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Market Snapshot

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SpaceX shares are set to begin trading later on Friday in the US in what is the largest IPO in history, after raising about \$75bn at a fixed price of \$135 a share, valuing Elon Musk's rocket, satellite and AI group at roughly \$1.75tn–\$1.8tn. Demand has been exceptionally strong, with orders reportedly several times oversubscribed – in some cases more than three to four times the shares available – reflecting intense interest from both institutional and retail investors. The deal is unusual in adopting a “take it or leave it” pricing structure rather than a traditional range and includes a sizeable retail allocation. Investors are effectively being asked to back not only the established Starlink and launch businesses but also more speculative growth areas such as AI infrastructure, with early indications pointing to a strong market debut, albeit at a valuation that leaves little margin for error.

Hopes are building that a resolution to the Middle East crisis may be within reach following comments from Donald Trump, after a week marked by significant escalation risks. While optimism has grown that the Strait of Hormuz could reopen, easing pressure on global energy markets, the situation remains finely balanced and highly volatile

The FTSE 100 was up 0.7% over the week by mid-session on Friday, with the more UK-focused FTSE 250 trading 1.3% higher.

Middle East

US President Donald Trump said the final points of a deal with Tehran had been approved by “all parties” and called off new planned strikes against the Islamic republic. Markets rallied on Friday on hopes that Washington and Tehran were close to a preliminary deal that would extend a fragile ceasefire and reopen the Strait of Hormuz.

“Based on the fact that discussions with the Islamic Republic of Iran have been brought to the highest level of Iranian leadership and approved, I have cancelled the scheduled strikes and bombings,” Mr Trump wrote on his Truth Social site on Thursday. He said that he had spoken on Thursday to the leaders of Israel, Qatar, the United Arab Emirates, Saudi Arabia, Bahrain and Kuwait, and that he would soon speak with Turkey.

“The strait will officially open as soon as we sign, which could be soon, very soon, maybe over the weekend in Europe, he said. I won't be able to be there but JD [Vance] will be there,” Mr Trump added. There has been no official response from Iran yet.

Economics

After a stronger-than-expected first quarter, UK gross domestic product (GDP) contracted by 0.1% month-on-month in April, underscoring a loss of momentum as the economy entered the second quarter as rising energy costs and geopolitical tensions weighed on consumer spending. The fall was driven by a 0.2% decline in services, partially offset by a 0.1% increase in construction, while production was unchanged. April's data reinforces the view that underlying growth remains sluggish, consistent with forecasts for expansion of less than 1% this year – and aligns with recent business surveys pointing to weakening activity and softer demand.



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US inflation surprised on the upside in May, with the headline Consumer Price Index (CPI) rising 4.2% year-on-year – its highest level in more than three years. This was largely a result of rising energy costs linked to the Middle East crisis. However, underlying pressures were more subdued, with core inflation – which strips out volatile food and energy costs – rising 2.9% annually and a lower-than-expected 0.2% monthly increase, suggesting the spike remains heavily concentrated in fuel rather than broad-based across the economy. The relatively contained core reading supports expectations that policymakers can hold rates steady for now.

However, US producer price data showed a sharp upside surprise, with the headline PPI rising 1.1% month-on-month in May, well above expectations for around 0.7%, pushing the annual rate up to 6.5% – its highest level since late 2022. The increase was driven overwhelmingly by a surge in energy costs, particularly a jump of more than 20% in wholesale gasoline prices, which lifted goods prices significantly, while services inflation remained more modest. Although core PPI was slightly softer than expected on the month, broader measures still showed firm underlying pressures, reinforcing concerns that pipeline inflation is building and supporting the view that the Federal Reserve is likely to keep rates on hold, with risks tilted towards further tightening rather than cuts.

Company news

Halma delivered another strong set of full-year results, with revenue rising 15% to £2.6bn and adjusted profit climbing 22% to more than £590m, marking a 23rd consecutive year of profit growth. Performance was broad-based across its safety, environmental and healthcare divisions, with particularly strong momentum from its photonics business, while margins improved and cash generation remained robust. However, the shares fell after the results as the market regarded its guidance as disappointing.

Bellway's latest trading update paints a picture of resilience in a softening housing market, with the housebuilder maintaining full-year profit guidance of £320m–£330m despite signs of cooling demand. After a firmer start to the spring selling season, reservation rates moderated in April and May as higher mortgage costs weighed on affordability, while build cost inflation has re-emerged amid rising energy and material prices.

Pennon's full-year results mark a return to profitability for the UK water utility, driven by stronger regulated revenues and tight cost control. The group posted a pre-tax profit of £114m, up from a loss of £72.7m in the prior year. The improvement was supported by higher water bills and increased consumption. However, performance remained mixed, with regulatory penalties and environmental pressures continuing to weigh, prompting new chief executive

Keith Haslett to stress the need for improved operational discipline despite progress on pollution reduction and infrastructure resilience.

Great Portland Estates' latest trading update points to strong underlying momentum in London's prime office market, with the group delivering a record leasing performance despite a volatile macro backdrop. The developer secured £70.9m of lettings during the year at levels more than 10% above estimated rental values, reflecting robust demand for high-quality, well-located and flexible workspace, while its Fully Managed offer continued to gain traction.

Wizz Air's full-year results highlight a business where strong passenger growth has been overshadowed by a collapse in profitability, underscoring the pressures facing the low-cost sector. The airline carried a record 69.7 million passengers and lifted revenues 8% to €5.7bn, but rising maintenance, depreciation and disruption – including ongoing engine issues and geopolitical headwinds – drove operating profit lower and slashed net profit to just €1.3m from €213.9m in the prior year.

WH Smith's latest trading update showed modest growth in revenues, as it faced an increasingly challenging consumer and travel backdrop. Revenues rose 5% in the 14 weeks to early June, with like-for-like sales up 2%, supported by strength in UK hospitals and rail stations, but performance in its core airport business softened as passenger numbers and spend were hit by Middle East disruption and weaker confidence. North America remained a particular weak spot, prompting a downgrade to full-year profit guidance.

Mike Ashley's **Frasers Group** has tabled a takeover offer for German fashion brand Hugo Boss. The group, formerly known as Sports Direct, owns just over a quarter of Hugo Boss, having steadily built up the stake since 2020. Frasers owns House of Fraser, Game, Jack Wills, Evans Cycles and many other brands. It is also the largest shareholder in Boohoo.

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