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Weekly Market Report For 15 – 19 June 2026



Overview

- Global equities moved higher last week after the United States and Iran signed a MOU aimed at ending their conflict, easing pressure on oil prices. Meanwhile, the Federal Reserve maintained a hawkish policy stance.
- Tensions between the U.S. and Iran began to ease as both sides agreed to a 60-day negotiation framework and reopened the Strait of Hormuz, though investors remain closely focused on developments.
- The Fed kept its policy rate at 3.50%–3.75% but delivered a more hawkish message, lifting Treasury yields and the U.S. dollar while weighing on equities and gold in the near term.
- The BOJ raised its policy rate to 1.0% and continued its gradual normalization strategy. Markets reacted positively, with expectations for the terminal rate to reach around 1.5% and further rate hikes extending into 2027.
- The BOE left its policy rate unchanged at 3.75% as expected. Despite easing geopolitical risks, policymakers remained concerned about elevated inflation and opted to maintain a restrictive policy stance.

Market Brief

Global equity markets advanced over the past week as tensions between the United States and Iran eased following the signing of an MOU aimed at ending hostilities and restoring navigation through the Strait of Hormuz. The development pushed oil prices lower and helped alleviate inflation concerns. Nevertheless, the Federal Reserve’s hawkish tone continued to generate bouts of market volatility throughout the week.

U.S.–Iran Conflict

- Tensions between the United States and Iran showed signs of de-escalation after both countries signed an agreement, reopened the Strait of Hormuz, and launched a 60-day negotiation process designed to pave the way for a longer-term settlement.

- Oil prices remained volatile as of June 22 amid lingering uncertainty surrounding the negotiations after President Donald Trump signaled the possibility of further military action. However, crude prices retreated again following reports that both sides had established a high-level committee to develop a roadmap for future talks.

- Investors continue to monitor negotiations closely, as the outcome could significantly influence energy prices and global risk sentiment in the months ahead.

FOMC Meeting

- The Federal Reserve left interest rates unchanged at 3.50%–3.75%, in line with market expectations, at its first policy meeting under Chair Kevin Warsh. Policymakers adopted a more hawkish tone, while the updated dot plot suggested the possibility of one rate hike this year.

- The Fed lowered its 2026 GDP growth forecast to 2.2% and raised its core PCE projection to 3.3%, highlighting concerns that inflationary pressures remain elevated.

- Kevin Warsh emphasized the importance of price stability and signaled a greater focus on containing inflation. The Fed also announced the formation of a working group to review its monetary policy framework

- Following the meeting, Treasury yields and the U.S. dollar strengthened, while equities and gold came under short-term pressure.

Bank of Japan Meeting

- The Bank of Japan raised its policy rate to 1.0%, in line with expectations. Japanese equities responded positively, extending gains after the decision.

- The BOJ reaffirmed its gradual policy normalization strategy. Analysts at Goldman Sachs expect the terminal policy rate to reach approximately 1.5%, with the next rate increase likely in January 2027, followed by another hike in mid-2027.

Bank of England Meeting

- The Bank of England voted 7–2 to keep its policy rate unchanged at 3.75%, matching market expectations.

- Although tensions between the United States and Iran have begun to ease, policymakers remained concerned about persistent inflationary pressures, supporting the decision to leave interest rates unchanged.

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