

MARKET INSIGHT WEEK 26

RISEON

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UPCOMING ECONOMIC EVENTS

	Time*	Forecast	Previous
Tuesday, June 23			
<u>US</u> S&P Global Manufacturing PMI (Jun) P	14:45	54.6	55.1
Wednesday, June 24			
<u>US</u> Crude Oil Inventories	15:30		-8.263M
Thursday, June 25			
<u>US</u> Core PCE Price Index (MoM) (May)	13:30	0.3%	0.2%
<u>US</u> GDP (QoQ) (Q1)	13:30	1.6%	1.6%
<u>US</u> Initial Jobless Claims	13:30	226K	226K

*US moves forward one hour for daylight saving time.

Weekly Recap - June 15-19, 2026 (W25)

Fed Holds Rates Steady as Geopolitical Relief Improves Sentiment but Doesn't Change the Macro Reality
Week 25 saw easing geopolitical tensions and steady Fed policy, supporting the week's outlook. Improved U.S.-Iran relations reduced uncertainty, while the Federal Reserve kept rates unchanged, signalling inflation remains too high for near-term easing. Markets responded positively, though sentiment remained constrained by the persistence of a higher-for-longer interest-rate environment.

United States - Fed Confirms Patience, Markets Adapt

The week's most important event was the Fed meeting. The decision to leave rates unchanged confirmed that:

- Inflation remains above target.
- Economic activity remains resilient.
- The labour market does not yet justify policy easing.
- The Fed remains committed to a patient, data-dependent approach.

As a result:

- Treasury yields remained elevated but stable.
- The USD remained supported.
- Rate-cut expectations stayed pushed into the second half of 2026.
- Financial conditions remained restrictive but manageable.

Markets interpreted the decision as a continuation of the current regime rather than a new policy signal.

Geopolitics - Iran Risk Premium Continues to Fade

The geopolitical theme evolved largely as expected:

- Diplomatic progress between the U.S. and Iran continued.
- Concerns around the Strait of Hormuz eased.
- Energy supply disruption fears diminished.
- Middle East-related market volatility declined.

As a consequence:

- Risk appetite improved modestly.
- Safe-haven demand weakened.
- Markets removed part of the geopolitical premium embedded in commodities and defensive assets.

While geopolitical risks remain, they became significantly less influential than earlier in the year.

Eurozone - Relative Beneficiary of Lower Energy Risk

Europe benefited from reduced geopolitical uncertainty:

- Energy concerns eased.
- Business sentiment improved.
- Investor confidence stabilised.

However:

- Industrial activity remained weak.
- Growth momentum stayed limited.
- ECB flexibility remained constrained.

EUR performance continued to depend mainly on U.S. rates and USD direction.

Summary

Week 25 reinforced the idea that improving geopolitical conditions can support sentiment, but monetary policy remains the dominant market driver. The Fed maintained its restrictive stance, while easing U.S.-Iran tensions reduced risk premiums across assets

- » Geopolitical uncertainty declined significantly.
- » The higher-for-longer narrative remains intact.
- » Equities benefited from improved sentiment, but elevated rates limited upside.
- » Markets remain primarily driven by monetary policy and financial conditions.

UK - Improved Sentiment but No Structural Shift

The UK benefited indirectly from:

- Lower geopolitical stress.
- Improved global risk appetite.
- Reduced market volatility.

However:

- Growth remained soft.
- Inflation remained elevated.
- BoE expectations changed little.

Sterling remained largely linked to broader USD dynamics.

Asia-Pacific - Relief Rally Limited by China

Regional sentiment improved as geopolitical risks eased:

- AUD and NZD found support.
- Commodity sentiment improved.

However:

- China's growth outlook remained weak.
- No significant stimulus measures emerged.
- Structural headwinds continued to limit upside.

The region benefited from lower geopolitical risk but lacked a strong growth catalyst.

Commodities - Oil Loses Premium, Gold Remains Constrained

Gold faced pressure from:

- Reduced geopolitical demand.
- Elevated real yields after the Fed meeting.

WTI Crude reacted directly to developments around Iran:

- Supply disruption concerns eased.
- Geopolitical premium faded.
- Oil prices faced downside pressure.

Equities - Improved Sentiment Meets Higher-for-Longer Reality

Equities benefited from reduced geopolitical uncertainty:

- Volatility declined.
- Risk appetite improved.
- Investors rotated selectively into cyclical sectors.

However, the Fed reinforced that:

- Financial conditions remain restrictive.
- Valuation expansion remains difficult.
- Higher-for-longer remains the dominant macro framework.

As a result, gains remained selective rather than broad-base

Summary & Key Risks

Summary

Week 26 represents a transition from policy-driven markets toward growth validation and financial-condition monitoring.

The Fed has confirmed that rates are likely to remain elevated for longer, while geopolitical de-escalation has removed an important source of uncertainty. The market's focus now shifts to whether economic activity can continue to withstand restrictive financial conditions through the summer.

The USD remains supported, yields remain elevated, equities remain selective, and commodities continue adapting to a world with less geopolitical risk and more emphasis on economic fundamentals.

Key Risks

- a. U.S. growth weakens unexpectedly → yields fall, USD softens, gold strengthens
- b. Strong economic data → yields rise, USD strengthens, equities pressured
- c. Fed speakers adopt a more hawkish tone → further repricing of rates
- d. U.S.-Iran negotiations deteriorate → oil spike and return of geopolitical premium
- e. China remains weak → continued pressure on commodity FX, metals, and regional equities

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