July 6, 2026

Weekly Investment Insights

Central bank communication was a key market driver last week, with several officials taking the mic.

Stateside, Richmond Fed President Tom Barkin warned that US inflation remains "too high" and reiterated his support for a moderately restrictive monetary policy stance. Speaking at the Aspen Ideas Festival, he acknowledged that easing oil prices following the Middle East ceasefire could provide some relief, but highlighted that AI-related infrastructure investment, resilient consumer spending and corporate pricing behaviour could all lead to more embedded inflation.

Attention then shifted to the ECB Forum in Sintra. In her speech, *Back to Basics in an Uncertain Environment*, ECB President Christine Lagarde argued that the euro area's improved resilience means the ECB no longer needs to rely heavily on unconventional policy tools such as large-scale asset purchases, emergency lending programmes or detailed forward guidance. Instead, policymakers can employ policy rates as their primary instrument for maintaining price stability. Lagarde stressed that decisions will remain data-dependent and taken meeting by meeting, adding that "forward guidance is not in the cards."

Other ECB officials broadly reinforced the message that policy will remain data dependent. While opinions differ regarding the need for further tightening, the Governing Council appears firmly in a holding pattern, awaiting additional evidence on inflation and economic activity before signalling its next move.

US Fed Chair Kevin Warsh echoed Lagarde's reluctance to provide forward guidance. Speaking in Sintra, he declined to indicate what the Fed might do at its upcoming meeting, while emphasising that inflation remains above acceptable levels and reaffirming the Fed's

commitment to restoring price stability. Overall, his message pushed back against suggestions that he would pursue a more dovish policy stance simply because he was appointed by President Trump.

In equity markets, Europe's benchmark indices reached new record highs as investor sentiment improved on the back of lower oil prices, easing concerns about a prolonged energy supply shock and softer-than-expected inflation readings.

In the United States, however, some steam was released from the AI rally, with semiconductor stocks in particular facing profit-taking. Market leadership broadened as investors rotated into overlooked sectors. This was perceived as a healthy market rotation rather than a broad risk-off move, with capital shifting from richly valued mega-cap technology stocks towards cyclical and value-oriented sectors. That said, by Monday, at the time of publication, tech stocks were already bouncing back.

	Friday Close	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
S&P 500	7483,24	1,71	-0,21	9,32
Nasdaq Composite	25832,67	1,87	-1,45	11,15
EuroStoxx 50	6412,68	2,77	1,21	10,59
CAC40	8508,07	1,83	1,38	4,55
DAX	25779,31	4,84	3,29	5,42
CSI 300	4842,174	-1,72	-2,76	4,58
US 10 Year Yield (%)	4,4832	1,94	-0,13	7,02
Germany 10 Year Yield (%)	2,935	2,52	2,41	2,59
Gold Spot ($/Oz)	4176,94	3,46	3,66	-3,81

Source: Bloomberg, BIL, as of 6 July 2026

MACRO SNAPSHOT

Price pressures in the Eurozone ease more than expected

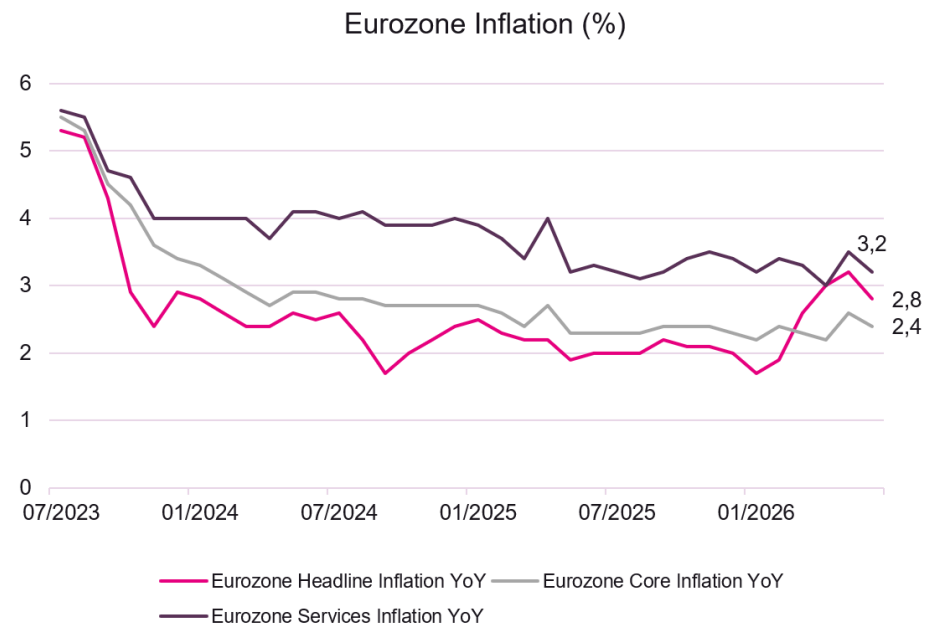
Consumer price inflation in the Euro Area fell to 2.8% in June, down from 3.2% in May and below market expectations of 3.0%, according to flash estimates. This represents the lowest inflation reading since February, prior to the outbreak of the conflict in the Middle East, which disrupted global energy markets. Albeit, inflation remains above the ECB's 2.0% target, for a fourth consecutive month.

The moderation was supported by lower energy prices, with Brent crude falling 26% during June to around $72 per barrel, leading energy inflation to ease to 8.7% from 10.8%. Inflation also slowed in services (3.2% vs. 3.5%) and food, alcohol and tobacco (1.6% vs. 1.9%), while non-energy industrial goods inflation remained unchanged at 0.9%.

Core inflation, which excludes the more volatile energy and food components, declined to 2.4%

from 2.6%, indicating that underlying price pressures are gradually easing. Across the major Eurozone economies, inflation slowed in **Germany** (2.4% from 2.7%), **France** (2.0% from 2.8%) and **Italy** (3.1% from 3.2%), while remaining constant in **Spain** at 3.6%.

In **Luxembourg**, the harmonised inflation rate fell further to 3.8% in June, according to Eurostat, but it remains among the highest in the Eurozone. Statec has yet to publish its June inflation estimate, which may differ from the Eurostat figure owing to methodological differences.



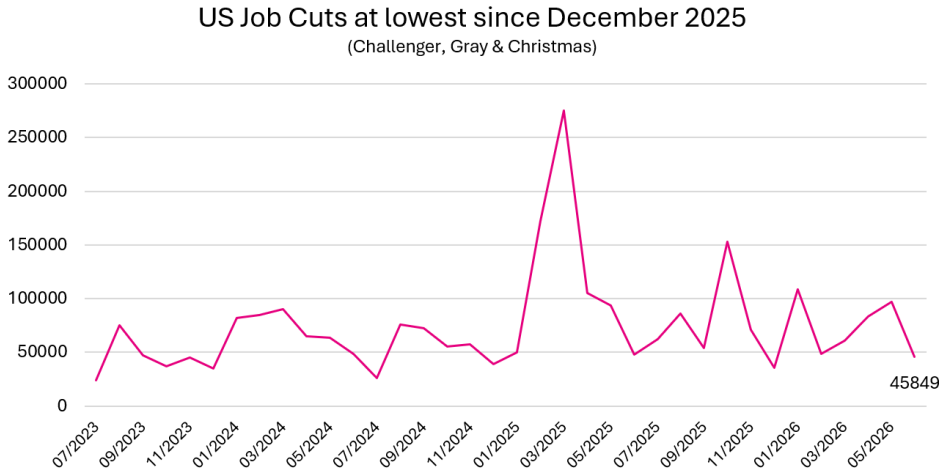
Source: Bloomberg, BIL

Germany Unveils Broad Reform Package to Support Growth

Germany's coalition government unveiled its **"Programme for Growth and Employment"**, a broad reform package aimed at boosting competitiveness, investment and long-term growth. Key measures include EUR 10 billion per year in income tax relief for low- and middle-income households from 2027, a gradual reduction in corporate taxation, labour market reforms, significant deregulation efforts and a structural pension overhaul linking retirement age to life expectancy after 2031. While economists and business groups broadly view the package as one of Germany's most ambitious reform efforts in years and expect positive medium-term growth effects, most stop short of calling it transformational. Importantly, none of the measures have been enacted yet: several require separate legislation, Bundesrat approval and effective implementation by Germany's federal states and local authorities, particularly regarding the planned reduction of bureaucracy and faster permitting procedures.

US employers aren't firing, but remain cautious on hiring

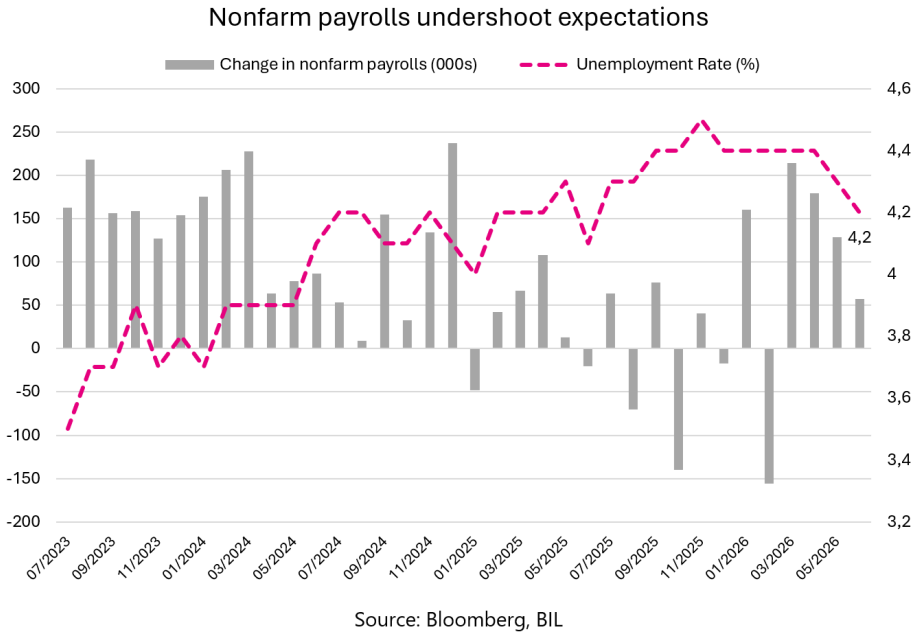
Last week, we had a slate of data allowing us to take the pulse of the US labour market. First, the Challenger report revealed that the pace of layoffs decelerated in June. Job cuts are down 53% from May and hover 4% lower than in the same month in 2025. Where layoffs did occur, they were largely concentrated in the tech sector (15,503), with AI leading companies to re-think their staffing needs.



Source: Bloomberg, BIL

Then, the JOLTs survey (job openings and labour turnover), sent another encouraging signal: job postings are on the rise. The number of vacancies rose by 9000 to 7.6 million, the highest level in two years, and comfortably above market expectations of 7.3 million.

However, stronger labour demand has yet to translate into a meaningful pickup in hiring. Nonfarm payrolls increased by just 57,000 in June, well below expectations of around 110,000, indicating that many employers remain cautious about expanding headcount. Gains were concentrated in business and professional services (a sign that AI cannot yet fully replace people), healthcare and social assistance.



Source: Bloomberg, BIL

The **unemployment rate edged down to 4.2%** from 4.3%, largely reflecting a **sharp decline in labour force participatio**n. The participation rate fell to 61.5% from 61.8%, while the labor force contracted by 720,000 people.

CALENDAR FOR THE WEEK AHEAD

Monday – Germany Factory Orders. Eurozone PPI and Retail Sales. US ISM Services PMI. US S&P Composite PMI (Final, June).

Tuesday – France Balance of Trade. UK House Price Index and BoE Financial Stability Report.

Wednesday – US FOMC Meeting Minutes.

Thursday – China Inflation data (June). US Weekly Jobless Claims, Speech by the Fed's Williams, Existing Home Sales.

Friday – Germany, France HICP Inflation (Final, June). Italy Industrial Production.

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