VIEWS | JUNE 5, 2026

Weekly market update: Stocks fall on rate-hike fears and Mideast war jitters.

The market and economy

- U.S. stocks finished in negative territory for the week ending June 5, due to worries that a strong employment report would lead the Federal Reserve to raise interest rates at its meeting later this month. Investors also were concerned about escalation of geopolitical tensions in the Middle East. The tech-heavy Nasdaq Composite Index declined further than the Dow Jones Industrial Average and the broad-market S&P 500 Index amid a late-week selloff in the technology sector, particularly chipmakers.
- The Department of Labor announced that U.S. nonfarm payrolls expanded by 172,000 jobs in May—significantly exceeding expectations but slightly lower than the 179,000 positions added in April, which represented an upward adjustment of 64,000 from the government's initial tally of an increase of 115,000 jobs. The unemployment rate was unchanged at 4.3%. The leisure and hospitality, local government, and healthcare sectors posted job gains of 70,000, 52,000, and 47,000, respectively, in May. Payrolls in the financial activities sector declined by 22,000 during the month. Average hourly earnings increased 0.3% in May and 3.4% year-over-year.
- There were some notable developments this week in the Mideast war. On Wednesday, *The Wall Street Journal* reported that President Donald Trump told his aides that he would end the ceasefire in the conflict if the Iranians killed any U.S. troops. The following day, Iran agreed to grant United Nations monitors access to its nuclear facility in Bushehr but did not permit the inspectors to verify the condition and location of its stockpile of enriched uranium. The Iranian government has indicated that it would negotiate its nuclear program only if the U.S. unfreezes its assets or provides other financial incentives.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), open positions in the U.S. increased by 731,000 (+0.8%) month-over-month in April (the most recent reporting period) to a two-year high of 7,618,000, significantly above expectations. Job openings rose by 520,000 (+7.3%) from the 7,098,000 open positions a year earlier. There were sizable month-over-month upturns in open positions in professional and business services, and healthcare and social assistance in April. Conversely, there were substantial decreases in job openings in finance and insurance, accommodation and food services, and retail trade. The number of hires declined by 419,000 (-7.6%) month-over-month to 5,116,000.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) advanced 1.3 percentage points to a four-year high of 54.0% in May, indicating expansion in the U.S. manufacturing sector for the fifth straight month. (A PMI reading above 50% denotes an increase in manufacturing activity.) The Employment Index was up 2.2 percentage points to 48.6%, but remained in contraction territory. The New Orders Index rose 2.7 percentage points to 56.8% in May, registering its fifth consecutive month of expansion. The ISM Services PMI ended the month at 54.5%, slightly higher than the 53.6% reading in April, denoting expansion of activity in the services sector for the 23rd month in a row. The Business Activity Index advanced 1.8 percentage points to 57.7% in May, while the Employment Index edged down 0.1 percentage point to 47.9%, finishing in contraction territory for the third consecutive month.
- Persistently high interest rates appear to be weighing on the residential mortgage market. According to the Mortgage Bankers Association (MBA), mortgage applications in the U.S. fell 2.5% during the week ending May 29. The Refinance Index was down 2.3% for the week but surged 20.0% over the previous 12-month period. The Purchase Index declined 2.9% for the week but increased 7.0% year-over-year. The Federal Home Loan Mortgage Corporation (Freddie Mac) announced that the average interest rate on a 30-year fixed-rate mortgage dipped 5 basis points (0.05%) to 6.48% during the week ending June 4.

Stocks

- Global equities were virtually flat for the week. Emerging markets outperformed developed markets.
- U.S. equities lost ground for the week. Energy and healthcare were the top-performing sectors, while consumer discretionary and information technology were the primary market laggards.
- Value stocks outperformed growth stocks, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.54% during the week.
- The U.S. bond market was virtually flat for the week.
- Government bonds led the market, followed by high-yield bonds and corporate bonds.

As June 5, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.1%	11.5%	27.6%	1131.5
MSCI EAFE ($)	-0.5%	7.2%	18.0%	3100.5
MSCI Emerging Mkts ($)	0.4%	25.3%	48.7%	1759.1
US & Canadian Equities				
Dow Jones Industrials ($)	-0.3%	5.8%	20.2%	50866.8
S&P 500 ($)	-2.4%	8.1%	24.6%	7401.2
NASDAQ ($)	-4.7%	10.6%	33.2%	25709.4
S&P/ TSX Composite (C$)	-1.1%	8.4%	30.5%	34389.0
UK & European Equities				
FTSE All-Share (£)	-0.5%	4.2%	16.6%	5574.1
MSCI Europe ex UK (€)	0.1%	5.2%	11.9%	2161.9
Asian Equities				
Topix (¥)	-0.2%	15.8%	43.3%	3949.1
Hong Kong Hang Seng ($)	-0.9%	-2.6%	4.4%	24962.0
MSCI Asia Pac. Ex-Japan ($)	0.5%	25.5%	45.5%	906.7
Latin American Equities				
MSCI EMF Latin America ($)	-2.6%	9.0%	31.4%	2952.6
Mexican Bolsa (peso)	-3.5%	2.9%	14.6%	66191.6
Brazilian Bovespa (real)	-2.6%	5.1%	24.2%	169267.0
Commodities ($)				
West Texas Intermediate Spot	6.5%	62.0%	46.8%	93.0
Gold Spot Price	-4.9%	0.5%	29.5%	4344.7
Bond Indices ($)				
Bloomberg U.S. Aggregate	-0.1%	0.3%	4.9%	2355.0
Bloomberg Global Aggregate	-0.5%	0.0%	2.4%	501.5
JPMorgan Emerging Mkt Bond	0.1%	2.3%	11.9%	1041.0
10-Year Yield Change (basis points*)				
US Treasury	11	37	15	4.54%
UK Gilt	9	43	29	4.90%
German Bund	10	18	46	3.04%
Japan Govt Bond	1	61	121	2.67%
Canada Govt Bond	7	5	22	3.48%
Currency Returns**				
US$ per euro	-1.2%	-1.9%	0.7%	1.152
Yen per US$	0.6%	2.2%	11.6%	160.21
US$ per £	-0.9%	-1.0%	-1.7%	1.334
C$ per US$	1.1%	1.6%	2.0%	1.395

Source: Bloomberg. Equity-index returns are price only, others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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