



WEEKLY UPDATE | June 18, 2026



## U.S. & World News

The Federal Reserve held its first meeting under new Fed Chair Kevin Warsh this week and the committee held the Fed Funds Rate steady at a range of 3.50-3.75%. The Fed's post-meeting written statement was shortened significantly, the first signal of Warsh's views on Fed communications. The statement did note that inflation "remains elevated", partly reflecting "supply shocks that have driven price increases in certain sectors, including energy."

During his press conference, Warsh noted that he refrained from submitting forecasts to the dot plot, which showed 9 of 18 members projected a rate hike by year-end and indicated a more hawkish tone than expected for the committee at-large. Warsh noted those rate forecasts were written "in pencil" as the current geopolitical situation was fluid, as evidenced by crude oil prices plummeting to the mid-\$70's on news of significant progress toward a deal with Iran.

Warsh also announced the creation of five task forces within the Fed to reconsider how the Fed communicates (ie. Frequency of press conferences, forward guidance), the Fed's balance sheet, its use of and reliance on existing data sources, productivity and jobs in "an era of transformation", and the Fed's inflation framework. Warsh also responded to many of the questions during the press conference by stressing that the Fed "will deliver price stability". The market is currently pricing in a roughly 25% chance of a rate hike at the next Fed meeting at the end of July.



## Markets

- Equity markets rose this week with the S&P 500 gaining 0.96% and closing at 7,500. The Dow was up 0.75% and closed at 51,564. The year to date returns for the S&P 500 and the Dow are 10.18% and 8.16%, respectively.
- Bond markets rose as yields declined, resulting in a 0.14% gain for the US Aggregate Bond Index. The year to date return for the US Aggregate Bond Index is 0.66%.
- The yield on 2-year treasuries rose to 4.18% and the yield on 10-year treasuries declined this week to 4.45%.
- The spot price of WTI Crude Oil decreased -9.39% this week and closed at \$76.91/barrel. Oil prices this year have risen 35.79%.
- The spot price of Gold fell -0.07% this week to close at \$4,216.73/ounce. So far this year, gold has risen 1.61%.



## Economic Data

- Initial Jobless claims this week were 226,000, slightly above the 225,000 median analyst expectation but below last week's revised figure of 230,000.
- Headline Retail sales rose 0.9% for May, above median forecast of 0.6%. Core retail sales (ex-autos, gas and building materials) rose 0.7% which was above median forecast of 0.4%. Sales were strongest at miscellaneous store retailers (+2.3%), nonstore retailers (+1.5%) and furniture stores (+1.0%) and weakest at electronics stores (-0.5%) and restaurants (-0.1%).
- Housing starts dropped -15.4% for May, much lower than median forecast of -2.0%. Starts declined in the Northeast (-26.8%), West (-17.2%), and South (-17.0%) but increased in the Midwest (+3.7%).

## Fact of the Week

**TECH CORRECTS.** After rallying 46.8% from 3/30 through 6/2, it took just six trading days for the S&P 500 technology sector to enter "correction" territory by falling 10% - the fastest correction for this sector since a 3-day drop in September 2020. Since 1990, the average correction for tech has lasted 31 trading days.

(Source: MFS)

## Questions?

Your Wealth Management team is here to answer.

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