CIO OFFICE DAILY OUTLOOK

15 July 2026

June US CPI was yesterday's key macro event, coming in well below expectations. Headline CPI fell 0.4% m/m, the first monthly decline since 2020, as gasoline posted its biggest drop since 2022; y/y inflation was 3.5%. Core CPI was flat. The data lowered July 29 hike odds to about 16% from roughly 50%. In his first congressional testimony, Fed Chair Kevin Warsh stressed "no tolerance for persistently elevated inflation," warned against overreading one data point, and disowned the Dallas Fed trimmed mean, now at 2.41%, as his preferred inflation gauge. We consider the remarks as slightly more hawkish but believe the bar to raise rates remains high.

US equities rose, with the S&P 500 up 0.4% and the Nasdaq 100 gaining 1.1%. Bank earnings started on a strong note, as JPMorgan, Goldman Sachs, BofA, Citi, and Wells Fargo earned over $49bn combined, up 39% y/y, helped by higher trading revenue. IBM weighed on the Dow and global software peers after guiding Q2 revenue to $17.2bn, below the $17.9bn consensus, sending shares down about 25%, the worst one-day drop since at least 1968. Bloomberg also reported that DeepSeek may file for a mainland China IPO as early as this year.

Soft CPI sparked a sharp Treasury rally and bull-steepening, with front-end yields down 7bp and the curve 6bp steeper. May TIC data showed foreign investors bought a net $56.6bn of long-term Treasuries, the most since November 2025, driven mainly by private investors, who added $55.3bn. Geographically, the purchases were concentrated in Canada, the UK and Hong Kong.

Markets this morning

Asian markets are broadly higher, tracking Wall Street's gains. Brent is nearing $86, extending a third session of gains after Trump threatened further strikes on Iran and the US resumed its Strait of Hormuz blockade. South Korea's Kospi jumped nearly 6%, again becoming the top YTD major benchmark, with SK Hynix up 11%. Gold is near $4,035, Nikkei rose 0.9%, Hang Seng gained 1.4%, and CSI 300 added 0.2%. China's Q2 GDP grew 4.3% y/y, below the 4.5% consensus and Beijing's 4.5%–5.0% target, the weakest in over three years, partly offset by stronger June industrial production and retail sales. Benchmark US 10-year Treasury trades at 4.59%.

Upcoming key events/data

Later today, Fed Chair Warsh testifies before the Senate Banking Committee on his second day of congressional testimony, following the June US PPI release, a key follow-up to yesterday's CPI print that markets will watch for further disinflation signals. Key earnings include ASML and Morgan Stanley.

Have a great day.

Chief Investment Office
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