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Five things you need to know from June

UK Political change, a fragile peace in the Strait of Hormuz, and another step forward for AI tech all moved markets last month.

Here are five developments we think advisers should know.

1. Oil falls

Following a memorandum of understanding between the US and Iran, global oil prices have fallen to their lowest levels since before the war began.

It's welcome news that oil prices are beginning to come down, but the benefits for inflation won't show up overnight. Energy prices tend to drip-feed through the system, so households are unlikely to feel the full impact for a few months.

The ceasefire is still fragile though, so it doesn't feel like we're out of the geopolitical woods yet.

2. Starmer resigns

Keir Starmer has announced he is stepping down as Prime Minister, with Andy Burnham the most likely person to replace him. Bond markets have remained stable on this news.

What's uncertain is who the new chancellor will be and what policies could change. Burnham has previously said he wouldn't raise the main rates of income tax, VAT, or national insurance. But could inheritance tax, capital gains tax, business rates, and stamp duty be affected?

For now, there's more uncertainty than clarity, and we're waiting for the detail rather than reacting to headlines.

3. Big AI moves

SpaceX went public in June in the largest IPO of all time, with a value of over \$2tn. Anthropic and OpenAI also submitted draft registration documents for their own IPOs in the future.

We also saw Asian semiconductor stocks rise, followed by a selloff in the last week of the month.

Equity markets continue to be shaped by narrow leadership in large-cap growth and AI-related themes. The long-term innovation trends remain intact, but elevated valuations and increasing capital requirements are increasing scrutiny and volatility.

For clients, the key message remains unchanged: a disciplined, diversified approach is essential, with portfolios positioned to navigate both macro uncertainty and concentration risks within equity markets.

4. Inflation remains steady in the UK, less so in the US

Despite the war in Iran, UK inflation held up better than expected. Consumer Price Index (CPI) in the year to May was at 2.8%, still above the 2% target but broadly stable. Transport costs rose, but costs for dairy, meat, and vegetables eased.

Going forward, the falling oil price could help inflation, but many analysts believe that UK inflation may get a bit worse before it gets better. So, clients could still feel the corrosive effect of inflation on their money.

In the US, CPI was at 4.2%, with energy prices rising almost 25% year on year. Donald Trump promised that inflation would “come down like a rock” when the war was over. The Federal Reserve (Fed)’s forecasts suggest it might stay above 3% for the rest of the year.

5. Bank of England (BoE) and Fed hold rates

The BoE held interest rates at 3.75%, as the peace agreement eased fears of further price rises. This marks the fourth consecutive meeting without change. It’s less likely that future rate increases are on the cards.

In the US, the Fed also held rates after Kevin Warsh’s first meeting in charge, though Governors were split on whether to hold rates or increase them. Many saw this meeting as a sign that there could be future interest rate increases in the US, potentially as early as July.

Name	1m	3m	YTD	1yr	3yr
FTSE Actuaries UK Conventional Gilts All Stocks	0.61	1.99	0.10	2.57	9.19
IA Sterling Corporate Bond	0.87	2.82	1.15	4.54	22.30
IA Global High Yield Bond	1.33	2.36	2.83	8.19	23.58
FTSE All Share	0.69	4.69	7.22	21.89	53.09
FTSE USA	0.64	14.57	11.31	25.26	66.76
FTSE World Europe ex UK	2.84	12.52	10.32	23.50	53.93
FTSE Japan	0.67	12.73	16.87	32.92	58.98
FTSE Asia Pacific ex Japan	-0.22	22.19	23.69	43.53	74.19
FTSE Emerging	-0.33	11.31	10.36	26.45	54.81

Source: FE Analytics, GBP total return (%) to last month end

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