

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The Conference Board Leading Economic Index (LEI), which provides an early indication of potential turning points in the business cycle and where the economy is heading in the near term, declined by 0.2% in June after a 0.1% increase in May.
 - LEI is down by only 0.3% over the first half of 2026, a much slower rate of decline than the index's 1.1% contraction over the second half of 2025.
 - Most components were little changed, but positive contributions from financial components were not enough to offset weak consumer expectations and slight declines across most of its other categories.
- The Conference Board raised its gross domestic product (GDP) forecast from 1.8% to 1.9% year-over-year for 2026.
 - Although consumer spending is weakening, strong business investment related to AI is expected to support economic activity while inflation continues to improve.
- New home sales in the U.S. increased 1.6% month-over-month to a seasonally adjusted annualized rate of 628,000, beating the consensus expected 607,000. Sales are down 5.6% from a year ago.
 - June sales rose in the South, Northeast, and Midwest, but fell in the West.
 - Housing supply edged down 0.2% to 485,000, bringing the number of months it would take to sell out of all existing inventory to 9.3 in June.
 - The median price of new homes sold was \$398,300 in June, down 2.7% from a year ago.

How does the most recent economic data impact you?

- Although LEI did decline in June, erasing May's gain, the direction of travel for the index is arguably more important than individual monthly readings.
 - LEI's six- and twelve-month growth rates, while negative, were stable, and as mentioned above, the financial components and continued strong business investment related to AI are expected to support economic growth.
 - Given the fact that the Conference Board raised its 2026 GDP forecast, the positive business environment appears to outweigh the negative consumer outlook for the time being.
- The upside surprise for new home sales was yet another positive but may not be durable, as mortgage rates have risen and the ongoing Iran conflict continues to impact energy prices and inflation.



A LOOK FORWARD¹

- The second Federal Reserve meeting and Federal Open Market Committee (FOMC) interest rate decision under Chair Kevin Warsh highlight a busy week of data that includes the June Personal Consumption Expenditure (PCE) Index reading, Q2 GDP, and the Employment Cost Index (ECI).

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

- While the PCE reading will not be released until after the Fed meeting, the two together, along with new ECI figures and Q2 GDP, should provide a much-needed update to both the inflation and growth outlooks.



MARKET UPDATE²

Market Index Returns as of 7/24/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.60%	-1.11%	8.98%	17.41%	19.10%	12.54%
NASDAQ	-2.13%	-4.71%	7.80%	19.04%	21.70%	11.80%
Dow Jones Industrial Average	-0.35%	-0.65%	9.05%	17.62%	15.67%	10.26%
Russell Mid-Cap	-0.03%	-0.93%	14.22%	16.32%	14.82%	8.21%
Russell 2000 (Small Cap)	-1.08%	-3.08%	18.79%	31.19%	15.79%	7.27%
MSCI EAFE (International)	0.45%	-0.06%	9.38%	18.50%	15.47%	9.00%
MSCI Emerging Markets	0.48%	-5.31%	17.27%	31.80%	18.96%	6.98%
Bloomberg US Agg Bond	-0.74%	-1.18%	-0.57%	2.98%	3.75%	-0.33%
Bloomberg High Yield Corp.	-0.57%	-0.43%	1.52%	4.96%	8.30%	4.01%
Bloomberg Global Agg	-0.72%	-1.16%	-1.37%	0.22%	2.68%	-1.92%



OBSERVATIONS

- All major domestic averages delivered negative returns last week, but the NASDAQ led the way down as AI spending concerns drove the tech-heavy index -2.13% lower.
 - The S&P 500 (-0.60%) and the Dow (-0.35%) experienced less significant declines.
- Mid-cap stocks held up quite well, with the Russell Mid-Cap Index falling just 3 basis points, but small cap stocks experienced more significant volatility, as the Russell 2000 pulled back -1.08%.
- International equities were the only bright spot among the major indices, with developed (MSCI EAFE) and emerging markets (MSCI EM) delivering positive returns, 0.45% and 0.48%, respectively.
- Fixed income indexes were solidly negative on the week as yields rose.
 - The Bloomberg US Aggregate Bond Index (-0.74%), US High Yield Corporates (-0.57%), and the Bloomberg Global Aggregate Bond Index (-0.72%) all pulled back meaningfully.



BY THE NUMBERS

Investor Zero in on Runaway Tech Spending, Putting Dent in AI Trade: Wall Street is reckoning with a new reality: The biggest tech companies are no longer cash-printing machines. Concerns about Alphabet's and Tesla's earnings results spread to other major tech stocks on Thursday, with investors dialed in to the implications of ramped-up capital spending, putting a dent in the artificial-intelligence trade. Alphabet's shares slumped some 7%, costing the company more than \$293 billion in market value, its largest one-day market-cap loss on record. Shares of Tesla tumbled 15%, the stock's worst post-earnings performance ever. The selloff extended to other tech stocks: Meta Platforms fell 3.4%, and Oracle slid 4.6%. The Magnificent Seven erased nearly \$890 billion in market value, the biggest one-day market cap decline since the tariff turmoil of April 2025. The Nasdaq composite lost 2.2% Both Alphabet and Tesla reported soaring revenue, but investors instead zeroed in on their AI spending. The phrase of the day: free cash flow—which turned negative at both.³

LeBron James Picks His Next and Final Team at a Bargain-Basement Price – The 76ers: The wait for a 41-year-old from Akron, Ohio, to choose his next employer is over. In one of the final twists of his career, LeBron James picked the team that almost nobody expected when his free agency began weeks ago. The greatest player of his generation will be joining the Philadelphia 76ers as one of the greatest bargains in NBA history, signing a 2-year, \$8 million contract, according to a person familiar with the terms of the deal. "This is my last decision," James wrote on social media. "I'm not going for money."⁴

Economic Definitions

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.

PCE (headline and 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.

Employment Cost Index (ECI): Measures the change in the hourly labor cost to employers over time. The ECI uses a fixed “basket” of labor to produce a pure cost change, free from the effects of workers moving between occupations and industries and includes both the cost of wages and salaries and the cost of benefits.

GDP QoQ: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Federal Open Market Committee (FOMC): The Federal Open Market Committee is the branch of the Federal Reserve System that sets U.S. monetary policy. It decides interest rates, manages the money supply, and meets eight times a year.

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.

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¹ Data obtained from Bloomberg as of 7/24/26.

² Data obtained from Morningstar as of 7/24/26.

³ [Investors zero in on runaway tech spending, putting dent in AI trade](#)

⁴ [LeBron James picks his next and final team at a bargain-basement price: The 76ers](#)