

WEEKLY ECONOMIC UPDATE JUNE 22, 2026

Stocks rose over the shortened trading week as investors digested developments in the Middle East while the Fed held short-term rates steady.

The Standard & Poor's 500 Index rose 0.93 percent through Thursday's close, while the Nasdaq Composite Index gained 2.43 percent. The Dow Jones Industrial Average climbed 0.71 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, advanced 0.96 percent over the same four-day period.^{1,2}

Dow Hits 52,000

The week began with stocks rising and oil prices falling after the White House announced that the U.S. and Iran had reached an agreement over the weekend.

All three major averages climbed on Monday, ranging from 1 to 3 percent gains, while crude prices declined by roughly 5 percent.³

Tuesday was a split-screen performance. The Dow Jones Industrials rose to a record intraday high as oil prices fell, while the S&P 500 and Nasdaq slipped as investors rotated out of tech and into cyclical stocks such as banks and industrials. The Dow Industrials crossed the 52,000 threshold for the first time.⁴

The S&P and Nasdaq opened higher midweek as tech stocks recovered, and amid news that consumer spending unexpectedly rose in May. Investors also appeared to be in a risk-on mood as they awaited the Fed decision, confident that the Federal Open Market Committee (FOMC) would hold rates steady.⁵

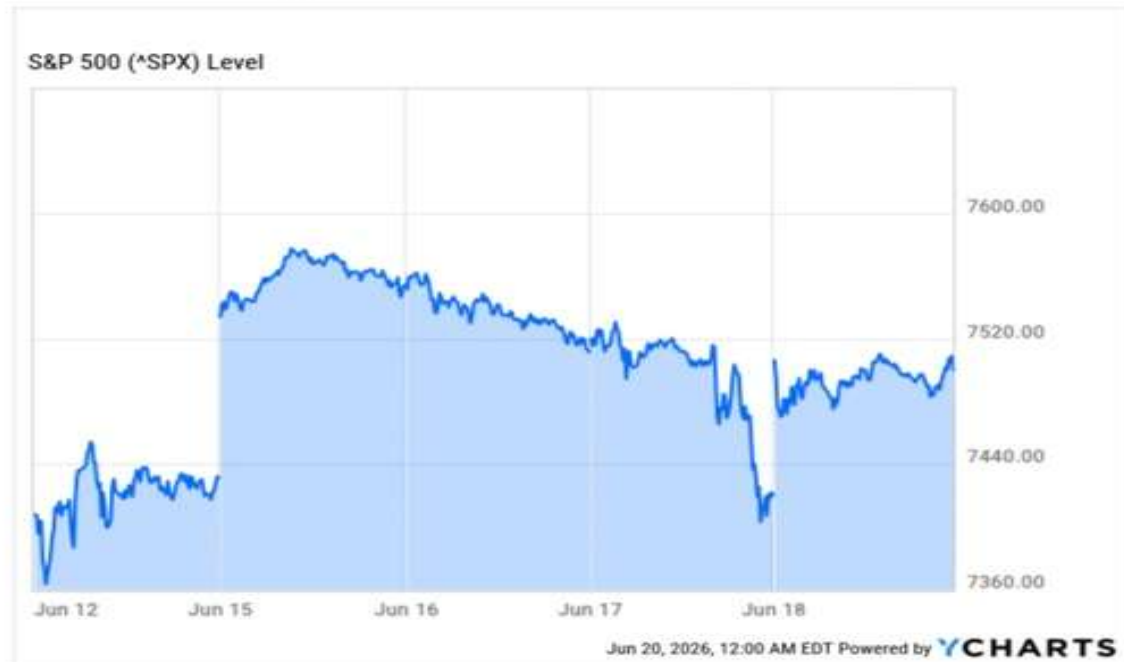
Then, on Thursday, stocks rebounded, led by chipmakers and the AI trade. The S&P 500 capped its 11th winning week of the past 12.⁶

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
<u>Dow Jones Industrial Average</u>	4.04%	8.16%	24.33%	70.39%
<u>MSCI EAFE</u>	4.00%	10.63%	24.21%	59.20%
<u>Nasdaq Composite</u>	1.72%	14.43%	36.50%	96.08%
<u>S&P 500</u>	1.45%	10.20%	26.93%	93.51%

S&P 500 Daily Close



10-Year Note Review

Indicator Name Date	Latest Value	1M Ago 3M Ago 1Y Ago	1M Change 3M Change 1Y Change
<u>10 Year Treasury Rate</u> 06/18/26	4.46%	4.61% 4.26% 4.38%	-3.25% ▼ 4.69% ▲ 1.83% ▲

Fed Holds, Hints at Future Hike

As expected, the Fed held rates steady at its June meeting, keeping the Fed Funds Rate at a 3.5 to 3.75 percent target range.

This was the first FOMC meeting with newly minted Fed Chair Kevin Warsh. The Fed acknowledged the tick up in inflation this year, and Warsh reemphasized the Fed's goal of a 2 percent inflation rate at the post-meeting press conference.⁷

This Week: Key Economic Data

Tuesday: Purchasing Managers Index (PMI)—Services.
Purchasing Managers Index (PMI)—Manufacturing.

Wednesday: New Home Sales. Leading Economic Indicators.

Thursday: Weekly Jobless Claims. Personal Consumption Expenditures (PCE) Index. Durable Goods. Gross Domestic Product (GDP)—Q1 revision. Chicago Fed President Austan Goolsbee speaks.

Friday: Trade Balance in Goods. Retail Inventories. Wholesale Inventories. Consumer Sentiment.

Quote of the Week



"Character is much easier kept than recovered."

– **Thomas Paine**

Of Note



On April 14, 1912, at 11:40 pm, the Titanic—the legendary passenger ship regarded as unsinkable—tore open its hull on an iceberg during its maiden voyage from Southampton to New York. The watertight compartments filled with water, and—just 2 hours and 40 minutes later—the ship sank in the icy waters of the North Atlantic. Approximately 1,517 people lost their lives—not least because the Titanic did not carry enough lifeboats and the crew failed to summon help by radio in time.

To stay with the metaphor: Just as the iceberg collision ultimately led to the Titanic’s demise, a continued rise in interest rates can plunge the global financial and economic system into severe distress and, in the extreme case, trigger a fatal collapse, the going under, of the world’s financial and economic system. Let us call this the “Titanic Effect.”

Since 2020, interest rates have been climbing more or less steadily. The yield on 10-year US Treasuries, for example, has risen from 0.65 percent to currently around 4.5 percent. Yet the interest rate increase now appears to have taken on a momentum of its own. It has become more than just a “normalization” that merely lifts rates from extremely low levels back to historically more normal heights.

On the credit markets, doubts about the credit quality of many debtors are spreading, especially regarding government borrowers. This is hardly surprising given the enormous mountains of debt that governments—often enthusiastically encouraged by their voters—have piled up over recent decades.

Living on credit was relatively easy because interest rates kept falling.

This long-term decline in interest rates was primarily the work of central banks under their fiat money regimes. In close cooperation with commercial banks, they continuously expand the money supply through bank credit creation. This allows not only consumers and producers, but especially governments, to finance their spending on a massive scale with credit at low cost.

Rising interest rates are now putting an end to this. They are causing interest payments to explode—and that is a huge problem. After all, governments typically do not repay their maturing debts on a net basis. Instead, they replace maturing debt with new debt—a strategy that works well as long as interest rates keep falling.

In an over-indebted fiat money system, however, rising interest rates are, to continue the metaphor, like a gash in the ship's hull through which water floods in: The interest burden on outstanding debt keeps rising because maturing loans that are not repaid must be refinanced with new loans carrying higher interest rates. On top of that, new debt is constantly being added.

Take the United States of America as an example. In mid-2020, the US government's annual interest bill stood at \$508 billion, and, by the first quarter of 2026, it had climbed to \$1,219 billion. Back then, total debt was \$26.4 trillion; today it stands at around \$39 trillion. The average refinancing rate is currently 3.1 percent. If it were to rise permanently to 4.5 percent, Americans would have to pay nearly \$1.8 trillion in interest every year.

The interest burden already amounts to 3.8 percent of GDP—significantly higher than average economic growth. At a 4.5 percent interest rate, it would rise to a staggering 5.8 percent. The situation looks similar or even worse in many other

economies—think of Japan, France, Italy, the United Kingdom, or Germany.

You don't need to be a rocket scientist to realize that this cannot be sustained indefinitely. It is like water pouring into the hull: if the inflow is not stopped, the ship will eventually sink—not immediately, but gradually and inexorably. So what should investors expect?

Finding an answer to this question is probably not as difficult as it might first seem, because developments in the credit market are, to a large extent, pre-determined. Market interest rates have long been politicized by central banks. And there is no doubt that central bankers can fully control market interest rates at any time if it is politically desired.

So far, however, central bankers have not fully used their power over interest rates. They have allowed capital market rates to climb higher in recent years, presumably viewing this as a kind of “interest rate normalization.”

Yet, as already noted, further rising interest rates will steer the fiat money system into extremely dangerous waters. They could even cause the global debt pyramid to collapse. Rising rates worsen the debt-servicing capacity of many borrowers—which, in turn, drives refinancing costs even higher. A vicious downward spiral begins (that is, more and more water floods into the hull).

Not only the economy, but especially asset markets come under increasing pressure when interest rates continue to rise or remain high. Many investments no longer make economic sense, companies go bankrupt, and jobs are lost. Rising interest rates also push down the prices of stocks, real estate, land, and commodities.

It is therefore highly likely that central bankers will intervene in the credit markets once interest rates become too high and politically unsustainable. For example, by buying government bonds and paying for them with newly-created money. The consequence will be an expansion of the money supply and, sooner or later, rising goods prices across the board.

What does it mean for the investor? Here are four important conclusions:

The investor faces the challenge of protecting his capital from currency debasement. Inflation (broad-based increases in goods prices) remains the greater risk for him going forward than deflation (a continued broad-based decline in goods prices).

The investor must achieve a positive real interest rate after taxes—and this is crucial to understand. Only then can he escape inflation; a positive real return after taxes is also the only way for the investor to actually grow his capital.

Positive real returns after taxes can no longer be achieved with savings accounts, money market funds, or government bonds. What remains is, for example, the stock market. However, it is very important to note: The investor must ensure he does not buy stocks at inflated prices—otherwise he risks failing to achieve the necessary real return (after taxes).

Many argue investors should (continue to) hold a portion of his portfolio in gold and silver. Even though precious metal prices are currently undergoing a correction, there are good reasons to expect the long-term upward trend in gold and precious metals to resume soon. Gold and silver serve as insurance with upside potential for the investment portfolio—they are, so to speak, the lifeboats that are indispensable for investors in a fiat money regime now experiencing a “Titanic Effect” (where it is unclear how much longer the ship’s compartments will continue to fill

with water).⁹ (*Amadeus Wealth would add an exposure to alternatives might also be considered today's environment*).

Footnotes And Sources

1. WSJ.com, June 18, 2026
2. Investing.com, June 18, 2026
3. CNBC.com, June 15, 2026
4. CNBC.com, June 16, 2026
5. WSJ.com, June 17, 2026
6. CNBC.com, June 18, 2026
7. WSJ.com, June 17, 2026
8. Healthline, April 14, 2026
9. mises.org/mises-wire/bond-market-sell-welcome-titanic-effect

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

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.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

This content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG is not affiliated with the named representative, financial professional, Registered Investment Advisor, Broker-Dealer, nor state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and they should not be considered a solicitation for the purchase or sale of any security.

Copyright 2026 FMG Suite.