

# What's on Our Minds

## MARKET HIGHLIGHTS

- > **A tenuous US–Iran memorandum of understanding let investors look past the war** and supply constraints toward the strength of the US economy, corporate earnings, and the monetary policy shifts that drive equity and fixed-income valuations.
- > **The US lifted its naval blockade** and Iran pledged normal Strait of Hormuz traffic within 30 days. Flows have resumed, though continued Israel–Hezbollah fighting already exposes the agreement's fragility.
- > **As expected, the federal funds rate held at 3.50%–3.75%**, with a shorter statement reflecting the new communication strategy of the Federal Reserve (Fed). In his first press conference, Chair Kevin Warsh said forward guidance is ill-suited to the current environment, avoided more controversial assessments, and announced five task forces to review the Fed's framework. Markets read it as incrementally hawkish.
- > **May retail sales reaffirmed consumer strength**, rising 0.9% month over month—nearly double the +0.5% estimate. Stripping out the gasoline boost (+3.4%, mostly price-driven), the control group rose 0.7% versus a +0.4% estimate.

## MARKET PERFORMANCE

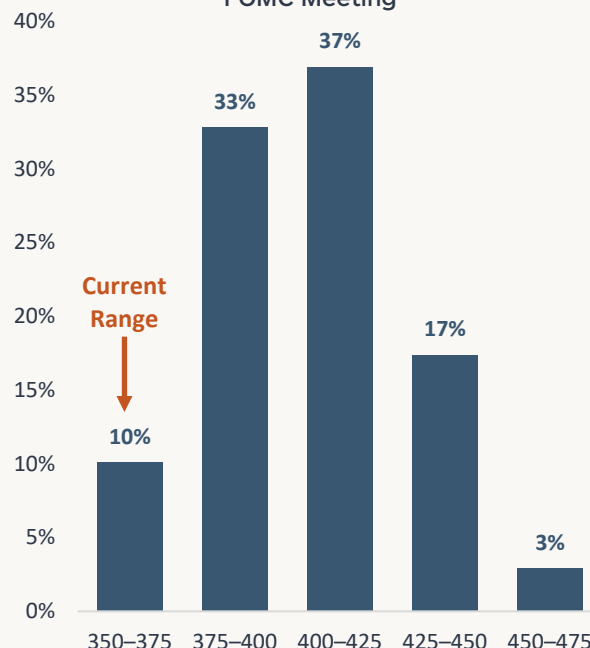
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.14%	0.49%
Municipal Bonds 1-10Y	0.23%	0.97%
U.S. High Yield	0.13%	1.80%
S&P 500	0.96%	10.20%
Russell 2500 (SMID cap)	0.82%	21.01%
MSCI EAFE (International)	0.76%	9.73%
MSCI Emerging Markets	4.15%	28.32%
MSCI ACWI (Global)	1.25%	11.76%
Crude Oil (NYMEX WTI)	-9.52%	33.76%
Gold LBMA PM	-2.73%	-3.01%
60/40 ACWI/Agg Portfolio	0.81%	7.25%

## WHAT CAUGHT OUR EYES THIS WEEK

### A Hawk in Dove's Clothing?

New Fed Chair Kevin Warsh was unambiguous in how he wished to be perceived after his first Federal Open Market Committee (FOMC) meeting and press conference last week. This can be best highlighted by the closing sentence of his truncated statement, which he repeated several times: "The committee will deliver price stability." Warsh spent the bulk of the press conference discussing the price-stability side of the dual mandate, even reciting a common refrain from his career that "inflation is a choice." It was obvious that he wanted to establish a credible commitment to the Fed's 2% inflation target and distance himself from the politics that dominated the narrative during President Donald Trump's search for the next Fed Chair. And the markets got the message. Federal funds futures have now entirely abandoned the notion of a rate cut in 2026 and are debating whether one, two, or three rate hikes are most likely for the four remaining FOMC meetings this year. Markets may or not be right about the eventual path, timing, and magnitude of monetary policy, but their conclusion is clear: This Fed Chair is no dove.

Target Rate Probabilities for the December 2026 FOMC Meeting



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 resumption of monetary policy easing by the Federal Reserve** 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

[A Personal Finance Guide for US Expats Living in Canada](#)

[How to Be a Board Observer](#)

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

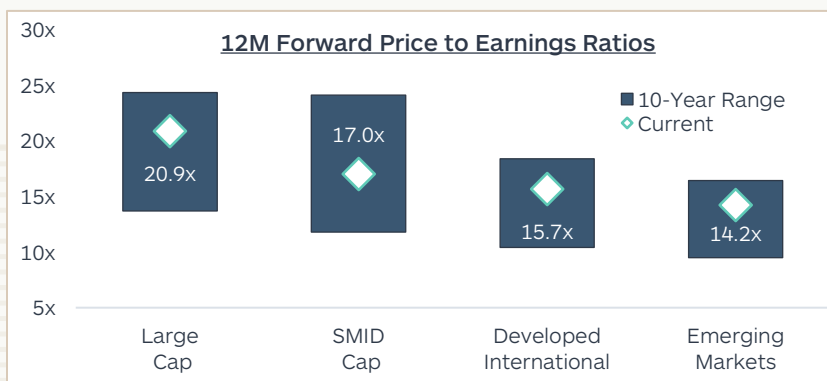
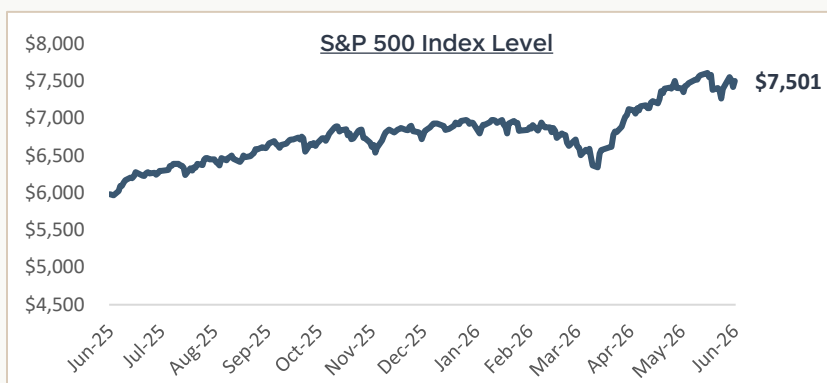
### ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

### WEBINARS

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

## EQUITIES



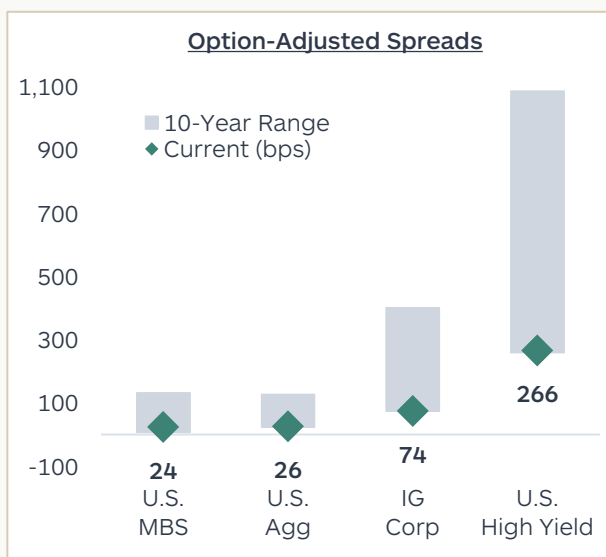
S&P 500 SECTOR	1-WEEK	YTD
Information Technology	3.06%	21.37%
Industrials	2.65%	16.99%
Comm. Services	1.10%	4.22%
Consumer Discretionary	0.81%	-0.74%
Utilities	0.53%	5.64%
Financials	0.41%	-1.65%
Materials	-0.36%	13.58%
Consumer Staples	-2.74%	8.38%
Health Care	-2.86%	-3.03%
Real Estate	-3.16%	10.33%
Energy	-6.56%	20.29%

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## FIXED INCOME

KEY INTEREST RATES	6/19/2026	Δ YTD
Municipal Bonds 1-10Y	3.09%	0.12%
Effective Federal Funds Rate	3.63%	-0.01%
3M T-Bill	3.75%	0.12%
10Y Treasury Yield	4.45%	0.29%
U.S. Aggregate	4.74%	0.42%
30Y Mortgage Rate	6.55%	0.30%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.35%	0.27%

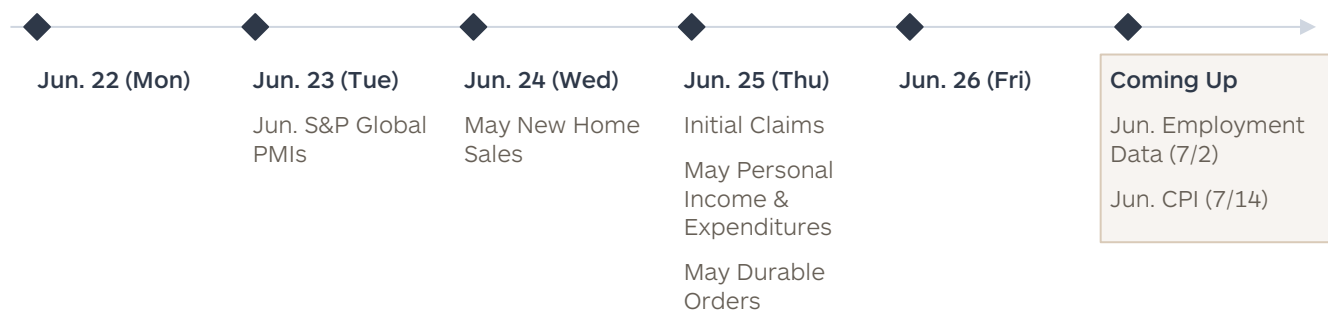


## COMMODITIES, CURRENCIES, CRYPTO

Asset Class	6/19/2026
Crude Oil	\$76.59
Gold	\$4,236.15
U.S. Dollar Index	\$100.85
Bitcoin	\$64,600.00

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## THE WEEK AHEAD



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

# What's on Our Minds

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

**CHART OF THE WEEK:** Cerity Partners, CME FedWatch as of 6/22/2026

**MARKET PERFORMANCE:** All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 6/19/26. 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 6/19/26 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 6/19/26. 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 6/19/26.

**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 6/19/26. 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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