# The rise in oil prices has little impact on the eurozone

## June 16, 2025

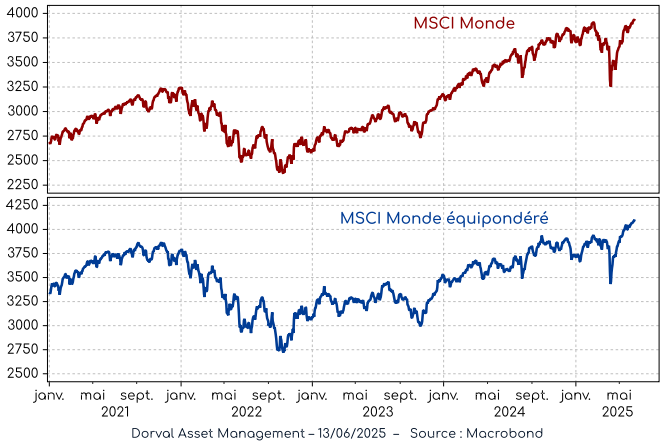
Dear clients, dear partners,

The recent rise in oil prices, fueled by tensions between Israel and Iran, adds a new element of uncertainty to the economic outlook for the summer. However, for Europe, the impact remains moderate, mainly thanks to the appreciation of the euro against the dollar, which is mitigating price increases in local currencies.

After the relief brought by the trade de-escalation since April 10—which pushed the MSCI World Index in US dollars to a new high on June 12 (Chart 1)—investors are wondering what the next phase will bring. The summer of 2025 promises to be exciting, with macroeconomic risks on both the upside and downside, depending on US statistics – which are reassuring for the moment – and whether, and under what conditions, trade negotiations with Trump's America will be extended.

Global stock markets hit new record highs
Indices expressed in USD

Nouveau plus haut historique pour les bourses mondiales
indices exprimés en dollar

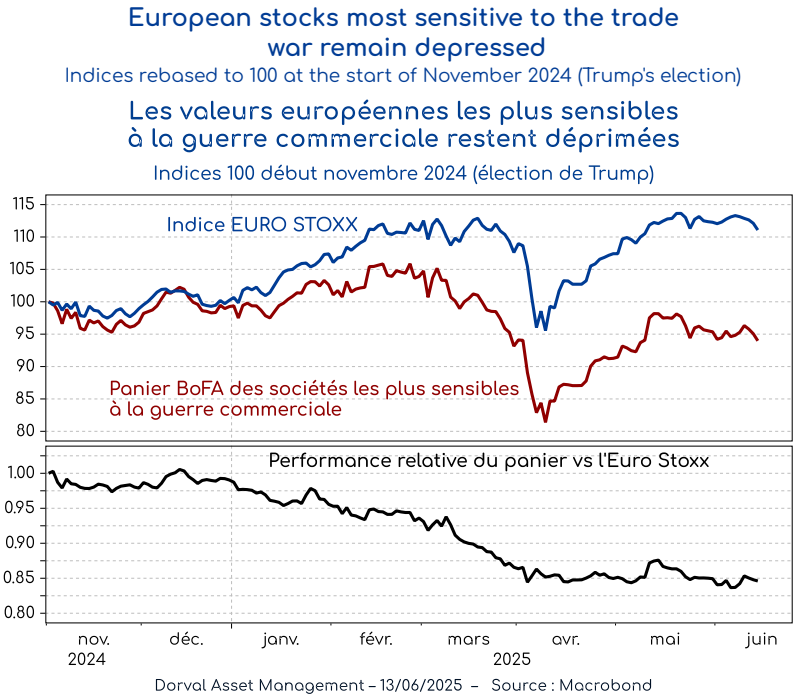



Dorval Asset Management – 13/06/2025 – Source : Macrobond

*MSCI World / MSCI World equidiv*

Admittedly, perceptions of the risk associated with the trade war seem to have faded, relegated to the background by many investors. However, this issue continues to weigh on certain market segments. In Europe, stocks in the sectors most exposed to trade tensions—luxury goods, automotive, consumer goods, and industrial—are still lagging significantly behind (Chart 2). While other factors also explain their underperformance, the trade war is helping to maintain a substantial risk premium. The Trump administration, particularly irritated by the European Commission's sluggish response, could reignite the issue at any time. Conversely, a lull perceived

as sufficiently lasting would give these stocks a boost. Global stock markets hit new all-time highs.

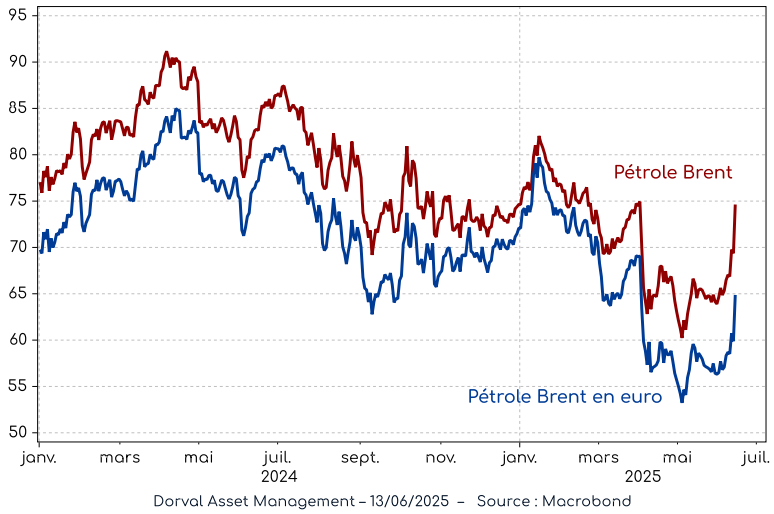



*BoFA basket of companies most sensitive to the trade war / Relative performance of the basket vs Euro Stoxx*

Among the factors to watch this summer, the resurgence of geopolitical tensions in the Middle East since June 12 raises new questions, particularly with regard to inflation. It remains to be seen how far these tensions will go and how long they will last. What is certain is that they are occurring against a backdrop of resurgent oil production by Saudi Arabia and other OPEC members, which could limit price spikes. In addition, the downward trend in the dollar is playing a stabilizing role for many consumer countries, including those in the eurozone. Expressed in euros, the price of Brent crude remains well below its level at the beginning of the year (Chart 3). At this stage of the tensions, neither investors nor the European Central Bank have any reason to be particularly concerned.

Israel-Iran conflict : rising oil prices offse by the weakening dollar

Conflit israélo-iranien : la remontée du prix du pétrole compensée par la baisse du dollar




*Brent Oil / Brent Oil in euros*

In this context, the structure of our flexible and diversified portfolios, both European and global, remains unchanged.

Our exposure rates are as follows:

| Fund | Net equity exposure | Breakdown by theme (as a percentage of total equities) | Other |
|---|---|---|---|
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Dorval Asset Management

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