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Macro Pulse for June 21: An eventful week in review

Markets had three big stories to digest last week: the signing of an interim U.S.-Iran peace deal, a hawkish Fed hold, and ongoing absorption of private market AI leaders by public market portfolios.

1. U.S.-Iran agreement: relieves tail risk, but not an all-clear

The U.S.-Iran interim agreement to restore navigation through the Strait of Hormuz eases the tail risk of a prolonged oil supply disruption. Since our ***From the Desk* response on June 15**, a memorandum of understanding has been signed, including a provision to restore traffic through the Strait of Hormuz, pending removal of mines and other obstacles, within 30 days.

This deal supports a more constructive global macro backdrop: oil prices have moved lower, gasoline prices have eased, and inflation pressure from energy looks less acute. Still, shipping normalization will take time, inventories need rebuilding, and geopolitical risk has not disappeared. We see the deal as supportive for risk assets on a tactical basis, but our full-year view still favors U.S. allocations given stronger economic activity, earnings growth, and greater policy flexibility.

2. Warsh's dovish path to Fed Chair gave way to a hawkish first FOMC

The **Fed held rates steady at 3.50%–3.75%**, but the meeting was decidedly hawkish. Both the Committee statement and Kevin Warsh's comments included a pledge that the FOMC would restore price stability after five years of above-target inflation. Updated economic projections showed slower growth, higher inflation, and a committee split 50/50 on whether policy needs to pivot toward hikes.

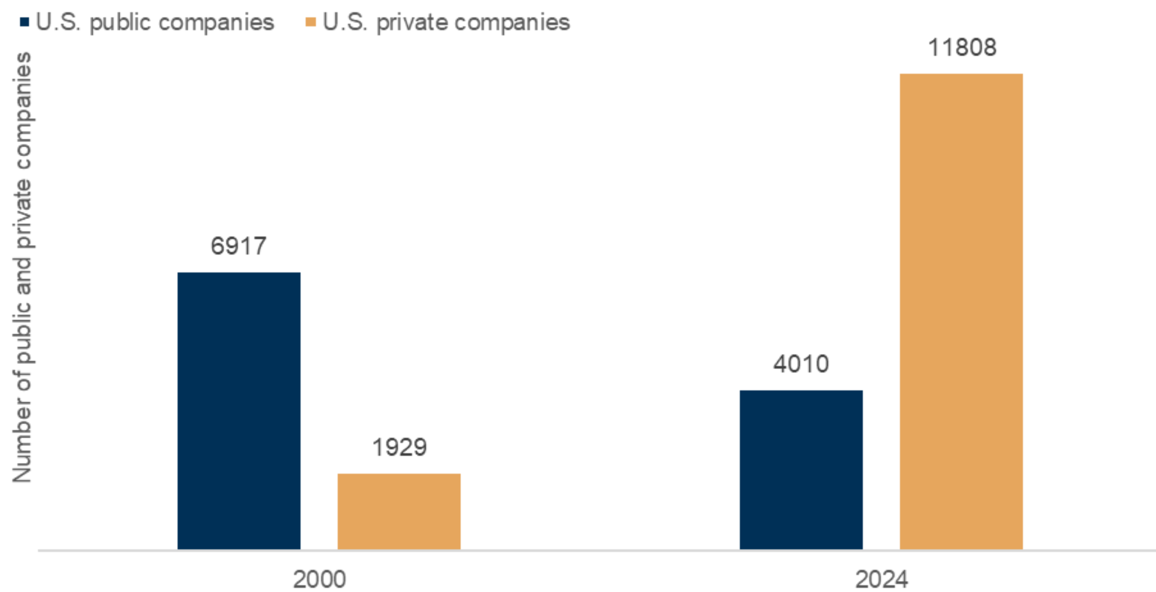
Markets took notice: the dollar strengthened, equities came under pressure on Fed day, and investors began pricing in a policy rate hike in October. We remain more dovish than consensus. The Fed is right to stay alert to inflation, but there is still ample ambiguity in macro data. Markets may be moving too quickly in assuming a tightening cycle before the impact of lower energy prices becomes clear. We will share an updated Fed outlook in our mid-year edition of *Macro Pulse*, which will be published in mid-July.

3. Private markets, AI, and the ongoing IPO wave

Last week, we noted that the next phase of the AI cycle may be shaped by private market leaders such as SpaceX, OpenAI, and Anthropic. As public markets create liquidity events for private investors, the market impacts will extend beyond the IPOs themselves.

We expect these large listings to test investors' conviction in the AI theme: the addition of cash flow-negative companies does not neatly align with public AI incumbents, which have largely delivered strong profitability. Growing concentration risk within the AI theme may prompt investors to reassess their overall portfolio exposure and seek diversification beyond public markets. Private markets, for example, can provide access to smaller companies and earlier-stage growth opportunities that are often unavailable in public markets.

Private markets offer diversification as company ownership has increasingly moved from public to private markets



Sources: New York Life Investments Global Market Strategy, PitchBook, World Federation of Exchanges, World Bank, April 2026.

We will explore these themes in our upcoming **webinar on Monday, 6/22, at 10 a.m. ET, *Private Markets in Motion: Navigating the Next Phase of Growth***, including the outlook for private equity and private credit, the forces reshaping private markets, and how broader access is changing portfolio design.

Bottom line

This week, the market narrative is a mix of relief and belief. Relief around a less protracted oil shock is likely to support the risk-on global rotation in the near term. At the same time, investors are increasingly being pressed on their belief in a more volatile semiconductor and IPO-driven era of the AI theme.

While the coming weeks and months may continue to be dominated by market momentum, quality is our guiding allocation lens over a full-year horizon. We expect the U.S. to lead global returns over this period, supported by stronger macro and market fundamentals than its peers. Similarly, we believe profitability among AI incumbents will be rewarded, as volatility is likely to be concentrated in more cyclical and less profitable portions of AI leadership.

In global curves, a notable flattening effect has taken place as rate hikes become embedded into short rate expectations, while risk premia decline in long rates. We expect this shift to be temporary, replaced by some degree of bear steepening as long rates re-incorporate unchanged risks to fiscal outlooks among major developed economies. As long as macro activity remains resilient, spread widening looks unlikely. This leaves us focused on short-maturity, buy-and-hold income generation potential while keeping duration positioning neutral.

Note to readers: Our July Macro Pulse report will be released Sunday, July 19. In the meantime, please view the June Macro Pulse here.