



Weekly market update: War-weary investors breathe a sigh of relief.

The market and economy

- U.S. posted gains for the abbreviated trading week ending June 18. Investors' optimism was buoyed by news of a tentative deal to end the war in the Middle East. The Dow Jones Industrial Average reached several record highs in intraday trading during the week. U.S. financial markets were closed on Friday in observance of the Juneteenth holiday.
- The U.S.-Iran memorandum of understanding (MOU) moved the Mideast conflict from active escalation to conditional diplomacy this week. President Donald Trump signed the preliminary agreement on Wednesday, setting a 60-day negotiating window intended to end hostilities, reopen the Strait of Hormuz, and address Iran's nuclear program. The framework provides immediate oil-sanctions relief for Iran and calls for the U.S. to ease its naval blockade, while Tehran agreed to restore commercial shipping through the strait. However, U.S. officials stressed that the MOU is not a final deal, and Trump indicated that military action could resume if Iran fails to comply.
- Energy markets responded to the reduced near-term risk, but the relief remains tentative. The national average price of gasoline fell to \$3.99 per gallon, according to AAA, marking the first move below \$4.00 in several months as crude prices eased and expectations improved for renewed traffic through the Strait of Hormuz. Still, reopening the strait does not immediately normalize global oil flows, as mine-clearing, shipping backlogs, and insurance concerns could slow the recovery. As a result, the agreement reduced immediate energy-market pressure but left the broader geopolitical risk profile largely unresolved.
- At Kevin Warsh's first meeting as Federal Reserve (Fed) Chair on Tuesday and Wednesday, the Federal Open Market Committee (FOMC) voted unanimously (12-0) to maintain the federal funds rate in a range of 3.50%-3.75%. Warsh was sworn in as Fed chief on May 22, succeeding Jerome Powell, who still serves as a member of the Fed Board of Governors.
- In its statement announcing the rate decision, the FOMC noted the resiliency of the U.S. economy. "Economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East," the FOMC said. "Inflation remains elevated relative to the Committee's 2 percent goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy. The Committee will deliver price stability." The Fed's statement did not include specific guidance regarding monetary policy, indicating only that the central bank is focused on "maintaining ample reserves in the banking system."
- The Fed's so-called dot plot of economic projections indicated a median federal funds rate of 3.8% at the end of 2026, up from its forecast of 3.4% in March, signaling that the central bank anticipates one rate hike this year. The Fed projected that core inflation, as measured by the core personal-consumption expenditures (PCE) price index, will rise 3.3% for the current year, an increase from its earlier estimate of 2.7% in the March dot plot. Additionally, the FOMC pegged U.S. gross domestic product (GDP) growth at 2.2% for the 2026 calendar year—down marginally from the projected 2.4% annual growth rate in its previous dot plot.
- During a news conference on Wednesday afternoon following the FOMC meeting, Warsh said that the central bank did not consider a rate cut. "There was one proposal on the table, there was no discussion of any other proposals," he commented. Warsh also noted that the Fed provided little forward guidance for policy because it is "not well suited to the current policy conjuncture."
- The Census Bureau reported that retail and food services sales—a gauge of consumer spending, which comprises more than two-thirds of the nation's GDP—jumped 0.9% in May, above expectations and representing a notable upturn from the 0.4% gain in April. Sales for gasoline stations climbed 3.4% for the month, bolstered by higher prices. Sales for miscellaneous store retailers and nonstore retailers rose 2.3% and 1.5%, respectively, in May. Conversely, electronics and appliance stores saw a 0.5% decrease in sales for the month. Retail sales increased 6.9% over the previous 12-month period. Gasoline station sales soared 26.5% compared to May 2025, while sales for nonstore retailers and miscellaneous store retailers increased by corresponding margins of 12.2% and 9.1%. Sales for furniture and home furnishing stores dipped 1.2% year-over-year.

Stocks

- Global equities gained ground during the week. Emerging markets outperformed developed markets.
- U.S. equities ended the week in positive territory. Information technology and industrials were the top-performing sectors, while energy and healthcare were the primary market laggards.
- Growth stocks outperformed value stocks, while small caps surpassed large caps.

Bonds

- The 10-year U.S. Treasury note yield declined to 4.46% during the week.
- The U.S. bond market was marginally positive for the week.
- High-yield bonds led the market, followed by corporate bonds and government bonds.

As June 18, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	2.6%	11.1%	26.7%	1127.6
MSCI EAFE (\$)	3.5%	8.6%	20.7%	3141.2
MSCI Emerging Mkts (\$)	7.5%	27.5%	50.0%	1790.1
US & Canadian Equities				
Dow Jones Industrials (\$)	1.4%	7.3%	22.3%	51564.7
S&P 500 (\$)	1.4%	9.6%	25.4%	7500.6
NASDAQ (\$)	2.7%	14.1%	35.7%	26517.9
S&P/TSX Composite (C\$)	0.9%	10.3%	31.7%	34969.3
UK & European Equities				
FTSE All-Share (£)	1.0%	4.6%	16.6%	5597.0
MSCI Europe ex UK (€)	3.2%	8.3%	17.9%	2224.8
Asian Equities				
Topix (¥)	6.2%	19.3%	44.9%	4068.2
Hong Kong Hang Seng (\$)	-1.3%	-6.7%	0.9%	23924.8
MSCI Asia Pac. Ex-Japan (\$)	7.5%	27.4%	46.2%	920.1
Latin American Equities				
MSCI EMF Latin America (\$)	0.3%	9.5%	29.4%	2966.1
Mexican Bolsa (peso)	1.9%	6.2%	20.3%	68265.1
Brazilian Bovespa (real)	-1.9%	4.4%	21.3%	168277.6
Commodities (\$)				
West Texas Intermediate Spot	-12.7%	33.4%	1.9%	76.6
Gold Spot Price	3.4%	-2.4%	24.4%	4219.6
Bond Indices (\$)				
Bloomberg U.S. Aggregate	0.0%	0.5%	4.8%	2360.4
Bloomberg Global Aggregate	0.3%	0.0%	2.0%	501.1
JPMorgan Emerging Mkt Bond	0.7%	2.9%	12.0%	1047.5
10-Year Yield Change (basis points*)				
US Treasury	-1	29	6	4.46%
UK Gilt	-15	28	26	4.76%
German Bund	-10	7	43	2.93%
Japan Govt Bond	-7	56	117	2.62%
Canada Govt Bond	-4	-6	4	3.37%
Currency Returns**				
US\$ per euro	-1.0%	-2.5%	-0.2%	1.146
Yen per US\$	0.9%	3.0%	11.2%	161.38
US\$ per £	-1.6%	-2.0%	-1.6%	1.321
C\$ per US\$	1.2%	3.0%	3.2%	1.414

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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