



By Patrick Fearon-Hernandez, CFA, and Thomas Wash

**[Posted: June 23, 2026 – 9:30 AM ET]** Global equity markets are lower this morning. In Europe, the Euro Stoxx 50 is down 1.1% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed down 5.0%. Chinese markets were lower with the Shanghai Composite down 1.4% and the Shenzhen Composite down 2.4%. US equity index futures are signaling a lower open.

The Confluence macro team publishes a plethora of research reports and multimedia offerings on a weekly and quarterly basis, all available on our [website](#). We highlight recent publications below with new items of the day in bold.

| Bi-Weekly Geopolitical Report                                       | Asset Allocation Bi-Weekly   | Asset Allocation Quarterly   | Of Note  |
|---|--|--|--|
| <b><a href="#">“Mid-Year Geopolitical Outlook”</a></b><br>(6/22/26) | <b><a href="#">“China Cuts Its Energy Imports”</a></b><br>(6/15/26)<br>+ <a href="#">podcast</a> | <a href="#">Q2 2026 Report</a><br><br><a href="#">Q2 2026 Rebalance Presentation</a> | <a href="#">Value Equity: “Déjà vu for Dividends?”</a> |

Have a question on the economy, markets, geopolitics, or other important topics? You can submit your queries to our monthly podcast, *Confluence Mailbag*! Submit your question to [mailbag@confluenceim.com](mailto:mailbag@confluenceim.com).

Our *Comment* today opens with a few words on this week’s rout among technology stocks and the broader equity markets. We next review several other international and US developments that could affect the financial markets today, including a major US concession to Iran on selling its oil in dollars and more evidence that investors are trying to pull funds from the US private-credit market as they worry increasingly about defaults.

**Global Stock Markets:** Investors [are selling stocks aggressively so far this morning](#), pushing prices lower and especially punishing large technology shares. The main South Korean stock price index, which is dominated by Samsung and SK Hynix, fell approximately 10%, but European tech shares fell sharply as well. In the US, SpaceX and other tech shares have driven the NASDAQ index down about 2.5%. The selloff appears to have stemmed mostly from concern about rising interest rates around the world and rich tech valuations.

**United States-Israel-Iran:** The US Treasury Department yesterday [said it will temporarily waive longstanding sanctions that had prevented Iran from selling oil in dollars](#). The move will allow Iran to sell oil at market prices, including to US buyers, and earn potentially billions of dollars. Vice President Vance later said the waiver is to reward Iran for agreeing to allow nuclear inspectors from the United Nations to once again visit the country's facilities.

- Investors initially interpreted the US move as a sign of progress toward a lasting peace deal. Global oil prices therefore initially dipped on the news, but they have rebounded so far this morning.
- We would also note that the US move, if extended, could help reverse the widely held narrative that the US dollar is losing its status as the world's reserve currency. With the removal of sanctions, for example, Iran would likely prefer to sell its oil for dollars at market prices rather than for Chinese renminbi at distressed prices.

**Eurozone:** S&P Global said its composite purchasing managers' index for June [rose to 49.5 from 48.5](#). Like most major PMIs, this one is designed so that readings above 50.0 point to expansion, while readings below that level point to contraction. Importantly, the subindex on prices paid fell to its lowest level since the start of the Iran war, suggesting price pressures from the conflict are dissipating. Nevertheless, the data suggests that the eurozone economy will likely be flat or even contract a bit in the second quarter.

**European Defense Industry:** Franco-German tank manufacturer KNDS [has struck a deal allowing the German government to buy up to 40% of the company, setting the stage for an initial public offering](#) in the coming weeks or months. The French government has also agreed to cut its stake to 40%, with the remaining 20% to be floated to the public. The move will give investors yet another way to capitalize on Europe's booming defense sector as the threat from Russia and US withdrawal forces European countries to boost their military budgets.

**Germany:** Chancellor Merz, a former chair of US asset manager BlackRock in Germany, [endorsed a proposal today for his country to adopt a Swedish-style public pension fund](#) that would invest a share of workers' wages in capital markets. Under the proposal, a compulsory individual contribution of 2.0% of salaries would "be managed centrally and invested in capital markets" to help pay for rising benefits. The proposal could drive increased business for asset managers and potentially reduce fiscal stressors as the population ages.

**United Kingdom:** Newly elected member of parliament Andy Burnham, who is widely expected to become prime minister next month, [is reportedly demanding that incumbent Prime Minister Starmer further delay his controversial 10-year military investment plan](#). Starmer's government has struggled to identify credible funding for the defense buildup, but Burnham could cut it back to help make fiscal space for domestic civilian programs.

- The dispute illustrates how funding pressures are becoming a headwind for some of Europe's defense rebuilding programs.
- In turn, that has prompted a pullback in pricing for some European defense stocks, although we remain bullish on the sector over the longer term.

**US Private Credit Industry:** Private investment giant Apollo yesterday [said investors in the second quarter requested to withdraw 17% of the value of its flagship private-credit fund for retail investors](#), up from withdrawal requests of 11% in the first quarter. Per the fund’s rules, Apollo only allowed redemptions of about 5% of the fund in the latest quarter, but the requested redemptions were still consistent with elevated concerns about rising debt defaults in the sector.

**US Quantum Computing Industry:** President Trump [signed two executive orders yesterday aimed at speeding the development of advanced quantum computers](#) and mitigating the security threats they present. The effort to boost the industry with the new orders is consistent with our discussion of quantum computing in our [Mid-Year Geopolitical Outlook](#) report, which we published yesterday.

- As noted there, quantum computing is rapidly evolving from a speculative niche to a strategically important sector.
- That, coupled with government support, could eventually draw capital now focused on artificial intelligence firms, leading to a rotation in favor of quantum computing.

## US Economic Releases

There were no domestic releases prior to the publication of this report. The table below lists the economic releases and Fed events scheduled for the rest of the day.

| Economic Releases                               |                                 |     |       |          |       |        |  |
|---|---------------------------------|-----|-------|----------|-------|--------|--|
| EST   | Indicator                       |     |       | Expected | Prior | Rating |  |
| 9:45  | S&P Global US Manufacturing PMI | m/m | Jun P | 54.6     | 55.1  | ***    |  |
| 9:45  | S&P Global US Services PMI      | m/m | Jun P | 51.1     | 50.7  | ***    |  |
| 9:45  | S&P Global US Composite PMI     | m/m | Jun P | 52.1     | 51.0  | ***    |  |
| 10:00   | Richmond Fed Manufact. Index    | m/m | Jun   | 8        | 13    | **     |  |
| Federal Reserve                                 |                                 |     |       |          |       |        |  |
| No Fed speakers or events for the rest of today |                                 |     |       |          |       |        |  |

## Foreign Economic News

We monitor numerous global economic indicators on a continuous basis. The most significant international news that was released overnight is outlined below. Not all releases are equally significant; thus, we have created a star rating to convey to our readers the importance of the various indicators. The rating column below is a three-star scale of importance, with one star being the least important and three stars being the most important. We note that these ratings do shift over time as economic circumstances change. Additionally, for ease of reading, we have also color-coded the market impact section, which indicates the effect on the foreign market. Red indicates a concerning development, yellow indicates an emerging trend that we are following closely for possible complications, and green indicates neutral conditions. We will add a paragraph below if any development merits further explanation.

| Country             | Indicator                              |     |       | Current | Prior | Expected | Rating | Market Impact                |
|---------------------|--|-----|-------|---------|-------|----------|--------|------------------------------|
| <b>ASIA-PACIFIC</b> |  |     |       |         |       |          |        |                              |
| <b>Japan</b>        | S&P Global Japan Composite PMI         | m/m | Jun P | 52.5    | 51.1  |          | *      | Equity and bond neutral      |
|                     | S&P Global Japan Manufacturing PMI     | m/m | Jun P | 54.9    | 54.5  |          | ***    | Equity and bond neutral      |
|                     | S&P Global Japan Services PMI          | m/m | Jun P | 51.8    | 50.0  |          | *      | Equity and bond neutral      |
| <b>Australia</b>    | S&P Global Australia Composite PMI     | m/m | Jun P | 49.8    | 48.7  |          | *      | Equity and bond neutral      |
|                     | S&P Global Australia Manufacturing PMI | m/m | Jun P | 51.2    | 50.7  |          | ***    | Equity and bond neutral      |
|                     | S&P Global Australia Services PMI      | m/m | Jun P | 49.9    | 48.7  |          | *      | Equity and bond neutral      |
| <b>South Korea</b>  | Consumer Confidence                    | m/m | Jun   | 106.6   | 106.1 |          | *      | Equity and bond neutral      |
| <b>India</b>        | HSBC India PMI Composite               | m/m | Jun P | 57.4    | 59.3  |          | **     | Equity and bond neutral      |
|                     | HSBC India PMI Mfg                     | m/m | Jun P | 54.5    | 55.0  |          | ***    | Equity and bond neutral      |
|                     | HSBC India PMI Services                | m/m | Jun P | 57.3    | 59.8  |          | **     | Equity and bond neutral      |
| <b>EUROPE</b>       |  |     |       |         |       |          |        |                              |
| <b>Eurozone</b>     | Consumer Confidence                    | m/m | Jun P | -17.7   | -19.0 | -18.0    | **     | Equity and bond neutral      |
| <b>Eurozone</b>     | EU27 New Car Registrations             | y/y | May   | 3.2%    | 5.1%  |          | ***    | Equity and bond neutral      |
|                     | S&P Global Eurozone Manufacturing PMI  | m/m | Jun P | 51.3    | 51.6  | 51.6     | ***    | Equity and bond neutral      |
|                     | S&P Global Eurozone Services PMI       | m/m | Jun P | 48.9    | 47.7  | 48.6     | **     | Equity and bond neutral      |
|                     | S&P Global Eurozone Composite PMI      | m/m | Jun P | 49.5    | 48.5  | 49.2     | *      | Equity and bond neutral      |
| <b>Germany</b>      | S&P Global Germany Manufacturing PMI   | m/m | Jun P | 50.0    | 50.1  | 50.2     | ***    | Equity and bond neutral      |
|                     | S&P Global Germany Services PMI        | m/m | Jun P | 46.8    | 48.1  | 49.0     | **     | Equity bearish, bond bullish |
|                     | S&P Global Germany Composite PMI       | m/m | Jun P | 48.0    | 48.8  | 49.7     | **     | Equity bearish, bond bullish |
| <b>France</b>       | Business Confidence                    | m/m | Jun   | 94      | 93    | 95       | *      | Equity and bond neutral      |
|                     | Manufacturing Confidence               | m/m | Jun   | 100     | 102   | 102      | *      | Equity and bond neutral      |
|                     | S&P Global France Manufacturing PMI    | m/m | Jun P | 50.7    | 49.7  | 50.1     | ***    | Equity bullish, bond bearish |
|                     | S&P Global France Services PMI         | m/m | Jun P | 47.4    | 44.3  | 46.0     | **     | Equity bullish, bond bearish |
| <b>UK</b>           | S&P Global France Composite PMI        | m/m | Jun P | 47.6    | 44.9  | 46.0     | **     | Equity bullish, bond bearish |
|                     | S&P Global UK Services PMI             | m/m | Jun P | 48.7    | 49.3  | 50.1     | **     | Equity bearish, bond bullish |
|                     | S&P Global UK Manufacturing PMI        | m/m | Jun P | 53.1    | 53.9  | 53.5     | ***    | Equity and bond neutral      |
|                     | S&P Global UK Composite PMI            | m/m | Jun P | 49.4    | 49.7  | 50.5     | **     | Equity bearish, bond bullish |
| <b>AMERICAS</b>     |  |     |       |         |       |          |        |                              |
| <b>Canada</b>       | CPI                                    | y/y | May   | 3.2%    | 2.8%  | 3.0%     | ***    | Equity and bond neutral      |
|                     | CPI Ex Food and Energy                 | y/y | May   | 1.6%    | 1.5%  | 1.5%     | *      | Equity and bond neutral      |
|                     | Consumer Price Index                   | m/m | May   | 169.6   | 168.0 | 169.2    | *      | Equity and bond neutral      |
| <b>Mexico</b>       | Retail Sales                           | y/y | Apr   | 4.4%    | 2.9%  | 3.6%     | ***    | Equity bullish, bond bearish |
|                     | Economic Activity IGAE                 | y/y | Apr   | 2.29%   | 1.40% | 1.75%    | **     | Equity bullish, bond bearish |

## Financial Markets

The table below highlights some of the indicators that we follow daily. Again, the color coding is similar to the foreign news description above. We will add a paragraph below if a certain move merits further explanation.

| Fixed Income                       | Today       | Prior       | Change | Trend |
|------------------------------------|-------------|-------------|--------|-------|
| <b>3-mo T-bill yield (bps)</b>     | 366         | 368         | -2     | Up    |
| <b>U.S. Sibor/OIS spread (bps)</b> | 374         | 374         | 0      | Up    |
| <b>U.S. Libor/OIS spread (bps)</b> | 372         | 372         | 0      | Up    |
| <b>10-yr T-note (%)</b>            | 4.49        | 4.51        | -0.02  | Up    |
| <b>Euribor/OIS spread (bps)</b>    | 231         | 233         | -2     | Up    |
| <b>Currencies</b>                  | <b>3 Mo</b> |             |        |       |
| Dollar                             | Down        | US          |        | Up    |
| Euro                               | Up          | Euro        |        | Down  |
| Yen                                | Up          | Japan       |        | Down  |
| Pound                              | Up          | UK          |        | Down  |
| Franc                              | Up          | Switzerland |        | Down  |

## Commodity Markets

The commodity section below shows some of the commodity prices and their change from the prior trading day, with commentary on the cause of the change highlighted in the last column.

|                             | Price         | Prior           | Change            | Explanation |
|-----------------------------|---------------|-----------------|-------------------|-------------|
| <b>Energy Markets</b>       |               |                 |                   |             |
| Brent                       | \$77.91       | \$77.90         | 0.01%             |             |
| WTI                         | \$73.92       | \$73.86         | 0.08%             |             |
| Natural Gas                 | \$3.22        | \$3.25          | -1.17%            |             |
| Crack Spread                | \$49.53       | \$52.09         | -4.93%            |             |
| 12-mo strip crack           | \$38.20       | \$39.44         | -3.16%            |             |
| Ethanol rack                | \$2.03        | \$2.04          | -0.18%            |             |
| <b>Metals</b>               |               |                 |                   |             |
| Gold                        | \$4,121.71    | \$4,190.06      | -1.63%            |             |
| Silver                      | \$62.05       | \$65.09         | -4.66%            |             |
| Copper Contract             | \$622.35      | \$643.00        | -3.21%            |             |
| <b>Grains</b>               |               |                 |                   |             |
| Corn contract               | \$441.75      | \$439.50        | 0.51%             |             |
| Wheat contract              | \$609.00      | \$607.50        | 0.25%             |             |
| Soybeans contract           | \$1,148.50    | \$1,141.50      | 0.61%             |             |
| <b>Shipping</b>             |               |                 |                   |             |
| Baltic Dry Freight          | 2,684         | 2,722           | -38               |             |
| <b>DOE Inventory Report</b> |               |                 |                   |             |
|                             | <b>Actual</b> | <b>Expected</b> | <b>Difference</b> |             |
| Crude (mb)                  |               | -3.00           |                   |             |
| Gasoline (mb)               |               | -2.05           |                   |             |
| Distillates (mb)            |               | -2.25           |                   |             |
| Refinery run rates (%)      |               | -0.17%          |                   |             |
| Natural gas (bcf)           |               | 76              |                   |             |

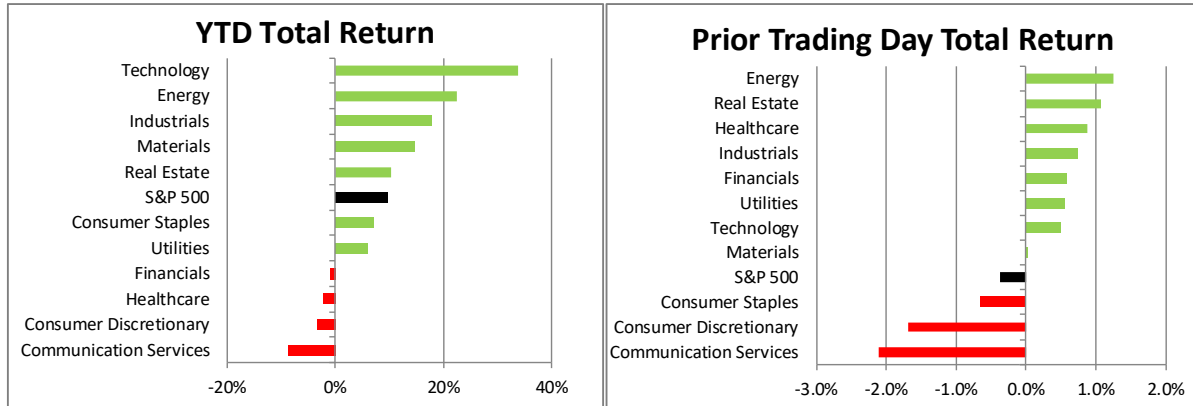
## Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures throughout most of the country, with cooler temps expected in the Pacific and Rocky Mountain regions. The precipitation outlook calls for wetter-than-normal conditions in most of the northern half of the country, with dry conditions in the southern Great Plains, Gulf Coast, and lower Midwest regions.

There are no tropical cyclones expected within the next seven days in the Atlantic region.

## Data Section

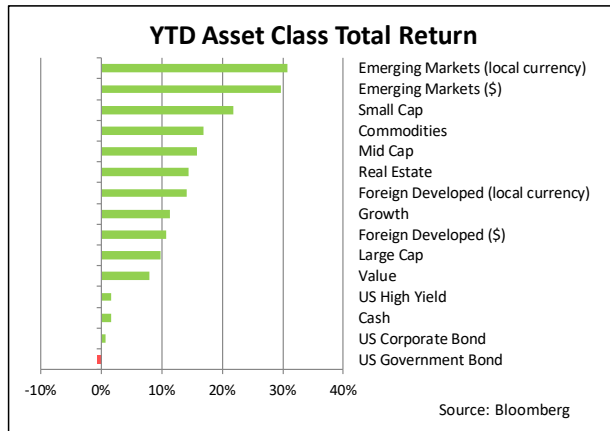
### US Equity Markets – (as of 6/22/2026 close)



(Source: Bloomberg)

These S&P 500 and sector return charts are designed to provide the reader with an easy overview of the year-to-date and prior trading day total return. Sectors are ranked by total return; green indicating positive and red indicating negative return, along with the overall S&P 500 in black. These charts represent the new sectors following the 2018 sector reconfiguration.

### Asset Class Performance – (as of 6/22/2026 close)

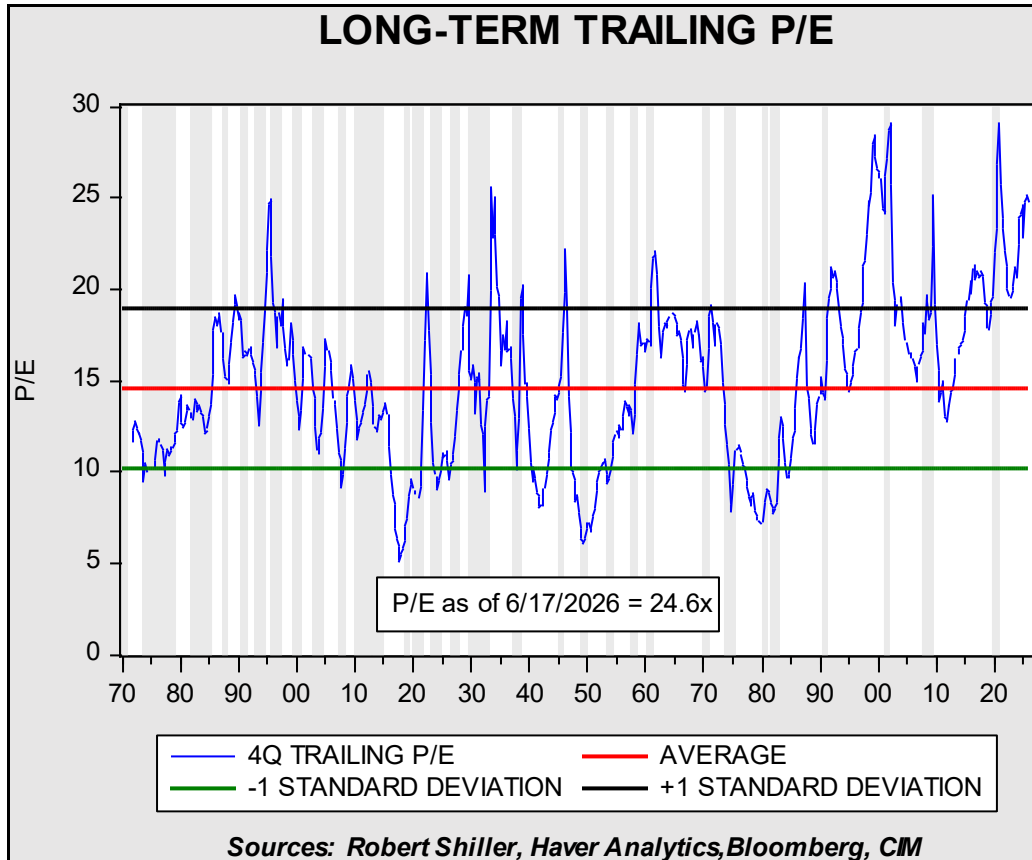


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

Asset classes are defined as follows: Large Cap (S&P 500 Index), Mid Cap (S&P 400 Index), Small Cap (Russell 2000 Index), Foreign Developed (MSCI EAFE (USD and local currency) Index), Real Estate (FTSE NAREIT Index), Emerging Markets (MSCI Emerging Markets (USD and local currency) Index), Cash (iShares Short Treasury Bond ETF), US Corporate Bond (iShares iBoxx \$ Investment Grade Corporate Bond ETF), US Government Bond (iShares 7-10 Year Treasury Bond ETF), US High Yield (iShares iBoxx \$ High Yield Corporate Bond ETF), Commodities (Bloomberg total return Commodity Index), Value (S&P 500 Value), Growth (S&P 500 Growth).

## P/E Update

June 18, 2026



Based on our methodology,<sup>1</sup> the current P/E is 24.6x, was up 0.1 from the previous report. The increase in multiple was driven by a sharp rise in the stock price index outweighing the increase in earnings.

*This report was prepared by Confluence Investment Management LLC and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change. This is not a solicitation or an offer to buy or sell any security.*

<sup>1</sup> This chart offers a running snapshot of the S&P 500 P/E in a long-term historical context. We are using a specific measurement process, similar to *Value Line*, which combines earnings estimates and actual data. We use an adjusted operating earnings number going back to 1870 (we adjust as-reported earnings to operating earnings through a regression process until 1988), and actual operating earnings after 1988. For the current quarter, we use the Bloomberg estimates which are updated regularly throughout the quarter; currently, the four-quarter earnings sum includes three actual quarters (Q1, Q2, Q4) and one estimate (Q3). We take the S&P average for the quarter and divide by the rolling four-quarter sum of earnings to calculate the P/E. This methodology isn't perfect (it will tend to inflate the P/E on a trailing basis and deflate it on a forward basis), but it will also smooth the data and avoid P/E volatility caused by unusual market activity (through the average price process). Why this process? Given the constraints of the long-term data series, this is the best way to create a long-term dataset for P/E ratios.