Dear clients, Dear readers,

The second quarter of 2025 was once again marked by US President Donald Trump's ubiquitous media and economic presence. On 2 April, the announcement of a widespread increase in US tariffs sent shockwaves through global markets. These measures, explicitly aimed at reducing the US trade deficit, have mainly fuelled a climate of global trade instability. This clear return to protectionism recalled the practices of the early twentieth century, and sparked considerable uncertainty among economic players.

In concrete terms, the United States introduced minimum tariffs of 10% on all imports, with specific surtaxes, particularly on China (up to 145%). This announcement led to a sharp fall in the markets at the beginning of April, before a rebound in mid-April driven by investors looking for bargains. In early May, Trump reversed course, announcing a 90-day pause on tariffs in excess of 10% to negotiate new trade deals. An agreement was quickly reached with the UK. Subsequently, at the whim of his moods, he once again raised the threat of additional tariffs, including a 50% tax on European products, before backing down once more.

In Ukraine, talks are stagnating amid declining US support. In the Middle East, Israel's surprise attack on Iran in mid-June triggered a rise in oil prices and a temporary fall in the markets. The subsequent US bombing of Iran's nuclear power plants, however, did not lastingly worry investors or cause a persistent spike in oil prices. Despite contradictory announcements, Trump's verbal aggressiveness and geopolitical instability, stock markets have shown surprising resilience. Investors now seem to be better factoring in the US president's unpredictable behaviour and international uncertainties. The announcement of a ceasefire between Israel and Iran also provided additional support to the markets.

The European Central Bank (ECB) continued to ease its monetary policy, cutting its deposit rates twice by 0.25% to 2%, their lowest level since early 2023. However, Christine Lagarde, President of the ECB, stated that this downward cycle was probably coming to an end, as inflation was considered to be under control and is close to the 2% target.

In the United States, the Federal Reserve (Fed) left its interest rates unchanged at between 4.25% and 4.5% (stable since December 2024), maintaining a restrictive stance in the face of still worrying inflation, fuelled in part by the prolonged trade war and geopolitical tensions in the Middle East. These factors add to fears of a spike in prices, particularly in the energy and imported goods sectors. However, the Fed expects two rate cuts by the end of 2025, but only one in 2026.

Although the US markets fared better in the second quarter, the European financial markets have outperformed their US counterparts this year. This is due to a more favourable perception of European policy initiatives, including increased investment in defence and infrastructure.

In commodities, gold maintained its safe haven role in this uncertain climate, though it rose by less than in the first quarter (+25.9% since the beginning of the year). Oil prices were very volatile, fuelled by growing geopolitical tensions and fears about global demand (-9.4% in 2025). The dollar continued to fall (-13.8% since January 1), weakened by the uncertainties surrounding Trump's trade and fiscal policy.

The coming months look set to be uncertain. In the United States, tariffs could fuel upward pressure on prices. However, we cannot rule out the possibility that the trade negotiations will eventually lead to “deals” that are favourable to the United States and acceptable to its main partners.
In this context, we are maintaining our current level of exposure to risky assets for the time being.
As far as possible, we are limiting unhedged exposure to the dollar in our portfolios to 15%. Fears of a trade war, together with the US government's openly stated intention to see its currency weaken further, make the dollar's short-term outlook uncertain.

Performance of the main markets in 2025

	June 2025	2025 YTD
EURO STOXX 50	-1,18%	8,32%
STOXX Europe 600	-1,33%	6,65%
BEL 20	-0,58%	4,96%
S&P 500	4,96%	5,50%
S&P 500 Equal Weight	3,01%	3,83%
NASDAQ 100	6,27%	7,93%
NIKKEI 225	6,64%	1,49%
HANG SENG	3,36%	20,00%
MSCI EMERGING	5,65%	13,70%
MSCI WORLD	4,22%	8,59%

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