

What's on Our Minds

MARKET HIGHLIGHTS

- > **Excitement over the largest-ever IPO** lifted equities last week despite a midweek selloff. Other contributors included more big IPOs to follow and optimism on a near-term end to Middle East hostilities.
- > **President Donald Trump said an Iran deal will be signed soon**, ending recent ceasefire violations. Investors have heard such claims before and Iran hasn't confirmed, so volatility is possible—though the administration appears intent on a deal.
- > **May headline Consumer Price Index rose 0.5% as expected**, lifting the year-over-year rate to 4.2% from 3.8%. Energy rose 3.9% month over month, driving 60% of the increase. Core was muted at 0.2%; year-over-year core rose to 2.9%.
- > **Headline Producer Price Index rose 1.1% in May, up 6.5% year over year**—the highest since November 2022. Core rose 0.4%, with year-over-year steady at a still-high 4.9%.
- > **We expect the Federal Open Market Committee to hold rates steady this week**, with new Federal Reserve (Fed) Chair Kevin Warsh likely to temper growing hawkishness within the committee.

MARKET PERFORMANCE

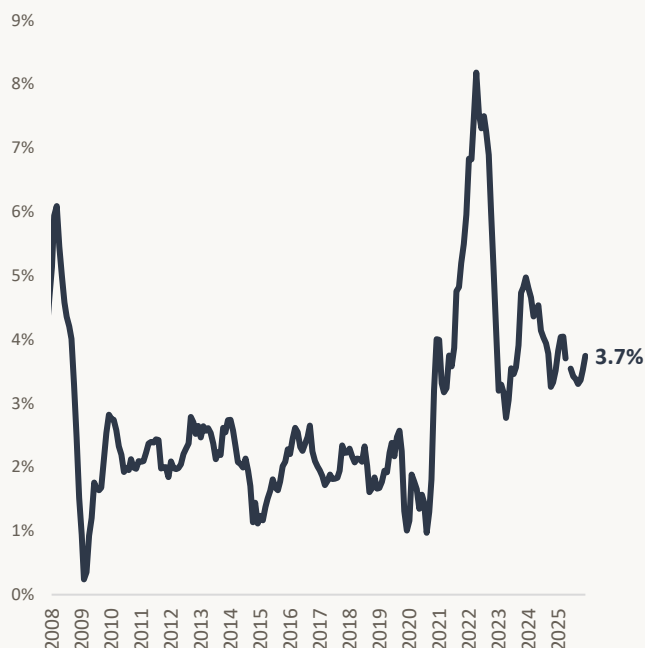
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.52%	0.35%
Municipal Bonds 1-10Y	-0.08%	0.74%
U.S. High Yield	0.42%	1.67%
S&P 500	0.66%	9.15%
Russell 2500 (SMID cap)	3.99%	20.02%
MSCI EAFE (International)	0.97%	8.90%
MSCI Emerging Markets	0.02%	23.21%
MSCI ACWI (Global)	0.61%	10.38%
Crude Oil (NYMEX WTI)	-10.65%	48.24%
Gold LBMA PM	-3.12%	-4.16%
60/40 ACWI/Agg Portfolio	0.57%	6.37%

WHAT CAUGHT OUR EYES THIS WEEK

Not Out of the Woods Yet

As expected, year-over-year consumer price inflation rose to 4.2% in May, driven by surging gasoline prices. Oil is dropping this morning on news of a reported peace deal between the United States and Iran that will facilitate a full reopening of the Strait of Hormuz. If true, it probably means the worst is behind us for energy inflation, but don't expect prewar levels anytime soon. Even as oil starts flowing again, we'll likely see an aggressive period of global inventory restocking to backfill rapid emergency drawdowns. The price impact has also been dampened by a few million barrels per day of demand destruction that should return when the outlook improves. And there's more to the US inflation story than just oil: Take so-called "supercore inflation," which looks at services inflation excluding shelter. This has seen a limited impact from the war in the Middle East but is still running at 3.7%. Resolving the energy front will be helpful, but there are other things that will be tough to ignore when new Fed Chair Kevin Warsh convenes his first Federal Open Market Committee meeting this week.

YoY Services Inflation Less Rent of Shelter



Please see important disclosures and other key information on page 4.

What's on Our Minds

OUR CURRENT OUTLOOK

- > **The U.S. economy is resilient**, but softer labor markets translate into slower (albeit still positive) trends for consumer spending.
- > **Our current expectations of a recession in the next 12 months are moderately low**, which should allow credit spreads to remain tight.
- > **Benefits from the One Big Beautiful Bill Act will accelerate in 2026**, providing a tailwind for consumer spending and capital expenditures.
- > **The Federal Reserve is still looking to cut interest rates**, but progress will likely be stalled for the rest of the year by the impacts of the Iran War.
- > **We expect S&P 500 profits to continue with their momentum from 2025**, growing in the low to mid-teens again in 2026, and broadening to create new sector leaders in the equity markets.
- > **AI capital spending, driven by the hyperscalers, should continue to boost the U.S. economy**, fueling productivity gains and infrastructure growth.
- > **Potential risks to our outlook include** disappointments in return on investment for AI spending, growing signs of speculative excess in certain pockets of equity markets, continued geopolitical uncertainty, and further deterioration in foreign sentiment for U.S. dollar assets.

IN CASE YOU MISSED IT

INSIGHTS

[The Post-IPO Lockup Playbook for Equity Holders](#)

[Video: June 2026 Economic and Market Outlook](#)

[Own Stock in a Company Undergoing an IPO? Here's Answers to FAQs](#)

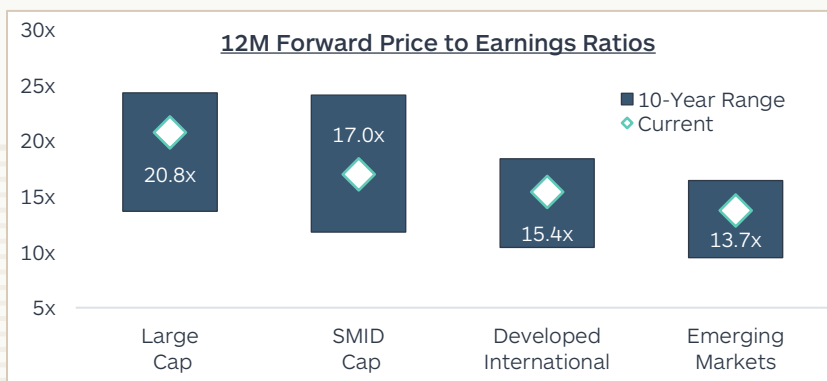
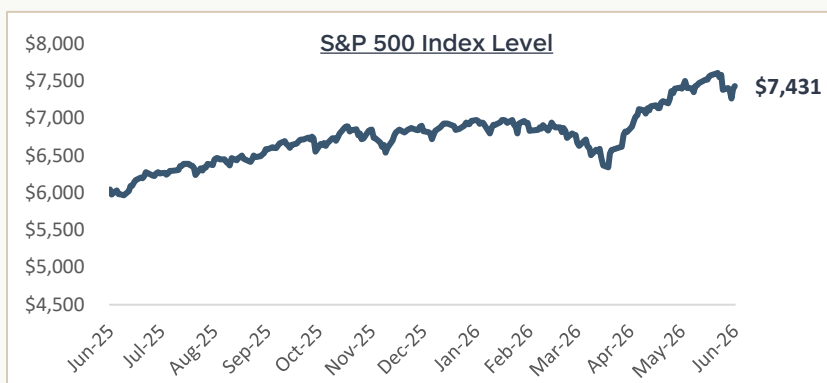
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

[Recording: Q2 2026 Market & Economic Outlook](#)

EQUITIES

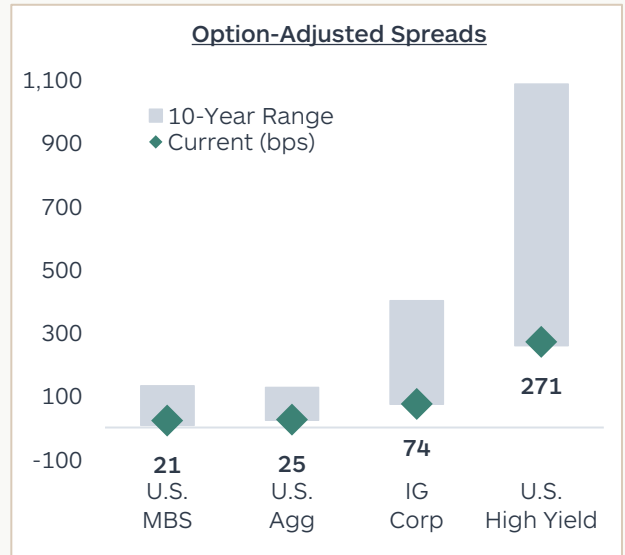


S&P 500 SECTOR	1-WEEK	YTD
Materials	3.00%	13.99%
Consumer Staples	2.59%	11.43%
Financials	2.04%	-2.05%
Real Estate	1.45%	13.93%
Industrials	1.14%	13.97%
Consumer Discretionary	0.73%	-1.54%
Health Care	0.54%	-0.18%
Information Technology	0.53%	17.77%
Utilities	0.42%	5.09%
Energy	-0.35%	28.73%
Comm. Services	-1.86%	3.09%

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FIXED INCOME

KEY INTEREST RATES	6/12/2026	Δ YTD
Municipal Bonds 1-10Y	3.13%	0.16%
Effective Federal Funds Rate	3.62%	-0.02%
3M T-Bill	3.71%	0.08%
10Y Treasury Yield	4.48%	0.31%
U.S. Aggregate	4.73%	0.41%
30Y Mortgage Rate	6.56%	0.31%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.38%	0.30%

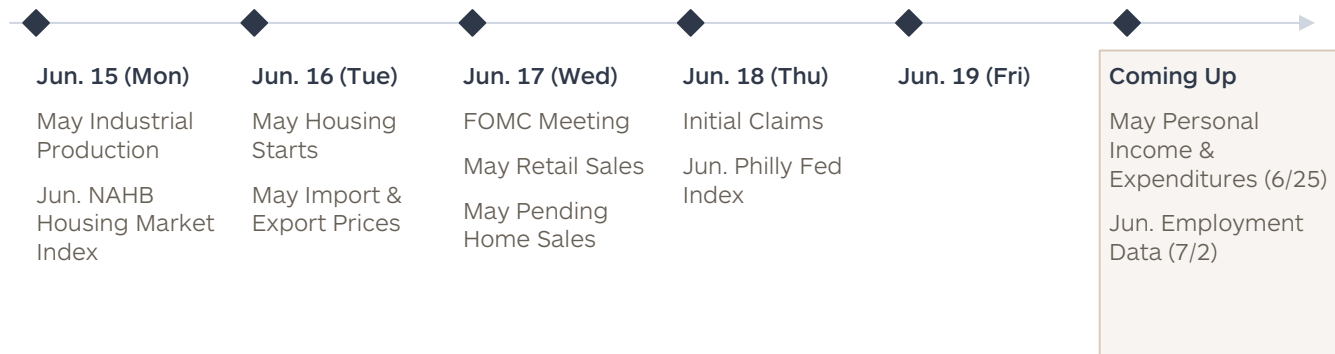


COMMODITIES, CURRENCIES, CRYPTO

Asset Class	6/12/2026
Crude Oil	\$84.88
Gold	\$4,185.95
U.S. Dollar Index	\$99.75
Bitcoin	\$63,660.00

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THE WEEK AHEAD



Please see important disclosures and other key information on page 4.

ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, FactSet, Bureau of Labor Statistics, through May 2026

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 6/12/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart. S&P 500 Index Level as of 6/12/26 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 6/12/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 6/12/26.

FIXED INCOME: Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 6/12/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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