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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"The farther backward you can look, the farther forward you are likely to see."
Sir Winston Churchill

MARKETS

Macro Recap: Markets spent much of last week navigating a mix of geopolitical headlines and monetary policy developments. Renewed tensions between the United States and Iran, including additional military strikes and reported threats to commercial shipping routes in the Persian Gulf region, contributed to heightened volatility in energy markets. Crude oil prices moved sharply higher early in the week before retreating as investors grew more optimistic that diplomatic channels would remain open and supply disruptions could be avoided. West Texas Intermediate crude briefly traded near $76 per barrel before ending the week closer to $72.

Economic data remained generally supportive of the growth outlook. Labor market conditions continued to show resilience, while the release of the Federal Reserve's June meeting minutes reinforced the central bank's cautious, data-dependent stance. Policymakers acknowledged lingering inflation concerns and ongoing geopolitical uncertainty, but provided little indication that a near-term shift in interest-rate policy is imminent.

Equity Market Recap: The major U.S. equity indexes finished the week mostly higher, driven by continued strength in large-cap technology and artificial intelligence-related companies. The S&P 500 gained approximately 1.2% for the week, while the NASDAQ advanced about 1.7%, marking a second consecutive weekly gain for both benchmarks. Investor sentiment remained supported by strong demand for AI-related investments, improving inflation expectations, and optimism surrounding the upcoming earnings season. The Dow Jones Industrial Average was the lone exception, slipping modestly during the week.

Fixed Income and Rates Recap: U.S. Treasury prices were under pressure for much of the week as yields continued to trend higher. The benchmark 10-year Treasury yield finished the week near 4.56%, while the 30-year Treasury yield closed around 5.06%, both near their highest levels in several weeks. Investors weighed the combination of persistent inflation concerns, elevated oil prices, and a Federal Reserve that appears reluctant to signal near-term rate cuts. Higher yields weighed on longer-duration bonds, while short-term rates remained anchored by current Fed policy expectations.

Week Ahead: Investors will turn their attention to a busy economic calendar highlighted by key inflation data and additional commentary from Federal Reserve officials. The Consumer Price Index (CPI) and Producer Price Index (PPI) reports will provide important insight into whether inflation continues to moderate or remains stubbornly above the Fed's target. Markets will also closely monitor Fed Chair Kevin Warsh's appearances before Congress for further guidance on monetary policy and the economic outlook. In addition, the second-quarter earnings season begins to gain momentum, providing investors with updated corporate guidance and a fresh assessment of business spending trends, particularly within the technology and AI sectors.

INDICES

	July 6 Open	July 10 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	52,900	52,637	-0.5%	48,063	9.5%
S&P 500	7,483	7,575	1.2%	6,846	10.7%
NASDAQ	25,833	26,282	1.7%	23,242	13.1%
Russell 2000	2,996	2,978	-0.6%	2,482	20.0%
KBW Bank Indx	184.1	187.2	1.7%	164.0	14.1%
Bitcoin	$61,645	$64,141	4.0%	$87,648	-26.8%
Oil (WTI)	$68.27	$71.41	4.6%	$57.42	24.4%
Gold	$4,136	$4,120	-0.4%	$4,319	-4.6%
Prime	6.75	6.75	0.00	6.75	0.00
Effective Fed Funds	3.63	3.62	-0.01	3.64	-0.02
3m Tbill	3.75	3.78	0.03	3.63	0.15
2yr UST	4.11	4.21	0.10	3.47	0.73
10yr UST	4.46	4.56	0.10	4.17	0.39
2-10yr UST Spread	35	35	0	69	-34
2y AAA Muni/10y UST	56.8%	56.6%	-0.2%	70.3%	-13.7%
10y AAA Muni/10y UST	65.1%	65.5%	0.5%	65.4%	0.1%
5yr Inflation Forecast	2.28	2.30	0.02	2.27	0.03

Week Ahead

- **Monday:** Federal budget
- **Tuesday:** CPI, Kevin Warsh testifies before Congress
- **Wednesday:** PPI, Kevin Warsh testifies before Senate
- **Thursday:** Retail sales, Wholesale inv, Housing mkt, Pending home sales
- **Friday:** U of M consumer sent, Industrial prod, Ex/Import, Housing starts

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