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ECONOMIC REVIEW¹

- In Kevin Warsh's first meeting as Federal Reserve (Fed) Chairman, the FOMC kept the federal funds target range unchanged at 3.50-3.75%. The decision was broadly in line with market expectations.
 - The Fed's Summary of Economic Projections (SEP) showed material upward revisions to both the 2026 and 2027 Personal Consumption Expenditure (PCE) inflation forecasts, which rose to 3.6% and 3.3%, respectively, signaling a slower return to the 2% target that the new chair once again reaffirmed.
 - More notable than the decision itself were the changes to the statement, which is now much shorter and simpler, the abandonment of forward guidance, and the announcement of five new task forces charged with examining and improving Fed operations.
- Retail sales rose 0.9% in May, easily exceeding consensus expectations of 0.5% and accelerating from April. Retail sales are up 6.9% from a year ago.
 - Although the gain was largely supported by another meaningful jump at gas stations (+3.4%), the nominal increase was broad-based with 9 of 13 major sales categories rising for the month.
 - "Core" sales, an important estimate for GDP that excludes autos, building materials, and gas stations, rose a solid 0.6% in May.
- Housing starts fell 15.4% month-over-month in May to an annualized 1.177 million units, sharply below consensus expectations for a modest pullback and marking the weakest pace since mid-2020.
 - Total starts were 8.7% below their May 2025 level, underscoring a clear downshift in residential construction momentum on an annual basis.
 - Single-family starts declined 1.9% on the month, but the headline weakness was dominated by multifamily. Starts in this category fell 40.2% since April, marking the steepest monthly drop since 2009 and the third-largest decline on record, dating back to 1959.

How does the most recent economic data impact you?

- For the Fed, employment forecasts remain solid and little changed, so inflation remains the primary concern.
 - The possibility of a rate cut before the end of the year has all but evaporated, and according to futures markets, a rate hike may now actually be on the table, but most market participants expect the central bank to remain cautious on rate policy for the time being.
- The upside surprise in retail sales data, combined with still elevated inflation projections, supports the Fed's cautious stance on easing and contributes to the "higher for longer" narrative.



A LOOK FORWARD¹

- This week, investors will be monitoring new home sales, personal income, PCE inflation, and the final U. Michigan consumer survey.

How does this week's slate of economic data impact you?

- Personal income and new inflation data will be critical information for the new Fed Chairman as he works to update Fed operations and chart a new path forward for rate policy.



MARKET UPDATE²

Market Index Returns as of 6/19/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.96%	15.19%	10.20%	27.20%	21.18%	14.12%
NASDAQ	2.44%	22.99%	14.43%	37.18%	25.59%	14.42%
Dow Jones Industrial Average	0.75%	11.73%	8.16%	24.22%	16.93%	11.25%
Russell Mid-Cap	0.09%	11.98%	13.43%	22.93%	16.75%	8.85%
Russell 2000 (Small Cap)	1.24%	19.64%	20.70%	43.04%	18.48%	7.35%
MSCI EAFE (International)	0.76%	11.10%	9.73%	24.33%	16.39%	9.09%
MSCI Emerging Markets	4.15%	28.53%	28.32%	53.00%	23.60%	8.20%
Bloomberg US Agg Bond	0.14%	0.54%	0.49%	4.74%	4.00%	0.06%
Bloomberg High Yield Corp.	0.09%	2.32%	1.81%	6.88%	8.85%	4.27%
Bloomberg Global Agg	-0.28%	0.81%	-0.27%	1.81%	3.21%	-1.57%



OBSERVATIONS

- ☑ The NASDAQ led all domestic indices last week with a return of 2.44%. The S&P 500 (0.96%) and the Dow Jones Industrial Average (0.75%) were both positive but trailed the tech-heavy index by more than 1%.
- ☑ The Russell Mid Cap Index was essentially flat for the week, advancing 0.09%, while the Russell 2000 improved by 1.24%.
- ☑ Developed international markets tracked closely to the Dow, with the MSCI EAFE returning 0.76%, but emerging markets surged more than 4% in the last week, continuing the strongest performance of any major index YTD.
- ☑ Domestic fixed income markets moved higher, with the U.S. Agg returning 0.14% and high yield bonds gaining 0.09%, but international bonds declined 0.28%.



BY THE NUMBERS

Alan Greenspan, influential economist and Fed chairman, dies at 100: Alan Greenspan, the influential economist who steered the United States' monetary policy during his five terms as chairman of the Federal Reserve under four presidents, died on Monday. He was 100. His death was announced by his wife, Andrea Mitchell, the chief Washington correspondent for NBC News. Greenspan served as chairman of the Federal Reserve for over 18 years, from 1987 to 2006, the second-longest term in the central bank's history. During his tenure, Greenspan became one of the most revered people not only in the United States, but around the globe. Steering the U.S. economy through the stock market crash of 1987, the dot-com bubble burst of 2000, the terrorist attacks on Sept. 11, 2001, and the slowdown from 2001 to 2003, the data addict with a sly wit earned a reputation as a flexible, forward-thinking, quick-moving and consensus-building economist.³

The hothead golfer who held his nerve to win the US Open: Last year, Wyndham Clark was the talk of the golf world—for all the wrong reasons. But on Sunday at this year's U.S. Open, Clark's nerves faced an entirely different test as he watched an enormous lead nearly evaporate at Shinnecock Hills Golf Club before the 32-year-old American kept it together and captured the second major of his career. Clark held on for a wire-to-wire victory at 4-under par, but it wasn't the cakewalk it was shaping up to be entering the final round. After leading by six strokes through 54 holes, his advantage over Sam Burns was down to just one after only five holes. Burns, who was seven shots back entering the day, ultimately finished one back. For Clark, who had previously won the 2023 U.S. Open at Los Angeles Country Club, the victory marked a return to the pinnacle of golf after his career had spun off track.⁴

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Federal Open Market Committee (FOMC): The FOMC is the body of the Federal Reserve System that sets national monetary policy. The FOMC makes all decisions regarding the conduct of open market operations, which affect the federal funds rate (the rate at which depository institutions lend to each other), the size and composition of the Federal Reserve's asset holdings, and communications with the public about the likely future course of monetary policy. The FOMC makes all decisions about the "stance" of U.S. monetary policy to help move the economy toward the congressionally mandated goals of maximum employment and price stability.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

Housing starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

New Home Sales: This concept tracks sales of newly constructed homes during the reference period. The Implicit US index is computed by taking the number of houses sold in the US and dividing it by the seasonally adjusted number of houses sold in the US.

Personal Income: Consumer or Household Income (often referred to as personal income) tracks all income received by households including such things as wages and salaries, investment income, rental income, transfer payments, etc. This concept is not adjusted for inflation.

PCE (headline & core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 6/19/26.

² Data obtained from Morningstar as of 6/19/26.

³ [Alan Greenspan, influential economist and Fed chairman, dies at 100](#)

⁴ [The hothead golfer who held his nerve to win the US Open](#)



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