MAKING SENSE OF *THIS* WORLD — *22 June 2026*

R&R Weekly Column
By Brunello Rosa

The Spat With Meloni Reflects Trump's Nervousness About The Iran Deal

An intense spat between US President Donald Trump and Italy's Prime Minister Meloni took place last week, not long after the end of the G7 meeting in Evian. Initially, Trump told a minor Italian TV show that Meloni begged for a picture with him in Evian, something he wasn't obliged to do, but did as he felt sorry for her. She was certainly eager to make things right after a recent interview given to a major Italian newspaper, where Trump said he was disappointed by Meloni, who didn't support him in the war in Iran. Meloni decided to ignore that first reprimand.

Some experts in body language, studying the various interactions between Trump and Meloni in Evian, did say that everything in her posture showed she was really looking for some form of approval from Trump, to show the two were back on the good terms they've always had. So, even if Meloni didn't explicitly ask for the photo opportunity, everything suggested she was clearly hoping for that to happen, and at least implicitly looking for it. But the absence of an explicit request motivated Meloni's initial response to Trump's allegation: "I, and Italy, never beg for anything" was the conclusion of her response, which started by saying she was astonished by Trump's words, and she wished that Trump was as harsh with the West's enemies as he is with his allies.

As reported by some media outlets, Meloni felt this wasn't over – and in fact a few hours later, Trump made an official statement, saying that "Giorgia Meloni asked, over and over, for a picture with [him]", as "she is doing poorly in Italy with her level of popularity" and therefore "she wants to be friends again in order to get her numbers up." He lamented that Italy didn't help with the military operations in Iran, by not conceding use of its bases. To which she responded by saying that her popularity depends on her defense of Italy's national interests, rather than her friendship with him, and that Trump should worry about his popularity ratings rather than her. A few hours later, Mr Zampolli, one of Trump's closest allies, said that this cannot be sugar coated: it's a rupture between the two.

We suspect that this clash between Trump and his staunchest defender in Europe (after the fall of Hungary's Orban) masks something much deeper than a clash among strong personalities. On the US side, it clearly betrays Trump's nervousness about the result of the Iran campaign, from both a military and a diplomatic perspective. Militarily, Iran withstood the attack of the two strongest armies in the Western world (US and Israel), maintained its missile arsenal (with Trump even saying they have the right to keep it) and has not committed to stop its nuclear program. In the fourteen points of the ceasefire agreement, it's obvious that Iran got much more than the US, including USD 300bn of reparations from the region, disguised as an investment fund. In wars, the defeated country pays reparations to the winning country. As negotiations begin in Luzern, Trump knows that he's got much more to lose than to win.

In Europe, Meloni knows that she cannot really count on Trump anymore, and with elections approaching, she needs to remain close to Europe (which still sends its EU recovery fund monies) and to the Pope, whom she defended from Trump's attacks a few weeks back.

To conclude, this is yet another confirmation of how disastrous Trump's decision to attack Iran was, and how bad the ramifications of that decision could be.

Looking Ahead

The Week Ahead: US Final Reading of Q1 GDP to Show Accelerating Growth

In the US, in Q1, according to the final estimate, GDP growth is expected to advance by 1.6% q-o-q (*p:* 0.5%). In Q1, PCE and core PCE prices are likely to increase by 4.5% q-o-q (*p:* 2.9%) and 4.4% q-o-q (*p:* 2.7%). In June, Michigan Consumer Sentiment is seen rising to 48.9 (*p:* 44.8)

In the EZ, in June, consumer confidence is expected to increase to -18 (*p:* -19).

The Quarter Ahead: US And Iran Envoys Head For Talks; G7 Summit In Evian; Switzerland Referendum

US envoy Witkoff and Iranian Foreign Minister Araqchi are reportedly heading to Switzerland for talks aimed at turning this week's interim agreement into a broader deal on the Iran conflict and Tehran's nuclear programme. The diplomatic effort faces an early test, however, as Israeli strikes in southern Lebanon continued despite a new Israel-Hezbollah ceasefire. The truce is a key condition for launching a 60-day US-Iran negotiation process and reopening the Strait of Hormuz.

G7 Meeting in Evian. G7 leaders reaffirmed support for Ukraine, welcomed progress toward a U.S.-Iran agreement, and called for action to address global economic imbalances linked to China. AI governance and online safety also featured prominently. The summit delivered an unusual degree of unity among Western leaders and was widely seen as a diplomatic success for France.

Swiss voters rejected a proposal to cap the country's population at 10 million by 2050, with 54.8% voting against the measure. The initiative would have tightened immigration rules and potentially ended Switzerland's free movement agreement with the EU.

Last Week's Review

Real Economy: Inflation Rose In EZ; UK Unemployment Remained Unchanged; Fed and BOE Stayed On Hold

In the US, in May, IP rose by 1.7% y-o-y (*p:* 1.4%). In May, retail sales increased by 3.1% y-o-y (*c:* 3.3%; *p:* 3.0%).

In the EZ, in May, headline and core inflation rates rose to 3.2% y-o-y (*c:* 3.2%; *p:* 3.0%) and 2.6% y-o-y (*c:* 2.5%; *p*: 2.2%). In June, ZEW Economic Sentiment Index deteriorated rose to 9.5 (*c:* -7.2; *p:* -9.1). In April, IP is expected to rose by 0.3% y-o-y (*p:* -2.8%). In Q1, wage growth rose by 3.4% y-o-y (*p:* 3.1%).

In the UK, in April, unemployment rate fell to 4.9% (*c:* 5.0%; *p:* 5.0%). In May, headline inflation remained at 2.8% (*c:* 3.0%), while core inflation increased to 2.6% y-o-y (*c:* 2.7%; *p:* 2.5%). In May, retail sales rose to 6.9% y-o-y (*p:* 4.8%). In June, Gfk Consumer Confidence shrank by 23 (*c:* -24; *p:* -23).

CBs Remained On Hold. In the US, the Federal Reserve maintained its target Fed funds range at 3.50% - 3.75%. In the UK, the BoE hold its Bank Rate at 3.75%.

Financial Markets: Stocks and UST Yields Rose; Dollar Fell; Oil And Gold Prices Declined

Market Drivers: US stocks rose in the holiday-shortened week as a US-Iran agreement eased concerns over the Strait of Hormuz and helped lower oil prices. Treasuries weakened after the Fed meeting, with short-term yields rising sharply and the two-year yield reaching its highest level in over a year. European equities also advanced, supported by the deal despite mixed economic data.

Global Equities: increased *w-o-w* (MSCI ACWI, +1.2%, to 1,125.91). The US S&P 500 index rose (+0.9% w-o-w, to 7,500.58). In the EZ, share prices were up (Eurostoxx 50, +1.6% w-o-w, to 6,288.05) In EMs, equity increased (MSCI EMs, +4.1%, to 1,786.22). Volatility rose to 18.55 (VIX S&P 500, 52w avg.: 19.4; 10y avg.: 19.9).

Fixed Income: *w-o-*w, the 10-year US Treasury yields are virtually unchanged (+0 bps to 4.49%). The 2-year US Treasury yields rose (+9 bps to 4.18%). The German 10-year bund yields edged down (-2 bps to 2.98%).

FX: *w-o-w,* the US Dollar Index decreased (DXY, -0.3%, to 99.75; EUR/USD +0.4%, to 1.16). In EMs, currencies declined (MSCI EM Currency Index, -0.0% w-o-w, to 1,866.65).

Commodities: *w-o-w,* oil prices declined (Brent, -7.7% to 80.57 USD/b). Gold rose declined w-o-w (-1.6% to 4,172.90 USD/Oz).

@RosaRoubini Rosa & Roubini Rosa&Roubini Associates

For more information, please call us on +44 (0)207 1010 718 or send us an email to info@rosa-roubini-associates.com

www.rosa-roubini.com

75 King William Street, London EC4N 7BE, United Kingdom

Nato Balavadze contributed to this Viewsletter. *The picture in the first page was taken from this website.*

Abbreviations, Acronyms and Definitions

a	Actual	LN	Northern League, Italy
AKP	Justice and Development Party, Turkey	M5S	Five Star Movement, Italy
ann.	annualized	m-o-m	Month-on-month
ARS	Argentinian Peso	mb	Million barrels
avg.	Average	mb/d	Million barrels per day
bn	Billion	MENA	Middle East and North Africa
BoC	Bank of Canada	MHP	Nationalist Movement Party, Turkey
BoE	Bank of England	mn	Million
BoJ	Bank of Japan	MPC	Monetary Policy Committee
bpd	Barrels per day	NAFTA	North-American Free Trade Agreement
bps	Basis points	NATO	North Atlantic Treaty Organization
BS	Balance sheet	OECD	Organization for Economic Cooperation and Development
c	Consensus	Opec	Organization of Petroleum Exporting Countries
C/A	Current account	p	Previous
CB	Central bank	P2P	Peer-to-peer
CBB	Central Bank of Bahrain	PBoC	People's Bank of China
CBK	Central Bank of Kuwait	PCE	Personal Consumption Expenditures
CBT	Central Bank of Turkey	PE	Price to earnings ratio
CDU	Christian Democratic Union, Germany	PM	Prime minister
CNY	Chinese Yuan	PMI	Purchasing managers' index
CPI	Consumer Price Index	pps	Percentage points
DJIA	Dow Jones Industrial Average Index	pw	Previous week
DJEM	Dow Jones Emerging Markets Index	QCB	Qatar Central Bank
d-o-d	Day-on-day	QAR	Qatari Riyal
DXY	US Dollar Index	QE	Quantitative easing
EC	European Commission	q-o-q	Quarter-on-quarter
ECB	European Central Bank	RE	Real estate
ECJ	European Court of Justice	RBA	Reserve Bank of Australia
EIA	US Energy Information Agency	RRR	Reserve Requirement Ratio
EM	Emerging Markets	RUB	Russian Rouble
EP	European Parliament	SWF	Sovereign Wealth Fund
EPS	Earnings per share	tn	Trillion
EU	European Union	TRY	Turkish Lira
EUR	Euro	UAE	United Arab Emirates
EZ	Eurozone	UK	United Kingdom
Fed	US Federal Reserve	US	United States
FOMC	US Federal Open Market Committee	USD	United States Dollar
FRB	US Federal Reserve Board	USD/b	USD per barrel
FX	Foreign exchange	UST	US Treasury bills/bonds
FY	Fiscal Year	VAT	Value added tax
GCC	Gulf Cooperation Council	VIX	Chicago Board Options Exchange Volatility Index
GBP	British pound	WTI	West Texas Intermediate
GDP	Gross domestic product	WTO	World Trade Organisation
IMF	International Monetary Fund	w	Week
INR	Indian Rupee	w-o-w	Week-on-week
IPO	Initial public offering	y	Year
IRR	Iranian Rial	y-o-y	Year-on-year
JPY	Japanese yen	y-t-d	Year-to-date
k	thousand	ZAR	South African Rand
KSA	Kingdom of Saudi Arabia	2y; 10y	2-year; 10-year