US Market Wrap - 23rd June 2026

Stocks slide as chip rout drags indices lower

- **SNAPSHOT**: Equities down, Treasuries up, Crude down, Dollar up, Gold down
- **REAR VIEW**: US Flash PMIs beat, Fed surveys mixed; Trump praises IBM; Israel's PM, Defence Minister and Military Chief says Israeli military will maintain security zone in southern Lebanon; Strong US 2yr note auction; Mixed European PMIs; Fed's Goolsbee says services inflation is a little disturbing; Russian says considering a complete ban on diesel exports; Italian PM is reportedly considering calling an Italian election as soon as April 2027; SPCX upsizes high-grade bond sale after strong demand
- **COMING UP**: **Holiday:** Canada Provincial Holiday (Quebec). **Data:** Australian Inflation (May), German Ifo (Jun). **Events:** Riksbank Minutes (Jun), BoJ SOO (Jun), BoC Minutes (Jun); Fed Bank Stress Test Report. **Speakers:** RBA's Hauser; BoE's Breeden, Dhingra; BoC's Rogers; ECB's Cipollone. Supply: UK, Italy, Germany, US. **Earnings:** Micron.

MARKET WRAP

It was a risk-off session on Tuesday with US indices lower across the board. The Nasdaq was the clear laggard while the Dow Jones outperformed, reflecting continued pressure on Technology and AI-related names. Gains in IBM buoyed the Dow after receiving an upgrade at JPM and positive commentary from US President Trump on quantum computing and IBM stock.

The primary driver of the weakness was another round of selling in semiconductor and memory stocks, with both the Semiconductor ETF and Memory ETF posting notable losses as some of 2026's best-performing trades continued to unwind. The weakness followed a sharp decline in South Korean equities overnight, where both SK Hynix and Samsung came under heavy pressure, contributing to a more cautious tone across the global technology sector. While there was no obvious headline catalyst, the move may reflect profit-taking and positioning adjustments following the sector's powerful rally earlier this year, particularly after last week's hawkish FOMC decision pushed Treasury yields higher.

Although the major indices closed lower, sector performance was more mixed. Technology fell by over 3%, while Industrials and Materials also lagged. In contrast, the traditional defensive sectors outperformed, with Consumer Staples, Real Estate, Health Care and Utilities all finishing in positive territory.

Crude prices extended their recent decline, with WTI briefly falling below USD 73.00/bbl and Brent dropping beneath USD 77.00/bbl. The continued weakness reflects easing geopolitical concerns following the US-Iran agreement and growing expectations that energy supplies will normalise as the Strait of Hormuz reopens.

Treasuries recovered some of Monday's losses, with lower oil prices helping ease inflation concerns. The move was likely aided by some flight-to-quality demand as equities weakened, although yields remain elevated relative to levels seen prior to last week's hawkish FOMC decision.

In FX, traditional havens outperformed, with the Dollar and Yen leading the G10 space. USD/JPY saw a sharp move lower during the European morning in the absence of any clear headline catalyst, although Citi's FX desk estimated around USD 500mln traded during the move.

US data was mixed. The weekly ADP employment measure rose from the prior week, while the S&P Global Flash PMI surveys beat expectations. However, the regional Fed surveys were softer, providing a more mixed picture of underlying activity.

Elsewhere, the Treasury sold USD 69bln of 2-year notes, with the auction stopping through for the first time since January 2026. The recent rise in front-end yields following the hawkish Fed decision appeared to support demand, resulting in a strong overall auction.

Gold and Silver prices were lower as the Dollar rallied, which also pressured Bitcoin in the risk-off trade

US

FLASH PMIs: S&P Global Flash PMIs for June were stronger than expected, with many of the figures hitting multi-month or year-highs. Manufacturing PMI rose to 55.7 (exp. 54.7, prev. 55.1), a 49-month high. Services lifted to 51.3 (exp. 51, prev. 50.7), 4-month peak, leaving the Composite jumping to 52.2 from 51.5. Mfg. output jumped to a 59-month high of 57.7 from May's 56.6. The survey signalled that current output levels are consistent with the economy struggling to grow much faster than a 1% annualised rate in Q2. Most worrying was the further fall in employment, notably in the manufacturing sector. However, the report adds, while still running at one of the highest rates seen over the past four years, input cost inflation has shown signs of cooling in June, thanks in part to the lower energy prices seen at the tail end of the survey data collection period. Note, the data was collected between 11th and 22nd June.

RICHMOND FED MANUFACTURING SURVEY: Fifth District manufacturing activity was flat in June, with the composite manufacturing index falling to 4 from 13. The slowdown was driven by weaker shipments, which fell to 3 from 16, and new orders, which eased to 9 from 17, while employment slipped into contraction territory at -1 from 3. Elsewhere, local business conditions deteriorated to -3 from 5, capital expenditure plans weakened to -7 from 1, and equipment and software spending remained negative at -2 (prev. -1). Inventory measures improved, with both finished goods and raw materials inventories rising to 9 from 4 and 5, respectively. Wage growth remained elevated, albeit slightly softer, with the wages index at 23 (prev. 24), while firms reported a further deterioration in the availability of needed skills, with the index falling to -12 from -5. Price pressures picked up, with the average growth rate of prices paid rising to 6.99% from 5.96%, while prices received increased to 4.57% from 4.21%. Looking ahead, firms remained optimistic, with future shipments rising to 38 from 35 and the future local business conditions index improving to 23 from 17, although expectations for new orders eased to 32 from 36 and employment expectations declined to 16 from 23.

FIXED INCOME

T-NOTE FUTURES (U6) SETTLED 4+ TICKS HIGHER AT 109-12

T-notes recovered some of Monday's losses as crude prices continued to slide while indices tumbled. At settlement, 2-year -3.6bps at 4.194%, 3-year -4.0bps at 4.212%, 5-year -2.5bps at 4.264%, 7-year -1.9bps at 4.373%, 10-year -1.6bps at 4.493%, 20-year -0.8bps at 4.957%, 30-year -0.3bps at 4.940%,

THE DAY: Treasury yields moved lower across the curve on Tuesday, reversing some of Monday's increase as crude benchmarks extended their decline following the US-Iran memorandum of understanding. The move lower in yields likely reflected easing inflation concerns as energy prices continued to retreat, while some profit-taking may also have emerged after the sharp Treasury selloff following last week's hawkish FOMC decision. There may have been some flight to quality supporting T-notes amid the downside in US equities, led by tech weakness.

Economic data was mixed. The weekly ADP employment change rose to 30.75k from 26.5k, while the S&P Global Flash PMI data was generally stronger than expected. Manufacturing rose to 55.7 from 55.1, above the 54.7 forecast, while Services increased to 51.3 from 50.7, also exceeding expectations. Elsewhere, the Philadelphia Fed Non-Manufacturing Business Outlook Survey and Richmond Fed Manufacturing Index both missed forecasts.

Fed commentary was limited. Goolsbee reiterated that inflation remains well above target and moving in the wrong direction, adding that he needs to see evidence that current inflation pressures are temporary. He described services inflation as somewhat concerning, while noting that the labour market remains stable and that the economy has not experienced a stagflationary shock. The comments reinforced the message from last week's FOMC meeting that inflation remains a key concern for policymakers.

Elsewhere, reports highlighted strong demand for SpaceX's (SPCX) bond offering. The company reportedly attracted close to USD 90bln of orders for its 5-, 7-, 10-, 20- and 30-year issuance, allowing it to increase the size of the deal from an initially proposed USD 20bln to USD 25bln. Meanwhile, the USD 69bln 2-year note auction was met with strong demand following the recent rise in front-end Treasury yields after the hawkish FOMC decision. The auction stopped through by 0.3bps, marking the first stop-through since January 2026. Despite the strong result, the auction generated little immediate reaction in Treasury futures.

SUPPLY

Notes

- US sold USD 69bln of 2-year notes; Stop through 0.3bps
- US to sell USD 70bln of 5-year notes on June 24th and USD 44bln of 7-year notes on June 25th; all to settle June 30th (as expected)US to sell USD 28bln 2year FRN on June 24th; to settle June 26th

Bills

- US to sell USD 70bln of 4-week bills and USD 75bln of 8-week bills on June 25th; to sell USD 69bln of 17-week bills on June 24th; to settle June 30th
- US sold 6-wk bills at high-rate 3.620%, B/C 2.91x

STIRS/OPERATIONS

- **Fed Pricing: 37bps (prev. Dec 41bps).**
- EFFR at 3.63% (prev. 3.63%), volumes at USD 115bln (prev. USD 115bln) on June 22nd.
- SOFR at 3.61% (prev. 3.62%), volumes at USD 3.073tln (prev. USD 3.148tln) on June 22nd.
- NY Fed RRP op demand at 6.48bln (prev. 3.92bln) across 10 counterparties (prev. 4) on June 23rd.

CRUDE

WTI (Q6) SETTLED USD 0.65 LOWER AT USD 73.21/BBL; BRENT (Q6) SETTLED USD 0.82 LOWER AT USD 77.08/BBL

The crude complex was choppy on Tuesday, to ultimately settle lower as US/Iran remained in focus, but absent of many market-moving headlines. Still, one of the areas of public disagreement is the nuclear inspections, as Iran's Foreign Ministry Spokesperson remarked Iran has no plans to let IAEA inspectors visit nuclear sites targeted in the conflict, while Trump said Iran has fully and completely agreed to highest level nuclear inspections long into the future; the US President added if they did not agree to this, there would be no further negotiations. Further on the Middle East war, Israeli PM Netanyahu noted, "the battle with Iran and its proxies is not over yet". One of the main oil moves on Tuesday, which sparked upside, was comments from Russian Deputy PM Novak, who said they have delayed maintenance activity of oil refineries, and that they are considering a complete ban on diesel exports from Russia. After-hours attention is on the weekly private inventory metrics.

EQUITIES

CLOSES: SPX -1.44% at 7,365, NDX -3.29% at 29,347, DJI -0.09% at 51,672, RUT -0.96% at 2,975

SECTORS: Technology -3.66%, Industrials -2.03%, Materials -1.60%, Consumer Discretionary -0.93%, Communication Services -0.33%, Financials +0.36%, Energy +0.68%, Utilities +0.83%, Real Estate +1.35%, Health +1.38%, Consumer Staples +1.78%.

EUROPEAN CLOSES: European Closes: Euro Stoxx 50 -1.25% at 6,232, Dax 40 -0.81% at 24,937, FTSE 100 -0.09% at 10,429, CAC 40 -0.71% at 8,341, FTSE MIB -1.46% at 52,024, IBEX 35 -0.34% at 19,477, PSI -0.34% at 9,137, SMI +0.45% at 13,911, AEX -1.60% at 1,066.

STOCK SPECIFICS:

- **Qualcomm (QCOM)** is in advanced discussions to acquire AI chip startup Modular for ~USD 4bln
- **IBM (IBM)** was upgraded at JPM to 'Overweight' from 'Neutral'; also, Trump positively mentioned the CEO
- **Accenture (ACN)** is to boost share buyback by USD 2bln.
- **Target (TGT)** upgraded at Wolfe Research to 'Outperform' from 'Peer Perform'.
- **Apollo (APO)** private credit fund caps redemptions at 5% after investors sought to withdraw c. 16.8%
- **Nike (NKE)** downgraded at Evercore ISI to 'In Line' from 'Outperform'.
- **Oracle (ORCL)** total workforce declined 13% or c. 21k in FY26
- **AMC Entertainment (AMC)** to raise USD 200mln in common stock offering.
- **Penguin Solutions (PENG)** becomes an Nvidia (NVDA) AI factory specialised in partnering.
- **Primoris Services (PRIM)** cut FY26 EPS view.
- **Varonis (VRNS)** is said to weigh sale after takeover interest.
- **Meta (META)** CEO Zuckerberg reportedly directed Meta to create a prediction markets app, NYT reported.
- **SPS Commerce (SPSC)** reportedly exploring a sale, according to source reports.
- **SpaceX (SPCX)** set to raise USD 25bln from debut US high-grade bond sale, which implies it has been upsized from the initial USD 20bln. SpaceX drew USD 89bln peak demand for debut high-grade bond.
- **Carnival (CCL)** Q2 revenue missed expectations.

FX

The dollar was bid in today's risk-off trade, which saw tech-heavy equity indices hit, with the Nasdaq-100 down over 3% and KOSPI down 10%. The move lower across equity markets had no one headline behind it, though excessive levels of leverage trading and the popularity of A-related instruments have seen volatile moves increase. Outside of the equities pressure, newsflow throughout the day sparked little reaction in currency pairs. US data was mixed, S&P Global Flash PMIs beat Services 51.3 (exp. 51, prev. 50.7) and Manufacturing 55.7 (exp. 54.7, prev. 55.1); meanwhile, Richmond Fed saw Manufacturing drop to 4 from 13 (exp. 9). DXY climbed to 101.42 with the 101.98 high seen in May 2025 coming into view.

In Europe, Flash PMIs were mixed. The French Composite was better-than-expected, supported by services and manufacturing. EZ svs and mfg beat. EUR saw strength on the firm French headline PMI figure, with commentary indicating a cooling of cost pressures. However, the move proved short-lived as later Germany's readings missed, weighed down by a contraction in services. **EUR/USD** broke below the March 2026 low of 1.1411 to around 1.13780

Antipodes were the worst performers on Tuesday, given their high-beta nature in a risk-averse environment. Meanwhile, **JPY** saw relative outperformance, helped by a sharp move lower in USD/JPY in early London trade (absent a headline), with Citi's FX desk estimating around ~USD 500mln traded at the time. The 30 pip move lower helped JPY's status as the best performer, set to complete London trade essentially U/C against the Buck. USD/JPY now hovers around 161.57, still close to the 161.95 high made in 2024.

HUF was sold in response to the MNB keeping the door open to further interest rate cuts. The central bank cut rates by 25bps as expected to 6.00%. EUR/HUF was bid, hitting highs of 356.92 after the MNB said it "sees room for further interest rate cuts throughout the summer if favourable conditions persist".