Latest Market Focus – US Equity Market Update

Inflation Trends to Dominate

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18 June 2026
CIO and Investment Advisory

- **The Fed June policy stance was more hawkish than expected.** US equities saw profit-taking; long-end yields stayed relatively stable, suggesting long-term inflation expectations are largely unchanged
- **The US and Iran agreed a MOU and extended the ceasefire by 60 days.** Oil prices fell, helping US inflation ease gradually
- **AI-related stocks retreated from early-June highs. After the pullback, many names have rebounded to new highs.** With geopolitical risks easing and inflation contained, the Fed may adopt a more moderate stance. We see further upside for the S&P 500, with an optimistic target of 7,900
- **Key risks include a renewed inflation upturn, further rate hikes, and uncertainty over AI earnings delivery.** Positioning should balance tech growth with defensives such as infrastructure and healthcare

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(HSIS 12/25)

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