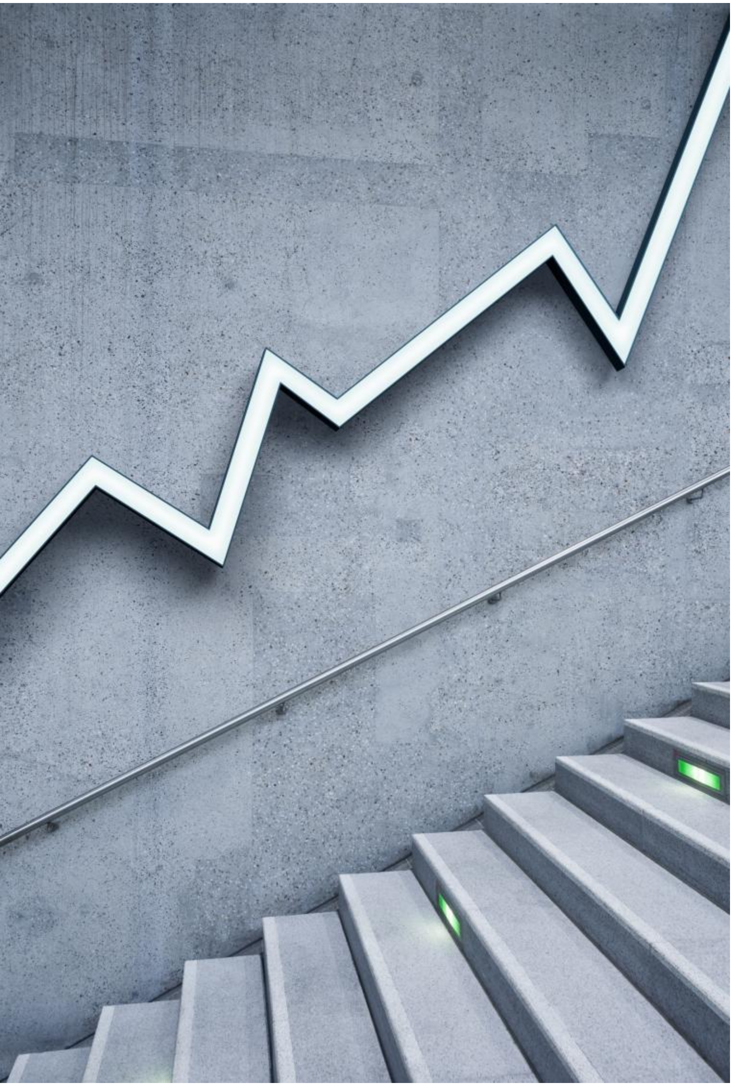

Six Arrows Consultancy
Plan Your Future

MONTHLY NEWSLETTER, JUNE 2025

5 JULY 2025

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Global Economy

Country	GDP	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Gov. Budget	Debt/GDP	Current Account	Population
United States	29185	-0.50	4.50	2.40	4.10	-6.20	124.30	-3.90	341.15
China	18744	1.20	3.00	-0.10	5.00	-5.80	88.30	2.20	1408.00
Euro Area	16406	0.60	2.15	2.00	6.30	-3.10	87.40	2.80	350.17
Germany	4660	0.40	2.15	2.00	6.30	-2.80	62.50	5.70	83.60
Japan	4026	0.00	0.50	3.50	2.50	-5.50	236.70	4.70	123.59
India	3913	2.00	5.50	2.82	7.90	-4.80	81.59	-0.70	1398.60
United Kingdom	3644	0.70	4.25	3.40	4.60	-4.80	95.90	-2.70	68.27
France	3162	0.10	2.15	0.90	7.40	-5.80	113.00	0.40	68.44
Italy	2373	0.30	2.15	1.70	6.50	-3.40	135.30	1.10	58.97
Canada	2241	0.50	2.75	1.70	7.00	-2.10	110.80	-1.00	41.53
Brazil	2179	1.40	15.00	5.32	6.20	-8.50	76.50	-2.55	212.58
Russia	2174	-0.80	20.00	9.90	2.20	-1.70	16.40	2.90	146.20
Mexico	1853	0.20	8.00	4.42	2.70	-5.70	49.70	-0.80	129.74
Australia	1752	0.20	3.85	2.40	4.10	0.60	43.80	-2.10	26.97
Spain	1723	0.60	2.15	2.20	11.36	-3.20	101.80	3.10	49.08
South Korea	1713	-0.20	2.50	2.20	2.70	-3.90	46.80	5.30	51.75
Indonesia	1396	-0.98	5.50	1.87	4.76	-2.30	38.80	-0.63	281.60
Turkey	1323	1.00	46.00	35.05	8.40	-4.90	24.70	-0.80	85.67
Saudi Arabia	1238	1.10	5.00	2.20	2.80	-2.80	29.90	5.90	35.30
Netherlands	1228	0.40	2.15	3.10	3.80	-0.90	43.70	9.10	17.94
Switzerland	937	0.50	0.00	0.10	2.80	0.40	37.90	5.10	8.96
Poland	915	0.70	5.00	4.10	5.00	-6.60	55.30	0.00	36.62
Taiwan	757	9.67	2.00	1.55	3.34	-0.80	28.20	14.80	23.40
Belgium	665	0.40	2.15	2.15	6.50	-4.50	104.70	-0.90	11.82
Argentina	633	0.80	29.00	43.50	7.90	-4.37	83.20	0.60	47.07
Sweden	610	-0.20	2.00	0.20	9.70	-1.50	33.50	6.00	10.55
Ireland	577	9.70	2.15	1.70	4.00	4.30	40.90	17.20	5.35
Singapore	547	-0.60	1.50	0.80	2.00	-1.60	173.10	17.50	6.04
Israel	540	0.80	4.50	3.10	3.10	-6.80	69.00	3.20	9.99
United Arab Emirates	537	2.00	4.40	2.37	2.13	4.50	32.10	9.30	9.52

Source: www.tradingeconomics.com, as of 4 July 2025 (GDP figures are provided in USD billion)

Macro Outlook

- US policy remains the key source of volatility but after the initial shock, markets largely put this behind them. The second quarter of 2025 saw significant volatility across markets as investors grappled with tariff policy uncertainty and war in the Middle East. In both cases, investors' worst fears ultimately proved unfounded and in the absence of a meaningful weakening in the hard data, most major asset classes delivered positive returns over the quarter.
- The war between Iran and Israel caused significant geopolitical volatility, but its impact on markets was muted.
- In Q2, the FTSE All-Share still delivered healthy returns of 4.4% and European equities delivered returns of 3.6%.

UK & US Economic Calendar – Key Events

3 July > Non-Farm Payrolls	United States
3 July > Unemployment Rate	United States
11 July > GDP Growth Rate MoM	United Kingdom
15 July > Inflation Rate YoY	United States
16 July > Inflation Rate YoY	United Kingdom
17 July > Unemployment Rate	United Kingdom
17 July > Retail Sales MoM	United States
25 July > Retail Sales MoM	United Kingdom
29 July > JOLTs Job Openings	United States
30 July > FED Interest Rate Decision	United States
30 July > GDP Growth Rate QoQ	United States
31 July > Core PCE Price Index MoM	United States

Equities

- A combination of renewed investor confidence, and a strong earnings season helped boost mega-cap tech stocks. After underperforming in the first quarter of 2025, the 'Magnificent 7' delivered price returns of 18.6% over the second, outperforming the remainder of the S&P 500 by 14 percentage points. This helped global growth stocks deliver total returns of 17.7% over the quarter to end the period as the top performing asset class. Developed market equities delivered total returns of 11.6% over the quarter.
- Easing trade tensions between the US and China and a falling dollar were a particular tailwind for emerging market equities which generated a total return of 12.2% in dollar terms over the quarter.
- The easing of trade tensions meant Asian equities delivered strong local currency returns of 8.7%.

Fixed Income

- European government bonds outperformed their US and Japanese counterparts over the quarter. European bond yields fell by 17 basis points (bps) over the quarter, and tightening spreads helped Italian bonds outperform with returns of 2.9% during the quarter.
- While US Treasury yields remained flat in aggregate, the curve steepened over the quarter as the bond market digested the implications of the "One Big Beautiful Bill Act." This could add between $3 and $5 trillion to US Federal debt over the next 10 years before accounting for any tariff offsets and raised questions about the sustainability of Federal finances. US 30-year bond yields rose by 20bps over the quarter as a result.
- US Treasury yields remained range bound over the quarter and delivered returns of 0.8%.

Commodities

- Despite some short-term volatility pushing Brent crude to $80, oil prices ultimately ended the quarter back down at $68.

FX

- The US dollar saw continued weakness, with the DXY dollar index ending the quarter down 7.1%.

Note: Past performance is no guarantee of future results

Global Markets Overview: Asset Class and Style Returns

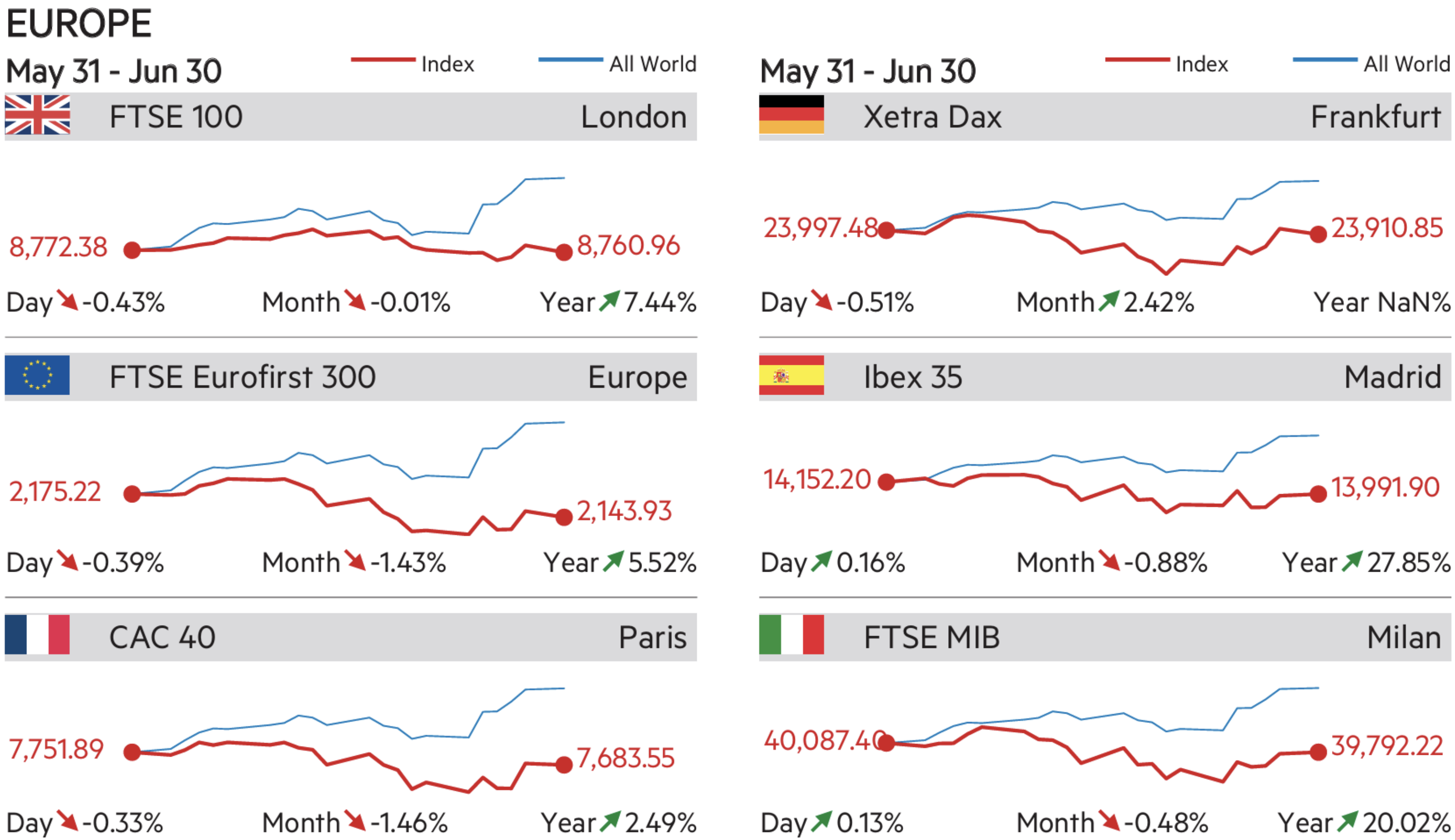
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Q2 '25
Growth 3.5%	Small cap 13.3%	MSCI EM 37.8%	Global Agg -1.2%	Growth 34.1%	Growth 34.2%	Global REITs 32.6%	Cmdty 16.1%	Growth 37.3%	Growth 26.2%	MSCI EM 15.6%	Growth 17.7%
Global REITS 0.6%	Value 13.2%	Growth 28.5%	Global REITS -4.9%	DM Equities 28.4%	MSCI EM 18.7%	Cmdty 27.1%	Value -5.8%	DM Equities 24.4%	DM Equities 19.2%	Value 10.9%	MSCI EM 12.2%
Small cap 0.1%	Cmdty 11.8%	Small cap 23.2%	Growth -6.4%	Small cap 26.8%	DM Equities 16.5%	Value 22.8%	Global Agg -16.3 %	Small cap 16.3%	Value 12.3%	DM Equities 9.8%	Small cap 11.8%
DM Equities -0.3%	MSCI EM 11.6%	DM Equities 23.1%	DM Equities -8.2%	Global REITs 24.4%	Small cap 16.5%	DM Equities 22.4%	DM Equities -17.7%	Value 12.4%	Small cap 8.6%	Growth 8.7%	DM Equities 11.6%
Global Agg -3.2%	DM Equities 8.2%	Value 18.0%	Value -10.1%	Value 22.7%	Global Agg 9.2%	Growth 21.4%	Small cap -18.4%	Global REITs 10.9%	MSCI EM 8.1%	Small cap 7.7%	Value 5.6%
Value -4.1%	Global REITS 6.5%	Global REITS 8.0%	Cmdty -11.3%	MSCI EM 18.9%	Value -0.4%	Small cap 16.2%	MSCI EM -19.7%	MSCI EM 10.3%	Cmdty 5.4%	Global Agg 7.3%	Global Agg 4.5%
MSCI EM -14.6%	Growth 3.2%	Global Agg 7.4%	Small cap -13.5%	Cmdty 7.7%	Cmdty -3.1%	MSCI EM -2.2%	Global REITs -23.7%	Global Agg 5.7%	Global REITs 2.8%	Cmdty 5.5%	Global REITs 3.0%
Cmdty -24.7%	Global Agg 2.1%	Cmdty 1.7%	MSCI EM -14.2%	Global Agg 6.8%	Global REITs -10.4%	Global Agg -4.7%	Growth -29.1%	Cmdty -7.9%	Global Agg -1.7%	Global REITs 4.7%	Cmdty -3.1%

- *Source: JP Morgan Asset Management, https://am.jpmorgan.com/gb/en/asset-management/adv/insights/market-insights/market-updates/monthly-market-review/*
- *Data as of 5 July 2025*

Global Stock Markets – Americas

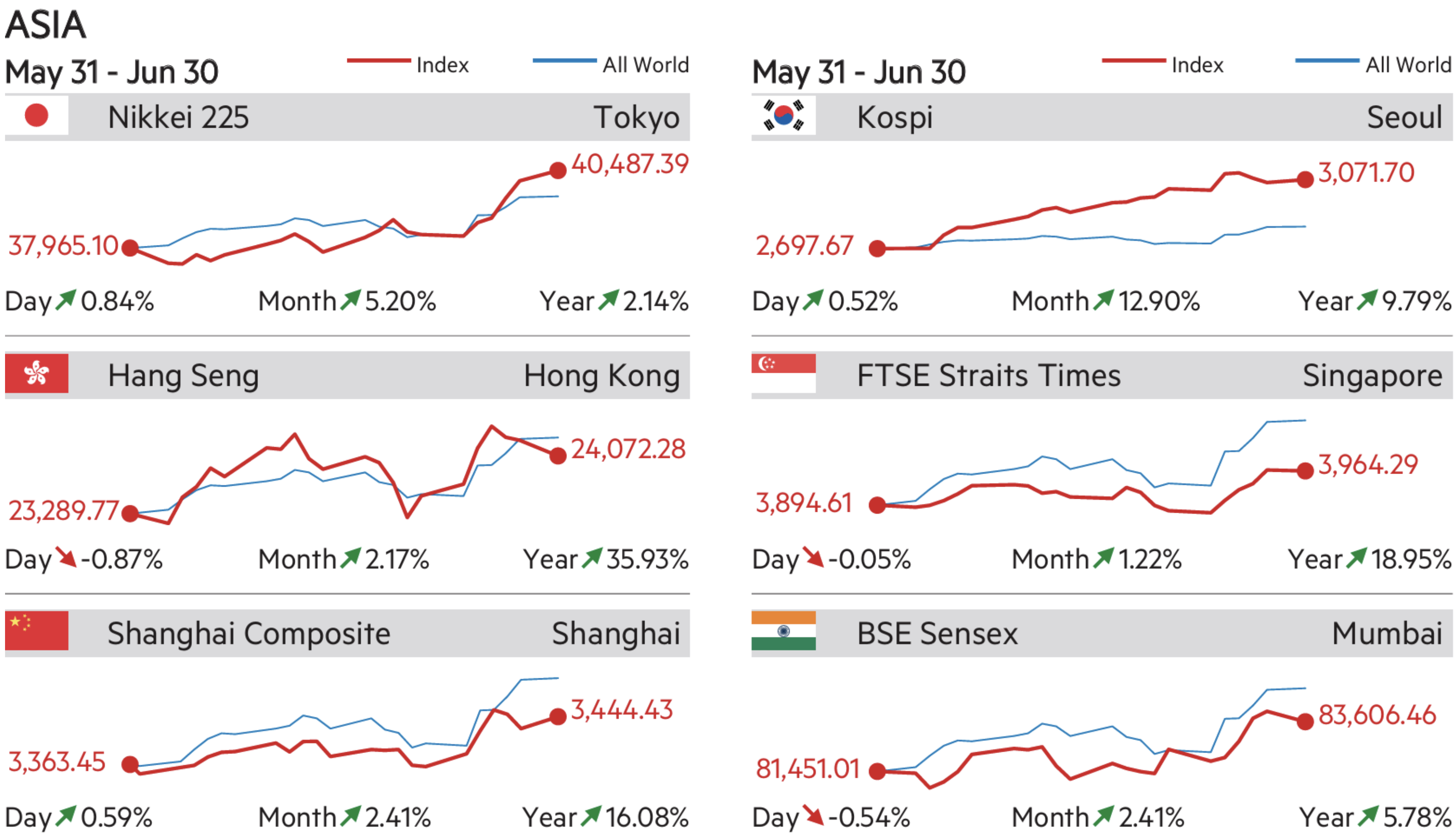
- *Source: Financial Times*
- *All figures are as of 30 June 2025*
- *Monthly figures represent the period between 31 May and 30 June 2025*

Global Stock Markets – Europe



- *Source: Financial Times*
- *All figures are as of 30 June 2025*
- *Monthly figures represent the period between 31 May and 30 June 2025*

Global Stock Markets – Asia



- *Source: Financial Times*
- *All figures are as of 30 June 2025*
- *Monthly figures represent the period between 31 May and 30 June 2025*

US Stock Markets

S&P 500 INDEX

✓ Following

SPX:IND

(USD) · Market closed

6,279.35 ▲51.93 +0.83%

As of 12:00 AM EDT 07/03/25.

Summary Related News Index Info

1D 1M 6M YTD **1Y** 5Y **News** Add a comparison

Overview

OPEN 6,246.46	1 YEAR RETURN 14.29%	DAY RANGE 6,246.46 – 6,284.65
PREV. CLOSE 6,227.42	YTD RETURN 6.76%	52 WEEK RANGE 4,835.04 – 6,284.65

Key Statistics

P/E RATIO	26.70	PRICE TO BOOK RATIO	5.30
PRICE TO SALES RATIO	3.17	1 YEAR RETURN	14.29%
30 DAY AVG VOLUME	910,903,961.17	EPS	254.32
LAST DIVIDEND REPORTED	0.98144		

- *Source: Bloomberg*
- *All figures are as of 3 July 2025*

UK Stock Markets

FTSE 100 Index

✓ Following

UKX:IND

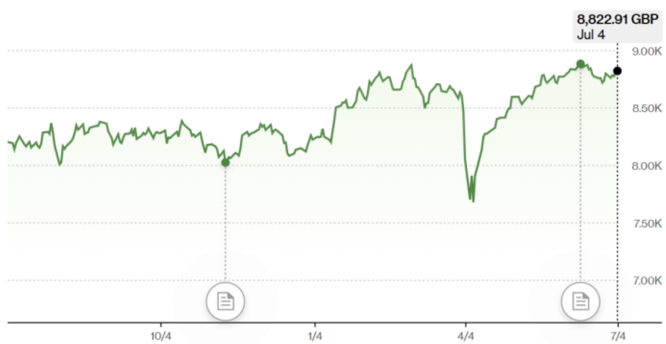
(GBP) · Market closed

8,822.91 ▼0.29 -0.00%

As of 12:00 AM EDT 07/04/25.

Summary Related News Index Info

1D 1M 6M YTD 1Y 5Y **News** Add a comparison



Overview

OPEN	1 YEAR RETURN	DAY RANGE
8,823.20	11.46%	8,782.06 – 8,830.93
PREV. CLOSE	YTD RETURN	52 WEEK RANGE
8,823.20	7.95%	7,544.83 – 8,908.82

Key Statistics

P/E RATIO	13.35	PRICE TO BOOK RATIO	1.99
PRICE TO SALES RATIO	1.37	1 YEAR RETURN	11.46%
30 DAY AVG VOLUME	608,106,468.43	EPS	673.84
LAST DIVIDEND REPORTED	0.8208502		

- *Source: Bloomberg*
- *All figures are as of 4 July 2025*

Turkey Stock Markets

Borsa Istanbul 100 Index

✓ Following

XU100:IND

(TRY) · Market closed

10,275.75 ▲47.36 +0.46%

As of 12:00 AM EDT 07/04/25.

Summary | Related News | Index Info

1D 1M 6M YTD **1Y** 5Y News Add a comparison

Overview

OPEN 10,248.11	1 YEAR RETURN -2.77%	DAY RANGE 10,188.74 – 10,314.29
PREV. CLOSE 10,228.39	YTD RETURN 4.53%	52 WEEK RANGE 8,566.62 – 11,252.11

Key Statistics

P/E RATIO	25.64	PRICE TO BOOK RATIO	1.16
PRICE TO SALES RATIO	0.52	1 YEAR RETURN	-2.77%
30 DAY AVG VOLUME	3,222,027,150.63	EPS	772.81
LAST DIVIDEND REPORTED	2.57579		

- *Source: Bloomberg*
- *All figures are as of 4 July 2025*

Global Bond Markets – Americas

Americas 10-Year Government Bond Yields

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
United States »	4.35%	+0	-4	+7	7/4/2025
Canada	3.35%	-3	+10	-14	7/4/2025
Brazil	13.57%	+0	-58	+166	7/4/2025
Mexico	9.28%	+0	+12	-67	7/4/2025

- *Source: Bloomberg*

Global Bond Markets – Europe & Middle East & Africa

Europe, Middle East & Africa

10-Year Government Bond Yields

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
Germany »	2.60%	-1	+3	+5	7/4/2025
United Kingdom »	4.55%	+1	-6	+43	7/4/2025
France	3.28%	+0	+3	+7	7/4/2025
Italy	3.44%	0	-8	-49	7/4/2025
Spain	3.22%	-1	+6	-12	7/4/2025
Netherlands	2.78%	0	-2	-7	7/4/2025
Portugal	3.04%	0	-1	-12	7/4/2025
Greece	3.28%	+1	-1	-32	7/4/2025
Switzerland	0.36%	-1	+12	-23	7/4/2025

- *Source: Bloomberg*

Global Bond Markets – Asia Pacific

Asia Pacific

10-Year Government Bond Yields

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
Japan »	1.42%	0	-3	+36	7/4/2025
Australia »	4.19%	+1	-6	-21	7/4/2025
New Zealand	4.52%	+1	+1	-17	7/4/2025
	--	--	--	--	--
Singapore	2.06%	-3	-25	-114	7/4/2025
South Korea	2.83%	+2	-6	-40	7/4/2025
India	6.30%	+0	--	-70	7/4/2025

- *Source: Bloomberg*

UK Bond Markets

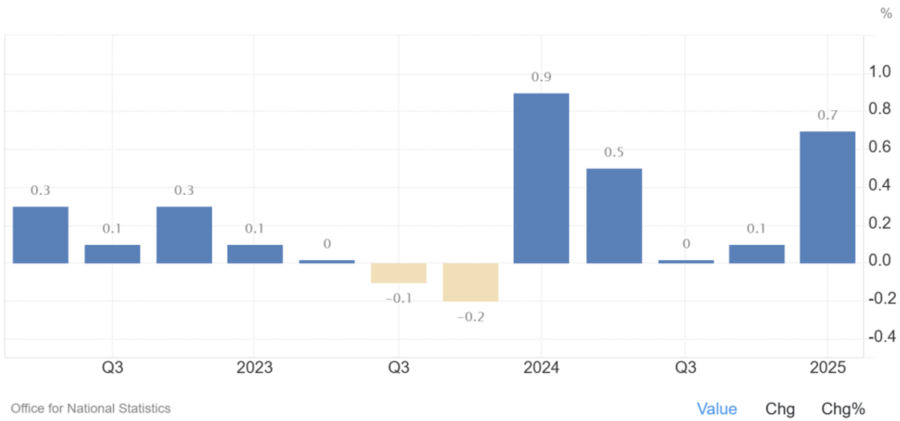
Gilt Yields

NAME	COUPON	PRICE	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
GTGBP2Y:GOV **UK Gilt 2 Year Yield**	3.75	99.85	3.84%	+1	-16	-27	7/4/2025
GTGBP5Y:GOV **UK Gilt 5 Year Yield**	4.38	101.62	3.99%	+1	-14	+1	7/4/2025
GTGBP10Y:GOV **UK Gilt 10 Year Yield**	4.50	99.58	4.55%	+1	-6	+43	7/4/2025
GTGBP30Y:GOV **UK Gilt 30 Year Yield**	4.38	85.80	5.34%	+1	+2	+72	7/4/2025

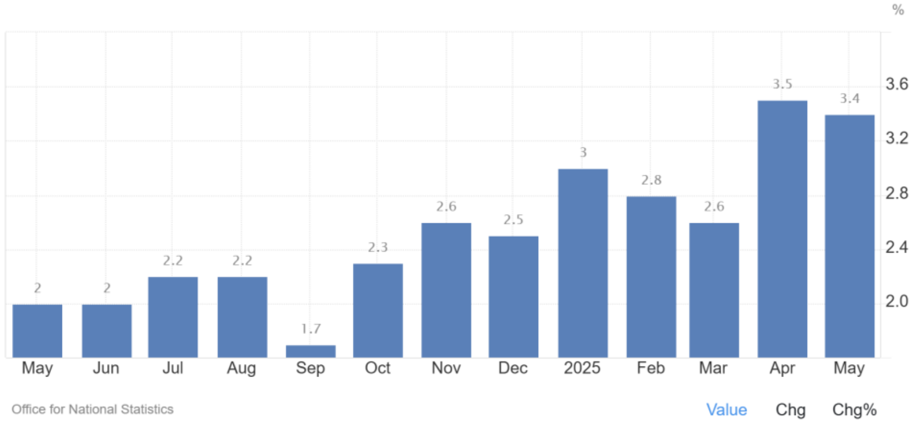
- *Source: Bloomberg*

UK Economy

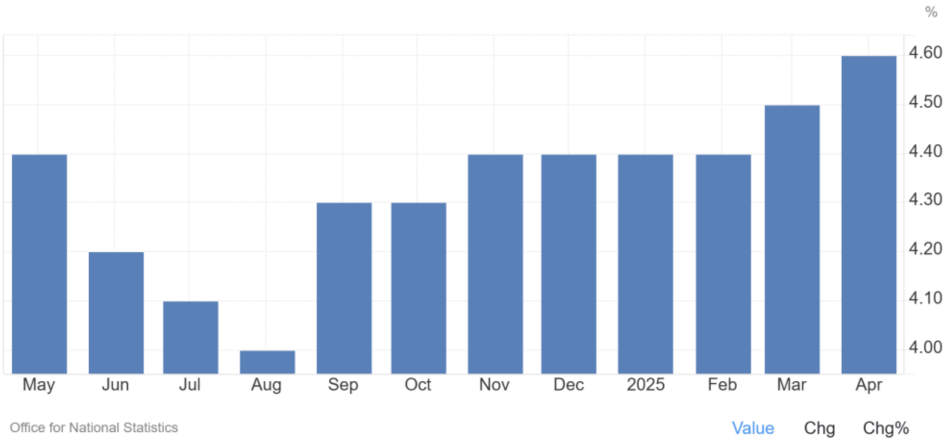
GDP Growth Rate



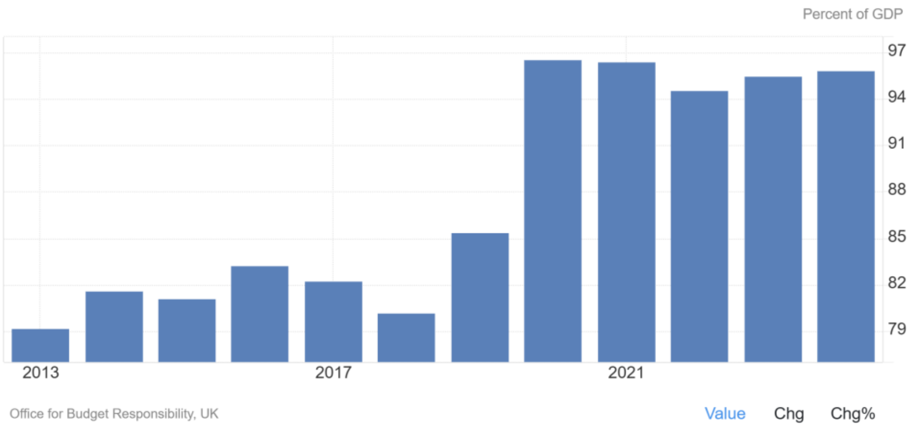
Annual Inflation Rate



Unemployment Rate



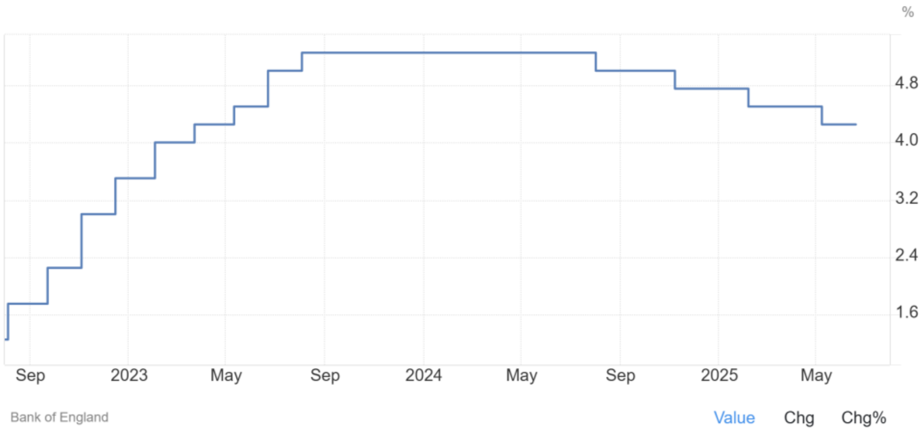
Government Debt / GDP



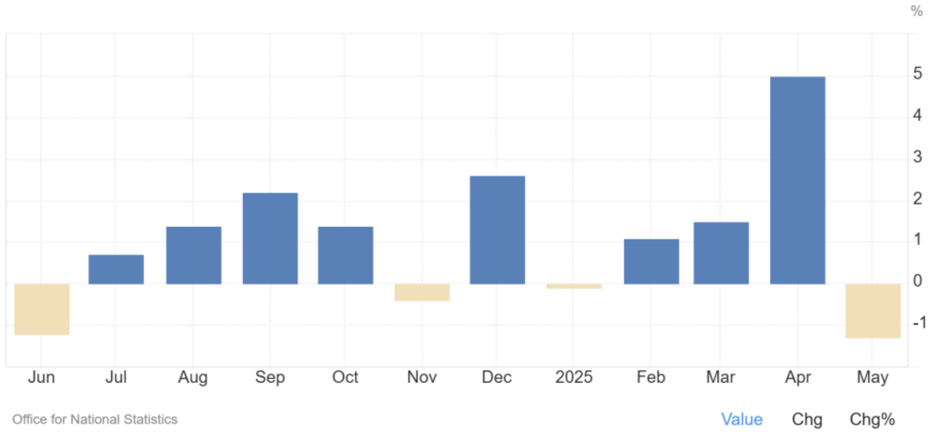
- *Source:* https://tradingeconomics.com/united-kingdom

UK Markets

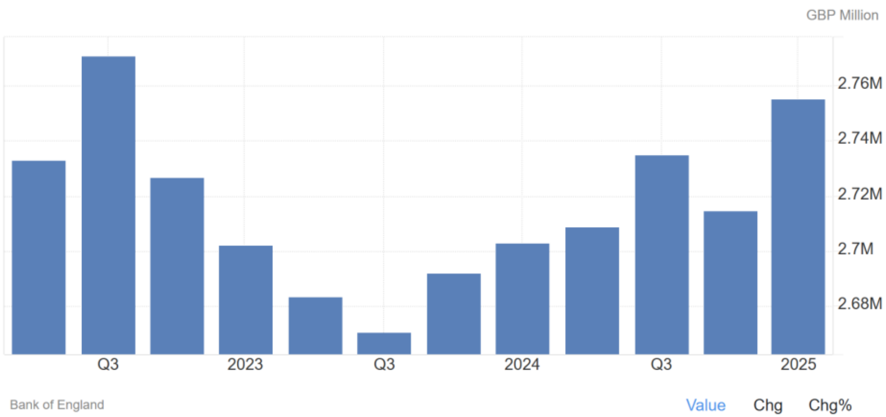
BOE Interest Rate



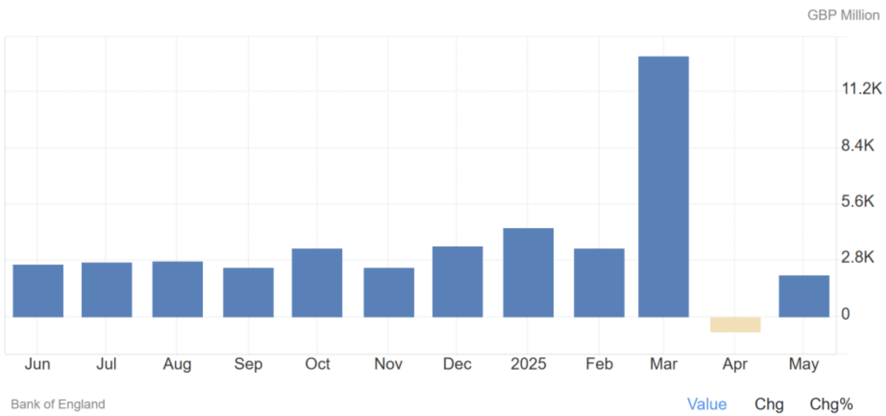
Retail Sales YoY



Loans to Private Sector



Mortgage Lending



- *Source:* https://tradingeconomics.com/united-kingdom
- *Loan figures are in £ millions*

UK Mortgage Loans
Competitive Market Benchmark (Indicative Only) – Page 1 of 2

Club Lloyds current account holders only

LLOYDS
£1,533
Monthly payment until 30/11/2027
2 year fixed

3.69%	£999	£37,882	7.1%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£250** | Free legals ✕ | Free valuations ✕

Go to lender | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 7.1%. Total amount payable £643,364.08 includes interest of £342,265.08 product fees of £999 and other fees of £100. Repayments: 28 months of £1,532.61 at 3.69% (fixed), then 272 months of £2,203.50 at 7.74% (variable). Early repayment charges apply.

HALIFAX
£1,557
Monthly payment until 30/11/2027
2 year fixed

3.84%	£999	£38,470	7.1%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£250** | Free legals ✕ | Free valuations ✕

Go to lender | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 7.1%. Total amount payable £644,793.20 includes interest of £343,694.20 product fees of £999 and other fees of £100. Repayments: 28 months of £1,557.13 at 3.84% (fixed), then 272 months of £2,206.23 at 7.74% (variable). Early repayment charges apply.

LLOYDS
£1,557
Monthly payment until 30/11/2027
2 year fixed

3.84%	£999	£38,470	7.1%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£250** | Free legals ✕ | Free valuations ✕

Go to lender | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 7.1%. Total amount payable £644,793.20 includes interest of £343,694.20 product fees of £999 and other fees of £100. Repayments: 28 months of £1,557.13 at 3.84% (fixed), then 272 months of £2,206.23 at 7.74% (variable). Early repayment charges apply.

Club Lloyds current account holders only

LLOYDS
£1,562
Monthly payment until 30/11/2030
5 year fixed

3.87%	£999	£94,823	6.2%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£250** | Free legals ✕ | Free valuations ✕

Go to lender | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.2%. Total amount payable £603,750.84 includes interest of £302,651.84 product fees of £999 and other fees of £100. Repayments: 64 months of £1,562.06 at 3.87% (fixed), then 236 months of £2,130.00 at 7.74% (variable). Early repayment charges apply.

BARCLAYS
£1,564
Monthly payment until 30/9/2027
2 year fixed

3.88%	£899	£38,463	5.9%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£0** | Free legals ✕ | Free valuations ✓

Go to broker | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 5.9%. Total amount payable £574,967.36 includes interest of £273,953.36 product fees of £899 and other fees of £115. Repayments: 26 months of £1,563.70 at 3.88% (fixed), then 274 months of £1,946.34 at 6.24% (variable). Early repayment charges apply.

- *The above quotes are indicative only, based on a hypothetical 25-year (repayment) mortgage loan scenario, where the property value is £500,000, and down payment is £200,000, as of 5 July 2025*
- *Source: https://www.moneysupermarket.com/*

UK Mortgage Loans
Competitive Market Benchmark (Indicative Only) – Page 2 of 2

BARCLAYS
£1,565
Monthly payment until 30/9/2027
2 year fixed

3.89%	£899	£38,502	5.9%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£0** | Free legals ✗ | Free valuations ✓

Go to broker | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 5.9%. Total amount payable £575,051.36 includes interest of £274,037.36 product fees of £899 and other fees of £115. Repayments: 26 months of £1,565.35 at 3.89% (fixed), then 274 months of £1,946.49 at 6.24% (variable). Early repayment charges apply.

BARCLAYS
£1,565
Monthly payment until 30/9/2030
5 year fixed

3.89%	£899	£94,855	5.4%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£0** | Free legals ✗ | Free valuations ✓

Go to broker | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 5.4%. Total amount payable £550,803.58 includes interest of £249,789.58 product fees of £899 and other fees of £115. Repayments: 62 months of £1,565.35 at 3.89% (fixed), then 238 months of £1,902.26 at 6.24% (variable). Early repayment charges apply.

YORKSHIRE BUILDING SOCIETY
£1,569
Monthly payment until 31/10/2027
2 year fixed

3.91%	£995	£38,642	6.4%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£0** | Free legals ✗ | Free valuations ✓

Go to lender | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.4%. Total amount payable £609,028.43 includes interest of £308,033.43 product fees of £995 and other fees of £0. Repayments: 27 months of £1,568.64 at 3.91% (fixed), then 36 months of £1,903.15 at 5.99% (discounted), then 237 months of £2,097.75 at 7.24% (variable). Early repayment charges apply.

HSBC UK
£1,570
Monthly payment until 31/8/2027
2 year fixed

3.92%	£999	£38,703	6.4%
Initial rate	Product fees	Initial term cost	APRC

Cashback **£500** | Free legals ✗ | Free valuations ✓

Go to broker | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.4%. Total amount payable £599,873.50 includes interest of £298,857.50 product fees of £999 and other fees of £17. Repayments: 25 months of £1,570.29 at 3.92% (fixed), then 275 months of £2,034.91 at 6.74% (variable). Early repayment charges apply.

Get a Decision in Principle from NatWest

NatWest
£1,570
Monthly payment until 30/9/2027
2 year fixed

3.92%	£995	£38,712	6.8%
Initial rate	Product fees	Initial term cost	APRC

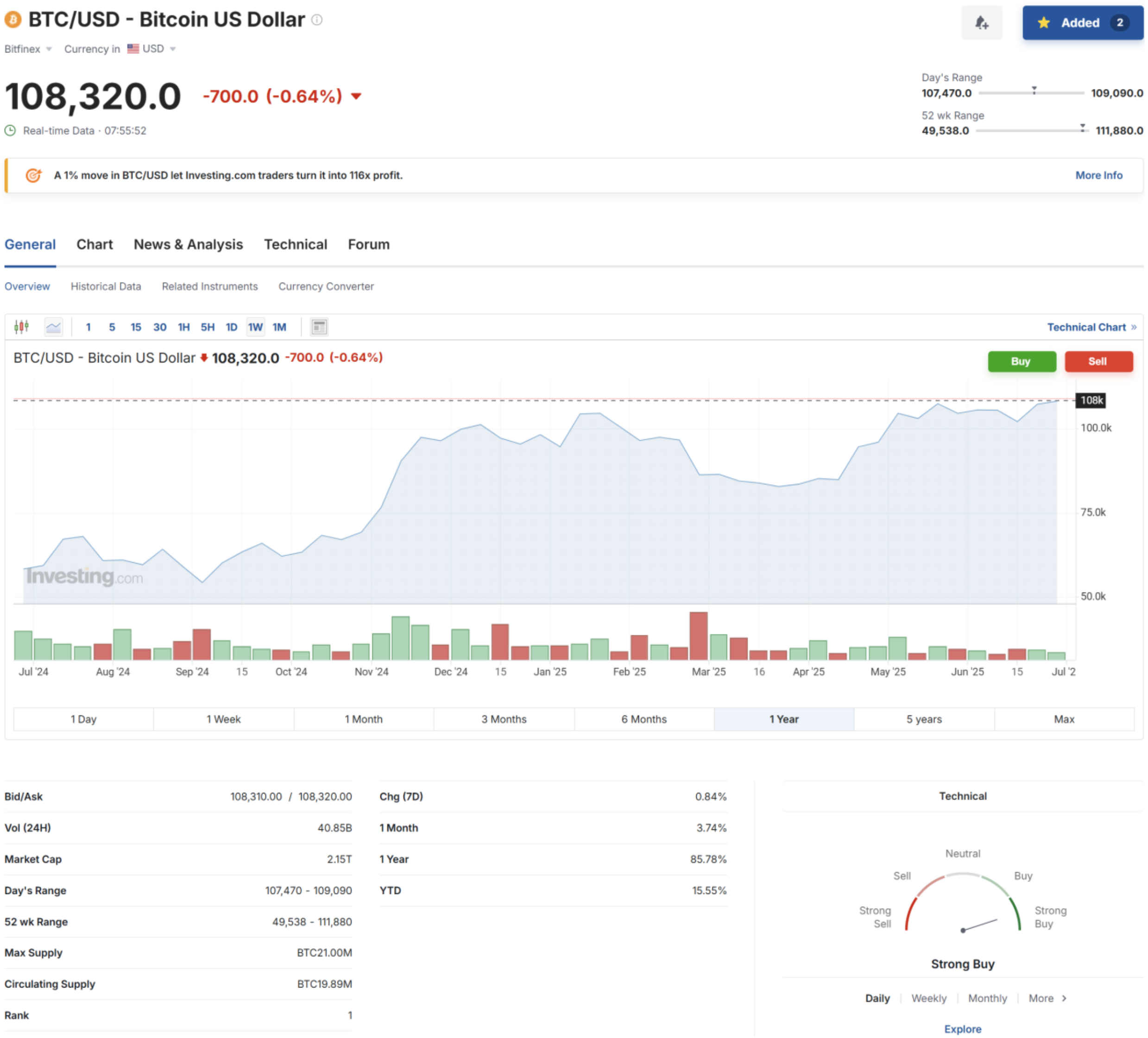
Cashback **£0** | Free legals ✗ | Free valuations ✓

Get a decision | Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.8%. Total amount payable £623,212.04 includes interest of £322,187.04 product fees of £995 and other fees of £30. Repayments: 26 months of £1,570.29 at 3.92% (fixed), then 274 months of £2,121.75 at 7.24% (variable). Early repayment charges apply.

- *The above quotes are indicative only, based on a hypothetical 25-year (repayment) mortgage loan scenario, where the property value is £500,000, and down payment is £200,000, as of 5 July 2025*
- *Source: https://www.moneysupermarket.com/*

Crypto Markets: Bitcoin



- *Source: www.investing.com, as of 5 July 2025*

Crypto Markets: Etherium

ETH/USD - Ethereum US Dollar

Binance · Currency in USD

Added 2

2,519.49 -30.33 (-1.19%)

Real-time Data · 07:56:46

Day's Range 2,474.24 – 2,555.96

52 wk Range 1,385.05 – 4,102.92

A 1% move in ETH/USD let Investing.com traders turn it into 116x profit. More Info

General | Chart | News & Analysis | Technical | Forum

Overview | Historical Data | Related Instruments | Currency Converter

Bid/Ask	2,519.48 / 2,519.49
Vol (24H)	14.42B
Market Cap	304.80B
Day's Range	2,474.24 - 2,555.96
52 wk Range	1,385.05 - 4,102.92
Max Supply	-
Circulating Supply	ETH120.72M
Rank	2

Chg (7D)	4.00%
1 Month	1.98%
1 Year	-17.74%
YTD	-24.36%

Technical

Neutral · Sell · Buy · Strong Sell · Strong Buy

Strong Buy

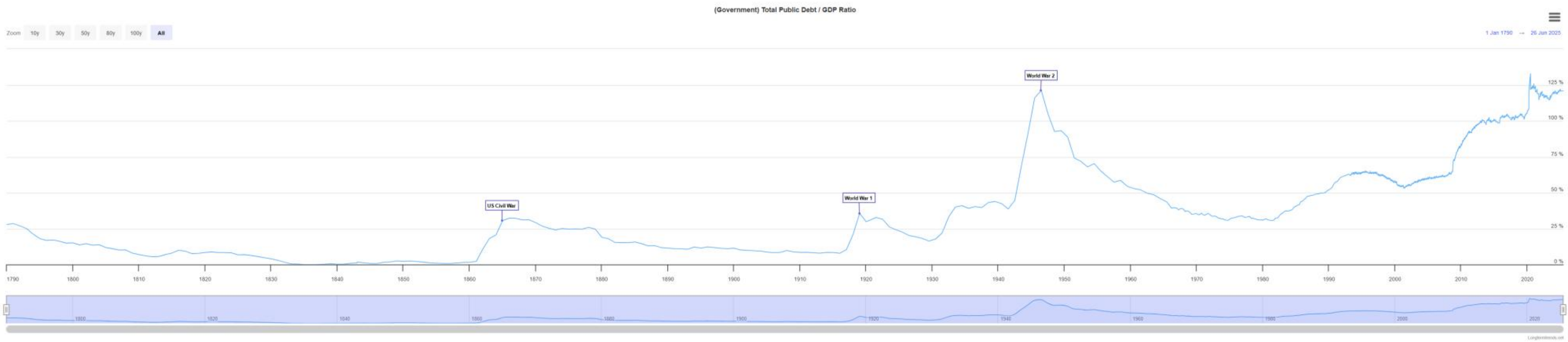
Daily | Weekly | Monthly | More ›

Explore

- *Source: www.investing.com, as of 5 July 2025*

Macro-economic / Markets Insights – US Debt to GDP Ratio

Federal Debt to GDP

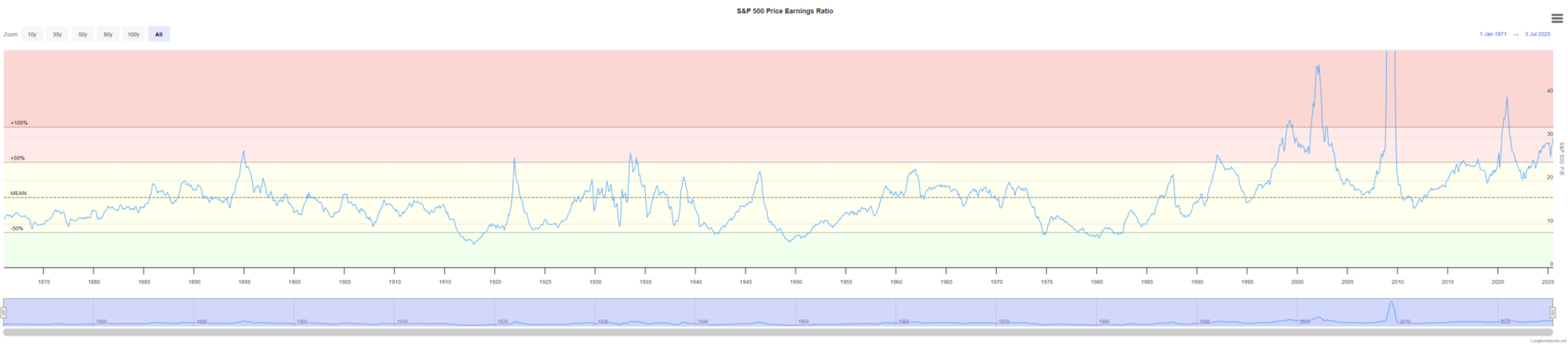


Interpretation

A nation's debt is commonly expressed as a ratio to its gross domestic product (GDP) to facilitate meaningful comparisons over time. The total public debt, as depicted in the above chart, represents a form of government federal debt that encompasses both "debt held by the public" and "intragovernmental holdings." Several factors influence the federal public debt, including government spending, tax policies, economic conditions, and interest rates. Budget deficits arise when government expenditures exceed revenues, resulting in an increase in the public debt. Conversely, budget surpluses can help reduce the debt burden. The management of federal debt falls under the purview of the Department of the Treasury, which regularly conducts auctions of treasury securities to meet borrowing requirements. These securities are purchased by a range of investors, including individuals, financial institutions, foreign governments, and central banks, effectively lending money to the government. It's worth noting that historical trends show an increased ratio during periods of war and economic recessions.
Other popular classifications of debt are corporate and household debt (see charts below).
Renowned investor Ray Dalio identified a long-term debt cycle, a cyclical pattern that typically spans 75-100 years. In his research, Dalio has analyzed the total debt in the United States, encompassing public, corporate, and private debt, dating back to 1920. For further details, you can refer to Ray Dalio's publication "Principles For Navigating BIG DEBT CRISES" on page 13.

- *Source: https://www.longtermtrends.net/*

Macro-economic / Markets Insights – S&P 500 Price to Earnings Ratio



Interpretation

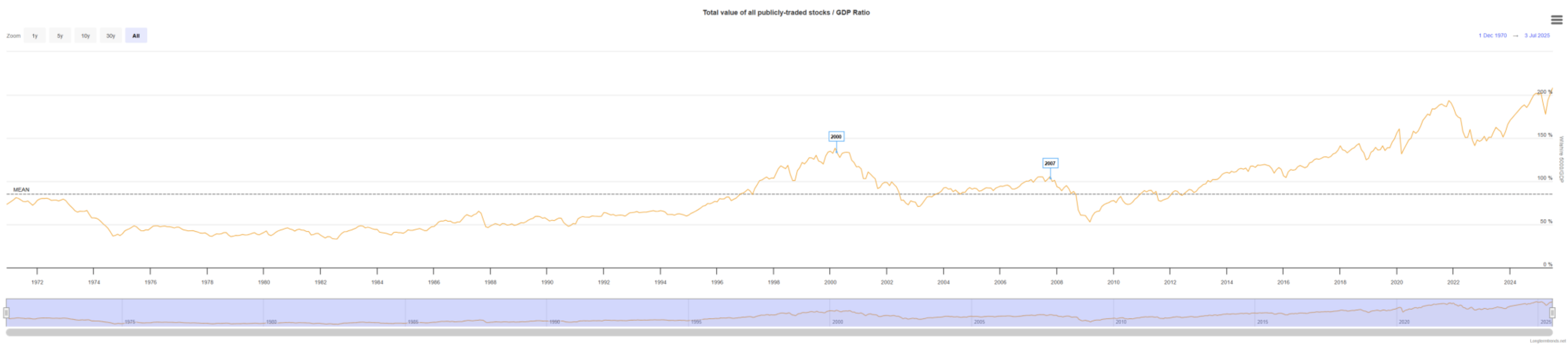
The price earnings ratio is calculated by dividing a company's stock price by its earnings per share. In other words, the price earnings ratio shows what the market is willing to pay for a stock based on its current earnings. It is one of the most widely-used valuation metrics for stocks. A high P/E ratio suggests that investors are willing to pay a premium for each unit of earnings, indicating optimism about future growth prospects. Conversely, a low P/E ratio may indicate that the market has lower expectations for future growth or that the stock is undervalued.
The PE ratio of the S&P 500 divides the index (current market price) by the reported earnings of the trailing twelve months. In 2009 when earnings fell close to zero the ratio got out of whack, resulting in an inaccurate reflection of the market's true valuation. A solution to this phenomenon is to divide the price by the average inflation-adjusted earnings of the previous 10 years. In recent years, Yale professor Robert Shiller, the author of Irrational Exuberance, has reintroduced this adjusted ratio to a wider audience of investors. The Shiller PE Ratio of the S&P 500 is illustrated below.

Data Sources

- *Source: https://www.longtermtrends.net/*

Macro-economic / Markets Insights – Buffet Indicator (Total Market Cap / GDP)

Wilshire 5000 to GDP Ratio



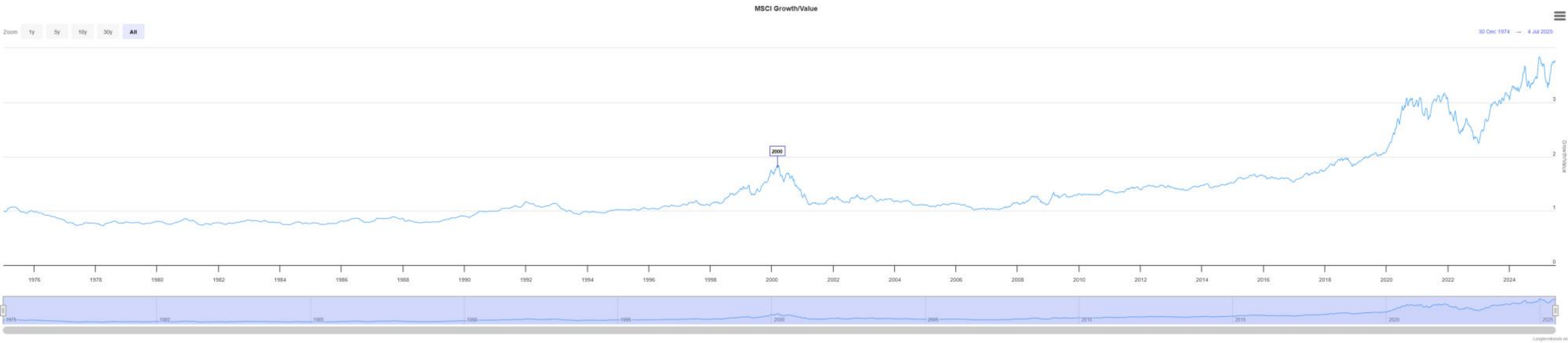
Interpretation

The Buffett Indicator, also known as Market Cap to GDP, has gained prominence as a long-term valuation indicator for stocks, largely due to Warren Buffett's endorsement. In a Fortune Magazine interview back in 2001, Buffett referred to it as "probably the best single measure of where valuations stand at any given moment." This statement has drawn attention to the indicator's potential significance in assessing market conditions. The calculation of the Buffett Indicator involves dividing the total market value of all publicly-traded stocks within a country by the country's Gross Domestic Product (GDP). By comparing the stock market's size to the overall economic output, this ratio provides insights into the relative valuation of the market. To illustrate this concept, one common approach is to examine the ratio between the **Wilshire 5000** and the GDP of the United States. The Wilshire 5000 is widely regarded as the definitive benchmark for the US equity market, aiming to measure the total market capitalization of all US equity securities with readily available price data. By dividing this market index by the GDP, we can obtain a snapshot of the market's valuation in relation to the country's economic performance.

Data Sources

- *Source: https://www.longtermtrends.net/*

Macro-economic / Markets Insights – Growth / Value Stocks



Interpretation

Which performed better in recent years, growth stocks or value stocks? Differentiating between these characteristics is a popular way to segment the US stock market (next to segmentation by market capitalization).

The ratio in the chart above divides the MSCI USA Growth Index by the MSCI USA Value Index. When the ratio rises, growth stocks outperform value stocks - and when it falls, value stocks outperform growth stocks.

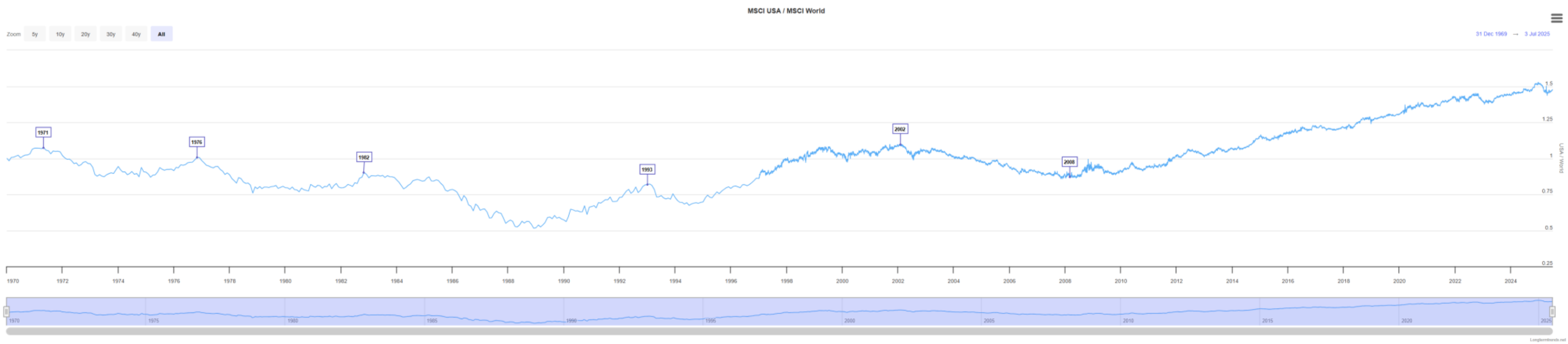
Value stocks can be roughly described as "bargains". These stocks are usually associated with low P/E, low P/B, low price/cash flow, and a high dividend yield. These companies may have solid fundamentals, but their stock prices are perceived to be lower than their intrinsic value due to factors such as market conditions, industry trends, or temporary setbacks. Value stocks are often associated with more mature industries or companies that are temporarily out of favor with investors. **Growth stocks** on the other hand, may be considered expensive measured by a variety of metrics. These stocks generally do not pay dividends, as the companies usually want to reinvest any earnings in order to keep growing at certain rates. These companies often operate in industries that are expanding rapidly or are engaged in innovative technologies. Investors are attracted to growth stocks because of their potential for significant capital appreciation over time. Examples of growth stocks can include technology companies, biotech firms, or high-growth consumer brands.

Value and growth investing are often considered opposing strategies. A stock prized by a value investor might be considered worthless by a growth investor and vice versa. Value investors seek to profit as the price returns to its "fair value" while growth investors are looking for "winners" and focus on competitive advantages.

However, this viewpoint isn't universally accepted. Warren Buffett, for instance, contends that value and growth investing are complementary, not contradictory. He advocates that growth is an essential element of a stock's intrinsic value. Thus, categorizing stocks as either 'growth' or 'value' is somewhat superficial in his view. Buffett's philosophy centers on identifying companies with durable competitive advantages and promising future prospects, blending the principles of value and growth in a holistic investment approach.

- *Source: https://www.longtermtrends.net/*

Macro-economic / Markets Insights – US Stocks vs. World Stocks



Interpretation

The chart above compares the performance of the MSCI USA index to the MSCI World index. It provides a valuable perspective on the relative strength or weakness of the US stock market in comparison to the global stock market as a whole.

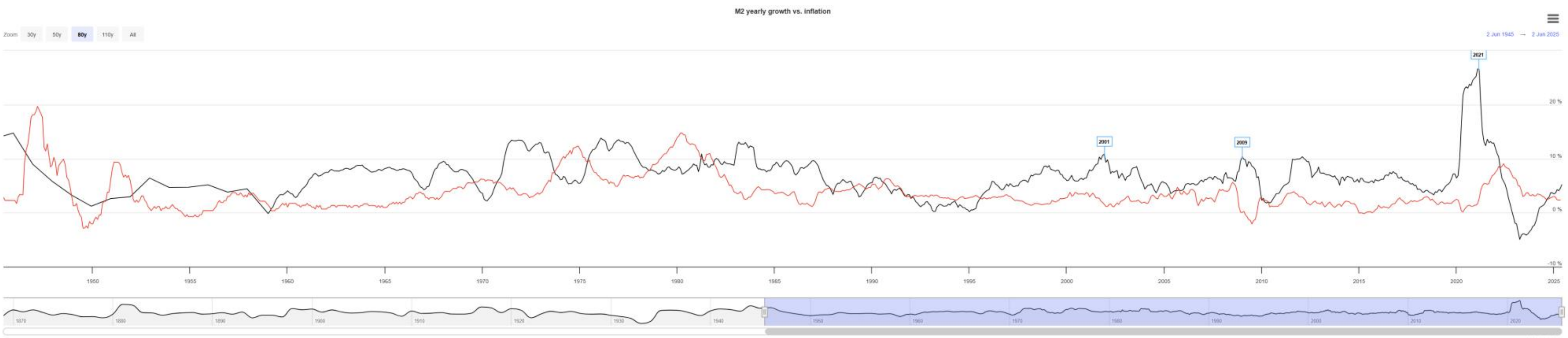
The **MSCI USA** index represents the performance of large and mid-cap stocks in the United States, encompassing various sectors and industries. It covers approximately 85% of the free float-adjusted market capitalization in the US. On the other hand, the **MSCI World** index represents global equity performance and includes stocks from developed markets across the world.

When the ratio rises, it indicates that US stocks outperform the rest of the world, whereas a decline in the ratio suggests underperformance by US stocks compared to the global market. By definition, this ratio cannot grow forever. At some point, US stocks would simply make up 100% of global stocks. The chart shows that, since the financial crisis of 2008, US stocks have been outperforming the rest of the world.

Data Sources

- *Source: https://www.longtermtrends.net/*

Macro-economic / Markets Insights – Money Supply Growth vs. Inflation



Interpretation

The "M2 Money Supply", also referred to as "M2 Money Stock", is a measure for the amount of currency in circulation. M2 includes M1 (physical cash and checkable deposits) as well as "less liquid money", such as saving bank accounts. The chart above plots the yearly **M2 Growth Rate** and the **Inflation Rate**, which is defined as the yearly change in the Consumer Price Index (CPI). When inflation is high, prices for goods and services rise and thus the purchasing power per unit of currency decreases.
Historically, M2 has grown along with the **economy** (see in the chart below). However, it has also grown along with Federal Debt to GDP during *wars* and *recessions*. In most recent history, M2 growth surpassed 10 percent in the crisis of 2001 and 2009, during which an expansionary monetary policy was deployed by the central bank, including large scale asset purchases.
According to Bannister and Forward (2002, page 28), Money supply growth and inflation are inexorably linked.

Data Sources

- M2 Money Stock

- *Source: https://www.longtermtrends.net/*

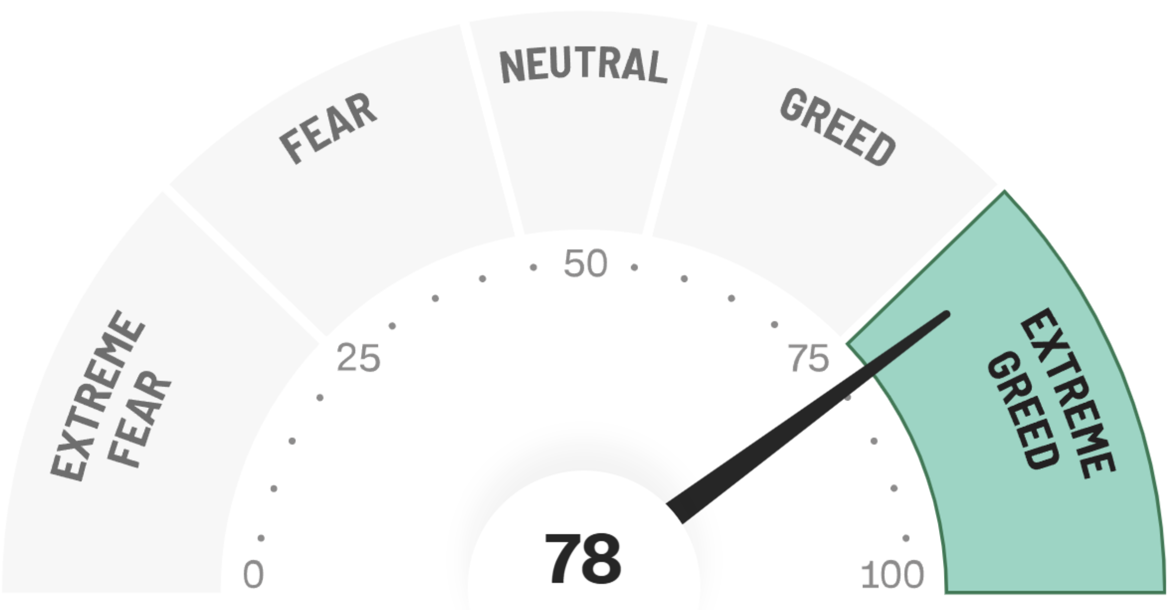
Fear and Greed Index Overview

Fear & Greed Index

What emotion is driving the market now?

Learn more about the index

Overview Timeline



Previous close
Extreme Greed 77

1 week ago
Greed 63

1 month ago
Greed 59

1 year ago
Neutral 48

Last updated Jul 3 at 8:59:48 PM ET

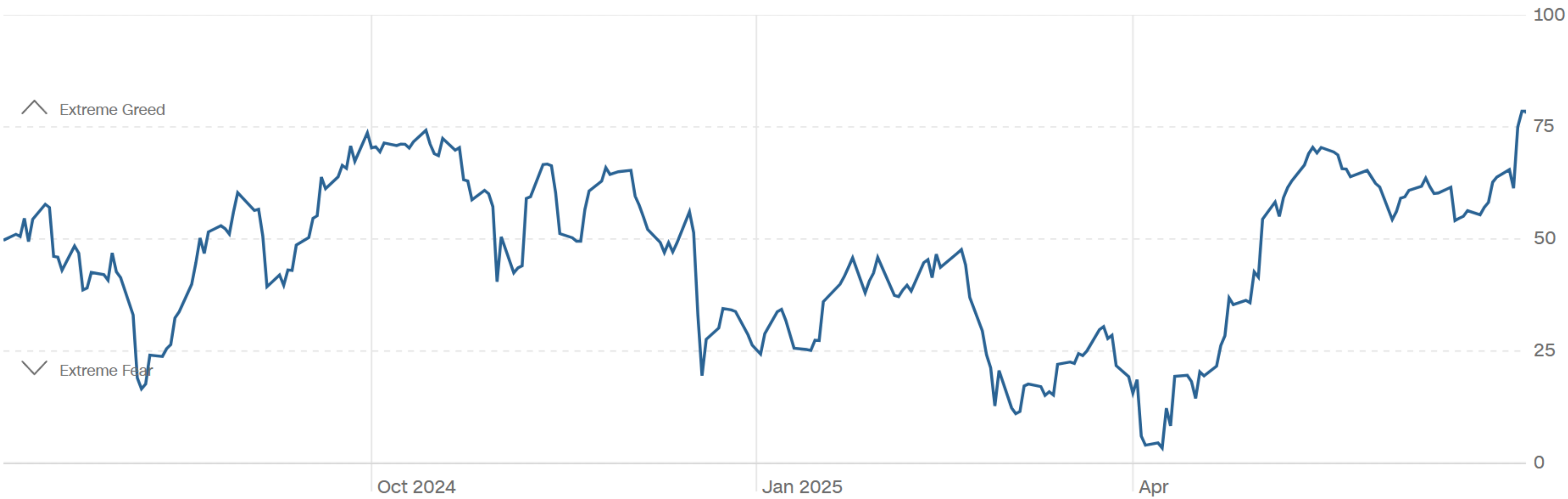
- *Source:* https://edition.cnn.com/markets/fear-and-greed

Fear and Greed Index Trend

Fear & Greed Index

What emotion is driving the market now?
Learn more about the index

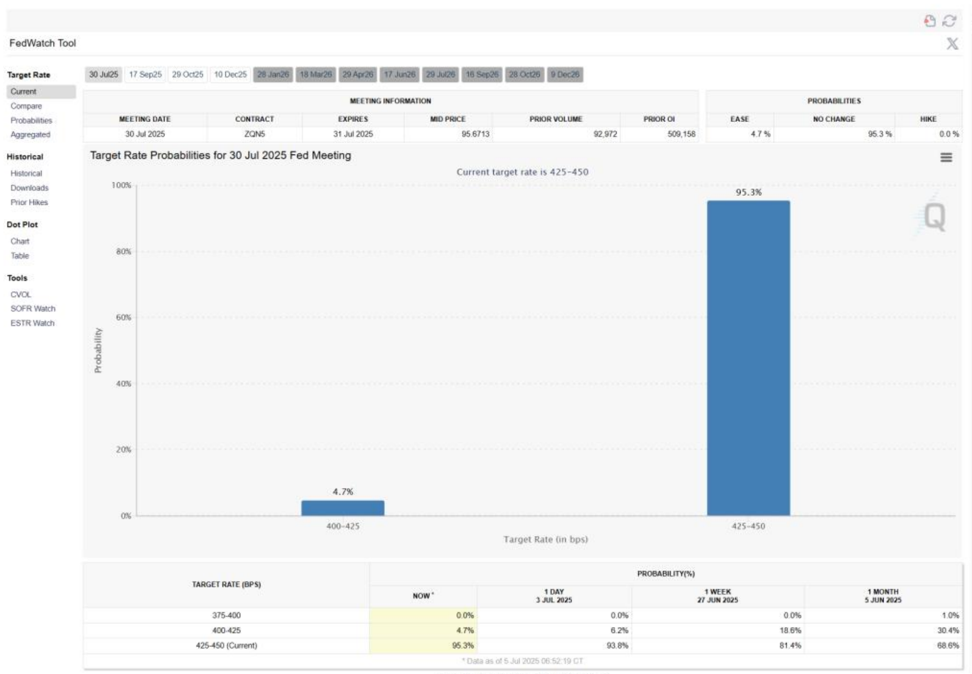
Overview Timeline



Last updated Jul 3 at 8:59:48 PM EDT

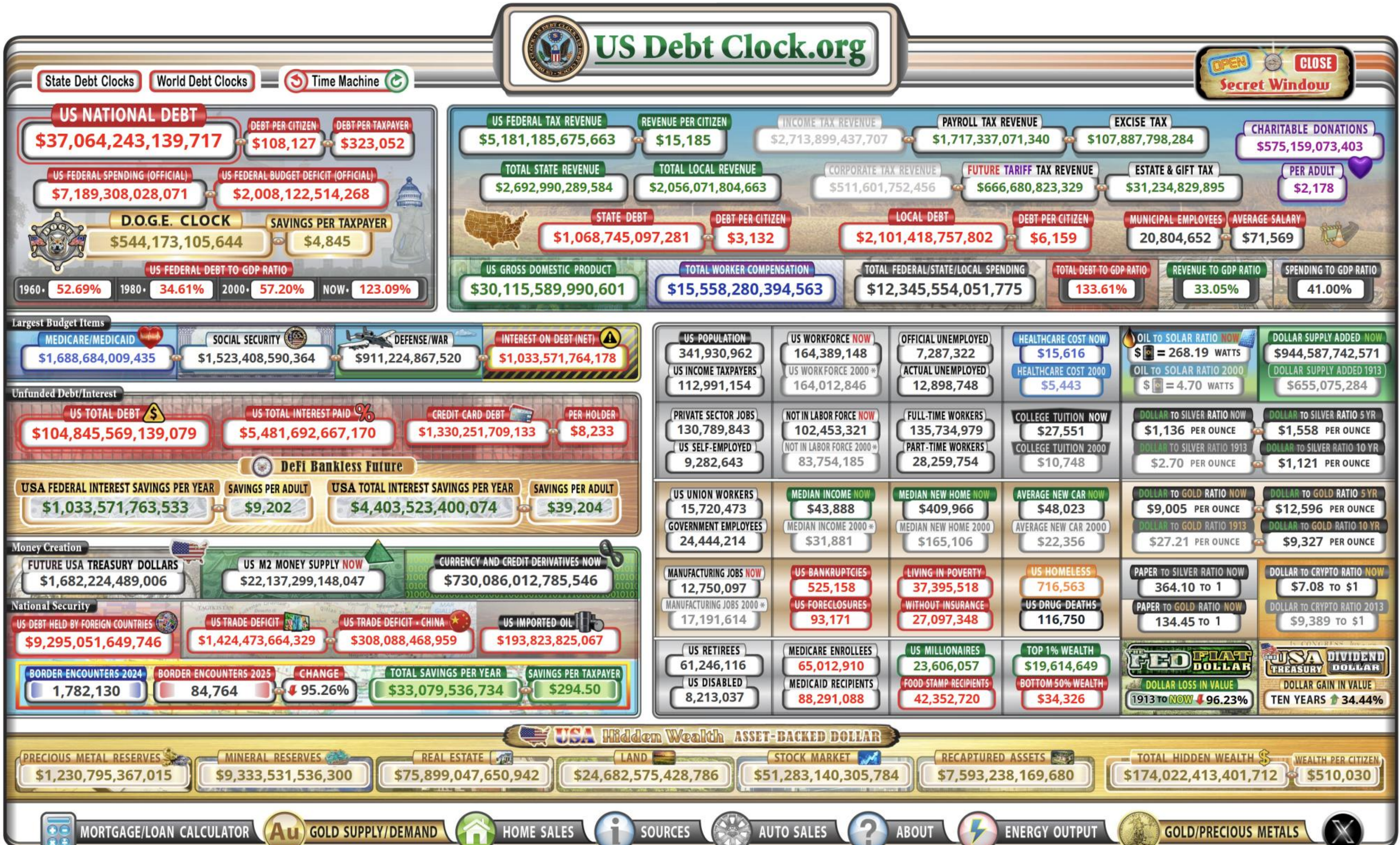
- *Source:* https://edition.cnn.com/markets/fear-and-greed

CME Fed Watch Tool



- *Source:* https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html?redirect=/trading/interest-rates/countdown-to-fomc.html

US Debt Clock



- *Source:* https://www.usdebtclock.org/

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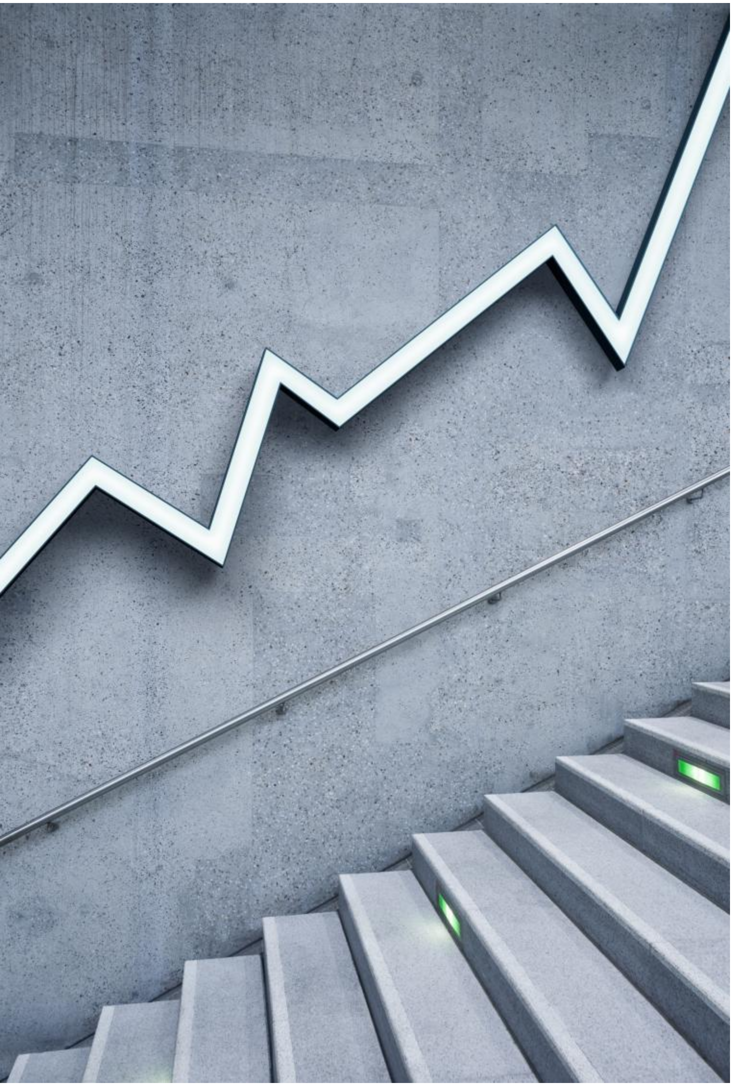
    - https://www.fca.org.uk/consumers/understanding-advice-guidance-investments



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