

WEEKLY ECONOMIC UPDATE JULY 6, 2026

Markets notched a solid gain over a shortened trading week as investors cheered ongoing diplomatic efforts in the Middle East.

The Standard & Poor's 500 Index rose 1.77 percent, while the Nasdaq Composite Index advanced 2.12 percent. The Dow Jones Industrial Average climbed 1.97 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, gained 1.81 percent.^{1,2}

Q2 Ends with Fireworks

Stocks opened higher to start the week, climbing on weekend news regarding the U.S. and Iran.³

On the second day of trading, the rally narrowed with chip stocks leading the way. The Nasdaq rose more than 3.5 percent and the S&P 500 2 percent in the first two days of the week.⁴

But as July began, markets pivoted as investors rotated out of some AI and tech names. The Dow hit a new intraday high before pulling back a bit. The S&P 500 and Nasdaq declined, but a handful of megacap tech stocks with company-specific news rose, limiting the downside.⁵

On the last trading day of a shortened week, stocks initially rose after the June jobs report missed expectations, leading investors to readjust their interest rate expectations. However, as the session progressed, markets turned more mixed ahead of the holiday weekend.⁶

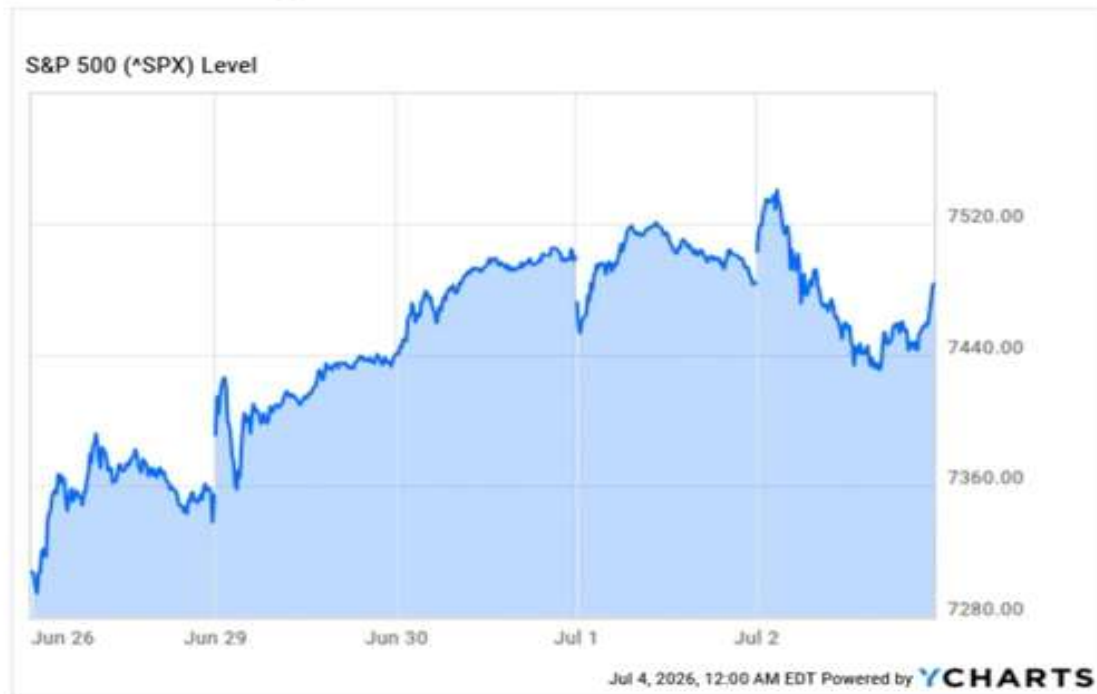
The Dow Industrials ended the week at a record high.⁷

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
Dow Jones Industrial Average	3.22%	10.99%	20.93%	67.26%
MSCI EAFE	1.36%	10.83%	21.83%	58.84%
S&P 500	-1.55%	9.98%	21.62%	84.79%
Nasdaq Composite	-4.59%	11.49%	27.45%	83.06%

S&P 500 Daily Close



10-Year Note Review

Indicator Name	Latest Value	1M Ago	1M Change
Date		3M Ago	3M Change
		1Y Ago	1Y Change
10 Year Treasury Rate	4.49%	4.46%	0.67% ▲
07/02/26		4.31%	4.18% ▲
		4.30%	4.42% ▲

Job Market Slows

The economy added 57,000 jobs last month, coming up short of the 115,000 economists expected. It was also short of the 129,000 jobs added in May.⁷

This Week: Key Economic Data

Monday: PMI Composite. ISM Services Index. Three-Month Treasury Bill Auction.

Tuesday: International Trade in Goods & Services. One-Year Treasury Bill Auction.

Wednesday: EIA Petroleum Status Update. Ten-Year Treasury Note Auction. FOMC Minutes Released (June meeting). Consumer Credit.

Thursday: Weekly Jobless Claims. Fed President speeches: John Williams (New York) and Lorie Logan (Dallas). Existing Home Sales. Fed Balance Sheet.

Quote of the Week



“When the whole world is running towards a cliff, he who is running in the opposite direction appears to have lost his mind.”

–C. S. Lewis

Of Note



A GP led secondary market is where a private equity or private credit fund manager (the “GP”) proactively creates a new vehicle to buy one or more assets from their own existing fund, giving current investors (“LPs”) the choice either to sell out for cash or to stay invested for a longer period in those same assets. These transactions are usually structured as “continuation vehicles” (CVs), which have rapidly evolved from a niche tool into a mainstream, structural feature of private markets.

In traditional private markets, GPs mainly provide liquidity to LPs through selling portfolio companies via mergers and acquisitions (M&A) or taking them public in an IPO. GP led continuation vehicles are now described as a “third door of liquidity”: instead of selling a successful asset to an external buyer at the end of the fund’s life, the GP transfers it into a new fund and keeps managing it, while offering existing LPs a true choice. LPs can exit at a fair, independently priced valuation, roll their existing stake into the new vehicle, or sometimes increase their exposure if they believe more upside remains.

In these transactions, the new continuation fund is typically capitalized by secondary investors, who are specialized buyers of existing fund interests and assets. The GP remains in control of the asset, aiming to realize the next phase of value creation over an extended time horizon, rather than being forced to sell simply because the original fund term is ending.

GP led transaction volumes reached about \$108 billion in 2025, up from \$77 billion in 2024 and only \$8 billion a decade earlier, making this the fastest growing segment of the secondary

market. Single asset continuation vehicles have become the dominant format, and nearly a third of those deals now exceed \$1 billion in size. This growth reflects increasing sophistication and acceptance: by 2026, continuation vehicles are described as not just an emergency solution but, in many cases, the preferred exit route.

A key backdrop is that the secondary market is “structurally underfunded” relative to primary private capital, with roughly one year of dry powder compared to the volume of assets that could be sold. This imbalance allows secondary investors to be highly selective, backing only the best continuation opportunities rather than feeling pressure to deploy capital into marginal deals.

Market data does not support the view that continuation vehicles are just a way to offload problematic assets that could not be sold elsewhere. Only about half of single asset deals brought to market actually close, suggesting that secondary buyers walk away from a large share of opportunities. Those that do succeed tend to be strong performers—often assets that have already delivered around 3x returns, with a credible pathway to another 2–3x of value creation.

Strong CV candidates share several traits: resilient cash flows, robust organic growth, and multiple levers for further value creation, such as geographic or product expansion, add on acquisitions, and margin improvement programs.

To match growing deal sizes, secondary investors now conduct deep, buyout style due diligence on continuation vehicles. This includes extensive analysis of the asset’s historical performance, business plan, market positioning, and governance, often accompanied by board or observer seats in large, concentrated transactions. For GPs, this level of scrutiny can be more demanding than expected, but it also underscores that the asset

is being treated as a top tier investment rather than a commodity trade.

Alignment between the GP and investors is described as “non negotiable.” Best practice is for the GP to roll their entire economic interest from the old fund into the continuation vehicle and, ideally, to invest additional personal capital, forgoing liquidity they could otherwise take. This recommitment signals genuine conviction across the firm, especially in large organizations where deal teams must persuade internal partners to recommit “carry” and sometimes invest more out of pocket.

From the LP perspective, continuation vehicles provide flexibility that traditional exits cannot. Instead of waiting for volatile IPO or M&A markets, LPs can choose among three basic options: take cash and exit, roll their existing interest into the new vehicle on “status quo” terms, or occasionally increase their position. This optionality is particularly attractive in environments where distributions to paid in capital (DPI) across portfolios are constrained and investors are seeking both liquidity and continued exposure.

“Process hygiene” is critical to LP confidence. Fair and competitive price discovery, clear disclosure of conflicts of interest, and active oversight from the fund’s advisory committee (LPAC) are described as minimum requirements. A continuing area of market development is ensuring that roll terms—fees, governance, economics—are genuinely no worse than in the original fund, so that LPs who wish to stay invested are not disadvantaged.

GP led continuation vehicles in private credit as one of the most significant emerging growth areas. Unlike equity, where CVs often center on a single trophy asset, credit continuation funds are expected to be structured around diversified portfolios, typically formed around year four or five of a fund’s life when

the investment period has ended but the loans are still performing. Investors again have the choice to exit or remain exposed through the new vehicle.

For investors unfamiliar with the space, the central takeaway is that GP led continuation vehicles have evolved into a mainstream, highly selective mechanism to extend ownership of high quality private assets while offering investors meaningful choice over liquidity. Far from being a backdoor for weak holdings, they are increasingly focused on a GP's best assets, subject to rigorous diligence, and anchored by strong economic alignment between managers and investors. As standards around pricing, disclosure, and LP protections continue to improve—and as private credit follows equity into this structure—continuation vehicles are positioned to remain a structural and expanding part of how private markets manage both performance and liquidity.⁹

Footnotes And Sources

1. WSJ.com, July 2, 2026
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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. The Nasdaq Composite is an index of the common stocks and similar securities listed on the Nasdaq stock market and considered a broad indicator of the performance of stocks of technology and growth companies. The

MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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