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Quarterly Market Review: April-June 2026

The Markets (second quarter through June 30, 2026)

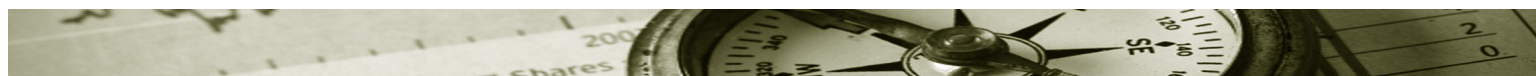
Wall Street enjoyed a solid quarter of growth during a period of time that was anything but stable. April, May, and June saw a de-escalation in a major conflict, a reaffirmation of the independence of the central bank from political pressure, strong corporate earnings, a resilient consumer, and a U.S. economy that continued to expand, despite several tumultuous developments. Both the S&P 500 and the NASDAQ enjoyed their strongest quarters since 2020. The gains posted by the Dow put that index on track for its best first half in about five years and its biggest quarter since 2022. The quarter opened with investors still digesting tariff uncertainty and the ongoing U.S.-Iran conflict, which pushed energy prices higher and raised concerns about the efficacy of risk assets. There were concerns that equities were overvalued, while volatility increased as investors tried to price in the possibility of prolonged disruption to global trade and shipping routes. However, news of U.S.-Iran peace talks and a ceasefire in the Strait of Hormuz helped defuse one of the quarter's biggest concerns. The reopening of key shipping lanes and the prospect of more stable energy markets supported risk appetite, with stocks moving higher.

Stock Market Indexes

Market/Index	2025 Close	As of June 30	Monthly Change	Quarterly Change	YTD Change
DJIA	48,063.29	52,319.20	2.52%	12.90%	8.85%
NASDAQ	23,241.99	26,213.72	-2.81%	21.41%	12.79%
S&P 500	6,845.50	7,499.36	-1.06%	14.87%	9.55%
Russell 2000	2,481.91	3,024.37	3.60%	21.15%	21.86%
Global Dow	6,169.34	6,823.89	-1.09%	9.60%	10.61%
fed. funds target rate	3.50%-3.75%	3.50%-3.75%	0 bps	0 bps	0 bps
10-year Treasuries	4.16%	4.41%	-4 bps	10 bps	25 bps
US Dollar-DXY	98.26	101.15	2.24%	1.29%	2.94%
Crude Oil-CL=F	\$57.46	\$70.05	-20.28%	-30.99%	21.91%
Gold-GC=F	\$4,323.90	\$4,026.50	-11.95%	-14.34%	-6.88%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.





Key Dates/Data Releases

7/1: S&P Global Manufacturing PMI

7/2: Employment Situation

7/6: S&P Global Services PMI

7/7: International trade in goods and services

7/9: Existing home sales

7/13: Treasury budget statement

7/14: Consumer Price Index

7/15: Producer Price Index

7/16: Retail sales

7/17: Industrial production, import and export prices, housing starts

7/24: New home sales

7/27: Durable goods orders

7/28: International trade in goods

7/29: FOMC meeting statement

7/30: GDP, Personal Income and Outlays

Information technology and communication services were the sector leaders as investor enthusiasm for AI drove much of the market. Industrials, real estate, financials, and health care also made notable strides by the end of the second quarter.

The U.S. bond market spent much of the second quarter oscillating between rising and falling yields, influenced by resilient growth, stubborn inflation, and a cautious Federal Reserve. Treasury yields drifted higher in the second quarter as energy-linked inflation coupled with fading hopes for near-term fiscal easing ultimately pushed yields up but not without periods of decline. The 10-year Treasury yield spent most of the quarter swaying within a volatile 4.0%-4.5% range. The two-year note also ebbed and flowed for much of the quarter. However, the yield curve (the 10-year yield minus the 2-year yield) shifted from a prolonged inversion into positive territory.

According to FactSet, following a blowout Q1 in which S&P 500 companies posted 28.6% earnings growth (the highest since 2021), corporate profits are expected to carry strong momentum into the second quarter. Since the start of Q2 earnings season in mid-July, analysts are projecting a year-over-year growth rate of 20.6%-21.3% for the S&P 500. Corporate America remains resilient despite market anxiety surrounding sticky inflation and a potential Federal Reserve interest rate hike in September.

The second quarter of 2026 proved to be a difficult period for gold, which endured its worst quarterly performance in 13 years. After hitting an all-time high of \$5,589.38 per ounce in late January, gold prices steadily declined. Gold began Q2 at about \$4,700.00 per ounce, only to slide to under \$4,030.00 per ounce by the end of June, marking the first negative quarterly performance in the last 11 quarters. Typically, the tensions in the Middle East would trigger a flight to safety, boosting gold. However, surging crude oil prices stoked fears of inflation and evaporated projected interest rate cuts by the Federal Reserve, which dampened interest in non-yielding gold and other precious metals.

To describe the second quarter as a roller-coaster ride for energy markets would be an understatement. Volatility in the Middle East sent crude oil prices surging to near four-year highs in April. However, a diplomatic compromise, including the reopening of the Strait of Hormuz, led to a massive reduction in crude oil prices throughout June. April saw prices rise to a 46-month high of nearly \$113.00 per barrel, more than double the price at the start of the year. Escalating crude oil prices impacted consumers at the pumps, where gasoline prices climbed to a national average of over \$4.00 per gallon. In mid-May, peace talks slowed price increases, culminating in a ceasefire agreement in mid-June, which resulted in the rapid deflation of crude oil prices to about \$70.00 per barrel by the end of the quarter. The retail price for regular gasoline was \$3.914 per gallon on June 22, \$0.561 below the price at the end of May but \$0.701 more than the price a year ago. According to Freddie Mac, the 30-year fixed-rate mortgage averaged 6.49% as of June 25. That's up from 6.38% at the end of March but under the 6.77% rate from a year earlier.

Despite persistent inflation, tighter financial conditions, and geopolitical tensions, the U.S. economy showed surprising resilience. Gross domestic product held steady at an annualized rate of 2.1% during the quarter. While growth was modest, it exceeded fears of an economic contraction that prevailed throughout the end of the first quarter. The conflict in the Middle East, beginning in mid-March, had a ripple effect throughout the economy. Crude oil prices rapidly increased, inflationary pressures were felt for both products and services, and consumer spending retreated. Employment growth, which cooled in the first quarter, exceeded expectations in the second quarter, with job gains averaging 175,500 for April and May. The unemployment rate remained at 4.3% for April and May.

Inflationary pressures, which had stabilized somewhat in the first quarter, made a supply-driven return in the second quarter. Driven by rising energy prices, the Consumer Price Index spiked to an estimated annualized average of 6.0% for the quarter, while core prices hovered around 3.2%. The personal consumption expenditures price index peaked near 3.8% during the second quarter. In response, the Federal Reserve, under new leadership, maintained the federal funds target rate range but is expected to hike rates during the remainder of the year in an attempt to rein in rising prices.

Latest Economic Reports

The following section contains a review of the latest economic data available as of June 30, 2026.

- **Employment:** Job growth exceeded expectations for the second consecutive month in May as employment rose by 172,000 after increasing 179,000 (revised) in the previous month. The change in employment for March was revised up by 29,000 to 214,000, and the change for April was revised up by 64,000 to 179,000. With these revisions, employment in March and April combined was 93,000 higher than previously reported. The unemployment rate was 4.3% in May, unchanged from the previous month's rate and from May 2025. The number of unemployed persons in May was 7.3 million, which was essentially unchanged from the previous month and from May 2025. The number of long-term unemployed (those jobless for 27 weeks or more), at 2.0 million in May, rose 155,000 from the April rate and accounted for 27.5% of all unemployed persons. The total number of long-term unemployed in May was about 524,000 more than the estimate from a year earlier. The labor force participation rate, at



61.8% in May, was unchanged from the April rate and was 0.6 percentage point below the rate from a year earlier. The employment-population ratio in May, at 59.2%, increased 0.1 percentage point from April but was 0.5 percentage point below the May 2025 estimate. In May, average hourly earnings increased by \$0.12, or 0.3%, to \$37.53. Over the past 12 months ended in May, average hourly earnings rose by 3.4%, down 0.2 percentage point from the 12 months ended in April 2026 (3.6%). The average workweek was unchanged at 34.3 hours last month.

- There were 215,000 initial claims for unemployment insurance for the week ended June 20, 2026. During the same period, the total number of workers receiving unemployment insurance was 1,821,000. The insured unemployment rate was 1.2%, 0.1 percentage point below the rate a year earlier. A year ago, there were 236,000 initial claims, while the total number of workers receiving unemployment insurance was 1,960,000.
- **FOMC/interest rates:** As expected, the Federal Open Market Committee (FOMC) left the federal funds target rate range unchanged at its current 3.50%-3.75%. Following its first meeting under new Fed chair Kevin Warsh, the Committee's statement, which was much briefer than in the past, indicated that economic activity was moving at a solid pace and that inflation remained elevated.
- **GDP/budget:** The rate of economic expansion accelerated somewhat in the first quarter of 2026, with gross domestic product (GDP) rising 2.1%, according to the third and final estimate from the Bureau of Economic Analysis. In the fourth quarter, GDP rose 0.5%. Compared to the fourth quarter, the increase in GDP in the first quarter reflected advances in government spending (-5.6% to +4.4%) and exports (-3.2% to +10.9%) and a deceleration in consumer spending (+1.9% to +0.5%) that were partly offset by an acceleration in investment (+2.3% to +7.9%). Consumer spending, as measured by personal consumption expenditures, is the primary driver of GDP. In the first quarter, spending on both goods and services each rose 0.5%.
- May 2026 saw the federal budget register a deficit of \$239 billion following April's \$215 billion surplus, which was driven by large individual tax deposits. A year earlier, the surplus was \$316 billion. In May, receipts totaled \$356 billion, while expenditures were \$628 billion. Over the eight months of the current fiscal year, the government deficit sits at \$1,246 billion, \$118 billion less than the cumulative deficit over the same period of the previous fiscal year. Over the same eight months, individual income taxes, at \$1,913 billion, accounted for more than half of the total receipts of \$3,656 billion. Total expenditures for this fiscal year equal \$4,902 billion, of which Social Security (\$1,097 billion) was the largest outlay.
- **Inflation/consumer spending:** According to the latest Personal Income and Outlays report, both personal income and disposable (after-tax) personal income each rose 0.7% in May from April. Personal consumption expenditures increased 0.7%. Consumer prices, as measured by the PCE price index, rose 0.4% in May, the same increase as in April. Excluding food and energy, the PCE price index increased 0.3% in May. From the same month one year ago, the PCE price index increased 4.1% (3.8% for the 12 months ended in April). Excluding food and energy, the PCE price index increased 3.4% from May 2025 (3.3% for the year ended in April).
- The Consumer Price Index (CPI) advanced 0.5% in May and 4.2% over the last 12 months, 0.4 percentage point higher than for the 12 months ended in April. Energy prices, which drove the overall surge in CPI, rose 3.9% in May and 23.5% over the last 12 months. Gasoline prices increased 7.8% in May and 40.5% since May 2025. Shelter prices increased 0.3% in May and 3.4% since May 2025. Food prices rose 0.2% in May and 2.7% over the last 12 months. Prices less food and energy rose 0.2% in May and 2.9% over the last 12 months.
- The latest data reveals that the Producer Price Index increased 1.1% in May, unchanged from the revised April estimate. Producer prices increased 6.5% over the last 12 months, the largest 12-month advance since the 12 months ended November 2022. In May, prices for goods rose 2.8% from the previous month, which accounted for nearly 80.0% of the overall increase. Gasoline prices rose 23.4% in May. Prices for services increased 0.3% in May. For the year, producer prices for goods rose 10.4%, while prices for services advanced 4.9%. Excluding foods and energy, prices increased 0.4% in May and 4.9% over the year. Excluding foods, energy, and trade services, producer prices moved up 0.8% in May and 5.1% since May 2025.
- **Housing:** Existing home sales increased 3.2% in May and 3.2% from a year ago. Inventory of existing homes for sale in May, at a 4.5-month supply, was unchanged from the prior month's estimate. The median sales price in May was \$429,300, up from the April estimate of \$417,500, and greater than the May 2025 price of \$423,700. Sales of existing single-family homes rose 3.5% in May and 3.3% from May 2025. The median sales price for existing single-family homes in May was \$434,300, up from the previous month's price of \$421,900, and higher than the May 2025 price of \$428,800.
- The most recent data shows sales of new single-family houses in May 2026 were 7.3% below the April rate and 6.8% under the May 2025 estimate. Inventory of new single-family homes for sale in May represented a supply of 10.3 months at the current sales rate, 10.8% above the April estimate and 6.2%



over the May 2025 figure. The median sales price of new houses sold in May 2026 was \$424,900. This was 2.0% above the April price and unchanged from the May 2025 price. The average sales price of new houses sold in May 2026 was \$540,600. This was 7.8% above the April price and 5.0% higher than the April 2025 figure.

- **Manufacturing:** Industrial production (IP) ticked up 0.1% in May after rising 0.9% in April. IP was 1.7% above its year-earlier level. Manufacturing output was unchanged from the prior month last month but 1.4% above the May 2025 estimate. In May, the index for mining rose 1.3% and was up 2.0% from last year, while the index for utilities decreased 0.4% in May but was 3.1% over the May 2025 estimate.
- According to the latest report from the Census Bureau, new orders for durable goods decreased \$15.6 billion, or 4.5%, in May following an 8.5% April advance. Excluding transportation, new orders increased 1.3%. Excluding defense, new orders decreased 4.6%. Transportation equipment led the May decrease, falling \$18.5 billion, or 14.0%.
- **Imports and exports:** U.S. import prices increased 1.9% in May, according to the latest report from the Bureau of Labor Statistics. Prices for exports increased 1.3% in May. Over the 12 months ended in May, import prices rose 6.7%, the largest over-the-year advance since import prices rose 7.7% in August 2022. Export prices increased 11.2% since May 2025, the largest over-the-year increase since export prices rose 11.2% in August 2022.
- The international trade in goods deficit was \$105.8 billion in May, up \$22.7 billion, or 27.4%, from April. Exports of goods for May were \$207.7 billion, \$11.8 billion, or 5.4%, less than April exports. Imports of goods for May were \$313.4 billion, \$10.9 billion, or 3.6%, more than April imports.
- The latest information on international trade in goods and services, released June 9, 2026, was for April and revealed that the goods and services trade deficit was \$55.9 billion, a decrease of \$0.7 billion, or 1.2%, from the March deficit. April exports were \$327.1 billion, \$8.3 billion, or 2.6%, more than March exports. April imports were \$383.0 billion, \$7.6 billion, or 2.0%, above the March estimate. Year to date, the goods and services deficit decreased \$213.5 billion, or 49.1%, from the same period in 2025. Exports increased \$128.2 billion, or 11.3%. Imports decreased \$85.3 billion, or 5.5%.
- **International markets:** June saw strong stock market performances in Europe and Asia, driven by easing energy costs and a continuing surge in AI shares. European equities had their strongest quarterly performance since the three months ended October 2020. Asian stock markets enjoyed their strongest quarter in 17 years. By the end of June, the STOXX Europe 600 Index rose 2.5% for the month and 9.9% for the second quarter; the United Kingdom's FTSE ticked up 1.7% for the month and 3.7% for the second quarter; Japan's Nikkei 225 Index gained 5.0% in June and 37.2% in the second quarter; and China's Shanghai Composite Index ticked up 0.5% in June and 5.2% in the second quarter.
- **Consumer confidence:** The Consumer Confidence Index inched up in June to 91.2 from 90.6 in May. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, decreased by 3.0 points to 116.4. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, rose by 3.0 points to 74.4.

Eye on the Quarter Ahead

Economic uncertainty remains elevated heading into the third quarter. While the labor market has shown strength, inflation remains "sticky," as geopolitical instability continues to be a key variable.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded



blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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