

## **WEEKLY ECONOMIC UPDATE JUNE 15, 2026**

Stocks moved higher last week as inflation jitters gave way to investor enthusiasm over Middle East diplomatic efforts and the largest-ever initial public offering (IPO).

The Standard & Poor's 500 Index rose 0.65 percent, while the Nasdaq Composite Index advanced 0.70 percent. The Dow Jones Industrial Average gained 0.66 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, added 0.92 percent.<sup>1,2</sup>

### **War, Peace & Space**

Stocks were mixed on the first day of the week. Chip stocks led advances by the S&P 500 and Nasdaq, while the Dow Industrials sagged.<sup>3</sup>

The script flipped in the next session, as the chip stock fizzled despite a drop in oil prices. The S&P and Nasdaq slipped, while the Dow Industrials gained. Materials and consumer discretionary and real estate sectors led, with the latter rising on better-than-expected existing home sales.<sup>4</sup>

Stocks fell broadly midweek as investors reacted to the May CPI report, which showed year-over-year consumer inflation ticked up to 4.2 percent.<sup>5</sup>

But then sentiment turned positive again on Thursday after the White House gave an update on its ongoing diplomatic efforts in the Middle East.<sup>6</sup>

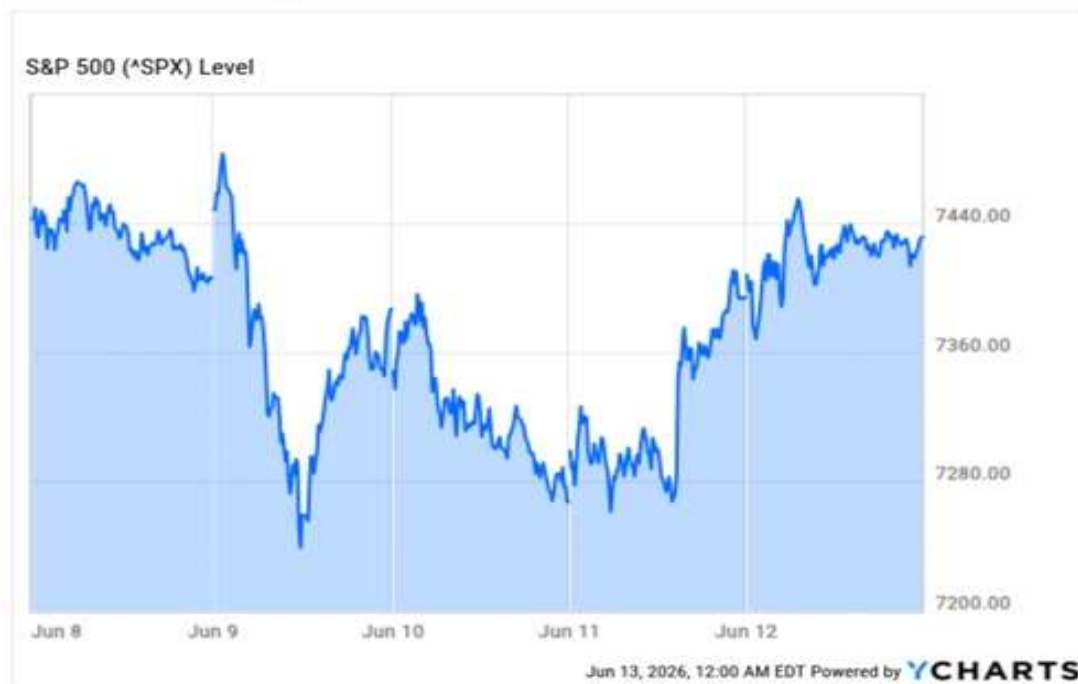
The week wrapped on a positive note, as the largest IPO appeared to boost investor enthusiasm, particularly for AI, and there were more updates on the Middle East.<sup>7</sup>

## Weekly Market Insights (WMI)

### Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
<u>Dow Jones Industrial Average</u>	2.56%	6.62%	20.63%	62.24%
<u>S&amp;P 500</u>	-0.12%	8.60%	24.28%	87.13%
<u>MSCI EAFE</u>	-1.05%	6.88%	18.63%	50.12%
<u>Nasdaq Composite</u>	-1.69%	11.36%	32.39%	90.31%

### 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
<u>10 Year Treasury Rate</u>	4.45%	4.42%	0.68% ▲
06/11/26		4.21%	5.70% ▲
		4.41%	0.91% ▲

## **Inflation Update**

While year-over-year inflation rose to a 3-year high due to higher energy prices, Wall Street found some silver linings in the May report.

First, investors saw this coming. The 4.2 percent “headline” inflation matched market expectations, so the news was welcomed. Second, core inflation rose 2.9 percent over the prior 12 months, in line with forecasts.

Third, month-over-month CPI cooled slightly, giving investors hope that energy prices may have peaked.<sup>8</sup>

### **This Week: Key Economic Data**

**Monday:** Industrial Production. Capacity Utilization.

**Tuesday:** Import Prices. Housing Starts. Building Permits.

**Wednesday:** Retail Sales. Pending Home Sales. Home Builder Confidence Index. Business Inventories. FOMC Interest Rate Decision. Fed Chair Warsh Press Conference.

**Thursday:** Weekly Jobless Claims.

**Friday:** The Stock Market will be closed for the Juneteenth Holiday.

**Quote of the Week**



***Word Of The Day***

**Agnology:** the study of culturally induced ignorance or doubt, particularly the deliberate publication of inaccurate or misleading scientific data to influence, sell products, or gain advantage.



The bond market is beginning to force reality onto Washington, and it may ultimately force an end to the Iran war long before politicians or diplomats are willing to admit it.

For months, investors have focused on missiles, retaliation headlines, oil chokepoints, and the possibility of a broader regional escalation from the Iran War. During the geopolitical noise, there was stress in financial markets that was happening before the war even started, namely in places like private credit and subprime auto lending. There are “real crises” hiding behind record highs while “investors” chase gamma squeezes higher in an ongoing distortion feedback loop that is making things look far better than they are under the surface.

This crisis is in the Treasury market. Bond yields are moving sharply higher, and they are sending a message that policymakers can no longer afford to ignore: the financial system is becoming unstable under the weight of war spending, massive deficits, persistent inflation, and a debt load that was already unsustainable before this conflict began.

The bond market does not care about political narratives, gamma squeezes, meme stocks, retail investors or any other ticky tacky end-around style loopholes that continue to push stocks higher.

It cares about math, fiscal policy and monetary policy. And the math is getting ugly very quickly.

The 10-year Treasury yield is arguably the single most important price in global finance because virtually every major asset class is built on top of it. Mortgage rates, commercial real estate valuations, private equity models, corporate borrowing costs, equity multiples, venture capital, and government financing itself all depend on stable Treasury markets. When yields rise too quickly, everything starts repricing at once. That is why this matters so much more than the daily moves in the stock market.

Washington understands this, even if it refuses to say it publicly.

The United States can survive political embarrassment overseas, but it simply cannot survive a disorderly Treasury market.

The bond market is eventually going to force a few things. First, a de-escalation of the Iran conflict. The priority now is no longer “victory” or even geopolitical strategy. The priority is restoring stability before bond yields spiral completely out of control. A prolonged war that keeps oil prices elevated while deficits explode higher is simply incompatible with a heavily indebted financial system already struggling under the burden of high interest rates.

The problem is that America entered this conflict from an extraordinarily weak fiscal position to begin with. This is not World War II, when the country had a young population, industrial dominance, low debt levels, and decades of economic expansion ahead of it. Today the US government is already running deficits approaching \$2 trillion annually during what is supposedly a normal economic environment. Interest expense on the national debt has already become one of the largest items in the federal budget. Now add war spending, weakening foreign demand for Treasuries, rising commodity prices, and higher

refinancing costs, and the entire situation starts looking dangerously unstable.

This is where the inflation problem becomes unavoidable.

War has always been inflationary, but not just because of oil shocks or supply chain disruptions. The deeper issue is debt creation itself. Wars are financed through borrowing, and borrowing at these levels increasingly requires central bank intervention one way or another. The process is actually very simple: war creates debt, debt pressures the financial system, and eventually the system responds through some combination of money creation, currency debasement, and financial repression.

That is exactly what the bond market is beginning to anticipate right now. Ironically, before the Federal Reserve eventually steps in to suppress yields, we may actually see another round of rate hikes first. If oil prices remain elevated and inflation expectations continue rising alongside Treasury yields, the Fed may feel forced to tighten policy again simply to preserve credibility and prevent inflation psychology from becoming entrenched. If that doesn't work, the Fed will simply start making up its inflation numbers.

In other words, the system may briefly attempt to defend the dollar before ultimately surrendering to debt realities. That creates the possibility of a brutal stagflationary environment where growth slows, markets weaken, borrowing costs rise, and inflation remains stubbornly elevated at the same time.

And that...is a nightmare scenario for risk assets and a near-impossible job for Fed chair Kevin Warsh.

For years, markets became addicted to near-zero rates and endless liquidity. Entire sectors of the economy were built on the assumption that capital would remain permanently cheap.

But when Treasury yields rise meaningfully, everything changes. Leveraged speculation becomes harder to sustain. Corporate refinancing becomes more expensive. Housing affordability deteriorates further. Commercial real estate faces additional stress. Equity valuations compress.

And once again, the people who get hurt the most will not be the financial elite, it will be ordinary Americans.

Mom and pop savers are about to get squeezed from every direction at once. Their wages will fail to keep up with inflation. Their borrowing costs will rise. Their credit card rates will stay elevated. Their insurance, food, energy, and housing costs will continue climbing. Their retirement portfolios will become more volatile. And eventually, after enduring all of that pain, they will likely watch policymakers step in to rescue the bond market and financial system through another round of monetary intervention that further destroys the purchasing power of their savings.

Every cycle ends the same way. Wall Street and the financial system are treated as too important to fail, while ordinary citizens absorb the consequences through inflation and currency debasement. Policymakers will present future interventions as necessary for “financial stability,” but stability for whom? Stability for leveraged institutions, overextended governments, and asset markets dependent on artificially suppressed rates. Meanwhile, the average family gets punished twice. First through inflation, then through the policies used to contain the damage caused by inflation.

And make no mistake, if yields continue climbing, the Fed and Treasury will eventually intervene in some form. Maybe they will not officially call it yield curve control at first. Maybe it arrives through stealth quantitative easing, emergency liquidity facilities, Treasury buyback programs, bank regulatory changes, or coordinated purchases through the financial system. But the

end result will be the same: suppress long-term yields because the debt burden has become too large for markets to absorb naturally.

At current debt levels, genuinely free market interest rates are politically and financially impossible. The bond market is beginning to expose that reality.

The Iran war may end sooner than many expect, not because global leaders suddenly become responsible, but because the bond market is forcing them into a corner. Financial instability is becoming the greater threat. Policymakers now face an impossible balancing act between inflation, debt servicing costs, economic slowdown, and geopolitical conflict. Something will have to give. Historically, when governments reach this stage, they choose to protect the debt market and sacrifice the currency.

There is little reason to believe this time will be any different.<sup>9</sup>

## Footnotes And Sources

1. WSJ.com, June 12, 2026
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4. CNBC.com, June 9, 2026
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9. [zerohedge.com/markets/bond-market-about-break-washington](https://www.zerohedge.com/markets/bond-market-about-break-washington)

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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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