WEEKLY MARKET OUTLOOK

June 22, 2026 | D+A STRATEGIES | Research Team

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EXECUTIVE SUMMARY

Markets closed a holiday-shortened week in better shape than they had entered it, though the gains came with a clear asterisk. The dominant story was not a single event but a collision of two: oil fell after a tentative U.S.–Iran framework agreement pointed toward reopening the Strait of Hormuz, though implementation and a durable settlement remained uncertain, and the Federal Reserve signaled that the next move in rates is more likely a hike than a cut. Energy fell as crude slid into the mid-seventies for the first time since early March. Bonds caught a bid as falling oil eased the inflation read, even as the dot plot shifted more aggressively than almost anyone had expected. Europe finished higher but uneven, with Italy leading. The Bank of Japan hiked to 1%, the ECB's June increase took effect, and yen weakness continued to press toward levels that have historically triggered intervention. The week closed on a constructive note, but one built on a deal that removes the energy premium without yet resolving the inflation picture the energy shock created.

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WEEK IN REVIEW

In the U.S., stocks sold off hard on Wednesday after the Federal Reserve, in Kevin Warsh's first meeting as chair, held rates steady but shifted its dot plot in a way that few had anticipated. The sell-off reversed on Thursday as falling oil and a recovery in semiconductors pulled equities back. By the close of the holiday-shortened week, the S&P 500 was up 0.9%, the Nasdaq 2.4%, and the Dow modestly higher.

Europe finished mixed. The FTSE MIB gained 3.2% and the CAC 1.6%, while the DAX was the main regional laggard. The ECB's June hike, its first since September 2023, took effect during the week, raising the deposit rate to 2.25%.

Asia and emerging markets were steady. The Bank of Japan raised its policy rate to 1%, its first hike since December, citing the risk that energy-driven inflation could broaden. China's May export data came in strong, with shipments up 19.4% year-over-year, driven by semiconductors and AI-related products.

Equities showed a clear divergence as the Nasdaq led the recovery decisively, finishing the week as the strongest performer while the S&P 500 and Dow posted more modest gains. The equal-weight index lagged well behind, confirming that the move was concentrated rather than broad. All indices sold off hard at midweek on the Fed, then clawed back into Thursday's close, leaving the cap-weighted benchmarks higher and the broader market little changed.

Rates, currencies, and commodities reflected the collision between the two dominant forces of the week. Oil fell more than 8% as the U.S.-Iran framework agreement pointed toward a reopening of the Strait of Hormuz. Treasury yields declined alongside crude, with the 10-year pulling back toward 4.47% after the Fed-driven spike, as falling energy prices eased the near-term inflation read. The dollar strengthened on the week. Gold weakened late in the week as the dollar and Fed pricing moved against it, though weekly performance was mixed depending on the benchmark.

Brent collapsed sharply across the week, finishing well below the rest of the field as the U.S.-Iran framework agreement drove the steepest single-week decline since early March. Gold drifted lower alongside crude, unable to hold its safe-haven bid as falling energy prices eased the inflation premium that had supported it. The euro held broadly stable against the dollar before edging lower into the close, while Bitcoin continued its recent drift.

The week closed in better shape than it had looked at midweek, but the two questions it raised remain open. The Iran deal compressed the energy premium that has driven inflation and weighed on growth since February, while the Fed's shift removes the easing assumption that has supported equity valuations for the better part of a year, and a dot plot that moved this far this fast is not easily walked back. The market's answer, for now, was to buy technology and look through both.

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MACRO OUTLOOK

Macro Outlook					June 2026 – Calendar Week 26
	Monday	Tuesday	Wednesday	Thursday	Friday
Eurozone/UK	Eurozone Flash Consumer Confidence	S&P Global Flash PMIs (Eurozone, UK)	-	-	-
US/Canada	-	S&P Global Flash PMIs (US)	Fed Bank Stress Test Results; May New Home Sales	U.S. Q1 GDP (final); PCE & Core PCE (May)	University of Michigan Consumer Sentiment
Asia	PBoC Loan Prime Rate Decision	-	-	-	-

What we're watching & why

Thursday's May PCE and core PCE release is the key event of the week. Warsh's first meeting ended with the dot plot shifting more aggressively than almost anyone expected, and nine officials now see at least one hike by year-end. If May's PCE comes in hot, the hike case firms and the market has to price it seriously. If it softens, the question becomes whether the Fed moved the dots ahead of data that did not warrant it. Either way, the read-through runs through rates, the dollar, and the technology valuations that recovered sharply into Thursday's close.

The flash PMIs on Tuesday are the first activity read of the week and matter for what they say about demand. The market has been willing to look through the Fed's hawkish turn on the assumption that growth holds. PMIs that show manufacturing and services slowing under the weight of higher energy costs would test that assumption before PCE even lands. The Q1 GDP final on Thursday and durable goods on the same day fill in the same picture from the other side. In Asia, the PBoC loan prime rate decision on Monday will show whether China is moving to ease further as domestic demand stays uneven despite the strong export print.

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SECTOR COMMENTARY

Financials	-0.9%	Lagged despite the stronger index tone. Banks and diversified financials failed to catch a bid as investors remained focused on Fed uncertainty and shifted toward growth-led leadership.
Industrials	+0.7%	Edged higher with cyclicals. Benefited from the broader rally, though it trailed the sharper moves in technology and discretionary.
Health Care	-0.9%	One of the weaker groups on the day. Defensive positioning faded as sentiment improved, leaving health care behind the broader market rebound.
Information Technology	+2.7%	The strongest sector. Chip and AI-linked names led the advance, with risk appetite returning as the market closed the holiday-shortened week on a firmer note.
Energy	-1.7%	The weakest sector. Crude slid as the U.S.-Iran agreement eased supply concerns, unwinding part of the conflict premium.
Materials	-0.4%	Finished lower. The group failed to participate in the rally, with investors favoring growth and consumer cyclicals over commodity-linked exposure.
Communication Services	+1.1%	After platform and media names gained as sentiment improved, the sector recovered from midweek weakness and finished among the leaders.

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MARKET SOLUTIONS

		Short-to-Medium Term Tactical Solutions	
		Base Case	**Key Risks**
Investment Backdrop	**Macro**	▪ The Fed remains the main driver. Rates were held steady, but the tone stayed hawkish, so incoming inflation data will set the next move.	▪ A hot inflation print pushes markets to price more tightening than risk assets can absorb.
	Fixed Income	▪ Keep duration light, especially at the front end. With the Fed and BoJ both firm, bonds face more two-way volatility.	▪ Higher yields weaken bonds as a hedge just when investors need protection. ▪
	Equities	▪ Stay with the rally, but focus on quality. Tech and discretionary led, while defensives and energy lagged.	• Rising real yields pressure AI and growth names, pulling the broader index lower.
	Alternatives	▪ Rates matter more than oil now. Gold is less clean with yields firm, while oil looks more tactical after the Iran premium faded.	▪ Any setback in the peace deal quickly brings the oil premium back.
	FX	▪ Hold some dollar exposure, but lightly. Higher U.S. rates support the dollar, while the yen depends on BoJ follow-through.	▪ A hawkish Fed tightens global conditions, while a weak BoJ signal sends the yen lower.

CONTRIBUTORS

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REFERENCES AND SOURCES

CNBC, TheStreet, Investopedia, MarketWatch, and Wall Street Journal market wraps; the Associated Press, via Yahoo Finance; Trading Economics and Yahoo Finance close-to-close proxies; MarketWatch, Fidelity, S&P Dow Jones Indices, and the attached sector-performance snapshot; the Federal Reserve's June FOMC statement and Summary of Economic Projections; the Bank of Japan's official June policy release; Kiplinger and exchange holiday calendars; Bloomberg-style cross-asset market commentary; TradingView; T. Rowe Price's Global markets weekly update; Charles Schwab's market update; GACC May data release; NYSE and SIFMA holiday schedule