

# newsquawk

## US Market Wrap - 24th June 2026

### Tech weighs on indices with Treasuries bid on oil selloff and risk-off

- **SNAPSHOT:** Equities mixed, Treasuries up, Crude down, Dollar up, Gold down
- **REAR VIEW:** First day of Israel-Lebanon talks reportedly ended without any progress; Israeli Defence Minister said they will not withdraw from Southern Lebanon, even if the US asks them to do so; GOOG said to lose two more AI staffers to Anthropic; GOOG to replace VZ in DJ; OpenAI & AVGO unveil LLM-optimised intelligence processor; Mixed Aussie inflation; ECB's Schnabel views more hiking as needed to get to 2% inflation; EIA crude stocks draw more than expected; Weak US 5yr note auction.
- **COMING UP: Data:** Australian Jobs (May), German GfK Consumer Confidence (Jul), French Consumer Confidence (Jul), Spanish GDP Final (Q1), US PCE (May), GDP Final (Q1), Jobless Claims (Jun/20), Durable Goods (May), Chicago Fed Labour Market Indicator (Jun), Atlanta Fed GDP (Q2). **Events:** Banxico Policy Announcement, German Finance Agency Issuance Outlook (Q3). **Speakers:** BoJ's Tamura; ECB's Lane, Cipollone; Fed's Bowman, Williams, Goolsbee. **Supply:** Japan, UK, US.

### MARKET WRAP

Most US sectors gained on Wednesday, with breadth strong, but the continued tech weakness weighed on indices, leaving SPX and NDX in the red. The AI trade continues to prove volatile in June, with the next catalyst being Micron earnings after the close. Major stock updates included Cerebras (CBRS) sinking 19% on expected declines in gross margins, Alphabet (GOOG) to replace Verizon in the Dow Jones, and OpenAI and Broadcom (AVGO) unveiling an LLM-optimised intelligence processor.

A combination of tech risk off, lower energy prices, and quarter-end rebalancing saw T-Notes rally across the curve with the US 10yr yield down to 4.406%. The unexpected decline in New Home Sales and a weaker US 5yr note auction sparked little reaction in the space.

The decline in oil prices came as escalations were absent, and markets continue to observe oil flows through the Strait of Hormuz increase without interruption. WTI dipped beneath USD 70/bbl and Brent beneath USD 74/bbl. Axios reported Israel-Lebanon talks had no progress on the first day, while the Israeli Defense Minister said they will not withdraw from Southern Lebanon, even if the US asks them to do so. The EIA report saw a bigger-than-expected crude stock draw, surprise builds in gasoline and distillates, and cushioning stocks reaching its lowest level since 2004.

In FX, haven outperformance remained the theme, in particular the dollar, which, despite the drop in yields, managed to rally further to highs of 101.80. Barclays FX quarter-end rebalancing sees strong USD selling against all majors. Elsewhere, precious metals remained correlated with risk-off trade and a firmer USD, with spot gold back to November 2025 levels, trading around 3,980; silver hit lows of 55.62.

### US

**NEW HOME SALES:** New home sales for May tumbled 7.3% to 580k from 626k. New houses for sale were 496,000, +2.3% M/M, while new home supply was 10.3 months (vs. 9.3 months in April) and the median sale price was little changed at USD 424,900 (vs. USD 416,500 in April). Oxford Economics write that while new home sales were much weaker than expected, they think the pace of sales in May probably marks the bottom of what will be a noisy range over the next few months rather than the start of a more sustained decline. OxEco expect sales to improve later in the year based on our forecast for mortgage rates to move lower, although that improvement may be delayed by a more hawkish Fed.

### FIXED INCOME

#### T-NOTE FUTURES (U6) SETTLED 20 TICKS HIGHER AT 110-00

**T-Notes saw strength, extending on Tuesday's strength, as crude prices continue to slide, and as equities dipped to see haven demand flows and flight to quality.**

**THE DAY:** Treasuries extended higher throughout the duration of the US session, as they were aided by tumbling oil prices and haven demand, given the continued selling we have seen in indices this week, particularly in tech, which started overnight in the APAC session. The next macro catalyst for this is likely to be Micron earnings after-hours, which will give the next guide for the AI/tech space. Highlighting the size of the move, T-Notes saw a low of 109-09+, before settling around highs of 110-00+, in which there was no clear headline catalyst, just broader sentiment.

Economic data and Fed speak were more or less non-existent, as a weak new home sales print failed to move the needle.

Ahead of pension fund quarter-end rebalancing for June, BofA said it is expected to drive material outflows from equities into fixed income. Adds as the S&P 500's quarterly gain of c. 14.8% outperformed 10yr+ Treasuries (around 0.4%) and corporates (around 1.0%), despite a marginal month-to-date tilt favouring equities.

In supply, the US 5yr note auction was weaker than usual, highlighted by the 0.7bps tail, against the previous 0.1bps tail and the six-

auction average of a 0.5bps tail. Bid-to-cover was in line with recent averages at 2.35x (prev. 2.34x, avg. 2.33x). In terms of the breakdown, dealers took 12.9% (prev. 12.8%, avg. 12.3%), directs took a chunky 25.5% (prev. 12.3%, avg. 22.4), and indirects took a much smaller than last time out 61.6% (prev. 74.9%, avg. 65.3%). Note, following the US selling 70bln of 5yr notes, little move was seen in Treasuries. In addition, the US sold USD 28bln of 2YR FRNs with the high discount margin dropping to 0.079% from 0.089%

## SUPPLY

- US sold USD 70bln of 5yr notes; tails 0.7bps
- US sold USD 28bln of 2-year FRN; High Discount Margin 0.079%

## Bills

- US sold 17-week bills at a high rate of 3.770%, B/C 2.55x

## STIRS/OPERATIONS

- **Fed Pricing: 34bps of hikes by year-end (prev. Dec 37bps)**
- EFFR at 3.63% (prev. 3.63%), volumes at USD 109bln (prev. USD 115bln) on June 23rd
- SOFR at 3.62% (prev. 3.61%), volumes at USD 3.105tln (prev. USD 3.073tln) on June 23rd
- NY Fed RRP op demand at 4.53bln (prev. 6.48bln) across 7 counterparties (prev. 10) on June 24th.

## CRUDE

**WTI (Q6) SETTLED USD 2.87 LOWER AT 70.34/BBL; BRENT (Q6) SETTLED USD 3.34 LOWER AT 73.74/BBL**

The crude complex was lower on Wednesday, in what was pretty thin market moving geopolitical newsflow, despite the usual constant flow of headlines. Regarding the Strait of Hormuz, it appears traffic is increasing, given a UN spokesperson said ships have already sailed through under the UN Shipping agency's evacuation scheme, with at least two dry bulk ships and one cargo ship and at least 35 other commercial ships preparing to sail through. Moreover, US Energy Secretary Wright remarked that roughly 72 ships have exited the Strait of Hormuz in the last 24 hours, amounting to 20 ln barrels of oil, and the return to normal oil flows has been delayed due to Iranian mines in the Strait of Hormuz.

Elsewhere, albeit still on geopolis, Axios source reports said the first day of the round of negotiations between Israel and Lebanon in Washington ended without any progress, and in a sense, there was even a setback. In addition, Israeli Defence Minister Katz said they will not withdraw from Southern Lebanon, even if the US asks them to do so.

On the supply footing, Russia is expected to ship a record 2.7-2.8mln BPD of crude from its western ports this month, according to three trade and port sources. Furthermore, Moscow Oil Refinery (with a capacity of around c. 11mln metric tonnes p.a.) will be offline for at least six months for repairs after damage from recent Ukrainian drone attacks, sources said.

In the weekly EIA figures, crude saw a deeper draw than anticipated, while gasoline and distillates both saw surprise builds, in line with the private figures last night. Overall, crude production was up 13k W/W to 13.819mln. For the record, WTI traded between USD 69.63-73.18/bbl and Brent USD 73.22-77.00/bbl.

## EQUITIES

**CLOSES:** SPX -0.10% at 7,358, NDX -0.43% at 29,220, DJI +0.35% at 51,854, RUT +0.37% at 2,987

**SECTORS:** Energy -1.72%, Technology -0.64%, Communication Services -0.60%, Real Estate -0.37%, Financials -0.30%, Materials +0.33%, Consumer Staples +0.56%, Consumer Discretionary +0.79%, Health +0.80%, Utilities +1.05%, Industrials +1.18%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.18% at 6,219, Dax 40 -0.71% at 24,716, FTSE 100 +0.31% at 10,462, CAC 40 +0.54% at 8,385, FTSE MIB -0.74% at 51,639, IBEX 35 -0.45% at 19,390, PSI -0.88% at 9,056, SMI +1.52% at 14,122, AEX -0.03% at 1,065.

## STOCK SPECIFICS:

- **Hertz (HTZ)** filed for offering of up to \$100mln shares of common stock & disappointing guidance
- **Cerebras Systems (CBRS)** sees decline in GMs, overshadowing strong rev. growth
- **FedEx (FDX):** Weaker-than-exp. profit guidance overshadowed stronger Q4 results & mgmts. positive comments on transformation efforts
- **Alphabet (GOOG)** to replace Verizon (VZ) in the DJIA, effective BMO on June 29th
- **GameStop (GME)** CEO Cohen will forgo a potential \$35bln performance pay package to focus on his bid to acquire eBay (EBAY).
- **Take-Two Interactive Software (TTWO)** pre-order of GTA 6 begins on June 25th.
- **Samsung Electronics** plans a \$58.61bln share buyback linked to employee stock bonuses
- **Sunrun (RUN)** agrees with Renew Home and Tesla (TSLA) to deliver more than 16 GW of power for data centres and large loads; says it is "deployable in months, not years".
- **OpenAI** and **Broadcom (AVGO)** unveil LLM-optimised intelligence processor.
- **Paramount (PSKY)** ready to sell Universal Pictures JV for Warner deal, according to source reports.
- Former US House Speaker Nancy Pelosi disclosed a new stake in Uber Technologies (UBER).
- Anthropic accuses **Alibaba (BABA)** of "illicitly" accessing AI models in a letter to US officials.
- **Google (GOOG)** said to lose two more AI staffers to Anthropic.

## FX

**USD** was broadly higher as risk-taking remained subdued. Equity volatility continues to support the dollar, with choppy trade continuing ahead of Micron earnings after the close. Domestic updates were light with New Home Sales dropping 7.3% in May, despite expectations for an uptick. Geopolitical developments were light, with emphasis on the pace of Hormuz oil flows to pre-war levels. Crude prices tumbled to their lowest levels since the war began, allowing for US yields to retreat lower; however, the jittery mood amongst global equities kept the greenback bid. DXY hit highs of 101.80 before slipping to 101.60.

Barclays FX month- & quarter-end rebalancing: overall, USD neutral against all majors. Month-end: Moderate USD buying against most, with a weak sign on USD/JPY. Quarter-end: Strong USD selling against all majors.

In Europe, the German Ifo Business Climate showed improvement to 85.6 from 85.0, helped by firms' expectations being less sceptical, perceiving the environment as less uncertain, and viewing the current business situation. At the ECB, Schnabel views more hiking as needed to get to 2% inflation, arguing rates are not yet restrictive and that the ceasefire is not a signal for the ECB to ease vigilance. **EUR/USD** now trades back at June 2025 levels around 1.1355.

Aussie inflation overnight was mixed. CPI in May cooled below expectations, and the trimmed mean firmed in line with most forecasts to 0.4% M/M and 3.6% Y/Y. Housing was the main inflation pressure point, and Westpac analysis notes price pressures are broadening, particularly within services. **AUD/USD** is now in a third consecutive day of losses, bringing the April 2026 low of 0.6833 into view (currently at 0.6890).

JPY and CAD were the relative G10 outperformers, trading modestly lower against the buck. JPY haven's characteristic added support. In Canada, BoC Minutes showed the governing council at the June meeting (held as expected) agreed that the economy was weak, operating in excess supply, and there was slack in the labour market, but the economy was not in recession; no reaction was seen in USD/CAD.

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