

WEEKLY MARKETS ROUND-UP

Executive Summary

22nd June 2026

Top news: Encouraging progress on US/Iran talks, Flash PMIs tomorrow, US PCE on Thursday – Last week Warsh's inaugural FOMC delivered an unanimous 12-0 hold, while the dot plot shifted to 9 of 18 participants now projecting a hike this year. The yearend PCE forecast was revised up sharply to 3.6%, and the easing bias was stripped from a much shorter statement. Warsh declined to submit his own dot, backing his reluctance to issue forward guidance, and announced five task forces, including one on inflation measurement, hence keeping his options open. Markets initially dropped on these hawkish signals, yet then recovered on Thursday as Trump and the Iranian President electronically signed a 14-point MoU, laying the ground for a durable peace settlement. As for other Central Banks, the BoJ hiked +25bp on Tuesday to 1.0%, its highest since 1995, citing energy-driven inflation risks, while the SNB held at 0% as expected, signaling its willingness to mitigate CHF appreciation. The BoE also held at 3.75% in a 7-2 vote. This week will continue to focus on the US/Iran talks with Iran apparently accepting IAEA inspectors back into the country this morning. Tuesday will see the Flash PMIs, which are expected flat and resilient in both Europe and the US. Thursday then brings the final Q1 GDP confirmation (exp. +1.6% annualized) alongside Core PCE (exp. +0.3% MoM, potentially pushing YoY toward 3.4% vs 3.3% in April). Finally, on Friday, the UoM Consumer Sentiment is expected to inch higher from its historic lows while the related 12m inflation expectations may soften following the drop in Oil prices.

Equities: the hawkish FOMC did lead equity markets to correct last Wednesday, yet the signing of the MoU of Thursday then helped them recover. Most indexes are Slightly Overbought and close to ATHs, while the mood remains hawkish.

Fixed Income: US 10Y and Bund yields did bounce back a bit last week despite both curves flattening as it seems that the market is front running the FED in its possible tightening later this year. Credit spreads remain at all-time lows.

Forex: USD rose following the FED, yet is now Slightly Overbought on several pairs. Oil prices remain a crucial influence.

Commodities: Brent remains under pressure of US/Iran optimism, while Gold suffers from a hawkish FED, rising real yields, and the concomitant rise in USD. Both are now Slightly Oversold, yet subject to the binary outcome of the talks.

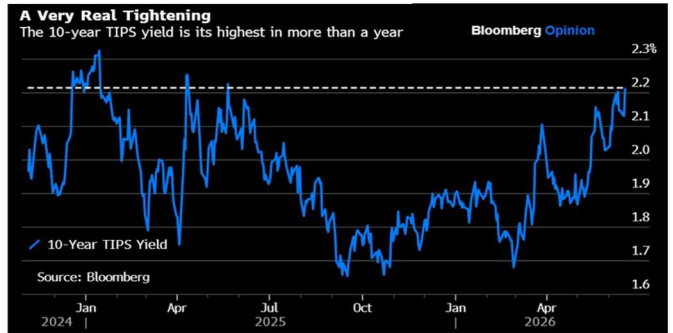
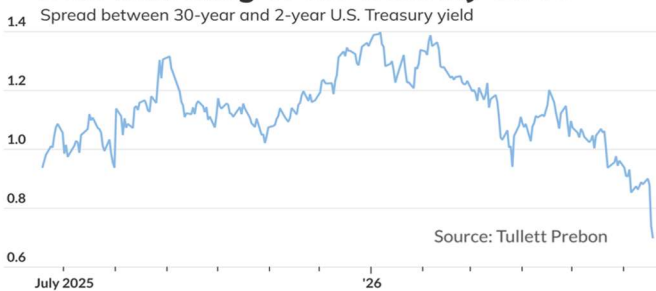
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	7'501	Jun-25	6'025	24.5%	Jun-26	7'610	-1.4%	9.6%	up	slightly OB
Nasdaq100 Index	USD	30'406	Jun-25	21'856	39.1%	Jun-26	30'661	-0.8%	20.4%	up	slightly OB
Dow Jones Industrials Index	USD	51'565	Jun-25	42'582	21.1%	Jun-26	52'000	-0.8%	7.3%	up	slightly OB
EuroStoxx50	EUR	6'293	Aug-25	5'166	21.8%	Jun-26	6'331	-0.6%	8.7%	up	slightly OB
Swiss Market Index	CHF	13'774	Aug-25	11'755	17.2%	Feb-26	14'014	-1.7%	3.8%	neutral	slightly OB
Nikkei225	JPY	70'813	Jun-25	38'354	84.6%	Jun-26	71'171	-0.5%	40.7%	up	slightly OB
Shanghai Composite	CNY	4'090	Jun-25	3'382	21.0%	May-26	4'243	-3.6%	3.1%	neutral	neutral
US 10Y Treasury Yield	%	4.49%	Oct-25	3.95%	0.5%	May-26	4.67%	-0.2%	0.3%	up	neutral
German 10Y Bund Yield	%	2.98%	Jun-25	2.51%	0.5%	May-26	3.19%	-0.2%	0.1%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	87	Jul-25	80	8.2%	Feb-26	89	-2.0%	2.2%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	109	Jul-25	102	6.9%	Mar-26	109	-0.3%	1.6%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	80	Jun-25	75	6.8%	Jun-26	80	-0.0%	1.9%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	97	Jun-25	87	11.4%	Jun-26	97	0.0%	2.7%	neutral	neutral
EUR/USD		1.15	Jul-25	1.14	0.5%	Jan-26	1.20	-4.7%	-2.4%	neutral	slightly OS
GBP/USD		1.32	Nov-25	1.30	1.6%	Jan-26	1.38	-4.4%	-1.8%	neutral	slightly OS
USD/JPY		161	Jul-25	143	12.5%	Jun-26	161	-0.0%	2.9%	neutral	neutral
USD/CHF		0.81	Jan-26	0.76	5.8%	Jul-25	0.81	-1.0%	1.8%	neutral	slightly OB
AUD/USD		0.70	Aug-25	0.64	9.2%	May-26	0.73	-3.3%	5.1%	neutral	neutral
Brent Oil (per Barrel)	USD	81	Dec-25	59	36.7%	Apr-26	118	-31.7%	32.4%	up	slightly OS
Gold Spot (per Ounce)	USD	4'155	Jun-25	3'274	26.9%	Jan-26	5'416	-23.3%	-3.8%	down	slightly OS

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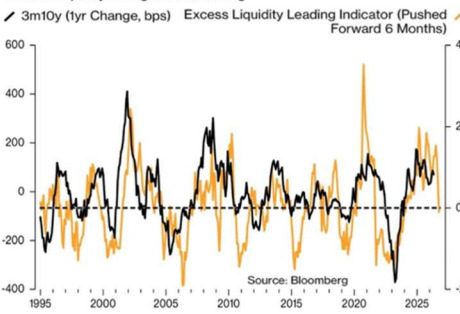
Rates and Curve focus: towards a dovish pivot at some point this Summer ?

Warsh's first FOMC delivered a hawkish hold as the dot plot flipped to a median hike and the easing bias was stripped from a shorter statement. Yet the market had already front-run this since January with yields and the curve forcing the Fed's hand. The 30Y-2Y spread has bear-flattened from 1.35% to 0.65% post-FOMC, its fastest drop since 2022 (top-left), while the TIPS 10Y real yield at 2.2% confirms that financial conditions are already tightening before any hike (top-right). Excess liquidity has turned negative, and its 6m leading indicator (bot-left) projects a further drop into year-end. The curve is already doing the Fed's work and in doing so, may be positioning Warsh for a dovish pivot as liquidity and perhaps risk assets deteriorate into the Summer. Yet two longer-term counterforces are quietly accumulating. M2 broad money is re-accelerating sharply – QoQ annualized at 10.7%, its rise fastest since 2021 (bot-center), while the Fed's balance sheet has already expanded \$200bn since QT ended last Dec. (bot-right). Both point towards reflation, yet the catch is the usual 12-18 months transmission lag, as this fuel probably reaches the economy and markets no earlier than 2027. Hence, while the near-term tightening is real and the dovish pivot will be tempting, acting too soon risks adding further fuel to a future reflationary fire.

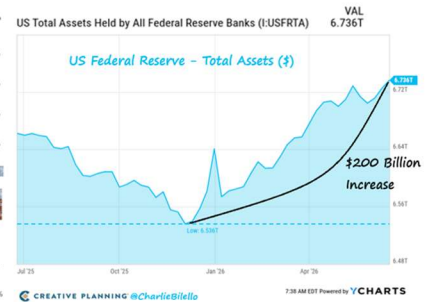
Bear flattening of the Treasury curve



Even Tighter Conditions Coming as Excess Liquidity Drops



US broad money (monthly data & weekly proxy)



Notes:

- Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.08% the trend is then "up", below -0.08% then "down", otherwise it is "neutral".
- Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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