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ECONOMIC REVIEW¹

- The U.S. added 57,000 jobs in June, missing expectations of 110,000 and below a downwardly revised 129,000 in May. It is the lowest job gain in four months, following three consecutive months of stronger-than-expected gains.
- The US unemployment rate dropped to 4.2% in June, down from 4.3% in May and below expectations, likely because many people left the workforce.
 - The broader U-6 unemployment rate in the US, which includes discouraged and underemployed workers, decreased to 7.9% in June 2026 from 8.1% in the previous month.
- The Labor Force Participation Rate in the United States decreased by 0.3% to 61.5% in June. It is the lowest rate since March 2021, as 720k people left the labor force.
- Job openings increased by 9,000 to 7.59 million in May, the highest since May 2024 and well above market expectations of 7.30 million.
 - The quits rate stood at 1.9% in May, the lowest reading since 2020, unchanged from April, signaling subdued voluntary job departures.
- The ISM Manufacturing Index declined to 53.3 in June, lagging the consensus expected 53.9.
 - The prices index declined sharply to 73.0 from 82.1, indicating some easing in cost pressures, though price growth remained elevated.
- Average hourly earnings for all employees on U.S. private nonfarm payrolls rose by 0.3% in June, the same pace as in May and matching market forecasts.
Average hourly earnings have increased by 3.5% since last year, a number that was also in line with market estimates.

How does the most recent economic data impact you?

- The likelihood of an interest rate cut remains low. While the labor market continues to show resilience, inflation remains elevated enough to keep the Federal Reserve (Fed) on hold.
 - Worries over oil prices leading to higher inflation remain a key focus for the Fed as it balances its dual mandate of maximum employment and price stability.
- Wage growth continues to lag inflation for many households, particularly lower- and middle-income earners, reinforcing concerns about a divergence in the economy.



A LOOK FORWARD¹

- This week's economic data will include the release of the ISM Services PMI and the Federal Open Market Committee (FOMC) Minutes.

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

- Investors will get a clearer view of the health of the U.S. economy, which is primarily driven by the services sector, while also gaining further insight into the Federal Reserve's discussions and what transpired during Kevin Warsh's first meeting as Fed Chair.



MARKET UPDATE²

Market Index Returns as of 7/3/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.78%	-0.21%	9.98%	20.60%	20.48%	13.07%
NASDAQ	2.12%	-1.45%	11.49%	26.15%	24.04%	12.86%
Dow Jones Industrial Average	1.99%	1.12%	10.99%	19.96%	17.52%	10.84%
Russell Mid-Cap	0.68%	0.01%	15.31%	19.39%	16.39%	8.34%
Russell 2000 (Small Cap)	-0.42%	-0.93%	21.43%	34.87%	18.06%	6.83%
MSCI EAFE (International)	2.76%	1.70%	11.30%	22.26%	17.00%	9.31%
MSCI Emerging Markets	1.02%	0.01%	23.86%	42.31%	22.24%	7.50%
Bloomberg US Agg Bond	-0.50%	-0.14%	0.48%	4.11%	4.18%	0.03%
Bloomberg High Yield Corp.	0.29%	0.09%	2.05%	5.78%	8.87%	4.15%
Bloomberg Global Agg	-0.19%	-0.08%	-0.29%	0.61%	3.40%	-1.57%



OBSERVATIONS

- Large-cap domestic equities broadly rebounded last week, led by the NASDAQ, which gained +2.12%. The S&P 500 (+1.78%) and Dow Jones Industrial Average (+1.99%) also posted strong gains.
- Mid-cap stocks participated in the rally, with the Russell Midcap Index advancing +0.68%, while the Russell 2000 was the only major domestic equity index to finish lower, declining -0.42%.
- Developed international equities outperformed all major equity indices last week, gaining +2.74%, while emerging markets also posted a solid advance of +1.02%.
- High-quality, domestic fixed income as measured by the US Aggregate Bond Index fell -0.50%, while international fixed income slipped -0.19%. Non-investment-grade bonds, however, outperformed, up 0.29%.



BY THE NUMBERS

Rising Oil Supply Reduces Iran's Leverage: The oil market has flipped from shortage fears to surplus concerns, which weakens Iran's leverage in talks. Oil prices have fallen back toward prewar levels, tanker traffic through the Strait of Hormuz is recovering, and Gulf producers like Saudi Arabia, the UAE, and Kuwait are ramping up supply. At the same time, global oil inventories had fallen to their lowest level since 1990, and rebuilding reserves will take time. Capital Economics estimates replenishing the U.S. Strategic Petroleum Reserve could take 15 to 18 months even at 200,000 barrels per day. China also does not appear to be rushing to refill reserves, with June seaborne crude imports around 6 million barrels per day, roughly 4 million barrels per day below its 2025 average. Overall, lower prices and rising supply reduce Iran's ability to use oil as a bargaining chip.³

White House Pushes to Overturn World Cup Red Card: The White House launched an unprecedented effort to overturn Folarin Balogun's World Cup red card after he was sent off in the U.S.'s Round of 32 victory over Bosnia and Herzegovina. With Balogun leading the U.S. team with three goals in the tournament, senior administration officials, including President Donald Trump, reportedly contacted Gianni Infantino multiple times to request a review. In a rare move, FIFA invoked Article 27 of its disciplinary code to suspend Balogun's automatic one-match ban, allowing him to play against Belgium while placing him on a one-year probationary period. The decision sparked significant backlash from Belgium and European football officials, who argued it set a troubling precedent by allowing political influence to affect FIFA's disciplinary process.⁴

Economic Definitions

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

GDP: 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.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

U-3 Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

U-6 Unemployment Rate: The U-6 (Unemployment) rate measures the percentage of the U.S. labor force that is unemployed, plus those who are underemployed, marginally attached to the workforce, and have given up looking for work.

ISM Manufacturing Index: The Manufacturing ISM Report On Business is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), the report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction and the negative economic direction, and the diffusion index. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining.

ISM Services Index: The Services ISM Report On Business® is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries) this report shows the percentage reporting each response, and the diffusion index. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Orders to the service producers make up about 90 percent of the US economy.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions

The Labor Force Participation Rate: The labor force participation rate is an estimate of an economy's active workforce. The U.S. government's labor force participation rate formula is the number of people ages 16 and older who are employed or actively seeking employment, divided by the total non-institutionalized, civilian working-age population.

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 7/3/26.

² Data obtained from Morningstar as of 7/3/26.

³ [A sudden glut of oil threatens to weaken Iran's hand in talks](#)

⁴ [Inside the White House campaign to overturn a World Cup red card](#)



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