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US Market Wrap - 16th June 2026

Stocks mixed as tech hits indices while oil continues to slump

- **SNAPSHOT:** Equities mixed, Treasuries up, Crude down, Dollar down, Gold up
- **REAR VIEW:** US says Iran can sell oil/fuel immediately after deal is signed; Trump said Iran deal can survive even if Israel strikes Lebanon; CIA Director reportedly warned Trump that US intel doubts Iran's willingness to make key nuclear concessions; Qatar to restore half of its LNG output a month after the Strait of Hormuz opens; BoJ hikes as expected, RBA holds; US Housing Starts hit lowest level since May 2020; US import and export prices come in hot; Chinese Retail Sales miss; SPCX to acquire Anysphere for \$60B; MSFT reportedly weighs Deepseek for Copilot cowork.
- **COMING UP: Data:** Japanese Trade Balance (May), UK Inflation Report (May), ECB Wage Tracker (Jun), EU Inflation Final (May), US Retail Sales (May), Atlanta Fed GDP (Q2), New Zealand GDP (Q1). **Events:** Riksbank Policy Announcement, Fed Policy Announcement, BCB Policy Announcement, IEA OMR. **Speakers:** ECB's Cipollone, Lagarde; Riksbank's Thedeen; Fed's Warsh. **Supply:** Australia, Germany.

MARKET WRAP

Stocks were mixed on Tuesday, with the Nasdaq the clear laggard as the recent weakness in Technology continued. The Tech sector fell around 2%, weighing on both the Nasdaq and S&P 500, while the Dow Jones was the only major index to finish in positive territory. The Russell 2000 also saw notable selling pressure. Sector performance was broadly positive outside of Technology, with Financials and Industrials leading gains and helping support the Dow.

The pressure in Technology comes after several sessions of profit-taking in AI-related names. The weakness in mega-cap and semiconductor names outweighed the broader improvement in risk sentiment stemming from developments in the Middle East.

Energy prices continued to slump in the wake of the US-Iran agreement. Further downside was seen after reports that QatarEnergy expects to restore half of its LNG output within a month of the Strait of Hormuz reopening, with production expected to reach 80% of capacity within two months. The Wall Street Journal also reported that the US will allow Iran to immediately resume oil and fuel exports under the agreement, adding further pressure to the crude complex. While some details of the deal remain disputed by Iranian media, the broad direction of travel points towards increased energy supply and a gradual normalisation of flows through Hormuz. The full agreement is expected to be released when formally signed on Friday.

In FX, the Dollar softened modestly alongside lower Treasury yields as declining energy prices helped ease inflation concerns. JPY and AUD were little changed following their respective central bank decisions (BoJ 25bps hike, RBA hold), which matched expectations, while US data had a limited impact despite a sharp decline in housing starts and firmer-than-expected import and export prices.

Treasuries broadly tracked the collapse in oil prices, with yields moving lower across the curve as investors pared inflation risk premia. Market focus is now firmly on Wednesday's FOMC decision and Chair Warsh's first press conference. The USD 13bln 20-year bond auction was notably strong, although it generated little reaction in Treasury futures.

Elsewhere, SpaceX (SPCX) continued its recent rally and overtook Amazon (AMZN) in market capitalisation.

US

HOUSING STARTS/BUILDING PERMITS: Housing starts for May tumbled 15.4% M/M to 1.177mln from 1.392mln, way beneath the expected 1.430mln. Single-family starts fell 1.9% and multi-family plunged 40.2%. Building permits fell 0.7% to 1.413mln from 1.423mln, but also shy of the forecasted 1.420mln. Single-family permits rose 0.6% with multi-family down 2.8%. Oxford Economics writes that just as the pace of housing starts in March and April overstated the strength in housing activity, the plunge in May overstates any weakness, as the decline in starts was mostly due to a 40% dive fall in the multifamily sector, where, based on permits, some rebound is likely in June. Ahead, OxEco expects starts to move sideways until later in the year when they expect lower mortgage rates in response to easing inflation and Fed rate cuts to spur both home sales and starts.

IMPORT/EXPORT PRICES: US import prices rose 1.9% M/M in May (exp. 0.9%, prev. 1.9%), just shy of the top end of the forecast range and marking a second consecutive month of strong gains. Export prices increased 1.3% M/M, easing from the prior month's 3.3% rise but remaining elevated. The sharp increase in import prices was led by higher fuel costs, though Oxford Economics notes that price pressures are also broadening into industrial supplies. Oxford adds that a more persistent source of upward pressure is coming from computer and electronics prices, reflecting strong demand for AI-related infrastructure, which it expects will keep non-fuel import price inflation elevated through the remainder of the year. On the export side, price growth moderated from April's surge but continued to indicate firm pricing power for US exporters.

FOMC PREVIEW: : The Fed is widely expected to keep the target range for the federal funds rate unchanged at 3.50-3.75%. Economists largely expect rates to remain on hold this year, with 72 of 102 respondents in a Reuters survey conducted between June 4th and 9th seeing no rate changes through end-2026. Money market pricing had, at one stage, fully priced a rate hike by year-end amid firmer oil prices during the Iran conflict, above-target inflation, and a resilient labour market following the strong May nonfarm payrolls report. However, with the US and Iran subsequently reaching an agreement to end the conflict, which is set to be signed on Friday, and oil prices retracing sharply from their highs, markets have pared some of those expectations and currently price around

18bps of tightening by year-end, implying a 72% probability of a 25bps hike. The vote split on rates is expected to be unanimous, particularly with former Governor Miran no longer on the Board and Kevin Warsh now serving as Chair. Bank of America does not expect Warsh to advocate for a rate cut at his first meeting. [For the full Newsquawk Preview, please click here.](#)

FIXED INCOME

T-NOTE FUTURES (U6) SETTLED 9 TICKS HIGHER AT 109-30

T-notes rise across the curve, particularly the belly, as oil prices continue to slide. At settlement, 2-year -2.3bps at 4.047%, 3-year -3.1bps at 4.084%, 5-year -4.2bps at 4.151%, 7-year -5.1bps at 4.276%, 10-year -4.7bps at 4.426%, 20-year -5.1bps at 4.925%, 30-year -5.0bps at 4.924%.

THE DAY: T-notes traded higher on Tuesday as oil prices continued to plummet in the wake of the US-Iran agreement, helping ease inflation concerns and support Treasuries. Energy prices took another leg lower after reports that Qatar expects to restore half of its LNG output within one month of the Strait of Hormuz reopening, with production expected to reach 80% of full capacity within two months.

The belly outperformed on the day as attention increasingly turns to Wednesday's FOMC decision. Focus will centre on Chair Warsh's first press conference, with many Fed watchers not expecting him to submit SEP forecasts, either due to the limited time he has spent at the Fed or as a reflection of his scepticism towards forward guidance. Focus will centre on whether the Committee removes its easing bias from the statement, delivers a more hawkish set of economic projections and dot plots, and how Chair Warsh frames the outlook for inflation, growth, future policy and Fed reforms.

Elsewhere, US data was mixed. The weekly ADP employment measure slowed to 25.5k from 29k (revised), while housing starts fell 15%, well below expectations. Building permits, however, were broadly in line with consensus. Meanwhile, import and export prices both came in firmer than expected, although import price inflation cooled from the previous month while export prices maintained their prior pace.

The USD 13bln 20-year bond auction was notably strong, although it generated little reaction in Treasury futures. The auction stopped through by 1bp and saw a surge in indirect demand to 73.2% from 67.7%, while dealers were left with just 8.48% of the offering. The result was reminiscent of last week's strong 10-year auction and suggests foreign demand remains healthy despite yields having retreated from their recent highs.

Central bank activity also remained elevated. Overnight, the BoJ raised rates by 25bps to 1.00% as expected. The central bank also announced it would maintain its current pace of JGB purchase reductions through early 2027 before slowing the pace of future tapering. Meanwhile, the RBA left rates unchanged in a unanimous decision, although policymakers maintained a hawkish tone and reiterated their willingness to tighten policy further if required.

SUPPLY

Notes

- [US sold USD 13bln of 20-year bonds; Stopped through 1bps.](#)
- US Treasury to sell USD 24bln of 5-year TIPS on June 18th, to settle June 30th

Bills

- US sold 6-week bills at a high rate of 3.600%, B/C 3.12x
- US to sell USD 69bln of 17-wk bills on June 17th; to sell USD 75bln of 8-wk bills and USD 70bln of 4-wk bills on June 18th; all to settle on June 23rd

STIRS/OPERATIONS

- **Fed Pricing: 20bps (prev. Dec 18.7bps).**
- EFR at 3.63% (prev. 3.62%), volumes at USD 102bln (prev. USD 110bln) on June 15th
- SOFR at 3.69% (prev. 3.65%), volumes at USD 3.147tln (prev. USD 3.059tln) on June 15th
- NY Fed RRP op demand at 10.72bln (prev. 0.58bln) across 5 counterparties (prev. 8) on June 16th
- NY Fed T-Bill Purchases (1-4 month): Accepts USD 6.64bln of USD 41.07bln offered; Offer-to-cover 6.19x

CRUDE

WTI (M6) SETTLES USD 4.70 LOWER AT USD 76.05/BBL; BRENT (Q6) SETTLES USD 4.21 LOWER AT USD 78.96/BBL

The crude complex was lower and fell throughout the duration of the session amid the continued easing of Middle East tensions. Oil was once again pressured as participants continue to digest the news of the US/Iran reaching a peace agreement ahead of the formal signature on Friday. There were a couple of other bearish stories which also aided benchmarks lower. On US/Iran, updates have been frequent, but largely in line with recent reports and assumptions heading into the aforementioned signing on Friday in Switzerland.

In terms of the other news, which aided the downside, Qatar is to restore half of its LNG output a month after the Strait of Hormuz opens, with output to reach 80% of full output within two months. Then, in later trade, which a US official later confirmed, WSJ source reports noted that the US will allow Iran to immediately begin selling oil and fuel under the deal to end the war, offering Tehran an early financial incentive to wind down the conflict. The official added that Iran can only sell oil if they abide by all the points agreed to, including not interfering with the free flow of navigation in the Strait of Hormuz and not obtaining nuclear weapons. Following this, WTI and Brent fell to intra-day troughs, before bottoming out at USD 75.52-81.58/bbl and USD 78.45-83.80/bbl, respectively.

Ahead, private inventory metrics are due after-hours, with participants awaiting the latest FOMC confab on Wednesday.

EQUITIES

CLOSES: SPX -0.57% at 7,511, NDX -1.89% at 29,968, DJI +0.64% at 52,005, RUT -0.87% at 2,939

SECTORS: Technology -2.32%, Energy -0.25%, Consumer Discretionary -0.11%, Health -0.02%, Real Estate +0.18%, Consumer Staples +0.29%, Materials +0.51%, Communication Services +0.59%, Industrials +0.67%, Utilities +0.69%, Financials +1.49%.

EUROPEAN CLOSES: Euro Stoxx 50 +0.38% at 6,253, Dax 40 +0.08% at 24,915, FTSE 100 +0.61% at 10,494, CAC 40 +0.75% at 8,447, FTSE MIB +1.15% at 52,433, IBEX 35 +0.69% at 19,164, PSI -0.26% at 9,022, SMI +0.32% at 13,762, AEX -0.51% at 1,070

STOCK SPECIFICS:

- **SpaceX (SPCX)** is to acquire Anysphere for USD 60bln
- **Mobileye Global (MBLY)** launching its own robotaxi service in the US in '27.
- **Equinix (EQIX)** collabs w/ **Cisco (CSCO)** & **Nvidia (NVDA)** to deploy secure AI factories across global data centre footprint.
- **Yum! Brands (YUM)** enters agreements to sell Pizza Hut for USD 2.7bln & board approves incremental USD 4bln buyback programme.
- **Robinhood (HOOD)** to lay off ~10% of its workforce
- **Huntsman (HUN)** agreed to merge w/ rival **Olin (OLN)** in an all-stock deal; deal is expected to close in H1 '2.
- **Dave & Buster's (PLAY):** Weak quarterly results.
- **Apple (AAPL)** is scheduled to launch new camera airpods and introduce the 20th anniversary iPhone in late 2027.
- **Microsoft (MSFT)** reportedly weighs Deepseek for Copilot cowork, Axios reports.
- **HPE (HPE)** brings agentic AI into production with Nvidia (NVDA), delivering security, governance, scale, and sovereignty.
- **Rivian (RIVN)** laid off hundreds of employees on Tuesday, a move to make the business profitable as it launches a key new model, reports WSJ.
- **Qualcomm (QCOM)** announced Snapdragon Start to enable the next phase of personal AI devices.
- **AT&T (T)** has begun limiting some employees' access to Microsoft's Github Copilot, according to The Information, citing a person at the company.
- **Microsoft (MSFT)** walked away from a USD 3bln deal to lease **Oracle (ORCL)** cloud capacity over security concerns, Business Insider reports.

FX

USD was generally weaker against peers on Tuesday. Yields across the curve were lower amid the continued drop in oil as markets prepare for a return to pre-war Hormuz oil flows, starting from Friday. Fresh updates that added pressure to energy prices included Qatar reportedly to restore half of its LNG output a month after the Strait of Hormuz opens, and the US allowing Iran to sell oil/fuel immediately after the deal is signed. Outside of geopolitics, newsflow was light as the G7 summit ticks along. US housing starts sharply dropped 15.4% in May to a six-year low, weighed by higher mortgage rates. Meanwhile, import and export prices came in hotter-than-expected; USD was muted towards both data releases. As we await the US-Iran deal signing on Friday, the interim focus will be on Kevin Warsh's handling of the Fed in his first press conference as Chair. Expectations are for him not to participate in the dot plot and to lean dovish; however, an open-minded approach from Warsh would surprise markets and likely act as support for the dollar. The statement will likely see the Fed easing bias language removed and a lack of forward guidance. [Click here for the Newsquawk Fed Preview](#). DXY trades around 99.53 from an open of 99.64.

JPY and **AUD** were both little changed after their respective central bank rate decisions. The BoJ hiked rates as expected by 25bps to 1.00%, met with one dissenter, Asada. Tamura proposed tapering bond purchases by JPY 200bln per quarter from April 2027 onward, but the proposal was rejected by a majority vote. In the absence of Governor Ueda, Deputy Governor Uchida spoke, noting there is a risk of underlying inflation deviating upward to a level above the price target.

For **AUD**, the RBA held the Cash Rate at 4.35%, as expected, but warned of potential further hikes if necessary, citing persistent inflation and oil supply disruptions. In the press conference, Governor Bullock said inflation remains too high, and the board is still concerned about inflation, but in a better position. **AUD** saw little reaction to the rate decision. Westpac, post-RBA, retained its view that "further cash rate increases are coming... if June inflation is strong, the next hike will be August." Compose

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