Dear clients, Dear readers,

The second quarter of 2026 was characterised by a rapid succession of events, including geopolitical tensions, renewed inflationary fears, a hawkish stance from central banks and resilient equity markets. With the start of the quarter marked by the war in the Middle East and the *de facto* closure of the Strait of Hormuz, investors had to contend with major energy-related risks. This vital shipping route for the global supply of oil and gas quickly became one of the key market indicators.

Rising energy prices reignited concerns about inflation, while the US economy remained strong, buoyed by a robust job market and resilient consumer spending. This strength is boosting corporate earnings but making things more difficult for the US Federal Reserve (Fed). In late May, Kevin Warsh's arrival at the helm of the Fed therefore took place in a challenging environment. As expected, the US central bank kept its key rates unchanged at its June meeting, while leaving the door open to a future rate hike if inflation were to remain too high.

In Europe, the European Central Bank (ECB) raised its key rates by 0.25%, bringing the deposit rate to 2.25%. This was the first rate hike in more than two and a half years. This decision, which had been widely anticipated, did not trigger any major reaction in the markets but sent an important monetary signal. The ECB also revised its 2026 inflation forecast to 3%, up from 2.6% previously, while markets are anticipating a possible second rate hike in the second half of the year.

A major turning point came in mid-June with the signing of the memorandum of understanding between the US and Iran, spearheaded by US President Donald Trump. This agreement provides for the cessation of hostilities, the lifting of the US blockade of Iranian ports and the gradual reopening of the Strait of Hormuz. This development led to a marked easing of tensions in energy markets, as investors expected oil flows to gradually return to normal. However, a return to normal will not happen straight away: restoring infrastructure, export logistics and restocking will take time.

Despite this turbulent environment, equity markets bounced back sharply from their correction at end-March, going on to hit new record highs in both the US and Europe. In the US, Wall Street continued to benefit from strong corporate earnings and enthusiasm for artificial intelligence (AI). Technology stocks, digital infrastructure, data centres and certain energy distribution companies continued to perform well. This momentum remains strong, as demonstrated once again by some solid earnings in the semiconductor sector; however, high valuations, the scale of investment in AI – sometimes financed by debt – and the prospect of persistently high interest rates are making investors more discerning. The end-of-quarter volatility in technology, mega-caps and semiconductors serves as a reminder that the markets can quickly punish the most high-profile stocks when they fail to meet expectations.

In Europe, more reasonable valuations than in the US also provided support for stock market indices. However, the rise was selective: luxury goods, European automotive, defence and several interest-rate-sensitive sectors struggled.

In terms of commodities, oil remained the asset most directly linked to developments in the Iran crisis. Despite falling since the agreement between the US and Iran, Brent crude prices are still up in 2026 (+19.8%). Gold, which is usually buoyed by international tensions, fell towards the end of the quarter (down 7.2% since the start of the year), weighed down by profit-taking, the prospect of persistently higher interest rates and the stronger dollar, which makes it more expensive for foreign buyers. The dollar has regained some support during periods of risk aversion, while remaining vulnerable in the medium term due to US fiscal imbalances (up 2.8% in 2026).

This quarter serves as a reminder of just how quickly markets can shift from concern to relief, but also from relief to caution. Equities continue to be underpinned by solid fundamentals, thanks to corporate earnings, technological innovation and the resilience of the economy. However, high valuations, central banks being less accommodative than hoped for, technology stock volatility and the as-yet-unconfirmed viability of the Middle East agreement mean that investors should remain selective. In this environment, discipline, diversification and the quality of the assets held remain investors' best allies.

Performance of the main markets in 2026

	June 2026	2026 YTD
EURO STOXX 50	4,59%	9,27%
STOXX Europe 600	2,51%	8,37%
BEL 20	3,01%	13,25%
S&P 500	-1,06%	9,55%
S&P 500 Equal Weight	1,89%	11,07%
NASDAQ 100	-0,19%	19,91%
NIKKEI 225	5,63%	39,18%
HANG SENG	-9,14%	-10,73%
MSCI EMERGING	-1,67%	22,68%
MSCI WORLD	-0,80%	8,92%

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