



MONTHLY NEWSLETTER, MAY 2025

5 JUNE 2025



@ARROWS_SIX



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[HTTPS://SIXARROWSCONSULTANCY.COM/](https://sixarrowsconsultancy.com/)

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- Macroeconomic / Markets Insights

Global Economy

Country	GDP	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Gov. Budget	Debt/GDP	Current Account	Population
United States	27721	-0.20	4.50	2.30	4.20	-6.20	124.30	-3.90	341.15
China	17795	1.20	3.00	-0.10	5.10	-5.80	88.30	2.20	1408.00
Euro Area	15781	0.30	2.40	1.90	6.20	-3.10	87.40	2.80	350.17
Germany	4526	0.40	2.40	2.10	6.30	-2.80	62.50	5.70	83.46
Japan	4204	-0.20	0.50	3.60	2.50	-5.50	236.70	4.70	123.59
India	3568	1.60	6.00	3.16	7.90	-4.80	81.59	-0.70	1386.18
United Kingdom	3381	0.70	4.25	3.50	4.50	-4.80	95.90	-2.70	68.27
France	3052	0.10	2.40	0.70	7.40	-5.80	113.00	0.40	68.44
Italy	2301	0.30	2.40	1.70	5.90	-3.40	135.30	1.10	58.97
Brazil	2174	1.40	14.75	5.53	6.60	-8.50	76.50	-2.55	212.58
Canada	2142	0.50	2.75	1.70	6.90	-1.40	110.80	-1.00	41.53
Russia	2021	-0.80	21.00	10.20	2.30	-1.70	16.40	2.90	146.20
Mexico	1789	0.20	8.50	3.93	2.50	-5.70	49.70	-0.80	129.74
Australia	1728	0.20	3.85	2.40	4.10	0.90	43.80	-2.10	26.97
South Korea	1713	-0.20	2.50	1.90	2.70	-2.60	46.80	5.30	51.75
Spain	1620	0.60	2.40	1.90	11.36	-3.60	101.80	3.00	49.08
Indonesia	1371	-0.98	5.50	1.60	4.76	-2.30	38.80	-0.63	281.60
Netherlands	1154	0.10	2.40	3.30	3.80	-0.90	43.30	9.90	17.94
Turkey	1118	1.00	46.00	35.41	8.60	-5.20	24.70	-3.50	85.67
Saudi Arabia	1068	0.90	5.00	2.30	3.50	-2.80	29.90	5.90	35.30
Switzerland	885	0.50	0.25	-0.10	2.80	0.40	37.90	5.10	8.96
Poland	809	0.70	5.25	4.10	5.20	-6.60	55.30	0.20	36.62
Taiwan	757	9.67	2.00	2.03	3.36	-0.50	28.20	14.80	23.40
Argentina	646	1.40	29.00	47.30	6.40	-2.90	83.20	0.60	47.07
Belgium	645	0.40	2.40	2.01	5.90	-4.50	104.70	-0.90	11.82
Sweden	585	-0.20	2.25	0.30	8.90	-1.50	33.50	7.40	10.55
Ireland	551	3.20	2.40	2.20	4.10	4.30	40.90	17.20	5.35
Thailand	515	0.70	1.75	-0.22	0.89	-2.20	63.70	1.40	66.05
United Arab Emirates	514	2.00	4.40	2.31	2.13	4.50	32.10	9.30	9.52

Source: www.tradingeconomics.com, as of 5 June 2025 (GDP figures are provided in USD billion)

Macro Outlook

- Markets extended their recovery in May, building on April's lows as consumer sentiment improved and trade tensions eased. Progress in US trade negotiations with the European Union (EU) and a temporary delay to planned tariff hikes reduced fears of a global recession and fuelled broad-based gains across risk assets.
- Oil prices recovered to almost \$63 per barrel, after falling to \$60 mid-month, but traders remain focused on whether OPEC+1 will follow through on recent signals of increased supply.
- The strong market performance was underpinned by a robust first quarter earnings season. With 97% of S&P 500 companies reporting, the blended year over year earnings growth rate was 12.4%.

UK & US Economic Calendar – Key Events

- 6 June > Non-Farm Payrolls
- 6 June > Unemployment Rate
- 10 June > Unemployment Rate
- 11 June > Inflation Rate YoY
- 12 June > GDP Growth Rate MoM
- 12 June > PPI MoM
- 17 June > Retail Sales MoM
- 18 June > Inflation Rate YoY
- 18 June > FOMC Economic Projections
- 18 June > FED Interest Rate Decision
- 19 June > BoE Interest Rate Decision
- 20 June > Retail Sales MoM
- 26 June > GDP Growth Rate QoQ
- 27 June > Core PCE Price Index MoM

	United States
	United States
	United Kingdom
	United States
	United Kingdom
	United States
	United States
	United Kingdom
	United States
	United States
	United Kingdom
	United Kingdom
	United States
	United States

Equities

- Developed market equities rose 6.0%. US stocks outperformed most of their global peers, and growth (+8.7%) outperformed value (+3.2%). Small cap stocks also staged a strong rebound (+5.9%).
- The S&P 500 led global equity markets in May, advancing 6.3% amid a broad-based rally. European equities also performed strongly, with the MSCI Europe ex-UK Index up 4.9%. The UK was the weakest major performing equity market, with the FTSE All-Share rising 4.1% in May. UK-listed pharmaceutical companies came under pressure following Trump's drug pricing reforms, threatening US revenues.

Fixed Income

- Global bond markets posted negative returns, with the Bloomberg Global Aggregate Index falling 0.4%. Rising fiscal concerns in the US — including Moody's downgrade of its US sovereign credit rating and weak demand at long-dated Treasury auctions — triggered a mid-month sell-off in duration. Bond markets later recovered into month-end, as easing trade tensions and moderating inflation concerns, restored some confidence.
- Sovereign yields rose across much of the developed world, but performance diverged. Countries with weaker fiscal positions — including the US, UK and Japan – underperformed.

Commodities

- Commodities were the worst performing asset class with the broad Bloomberg Commodities Index falling 0.6% over the month. Gold fell 0.8%, as improving risk appetite reduced demand for defensive assets.

FX

- The US Dollar Index (DXY) rallied past the 100 level after the US Court of International Trade (CIT) unanimously ruled on 28 May that tariffs imposed on the basis of a national emergency were unlawful and should be removed within ten days.

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 YTD	2025 MTD
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 8.9%	Growth 8.7%
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 6.9%	DM Equities 6.0%
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%	Global Agg 5.3%	Small cap 5.9%
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%	DM Equities 5.2%	MSCI EM 4.3%
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%	Global REITs 4.3%	Value 3.2%
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%	Growth 3.6%	Global REITs 2.7%
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 3.1%	Global Agg -0.4%
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%	Small cap 2.8%	Cmdty -0.6%

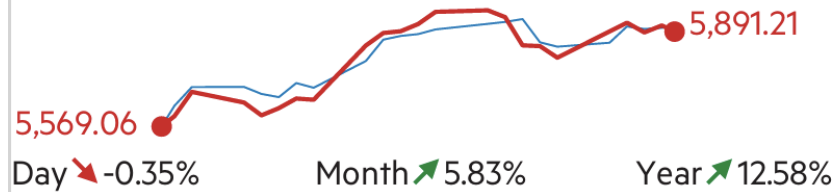
- Source: JP Morgan Asset Management, <https://am.jpmorgan.com/gb/en/asset-management/adv/insights/market-insights/market-updates/monthly-market-review/>
- Data as of 5 June 2025

Global Stock Markets – Americas

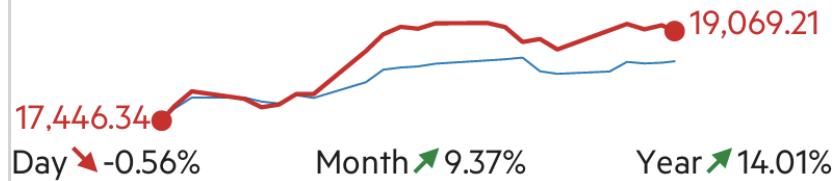
AMERICAS


May 01 - -

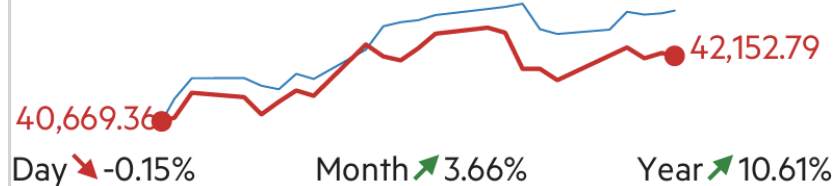
 S&P 500 New York



 Nasdaq Composite New York

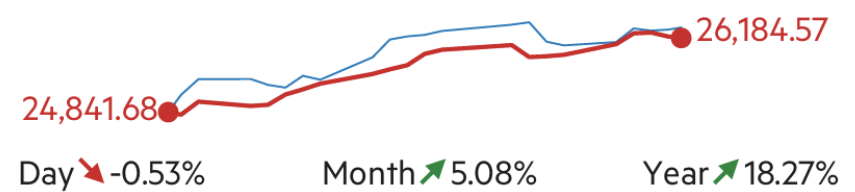


 Dow Jones Industrial New York

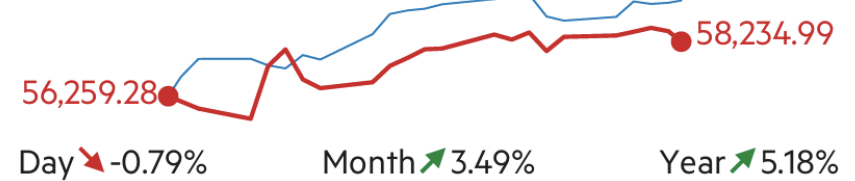



May 01 - May 30

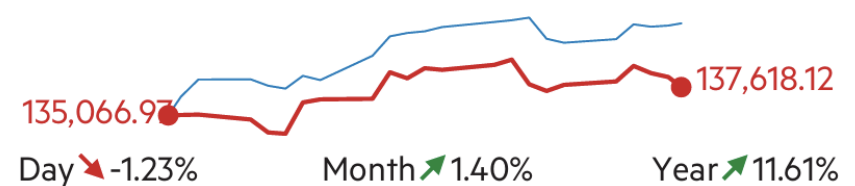
 S&P/TSX COMP Toronto



 IPC Mexico City



 Bovespa São Paulo



- Source: Financial Times
- All figures are as of 30 May 2025
- Monthly figures represent the period between 01 and 30 May 2025

Global Stock Markets – Europe

EUROPE

May 01 - May 30



FTSE 100

London

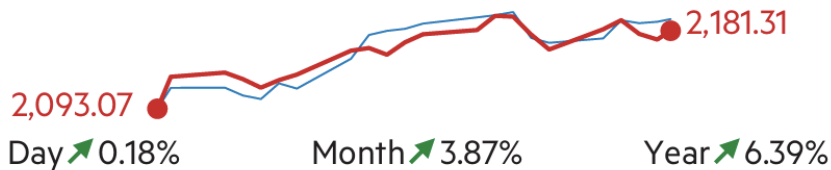
Index

All World



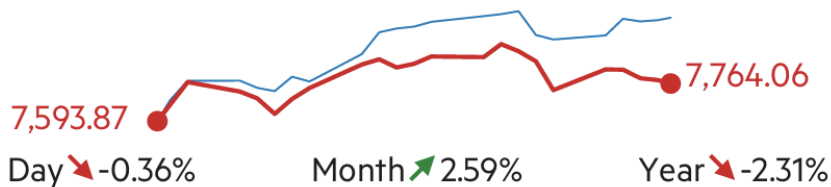
FTSE Eurofirst 300

Europe



CAC 40

Paris



May 01 - May 30

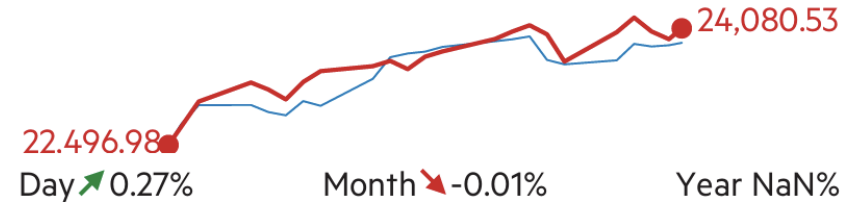


Xetra Dax

Frankfurt

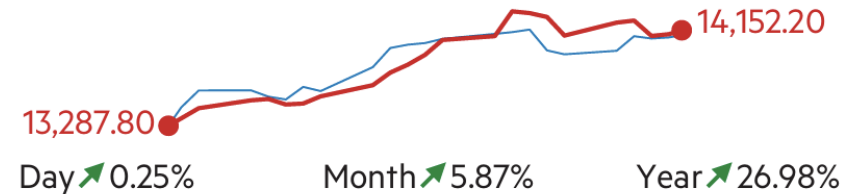
Index

All World



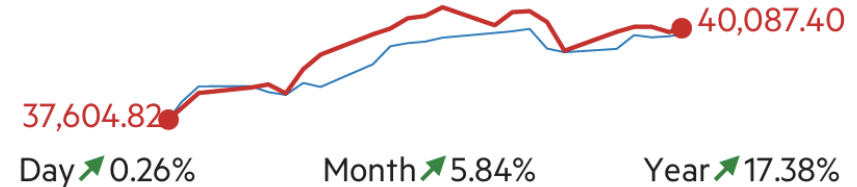
Ibex 35

Madrid



FTSE MIB

Milan



- Source: Financial Times
- All figures are as of 30 May 2025
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Global Stock Markets – Asia

ASIA

May 01 - May 30

Index

All World



Nikkei 225

Tokyo

35,839.99 37,965.10

Day ▼ -1.22%

Month ▲ 6.26%

Year ▼ -1.23%



Hang Seng

Hong Kong

22,119.41 23,289.77

Day ▼ -1.20%

Month ▲ 5.64%

Year ▲ 25.83%



Shanghai Composite

Shanghai

3,288.41 3,347.49

Day ▼ -0.47%

Month ▲ 1.85%

Year ▲ 7.60%

May 01 - May 30

Index

All World



Kospi

Seoul

2,556.61 2,697.67

Day ▼ -0.84%

Month ▲ 5.16%

Year ▲ 0.76%



FTSE Straits Times

Singapore

3,805.18 3,894.61

Day ▼ -0.57%

Month ▲ 2.66%

Year ▲ 17.55%



BSE Sensex

Mumbai

80,242.24 81,451.01

Day ▼ -0.22%

Month ▲ 1.39%

Year ▲ 9.27%

- Source: Financial Times
- All figures are as of 30 May 2025
- Monthly figures represent the period between 01 and 30 May 2025

US Stock Markets

S&P 500 INDEX ✓ Following

SPX:IND
(USD) · Market open

5,957.50 ▼13.31 -0.22%
Delayed price as of 2:22 PM EDT 06/05/25.

Summary Related News Index Info



Overview

OPEN	1 YEAR RETURN	DAY RANGE
5,985.67	12.75%	5,942.07 – 5,999.70
PREV. CLOSE	YTD RETURN	52 WEEK RANGE
5,970.81	1.85%	4,835.04 – 6,147.43

Key Statistics

P/E RATIO	25.35	PRICE TO BOOK RATIO	5.07
PRICE TO SALES RATIO	3.03	1 YEAR RETURN	12.75%
30 DAY AVG VOLUME	859,376,511.07	EPS	254.07
LAST DIVIDEND REPORTED	0.482859		

- Source: Bloomberg
- All figures are as of 5 June 2025

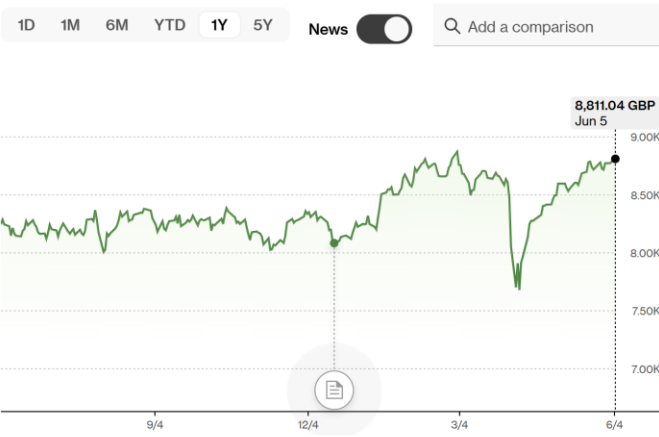
UK Stock Markets

FTSE 100 Index ✓ Following

UKX:IND
(GBP) · Market closed

8,811.04 ▲9.75 +0.11%
As of 11:35 AM EDT 06/05/25.

Summary Related News Index Info



Overview

OPEN	1 YEAR RETURN	DAY RANGE
8,801.29	10.92%	8,782.08 – 8,838.84
PREV. CLOSE	YTD RETURN	52 WEEK RANGE
8,801.29	7.81%	7,544.83 – 8,908.82

Key Statistics

P/E RATIO	13.26	PRICE TO BOOK RATIO	1.99
PRICE TO SALES RATIO	1.26	1 YEAR RETURN	10.92%
30 DAY AVG VOLUME	628,866,321.17	EPS	680.73
LAST DIVIDEND REPORTED	3.378624		

- Source: Bloomberg
- All figures are as of 5 June 2025

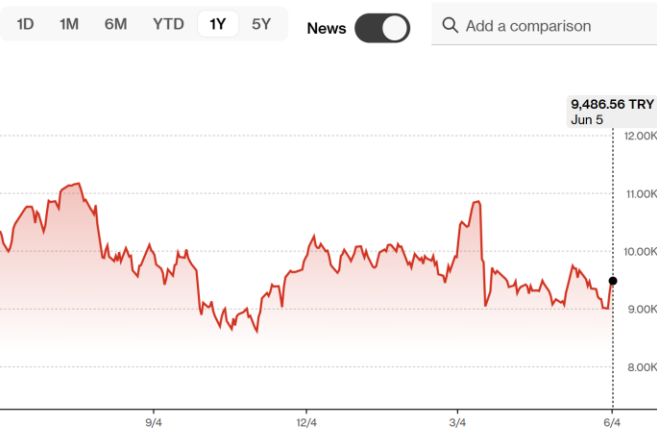
Turkey Stock Markets

Borsa Istanbul 100 Index ✓ Following

XU100:IND
(TRY) · Market closed

9,486.56 ▲11.60 +0.12%
As of 5:40 AM EDT 06/05/25.

Summary Related News Index Info



Overview

OPEN	1 YEAR RETURN	DAY RANGE
9,446.75	-6.19%	9,421.70 – 9,495.74
PREV. CLOSE	YTD RETURN	52 WEEK RANGE
9,474.96	-3.50%	8,566.62 – 11,252.11

Key Statistics

P/E RATIO	12.04	PRICE TO BOOK RATIO	1.08
PRICE TO SALES RATIO	0.39	1 YEAR RETURN	-6.19%
30 DAY AVG VOLUME	3,357,202,040.00	EPS	1,220.25
LAST DIVIDEND REPORTED	2.909525		

- Source: Bloomberg
- All figures are as of 5 June 2025

Global Bond Markets – Americas

Americas 10-Year Government Bond Yields

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
United States »	4.39%	+4	+5	+12	2:43 PM
Canada	3.25%	+2	+7	-12	2:43 PM
Brazil	14.12%	+16	+1	+225	2:43 PM
Mexico	9.17%	+1	-25	-62	2:43 PM

• 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 »	2.58%	+5	+6	+7	11:59 AM
United Kingdom »	4.61%	+1	+11	+43	11:59 AM
France	3.25%	+5	+2	+26	11:59 AM
Italy	3.52%	+3	-8	-29	11:59 AM
Spain	3.15%	+4	-1	-8	11:59 AM
Netherlands	2.79%	+6	+4	-1	11:59 AM
Portugal	3.04%	+4	0	-6	11:59 AM
Greece	3.29%	+5	-4	-23	11:59 AM
Switzerland	0.23%	+6	-4	-52	11:59 AM

• 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 »	1.45%	-4	+20	+45	3:59 AM
Australia »	4.24%	0	-2	+0	2:39 AM
New Zealand	4.51%	-1	+4	-15	1:29 AM
	--	--	--	--	--
Singapore	2.30%	-3	-16	-93	5:29 AM
South Korea	2.89%	0	+30	-53	7:27 AM
India	6.26%	0	-11	-78	6/3/2025

• Source: Bloomberg

UK Bond Markets

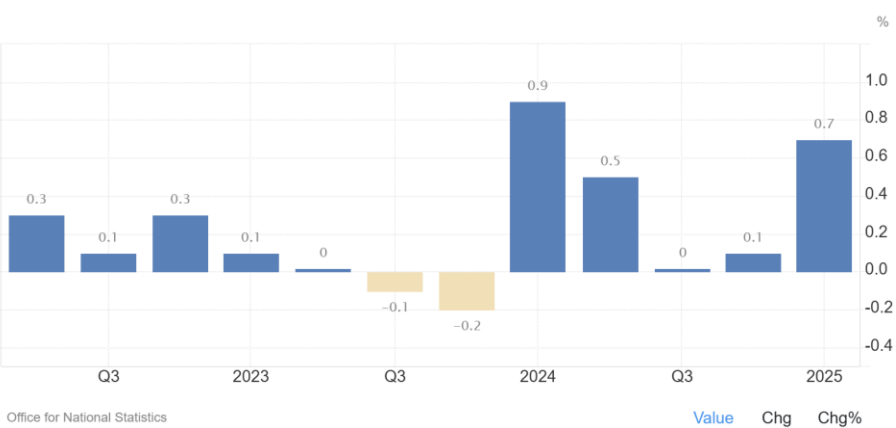
Gilt Yields

NAME	COUPON	PRICE	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
GTGBP2Y:GOV UK Gilt 2 Year Yield	3.75	99.57	4.00%	+0	+15	-35	11:59 AM
GTGBP5Y:GOV UK Gilt 5 Year Yield	4.38	101.06	4.12%	+1	+15	+3	11:59 AM
GTGBP10Y:GOV UK Gilt 10 Year Yield	4.50	99.09	4.61%	+1	+11	+43	11:59 AM
GTGBP30Y:GOV UK Gilt 30 Year Yield	4.38	86.02	5.32%	+0	+2	+71	11:59 AM

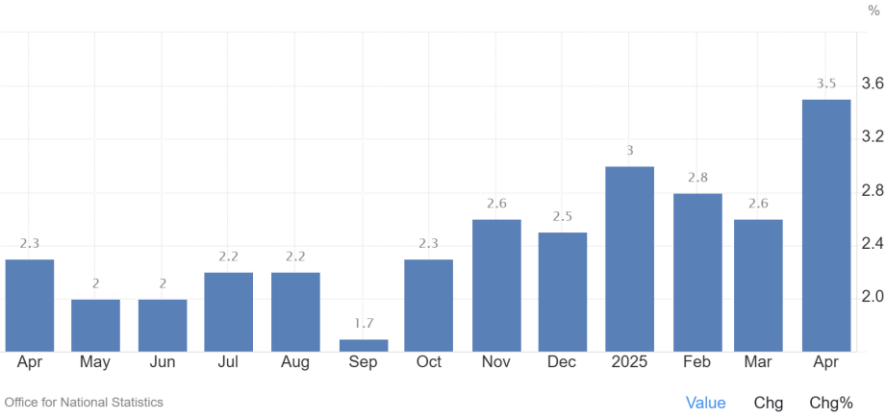
• Source: Bloomberg

UK Economy

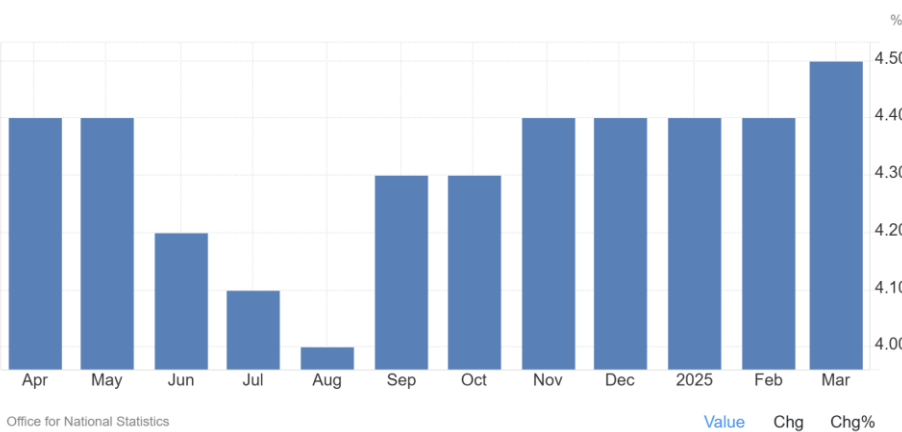
GDP Growth Rate



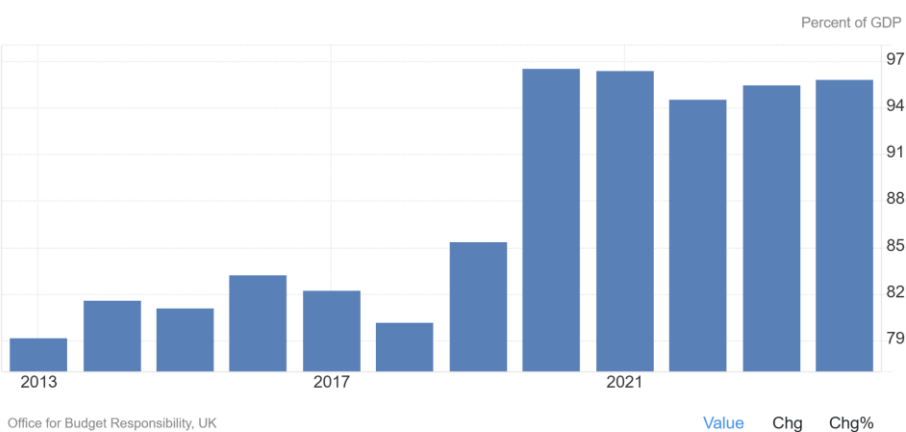
Annual Inflation Rate



Unemployment Rate



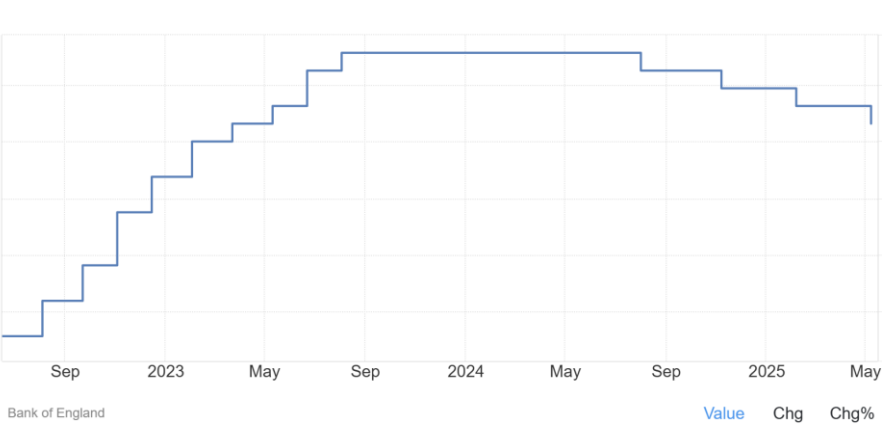
Government Debt / GDP



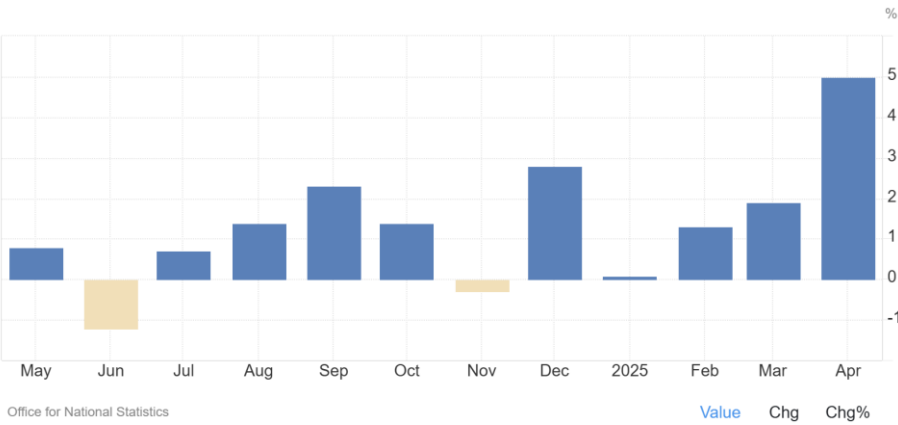
• Source: <https://tradingeconomics.com/united-kingdom>

UK Markets

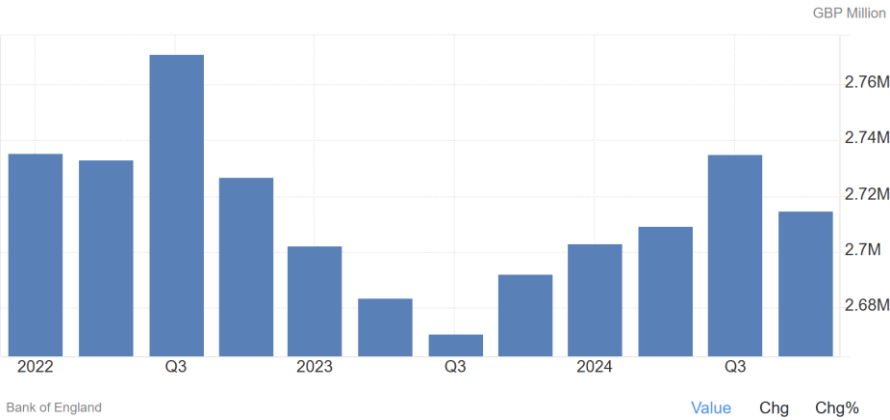
BOE Interest Rate



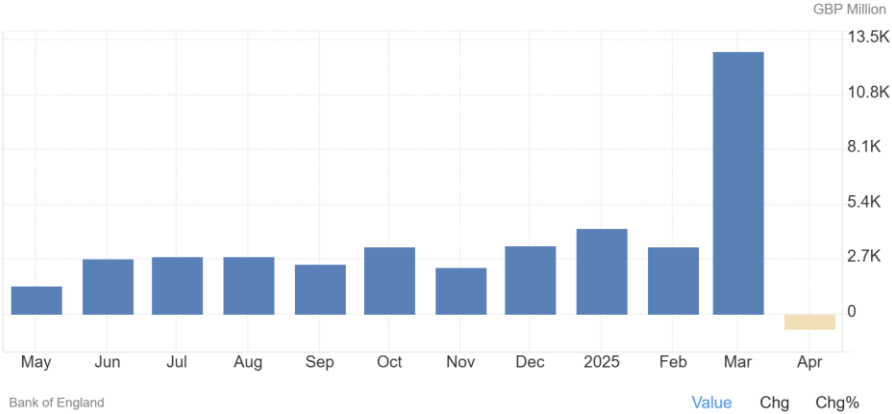
Retail Sales YoY



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
£1,559
Monthly payment until 31/8/2027
2 year fixed


3.85%
Initial rate
£999
Product fees
£38,509
Initial term cost
7.2%
APRC

Go to lender

Cashback £250
Free legals ✕
Free valuations ✕
Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 7.2%. Total amount payable £647,328.68 includes interest of £346,229.68 product fees of £999 and other fees of £100. Repayments: 26 months of £1,558.77 at 3.85% (fixed), then 274 months of £2,210.59 at 7.74% (variable). Early repayment charges apply.

Club Lloyds current account holders only


LLOYDS
£1,564
Monthly payment until 31/8/2030
5 year fixed


3.88%
Initial rate
£999
Product fees
£94,921
Initial term cost
6.2%
APRC

Go to lender

Cashback £250
Free legals ✕
Free valuations ✕
Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.2%. Total amount payable £606,118.90 includes interest of £305,019.90 product fees of £999 and other fees of £100. Repayments: 62 months of £1,563.70 at 3.88% (fixed), then 238 months of £2,134.75 at 7.74% (variable). Early repayment charges apply.

Property EPC rating A or B required



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

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

Go to broker

Cashback £0
Free legals ✕
Free valuations ✓
Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 5.4%. Total amount payable £550,170.42 includes interest of £249,156.42 product fees of £899 and other fees of £115. Repayments: 63 months of £1,565.35 at 3.89% (fixed), then 237 months of £1,901.01 at 6.24% (variable). Early repayment charges apply.


BARCLAYS
£1,577
Monthly payment until 30/9/2027
2 year fixed


3.96%
Initial rate
£899
Product fees
£38,779
Initial term cost
5.9%
APRC

Go to broker

Cashback £0
Free legals ✕
Free valuations ✓
Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 5.9%. Total amount payable £574,943.58 includes interest of £273,929.58 product fees of £899 and other fees of £115. Repayments: 27 months of £1,576.89 at 3.96% (fixed), then 273 months of £1,946.35 at 6.24% (variable). Early repayment charges apply.

Get a Decision in Principle from NatWest


NatWest
£1,577
Monthly payment until 31/8/2027
2 year fixed

3.96%
Initial rate
£995
Product fees
£38,870
Initial term cost
6.8%
APRC

Get a decision






Cashback £0
Free legals ✕
Free valuations ✓
Full details

Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.8%. Total amount payable £623,559 includes interest of £322,534 product fees of £995 and other fees of £30. Repayments: 26 months of £1,576.89 at 3.96% (fixed), then 274 months of £2,122.39 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 June 2025
- Source: <https://www.moneysupermarket.com/>

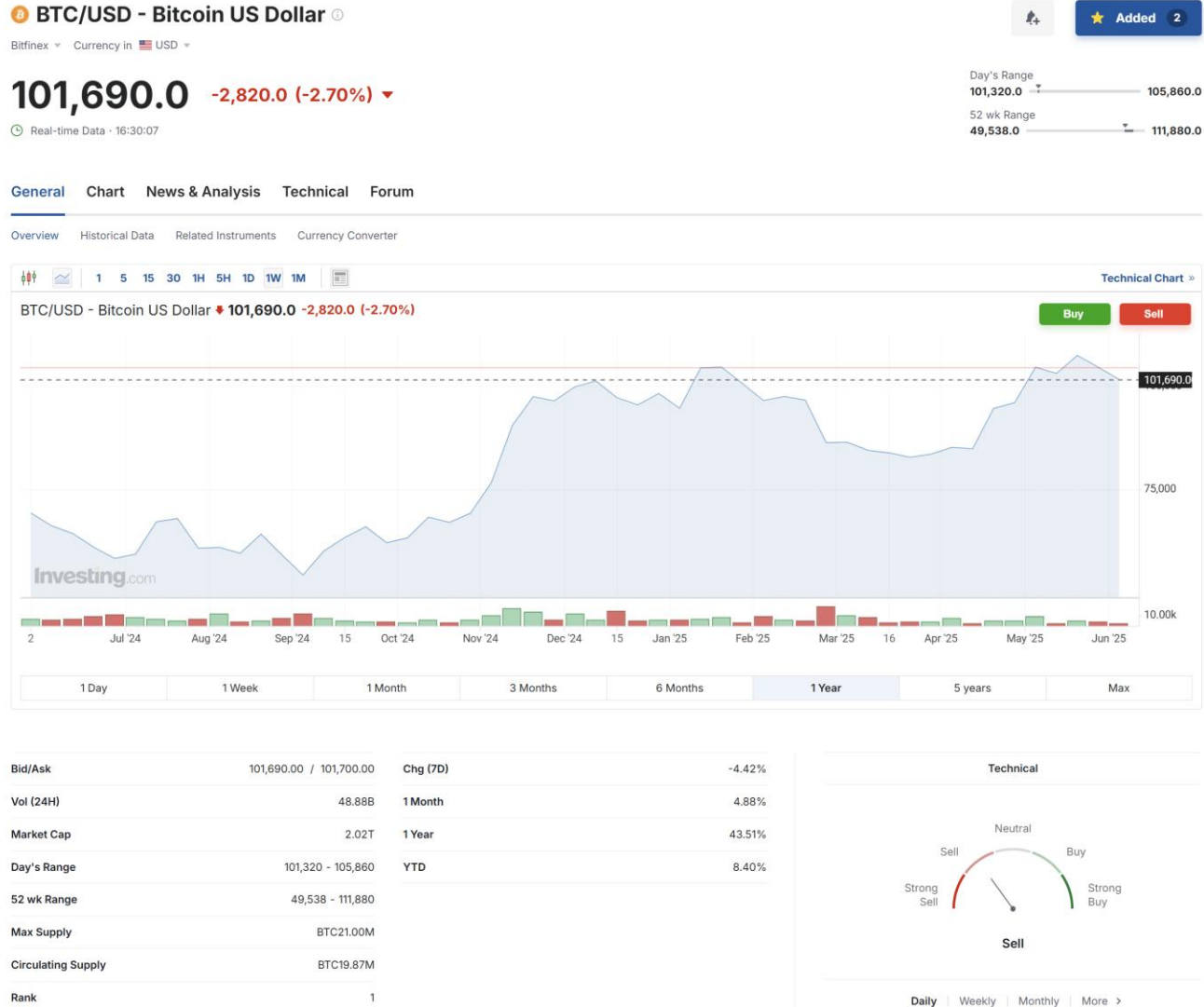
UK Mortgage Loans

Competitive Market Benchmark (Indicative Only) – Page 2 of 2

 <p>£1,579 Monthly payment until 30/9/2027 2 year fixed</p>	<p>3.97% Initial rate</p> <p>£899 Product fees</p> <p>£38,819 Initial term cost</p> <p>5.9% APRC</p> <p>Cashback £0 Free legals ✕ Free valuations ✓</p>	<p>Go to broker</p> <p>Full details</p>
<p>Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 5.9%. Total amount payable £575,029.35 includes interest of £274,015.35 product fees of £899 and other fees of £115. Repayments: 27 months of £1,578.55 at 3.97% (fixed), then 273 months of £1,946.50 at 6.24% (variable). Early repayment charges apply.</p>		
 <p>£1,580 Monthly payment until 30/9/2030 5 year fixed</p>	<p>3.98% Initial rate</p> <p>£899 Product fees</p> <p>£95,746 Initial term cost</p> <p>5.4% APRC</p> <p>Cashback £0 Free legals ✕ Free valuations ✓</p>	<p>Go to broker</p> <p>Full details</p>
<p>Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 5.4%. Total amount payable £551,864.37 includes interest of £250,850.37 product fees of £899 and other fees of £115. Repayments: 63 months of £1,580.20 at 3.98% (fixed), then 237 months of £1,904.21 at 6.24% (variable). Early repayment charges apply.</p>		
 <p>£1,582 Monthly payment for 24 months 2 year fixed</p>	<p>3.99% Initial rate</p> <p>£490 Product fees</p> <p>£38,454 Initial term cost</p> <p>6.4% APRC</p> <p>Cashback £0 Free legals ✕ Free valuations ✓</p>	<p>Call</p> <p>Full details</p>
<p>Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.4%. Total amount payable £600,765.76 includes interest of £300,275.76 product fees of £490 and other fees of £0. Repayments: 24 months of £1,581.85 at 3.99% (fixed), then 276 months of £2,037.36 at 6.74% (variable). Early repayment charges apply.</p>		
 <p>£1,582 Monthly payment until 30/9/2027 2 year fixed</p>	<p>3.99% Initial rate</p> <p>£995 Product fees</p> <p>£38,959 Initial term cost</p> <p>6.4% APRC</p> <p>Cashback £0 Free legals ✕ Free valuations ✓</p>	<p>Go to lender</p> <p>Full details</p>
<p>Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.4%. Total amount payable £598,741.25 includes interest of £297,746.25 product fees of £995 and other fees of £0. Repayments: 27 months of £1,581.85 at 3.99% (fixed), then 273 months of £2,033.10 at 6.74% (tracker). Early repayment charges apply.</p>		
 <p>£1,582 Monthly payment until 31/12/2027 2 year fixed</p>	<p>3.99% Initial rate</p> <p>£999 Product fees</p> <p>£38,971 Initial term cost</p> <p>6.6% APRC</p> <p>Cashback £0 Free legals ✕ Free valuations ✓</p>	<p>Go to broker</p> <p>Full details</p>
<p>Representative example: a repayment mortgage amount of £300,000 over 25 years, representative APRC 6.6%. Total amount payable £612,673.40 includes interest of £311,666.40 product fees of £999 and other fees of £8. Repayments: 30 months of £1,581.85 at 3.99% (fixed), then 270 months of £2,089.67 at 7.09% (variable). Early repayment charges apply.</p>		

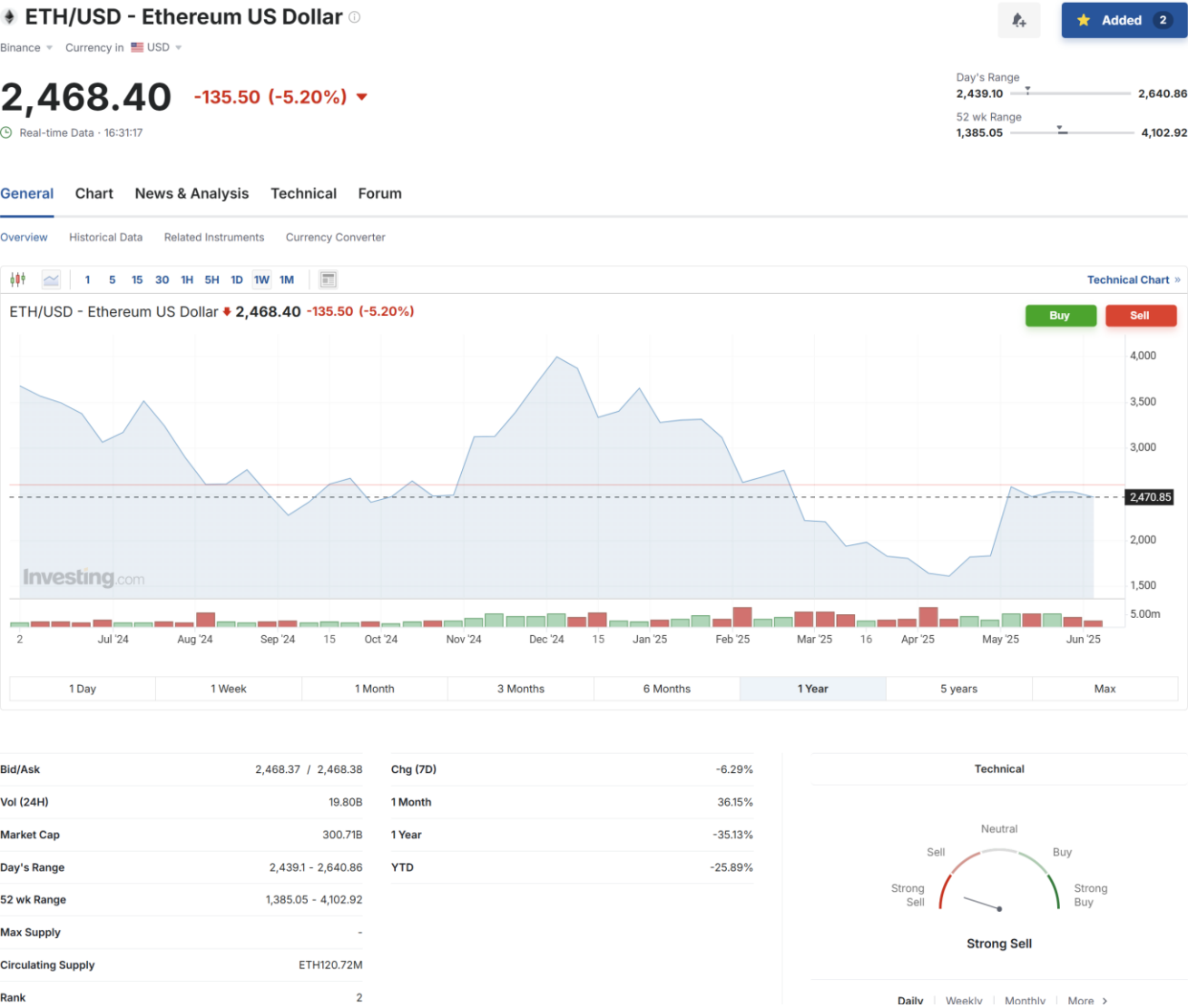
- The above quotes are indicative only, based on a hypothetical 25-year (repayment) mortgage loan scenario, where the property value is £500,000, and down payment is £200,000, as of 5 June 2025
- Source: <https://www.moneysupermarket.com/>

Crypto Markets: Bitcoin



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

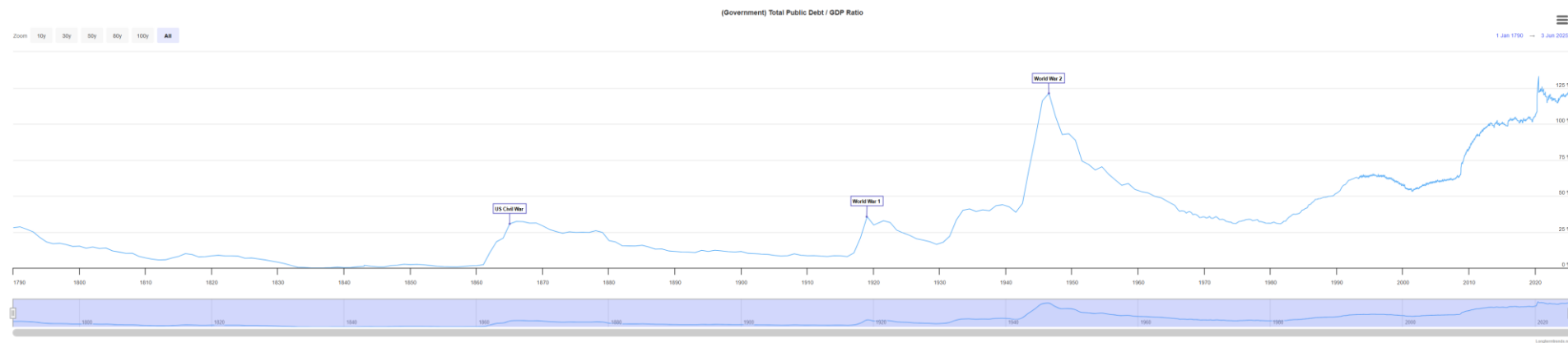
Crypto Markets: Ethereum



• Source: www.investing.com, as of 5 June 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.

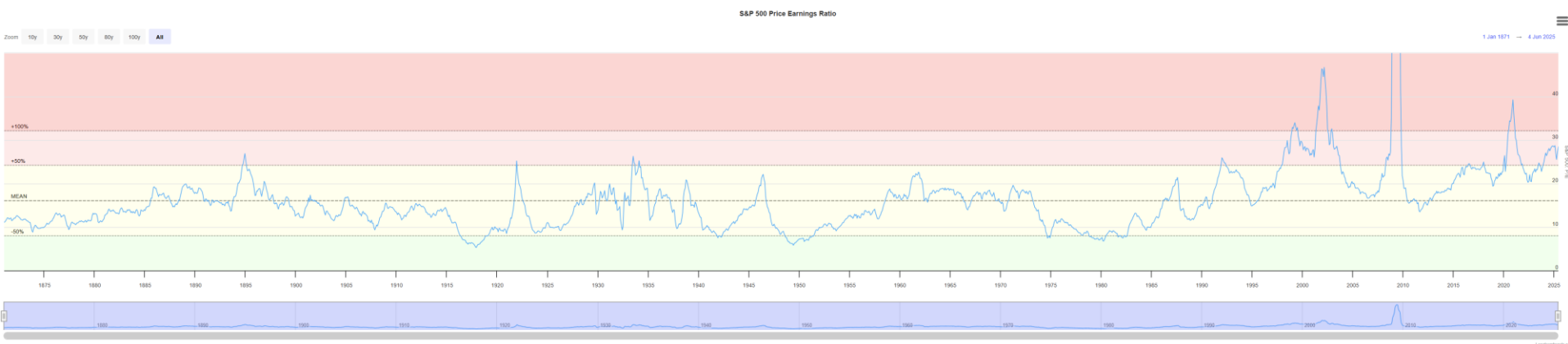
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Macro-economic / Markets Insights – S&P 500 Price to Earnings Ratio



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

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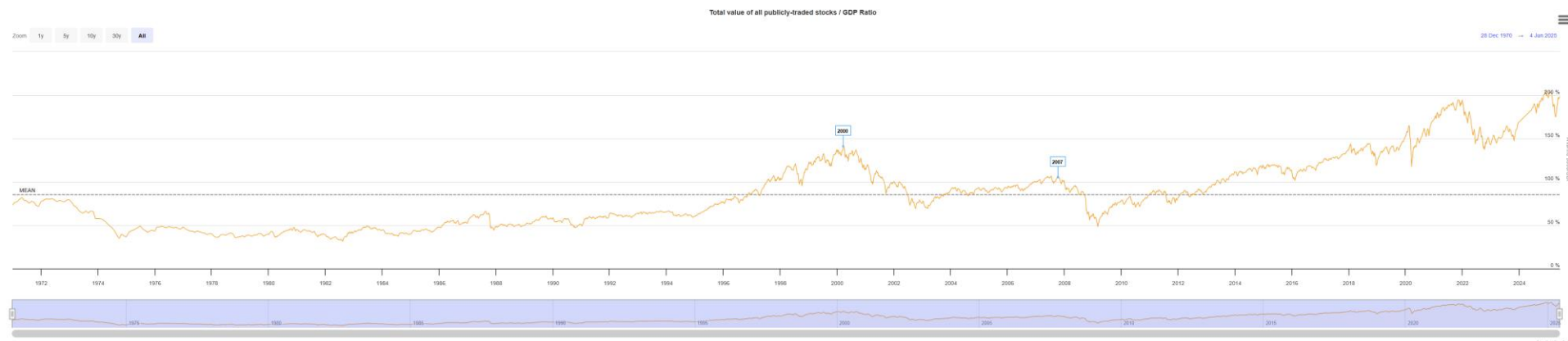
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Macro-economic / Markets Insights – Buffet Indicator (Total Market Cap / GDP)

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

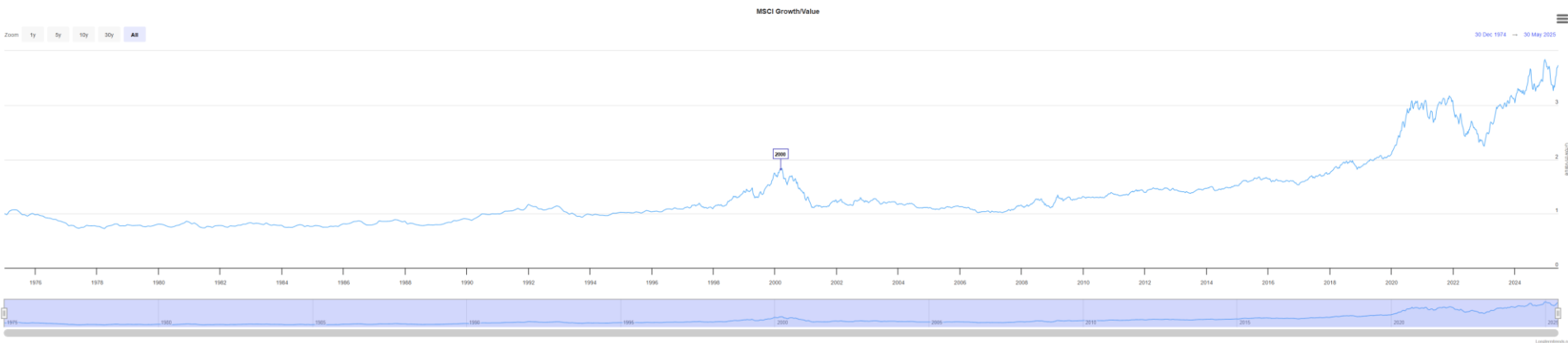
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Macro-economic / Markets Insights – Growth / Value Stocks



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.

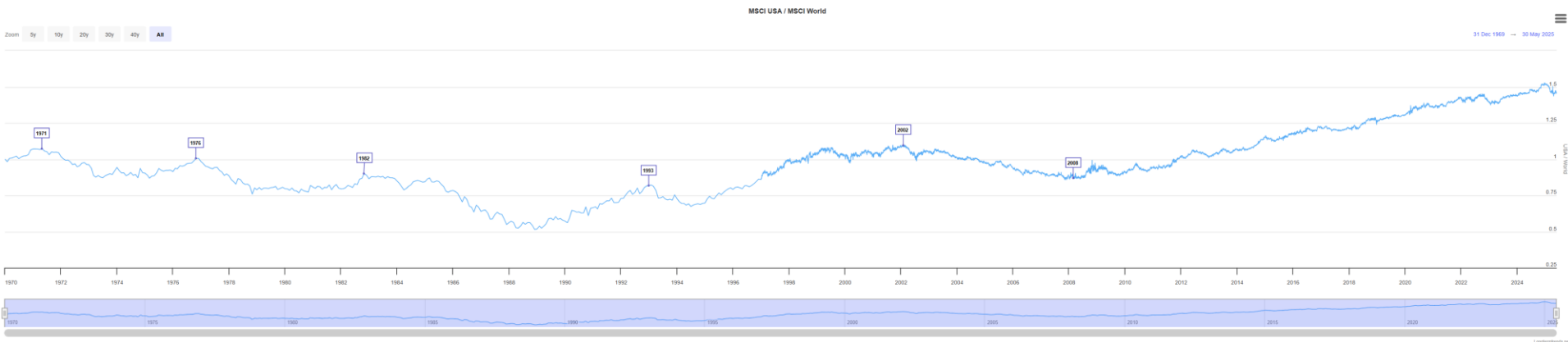
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Macro-economic / Markets Insights – US Stocks vs. World Stocks



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

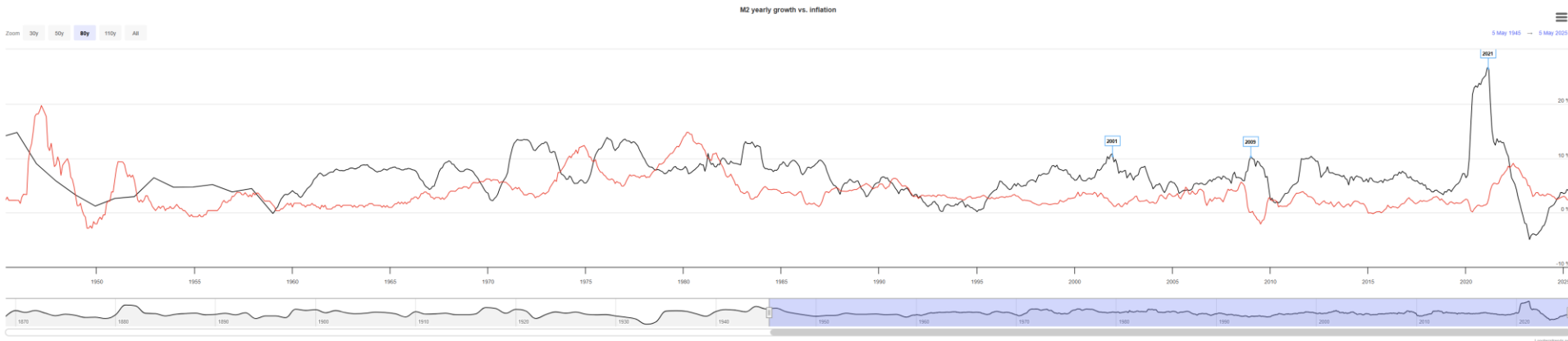
- Source: <https://www.longtermtrends.net/>

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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

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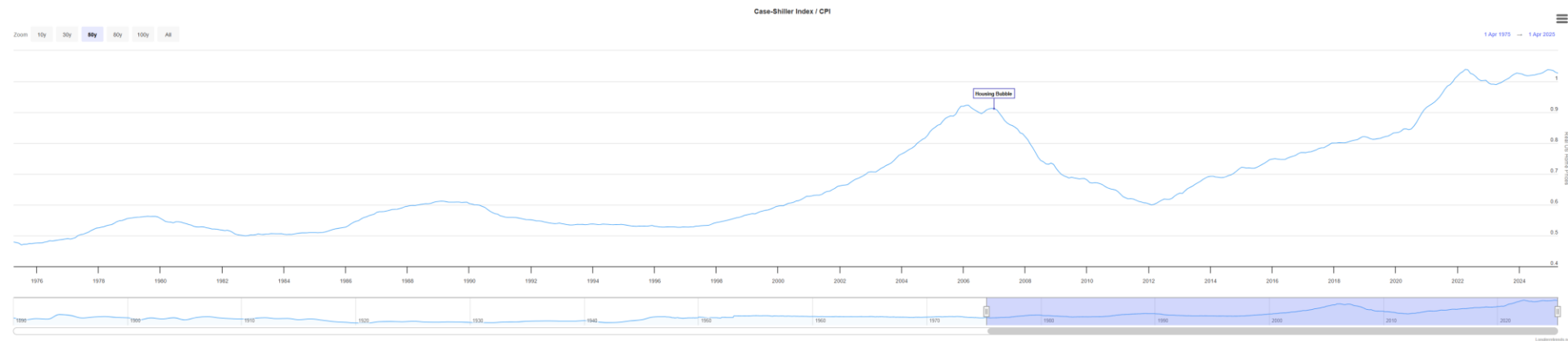
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Macro-economic / Markets Insights – US Real Home Prices

Case-Shiller Home Price to CPI Ratio



Interpretation

The real home price takes into account the effects of inflation and therefore allows for better comparison over time. The ratio in the chart above divides the Case-Shiller Home Price Index by the Consumer Price Index (CPI). The [Case-Shiller Home Price Index](#) seeks to measure the price of all existing single-family housing stock. Based on the pioneering research of [Robert J. Shiller](#) and [Karl E. Case](#) the index is generally considered the leading measure of US residential real estate prices.

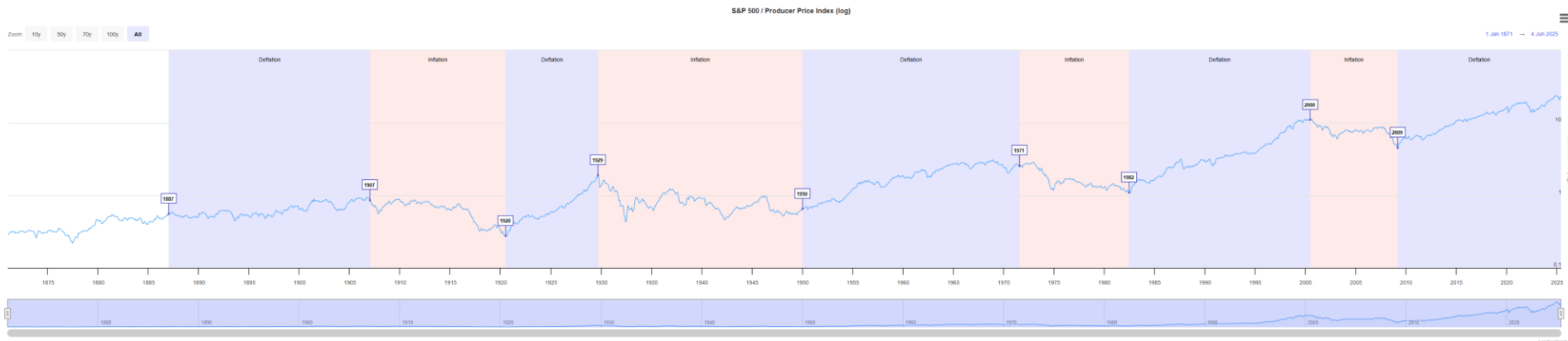
When inflation is high, prices as measured by the CPI increase and the purchasing power per unit of currency decreases. The Case-Shiller index has a base of Jan 2000=100 while the CPI has a base of 1983=100. Therefore, it is the trend over time that is significant, and not the absolute ratio values.

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Stocks to Commodities Ratio



Interpretation

The stocks to commodities ratio measures the S&P 500 relative to the commodity market index PPI (Producer Price Index). When the ratio rises, stocks beat commodity returns - and when it falls, commodities beat stock returns. The chart's yAxis is logarithmic and over the long run stocks clearly outperform commodities.

According to [Baran \(2013\)](#) stocks and commodities are negatively correlated. The main reason is the fact that equities and commodities behave differently during the short term credit cycle. Stocks perform better in late recessions and early expansions while commodities overperform in late expansions and early recessions. Furthermore, [Bannister and Forward \(2002\)](#) found that equities and commodities alternate on leading the market on average every eighteen years (**18-year cycles**), which also corresponds to deflationary and inflationary cycles. Periods of **deflation** are characterized by a boom in stocks and sound money (i.e. gold standard of 1879, Bretton Woods after WW2). These periods are followed by **inflation**, including inflationary events such as the Gold nationalization of 1934, the Nixon shock of 1971, and war (WW1, WW2, Vietnam, Iraq). Realizing their position in the cycle, in 2002 [Bannister and Forward](#) correctly predicted the outperformance of commodities over the following years and the risk of war in the middle east.

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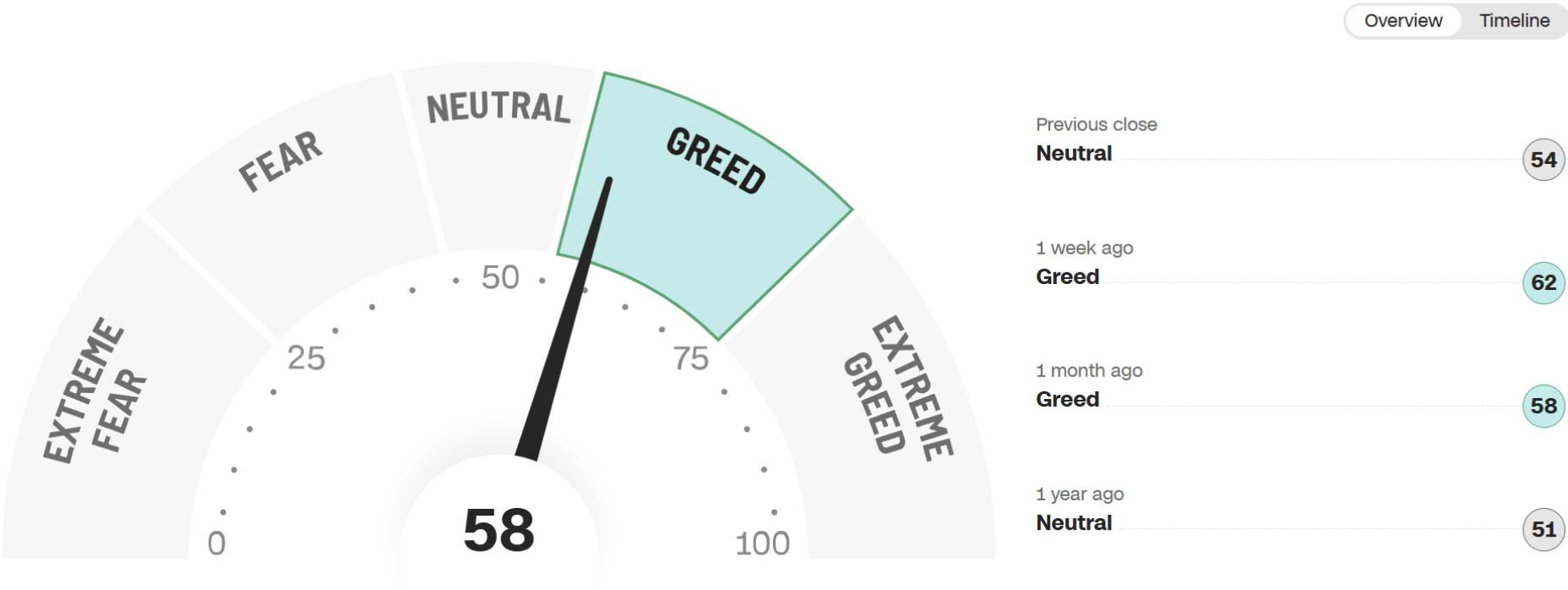
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Fear and Greed Index Overview

Fear & Greed Index

What emotion is driving the market now?

[Learn more about the index](#)



Last updated Jun 5 at 4:49:27 PM ET

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Fear and Greed Index Trend

Fear & Greed Index

What emotion is driving the market now?

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Overview

Timeline



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CME Fed Watch Tool

FedWatch

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The next FOMC meeting is in:

12
DAYS

20
HRS

51
MIN

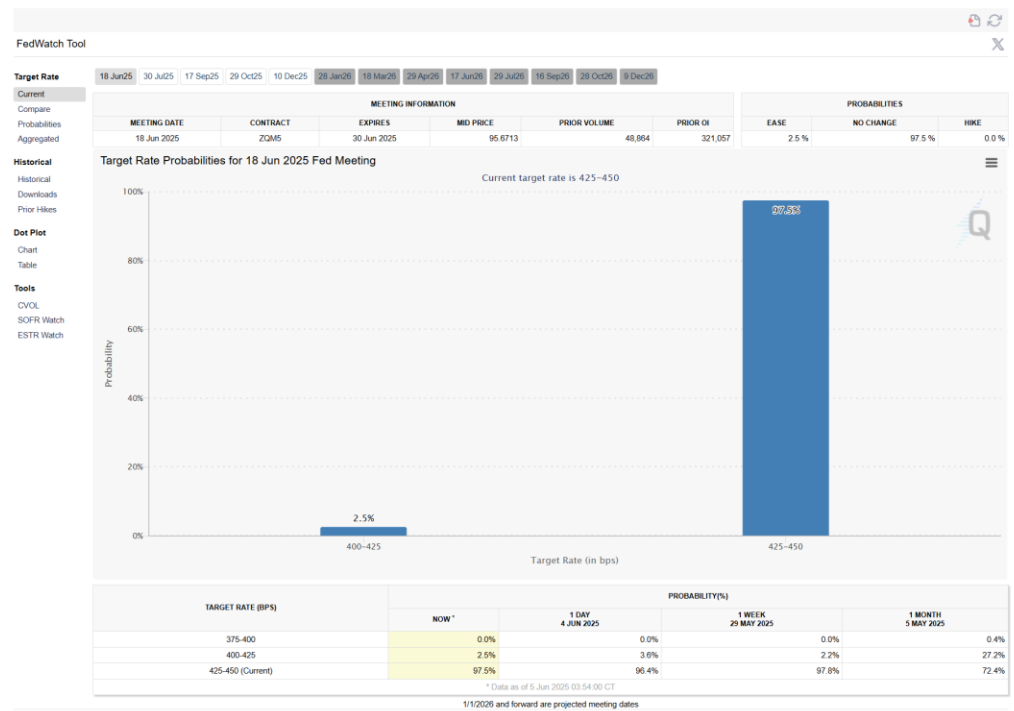
50
SEC

What is the likelihood that the Fed will change the Federal target rate at upcoming FOMC meetings, according to interest rate traders? Use CME FedWatch to track the probabilities of changes to the Fed rate, as implied by 30-Day Fed Funds futures prices.

MEDIA: Please attribute rate probabilities used in your reporting to "CME FedWatch."

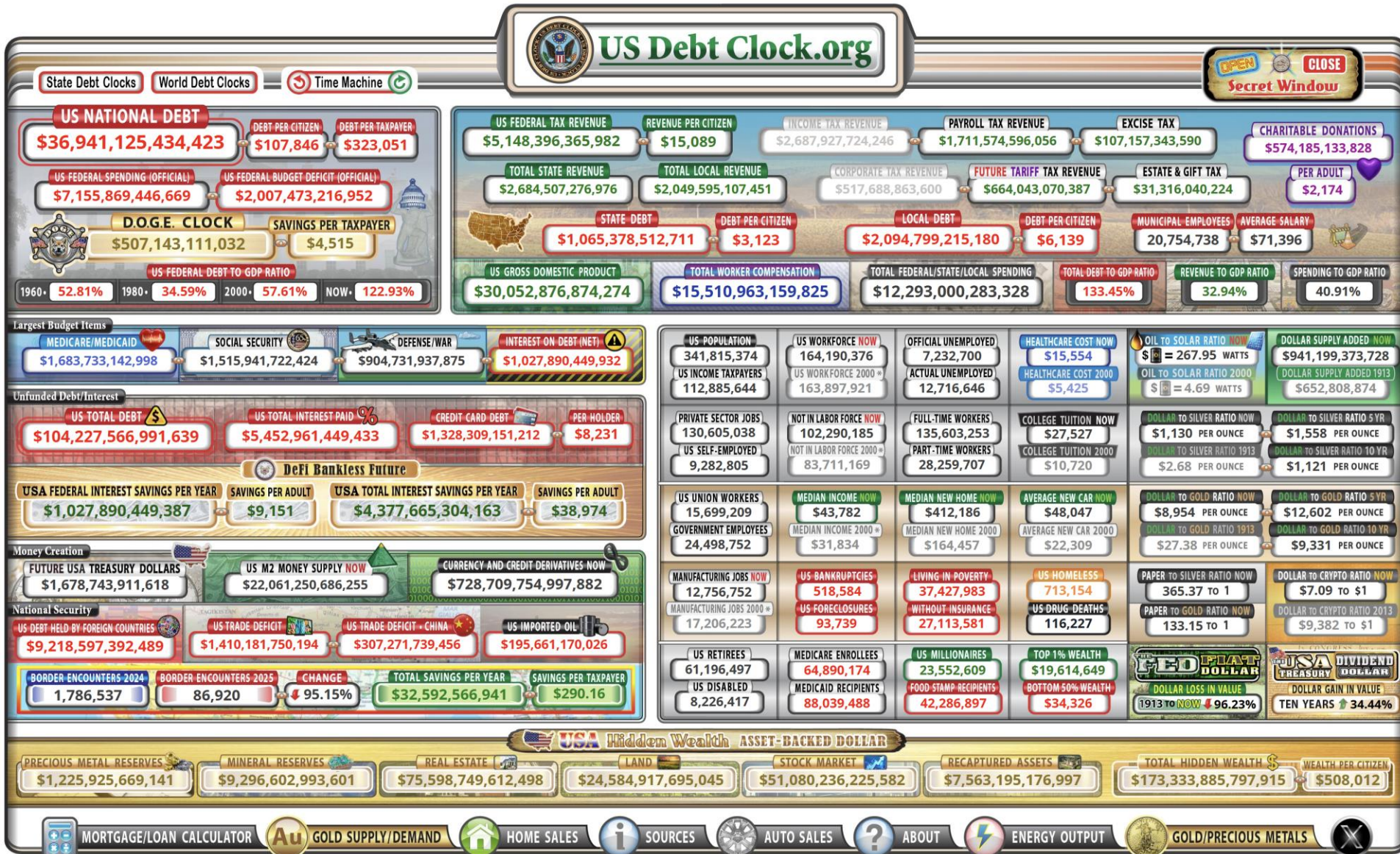
QUICK LINKS

- [Methodology](#)
- [User Guide](#)
- [CME FedWatch API](#)
- [Follow @Interest_Rates on X](#)



- 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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