

CIO OFFICE DAILY OUTLOOK

22 June 2026

Markets pushed higher in a holiday-shortened week, but the gains were anything but clean. The main driver was Hormuz. Over the prior weekend the US and Iran confirmed an interim deal to reopen the strait, Trump and Vance signed a memorandum of understanding, and oil slumped, with WTI falling below \$80 for the first time in three months, down from a roughly \$108 conflict peak. That took real pressure off energy and inflation and lifted global equities, with MSCI ACWI up 1.3%. However, Emerging markets surged 4.2% against just 0.9% for developed markets, as Asian and EM semis caught the AI bid while the US spent half the week digesting a hawkish Fed. And this was not a one-way week. The deal is interim, not final, and opens only a 60-day negotiating window on Iran's nuclear program. By Friday the permanent talks in Switzerland had already been pushed back after sustained regional escalations elsewhere, with Iran declaring Hormuz shut again even as millions of barrels kept flowing through it. Brent rose 0.9% on Friday to \$80.6 but was down sharply over the week as the conflict premium drained away, gold fell 1.3% to \$4,156 for a third straight weekly loss and the dollar pushed to a March high on the hawkish Fed even as the US 10-year held at 4.45%. Even aluminum, which looked set to spike above \$4,000 on the Hormuz shock, has been blunted by dark transits and surging Chinese and Indonesian supply, and now trades around \$3,400.

In the US, the S&P 500 added 1.0% and the Nasdaq 100 outperformed at +2.6%, but the path there was choppy. The defining event was Kevin Warsh's first FOMC meeting. The Fed held at 3.5-3.75% as expected, but the message was unambiguously hawkish. Nine officials now pencil in at least one hike this year, core PCE projections were marked up, and Warsh hammered "price stability" while scrapping forward guidance, slashing the length of the statement and declining to submit his own dot. The narrative flipped fast, from "how many cuts" to "how many hikes," with the market now fully pricing a hike by October and the 2-year yield jumping 16bps on the day. Stocks sold off through Wednesday, then bought the dip Thursday, led as ever by semis. The bigger point is that the equity gains this week came against rising yields rather than falling ones, which is an unusual and slightly uncomfortable combination. The other headline was SpaceX, trading through its first full week public after the largest IPO in history. It was wild even by new-issue standards, briefly becoming the fifth-largest company in before rolling over, though it still sits up about 37% since listing with a market cap near \$2.4 trillion. Beyond that, AI stayed the leadership theme but the bar keeps rising: Intel ripped 13% to a record on a chip deal with Apple, while Accenture cratered 18% in its worst day ever on soft guidance. Flows were extraordinary, with a record \$119bn pouring into US equity funds and the Nasdaq 100 now up 24% on the year.

Elsewhere, Europe rose modestly, with the MSCI Europe up 0.5% and the Stoxx 600 clearing its February peak to a record, led by banks as energy lost its conflict premium, though the discount has narrowed and the BoE held at 3.75%. Asia was stronger: Japan's TOPIX surged 4.2% to fresh records on the AI-semis read-through and a weaker yen, while EM's 4.2% gain was really a Korea-and-Taiwan semiconductor story. China was the clear laggard, with MSCI China down 2.8% and the Hang Seng at a one-year low on rate-hike fears. Dubai gained 3.5%.

Markets this morning

Today morning, markets are opening with a cautiously constructive tone after the US and Iran agreed a roadmap toward a final peace deal within 60 days, including a mechanism for further technical talks and a communication line meant to keep commercial vessels moving safely through Hormuz. Oil gave back its early gains, with Brent down 1.3% to \$79.50, while gold rebounded and Asian equities climbed, the MSCI Asia Pacific up 1% on another leg of the AI trade. Taiwan and South Korea led again as a regional tech gauge rallied more than 2.5%, with LG Electronics soaring over 12% on a report its executives would visit Nvidia to discuss physical AI and robotics, and Japan's benchmarks higher on the same semis bid.

Upcoming key events/data

Looking ahead, it comes down to Thursday's US May PCE, the Fed's preferred inflation gauge, which is expected to accelerate and would only harden the hike case. With Warsh refusing to give guidance, the week's Fed speakers carry more weight than usual, and Micron's results on Wednesday are a key read on whether the AI trade still has legs. Elsewhere, Europe's flash PMIs on Tuesday and Asia's calendar, headlined by China's loan prime rates and Japan's Tokyo CPI, round out the week.

Have a great day.

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