

MARKET HIGHLIGHTS

- > **In a holiday-shortened, data-light week, investors took comfort that the US economy is still growing**, though not fast enough to exert more demand-pull pressure on inflation.
- > **Labor data dominated the week: June nonfarm payrolls rose just 57,000, well below the 110,000 estimate**, with a 74,000 downward revision to prior months. Still, unemployment slipped to 4.2% from 4.3%, and average hourly earnings held at 3.5% year over year.
- > **At the European Central Bank's Sintra Forum, Federal Reserve (Fed) Chair Kevin Warsh noted that inflation risks and inflation expectations have declined over the past four weeks**, but he reiterated the Fed's commitment to its 2% inflation target and avoided explicit rate guidance. Odds of a rate hike by year-end fell from 90% to 78%.
- > **The dollar fell while gold, silver, and bitcoin rose.** The Supreme Court also affirmed Fed independence, shielding Governor Lisa Cook from her attempted ousting.
- > **ISM manufacturing came in at 53.3**, the sixth consecutive month of expansion after contracting for several years.

MARKET PERFORMANCE

ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.50%	0.48%
Municipal Bonds 1-10Y	0.06%	1.07%
U.S. High Yield	0.28%	1.98%
S&P 500	1.78%	9.98%
Russell 2500 (SMID cap)	-0.20%	21.66%
MSCI EAFE (International)	2.76%	11.30%
MSCI Emerging Markets	1.02%	23.86%
MSCI ACWI (Global)	1.96%	11.60%
Crude Oil (NYMEX WTI)	-4.44%	19.94%
Gold LBMA PM	2.55%	-5.46%
60/40 ACWI/Agg Portfolio	0.98%	7.15%

WHAT CAUGHT OUR EYES THIS WEEK

How Can This Train Keep Rolling?

If you've had the pleasure of seeing Union Pacific's Big Boy locomotive on its tour of the country, you've likely been struck by the powerful momentum exerted by the 1.2-million-pound machine. In the markets, many have been watching the S&P 500 barrel ahead with similar awe. It's been a bumpy ride, but through the first half of 2026 the index is up another 10%, shaking off concerns about how it could possibly follow one of its best-ever stretches from 2023 to 2025. And while the market is up just over 100% since the end of 2022, much of that can be attributed to growth in earnings, with forward earnings per share up 62% over the same period. The rest of the gains have been powered by expanding valuations, from about 17x at the start of 2023 to 20x today—a modest expansion in our view that is supported by the impressive fundamental strength of the underlying companies in the index. It's reasonable to question whether we're nearing the end of the bull market after such a historic run, but the good news is earnings that have been powering stocks don't appear to be slowing down. After first-quarter earnings-per-share growth north of 20%, analysts expect at least three more behind it. If you keep feeding a bull market solid earnings growth, it's even harder to stop the train.

S&P 500 Index Level



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

OUR KEY THEMES FOR 2026 (updated as of July)

- 1) Monetary policy moves to neutral or slightly restrictive and fiscal policy moves to neutral or slightly positive while the AI infrastructure build-out remains a key structural tailwind.
- 2) One Big Beautiful Bill Act corporate tax changes are spurring a reacceleration in non-AI business investment.
- 3) Global growth on net remains positive as trend-or-better US growth offsets supply shocks overseas.
- 4) Broader economic activity lifts employment, while labor force growth remains sluggish.
- 5) Inflation remains above target, but progress should resume when the current supply shock fades.
- 6) The jury is still out on new Fed Chair Warsh's direction regarding interest rates, the Fed balance sheet, and the inflationary versus productivity-enhancing impacts of the AI build-out.
- 7) We see stability or slight upward pressure for long-term rates, based on strong economic activity.
- 8) It's hard to fight strong fundamentals for equity markets, with double-digit profit growth balancing high earnings multiples.
- 9) Better earnings breadth was delayed, not canceled.
- 10) International stocks still offer diversification benefits and an impressive fundamental outlook considering geopolitical headwinds.

IN CASE YOU MISSED IT

INSIGHTS

[Second Quarter 2026 Review and Third Quarter 2026 Economic and Market Outlook](#)

[Trump Accounts: What Every Parent Needs to Know](#)

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

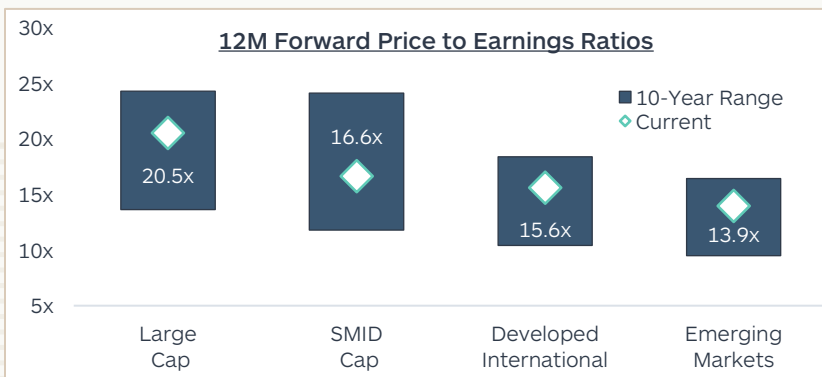
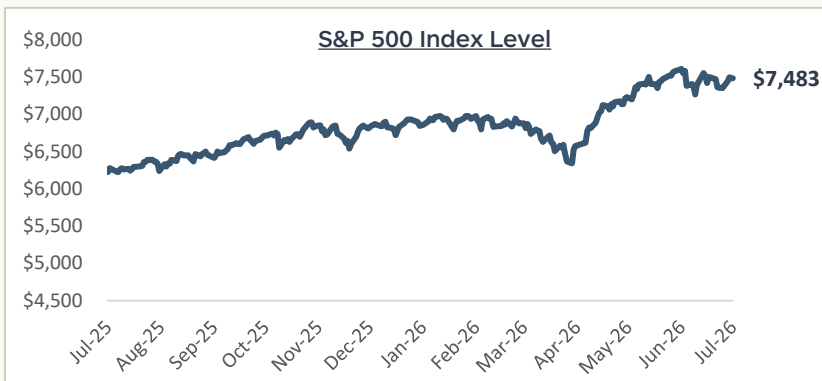
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

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

EQUITIES

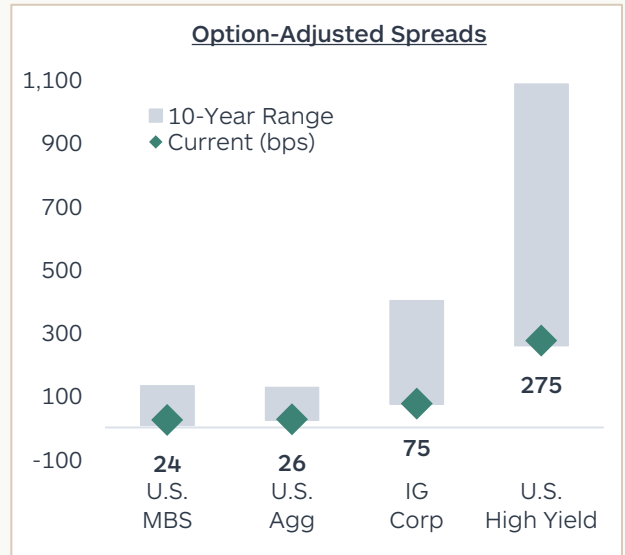


S&P 500 SECTOR	1-WEEK	YTD
Comm. Services	4.97%	2.60%
Financials	3.74%	2.53%
Consumer Discretionary	2.76%	-0.77%
Health Care	2.09%	6.84%
Industrials	1.44%	19.27%
Materials	1.12%	14.72%
Information Technology	0.88%	15.85%
Consumer Staples	0.14%	10.28%
Energy	-0.95%	20.01%
Utilities	-1.04%	8.69%
Real Estate	-1.33%	13.18%

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FIXED INCOME

KEY INTEREST RATES	7/3/2026	Δ YTD
Municipal Bonds 1-10Y	3.11%	0.14%
Effective Federal Funds Rate	3.63%	-0.01%
3M T-Bill	3.75%	0.12%
10Y Treasury Yield	4.49%	0.32%
U.S. Aggregate	4.75%	0.44%
30Y Mortgage Rate	6.56%	0.31%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.42%	0.35%

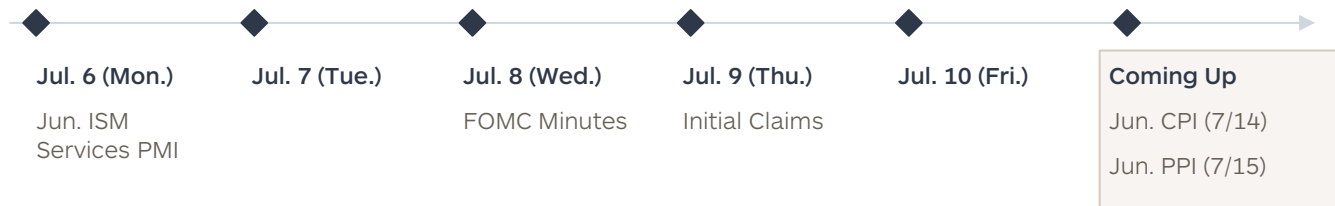


COMMODITIES, CURRENCIES, CRYPTO

Asset Class	7/3/2026
Crude Oil	\$68.68
Gold	\$4,129.20
U.S. Dollar Index	\$100.86
Bitcoin	\$63,480.00

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THE WEEK AHEAD



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What's on Our Minds

July 6, 2026

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

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 7/3/26. 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 7/3/26 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 7/3/26. 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 7/3/26.

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 7/3/26. 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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