WEEKLY MARKET OUTLOOK

June 15, 2026 | D+A STRATEGIES | Research Team

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EXECUTIVE SUMMARY

Markets had a better week, led by a relief rally as the Iran shock began to ease. The selling of the week before gave way to buying once President Trump called off planned strikes and the United States signaled an interim deal to reopen the Strait of Hormuz could be signed within days, though no final agreement had been completed by Friday's close. Crude came off hard, and the trade that had hurt markets reversed: technology higher, oil lower, risk back in favor. By Friday the S&P 500 was up about 0.6% on the week, the Dow 0.7%, the Nasdaq 0.7%, and the Russell 2000 3.9%, with small caps the clear lead. The indices recovered most of the prior week's chip-driven loss but stayed below their early-June records. SpaceX went public in the largest IPO on record and closed about 19% higher. Europe rose on a sharp Friday rally in banks, even as the ECB raised rates for the first time in nearly three years, and Asia firmed on the same move. Gold softened into Friday, the dollar eased, and the 10-year ended near 4.5%. The week closed in a better place than it had at midweek, but on a deal that has not yet been signed.

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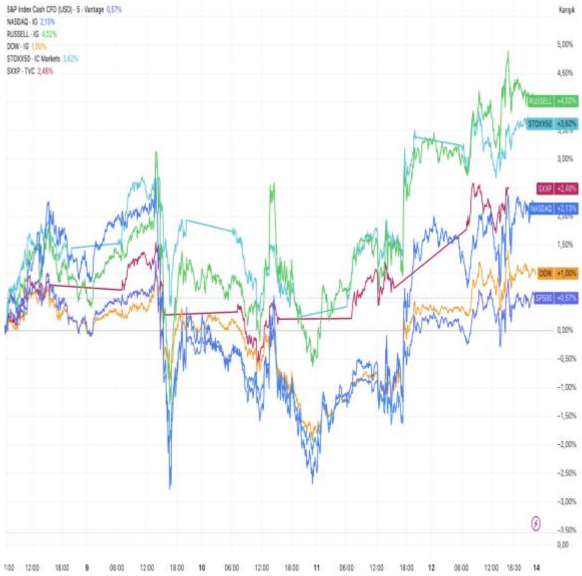
WEEK IN REVIEW

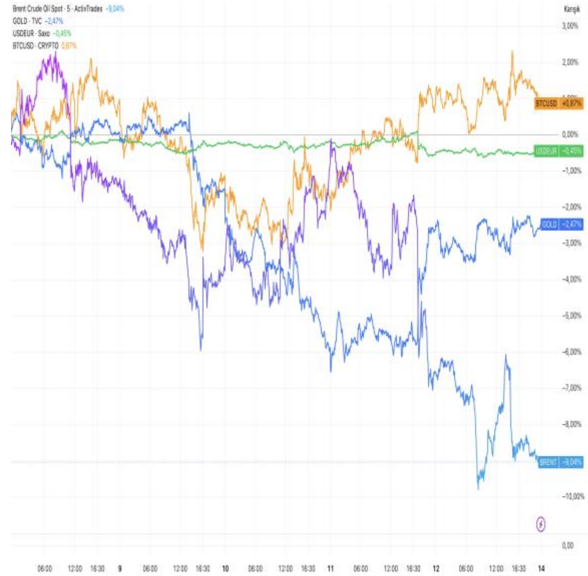
The week turned on Iran. Stocks sold off hard at midweek as the U.S. signaled fresh strikes, then rallied once President Trump called them off and pointed to a deal that would reopen the Strait of Hormuz. The S&P 500 rose about 0.6% on the week, the Dow 0.7%, and the Nasdaq 0.7%, while the Russell 2000 led at 3.9% as lower oil and easing rates lifted smaller names. SpaceX went public on Friday in the largest IPO on record and closed about 19% higher.

Europe finished higher on a late, bank-led rally. The STOXX 600 rose about 1.8% and the Euro Stoxx 50 about 2% on Friday, even as the ECB raised rates for the first time in nearly three years.

Asia and emerging markets firmed on the same shift. As the most exposed to the oil shock, they had the most to gain from a calmer Hormuz. Inflation eased in India, while Korea and Japan also drew support from the rebound in technology.



Equities showed a sharp divergence as the Russell 2000 led the rally decisively, surging hardest as the rotation out of crowded large caps gathered pace, while the Nasdaq swung wildly, plunging to the week's steepest low midweek before clawing all the way back. European benchmarks held up best, with the Stoxx 50 and the broader SXXP finishing firmly higher, outperforming the far more muted gains in the S&P 500 and the Dow.



Brent sold off hard into the back half of the week, collapsing to finish sharply lower and well below the rest of the field, while Gold drifted lower through choppy, two-way trade. The USD held broadly stable against the euro, easing only slightly, while Bitcoin swung either side of flat before recovering late to close marginally higher, the lone gainer.

Rates, currencies, and commodities reflected the turn. Crude came off hard into the end of the week, with U.S. oil settling below $85 as the reopening of Hormuz moved closer. The 10-year ended near 4.5%, below its midweek highs, though firm inflation data and the prior week's strong jobs report kept the case for a Fed hike alive ahead of next week's meeting. Gold eased into Friday and the dollar softened, and bitcoin edged higher. The VIX closed at 17.68, down from above 20 at midweek.

The recovery owed more to fading fear than to anything resolved. Equities rallied because an interim deal and a reopened Strait of Hormuz made the Iran conflict look containable. Central banks turned hawkish in close succession, with the ECB raising rates for the first time since 2023, the Bank of Japan set to follow next week, and hot U.S. inflation leaving the Fed little room to cut. Money kept rotating out of crowded large-cap technology and into value and small caps. Into next week, the questions are whether the Iran deal gets signed and how hard the Fed and the BoJ lean on inflation that is climbing again.

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MACRO OUTLOOK

Macro Outlook					June 2026 – Calendar Week 25
	Monday	Tuesday	Wednesday	Thursday	Friday
Eurozone/UK	-	Germany ZEW (June)	UK CPI (May); Euro Area Final CPI (May)	Bank of England Policy Decision	UK Retail Sales (May); Germany PPI (May)
US/Canada	U.S. Industrial Production (May); Empire State Manufacturing (June)	U.S. Housing Starts & Building Permits (May); FOMC Meeting Begins	FOMC Rate Decision; U.S. Retail Sales (May)	U.S. Initial Jobless Claims; Philadelphia Fed (June)	U.S. markets closed for Juneteenth
Asia	China Industrial Production, Retail Sales & Fixed Asset Investment (May)	Bank of Japan Policy Decision	-	Japan Trade Balance (May)	Japan CPI (May)

What we're watching & why

The week is built around the Fed on Wednesday, and it arrives inside a rare cluster of central bank decisions. After last week's hot CPI and PPI, the market is pricing a possible hike rather than a cut, so the question is less the decision itself than the language: whether the Fed treats the energy and war premium as something spreading into the broader basket, or as temporary. Either way, the read-through runs through rates, the dollar, and the technology valuations that have led all year.

The Bank of Japan is the other live event. It is widely expected to raise rates for the first time since December, pushed by imported inflation and a persistently weak yen, and a hawkish hike would matter for the yen and global bonds. The Bank of England is expected to hold after a soft April GDP print, leaving the gap between the two in plain view.

The data fills in around the meetings. U.S. retail sales on Wednesday and industrial production on Monday test whether demand is holding under higher energy costs, while China's May activity data and Japan's Friday CPI ask the same question in Asia. It comes down to whether the Fed confirms the market's hawkish turn or leans against it.

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SECTOR COMMENTARY

Financials	+1.4%	Among the day's leaders. Banks rallied as risk appetite returned, with an improving credit outlook giving the sector a clear bid.
Industrials	+0.6%	Rose with the broad cyclical bid as recession fear eased, though it trailed the sharper moves in materials and financials.
Health Care	-0.2%	The only sector to finish lower. With investors rotating back into risk and cyclicals, defensive earnings drew little interest.
Information Technology	+0.3%	Lagged the advance. The sector edged higher but did not lead, as money kept rotating away from crowded large caps.
Energy	+0.7%	Firmed modestly even as crude slid, holding a small gain rather than tracking oil lower as the conflict premium unwound.
Materials	+1.8%	The strongest sector on the day. Cyclicals led as the relief rally broadened, as a softer dollar supported commodity-linked names.
Communication Services	+0.3%	Edged higher with the broad tone, the large platform names participating modestly as sentiment improved.

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MARKET SOLUTIONS

		Short-to-Medium Term Tactical Solutions	
		Base Case	**Key Risks**
Investment Backdrop	**Macro**	▪ The Fed, not Iran, is the swing factor now. Hot CPI and PPI have tilted the debate toward a hike, and Wednesday's decision and language set the path from here.	▪ A hawkish hold or a hike, with the Fed treating the energy spike as broad rather than passing, drives yields higher than rate-sensitive positioning expects.
	Fixed Income	▪ Hold core duration, trim the front end where the hike bites most. Three central banks in three days argue for sharp two-way moves, not directional bets.	▪ A firm Fed plus a BoJ hike lift global yields together, stripping bonds of their hedge into a holiday-thinned week. ▪
	Equities	▪ Lean with the broadening into value, cyclicals, and small caps if the Fed holds steady. The expensive tech leaders carry the most decision risk.	• A hawkish surprise keeps real yields elevated and drags the AI complex lower, taking the concentrated index with it.
	Alternatives	▪ Rates, not the conflict, drive this now. Gold is a weaker hedge with yields and the dollar holding, so treat oil as a trade rather than a position.	▪ A fresh Hormuz disruption snaps the oil premium back fast, right as the deal nears signing and positioning has flipped.
	FX	▪ Stay long some dollar, but lightly. Higher U.S. rates weigh most on oil importers, while the yen hinges on how hawkish the BoJ sounds.	▪ A hot Fed tightens conditions across emerging markets before growth turns, and a dovish BoJ sends the yen sharply lower.

CONTRIBUTORS

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REFERENCES AND SOURCES

CNBC and TheStreet market wraps and live cross-asset coverage; the Associated Press, via Yahoo Finance, for weekly U.S. index tallies; Trading Economics and Yahoo Finance close-to-close proxies; Bloomberg for the cross-asset markets wrap and GICS sector total-return data for sector performance; TradingView; T. Rowe Price's Global markets weekly update; Charles Schwab's market update for the week-ahead U.S. data calendar and market-concentration context; StreetStats; Kiplinger and live economic-calendar providers for week-ahead scheduling; the Federal Reserve's FOMC schedule for the week ahead; and official release schedules from the BLS, BEA, ONS, Japan's Statistics Bureau, and China's NBS

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