

# What to watch in the week ahead

## Weekly Global

Mark Haefele, Global Wealth Management Chief Investment Officer, UBS Switzerland AG

- Brent crude returned to around pre-conflict levels last week as shipping through the Strait of Hormuz remained open despite intensifying exchanges of fire between the US and Iran. Investors will assess whether renewed talks can support continued transit. We favor broad commodity exposure as protection against supply shocks and inflation spillovers.
- Softer May PCE inflation helped reduce fears of further Fed tightening. This week's jobs report is expected to show another solid gain, with some moderation after an exceptionally strong prior month. We think the Fed is likely to stay on hold this year and recommend locking in attractive yields in quality bonds.
- Technology shares came under pressure last week as investors questioned AI capex durability. Product price increases, reports of a delayed AI-related IPO, and semiconductor volatility weighed on sentiment despite strong memory-chip results. We recommend diversified and active exposure across the AI value chain.

### How will commodities react to the latest US-Iran developments?

Commodity markets passed several significant milestones last week. Brent crude returned to around pre-conflict levels, trading just above USD 70 a barrel for the first time since the US and Israel launched attacks on Iran at the end of February. Prices remained around these levels at the start of this week, despite further reminders that the ceasefire remains fragile. The US and Iran exchanged attacks late last week and through the weekend, following strikes on commercial shipping in the Strait of Hormuz. Tensions appeared to cool by Monday, with both sides reportedly agreeing to further discussions and shipping flows continuing. A second milestone last week was the decline in gold below USD 4,000 an ounce for the first time since November. While hopes for a diplomatic solution in the Middle East have eased worries over energy prices, inflation, and central bank tightening, markets are still not expecting a swift dovish pivot from central banks. This hawkish tilt—though exaggerated by markets, in our view—creates a headwind for gold, since higher rates raise the opportunity cost of holding the zero-yielding precious metal.

This week, investors will assess whether diplomacy can make progress while commercial transit through the Strait remains open. The key issue is whether recent de-escalation can translate into safer and more predictable shipping conditions. Markets will also evaluate whether disputes over transit routes, security control, and costs can be managed, and whether Israel-Hezbollah tensions remain contained. A sustained reopening of the Strait would further reduce energy-driven inflation risks, while renewed attacks on shipping would keep oil markets sensitive to the risk of renewed

### Latest developments on Iran, geopolitics, and more

- For our latest views on the oil price, [read our latest summary](#).
- Listen to [Jump Start](#) to learn more about updates on the US Iran conflict, central banks, and tech.
- This week's [Investors Club](#) focuses on oil, the US dollar, and more.
- Hear the [CIO's Kurt Reiman](#) discuss the run-up to the US midterm elections.

### The outlook on central banks

- Our US economist, Andrew Dubinsky, answers frequently asked questions on the outlook for the US economy in this [series of charts](#).
- Read European economist Dean Turner's [latest blog](#) on the European Central Bank's next steps.
- Read our latest views on the resignation of the UK's prime minister and its implications for markets and Bank of England policy [here](#).

### Tech and what comes next

- Listen to *Signal over Noise* for Ulrike Hoffmann-Burchardi's latest views on what US history tells us about AI capital spending, on [Apple](#) and [Spotify](#).
- After a volatile period for stocks, [read our latest views](#) on AI and the tech sector.

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supply disruptions.

Our base case remains that a diplomatic solution will prevail. Although it will take time for energy markets to recover from the effects of the conflict—on both shipping and production—we have lowered our forecast for the price of oil, which we now expect to trade at USD 85 a barrel by September, down from our prior forecast of USD 105/bbl. On gold, the more hawkish posture of central banks at a time of economic resilience has reduced the potential for a renewed rally at present, and we expect the precious metal to trade around current levels. We therefore believe investors should broaden commodity exposure beyond gold. Broad commodities can help diversify portfolios and protect against geopolitical stress, supply shocks, and inflation spillovers, while active strategies can adjust exposure as conditions shift.

### **Will US jobs data ease Fed hiking fears?**

US inflation data helped moderate fears of further Federal Reserve tightening last week. May headline PCE inflation came in slightly softer than expected, while core PCE was contained enough to push back against the recent buildup in rate-hike concerns. Front-end Treasury yields declined over the week as markets scaled back the implied level of Fed hiking by the end of the year by 7 basis points to 32 basis points. This was despite further reminders from top Fed officials that the focus of the central bank remains on subduing inflation. The data supported a more benign economic backdrop, with personal spending in May adjusted for inflation rising 0.3%, suggesting that American consumers are coping with the drag from higher energy prices.

This week's labor market data will be the next important test. Consensus expectations point to another solid jobs report for June, with some pullback after an exceptionally strong prior month. Investors will focus on payroll growth, the unemployment rate, and average hourly earnings for signs that labor demand and wage growth are cooling without weakening too sharply. The JOLTS report will also be scrutinized for hiring, quits, and layoffs, while ISM manufacturing and consumer confidence will help shape views on activity and spending. Central-bank communication at the ECB's Sintra forum, including remarks from Fed Chair Kevin Warsh and ECB officials, will shape the policy debate.

Our view is that the probability of near-term Fed hikes remains low. Inflation should moderate as tariff effects fade, while softer growth conditions are likely to re-emerge in the second half as fiscal support diminishes and real income growth remains moderate. This should enable the Fed to resume easing in 2027. In Europe, we think the ECB has limited scope for further tightening, even if policymakers remain concerned by inflationary pressures. With investors exaggerating the likely extent of tightening in the US, Eurozone, and UK, in our view, we recommend investors lock in attractive yields in quality short- and medium-duration bonds.

### **Can technology regain its poise?**

Technology shares came under renewed pressure last week as investors questioned the durability of AI-related capital spending after a strong rally. The Philadelphia Semiconductor Index fell 7.9% over the week, underperforming the MSCI All Country World's 2% loss. Asian markets that have heavy tech exposure, such as South Korea's Kospi, experienced daily swings of over 5%. Several negative headlines added to the pressure. Apple shares fell after the company said it would be raising prices to reflect

concerns about memory and storage shortages. Weakness in the shares of top US hyperscalers, which are down an average of 20% this month, added to concern that these companies might come under pressure to moderate capital spending on AI. These developments overshadowed further evidence of robust demand for chips. Chipmaker Micron reported a 15-fold rise in profits and signaled strong ongoing demand for its memory chips, which are used in servers that train and host AI models.

This week, investors will look for further evidence that hyperscalers remain committed to capital expenditure plans, that supply bottlenecks in memory and advanced components remain supportive for pricing, and that cloud revenue growth and enterprise AI adoption can continue to justify heavy capital outlays.

Our view is that AI remains a powerful structural opportunity. We expect AI-related capital expenditure to keep rising, with annual spending approaching USD 1 trillion next year, and we believe demand across the hardware and infrastructure buildout remains strong. Despite this positive medium-term outlook, recent volatility should continue to remind investors that shareholder pressure, stretched positioning, and narrow market leadership can create further swings. We recommend diversified and active exposure across the AI value chain and geographies, including infrastructure, enabling technologies, platforms, and application beneficiaries. We also believe investors should complement technology exposure with other secular themes and broader equity opportunities. We view global equities as Attractive and recommend staying invested while reviewing concentration risk.

## Chart of the week

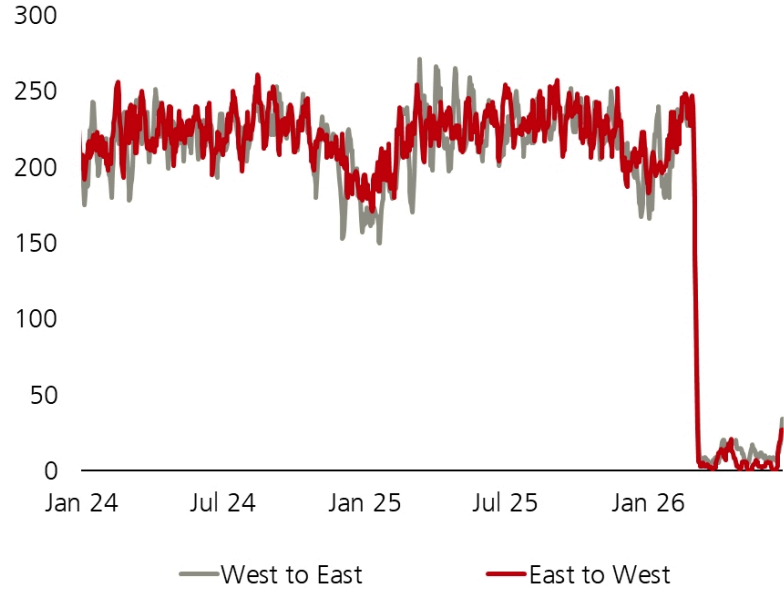
The US and Iran have made significant progress towards ending the conflict over the past month. Following the agreement of a peace framework and the lifting of the blockade on the Strait of Hormuz, tanker traffic has gradually begun to recover, and oil prices have fallen back close to pre-conflict levels. However, renewed military exchanges over the weekend show the truce is still fragile. We continue to see a bumpy path toward resolution and expect a gradual recovery in oil flows, though shipping confidence will take time to return.

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### Strait of Hormuz tanker traffic is gradually improving

Number of vessels (7-day rolling total) passing through Strait of Hormuz

Weekly Global



Source: Bloomberg, UBS, as of 26 June 2026

## Non-Traditional Assets

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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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- **Real Estate:** There are risks specifically associated with investing in real estate products and real estate investment trusts. They involve risks associated with debt, adverse changes in general economic or local market conditions, changes in governmental, tax, real estate and zoning laws or regulations, risks associated with capital calls and, for some real estate products, the risks associated with the ability to qualify for favorable treatment under the federal tax laws.
- **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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