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WEEKLY MARKET REVIEW - JUNE 23RD, 2026

MACRO KEY TAKEAWAYS

- Warsh's debut FOMC meeting reinforced a hawkish Fed tone.
- Real-time inflation continues to cool, diverging sharply from official CPI data.
- Markets still price hikes despite improving inflation data.

MACRO COMMENTARY

A Chair Warsh struck a notably more hawkish tone than markets had anticipated in his first FOMC meeting. While acknowledging progress on inflation, he emphasized that the Fed has still not achieved its 2% target, a target inflation has exceeded for the better part of the last five years. Consistent with that message, the latest Summary of Economic Projections (SEP) included upward revisions to inflation forecasts.

At the same time, Warsh has begun assembling several task forces to evaluate and potentially modernize Fed processes, including how inflation data is collected and measured. One area of interest could be the incorporation of real-time inflation indicators such as Truflation, which tracks a CPI-like basket updated daily.

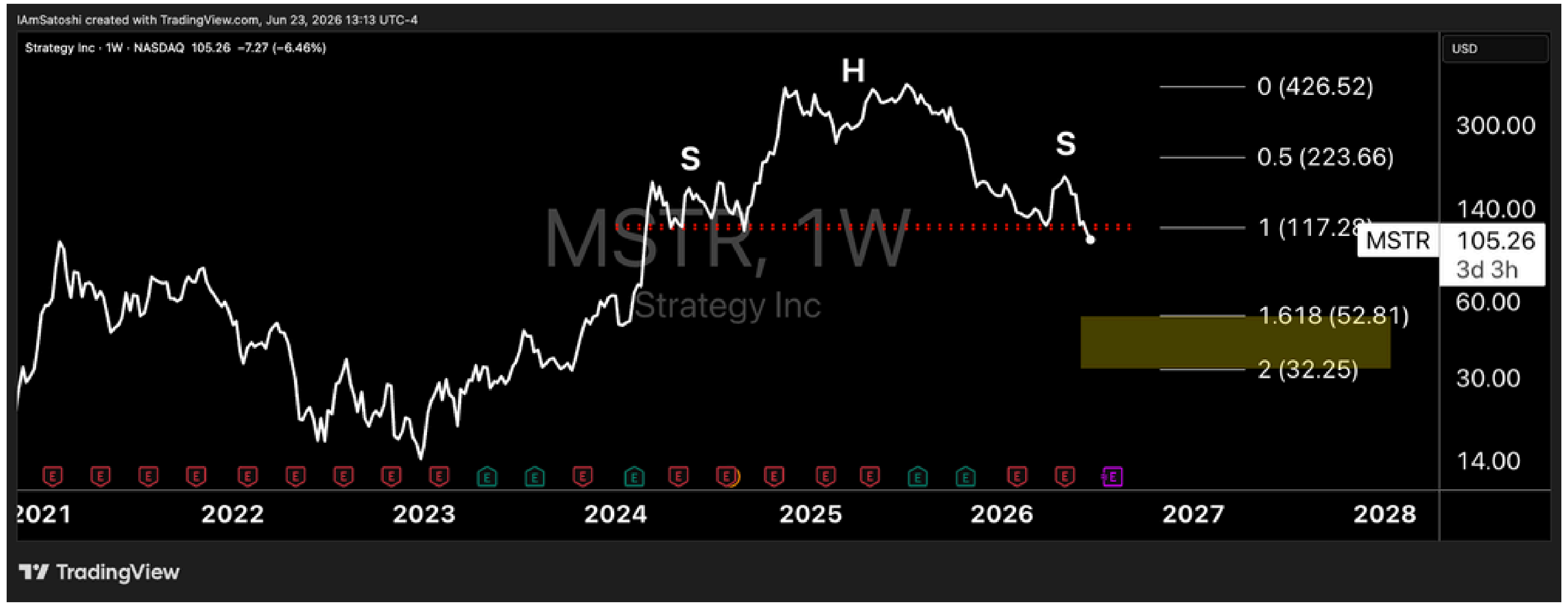
The divergence between traditional and real-time inflation measures remains striking. Truflation has continued to trend lower in recent weeks and currently sits at 1.81%, well below the most recently reported CPI reading of 4.20%. Meanwhile, the Fed's NowCast estimate for June CPI stands at 4.01%. Given the market's sensitivity to inflation data, investors would likely welcome any upcoming CPI print that begins with a "3."

Despite improving real-time inflation indicators, rate markets have yet to fully reflect that possibility. Futures markets continue to price in approximately two rate hikes over the next year. Meanwhile, gasoline prices have followed crude oil lower and appear to be reverting toward the seasonal average of roughly $3.50 per gallon seen over the past several summers.

Although both policymakers and investors remain focused on inflation, incoming data over the next few months could materially shift expectations, pushing rate probabilities closer toward cuts than additional hikes.

CHART 1: POTENTIAL MSTR TOPPING PATTERN

MSTR forming a multi-year head-and-shoulders with notable downside risk..



MARKET IMPLICATIONS

The combination of inflation concerns and a hawkish Fed has weighed on risk assets over the past week. Equity indices have moved lower as the US dollar continues to strengthen, creating an increasingly challenging backdrop for risk-taking.

From a technical perspective, several major markets are exhibiting potentially bearish formations. Head-and-shoulders patterns are developing across SPY, MSTR, and BTC, while most altcoins continue to trade near multi-month lows.

Additional warning signs are emerging from global equity markets. The semiconductor-heavy KOSPI is displaying both a bearish three-drives pattern and persistent RSI bearish divergences, signaling declining momentum over the past several weeks and increasing the probability of a broader reversal.

While macroeconomic data may ultimately support a more dovish policy path, markets remain caught between deteriorating technicals and a policy narrative that continues to emphasize inflation risks. Until one of those forces breaks, volatility is likely to remain elevated across both traditional and digital asset markets.