



# Weekly market update: AI anxiety leads to mixed feelings for investors.

## The market and economy

- Major U.S. equity market indexes saw mixed performance during the week ending June 26. There was a selloff in the technology sector, particularly chipmakers, amid investors' concerns about the durability of the rally in artificial intelligence (AI)-related companies. Both the broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index ended the week in negative territory. Conversely, the Dow Jones Industrial Average, which has relatively smaller exposure to the tech sector, posted a modest gain.
- The U.S.-Iran memorandum of understanding (MOU) continued to shape Mideast diplomacy this week, though implementation risk remained elevated. On Thursday, the Gulf Cooperation Council (GCC) welcomed the agreement and backed U.S. objectives to prevent Iran from acquiring a nuclear weapon, address Iran's ballistic missiles, and preserve free and unrestricted navigation through the Strait of Hormuz. However, Iranian authorities reportedly warned vessels transiting the strait without identification signals or Iranian permission, leading at least three oil tankers and two other ships to reverse course. The episode highlighted the gap between the diplomatic framework and conditions on the water. The MOU has reduced near-term escalation risk, but freedom of navigation through the Strait remains contested.
- Energy markets reflected the fragile nature of the de-escalation. Oil prices had moved lower in recent sessions as investors priced in the U.S.-Iran MOU, sanctions relief, and a gradual recovery in shipping through the Strait. However, West Texas Intermediate (WTI) and Brent crude oil futures later rose sharply after the vessel reversals renewed concerns over safe transit. The agreement has eased immediate energy-market pressure, but the path back to normalized oil flows remains vulnerable to shipping disruptions, enforcement disputes, and renewed geopolitical risk.
- There was notable economic news during the week. According to the third estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annual rate of 2.1% for the first quarter of 2026, exceeding expectations and up from the previous estimate of 1.6% and the 0.5% rise in the fourth quarter of 2025. The increase in GDP for the first quarter was attributable to growth in investment, exports, government spending, and consumer spending, while the upward revision from the second estimate primarily reflected a downward revision to imports, which are a subtraction in the calculation of GDP.
- The Department of Commerce also reported that the personal-consumption expenditures (PCE) price index rose 0.4% in May, matching the increase in April. The index advanced 4.1% over the previous 12-month period, up from the 3.8% annual increase in the prior month and in line with expectations—remaining well above the Federal Reserve's 2.0% target. The core PCE price index, which excludes volatile food and energy prices, rose 0.3% in May, unchanged from the increase in April. The index posted a year-over-year upturn of 3.4% in May following a 3.3% annual increase in the previous month. The PCE price index is widely considered the Fed's preferred measure of inflation as it tracks the prices that consumers pay for goods and services to reveal underlying inflation trends.
- According to the Department of Labor, initial unemployment insurance claims, another barometer of the health of the labor market, decreased by 12,000 to 215,000 for the week ending June 20 and were down 21,000 compared to the same week in 2025. The four-week moving average of initial claims edged up 750 week-over-week to 224,250 and remained well below the four-week average of 245,000 reported for the comparable week in 2025.
- The University of Michigan's final Index of Consumer Sentiment for June rose 4.7 points (+10.5%) to 49.5, buoyed by moderating gasoline prices. However, the index declined 11.2 points (-18.5%) year-over-year. Consumers' expectations for inflation over the next 12 months dipped 0.2 percentage point to 4.6% in June, while long-run inflation expectations fell 0.6 percentage point to 3.3%. In a statement announcing the survey results, University of Michigan Surveys of Consumers Director Joanne Hsu commented, "The cost of living remains at the forefront of consumers' minds; for the third straight month, over half of consumers spontaneously mentioned that high prices are weighing down their personal finances."

## Stocks

- Global equities lost ground during the week. Developed markets outperformed emerging markets.
- U.S. equities ended the week mixed. Healthcare and real estate were the top-performing sectors, while communication services and information technology were the primary market laggards.
- Value stocks outperformed growth stocks, while small caps surpassed large caps.

## Bonds

- The 10-year U.S. Treasury note yield declined to 4.37% during the week.
- The U.S. bond market recorded a positive return for the week.
- Government bonds led the market, followed by corporate bonds and high-yield bonds.

As of June 26, 2026	1 Week	YTD	1 Year	Friday's Close
<b>Global Equity Indexes</b>				
MSCI ACWI (\$)	-1.5%	9.3%	21.9%	1108.5
MSCI EAFE (\$)	-0.5%	7.5%	18.4%	3111.1
MSCI Emerging Mkts (\$)	-1.7%	25.0%	43.1%	1756.2
<b>US &amp; Canadian Equities</b>				
Dow Jones Industrials (\$)	0.6%	7.9%	19.5%	51865.2
S&P 500 (\$)	-1.9%	7.5%	19.9%	7360.4
NASDAQ (\$)	-4.6%	8.8%	25.4%	25297.6
S&P/TSX Composite (C\$)	0.1%	10.0%	30.4%	34883.1
<b>UK &amp; European Equities</b>				
FTSE All-Share (£)	1.2%	5.5%	18.7%	5643.4
MSCI Europe ex UK (€)	0.3%	8.5%	18.7%	2229.4
<b>Asian Equities</b>				
Topix (¥)	-2.0%	16.3%	41.3%	3963.4
Hong Kong Hang Seng (\$)	-5.2%	-11.5%	-6.8%	22671.9
MSCI Asia Pac. Ex-Japan (\$)	-1.6%	25.0%	40.0%	902.9
<b>Latin American Equities</b>				
MSCI EMF Latin America (\$)	-1.1%	8.3%	27.0%	2934.7
Mexican Bolsa (peso)	-0.8%	4.5%	16.9%	67172.2
Brazilian Bovespa (real)	2.9%	7.6%	26.4%	173295.5
<b>Commodities (\$)</b>				
West Texas Intermediate Spot	-5.2%	26.5%	11.3%	72.6
Gold Spot Price	-1.7%	-5.5%	22.6%	4085.2
<b>Bond Indices (\$)</b>				
Bloomberg U.S. Aggregate	0.4%	0.9%	4.2%	2369.9
Bloomberg Global Aggregate	0.1%	-0.2%	0.7%	500.3
JPMorgan Emerging Mkt Bond	0.0%	2.9%	11.0%	1047.0
<b>10-Year Yield Change (basis points*)</b>				
US Treasury	-8	20	13	4.37%
UK Gilt	-11	25	26	4.73%
German Bund	-13	0	28	2.85%
Japan Govt Bond	-4	56	120	2.62%
Canada Govt Bond	-1	-4	5	3.39%
<b>Currency Returns**</b>				
US\$ per euro	-0.7%	-3.0%	-2.7%	1.139
Yen per US\$	0.3%	3.2%	12.0%	161.76
US\$ per £	-0.2%	-2.0%	-3.9%	1.320
C\$ per US\$	0.2%	3.3%	3.9%	1.418

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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1 Freedom Valley Drive  
P.O. Box 1100  
Oaks, PA 19456  
610-676-1000