CIO OFFICE DAILY OUTLOOK

17 June 2026

US equities pulled back on Tuesday after a three-day rally, with the S&P 500 down 0.6% as technology stocks eased. The Philadelphia Semiconductor Index fell 5.7%, its worst day since June 5, dragging the Nasdaq 100 down 1.4%. SpaceX rose 4.8% to a market cap of about $2.65 trillion, briefly overtaking Amazon intraday as the world's fifth-largest public company and is up roughly 49% since its debut last Friday.

The FOMC is expected to hold rates at 3.50%-3.75% today for a fourth straight meeting, with focus on Kevin Warsh's policy outlook and a likely shift in Fed communications. Treasuries rallied yesterday as lower oil prices eased inflation concerns and supported auction demand, with 10-year yields down 2.4 bps to 4.45% and 30-year yields down 2.8 bps to 4.95%. The Treasury sold $13 billion of 20-year bonds at 4.92%, stopping through the 4.93% when-issued yield, with bid-to-cover at 2.75 versus 2.55 previously indicating strong investor demand at the longer end of the treasury curve.

In macro data releases, US housing starts fell 15.4% in May to 1.18 million annualized, the weakest since 2020 and below all estimates, led by a 40.2% drop in multifamily starts, while single-family starts slipped 1.9%. US import prices rose 1.9%, lifting the year-over-year gain to 6.7%, the fastest in nearly four years.

In an important move for China, PBOC Governor Pan Gongsheng said at the Lujiazui Forum in Shanghai that China's monetary policy framework may shift toward an overnight policy rate model similar to the Fed's. The PBOC also introduced a FIMA RMB Repo facility to provide yuan liquidity to foreign central banks and sovereign wealth funds. This would help in more international adoption of the Remnibi.

Markets this morning

Asian equities are mixed and cautious ahead of the Fed's first policy decision under Chairman Kevin Warsh later today. Japan's Topix and Nikkei are up around 0.8%, with the Nikkei briefly topping 70,000 on Tuesday after the BOJ meeting. Japan's trade balance swung to a ¥378.6 billion deficit in May, its first in four months, as chip and electronic component imports rose 12.5% y/y. The Hang Seng is down around 0.3% on weakness in Chinese internet and consumer names, while the US 10-year holds near a one-month low at 4.43%. Gold trades at $4,333 and Brent remains below $79.

Upcoming key events/data

On the macro data front, UK CPI, Eurozone final May CPI, US MBA Mortgage Applications, and US Retail Sales are all due today.

Have a great day.

Chief Investment Office
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