

## RESEARCH UPDATE

# MARKET *watch*

JUNE 2025



Global equity markets rebounded in May, with geopolitical trade tensions easing as some countries negotiated trade deals. The US announced a trade deal with the UK, suspended tariffs on China for 90 days and delayed a 50% tariff on the European Union as trade talks began. At the end of May, the US Court of International Trade ruled that Trump's 'reciprocal' tariffs were illegal, which the administration quickly appealed. Over the month, the S&P 500 and the Nasdaq Composite Index rallied 6.2% and 9.6% respectively, driven by the Information Technology sector. The Hang Seng Index recovered 5.3%, buoyed by the trade deal. The S&P/ASX 200 underperformed other international indexes, returning 3.8% for the month as the Reserve Bank of Australia made its second rate cut of its monetary policy loosening cycle.

### S&P/ASX 200 Sector Performance

Information Technology was the best-performing sector in May, rallying 19.8%. Life360 Inc returned 51.9% over the month after reporting strong corporate earnings results for the first quarter of 2025. It also recorded a 32% year-on-year increase in first-quarter revenue to \$103.6 million and a 38% year-on-year increase on annualised monthly revenue to \$393.0 million. TechnologyOne Limited jumped 36.6% on its half-year earnings, which revealed a 21% increase in total annual recurring revenue and a 31% increase in profit after tax. The company also upgraded its full-year profit growth guidance to a range of 13%–17%. WiseTech

Global Limited gained 21.1% after announcing the acquisition of e2open, a US-based business-to-business provider of software solutions for global logistics. The acquisition will add a complementary product suite to WiseTech Global Limited's offerings and increase its total addressable market and global reach.

The next best-performing sector was the Energy sector, which rose 8.6%. Gains were driven by uranium producers, with Boss Energy Limited, NexGen Energy (Canada) Limited, and Deep Yellow Limited advancing 25.2%, 18.9% and 18.5%, tracking uranium prices higher. Support for the nuclear sector has seen an uplift after

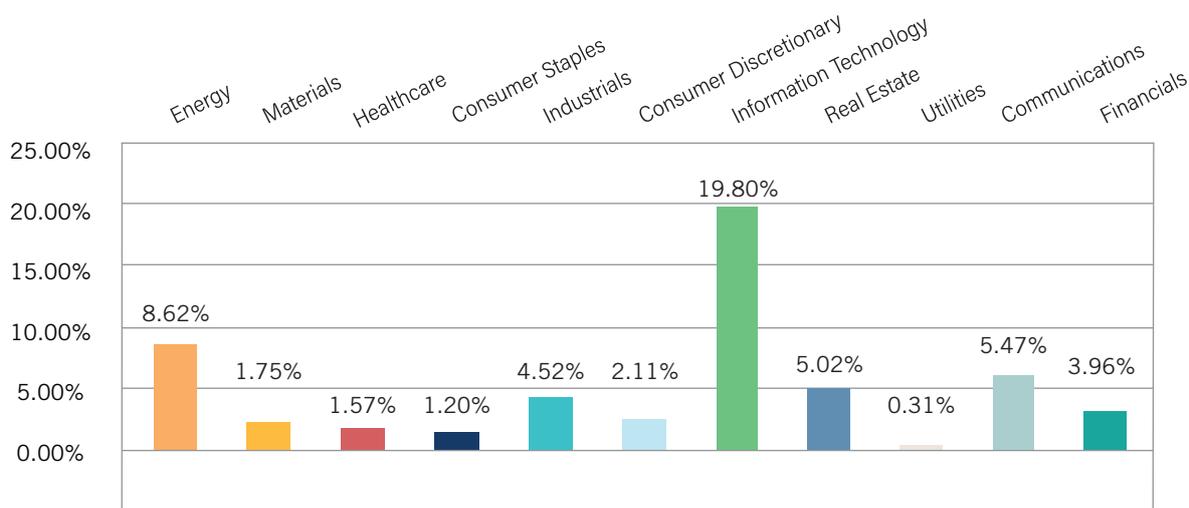
US President Donald Trump signed an executive order to ease regulations to speed up the development of new nuclear reactors, expand domestic production and secure uranium supply chains. As a part of securing supply chains, Australian uranium miners are expected to benefit, with the US likely to shift away from importing uranium from Russia and China.

The Communications sector rose 5.5% over the month, with gains led by Nine Entertainment Co. Holdings Limited. The company rallied 12.9% on the proposed acquisition of Domain Holdings Australia Limited (of which Nine Entertainment Co. Holdings Limited owns 60.1%) by CoStar for \$4.43 per share. If the transaction is completed, Nine Entertainment Co. Holdings Limited will

receive after-tax proceeds of approximately \$1.4 billion. Spark New Zealand Limited gained 8.1% after announcing a new strategic partnership with Nokia to use artificial intelligence to automate processes and reduce network operating costs.

Real Estate was another strong performer, up 5.0% for May. Unibail-Rodamco-Westfield led gains, with a 12.3% return driven by a strategic and franchising partnership agreement within the Kingdom of Saudi Arabia and a new business plan to generate annual earnings growth of 5.8%–6.6%. Lendlease Group rallied 10.6% after announcing a joint venture with The Crown Estate for 6 development projects in the UK.

### S&P/ASX 200 Sector Performance



Data Source: Desktop Broker, 2 June 2025.

## Highlights

**Australia:** The Australian Bureau of Statistics published the Wage Price Index (WPI) data for the March quarter. The seasonally adjusted WPI came in at 0.9% for the quarter and 3.4% for the 12 months to the March quarter. Healthcare and social assistance, and education and training

were the sectors with the largest quarterly wage growth.

Australian private hospital operator Healthscope has collapsed due to a combination of workforce shortages, higher costs for both supplies and

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equipment, and continued negotiations with health insurers. The pandemic saw revenue fall as elective surgeries were postponed or cancelled, which was then exacerbated by a reduction in overnight stays once patients returned. Healthscope's 37 hospitals and 19,000 staff will remain in operation as the group looks for a buyer.

**US:** The US and China both agreed to lower tariffs by reversing reciprocal and retaliatory tariffs for 90 days to enable trade talks to commence. This will bring US tariffs on Chinese goods down from 145% to 30%, while Chinese tariffs on US goods will go from 125% to 10%.

Warren Buffett announced his retirement at Berkshire Hathaway's annual shareholder meeting. The famed investor first took control of Berkshire Hathaway in '1965', when it was a textile mill. Now, it is a multinational conglomerate with a market capitalisation of more than \$1.4 trillion. Buffett has named vice chairman of non-insurance operations Greg Abel as his successor.

**Canada:** King Charles delivered a 'speech from the throne' in Canada's parliament, the first monarch to do so since 1957 when the late Queen Elizabeth opened parliament. King Charles noted the unprecedented challenges Canada was facing in these changing times and called for the country to remain 'strong and free.'

**United Kingdom:** The UK Government has published a white paper on the immigration system. The paper included eight proposals to update the system, including reducing the list of jobs for a Skilled Worker visa, tougher compliance rules for universities to sponsor student visas, and raising standards to pass the

English language tests.

UK inflation came in at 3.5% for the 12 months to April, the highest reading since January 2024. The higher rate was driven by housing and household services, transport, and recreation and culture. Clothing and footwear helped offset some price increases.

**Denmark:** The Danish parliament voted to raise Denmark's retirement age in line with life expectancy, continuing the system implemented in 2006. The retirement age will be 68 in 2030, 69 in 2035 and 70 in 2040.

**Argentina:** The Argentinian government has released a statement explaining its decision in February to withdraw from the World Health Organisation (WHO). The statement claims that 'The WHO's prescriptions do not work because they are not based on science but on political interests and bureaucratic structures that refuse to review their own mistakes.'

**Singapore:** The People's Action Party (PAP) won the Singaporean election with 66% of the popular vote and winning 87 of 97 seats. The PAP has overseen Singapore for six decades since independence in 1965.

**New Zealand:** The Reserve Bank of New Zealand (RBNZ) has lowered its interest rate by 0.25% to 3.25%, with inflation in the target range. The RBNZ has updated its cash rate forecast, with a rate of 2.9% expected by September 2026.

**Japan:** The Japanese economy contracted 0.2%, or 0.7% on an annualised basis for the March quarter as trade fell and consumer spending stalled. This was the first quarterly contraction in GDP since the March quarter of 2024.

## What to watch out for

**China:** Chinese Premier Li Qiang has called for increased co-operation between Southeast Asian and Arab Gulf countries ahead of the inaugural summit between China, the Association of Southeast Asian Nations and the Gulf Cooperation Council.

After the US Court of International Trade ruled that Trump's 'reciprocal' tariffs were illegal, the Trump administration appealed the ruling hours later. Hearings in the appeals court will occur in early June, with the administration threatening to go to the Supreme Court if they are unsuccessful in overturning the ruling by the US Court of International Trade.

## Conclusion



Global equity markets have rebounded as tariff concerns eased, with some countries negotiating trade deals. Geopolitical tensions across the world remain elevated but have so far had little impact on markets.

During periods of uncertainty, clients should:

- Stick to the plan and focus on your long-term goals. Our investment approach is focused on the long term and designed so that your portfolio can ride out any downturns – including this one. Staying the course, despite how uncomfortable it may feel right now, will prove to be the better option when looking back five years from now.

Investors who stayed the course while equity markets declined in the depths of the COVID-19 pandemic in early 2020 have benefitted from one of the fastest market turnarounds with equity markets. Investors who sold equities during the downturn and waited until economies started to show recovery before buying back into the market missed a large part of the recovery.

- Maintain a buffer of safety. Holding a buffer of cash and term deposits has been a key strategy to provide a cushion against market downturns and to protect capital.
- Take advantage of the weakness. Market downturns provide buying opportunities to invest in long-term, quality investments.
- Focus on quality investments. Invest in companies that generate stable cash flows to support distributions, which are not connected to the movements in asset prices, and partner with fund managers who share the same investment philosophy and objectives.
- Diversify across asset classes, industries, sectors and geographies.
- Regularly rebalance the portfolio back to your risk profile to ensure that the portfolio is not exposed to unwanted risks and to also lock in profits.
- Remain calm, and speak to your Apt adviser. It is important that you speak to your Apt adviser before making any financial moves. Your adviser understands your long- and short-term goals and will have been planning for these types of scenarios already, so they are best placed to explain any impact and discuss the best options and opportunities for you personally.

#### **Disclaimer**

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