

# Weekly market update: Reignited hopes for Mideast peace boost stocks.



## The market and economy

- Major U.S. equity market indexes moved higher during the week ending June 12 despite several bouts of volatility. A late-week rally spurred by hopes of a resolution to the conflict in the Middle East offset an earlier selloff in the technology sector, particularly chipmakers.
- The U.S.-Israel-Iran war continued to dominate geopolitical news this week. On Thursday afternoon, President Donald Trump reiterated that the U.S. was prepared to hit Iran “very hard” and again raised the possibility of targeting Kharg Island, Iran’s main oil export terminal. These comments followed renewed U.S. and Iranian strikes that further strained an already fragile ceasefire. The conflict continued to affect energy markets, as shipping in the Strait of Hormuz remained disrupted.
- Later Thursday, Trump said that he had called off the strikes, citing a preliminary deal to wind down the conflict, though Iranian officials did not confirm that the two nations had reached an agreement. Trump added that the strait would reopen “as soon as it’s signed,” but the U.S. naval blockade remains in place pending finalization. Crude prices eased following the remarks, reflecting expectations for reduced near-term escalation, even as broader geopolitical risks persist.
- According to the Department of Labor, the consumer-price index (CPI) increased 0.5% in May, edging down from the 0.6% rise in April and meeting expectations. Rising energy prices have continued to fuel inflation, with prices for fuel oil and gasoline posting corresponding gains of 7.0% and 6.7% for the month. The CPI advanced 4.2% year-over-year in May, up from the 3.8% increase in April and in line with expectations. Fuel oil and gasoline prices surged 58.9% and 40.6%, respectively, over the previous 12-month period. Core inflation, as measured by the CPI for all items less food and energy, rose 2.9% year-over-year in May, an uptick from the 2.8% increase in April and in line with expectations. Costs for apparel and transportation services rose 4.8% and 4.1%, respectively, over the previous 12-month period. Conversely, prices for used cars and trucks and medical care commodities declined by corresponding margins of 2.0% and 1.8% year-over-year.
- The Department of Labor also reported that U.S. inflation at the wholesale level, as measured by the producer-price index (PPI), rose 1.1% in May—well above expectations and matching the gain in April. (The PPI tracks the average change over time in selling prices received by domestic producers of goods and service providers.) The goods index advanced 2.8% for the month, while the index for services was up 0.3%. Costs for energy and transportation and warehousing services climbed 10.7% and 2.6%, respectively, in May. The PPI advanced 6.5% year-over-year, the largest 12-month rise since November 2022, and up sharply from the 6.0% annual gain in April. Core wholesale inflation, as measured by the index for final demand less foods, energy, and trade services, increased by corresponding margins of 0.8% and 5.1% in May and year-over-year.
- The U.S. residential housing market experienced an upturn last month. The National Association of Realtors (NAR) reported that sales of existing homes increased 3.2% for both the month and year-over-year in May to an annualized rate of 4.17 million, significantly exceeding expectations. (Home sales are viewed as an indicator of housing market trends and, by extension, the health of the broader economy.) The median existing-home sale price rose 1.3% over the previous 12-month period to \$429,300. The inventory of unsold existing homes as of the end of May stood at 1.55 million—up 3.3% from the end of April—equivalent to a 4.5-month supply at the current monthly sales pace. The NAR considers a six-month supply of homes to be a “balanced market,” in which prices rise modestly. Inventories of greater than six months typically have favored buyers, while a supply of homes that will be depleted in less than six months denotes a “seller’s market.”
- The University of Michigan’s preliminary Index of Consumer Sentiment for June rose by a greater-than-expected margin of 4.1 points (+9.2%) to 48.9, but declined 11.8 points (-19.4%) year-over-year. Consumers’ expectations for inflation over the next 12 months dipped 0.2 percentage point to 4.6% in June, while long-run inflation expectations fell 0.5 percentage point to 3.4%.

## Stocks

- Global equities lost ground during the week. Developed markets outperformed emerging markets.
- U.S. equities ended the week in positive territory. Materials and consumer staples were the top-performing sectors, while communication services and energy were the primary market laggards.
- Value stocks outperformed growth stocks, while small caps surpassed large caps.

## Bonds

- The 10-year U.S. Treasury note yield declined to 4.48% during the week.
- The U.S. bond market posted a gain for the week.
- Corporate bonds led the market, followed by government bonds and high-yield bonds.

As June 12, 2026	1 Week	YTD	1 Year	Friday's Close
<b>Global Equity Indexes</b>				
MSCI ACWI (\$)	-0.6%	8.4%	22.2%	1099.5
MSCI EAFE (\$)	-1.3%	4.9%	14.8%	3035.0
MSCI Emerging Mkts (\$)	-3.1%	18.5%	38.4%	1664.5
<b>US &amp; Canadian Equities</b>				
Dow Jones Industrials (\$)	0.7%	6.5%	19.2%	51202.3
S&P 500 (\$)	0.5%	8.4%	22.7%	7418.3
NASDAQ (\$)	0.7%	11.4%	31.7%	25888.8
S&P/TSX Composite (C\$)	1.5%	10.1%	31.2%	34924.2
<b>UK &amp; European Equities</b>				
FTSE All-Share (£)	1.0%	5.2%	16.7%	5630.9
MSCI Europe ex UK (€)	0.2%	4.9%	12.0%	2156.0
<b>Asian Equities</b>				
Topix (¥)	-1.7%	13.9%	39.5%	3882.0
Hong Kong Hang Seng (\$)	-1.0%	-3.6%	2.8%	24718.1
MSCI Asia Pac. Ex-Japan (\$)	-3.3%	18.5%	35.1%	855.6
<b>Latin American Equities</b>				
MSCI EMF Latin America (\$)	2.4%	9.2%	29.5%	2958.0
Mexican Bolsa (peso)	2.8%	5.8%	17.6%	68010.6
Brazilian Bovespa (real)	1.2%	6.1%	24.1%	170966.7
<b>Commodities (\$)</b>				
West Texas Intermediate Spot	-3.1%	52.8%	28.9%	87.7
Gold Spot Price	-3.0%	-2.4%	24.6%	4216.5
<b>Bond Indices (\$)</b>				
Bloomberg U.S. Aggregate	0.6%	0.5%	4.6%	2359.9
Bloomberg Global Aggregate	0.1%	-0.3%	1.3%	499.8
JPMorgan Emerging Mkt Bond	0.2%	2.1%	11.0%	1039.8
<b>10-Year Yield Change (basis points*)</b>				
US Treasury	-5	31	12	4.48%
UK Gilt	-7	36	36	4.84%
German Bund	-4	14	52	2.99%
Japan Govt Bond	-5	56	117	2.63%
Canada Govt Bond	-7	-3	7	3.40%
<b>Currency Returns**</b>				
US\$ per euro	0.4%	-1.5%	-0.1%	1.157
Yen per US\$	0.0%	2.2%	11.7%	160.22
US\$ per £	0.5%	-0.5%	-1.5%	1.341
C\$ per US\$	0.3%	1.9%	2.8%	1.398

Source: Bloomberg. Equity-index returns are price only, others are total returns. \*100 basis points = 1 percentage point. \*\*Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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