
	Copper	-14.6%	2.1%	3.5%	21.2%
	Silver	2.8%	-0.7%	21.5%	19.1%
	Gold	-0.3%	13.1%	27.2%	27.7%
	Platinum	10.9%	-7.7%	-8.5%	19.3%
	Palladium	-5.9%	-38.6%	-17.1%	9.6%
	Coffee	-26.0%	12.6%	69.8%	7.1%
	Bloomberg Commodity Index	13.8%	-12.6%	0.1%	3.8%
Currencies	Japanese Yen vs. U.S. Dollar	-13.9%	-7.6%	-11.5%	9.3%
	Swiss Franc vs. U.S. Dollar	-1.3%	9.0%	-7.8%	10.4%
	Australian Dollar vs U.S. Dollar	-6.2%	0.0%	-9.2%	4.9%
	New Zealand Dollar vs U.S. Dollar	-7.0%	-0.5%	-11.5%	7.6%
	Canadian Dollar vs U.S. Dollar	-7.3%	2.3%	-8.6%	5.0%
	Euro vs U.S. Dollar	-5.8%	3.1%	-6.2%	10.1%
	GBP vs. U.S.Dollar	-10.7%	5.4%	-1.7%	8.1%
	Dollar index	8.2%	-2.1%	7.1%	-8.7%

Source: Bloomberg, June 2025

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