SF Advisory

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By Shaun French, Multi-Asset Trading & Research, SF Advisory

US Fed Chair Kevin Warsh's first rate decision and FOMC press conference cites; new task forces and less communication to markets…

1) The uncertainty of how Fed Chair Kevin Warsh's first presser was going to transpire is now removed and looking forward we resume our view that a supported, stronger US dollar continuing to consolidate circa 99.39 to 100/99.80s which we can also express this view in USDJPY longs from underneath 158-160 handle w tight stop and Cable shorts (GBPUSD) from 1.3468 and 1.3610 areas respectively.

Interestingly Warsh insisted he is "not outsourcing key decisions" and rather that ; "I'm enlisting some of the very best minds, both inside and outside the economics profession". Furthermore when asked about forward guidance and commenting to the economy and markets, Wash suggested he believes markets operate better when they use economic data and discretion, and that markets should not be given full view of what the Fed is signalling/summary of economic projections………. SO we're reading Warsh as a Hawk for now until otherwise. The US 10 Yr yield likely to trade circa 4.46-4.66pc after a 20bps move upon the US Fed rate decision and presser to hold rates.

Disassociating gold and silver prices for the upcoming macro and geopolitical headwinds:

2) We are disassociating gold and silver prices for the current and upcoming macro headwinds, particularly US Iran war MOU, on the view that fundamentals such as fiscal and inflationary scarcity amongst central banks (which was one of the key supporting drivers Y24-25) is gradually being corrected in markets.
Notably due to a pause in US rate cutting cycle (hawkish pivot), stronger dollar, US 2yr and 10yr yields bid higher holding mid 4% handle. Wouldn't be surprised to see higher $3K handle or low $4K and change in gold prices by Q3 26.

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