



Market Flash: The Dove of peace

12 June 2026

- **Washington and Tehran have outlined a 14-point preliminary agreement, notably providing for a permanent ceasefire across all fronts and the reopening of the Strait of Hormuz.**
- **Despite low energy stocks, Brent crude prices fell below \$90 a barrel, whilst the cyclical and technology sectors rebounded.**
- **The ECB delivered its first rate hike since 2023. Meanwhile, in the United States, no monetary policy move is expected next week during the first FOMC meeting chaired by Kevin Warsh.**

After announcing that an agreement with Iran was “imminent” no fewer than 38 times in recent months, without any concrete results until now, the latest statements from Donald Trump on Thursday evening appear to carry more weight this time. Unlike on previous occasions, the news has been confirmed by Iran’s official news agency, which reports that a preliminary agreement has been reached between the two sides covering 14 points, including a definitive ceasefire on all fronts, including in Lebanon, a lifting of the naval blockade and a withdrawal of US troops surrounding Iran, an easing of sanctions against Tehran and the unfreezing of its financial assets. In return, the Iranian regime has committed to abandoning any attempt to develop a nuclear weapon, to entering into 60 days of negotiations to determine the fate of its existing nuclear programme and, above all, to reopening the Strait of Hormuz. Whilst negotiations on the nuclear issue are likely to be particularly delicate and a compromise will probably be hard to find, this is likely to take a back seat in the eyes of investors, for whom the main issue is the resumption of oil flows, as evidenced by the reaction of the markets on Friday. Brent crude prices dropped sharply, falling back below the \$90/bbl threshold. Concurrently, equity markets cheered the announcement, with cyclical and technology sectors sharply outperforming. Technology shares regained ground following a volatile week marked by profit-taking ahead of the SpaceX IPO. Normalizing the situation in the oil market will take several months, and historically low global stocks should keep energy prices well above pre-war levels. Nevertheless, if a durable peace agreement is signed in the coming days, investors will be willing to look through these near-term pressures, choosing instead to focus on the mitigation of tail risks to growth and inflation.

This announcement is also very good news for central banks, and first and foremost the ECB, which this week raised its key interest rates for the first time since 2023. Whilst several members of the institution remain in favour of a second rate hike in the coming months, a lull in crude oil prices would be a strong argument for containing second-round effects and could prompt the ECB to exercise caution in a context where growth is clearly showing signs of fragility. Across the Atlantic, a rise in key interest rates is not expected next week at the first meeting chaired by Kevin Warsh. However, a rise by the end of the year is now fully priced in by the financial markets. The new Fed Chair, seen as favouring an accommodative monetary policy, will nevertheless not miss the opportunity to highlight the relatively reassuring inflation figures, such as core CPI inflation coming in below expectations this week, or his preferred indicator, the Trimmed Mean, which remains at a relatively low level (2.35%).

Against this backdrop, and given investors’ highly pessimistic expectations regarding central bank rate hikes, we remain buyers of short-duration rates, as well as investment grade and high yield credit.

Furthermore, since the equity market consolidation we feared has now materialized, we have returned to a positive outlook on equity markets.



European equities

This week, European equities traded in a tense environment, caught between persistent high geopolitical risk in the Middle East – illustrated by renewed episodes of tension – and a market that continues to price in the near-term conclusion of an agreement. Investors were unable to capitalise further on the AI-related rally: following significant profit-taking, the recent rebound appears more like a technical pause than a genuine trend reversal.

On the microeconomic front, steel producers in Europe are taking a fairly optimistic view of the European market outlook, following the European Union's adoption of new measures to reduce import quotas. Conversely, the British bookshop chain **WH Smith**, which has a strong presence in stations and airports, lowered its full-year guidance for the second time, hit by the slowdown in global tourism amid geopolitical tensions. In France, **Renault** is adopting a cautious stance regarding the growth of defence-related activities; the company would like to cap revenue from this segment at 5% of its turnover. The French telecoms market, meanwhile, is set to undergo a major turning point following the memorandum of understanding signed by **Bouygues Telecom**, **Orange** and **Free** (Iliad Group) for the acquisition of the main assets of **Altice France**, including SFR, for €20.35 billion. In Italy, the banking sector continues to undergo restructuring with the launch by **Intesa Sanpaolo** of a takeover bid for **Monte dei Paschi di Siena**, just hours after **BPM** proposed opening talks with a view to a merger. Finally, in the textile sector, the British group **Frasers** has made a takeover bid for **Hugo Boss**, illustrating the ongoing consolidation in Europe.

US equities

US equities posted a positive week despite ongoing volatility. The S&P 500 gained 0.14% (as of Thursday's close on June 11), the Nasdaq Composite rose 0.39%, while the Russell 2000 surged 3.09%, signalling renewed appetite for domestic and cyclical stocks. Investors alternated between profit-taking in technology stocks, reacting to slightly more favourable macroeconomic data and hopes of a de-escalation on the Iranian front.

Investor attention focused on the highly anticipated IPO of **SpaceX**, seen as one of the largest market operations in recent years. The order book is reportedly already largely covered, with significant commitments from Gulf sovereign wealth funds and major global asset managers. Beyond the valuation, the offering is seen as a major test of appetite for big growth stories and as a liquidity event likely to draw flows away from other growth segments, notably certain AI-related stocks.

The information technology sector is up by just 0.15%, following several sessions of correction in semiconductors and memory, marking a slowdown phase after the rally of recent months. Faced with high valuations and sharply rising financing needs, the market is becoming more demanding regarding AI-related companies. **Oracle** has announced approximately \$70 billion in additional capital expenditure on AI and the cloud, financed by nearly \$40 billion in new borrowing, which has reignited questions about returns on capital. **Super Micro Computer** has seen a sharp correction following a fundraising of around \$7 billion for its AI servers, with investors penalising the risk of dilution. Conversely, **Intel** and **Advanced Energy Industries** are benefiting from improved sentiment regarding data centre infrastructure needs. In the background, the AI ecosystem remains highly dynamic: **OpenAI** is preparing a new model, is in talks with **Nvidia** regarding a data centre campus of around 10 GW over 20 years, and is reportedly considering price cuts to regain market share against **Anthropic**, backed by **Google**. Combined with the upcoming IPO of **SpaceX**, these announcements confirm that AI and space projects will remain highly capital-intensive, in a market paying closer attention to cash flow visibility.



The consumer staples sector posted the best weekly performance (+1.89%), supported by solid results. **Casey's General Stores** delivered a positive surprise thanks to strong in-store sales and favourable margins, whilst **Cracker Barrel** raised its outlook. **J.M. Smucker** remains on a positive trajectory thanks to the resilience of its coffee and out-of-home dining businesses. The materials (+1.15%) and industrials (+0.54%) sectors benefited from the rebound in cyclical stocks: **Advanced Drainage Systems** benefits from a positive recommendation, and **Eaton** rises following the announcement of the spin-off of its mobility business and its merger with **Dana**, whilst some transport stocks such as **Old Dominion Freight Line** are suffering from the expansion of Amazon's LTL freight offering. The consumer discretionary sector gained 0.72%, driven in particular by Cava and DraftKings, whilst Chewy and Oxford Industries were weighed down by more cautious outlooks.

Elsewhere, the financial services sector gained 0.65% in a high but more stable interest rate environment. Regional banks, investment banks and capital markets players are benefiting from strong momentum in market transactions and IPOs, whilst **Robinhood** is up after being authorised to act as lead manager on IPOs.

The healthcare sector gained 0.68%, driven by the strong performance of the pharmaceutical and biotech sectors, with **illumina** and **Oscar Health** in particular continuing to perform well. Conversely, the communications services sector posted the week's worst performance (-2.22%), weighed down by profit-taking on several large-cap stocks and by concerns over regulation and content monetisation, leading to a relative pullback in favour of more cyclical sectors or those offering better visibility on cash flows.

Emerging markets

In **China**, May exports surged +19.4% Y/Y ahead of estimates of 15.0% — the strongest in three months on the AI hardware supercycle, with chip exports up 111% — imports rose +27.4% as companies loaded up on foreign chips and equipment. May CPI held at +1.2% Y/Y (est. +1.3%), while PPI rose at 3.9% Y/Y its fastest in nearly four years on the war-driven commodity rally. Xi made his first visit to Pyongyang since 2019, pledging deeper trade, agriculture and technology cooperation. The market regulator summoned **Taobao/Tmall**, **JD.com**, **PDD**, **Douyin** and **Xiaohongshu** over misleading promotions ahead of the 6.18 festival in an "anti-involution" push. Government is reportedly preparing a 295bn USD five-year nationwide AI data-center buildout, and the Pentagon added **Alibaba** and **BYD** to its Section 1260H "military related company" list.

In **South Korea**, 1Q GDP was revised up to +3.8% Y/Y — the strongest quarterly pace in years on the semiconductor boom — and June 1-10 exports surged +85.9% Y/Y with chip shipments up +205.8%. **SK Hynix** plans to triple wafer capacity by 2034, citing an endemic memory shortage persisting into 2030, and signed a multi-year **Nvidia** pact to supply memory for **Vera Rubin**. **Google** is negotiating with **Samsung** to produce its TPU using 2nm process.

In **Taiwan**, May exports surged +51.7% Y/Y beating estimates of +37.9%. **TSMC's** May revenue +30.1% Y/Y. **Accton's** May sales beat (+57% Y/Y) on 800G switch demand from a new social-media customer.

In **India**, the 1Q26 current account swung to a surprise \$7.1bn surplus (0.7% of GDP) on strong services receipts and remittances. The RBI announced a forex package, providing a swap facility that allows foreign banks to convert dollar deposits into INR deposits at favourable terms, positive for banks and the currency. A ~\$6.3bn equity issuance wave is launching over the next two months, led by **Zepto's** \$836mn IPO filing (India's biggest this year) with **OYO** and **SBI AMC** to follow.

In **Mexico**, as expected, Donald Trump said he will not renew USMCA, setting up months of negotiation as the July 1 extension milestone lapses. May inflation came below expectation, achieving **Banxico's** target, opening up the possibility of rate cuts.



In **Brazil**, a Genial/Quaest poll showed Lula widening his runoff lead over Flávio Bolsonaro to 44%–38% after a corruption scandal and the US tariff backfire. **Banco de Brasília** said the worst of its BRL6bn deposit run is over, with a BRL6.6bn recapitalization closing by end-June. **Iberdrola** will invest €4.5bn in Bahia's grid by 2030.

In **Chile**, banks reported solid earnings growth.

In **Argentina**, inflation has fallen to 2%, below market expectations and at its lowest level since September, whilst S&P has upgraded the country's sovereign rating to B-.

Corporate debt

The week was marked by high volatility driven by a combination of heightened geopolitical risk in the Middle East and a reassessment of monetary policy expectations. On Friday 5 June, strong US employment figures reignited expectations of further interest rate hikes by the Fed, triggering an initial sell-off. At the same time, attacks involving Iran, Israel and the US led to a sharp market correction, before a rebound driven by the announcement of an agreement to end the strikes, against a backdrop of continued high volatility.

On yields, pressure remained strong on the US curve, with the volatile 2-year yield briefly returning to its highest levels since February 2025 before ending the week down 11bps, whilst the 10-year briefly rose above 4.50% before falling back to 4.45% by the end of the week, buoyed by the geopolitical de-escalation.

In the eurozone, yields fluctuated in line with geopolitical news and central bank meetings: the 10-year Bund is trading at around 3.03% after peaking at close to 3.40%, the 2–10-year EUR swap curve is trading at around 21–24bps, and sovereign spreads have remained contained (10-year OAT-Bund and BTP-Bund at around 76–77bps). The ECB raised its deposit rate by 25bps to 2.25%, as expected, and Joachim Nagel's hawkish tone leaves the door open to a further rate hike.

In the credit market, the iTraxx indices diverged slightly amid persistent volatility: the Main and Crossover indices rose slightly at the start of the week, then stabilised or even narrowed slightly following the ECB's announcement, reflecting risk aversion but with no signs of systemic stress. Weekly performance remained marginally negative: EUR IG -0.02%, EUR HY -0.02%, and CoCos -0.14%.

In the High Yield primary market, two flagship issuances marked the week: **CoreWeave** issued a 6NC3 tranche (a 6-year bond, non-redeemable before 3 years) for the equivalent of \$3.5bn, and **Neoen** (France's leading independent renewable energy company) placed a 5.5% bond maturing in 2031. The hybrid market was also active: **Alstom** appointed BNP Paribas, CA-CIB, HSBC and Natixis to issue a perpetual green hybrid bond, with a first call option after 5.25 years (PerpNC5.25 European Green Bond format). Meanwhile, **Campari** raised €600 million via a 7-year non-hybrid Investment Grade bond (4.25% coupon), benefiting from an order book of €3 billion.

Finally, in the financial subordinated debt market, **BNP Paribas Cardif** issued €700 million of RT1 PerpNC7.5 at 6.13%, and **Crédit Agricole Assurance** €750 million of RT1 PerpNC12/2032 at 5.88%.



GLOSSARY

- Investment Grade: bonds rated as high quality by rating agencies.
- High Yield: corporate bonds with a higher default risk than investment grade bonds but which pay out higher coupons.
- Senior debt benefits from specific guarantees. Its repayment takes priority over other debts, known as subordinated debt.
- Debt is considered to be subordinated when its redemption depends on the earlier payment of other creditors. To offset the higher risk, subordinated Senior debt has priority over other debt instruments.
- Tier 2 / Tier 3: subordinated debt segment.
- Duration: the average life of a bond discounted for all interest and capital flows.
- The spread is the difference between the actuarial rate of return on a bond and the rate of return on a risk-free loan with the same maturity.
- The so-called "Value" stocks are considered to be undervalued.
- EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization.
- CTA: quantitative strategy which uses futures to invest in a wide range of financial assets, including equity indices, short-term and long-term interest rates, currencies, and commodities.
- The PMI, for "Purchasing Manager's Index", is an indicator of the economic state of a sector.
- AT1s belong to a family of bank capital securities known as contingent convertibles or "Cocos". Convertible because they can be converted from bonds to shares (or depreciated entirely) and contingent because this conversion only occurs if certain conditions are met, such as the issuing bank's capital strength falling below a predetermined trigger level.
- RT1s: perpetual bond issues with early redemption possible after 10 years. Coupon payments are discretionary and non-cumulative.



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