

# June 2026 Recap

## JUNE 2026 Monthly Market Commentary

### Investor Summary

June 2026 was shaped by two opposing forces. Geopolitical risk eased as the Middle East conflict moved toward de-escalation and the disruption around the Strait of Hormuz subsided. Crude oil retreated from its wartime peak, and the national average price of gasoline moved back below \$4 per gallon by mid-month for the first time since March.

Inflation, however, continued to reflect the earlier energy shock. The May Consumer Price Index, released June 10, showed headline inflation at 4.2% year over year, the highest reading since April 2023. The May personal consumption expenditures price index, released June 26, rose 4.1% on a headline basis, also a multi-year high.

Monetary policy was the month's defining event. At the June 17 meeting, chaired for the first time by Kevin Warsh, the Federal Open Market Committee voted 12–0 to hold the federal funds target range at 3.50% to 3.75% for a fourth consecutive meeting. The statement was shorter, removed prior language that pointed toward future easing, and focused more directly on restoring price stability. The updated Summary of Economic Projections raised the year-end inflation outlook and the median rate path. The dot plot no longer showed a rate cut in 2026, and a quarter-point increase appeared to be under consideration.

Markets viewed the message as more hawkish than expected earlier in the year. U.S. equities entered June at record closing highs, then weakened in the second half of the month as artificial-intelligence and large-cap technology stocks came under pressure. Investors questioned the scale and financing of capital spending across the sector.

Megacap technology and energy shares were the main sources of weakness, while blue-chip benchmarks and broader market breadth were steadier.

### Major Index Performance

Index	Close	June	YTD
DJIA	52,360.71	+3.29%	+8.93%
S&P 500	7,494.15	-0.80%	+9.47%
Nasdaq Composite	26,098.91	-2.83%	+12.28%
Oil (\$/bbl)	\$68.25	-29.09%	+18.83%
Gold	\$4,065.49	-10.62%	-7.49%

### U.S. Equity Market Review

U.S. equities closed June with uneven results across size, style, and sector exposures. The Dow advanced during the month and ended above 52,000. The Russell 2000 reached a record level and led year-to-date gains among the major U.S. indexes. The S&P 500 finished June lower on a monthly basis despite a 0.8% gain on the final trading day. The Nasdaq Composite rose 1.5% on June 30 but remained affected by earlier weakness in technology-related shares.

All three principal U.S. equity benchmarks set record closing highs in the opening days of June before sentiment shifted later in the month. Approximate month-end performance, based on published May and June index levels and year-to-date data, showed the Dow higher for the month, the Russell 2000 outperforming large-cap indexes, and the S&P 500 and Nasdaq modestly lower. For the year through June 30, the Russell 2000 was up 21.9%, the Nasdaq was up 12.8%, the S&P 500 was up 9.6%, and the Dow was up 8.9%.

Sector leadership shifted during the month. Technology and semiconductor-related shares remained influential, but performance was uneven as valuation concerns and profit-taking affected parts of the artificial-intelligence trade.

Health care, consumer discretionary, industrials, and selected cyclical areas participated in late-month gains. Energy lagged during parts of the month as oil prices eased from earlier geopolitical highs.

Leadership narrowed and then partly reversed. The growth-oriented, technology-heavy group that had driven indexes to records earlier in 2026 faded into late June, pressured by concerns over the capital intensity of the AI buildout and how firms are funding expansion. A potential large U.S. listing by a major Asian memory-chip producer added perceived supply to an AI-memory group that had already weakened. A bellwether memory manufacturer's June 24 quarterly report became a focal point for the broader AI trade. Energy shares, strong during the spring oil spike, gave back ground as crude prices fell. Blue-chip and value-oriented segments were comparatively resilient. Retail-driven activity in several heavily shorted stocks also reappeared during the month.

### Global Market Overview

De-escalation in the Middle East supported global risk sentiment, though international equity performance remained uneven. Asian markets faced pressure in the semiconductor and AI-memory complex, while European markets weighed the benefits of lower energy prices against still-elevated inflation.

Global equities were generally supported by improving risk sentiment late in June, but results varied by region. Emerging markets remained an area of relative strength in 2026, helped by exposure to artificial-intelligence supply chains, energy-exporting markets, and selected country-specific gains. The MSCI Emerging Markets Index was reported to be up about 14% year to date during June, ahead of the S&P 500 at that point.

Developed international markets continued to reflect regional differences in currency trends, inflation pressures, and monetary-policy expectations. Japan remained in focus as the yen weakened near multi-decade lows. European and Asian markets broadly rose on June 30 alongside U.S. equities.

Commodities were mixed. Oil prices declined on June 30 as geopolitical concerns moderated. Gold weakened sharply during the quarter after earlier strength. The main commodity story was the unwind of the spring energy shock. As a framework to end hostilities advanced and a conditional reopening of the Strait of Hormuz came into view, Brent crude moved down from a wartime peak above \$120 per barrel to the high \$70s intramonth. Lower crude prices flowed through to retail fuel, with gasoline easing below \$4 per gallon by mid-

month. Gold, which had served as a haven during the conflict, and broad market volatility adjusted as the geopolitical backdrop improved.

### Regional and International Market Performance

Across MSCI regions, June's main divergence was between markets that benefited from falling energy prices and improving geopolitical conditions and markets exposed to the technology and semiconductor downdraft. Energy-importing economies in Asia, which had borne an outsized burden during the Strait of Hormuz disruption, stood to benefit from normalized oil flows. Several Asian equity markets, however, were weighed down by chip-sector weakness.

Developed-market indexes such as MSCI EAFE, MSCI Europe, MSCI Pacific, and MSCI World ex USA continued to reflect the interaction of currency moves, regional growth expectations, and sector composition. Emerging-market performance remained supported by markets with exposure to semiconductors, AI infrastructure, and commodity-linked revenue streams.

The key regional theme was dispersion. Markets tied to technology supply chains and energy exports showed relative resilience. Regions with greater exposure to imported energy, weaker currencies, or slower domestic growth produced more mixed results. This dispersion reinforces the need to review global market performance by region rather than treating international equities as a single category.

### Sector Performance Details

S&P 500 sector performance was uneven throughout June. Technology-related shares remained a major influence on index-level returns, but leadership broadened late in the month. Consumer discretionary, industrials, communication services, and materials participated in the June 30 advance. Real estate, consumer staples, and health care lagged that day.

Earlier in the final week, health care recorded a sharp one-day gain, while consumer discretionary and real estate also moved higher. Energy was a notable drag during portions of the month as oil prices softened.

### U.S. Economic and Earnings Summary

**Growth.** The third and final estimate of first-quarter 2026 real GDP, released June 26, showed the economy expanded at a 2.1% seasonally adjusted annual rate, revised up from the prior 1.6% reading.

The upward revision largely reflected a downward adjustment to imports. The Committee's June

projections trimmed the full-year growth outlook relative to the March estimate.

**Inflation.** Energy remained the dominant driver of headline inflation. The May CPI rose 0.5% for the month and 4.2% from a year earlier, with energy prices contributing more than 60% of the monthly increase. The 12-month energy index rose about 23.5%. Core CPI was more contained, rising 0.2% for the month and 2.9% year over year. This indicated that price pressure remained concentrated in energy rather than broadening across goods. The Fed's preferred gauge told a similar story: the May PCE price index rose 4.1% year over year, the highest since April 2023, and core PCE rose 3.4%, the highest since October 2023.

Producer prices showed more pressure. The May PPI for final demand rose 1.1% on a seasonally adjusted basis and increased 6.5% over the 12 months ended in May, the largest 12-month increase since November 2022.

Corporate earnings expectations remained constructive but valuation-sensitive. FactSet reported that, for Q2 2026, 48 S&P 500 companies had issued negative EPS guidance and 63 had issued positive EPS guidance. The forward 12-month price-to-earnings ratio for the S&P 500 was 20.1, above both its five-year average of 19.9 and its 10-year average of 19.0.

### Consumer and Retail Data

Consumer attitudes improved modestly from a very weak base. The University of Michigan Index of Consumer Sentiment rose to a final 49.5 in June from May's record low of 44.8. Survey respondents cited the early-month easing in gasoline prices. Year-ahead inflation expectations edged down to 4.6% from 4.8%, and long-run expectations fell to about 3.3% from 3.9%. Even so, sentiment remained well below its level before the spring conflict, and cost-of-living concerns continued to dominate household responses.

Spending data held up better than sentiment. May retail sales rose 0.9% for the month, the fourth upside surprise in five months, pointing to a still-resilient consumer despite negative real wage growth and a low personal saving rate. Retail sales reached \$763.7 billion and were 6.9% higher than May 2025. Total sales for March through May were 5.3% above the same period a year earlier.

Housing data showed selective improvement. The National Association of Realtors reported existing-home sales rose 3.2% in May to a 4.17 million annualized pace, the strongest since December 2025. The median existing-home price reached a May record of \$429,300, with inventory near 4.5 months of supply. Pending home sales increased 3.8% in May from the prior month and rose 4.8% from a year earlier. New home sales, however, declined to a 580,000 annual rate in May from 626,000 in April.

Homebuilder confidence softened. The NAHB index slipped to 35 in June as builders continued to use price cuts and incentives, while the 30-year fixed mortgage rate remained above 6.5%. The Conference Board also reported a modest improvement in consumer confidence, with its index rising to 91.2 from a revised 90.6 in May. Labor-market perceptions weakened, with more consumers reporting that jobs were hard to get.

### Manufacturing and Industry Indicators

Regional manufacturing data showed a mixed industrial backdrop. The Richmond Fed reported that Fifth District manufacturing activity was flat in June, with the composite index falling to 4 from 13 in May. Shipments declined to 3 from 16, new orders fell to 9 from 17, and employment slipped to -1 from 3.

The Philadelphia Fed reported that manufacturing activity expanded overall in June. Its general activity and new orders indicators returned to positive territory, shipments moved higher, and employment also returned to positive territory, though most firms reported no change in employment.

The Dallas Fed manufacturing index was reported at 0 in June, down from 0.4 in May, indicating little change in Texas factory activity. Separately, the Dallas Fed energy survey showed stronger second-quarter oil and gas activity, with the business activity index rising to 46.1 from 21.0 in the first quarter.

### Closing Perspective

June ended with a constructive final trading session but mixed monthly index results. Market leadership broadened late in the month, yet technology and semiconductor-related companies remained central to both upside and downside index movement. Economic data continued to show growth, but inflation, consumer confidence, housing affordability, and regional manufacturing dispersion remained important considerations for advisors and clients reviewing the first half of 2026.

### **Key Data Sources (June 2026 Edition)**

Market and economic data referenced in this commentary are derived from public sources believed to be reliable, including The Wall Street Journal, Associated Press, MarketWatch, S&P Dow Jones Indices, Nasdaq, Russell, MSCI Inc., FactSet Research Systems, LSEG I/B/E/S, the U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Census Bureau, University of Michigan Surveys of Consumers, The Conference Board, National Association of Realtors, NAHB/Wells Fargo, Freddie Mac, the Federal Reserve and Federal Reserve Banks, CME Group, ICE, NYMEX/Comex, the U.S. Energy Information Administration, and other public market-data providers.

### **Educational-Only Disclosure**

This Monthly Market Commentary is for informational and educational purposes only. It is not investment advice and is not a recommendation to buy or sell any security. The information reflects historical data and analysis as of June 30, 2026, and may change without notice.

Past performance does not guarantee future results. All investments involve risk, including the possible loss of principal. Diversification does not ensure a profit or protect against loss in declining markets.

Data are from sources believed to be reliable, but accuracy and completeness are not guaranteed. Index returns are shown for illustration only, do not represent an actual investment, and cannot be invested in directly. Indexes do not include fees, expenses, or management costs.

Different investments carry different risks. Equity investments can be volatile and may decline in value. Fixed income investments are subject to interest-rate, credit, and inflation risk. International and emerging-market investments involve additional risks, including currency moves, political and economic instability, and differences in accounting standards.

This material is not a complete analysis of all relevant facts about any market, investment, or strategy. Views may change as markets and economic conditions change. Investors should speak with a financial professional about their personal situation, risk tolerance, and goals before making investment decisions.

Neither Financial Media Exchange nor its representatives provide legal or tax advice. Investors should consult appropriate professionals regarding their own legal and tax questions.