

Monthly PCE inflation, the Federal Reserve's favorite measure, came in line (core) to somewhat softer (headline) than the consensus forecasts. This brought annual headline inflation to multi-year highs, 4.1% for headline and 3.4% for core



PCE inflation, monthly annualized

Seasonally adjusted; in percentages



Source: BLS, RSM

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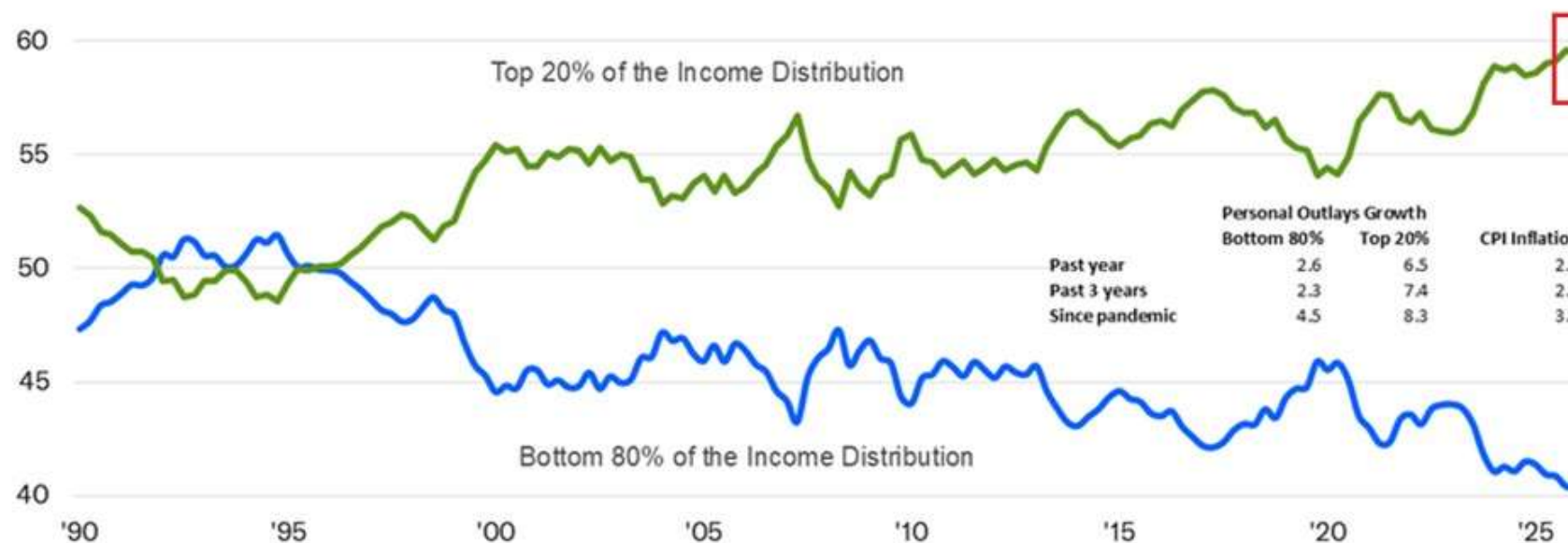
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Over the last year, the gap between the top and the bottom earners has widened further, with the top 20% seeing a +6.5% increase in spending, compared to +2.6% for the bottom 80%



The K-Shaped Economy

Share of personal outlays by income group, %



Sources: Federal Reserve, Moody's Analytic

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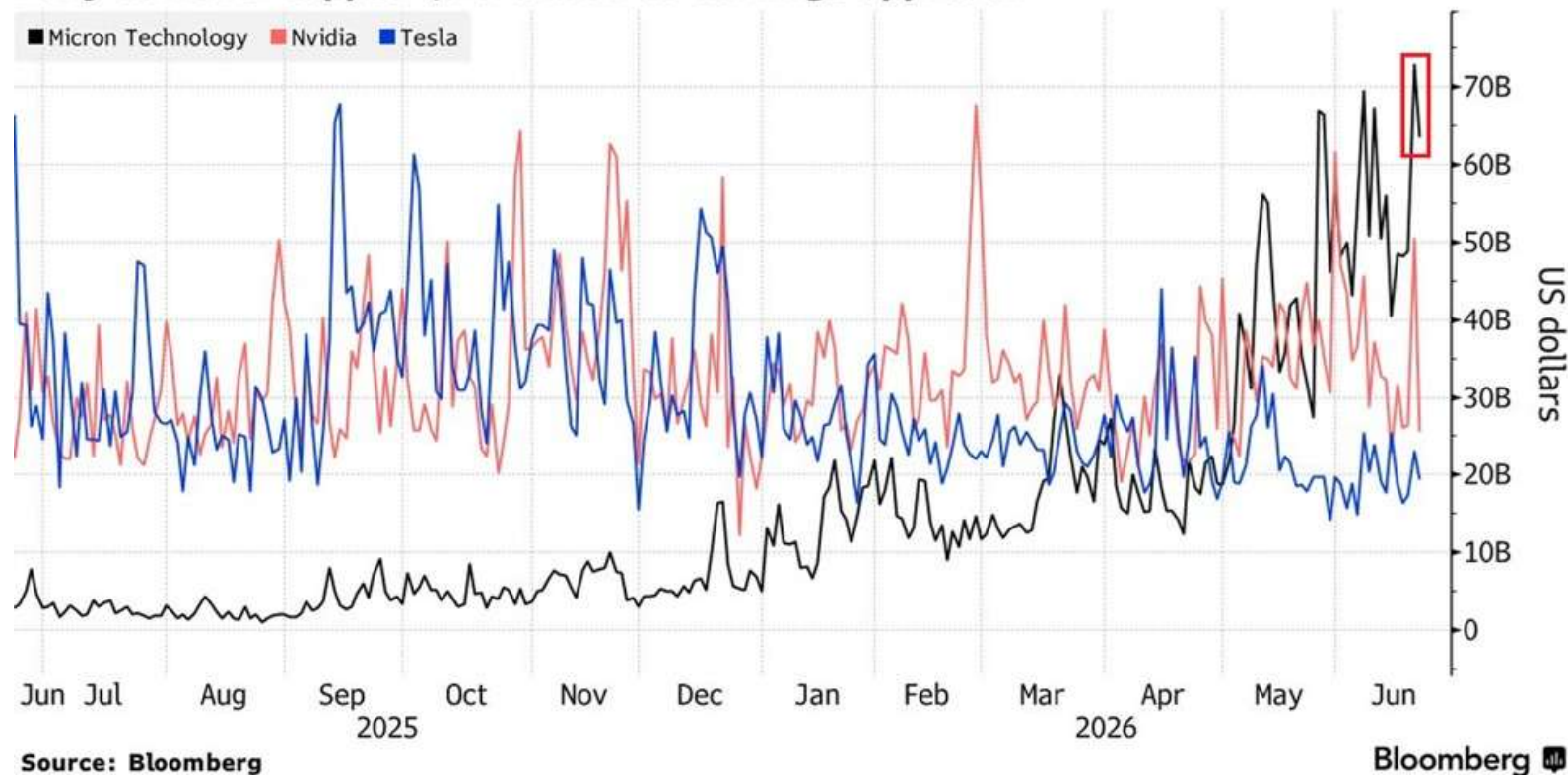
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Chip giant Micron reported a nearly 15-fold surge in quarterly profits, sending shares in the \$1.3 trillion group. With a daily turnover above \$70 billion, Micron became the most traded stock in the US. This comes as Micron has surged +268% ytd, and has been the biggest contributor to the S&P 500's +7.5% gain so far this year



Micron Becomes Most Heavily Traded US Stock

Daily turnover topped \$70 billion as earnings approach



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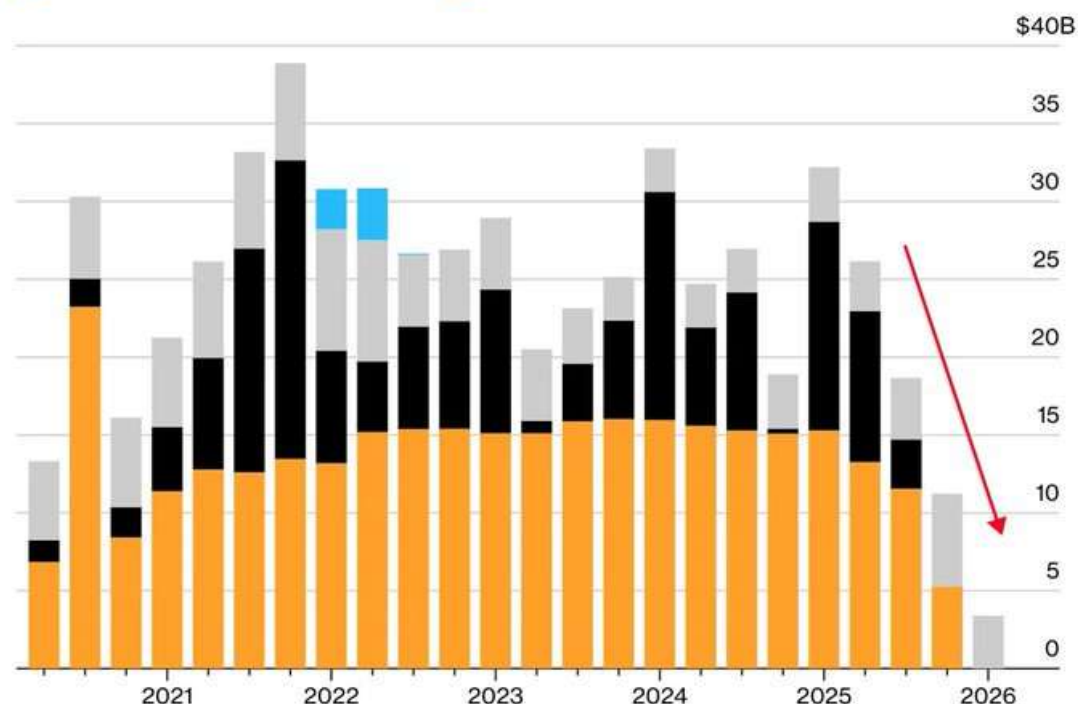
Wall Street projects hyperscalers' free cash flow to fall by over 70% from its peak by the end of 2026, even as earnings keep climbing. As a results, Big Tech share buybacks are collapsing as AI spending eats all the cash



Big Tech's Disappearing Buybacks

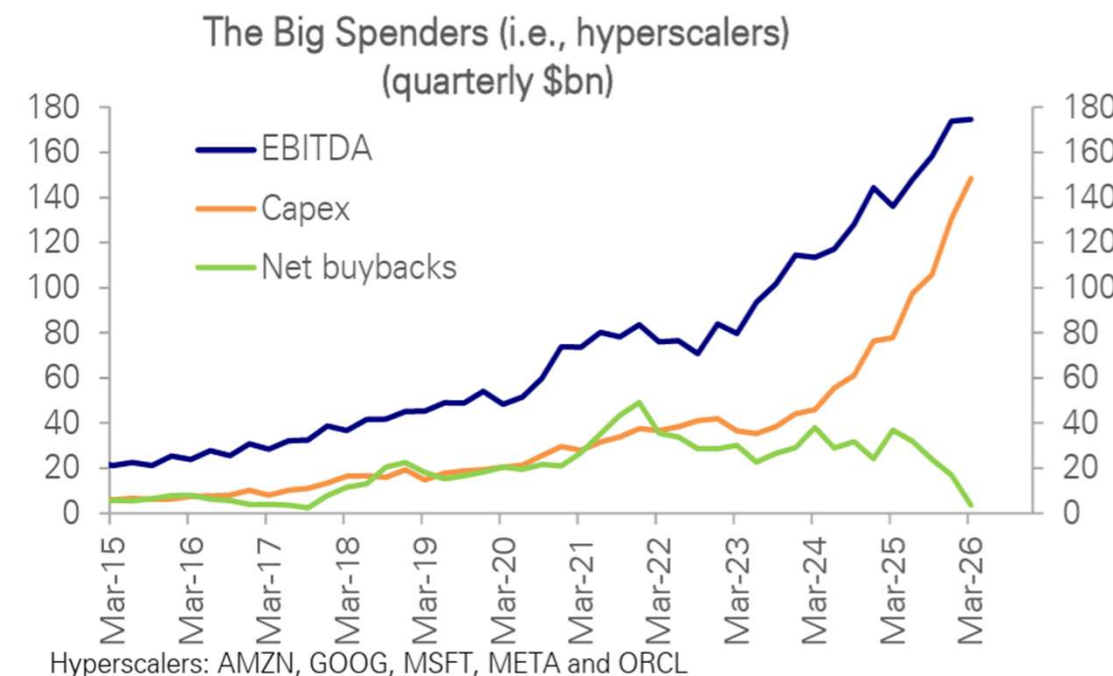
Total value of shares repurchased by biggest AI spenders

Alphabet Meta Microsoft Amazon



Source: Bloomberg

Figure 4: For the hyperscalers, capex is indeed surging much faster than their earnings are and they are slashing their buybacks



Source : Bloomberg Finance LP, Deutsche Bank Asset Allocation

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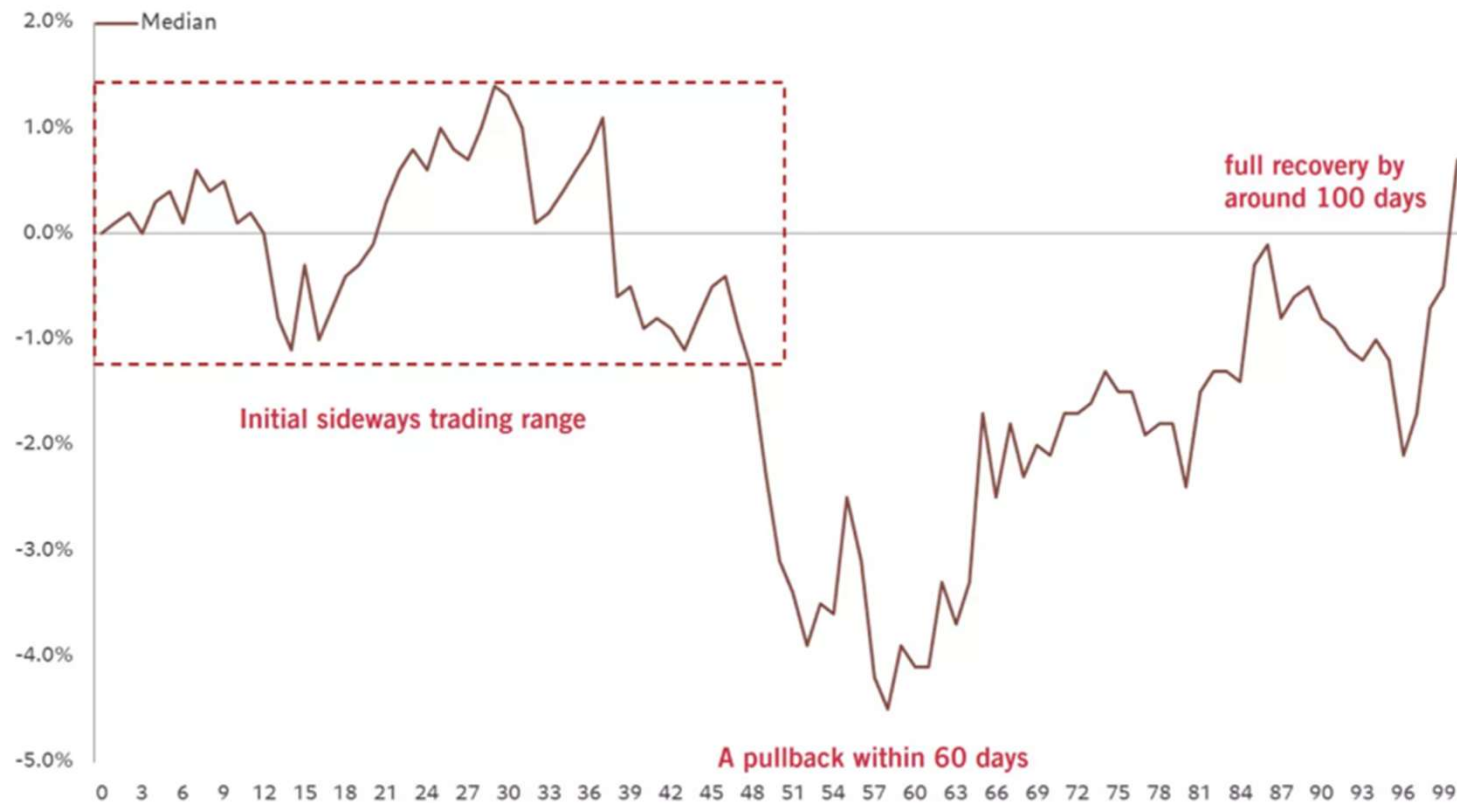
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How has the market performed following a new Federal Reserve Chair ?



Median S&P 500 performance following a Fed chair transition

Sideways trading initially, followed by a pullback within 60 days and a recovery around 100 days



Source: FactSet financial data and analytics; Pictet Trading Strategy; as of 18/06/2026.

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