MacroInsightsQueen

Macro Letter

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WEEKLY BRIEF | June 30, 2026 | Macro Insights Queen

Hi everyone, quick version of this week's call: Friday's PCE print didn't break the thesis, it sharpened it. We're still long USD, buying dips, and fading the bond rally.

> **The Takeaway:** Core inflation is trending up, not down, growth just got revised higher, and the labor market is holding firm. That's a reaccelerating economy, not a disinflationary one, and the market's "peak hawkishness" pricing doesn't match it yet.

📌 Why We're Not Buying the "Peak Hawkishness" Story

May core PCE printed **0.3% MoM**, the third straight month at **0.3% or higher**. The year-over-year rate climbed from **3.0% in December to 3.4% in May**, the highest since October 2023. Supercore also ran hot at **0.5% MoM**.

The rest of the data told the same story. Core capital goods orders rose **1.4%**, personal income and spending both grew **0.7%**, claims fell again, and GDP was revised up to **2.1%**, above the **1.6%** expected.

None of this looks like a slowdown story.

Even the Apple pricing news fits the same pattern. Apple raised Mac and iPad prices on the back of AI-driven memory and storage shortages, with analysts expecting iPhone pricing pressure to follow later this year. That is exactly the point: AI demand is already showing up as inflationary before it ever becomes disinflationary.

Despite all that, bonds rallied and the market leaned into "the Fed is done." We think that's mispriced. Our own short real-rate model backs it up: the 2-year real rate is sitting just below 0.5%, still not restrictive enough given where near-term inflation expectations are.

📍 Where We Stand

- **Equities:** Buying the dip. ES holding above 7,495 keeps the broader bullish thesis intact, only a break below 6,800 changes that. Issuance risk (SpaceX and peers funding AI capex with debt) is real but concentrated, not market-wide. Russell 2000 strength confirms breadth is healthier than the mega-cap stress narrative suggests.
- **Rates:** Fading the bond rally. A modest bull steepening is possible near term, but we are not buying duration here. In our view, it would likely take a clearly weak NFP print, probably below 75k, to extend the bull-steepening move in a meaningful way. If Thursday's NFP comes in strong, we would expect both the 2-year and 10-year yields to resume higher as the market pushes back against the peak-hawkishness trade. More broadly, the 10-year should continue to move higher if growth holds up and capex spending keeps broadening. This would have important implications for risk assets. Please see the attached full report for details.
- **USD:** Staying long. The Fed still looks more hawkish than its peers, US growth is outperforming, and Middle East risk keeps a safe-haven bid alive. We'd need a clearly softer growth and inflation path to change that.

🔎 What's Next

Thursday's NFP is the next real test. Consensus is 114k vs 172k previously. A strong print supports our reacceleration call and should be a tailwind for the dollar. An in-line or soft print could let the front end lead yields lower near-term, but that's a repricing of Fed timing, not evidence the regime has flipped.

Full breakdown, including the complete level-by-level read across equities, the 2s, 5s, and 10s, and the real-rate model behind our 2-year call, is in this week's full report.

🦊👑 *MIQ Team info@macroinsightsqueen.com*

Thank you for reading!

Macro Insights Queen Team

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Macro Glossary

PCE: The Fed's preferred inflation measure. Core PCE excludes food and energy.

Supercore: A narrower inflation measure focused on services inflation. It matters because it is more closely linked to wages and domestic demand.

MoM / YoY: Month-over-month and year-over-year.

Peak hawkishness: The idea that the Fed has already reached its most aggressive point on rates, so markets start pricing out further hikes.

Real rate: The interest rate after adjusting for expected inflation. If real rates are too low, policy may not be restrictive enough.

Restrictive policy: Interest rates are high enough to slow demand and bring inflation down.

Bond rally: Bond prices rise and yields fall.

Duration: Exposure to longer-dated bonds. Buying duration means betting yields will fall.

Bull steepening: Short-term yields fall faster than long-term yields. This usually happens when markets price fewer Fed hikes or eventual cuts.

Front end / long end: The front end means short-term yields like the 2-year. The long end means longer-term yields like the 10-year.

ES: S&P 500 futures.

Capex: Capital expenditure, or business investment in equipment, infrastructure, factories, data centers, and similar assets.

Issuance risk: The risk that companies sell more debt or equity to fund investment, which can pressure valuations.

Breadth: How widely a market move is shared across stocks. Strong breadth means the rally is not only driven by a few mega-cap names.

Safe-haven bid: Demand for assets like the U.S. dollar during geopolitical or market stress.

NFP: Nonfarm payrolls, the main monthly U.S. jobs report.

Post-May PCE: Why We Still Lean Overheat Risk Over Disinflation

WEEKLY | June 30, 2026 | Macro Insights Queen Hi everyone, last Friday's PCE print was the test we'd been waiting for. It didn't break the thesis. It sharpened it. 📌 The Regime: Mid-Cycle Reacceleration Is Tipping Into Overheat Nothing about the framework changed today. What changed is how much evidence is now sitting on […]

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Pre-PCE Macro Regime Update

Regime Snapshot Growth Inflation Liquidity Policy Accelerating Accelerating Expanding, despite the rate hold Market-led under Warsh, price stability is the stated priority The 5 Things That Matter Post-FOMC (as of June 23, 2026) 1. Warsh is building a market-led Fed. Chair Kevin Warsh has deliberately stepped back from explicit forward guidance. He wants markets pricing […]

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