

WEEKLY MARKET COMMENTARY

Week ending 11 July 2025

Welcome to our weekly market update. Our focus is on providing clear, concise insights into stock and bond market movements and the broader economic landscape.

The views expressed here are subject to change without notice and we can't accept any liability for any loss arising directly or indirectly from any use of it. This is for your information only. It is not a recommendation or advice, if you're unsure about anything please speak to your financial adviser.

This week's highlights

- **US-Brazil trade tensions:** US plans to impose 50% tariffs on Brazilian imports.
- **UK economic contraction:** UK Gross Domestic Product (GDP) down 0.1% in May.
- **Copper on the rise:** look at our chart of the week to see the recent surge in prices.

Market review

After recent developments in the copper market, Brazil is now in the spotlight of the White House. The US administration has threatened to impose a 50% tariff on Brazilian imports, stating concerns over the treatment of former president Jair Bolsonaro by current leader Luiz Inácio Lula da Silva. Bolsonaro's political alignment with Donald Trump underscores the unpredictable nature of Trump's trade strategy, which appears to target issues that personally provoke him. In response, Brazil pledged reciprocal trade measures, prompting a sharp 3% decline in the Brazilian Real against the US dollar.

The UK economy contracted for the second consecutive month, shrinking by 0.1% in May following a 0.3% decline in April. These figures raise concerns about potential stagnation and present further political challenges for the Prime Minister and Chancellor,

especially with recent negative headlines. While the data is disappointing, a slowdown may have been anticipated after the strong growth seen in Q1. Chancellor Reeves reaffirmed her commitment to revitalising the economy, stating she is "determined to kickstart economic growth".

In China, inflation figures showed a modest 0.1% increase in consumer prices for the year to June – the first rise since the start of the year. This may suggest that recent policy measures aimed at stimulating the economy are beginning to take effect. However, the picture remains mixed, with falling producer prices indicating underlying weakness.

Looking ahead, Q2 earnings season is about to commence. Analysts will be closely examining results to assess how companies have navigated the first full quarter under Trump's trade policies – particularly whether they've managed to sustain profit margins and investment plans or have begun to scale back.

Outlook

The global economy has remained remarkably resilient, despite challenges surrounding tariff implementation and ongoing tensions in the Middle East. Recent hurdles in rolling out tariffs at the originally proposed scale have provided temporary tariff relief for world leaders and policymakers, allowing time for reassessment. However, market volatility may persist as discussions continue.

Chart of the week

Copper spike

President Trump extended his Tariff campaign to include copper, he announced a 50% tariff on copper imports starting 1 August in an effort to re-shore key parts of the US supply chain. This led to a scramble for the metal before tariffs begin, leading to the sharpest price rise seen in recent history, reaching all-time highs on Tuesday before tapering off. The effect was even more wide ranging than markets expected, including tariffs for copper use in semi-finished products, which helped to push the price up further. However, his plans haven't been formalised so could be subject to change.



Source: LSEG Datastream and MAPM (M&G Investment Office), 09.07.2025.

What this means for you

Varying inflation levels, trade tariff uncertainty and tensions in the Middle East continue to influence market performance across the globe, strengthening the importance of maintaining a well-diversified long-term investment approach, rather than reacting to short-term market swings. By staying committed to carefully considered plans, investors can navigate through periods of volatility and uncertainty.

Need help?

If you have any questions in relation to this document, please discuss them with your financial adviser.