

July 1, 2026

June Market Recap

June saw strong market fundamentals once again in conflict with macroeconomic uncertainties, creating a choppy market. While a durable peace plan with Iran is seemingly underway, investors have regarded the negotiations with caution, pricing in potential setbacks. Oil prices have fallen sharply, but further declines will likely hinge on a meaningful recovery in oil supply from the Persian Gulf.

The first meeting of the Federal Open Market Committee under new Federal Reserve Chairman Kevin Warsh saw the rate-setting group hold rates steady, seen as a renewed commitment to curbing creeping inflation. Earlier this year, rate cuts were anticipated. Now, rate hikes seem to be a distinct possibility. Treasury yields have largely tracked oil prices over the last few months but stayed elevated even as oil futures fell toward the end of the month.

Equity markets experienced a wave of rotation, with tech losses making way for gains in the financials, industrials, utilities and health care sectors. AI-related names gave back some of their gains on concerns over future AI spending, but optimism for tech among investors still endures with the sector up roughly 17% year-to-date.

For those looking to compare the rise of AI to the dotcom era, Raymond James CIO Larry Adam noted, “The momentum may rhyme, but the foundation is stronger, underscoring that today’s market leaders are supported by strong profitability, durable earnings growth, and better visibility than in prior periods, making this a fundamentally different backdrop than the speculative environment of the late 1990s.”

We’ll dive into more details below, but first, let’s look at how June finished.

	12/31/25 Close	6/30/26 Close*	Change Year to Date	% Gain/Loss Year to Date
DJIA	48,063.29	52,319.20	4,255.91	+8.85%
NASDAQ	23,241.99	26,213.72	2,971.73	+12.79%
S&P 500	6,845.50	7,499.36	653.86	+9.55%
MSCI EAFE	2,892.71	3,094.93	202.22	+6.99%
Russell 2000	2,481.91	3,024.37	542.46	+21.86%
Bloomberg Aggregate Bond	2,348.85	2373.14	24.29	+1.03%

*Performance reflects index values as of market close on June 30, 2026.

Slow progress on Iran

Vice President Vance traveled to Switzerland to broker a 60-day ceasefire, which is intended to reopen the Strait of Hormuz as well as serve as a first major step toward permanent resolution of hostilities. Only time will tell if peace will hold. Tensions surrounding the process are high, and oil price volatility will likely continue to reflect that.

Equities showed resilience amid sector rotation

Throughout the month of June, investors chose to shift to other market sectors rather than outright sell, a sign of confidence despite uncertainty. During several days when tech was down, other non-tech sectors like healthcare, financials and real estate performed relatively well. Consensus estimates point to 25% growth for S&P 500 earnings in 2026, far exceeding their expected 15% growth at the start of the year.

Fed traded transparency for agility

During the latest Federal Open Market Committee meeting, much simpler publicly released notes signaled a change under the Fed's new chairman. This reduction in transparency is intended to give the committee more flexibility to react to up-to-date information and enable them to change their decisions more quickly.

Jobs numbers strengthened

Job openings between March and May increased at their fastest pace since March 2024. Nonfarm payrolls blew past expectations, up 172,000, with plenty of help from the hospitality and government sectors, which contributed 70,000 and 50,000, respectively. Consumer sentiment also improved in June, with the steadily improving Iran conflict reported as a larger concern to consumers than unemployment.

Oil supply more dependent on logistics than politics

As the US and Iran continue dialogue, periodic flareups of the conflict are likely. And even setting aside the geopolitical issues, the pace at which oil supply recovers will require several logistical challenges to be addressed. Removing mines from the Strait of Hormuz, bringing shipping crews back to work and resuming oil production in the region will all be necessary in tandem to bring supply levels back to pre-war rates of around 20 million barrels a day, more than double the current pace.

China aligned monetary policy with global practices

The People's Bank Governor Pan Gongsheng made a speech announcing plans to adjust China's monetary policymaking framework closer to the orthodoxy of other global central banks. This change will effectively narrow the range of short-term market rates. China's central bank will still differ in key ways from its counterparts elsewhere given its focus on a range of competing objectives such as exchange rate, credit allocation and financial stability.

The bottom line

Although the economy is still deep in the fog of uncertainty regarding Iran and the consequences of those pressures on global energy markets, June's theme was resilience. Led by strong labor indicators and higher than expected earnings, US equities proved that even in the face of elevated oil prices and inflation, there is plenty of room for optimism.

I hope this update finds you well. If you have questions, please reach out at your earliest convenience.

Sincerely,

A stylized, handwritten signature in blue ink that reads "Jeff".

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