



LONDON
STOCK
EXCHANGE

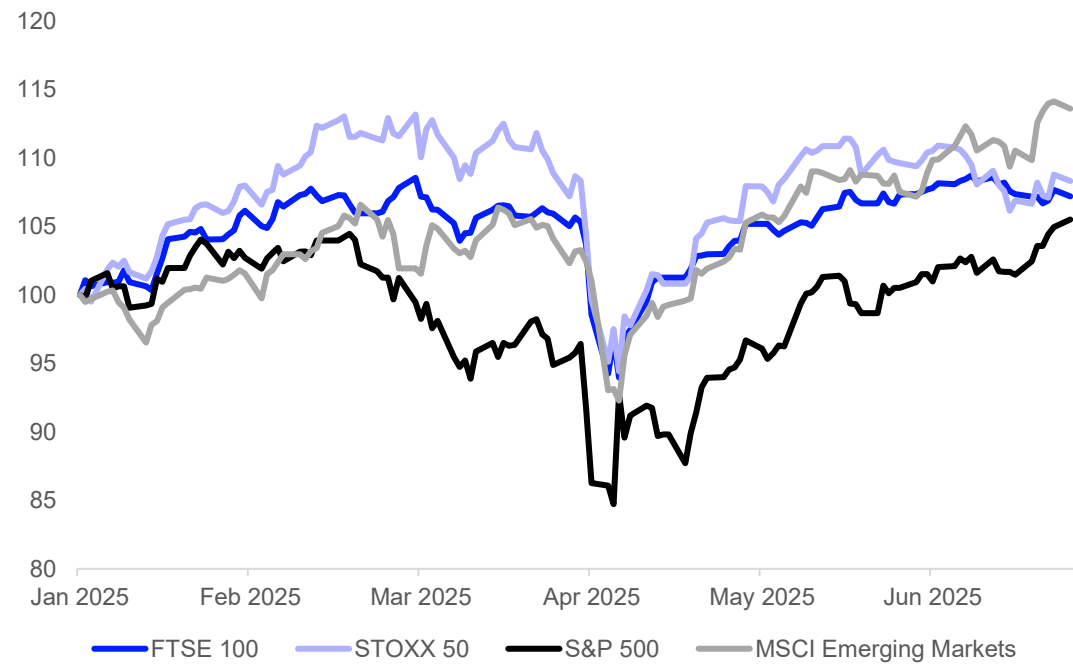
MACROECONOMIC UPDATE

June 2025



Stocks Continue to Rebound

Index Returns¹



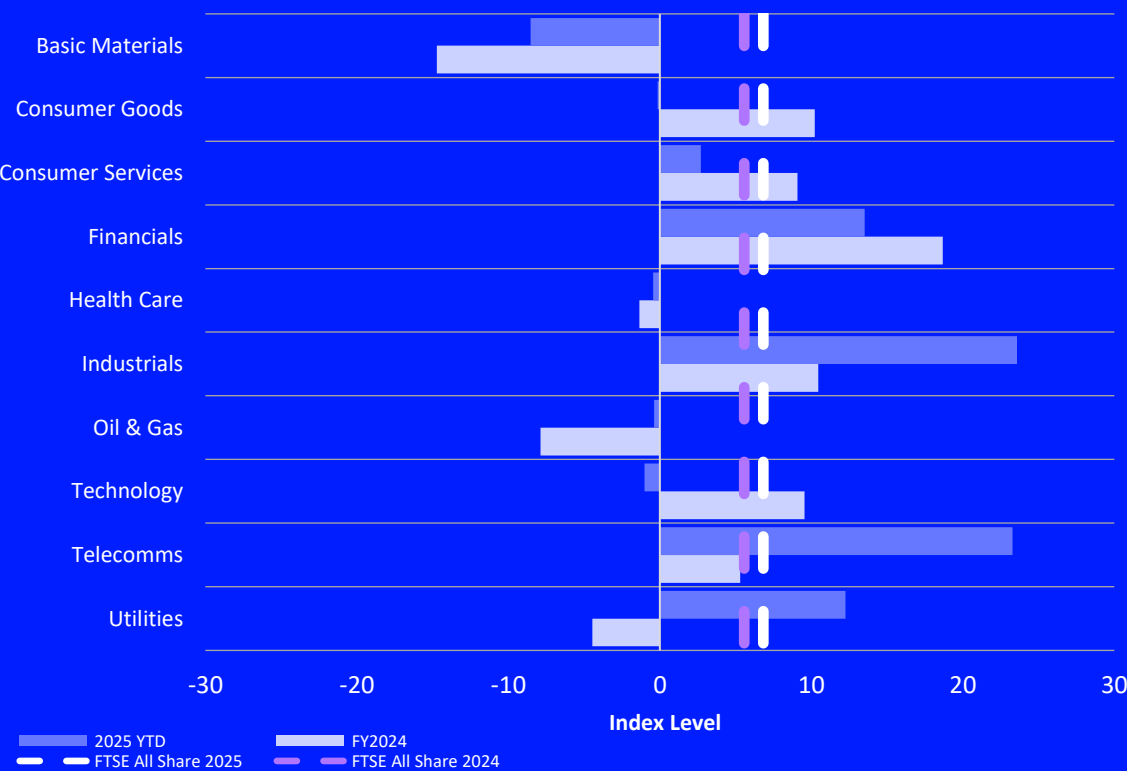
	Index Returns (%)				Index Characteristics		
	Level	YTD	1Y	5Y	P/E	P/B	Div Yld.
FTSE 100	8,761.0	7.2	7.1	43.3	16.7	1.8	3.4
STOXX 50	5,303.2	8.3	6.0	60.5	16.5	2.1	3.0
S&P 500	6,205.0	5.5	13.4	100.6	27.4	4.8	1.5
MSCI EM	1,222.8	13.6	11.5	19.2	-	-	-



Source: London Stock Exchange, LSEG Workspace, 01st July 2025. [1] Prices rebased to 100 on 01/01/25 [2] CNBC

- After posting a 3.3% return in May, the FTSE 100 largely maintained its level in June, experiencing only a 0.1% decrease from the prior month. However, it did reach its highest level so far this year on 12 June.
- Following a 6.1% gain in May, the S&P 500 kept its momentum growing a further 5.0% in June, marking a record high. Unexpected strong employment data from the US helped push the S&P 500 back above the 6,000 level for the first time since February².
- In terms of sector performance in the FTSE All Share, industrials and telecommunications have remained the best performing sectors year to date, up 23.6% and 23.3%, respectively.

FTSE All-Share Sector Returns



London Continues as the Leading European Exchange

9

Number of **IPOs** on the London Stock Exchange in 2025 YTD

146

Number of **FOs** on the London Stock Exchange in 2025 YTD

£8.9bn

Total capital raised on the London Stock Exchange in 2025 YTD, ranking London #1 in Europe



Case Study: Rosebank Breaks AIM Records with £1.15bn Raised

Transaction Date	9 th June 2025
Capital Raised (FO)	£1.15bn
Primary/Secondary	100.0% / 0.0%
Market Cap (IPO)	£50m
Market Cap (Current)	£1.32bn ²
Price IPO / Current	34.8%
Country of Operation	United Kingdom



Transaction Story

- Rosebank Industries Plc has completed the largest ever equity placing on AIM, raising £1.15bn to fund its acquisition of US-based Electrical Components International (ECI).
- Books were formally covered in under four hours, following the launch on 06 June. The transaction was fully underwritten and significantly oversubscribed, with strong support from existing shareholders and long only investors.
- Backed by the founders of Melrose, Rosebank Industries is reviving the proven 'buy, improve, sell' model to turn undervalued assets into high-return exits.

Top 10 Offerings on the London Stock Exchange, 2025 YTD

Issuer Name	Offer Type	Issue Date	Capital Raised (£m)	Market Cap (£m) at Offer
Haleon Plc	Follow-On	15 January	2,499	33,235
Haleon Plc	Follow-On	19 March	2,379	35,411
British American Tobacco Plc	Follow-On	14 January	1,221	64,785
Rosebank Industries Plc	Follow-On	09 June	1,153	129 ¹
Pennon Group Plc	Follow-On	18 February	518	1,965
SigmaRoc Plc	Follow-On	06 February	115	785
MHA	IPO	15 April	98	271
Diversified Energy Co Plc	Follow-On	20 February	98	712
Cornish Metals Inc	Follow-On	29 January	56	103
Achilles Investment Co Ltd	IPO	25 February	54	54

Strong International Debt Presence in London

£486.0bn

Raised on the London Stock Exchange through bond transactions in 2025 YTD

8,292

Bond transactions on the London Stock Exchange in 2025 YTD

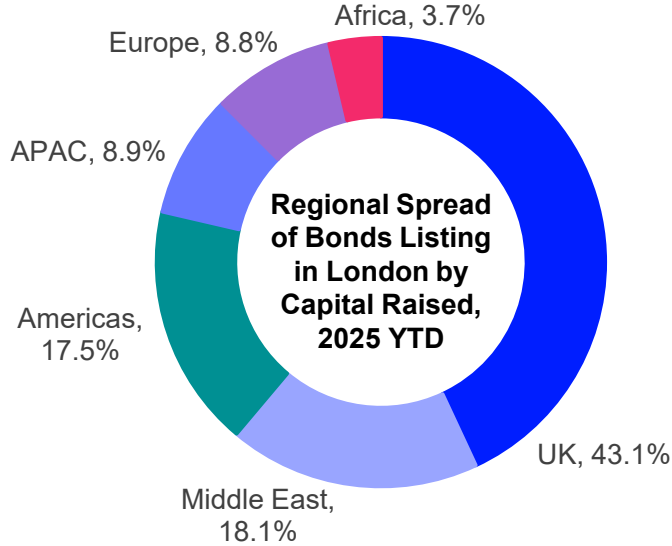
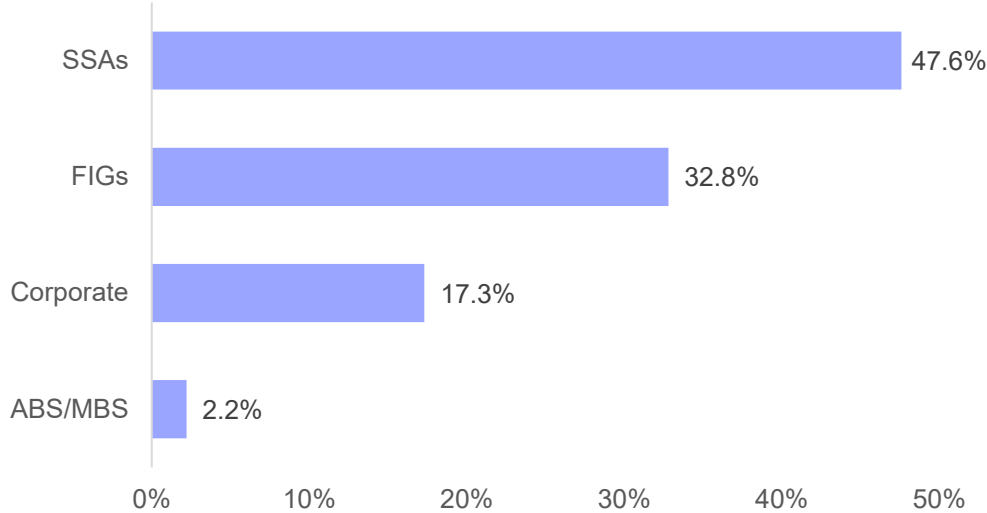
57%

Of capital raised by bond transactions on the London Stock Exchange in 2025 YTD has been by international issuers

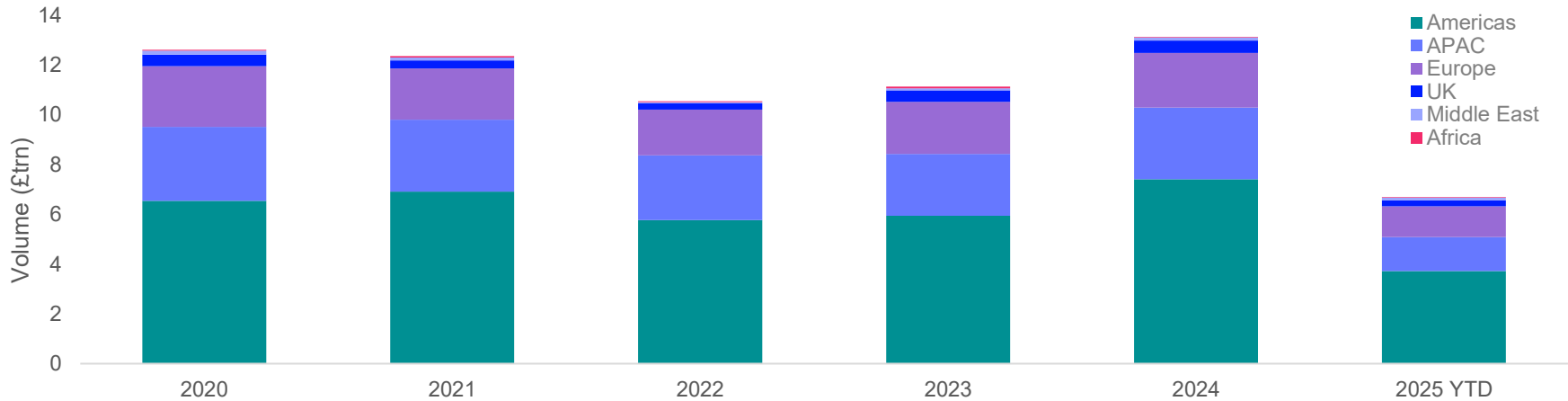


LONDON STOCK EXCHANGE

SSA's account for the majority of capital raised in London in 2025 YTD



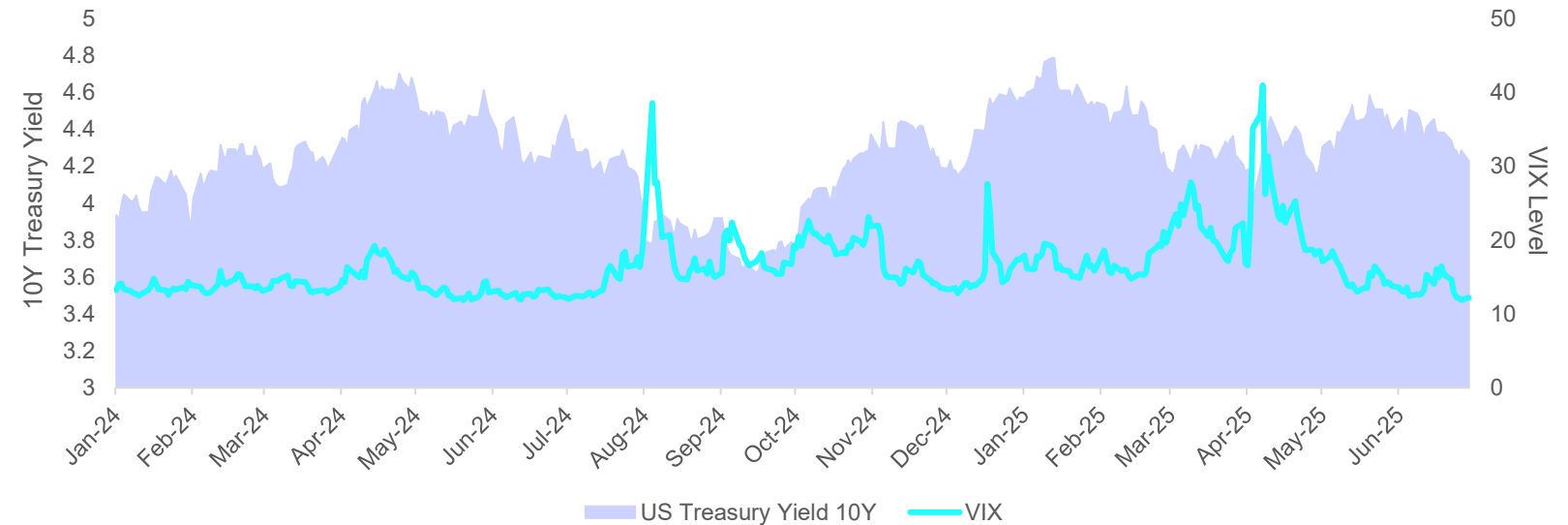
Global DCM Volumes by Issuer Region



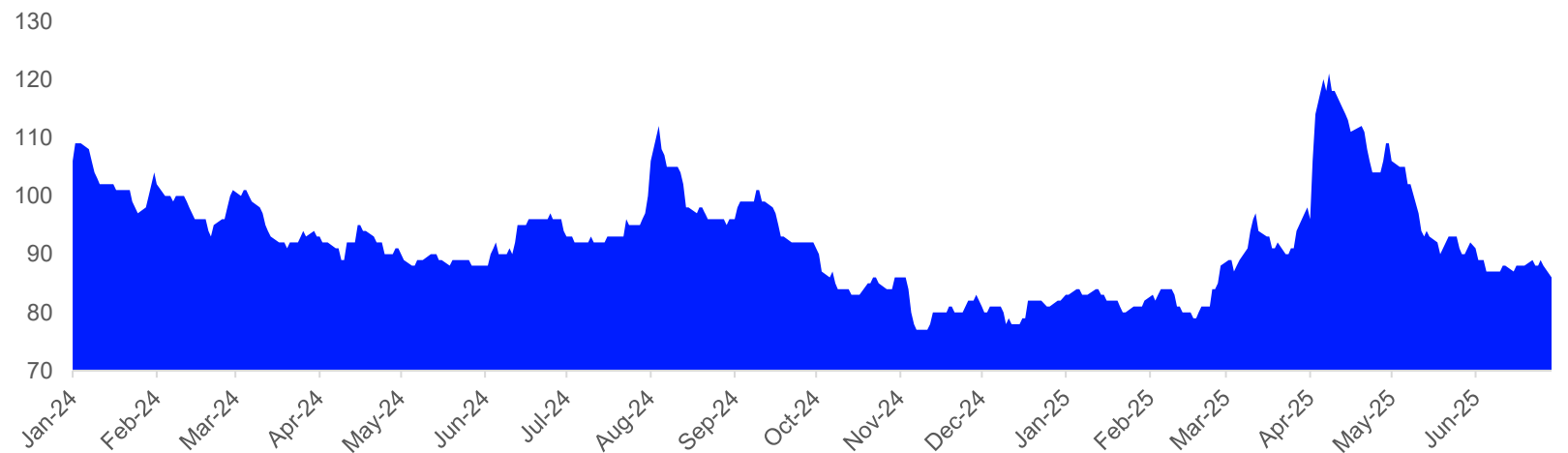
Global Fixed Income Dynamics

- The VIX continued its fall in June after its early April peak following President Trump's tariff announcements. With current market volatility falling in line with levels that have been seen longer term over recent years, despite ongoing concerns around the Trump Administration's budget and its impact on inflation.
- 10 Year US Treasury Yields retracted in June, ending the month at 4.23%, lower than levels prior to the US's credit rating downgrade by Moody's. Long term 20- and 30-year Treasury Yields also lowered in June.
- US corporate bond spreads continued to narrow in June having seen a large spike following President Trump's April tariff announcements. They are now below pre-announcement levels and sit just above the level seen at the beginning of the year.

Volatility vs US 10Y Treasury Bond Yield¹

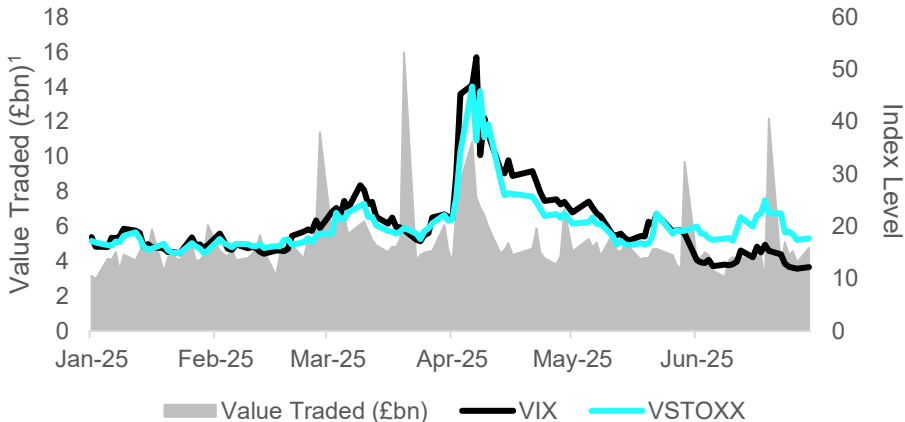


10Y US Corporate Bond Spreads²

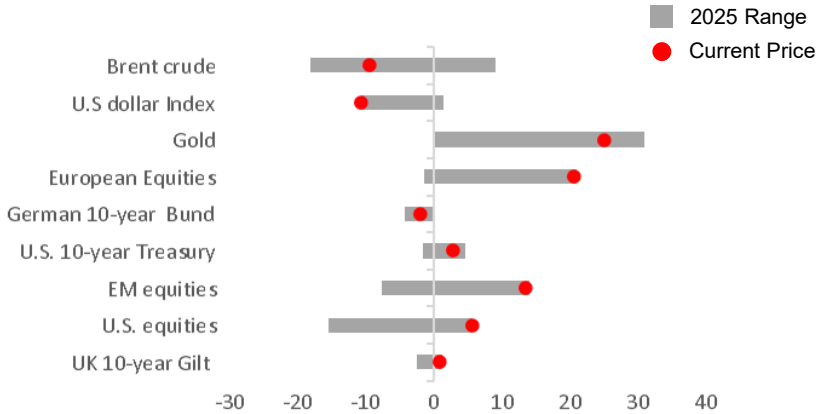


Dollar Continues to Decline Recording Worst First Half in 52 Years

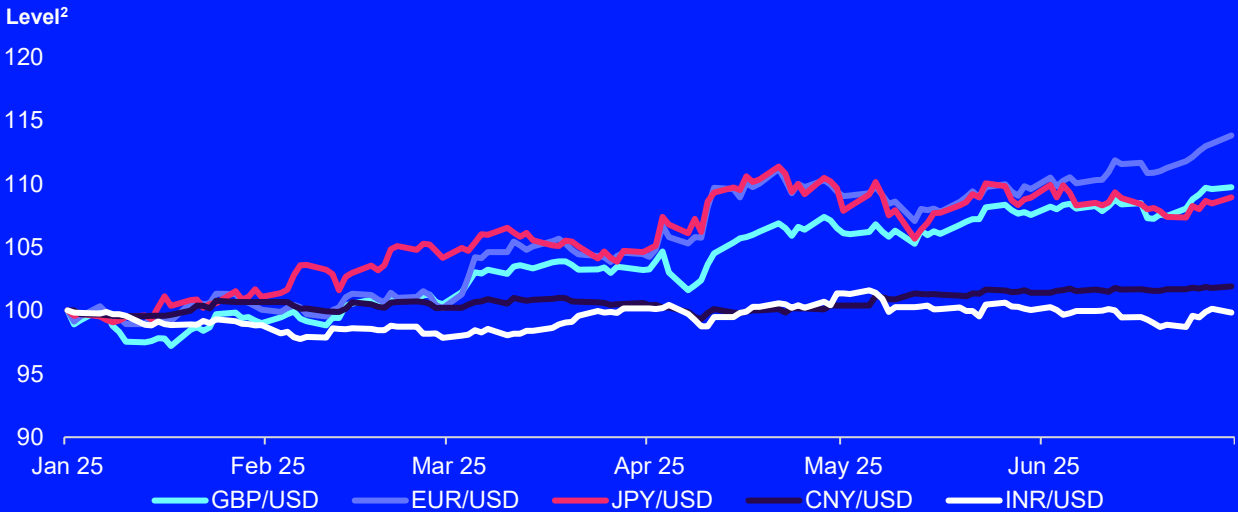
Volatility Falls in June



Select Assets in Review



Select Currencies in Review



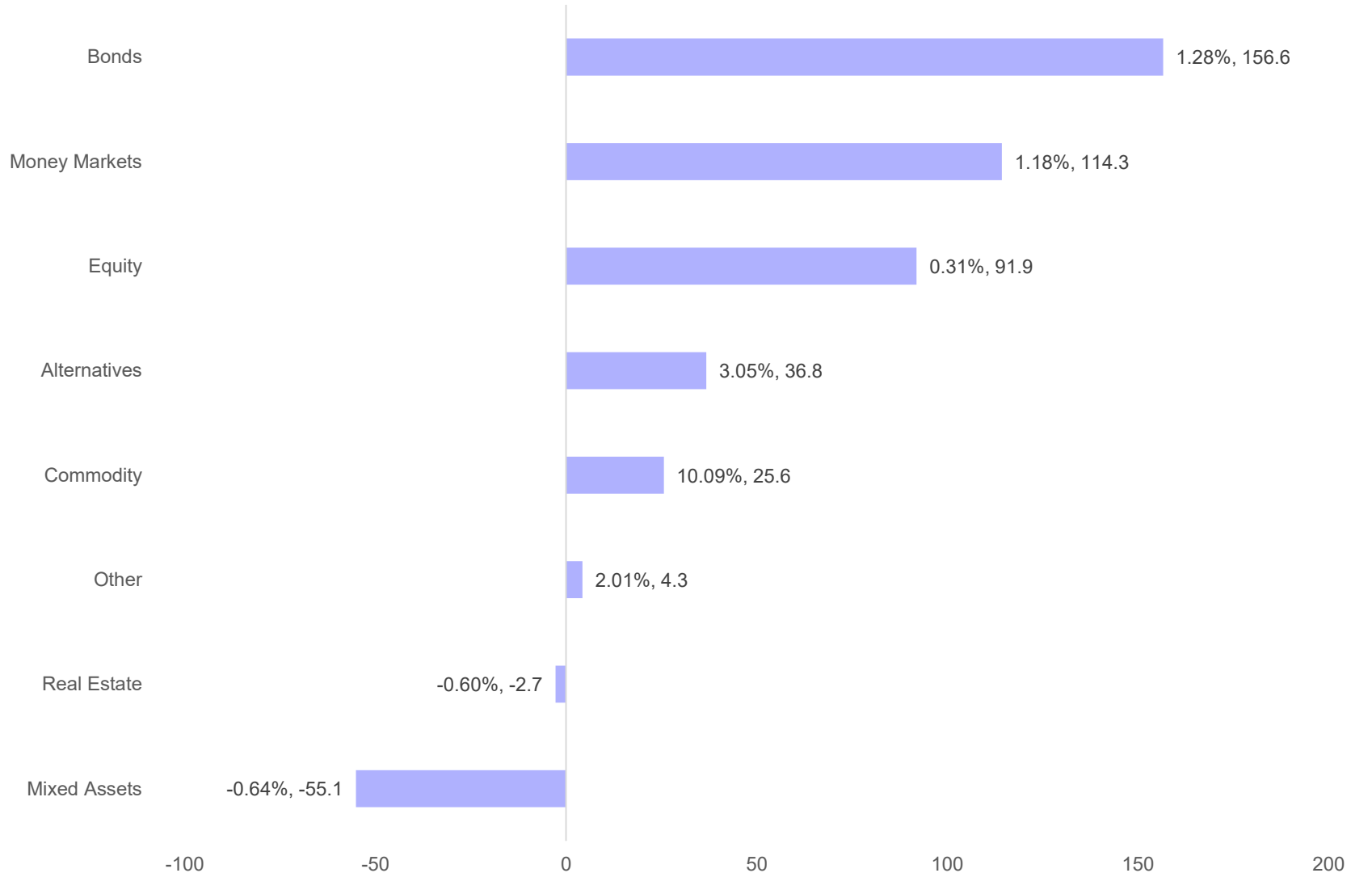
- The US dollar continued to decline against other major currencies in June 2025 and reported the worst first half since 1973³. This decline is the result of a combination of economic, political, and policy-driven factors further dampening investor confidence and reducing the currency’s appeal.
- However, other global currencies have continued to surge against the US dollar, with the Euro strengthening by 14%, the British Pound by 10% and Japanese Yen by 2%. Meanwhile, the Indian Rupee has depreciated by 0.2% against the dollar since the start of the year 2025.
- Gold has continued to be one of the best performing asset classes year to date followed by European and Emerging Market Equities, with European, Emerging Markets and US equities all near to year-to-date highs.

Source: London Stock Exchange, LSEG Workspace, 8th July 2025. Note: [1] Value Trade based on London Stock Exchange Orderbook trading data. [2] Level rebased to 100 on 01/01/25. [3] CNBC.

Global Bond Inflows Rise in May

- Investor behaviour in May reflected a notable shift in sentiment, with bond funds drawing substantial inflows of £47bn reversing March's outflows and making fixed income the most favoured asset class year to date. This appetite for bonds came as concerns linger around trade tariffs, inflation persists, and fiscal deficits grow.
- Ten-year government bond yields rose across major economies including the US, UK, and Japan, increasing the appeal of fixed income. The move marked a clear difference from April, when flatter yield curves kept investors in money markets funds. In contrast, May saw smaller inflows (£280m) into Money Markets, as capital moved into bonds.
- Equities also saw renewed interest, attracting £18bn in inflows as rallies continued globally throughout May with momentum persisting ahead of the expected end of President Trump's pause on US tariffs.

Net Flows from Global Funds 2025 (1st Jan – 31st May) (£bn)



Majority of Major Banks Expected to Hold Rates at Next Meeting

Interest Rate Decision Predictions

Central Bank	Next Meeting Date	Current Rate	Predicted Action ¹	Change By ¹
Federal Reserve	30 July 2025	4.375%	NO CHANGE	-
European Central Bank	24 July 2025	2.00%	NO CHANGE	-
Bank of England	07 August 2025	4.25%	CUT	-0.25%
Bank of Japan	31 July 2025	0.50%	NO CHANGE	-
Swiss National Bank	25 September 2025	0.00%	NO CHANGE	-
Bank of Canada	30 July 2025	2.75%	NO CHANGE	-
Reserve Bank of Australia	08 July 2025	3.85%	CUT	-0.25%

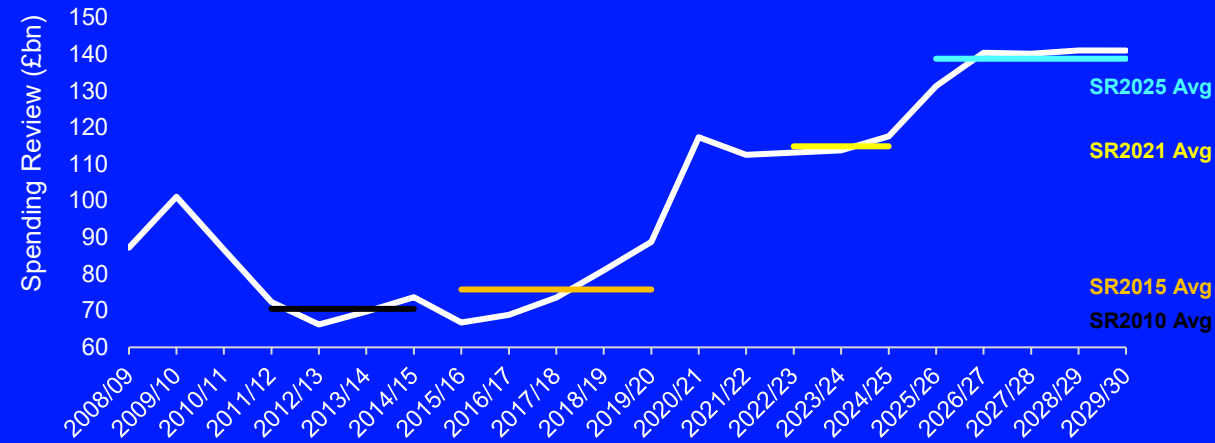
Inflation Moderating with Neutral Growth Outlook

	Real GDP (%)			CPI Inflation (%)			Policy Rates		
	24	25E	26E	24	25E	26E	24	25E	26E
US	2.8	1.5	1.6	3.0	2.9	2.8	4.50	4.05	3.50
Eurozone	0.9	1.0	1.1	2.4	2.0	1.8	3.15	1.90	1.90
UK	1.1	1.1	1.2	2.5	3.2	2.3	4.75	3.75	3.30
Japan	0.2	0.8	0.8	2.7	2.8	1.8	0.25	0.70	0.90
Switzerland	1.4	1.1	1.4	1.1	0.3	0.6	0.50	0.00	0.00
Canada	1.6	1.4	1.1	2.4	2.1	2.1	3.25	2.25	2.25
Australia	1.1	1.7	2.3	3.2	2.6	2.7	4.35	3.35	3.35
China	5.0	4.6	4.2	0.2	0.2	1.0	3.10	2.85	2.70

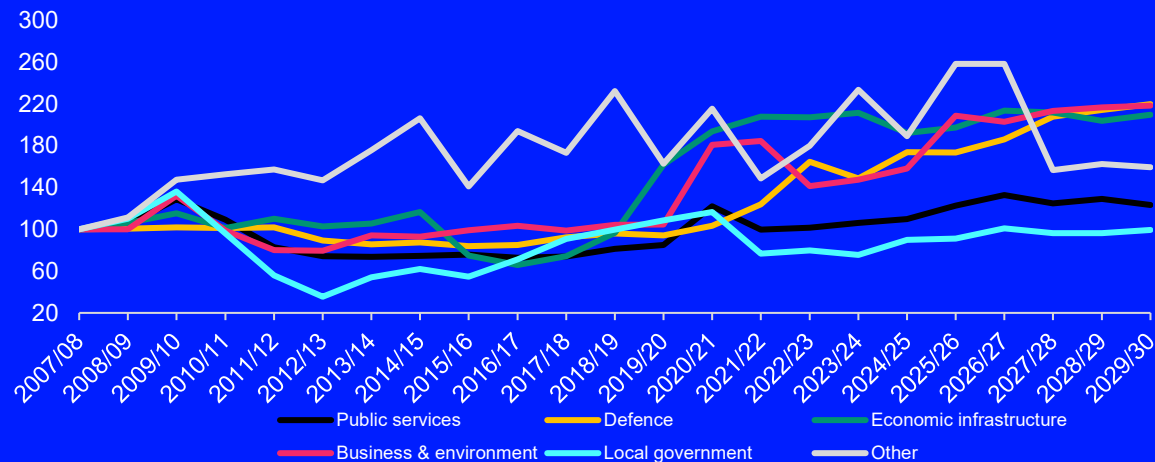
- The majority of central banks are expected to hold rates steady at the next meeting, this is amidst geopolitical uncertainty with many banks holding rates while they gauge the impacts of trade disruptions. The Bank of England is an exception to this, while it held at the last meeting due to unexpected inflation, with a 3.4% rate of year on year inflation in May, it is expected to cut rates at the next meeting.
- Inflation levels are still expected to fall in 2025 for most global economies though this is perhaps by less than initially anticipated due to ongoing geopolitical tensions impacting supply chains, as well as the potential implementation of further US tariffs.

UK Spending Review 2025

Investment spending over spending review (SR) periods (2025/26 prices)¹



Level of real-term investment spending by department type^{2,3}



The UK economy has shown strong performance in early 2025, recording the fastest growth among G7 nations in Q1 2025 with both the Bank of England and IMF having upgraded their forecasts for UK GDP growth this year. In the Spending Review delivered on 11th June 2025, Chancellor Rachel Reeves outlined departmental budgets through to 2028/29.

Notable Changes in 2025 Spending Review

Health Spending

Health spending received the most significant day-to-day spending increase in cash terms in the review period, as NHS funding was increased by 3.0% per year in real terms. However, in recent decades this figure has sat around 3.5%, so this increase was slightly below expectations.

Defence Spending

As widely anticipated, defence was one of the major beneficiaries of the review. The government announced an increase in defence spending from 2.3% to 2.5% of GDP.

DSIT / R&D

The Department for Science, Innovation and Technology (DSIT) saw the largest proportional increase relative to its existing budget. Research and Development (R&D) funding will rise to over £22.6 billion per year by 2029/30, with DSIT receiving over £16 billion of that total. Notably, £2 billion annually has been earmarked specifically for AI investment from 2026/27 through to 2029/30.

Homebuilding

Chancellor Reeves also pledged an extra £10 billion to accelerate homebuilding in England, supplementing a £39 billion, 10-year affordable housing plan.

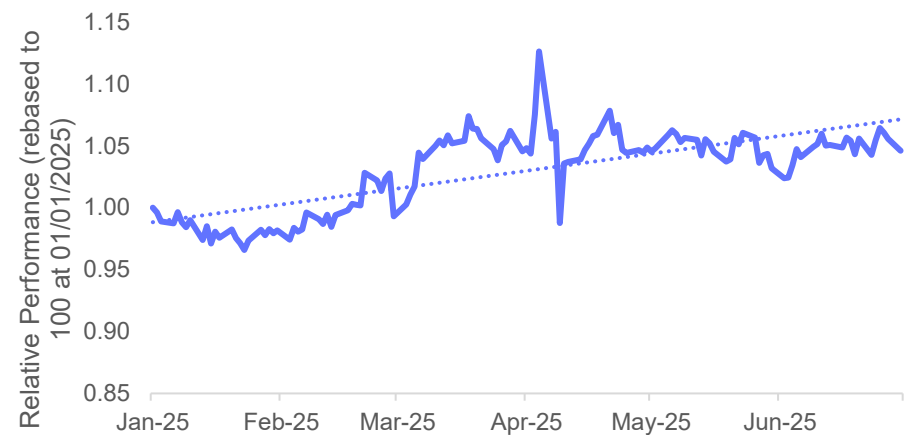
Areas of cuts

Despite the overall increase in public spending, several departments faced reductions. These included:

- Home Office: -1.7%
- Department for Environment: -2.7%
- Foreign Office: -6.9%

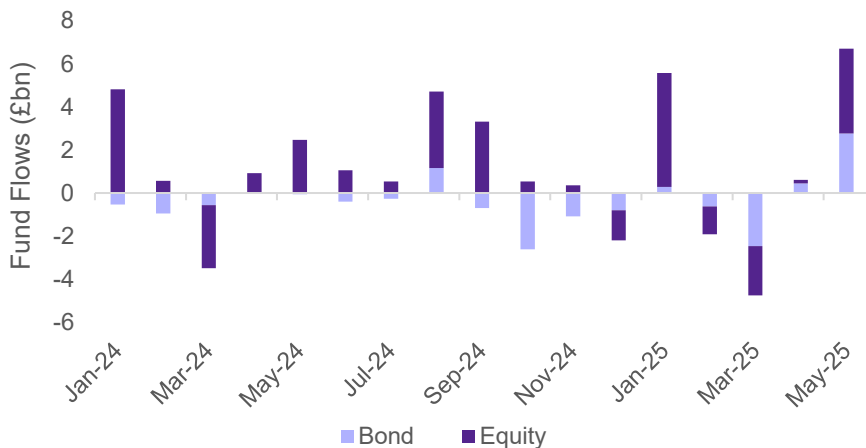
Emerging Markets Revisited: Strong Relative H1 Performance

Emerging vs. Developed Markets: Relative Performance Trend¹



Emerging markets have outpaced their developed counterparts in 2025, with the emerging market equity index showing a notable uptick in performance. The performance gap, between EM and World indexes¹, has widened to 5% YTD, highlighting a renewed investor appetite for these regions. Compared with the MSCI World Index's increase of 9% YTD, emerging market equities have demonstrated greater resilience and upside, increasing by 14%, defying global trade tensions and geopolitical instability.

Emerging Markets Fund Flows: Bonds vs Equities



After initial turbulence, capital flows into emerging market assets have turned positive. Although investors withdrew approximately £1.1bn from emerging market shares and bond funds in early 2025, primarily around the peak of US tariff concerns, net inflows rebounded significantly, with £6.7bn returning in May alone. In emerging markets, changes in allocations even by smaller investors/funds can have a disproportionately large impact on demand and prices.

Key Drivers

1. Inflation-adjusted interest rates in many emerging market countries have reached their highest levels in decades, enhancing bond appeal.
2. Stabilisation in China, where targeted stimulus and AI-driven innovation have reignited growth.
3. Stronger earnings visibility in emerging market sectors like consumption and infrastructure has boosted investor confidence, attracting new fund flows and lifting equity prices.
4. A weaker dollar has reduced currency pressures and provided room for emerging market central banks to cut rates, spurring growth.
5. Despite oil price volatility and geopolitical tensions, emerging market assets have remained relatively stable.

Regional Trends and Headlines

Europe



In June 2025, the UK launched legislation for the framework of the Private Intermittent Securities and Capital Exchange System (PISCES). This will allow for a new type of trading platform designed to support the exchange of private company shares on a periodic basis.



Average UK house prices steadied at around £297k in June, following a 0.3% drop in May. The housing market is still digesting the impact of April's stamp duty threshold cut, which reduced relief for first-time buyers. However, the UK housing market is set to be staying resilient despite the change.



The EU approved funding of €2.8 billion for 94 transport projects, focusing on modernising railways, greener ports, and road safety improvements across the continent. The program is funded under the Connecting Europe Facility (CEF).

North America



The OECD downgraded the US growth forecast to just 1.6% for 2025, citing tariff uncertainty, reduced immigration, and a shrinking federal workforce. The US has introduced many new sanctions, including doubling tariffs on steel and aluminium imports from 25% to 50% on June 4.



The US Senate narrowly passed "The One, Big, Beautiful Bill", following intense negotiations and voting session on amendments. The bill is expected to impose deep cuts to popular health and nutrition programmes, among other measures, while offering \$4.5 trillion in tax reductions.



The Government of Canada announced its intention to rescind the Digital Services Tax to advance trade negotiations with the US. Following this the two countries have agreed that parties will resume negotiations with a view towards agreeing on a deal by July 21st.

Central and South America



Argentina issued \$1 billion in peso-denominated bonds which is the country's first major bond sale in seven years signalling a cautious return to global financial markets. The bonds carried a 29.5% yield, and the offering was oversubscribed by 1.7 times suggesting tentative confidence in the country's fiscal direction.



In Brazil, economic growth is projected to slow to 2.4% in 2025, down from 3.4% in 2024, due to weaker investment and tighter financial conditions. However, Argentina's GDP is expected to grow 1.3% in 2025 as the Central Bank eases interest rates cautiously to support investment.



Peru is improving their capital markets with an innovative issuer-driven ETF to deepen bond market liquidity following such initiative being implemented by Colombia with the support of The World Bank. This is aimed at improving secondary market liquidity and expanding the investor base for Peruvian sovereign debt.

Regional Trends and Headlines

Middle East



Saudi Aramco raised \$5bn in a bond sale issued in London with strong demand. The company has faced pressure due to lower oil prices and is still paying out large dividends including to the Saudi Government, its largest shareholder, which uses the payments to finance economic diversification projects.



The US has lifted sanctions on Syria via an executive order, with US officials saying the order will still allow Washington to maintain sanctions where appropriate. The move follows a rebel offensive which overthrew Bashar al-Assad in 2024.



Oman is to become the first Gulf state to introduce personal income tax, with a 5% tax on residents earning over \$109,000. The tax will not come into effect until 2028, with 1% of residents expected to be earning over the threshold.

Africa



South Africa's central bank is looking to cut its inflation target from a range of 3-6% to 3%, with the move being backed by investors. The central bank has pointed to the lower inflation levels seen in recent years.



The price of cobalt spiked by 10% in a single day towards the end of June following an extension of a ban of exports from the Democratic Republic of Congo. This move followed a drop of over 60% in the price of the battery metal over the last 3 years. DR Congo is the biggest global producer of cobalt, producing 72% of mined supply in 2024.



Tanzania's central bank cut interest rates by twenty-five basis points to 5.75%, the country is seeing low inflation of 3% compared to the country's 5% target and is expected to see economic growth of 6% in 2025, up from 5.5% in 2024.

Asia-Pacific



The Bank of Japan has said it will slow down the rate at which it is purchasing bonds, the bank owns approximately 50% of Japanese Government debt. The Bank of Japan states that this should allow yields to move more freely under market forces, but it will manage the taper to maintain stability in the market.

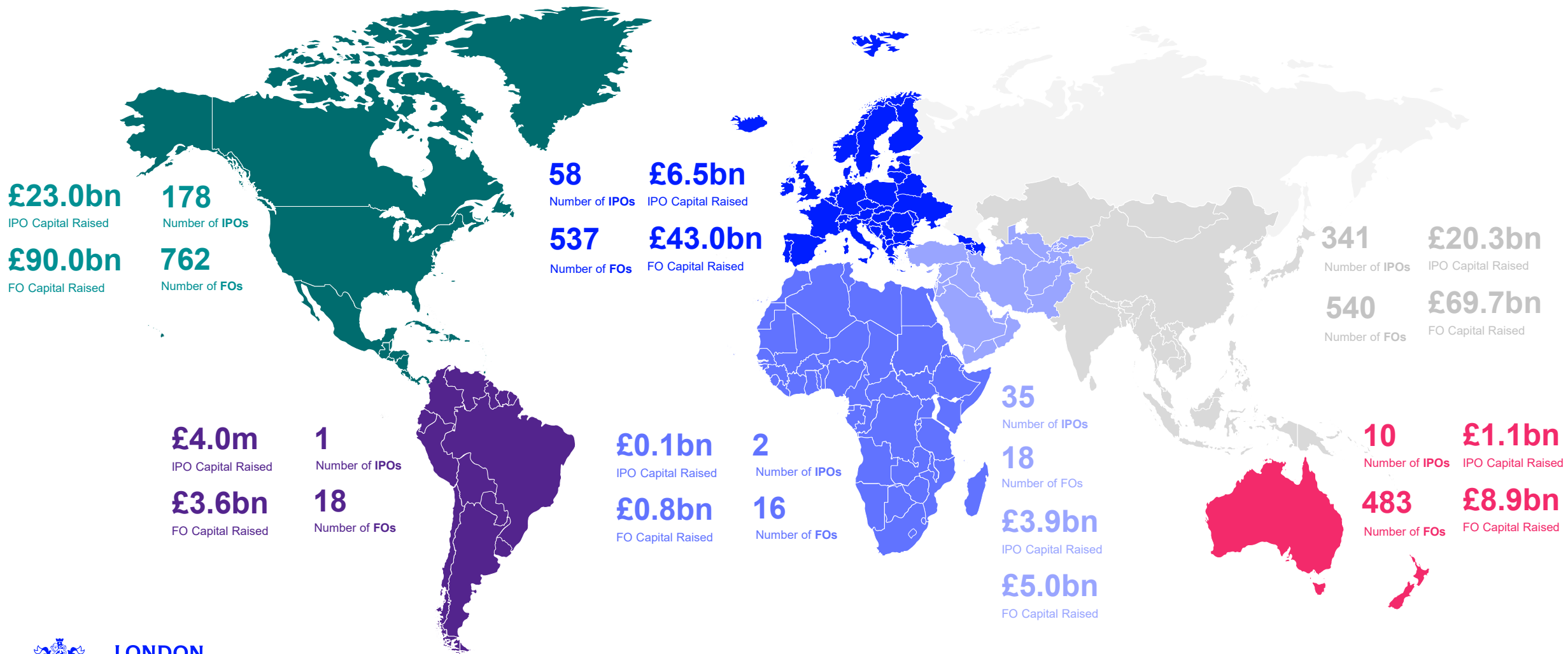


The Australian regulator is set to investigate the Australian Securities Exchange over "repeated and serious failures" which it states has reduced confidence in public markets. This follows the regulator suing ASX in 2024 over "deceptive and misleading" statements on the progress of systems upgrades.



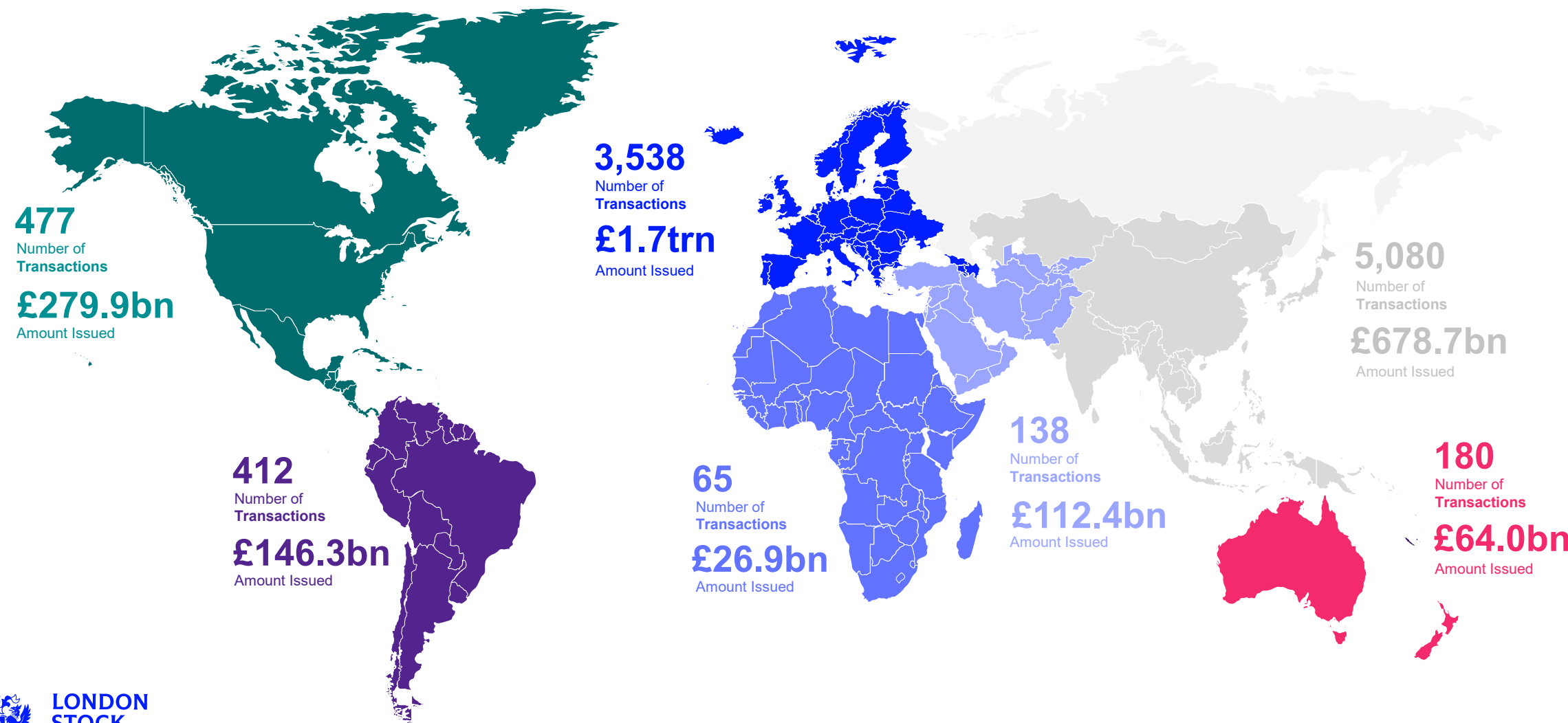
Toyota's biggest subsidiary, Toyota Industries, has received a \$33bn take private proposal from a special purpose company backed by Toyota Motors and another Toyota subsidiary.

Global Equity Capital Markets, 2025 YTD



Source: Dealogic, 7th July 2025. Deals data covers 1st January 2025 – 30th June 2025.

Global Debt Capital Markets, 2025 YTD



Source: Dealogic, 3rd July 2025. Notes: Deals data covers 1st January 2025 – 30th June 2025. Region based on Deal Region. Excludes unlisted and unassigned bonds.



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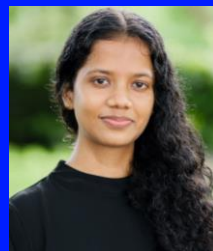
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