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What to watch in the week ahead

Weekly Global

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- A framework deal between the US and Iran is due to be signed on Friday, paving the way for a resumption of shipments through the Strait of Hormuz. Will the details of the deal live up to market hopes and allow investors to fully focus on strong earnings growth?
- A sustained solution to the Middle East crisis would ease a policy dilemma for leading central banks, which have come under pressure to raise rates to head off the inflationary impact from higher energy prices. While a wide range of central banks hold policy meetings this week, the Fed is likely to set the tone for markets.
- Finally, developments in AI continued to grab the headlines, after a US policy directive shut down a frontier model over safety concerns. Investors will be looking to see if reported talks at the White House can lead to a reversal of this ban.

Can the US-Iran breakthrough deal deliver?
The US and Iran have finally agreed a framework deal to reopen the Strait of Hormuz and end the blockade on Iran, paving the way for a resumption of energy shipments through the critical waterway. Iranian state-affiliated media suggests the agreement, which is due to be signed on Friday in Switzerland, includes a commitment to restart full shipping through the Strait within 30 days after mine clearing, a phased lifting of US sanctions on Iranian oil exports, and the unfreezing of some of the Islamic Republic's overseas assets.

After numerous false dawns, the agreement led to a risk-on move in markets. The price of Brent crude is down close to 5% at the time of writing. The move helped ease investor concerns that an energy shock will pressure the Federal Reserve to hike rates. The potential for a more benign monetary policy backdrop in turn boosted sentiment in equity markets, with gains in Asian and European benchmarks and a roughly 1.2% advance for S&P 500 futures ahead of the start of trading in the US.

The news is encouraging, and in line with our longstanding view that a diplomatic solution will eventually allow investors to fully focus on strong earnings growth. We have viewed equities as Attractive throughout the crisis, while encouraging investors to use the recent market strength to enhance portfolio resilience—including by reducing concentration risk associated with the elevated index weightings of leading US tech firms. However, investors should remain alert to various challenges in the diplomatic process that have the potential to cause renewed bouts of turbulence or setbacks. Given worries about sea mines in the waterway, markets will look for clearer evidence that shipping companies and

Iran latest developments and geopolitics
- Listen to Jump Start to learn more about updates on the US-Iran conflict, this week's FOMC meeting, and tech volatility.
- Read our House View Briefcase by Strategist Giovanni Staunovo and Strategist Dominic Schnider on how the Iran conflict will impact commodities.
- Read what the Iran conflict means for markets in our briefcase by Co-Head of Investment Risk Dirk Effenberger and Strategist Giovanni Staunovo here.

The outlook on central banks
- Learn about what Fed policy means for investors in our research by US Economist Andrew Dubinsky and Strategist Matthew Carter.
- Listen to Chief Economist Paul Donovan talk about possible ECB rate hikes.
- Listen to our Across the Pond podcast on Europe's overlooked innovators.

Tech and what comes next
- Read our latest briefcase on investments in transformational innovation.
- Read our latest CIO alert on tech pressures and their influence on US equities by GWM CIO Mark Haefele.

insurers have sufficient confidence to traverse the Strait. The framework remains thin on details so far, raising the risk of further diplomatic hurdles. Challenging negotiations lie ahead on issues such as the status of Iran's nuclear program, which will take place during an extended 60-day ceasefire. In addition, after a long hiatus in fuel deliveries from the Gulf, we will be looking for further guidance on how quickly depleted fuel inventories can be rebuilt.

Our base case has been for a diplomatic resolution, though we continue to expect a bumpy road to reaching a durable agreement. While a deal may be a near-term headwind for crude oil prices, it is good news for gold prices, which have generally traded higher whenever Middle East negotiations make progress. We still see the value of gold as a portfolio diversifier, though lingering worries about the risk of central bank tightening could remain a drag on the zero-yielding precious metal, and we recently scaled back our forecast for the year-end price to USD 4,600 an ounce, from a current spot price of USD 4,340 at the time of writing. Fast-moving developments in commodities markets underlines our preference for active commodity trading strategies.

Will the Fed take a hawkish turn, too?

The trajectory of central bank rates will partly hinge on developments in the Middle East, since the conflict has been the main driver of the recent acceleration of inflation. The European Central Bank last week became the first major central bank to raise rates in response to the energy shock arising from the US-Iran conflict. In justifying the 25-basis-point hike, the Governing Council said the war in the Middle East was “generating inflation pressure,” and it now expects prices to rise by 3% this year, significantly above its 2% target. This came alongside further evidence that higher fuel prices have been pushing up inflation in the US, with headline inflation rising to a three-year high of 4.2%. This raises the question whether other leading central banks will take a hawkish turn—especially given the weekend's positive developments in the Middle East.

This will be the key question for investors with a raft of central banks holding policy meetings this week, including the Federal Reserve, Reserve Bank of Australia, the Bank of England, the Riksbank, Norway's Norges Bank, and the Bank of Japan. The central focus will be on the Fed. This will be Kevin Warsh’s first meeting as chair, having replaced Jerome Powell. Markets will be on the alert for any changes in tone or style, given the new chair’s previous comments that productivity gains from AI should permit lower rates.

Our view, is that leading central banks will avoid making a hasty pivot back toward more dovish language in response to the US-Iran deal. Instead, they are likely to remain cautious as events unfold and as incoming data over the coming months reveals whether the energy shock is triggering second round inflation shocks. Despite the new Fed chair's previously stated more dovish views, we expect a more hawkish tone to the Fed’s meeting, both in the central bank’s statement and in the dot plot, which charts the rate projections of top officials. In our view this will signal a further delay to rate cuts, and we now only expect the Fed to ease again in March and June 2027, instead of starting to ease in December as we previously expected. However, our view remains that markets are pricing too much tightening from central banks. This includes the ECB, where we expect only one further rate hike this year, with policymakers likely to be constrained by slower growth. As a result, we see value in short- to medium-duration high-quality bonds. These should benefit as tightening concerns ease later in the year, while being less vulnerable than longer-duration bonds to rising government debt burdens.

Can the tech rally re-accelerate?

Tech stocks have been a victim of concerns over higher rates, since this lowers the present value of more distant earnings. Volatility in the sector was accentuated last week by news from Oracle, with higher capital spending on data centers raising concerns over profitability. Shares in the technology company suffered their largest daily fall in six months. Against this backdrop, the Philadelphia Semiconductor Index, which tracks the industry leaders with US listings, continued to swing sharply, with several daily moves of more than 5%. While the index ended the week up 9.4%, this higher volatility has added risks. Against this backdrop we downgraded our view of European IT to Neutral after a roughly 40% rally had left valuations less compelling.

Uncertainty in the sector was further highlighted after a leading frontier AI model was shut down late on Friday in response to a US policy directive, which restricted access for foreign nationals due to safety concerns. This raised concerns that stricter US regulations could make AI leaders less willing to invest in training more capable models. This week investors will be looking to see how durable such restrictions will prove, especially given reports that senior lab staff will meet with White House officials in an attempt to address security concerns. As always, investors will be closely monitoring news and announcements from leading technology firms this week—including developments relating to stock issuance or initial public offerings (IPOs) in the sector—which could offer insight into the market's appetite for financing the AI buildout.

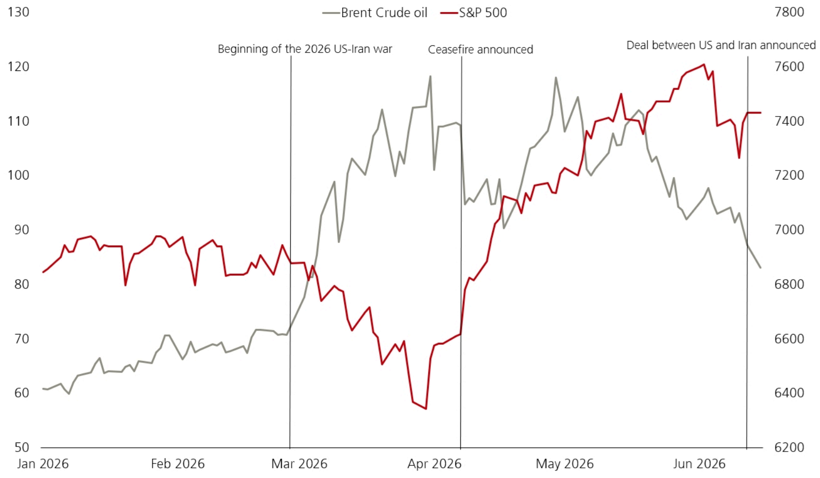
Our view is that recent volatility strengthens the case for diversification within tech and reinforces the need to reduce excessive reliance on a narrow group of megacap technology stocks. Within AI, exposure should be active and spread across the value chain, including infrastructure, compute, memory, power, industrials, and selected platform and application beneficiaries. Investors should also consider adding to exposure in our preferred markets, such as Japan, China, global health care, and European consumer discretionary.

Chart of the week

The US and Iran have reached a breakthrough agreement to reopen the Strait of Hormuz, ending the blockade and allowing energy shipments to resume. The deal, which includes phased sanctions relief and asset unfreezing, triggered a strong rally in global equities and a sharp drop in oil prices, as investors grew more confident that energy supply risks would ease and central banks might not need to tighten policy further. However, the durability of this optimism depends on how quickly shipping can return to normal and whether the agreement holds. Meanwhile, central banks, especially the Fed, are expected to maintain a cautious stance, with rate cuts likely delayed.

US-Iran war agreement allows energy shipments to resume

Brent crude oil, USD/bbl; S&P 500 Index



Bloomberg, UBS as of 15 June 2026

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Interests in alternative investment funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in an alternative investment fund and should consider an alternative investment fund as a supplement to an overall investment program.

In addition to the risks that apply to alternative investments generally, the following are additional risks related to an investment in these strategies:

- Hedge Fund Risk: There are risks specifically associated with investing in hedge funds, which may include risks associated with investing in short sales, options, small-cap stocks, "junk bonds," derivatives, distressed securities, non-U.S. securities and illiquid investments.
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- Private Equity: There are risks specifically associated with investing in private equity. Capital calls can be made on short notice, and the failure to meet capital calls can result in significant adverse consequences including, but not limited to, a total loss of investment.
- Foreign Exchange/Currency Risk: Investors in securities of issuers located outside of the United States should be aware that even for securities denominated in U.S. dollars, changes in the exchange rate between the U.S. dollar and the issuer's "home" currency can have unexpected effects on the market value and liquidity of those securities. Those securities may also be affected by other risks (such as political, economic or regulatory changes) that may not be readily known to a U.S. investor.

Global asset class preferences definitions

The asset class preferences provide high-level guidance to make investment decisions. The preferences reflect the collective judgement of the members of the House View meeting, primarily based on assessments of expected total returns on liquid and commonly known indices, House View scenarios, and analyst convictions over the next 12 months. Note that the tactical asset allocation (TAA) positioning of our different investment strategies may differ from these views due to factors including portfolio construction, concentration, and borrowing constraints.

Attractive: We consider this asset class to be attractive. Consider opportunities in this asset class.

Neutral: We do not expect outsized returns or losses. Hold longer-term exposure.

Unattractive: We consider this asset class to be unattractive. Consider alternative opportunities

Note: For equities, we have a five-tier rating system with two additional preferences

Most Attractive: We consider this asset class to be among the most attractive. Investors should seek opportunities to add exposure.

Least Attractive: We consider this asset class to be among the least attractive. Seek more favorable alternatives opportunities.

When equities are included with the other asset classes in the three-tier rating system, we collapse “Most Attractive” with “Attractive” and “Least Attractive” with “Unattractive.”

Appendix

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