VIEWS | JULY 2, 2026

Weekly market update: AI stocks regain the lead.

The market and economy

- U.S. stocks posted gains during the abbreviated trading week ending July 2, bolstered by the reignited rally in artificial intelligence (AI)-related companies, particularly chipmakers. U.S. financial markets were closed on Friday in observance of the Independence Day holiday.
- The U.S.-Iran memorandum of understanding (MOU) remained the central focus of Mideast diplomacy this week, although implementation appeared uneven and the ceasefire remained fragile. U.S. and Iranian officials continued indirect discussions, with Qatar and Pakistan playing mediation roles, focused on maritime traffic through the Strait of Hormuz, the release or use of frozen Iranian funds, and mechanisms for resolving alleged violations of the agreement. The broader negotiations remain difficult: the status of Iran's nuclear program is central to any final deal, while Tehran's push for fees or control over shipping through the Strait remains a major point of contention. President Trump said the denuclearization process was "moving along well," but reporting indicated that the nuclear issue was not addressed in detail during the latest talks. The current MOU provides a 60-day negotiating window that may be extended by mutual consent, suggesting that the U.S. remains focused largely on diplomacy even as officials continue to warn that military action could resume if the agreement breaks down.
- Energy markets continued to respond to the reduced near-term risk, though the relief remains conditional. Oil prices have retreated toward pre-war levels as shipping through the Strait of Hormuz has shown signs of recovery and investors have priced in a lower probability of immediate supply disruption. West Texas Intermediate (WTI) crude has traded below $70 per barrel, while Brent crude has hovered near $71, reflecting expectations that Gulf energy flows will continue to improve if negotiations hold. Still, the MOU has not resolved the central risks around Iran's nuclear limits, Hormuz transit terms, shipping security, or potential retaliation for alleged violations. As a result, diplomacy has lowered immediate energy-market pressure, but the broader geopolitical risk profile remains unsettled.
- The Department of Labor announced that U.S. nonfarm payrolls expanded by 57,000 jobs in June—below expectations and a substantial decrease from the 129,000 positions added in May, which represented a downward adjustment of 43,000 from the government's initial tally of an increase of 172,000 jobs. The unemployment rate edged down 0.1 percentage point to 4.2%. The professional and business services, social assistance, and healthcare sectors posted job gains of 36,000, 25,000, and 22,000, respectively, in June. Payrolls in the leisure and hospitality sector declined by 61,000 during the month. Average hourly earnings increased 0.3% in June and 3.5% year-over-year. The weaker-than-expected labor market data boosted hopes that the Federal Reserve will be reluctant to raise interest rates at its meeting later this month.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), open positions in the U.S. increased by 9,000 (+0.1%) month-over-month in May (the most recent reporting period) to 7,594,000, significantly above expectations. Job openings rose by 284,000 (+3.9%) from the 7,310,000 open positions a year earlier. There were sizable month-over-month upturns in open positions in wholesale trade, manufacturing, and construction in May. Conversely, there were substantial decreases in job openings in healthcare and social assistance, and finance and insurance. The number of hires declined by 45,000 (-0.9%) month-over-month to 5,170,000.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) dipped 0.7 percentage point to 53.3% in June but indicated expansion in the U.S. manufacturing sector for the sixth straight month. (A PMI reading above 50% denotes an increase in manufacturing activity.) The Employment Index was up 1.1 percentage points to 49.7% but remained in contraction territory. The New Orders Index decreased 0.8 percentage point to 56.0% in June but registered its sixth consecutive month of expansion.

Stocks

- Global equities gained ground during the week. Developed markets outperformed emerging markets.
- U.S. stocks garnered positive returns. Healthcare and consumer discretionary were the top-performing sectors, while energy and utilities were the primary market laggards.
- Growth stocks outperformed value stocks, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.49% during the week.
- The U.S. bond market recorded a negative return for the week.
- High-yield bonds led the market, followed by government bonds and corporate bonds.

As of July 2, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.9%	10.2%	21.5%	1118.0
MSCI EAFE ($)	-0.3%	7.2%	16.8%	3101.8
MSCI Emerging Mkts ($)	-1.9%	22.6%	40.0%	1721.9
US & Canadian Equities				
Dow Jones Industrials ($)	1.9%	10.1%	18.9%	52899.4
S&P 500 ($)	1.4%	8.9%	19.8%	7458.1
NASDAQ ($)	1.9%	11.1%	26.7%	25832.7
S&P/ TSX Composite (C$)	-0.1%	9.8%	29.6%	34831.1
UK & European Equities				
FTSE All-Share (£)	1.2%	6.9%	19.8%	5719.5
MSCI Europe ex UK (€)	-0.1%	8.4%	17.2%	2227.6
Asian Equities				
Topix (¥)	0.0%	17.8%	42.1%	4015.0
Hong Kong Hang Seng ($)	-0.1%	-10.0%	-4.8%	23055.0
MSCI Asia Pac. Ex-Japan ($)	-2.0%	22.6%	37.1%	885.3
Latin American Equities				
MSCI EMF Latin America ($)	0.0%	8.3%	24.2%	2935.5
Mexican Bolsa (peso)	-0.6%	4.2%	14.9%	67019.5
Brazilian Bovespa (real)	0.3%	7.0%	24.0%	172422.9
Commodities ($)				
West Texas Intermediate Spot	-5.6%	19.4%	1.7%	68.6
Gold Spot Price	2.2%	-4.7%	23.0%	4118.2
Bond Indices ($)				
Bloomberg U.S. Aggregate	-0.5%	0.4%	3.8%	2358.9
Bloomberg Global Aggregate	-0.3%	-0.5%	0.4%	499.0
JPMorgan Emerging Mkt Bond	-0.2%	2.6%	10.1%	1044.5
10-Year Yield Change (basis points*)				
US Treasury	9	32	21	4.49%
UK Gilt	8	30	16	4.77%
German Bund	5	5	24	2.90%
Japan Govt Bond	15	72	135	2.79%
Canada Govt Bond	7	2	9	3.45%
Currency Returns**				
US$ per euro	0.5%	-2.7%	-3.1%	1.143
Yen per US$	-0.4%	2.8%	12.2%	161.13
US$ per £	1.2%	-1.0%	-2.1%	1.335
C$ per US$	-0.1%	3.3%	4.4%	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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