Weekly Market Directions

Trust must be earned

"The message is clear for Warsh's new Fed: prioritise price stability to preserve credibility, while also creating task forces to adapt monetary policy to a changing world."

Monica Defend
Head of Amundi Investment Institute

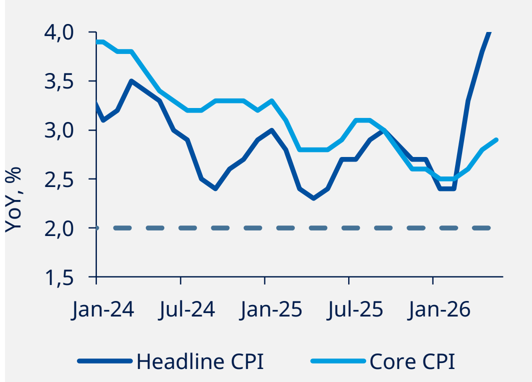
A new Fed era under Warsh

The Fed left interest rates in the range 3.5% - 3.75%, a widely expected outcome. The decision to hold was unanimous.

Warsh was clear in saying that the Fed will prioritise price stability, but he also announced task forces on reforms crucial to the conduct of policy.

With no forward guidance, investors will need to delve deeper into the data to gain insight into monetary policy actions.

US inflation accelerates



Source: Amundi Investment Institute, Bloomberg. Data as of 18 June 2026.

The Fed left interest rates unchanged at Kevin Warsh's first meeting as the new Chair. Warsh was explicit that the FOMC will prioritise delivering price stability, which was also reflected in the policy statement.

One sign of a new regime of monetary policy was the announcement of five task forces. These include efforts to examine the Fed's framework for inflation analysis, productivity, how it issues communications, data sources, and, most importantly, the balance sheet. The latter has significant implication for market liquidity and the US dollar, given its enormous size.

The focus on inflation is paramount: recent data have already highlighted the increase in producer price and headline inflation, with core inflation that could follow with a lag. The intensity of pass-through is important for implication in terms of corporates margins and consumers' real income.

Key dates

23 Jun	Eurozone PMI, US PMI
25 Jun	US Personal Income and Spending, PCE Price Index, GDP 1Q, Capital goods orders
26 Jun	ECB CPI Expectations, US Consumer Confidence

Amundi Investment Solutions

This week at a glance

Equity markets rose on optimism generated by the Iran–US deal. In fixed income, short term US yields rose as the market is now pricing in more Fed hikes than before. Warsh's comment gave a boost to long-term Treasuries, as they are more sensitive to inflation expectations. Oil fell on hopes of a gradual reopening of the Strait of Hormuz to traffic. The dollar surged while gold fell.

Equity and bond markets

Asset class performances, year-to-date and week-to-date

	2026	YTD	WTD
EQUITIES	World	11.0%	1.22%
	United States	9.6%	0.93%
	Europe	7.3%	0.38%
	Japan	18.7%	4.20%
	Emerging markets	27.2%	4.09%
BONDS	Global aggregate	-0.3%	-0.28%
	Euro aggregate	0.6%	0.14%
	Emerging markets	3.4%	0.40%

-5% 5% 15% 25% 35%

Source: Bloomberg, data as of 19 June 2026. Data for US Equity and Emerging market bonds are as of 18 June. Please refer to the last page for additional information on the indices.

Government bond yields

2- and 10-year government bond yields, and 1-week changes

	2YR		10YR	
US	4.18	▲	4.46	▼
Germany	2.64	▲	2.98	▼
France	2.81	▲	3.74	▼
Italy	2.80	▲	3.70	▼
UK	4.25	▲	4.84	▲
Japan	1.40	▼	2.65	▲

Source: Bloomberg, data as of 19 June 2026. Please refer to the last page for additional information on the indices. The trend shown refers to 1-week changes. Please refer to the last page for additional information.

Commodities, FX and short-term rates, levels and weekly changes

Gold USD/oz	Crude Oil USD/barrel	EUR/USD	USD/JPY	GBP/USD	USD/RMB	Euribor 3M	T-Bill 3M
4155.71	76.60	1.15	161.30	1.32	6.77	2.33	3.75
-1.51%	-9.8%	-0.8%	+0.66%	-1.3%	+0.1%		

Source: Bloomberg, data as of 19 June 2026. Data for oil and RMB are as of 18 June. Please refer to the last page for additional information on the indices.

Amundi Investment Institute Macro Focus

Americas

US manufacturing momentum holds up

US industrial production rose just 0.1% month-over-month in May, with flat manufacturing output showing the sector is still feeling some pressure from higher oil prices. But the underlying trend remains solid: manufacturing output is still growing at a solid annualised, based on recent three-month trends, pointing to an ongoing cyclical upswing. Durable manufacturing rose, led by autos and metals, and AI-linked high-tech manufacturing remained strong. A lasting normalisation of shipping through the Strait of Hormuz could support the sector further.

Europe

Eurozone inflation still sticky

Eurozone inflation held at 3.2% in May, up from 3.0% in April, while core inflation was revised up to 2.6%, driven by services. The higher core reading in the flash estimate had already raised concerns about inflation "broadening out," a point recently highlighted by the ECB when it hiked rates. Energy inflation remained elevated, while food inflation eased. Overall, this suggests inflation is still sticky, which may keep the ECB cautious. Meanwhile, a deal to reopen the Strait of Hormuz has helped push oil prices lower, but gas prices remain a risk.

Asia

BoJ raises rates, but stays on gradual path

The Bank of Japan raised its policy rate by 25 basis points to 1.0% and will likely continue a gradual hiking path. The Central Bank cited government relief measures and efforts to secure supplies of raw materials as key supports to Japan's growth outlook, making the risk of a significant economic slowdown less likely. Despite positive global tailwinds, such as the reopening of the Strait of Hormuz and lower oil prices easing global inflationary pressures, Japanese Government Bonds are lagging the global bond rally.

NOTES

Page 2

Equity and bond markets (chart)

Source: Bloomberg. Markets are represented by the following indices: World Equities = MSCI AC World Index (USD) United States = S&P 500 (USD), Europe = Europe Stoxx 600 (EUR), Japan = TOPIX (YEN), Emerging Markets = MSCI Emerging (USD), Global Aggregate = Bloomberg Global Aggregate USD Euro Aggregate = Bloomberg Euro Aggregate (EUR), Emerging = JPM EMBI Global Diversified (USD).

All indices are calculated on spot prices and are gross of fees and taxation.

Government bond yields (table), Commodities, FX and short-term rates.

Source: Bloomberg, data as of **19 June 2026.** The chart shows the price of gold.

*** Diversification does not guarantee a profit or protect against a loss.**

GLOSSARY

BoJ: Bank of Japan
CPI: Consumer Price Index
ECB: European Central Bank
EZ: Euro Area
FED: Federal Reserve
FOMC: Federal Open Market Committee is the part of the US Federal Reserve that meets to decide interest rates and guide monetary policy
GDP: Gross Domestic Product
Q1: First quarter
MoM: Month-on-Month
YoY: Year-on Year
PCE: Personal Consumption Expenditure
Stagflation: An economic environment of low growth, high inflation.
US: United States of America
UK: United Kingdom
YTD: Year to date
WTD: Week to date

Discover more insights from the Amundi Investment Institute.

IMPORTANT INFORMATION

Date of first use: 19 June 2026.

Document ID: 5575852
The content of this document is approved by Amundi Asset Management, a French société par actions simplifiée, a portfolio management company approved by the "Autorité des marchés financiers" or "AMF" under the number GP 04000036 whose registered office is located 91-93 boulevard Pasteur, 75015 Paris – France –, under the Paris trade register number 437 574 452 RCS - www.amundi.com

Amundi Investment Solutions