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US Market Wrap - 26th June 2026

Tech rout continues into quarter/month end

- **SNAPSHOT:** Equities mixed, Treasuries up, Crude down, Dollar down, Gold up
- **REAR VIEW:** Trump said Iran's shooting at ship on Thursday is a foolish violation of the ceasefire agreement; UAE sends false missile warning alert; Trump remarked any country that imposes a Digital Services Tax will be hit with 100% tariffs; Oman reportedly warned European allies that they may need to pay ship fees to go through the Hormuz; Fed's Kashkari sees one rate hike in 2026, hold through 2027; Mixed UoM final revisions; OpenAI reportedly leaning towards delaying its IPO until 2027; US, Israel, and Lebanon sign trilateral framework agreement
- **COMING UP:** Data: Japanese Retail Sales (May), Spanish Inflation Prelim. (Jun). **Speakers:** BoE's Pill; ECB's Lagarde.
- **WEEK IN FOCUS:** US NFP, US ISM Mfg PMI, EZ Flash CPI, and Swiss CPI. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** NKE the highlight as turnaround remains in focus. [Click here for the full report.](#)

MARKET WRAP

Note: Volatility seen into the close amid month/quarter end.

Stocks were mixed to end the week, with the Nasdaq 100 underperforming once again. The latest jitters were sparked following reports that OpenAI is leaning towards delaying its IPO until 2027 with CEO Altman insisting on a USD 1tn valuation for the IPO. Adding the most pressure to the NDX included Broadcom (AVGO -3%), Nvidia (-0.7%), Micron (MU), and Qualcomm (QCOM.). Apple saw a bounce after seeing the biggest selloff in over a year, with the latest news being the Vision Pro and Smart glasses chief is to leave for OpenAI.

In FX, dollar strength took a pause, amid lower US yields as the continued drop in oil prices weighed. EUR/USD gains were limited by Trump threatening countries, particularly European, with 100% tariffs if they impose a Digital Services Tax on US companies. Precious metals benefited from the drop in US yields, allowing spot gold to hit highs of 4097.

At the Fed, Kashkari, a 2026 voter concerned on inflation as is in fitting with the broader committee, confirmed his view on rates, seeing one rate hike in 2026, then holding through 2027.

Oil prices continued their march lower with WTI settling below USD 70/bbl for the first time since the war began. The narrative driving price action remains the view that oil flows will return to pre-war levels undisturbed. A trilateral US-Israel-Lebanon agreement was announced, though Hezbollah reportedly rejected it. Meanwhile, the UAE sent a false missile alert; oil prices briefly spiked before paring as the alert was downplayed.

US data included upward revisions to UoM Sentiment and expectations while current conditions were revised lower; meanwhile, the US international trade deficit rose in May, notably above expectations as imports grew and exports declined.

US

ADVANCE GOODS TRADE BALANCE: The international trade deficit rose to USD 105.8bln (prev. 83bln) in May, bigger than the USD 88.5bln expected. Exports declined to USD 207.7bln (prev. 219.5bln) while imports grew to USD 313.4bln (prev. 302.5bln). Wholesale inventories rose 0.3% M/M to USD 944bln while retail inventories jumped 0.6% M/M to USD 832.2bln. Oxford Economics notes that the data points to net trade imposing a larger drag on Q2 GDP growth. However, "strong business investment figures and an offsetting boost from inventory accumulation means GDP should remain above 2% in the quarter".

MICHIGAN: University of Michigan's final metrics for June was mixed, as sentiment was revised higher to 49.5 from the prelim 48.9, with expectations for it to be left unrevised. Expectations were also revised up to 50.7 from 49.3 (exp. 49.3), while conditions were revised down to 47.7 from 48.4 (exp. 48.4). Looking at the closely watched inflation expectations, 1yr ticked down to 3.3% (exp. & prev. 3.4%), with 5yr unchanged at 4.6%, as forecasted.

FED's KASHKARI (2026 voter): Concerned about inflation, especially in services; seeing some signs of life in the labour market. He adds that the inflation move up is not just about oil and the Middle East, and is not seeing the all-clear sign in the Middle East. The Minneapolis Fed President sees rates on hold in 2027, and has 1 rate hike pencilled in for 2026, which is the same as the median SEP in the latest FOMC's dot plot. Going to have to see how no forward guidance works, Kashkari noted. Lastly, he noted that the labour market is not causing inflation right now, but rather is being driven by supply issues, including the AI buildout, and that "AI is probably pushing up market interest rates".

FIXED INCOME

T-NOTE FUTURES (U6) SETTLED 5+ TICKS HIGHER AT 110-08+

Treasuries settled with slight gains on Friday, albeit trading within tight parameters amid a lack of tier 1 US data and Fed speak.

THE DAY: Treasuries saw choppy trade to end the week amid a lack of catalysts driving the space. Energy prices and geopolitics

had little influence, likewise with Fed's Kashkari, who is seemingly pretty neutral within the Committee. Highlighting this, he sees rates on hold in 2027, and has 1 rate hike pencilled in for 2026, which is the same as the median SEP in the latest FOMC's dot plot; he echoed the known theme re. concerns on inflation, and added he is going to have to see how no forward guidance works. On the data footing, advanced goods trade balance was a deeper deficit than expected, while final UoM for June was mixed; sentiment and expectations were revised up, while conditions was revised lower. 1yr ticked down to 3.3% (exp. & prev. 3.4%), with 5yr unchanged at 4.6%, as forecasted.

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

Next week, US payrolls report will be the headline driver next week, set to be released on Thursday due to the shortened Thanksgiving week.

STIRS/OPERATIONS

- **Fed Pricing: 30bps of hikes by year-end (prev. Dec 33bps)**
- EFR at 3.63% (prev. 3.63%), volumes at USD 120bln (prev. USD 113bln) on June 25th.
- SOFR at 3.64% (prev. 3.62%), volumes at USD 3.145tln (prev. USD 3.116tln) on June 25th.
- NY Fed RRP op demand at 6.43bln (prev. 5.7bln) across 8 counterparties (prev. 6) on June 26th.

CRUDE

WTI (Q6) SETTLED USD 2.69 LOWER AT USD 69.23/BBL; BRENT (Q6) SETTLED USD 3.27 LOWER AT USD 71.99/BBL

The crude complex saw losses on Friday, despite the overall tone of chatter seemingly more negative. Disparity over the openness of the Strait of Hormuz remains, as Iranian Deputy Foreign Minister said safe passage through the Strait of Hormuz without consideration of Iran's sovereignty is not guaranteed; following this, US President Trump noted Iran shot at least four one way attack drones at ships transversing the Strait, and noted it is a foolish violation of their ceasefire agreement. Further on the Strait, Oman reportedly warned European allies that they may need to pay ship fees to go through the Strait.

Regarding Israel and Lebanon, there were reports of shelling in the latter, and Israel reportedly dropped flyers on a southern Lebanon town, ordering people to leave; which is the first such order since the ceasefire. However later in the session US, Israel, and Lebanon signed a trilateral framework agreement.

After the US cash open, some mild strength was seen after reports that the UAE issued missile alerts, though this faded soon after, given another phone alert suggested that the situation is safe.

For the record, weekly Baker Hughes rig count saw oil jump 7 to 573, nat gas lift 3 to 125, leaving the total up 10 at 573.

EQUITIES

CLOSES: SPX -0.05% at 7,353, NDX -1.09% at 29,118, DJI -0.09% at 51,881, RUT +0.07% at 3,010

SECTORS: Industrials -1.54%, Technology -1.05%, Communication Services -0.56%, Energy -0.41%, Materials -0.28%, Financials +0.37%, Utilities +0.84%, Consumer Staples +0.96%, Real Estate +1.42%, Consumer Discretionary +1.55%, Health +3.1%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.66% at 6,226, Dax 40 -1.25% at 24,682, FTSE 100 -0.21% at 10,508, CAC 40 -0.55% at 8,385, FTSE MIB -1.00% at 51,265, IBEX 35 -0.45% at 19,425, PSI -0.23% at 9,136, SMI -0.42% at 14,173, AEX -0.65% at 1,061

STOCK SPECIFICS:

- **ON Semi (ON)** announced an all-stock deal to acquire Synaptics (SYNA) for c. \$7bln.
- **OpenAI** reportedly leaning towards delaying its IPO until 2027; OpenAI does not have IPO timeline yet, and has not begun "testing-waters meetings" with investors, CNBC reports citing sources.
- **Nike (NKE)** was downgraded at KeyBanc.
- **American Tower (AMT)** was upgraded at RBC.
- **Incyte (INCY)** announced positive EU regulatory opinion for opzelura skin disease treatment.
- **Qualcomm (QCOM)** plans new chip architecture for phones, Semafor reports.
- **Apple's (AAPL)** Vision Pro and Smart glasses chief to leave for OpenAI.

FX

DXY was a touch weaker on Friday, though it closed higher on the week as risk-taking took a step back across global equities. Currency-specific newsflow was light with the final revisions to the UoM June report sending mixed signals; sentiment and expectations revised higher while conditions revised down. Adding pressure to the dollar today was the decline in US yields, particularly on the short-end amid the relentless drop in oil prices, as markets keep their optimistic view of a smooth return to pre-war oil flows in the Strait of Hormuz. From the Fed, 2026 voter Kashkari confirmed his dot plot on rates, seeing one hike in 2026, then holding through 2027; he remains concerned about inflation.

EUR, GBP, and CAD saw modest strength against the greenback; meanwhile, Antipodes traded with marginal weakness. **USD/JPY** traded within another tight range; the currency pair remains around 161.75, near the closely watched 161.95 resistance level. Overnight, Tokyo CPI, which is seen as a forward looking indicator for the nationwide reading, matched expectations for the core

and headline Y/Y.

EUR/USD saw a slight bounce to end the week, yet ultimately traded lower from last Friday. Today, Trump threatened countries, particularly EU states, with 100% tariffs if they impose a Digital Services Tax on US companies; EUR/USD was weighed by the Truth Social post. At BofA, they expect the ECB to deliver its next hike in September 2026 (prev. saw July).

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