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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

June 22, 2026

"You better cut the pizza in four pieces because I'm not hungry enough to eat six." Lawrence Peter Berra "Yogi"

MARKETS

Macro Recap: Last week was defined by a more hawkish-than-expected message from the Fed and improving geopolitical developments. The June FOMC meeting left rates unchanged but signaled that inflation remains persistently above target, pushing out expectations for policy easing. The Fed's updated projections now imply no rate cuts in 2026, reinforcing a higher-for-longer stance. Chair Kevin Warsh's first meeting underscored this tone. Equities initially sold off following the announcement but quickly recovered as investors rotated back into favored areas of the market.

Geopolitical developments also supported sentiment, as confidence grew that a U.S.–Iran framework agreement would hold, culminating in a 60-day memorandum of understanding. Crude oil fell roughly 11% on the week, easing inflation concerns and benefiting economically sensitive sectors such as airlines, homebuilders, and consumer discretionary. Energy lagged, finishing as the weakest sector, down 6.6%.

Economic data remained solid, with retail sales rising 0.9% month-over-month, beating expectations and accelerating from April's 0.5% gain. Overall, markets absorbed a firmer Fed stance but found support in falling energy prices and resilient consumer demand.

Equity Market Recap: The stock market navigated a volatile, holiday-shortened week, ultimately finishing higher despite a hawkish surprise from the Federal Reserve and sharp reversals within technology stocks. The S&P 500 (+0.9%), Nasdaq Composite (+2.4%), and Dow Jones Industrial Average (+0.7%) each advanced, as easing geopolitical tensions and a notable decline in oil prices helped offset concerns about a higher-for-longer interest-rate environment.

Fixed Income and Rates Recap: Bond yields were similarly volatile last week, with yields responding sharply to the Fed's more hawkish-than-expected messaging. The front end of the curve led the move higher, as 2-year Treasury yields moved from 4.02% to 4.17% on the back of the FOMC's updated projections signaling fewer rate cuts ahead. Longer-dated yields also increased, though to a lesser extent, with the 10-year moving from 4.42% to 4.45%. The result was a noticeable flattening of the curve, reflecting expectations for a prolonged higher-for-longer stance. Despite the initial selloff following the Fed announcement, rates stabilized into the back half of the week as easing geopolitical tensions and a drop in oil prices helped temper inflation concerns.

Week Ahead: Markets will be closely watching May PCE inflation for confirmation that price pressures remain sticky following the Fed's recent hawkish shift. Core PCE is expected to tick up modestly to 3.4% year-over-year from 3.3% in April, reinforcing the narrative that progress toward the Fed's 2% target has stalled.

INDICES

	June 15 Open	June 19 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	51,202	51,565	0.7%	48,063	7.3%
S&P 500	7,431	7,501	0.9%	6,846	9.6%
NASDAQ	25,889	26,518	2.4%	23,242	14.1%
Russell 2000	2,944	2,980	1.2%	2,482	20.1%
KBW Bank Indx	179.8	179.8	0.0%	164.0	9.6%
Bitcoin	$66,799	$63,962	-4.2%	$87,648	-27.0%
Oil (WTI)	$80.30	$77.54	-3.4%	$57.42	35.0%
Gold	$4,354	$4,156	-4.6%	$4,319	-3.8%
Prime	6.75	6.75	0.00	6.75	0.00
Effective Fed Funds	3.62	3.63	0.01	3.64	-0.01
3m Tbill	3.69	3.74	0.05	3.63	0.11
2yr UST	4.04	4.18	0.14	3.47	0.70
10yr UST	4.45	4.45	0.00	4.17	0.29
2-10yr UST Spread	41	27	-14	69	-42
2y AAA Muni/10y UST	59.0%	56.6%	-2.4%	70.3%	-13.7%
10y AAA Muni/10y UST	66.0%	65.3%	-0.8%	65.4%	-0.2%
5yr Inflation Forecast	2.39	2.33	-0.07	2.27	0.06

Week Ahead

Monday: No major updates
Tuesday: S&P Global PMIs
Wednesday: Mortgage Applications, New Home Sales
Thursday: PCE, Personal Income/Spending, Q1 GDP, Durable Goods
Friday: UofM Consumer Sent, Wholesale Inventories

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