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osaic

MARKET VIEW WEEKLY

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ECONOMIC REVIEW[1]

- Escalating tensions with Iran drove oil prices sharply higher this week, bringing geopolitical risk back into focus for investors.
- Inflation cooled more than expected in June, with headline Consumer Price Index (CPI) falling 0.4% month over month (MoM), exceeding expectations for a 0.1% decline, while the annual rate eased to 3.5% from 4.2%, well below the 3.8% consensus.
- Core inflation was unchanged during the month compared with expectations for a 0.2% increase, and the year-over-year (YoY) rate slowed to 2.6%, below the expected 2.9% as lower gasoline prices offset persistent shelter inflation. It marked the first month without a monthly increase since January 2021.
- Wholesale inflation also surprised to the downside, with the headline Producer Price Index (PPI) declining 0.3% MoM against expectations for no change, while the annual rate dropped to 5.5%, below the 6.2% consensus.
- Core PPI increased 0.2% during the month, half the pace economists anticipated, while the yearly reading edged up to 4.7%, still below expectations of 5.2%, suggesting upstream inflation pressures continue to ease.
- Consumer spending remained resilient, with retail sales increasing 0.2% MoM, matching expectations, while annual sales growth held at 6.7%.
    - Excluding gasoline, spending remained healthy as lower fuel prices and stronger online purchases supported household demand, with the control group also rising 0.5%, in line with forecasts.
- Consumer confidence improved more than economists expected, with the University of Michigan consumer sentiment index climbing to 54.4, exceeding the 51.5 consensus and improving from 49.5 in June.
    - Lower gasoline prices and moderating inflation helped lift household optimism despite continued concerns surrounding tariffs.
- The Federal Reserve's Beige Book described economic activity as expanding at a slight to moderate pace, with employment remaining stable and inflation pressures gradually moderating.
    - Businesses continue to cite tariffs and higher energy costs as inflation risks, while increasingly selective consumer spending reinforces the Federal Reserve's patient data-dependent stance.

How does the most recent economic data impact you?

- The week's data reinforced the soft-landing narrative as cooling inflation, resilient retail sales, and improving consumer sentiment suggest the economy continues to grow in an orderly fashion.
- Lower inflation is helping restore consumers' purchasing power, supporting healthy consumer spending while reducing pressure on the Federal Reserve to keep rates elevated.

A LOOK FORWARD[1]

- This week, investors will turn their attention to the U.S. leading economic indicators and new home sales.

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

- The data will provide an early read on future economic activity and whether the housing market continues to stabilize amid elevated interest rates.

MARKET UPDATE[2]

Market Index Returns as of 7/17/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.55%	-0.52%	9.64%	19.85%	19.45%	13.12%
NASDAQ	-2.90%	-2.64%	10.15%	22.87%	21.98%	12.91%
Dow Jones Industrial Average	-0.93%	-0.30%	9.43%	19.54%	16.35%	10.58%
Russell Mid-Cap	-0.58%	-0.90%	14.26%	18.03%	14.87%	8.77%
Russell 2000 (Small Cap)	-0.51%	-2.03%	20.09%	33.88%	16.02%	7.96%
MSCI EAFE (International)	-0.81%	-0.51%	8.89%	20.24%	15.21%	8.95%
MSCI Emerging Markets	-4.10%	-5.76%	16.71%	32.08%	19.18%	6.43%
Bloomberg US Agg Bond	0.13%	-0.45%	0.16%	4.13%	3.86%	-0.14%
Bloomberg High Yield Corp.	0.03%	0.15%	2.11%	5.93%	8.49%	4.15%
Bloomberg Global Agg	0.03%	-0.44%	-0.66%	1.34%	2.63%	-1.76%

OBSERVATIONS

- Major US large cap equity indices finished the week lower as weakness in large cap technology stocks weighed on broader market performance.
    - The Dow Jones Industrial Average proved the most resilient, declining -0.93%, followed by the S&P 500 (-1.55%), while the NASDAQ composite led losses, falling -2.90%.
- Mid and small cap stocks outperformed their large cap peers despite posting modest losses, with the Russell Midcap Index down -0.58% and the Russell 2000 declining -0.51%.
- International equities also ended the week lower, with developed markets (MSCI EAFE) falling -0.81%, while emerging markets significantly underperformed, declining -4.10%.
- Fixed income provided relative stability as bond prices edged higher.
    - The Bloomberg US Aggregate Bond Index gained 0.13%, US High Yield bonds returned 0.03%, and the Bloomberg Global Aggregate Bond Index advanced 0.03%.

BY THE NUMBERS

Spain Reigns Again: Spain captured its second men's World Cup title with a 1-0 extra-time victory over defending champion Argentina. Ferran Torres scored his first goal of the tournament in the 106th minute after Argentina was reduced to 10 men, delivering a championship celebrated by Spain's roughly 47 million people. Spain controlled the final by producing the game's first twenty shots and nine of the first 10 corner kicks, while Argentina goalkeeper Emiliano Martinez made a World Cup final record 12 saves. The champions conceded only one goal across eight matches, the fewest ever allowed by a World Cup winner, and extended their European record unbeaten streak to 38 games (29 wins and 9 draws). Spain also became the first country to hold the men's and women's World Cup titles simultaneously, completing its triumph before roughly 80,000 spectators in a potential global audience of 2 billion.[3]

Smoke Without Borders: More than 900 active wildfires were burning across Canada, sending smoke into the Northeast, Mid-Atlantic and Midwest, while additional fires in Minnesota intensified the air pollution. In Minnesota, more than 600 firefighters were battling fires that had already burned over 70,000 acres and were approaching residential and resort communities under evacuation orders. Health experts estimate that roughly 50% of outdoor smoke particles can enter a typical US home, making air purifiers and N95 masks important defenses. The disruption reached professional sports, as MLB postponed a game in Cleveland while officials warned that dangerous air quality would continue to shift into Michigan, Wisconsin, Illinois, and Indiana.[4]

Economic Definitions

Beige Book: The Federal Reserve's Beige Book is a report published eight times a year that summarizes current economic conditions across the Fed's 12 regional districts, based on surveys and interviews with businesses, banks, economists, and community contacts.

Conference Board Leading Economic Index: Leading indicators include economic variables that tend to move before changes in the overall economy. These indicators give a sense of the future state of an economy.

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

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

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.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

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)

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.

NASDAQ-100: The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

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.

Disclosures

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[1] Data obtained from Bloomberg as of 7/17/26.
[2] Data obtained from Morningstar as of 7/17/26.
[3] Spain Reigns Again - AP News
[4] Smoke Without Borders - NPR