

WEEKLY ECONOMIC UPDATE JUNE 8, 2026

Stocks slumped last week as investors winced over the potential for oil-shock inflation and concerns that strong jobs data could lead to higher interest rates.

The Dow Jones Industrial Average slipped 0.32 percent, while the Standard & Poor's 500 Index dropped 2.59 percent. The Nasdaq Composite Index fell 4.68 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, slid 1.41 percent.^{1,2}

Under Pressure

June kicked off with modest gains as a tech rally overcame rising oil prices. On Monday, all 3 averages logged new all-time intraday highs and record closes. The S&P 500 recorded its first close above 7,600 on Tuesday, while the Dow advanced nearly a half percentage point.³

But stocks fell midweek as oil prices rose further. The S&P 500 broke its nine-day winning streak as investors fretted about the inflationary effects of the Middle East. By Wednesday's close, the S&P and Dow Industrials had given back all the gains from the start of the week.^{4,5}

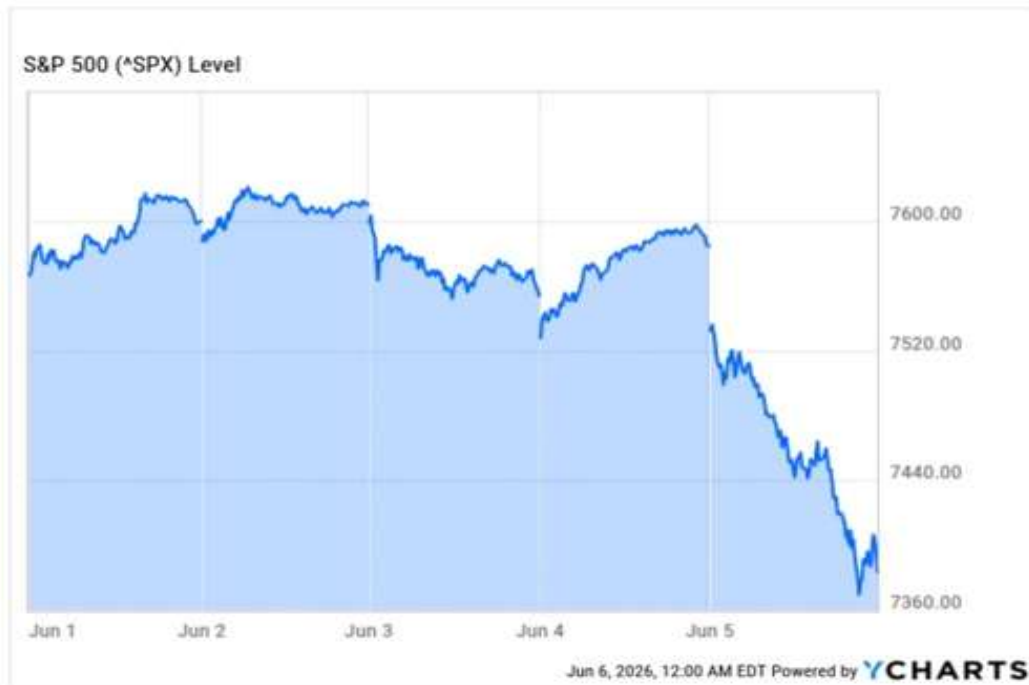
On Friday, a stronger-than-expected jobs report prompted worries that the Fed may have to adjust short-term interest rates. Markets fell broadly, with the S&P down over 2½ percent for the session and the Nasdaq down over 4 percent.⁶

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
<u>Nasdaq Composite</u>	7.12%	15.75%	38.74%	101.5%
<u>Dow Jones Industrial Average</u>	5.63%	8.09%	23.62%	63.19%
<u>S&P 500</u>	5.47%	11.36%	28.58%	92.72%
<u>MSCI EAFE</u>	3.36%	9.17%	21.45%	53.86%

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>	4.55%	4.43%	2.71% ▲
06/05/26		4.13%	10.17% ▲
		4.40%	3.41% ▲

May Jobs

The federal government's nonfarm payrolls report was out on Friday. The economy added 172,000 jobs in May, more than double what economists expected.⁷

Employers were playing catch-up after pausing hiring amid last year's trade policy uncertainties and federal government budget cuts. Unemployment remained at 4.3 percent for the month. ADP's report on private-sector hiring, released Wednesday, tracked similarly to the federal data.⁷

This Week: Key Economic Data

Tuesday: NFIB Small Business Optimism Index. U.S. Trade Balance. Existing Home Sales. Wholesale Inventories.

Wednesday: Consumer Price Index (CPI). Federal Budget.

Thursday: Weekly Jobless Claims. Producer Price Index (PPI).

Friday: Consumer Sentiment.

Quote of the Week



"Wrong does not cease to be wrong because the majority share in it."

–Leo Tolstoy

Of Note



Cathie Wood is the co-founder of ARK Invest—an investment management firm known primarily for Ms. Wood’s appearances on financial news networks and her penchant for chasing high-flying tech stocks and other speculative assets.

Even a small sampling of Ms. Wood’s television appearances and reporting reveals little aptitude for investing or critical reasoning. Rather, she is a trend-chaser, buying stocks and other assets that have already gone up sharply and made splashy headlines in the process.

Her flagship fund—the ARK Innovation ETF (“exchange traded fund”)—combined with ARK’s ancillary funds have lost a cumulative \$13 billion in shareholder capital, yet earned management fees approaching \$1 billion as of today. Despite this awful track record, investors continue to pile in.

Discretionary assets under management at ARK Invest total a whopping \$16 billion.

Jeff Bezos—founder of Amazon—boasts a paper net worth of nearly \$300 billion yet his company has produced cumulative negative free cash flow, properly calculated, of \$77 billion over the last six years. Even for Bezos—whose company has never produced meaningful profits over three decades—this is remarkable capital destruction.

Elon Musk—with a paper net worth of over \$800 billion as of this writing—is another prodigious cash burner. Over the last six years, Tesla has produced cumulative negative free cash flow,

properly calculated, of over \$4 billion despite tens of billions in direct and indirect government subsidies during that time.

Another of Musk's money-losing performance art pieces, SpaceX, is set to go public at a \$1.25 trillion valuation despite losing \$15 billion in 2025 alone.

Musk's other attempts at running a business, Solar City and Twitter, are also financial failures, with the former facing bankruptcy before being bailed out by Tesla in a blatantly unethical all-stock transaction.

From roughly 2020-2022, a veritable army of apartment syndicators and other sponsors of commercial real estate investments earned tens of millions of dollars in fees buying crummy assets in poor locations. These assets promptly collapsed after benchmark interest rates moved up from the zero bound in 2022, wiping out the equity raised from average Americans who funded those acquisitions. In most cases, the sponsors walked away with their newly begotten wealth intact.

Carvana is a subprime auto retailer and lender whose fraud has been extensively documented for the last several years. Despite indisputable, and undisputed by Carvana executives themselves, evidence the stock market has granted Carvana a market cap of \$80 billion as of this writing, and made billionaires of their top shareholders.

To say that the aforementioned are examples of "success"—as casual observers often do—indicts the monetary and financial system itself. A more perceptive observation is that personal wealth is increasingly detached from productive ability as determined by the profit-and-loss system. There is clearly something about our financial and monetary framework that rewards aggressive rent seeking far more than business talent.

In a functioning profit-and-loss system, losses like those incurred by the above-mentioned are punishment for failing to produce a product or service that people want at a price they're willing to pay. The result is business failure, as the revenues earned are not sufficient to pay the expenses incurred and other liabilities.

In the American economy, however, the profit-and-loss system is distorted by taxation, government redistribution, and—most notably in recent years—money printing by the central bank.

The Cantillon Effect describes how newly created money is not spread evenly among a population, benefiting early recipients at everyone else's expense. It is therefore imperative, for some, that they pursue acquisition of this newly created money through non-productive means. This is especially critical in the case of those who can't operate their business profitably, as they don't possess the productive means of attaining wealth.

Therefore, when the central bank prints vast amounts of money, particularly when compared to the status quo ante money supply, a competition begins. Not a competition to provide products wanted in the most efficient manner. Rather, a competition to obtain proximity and access to the newly printed money. This proximity can be achieved in many ways aside from direct lobbying.

Loose monetary policy, by design, creates asset bubbles. And since rent-seeking and asset bubbles are intimately connected, stock price manipulation has become an extremely effective form of gaining wealth through rent-seeking. Company executives, particularly those who fail to make profits through conventional business means, have become highly skilled in this area. This is often accomplished by touting future products that never materialize, cozying up political power, and taking high-profile cultural positions. Of course, this only works with a

compliant and ill-informed populace, easily manipulated and generally devoid of critical thinking. Such a populace happens to be yet another hazard of loose monetary policy.

These forces combine to form an economic milieu where money is printed, then shunted into asset markets and away from productive uses. Lacking any safe options for investing above the rate of price inflation, average Americans, many of them thoroughly addled, but enamored with the idea of making effortless money, resort to speculating in those markets. Blatant fraud is also a corollary of inflationary policy. The recent bonanza of government money printing and redistribution in the wake of the covid panic includes the Paycheck Protection Program (“PPP”) and other ancillary programs like the Economic Injury Disaster Loan program (“EIDL”), which together handed out roughly \$1.2 trillion to applicants able to secure loans that were later forgiven. The government entity that administered these programs, the Small Business Administration estimates that over \$200 billion in forgiven loans were provided to fraudulent actors.

Ultimately, this is unsustainable. Asset markets propped up by inflation and fraud eventually succumb to gravity. At that time, the rent-seekers will get to work procuring bailouts while the average American investors are set back once again.

Productive talent will always be in demand, and those who aspire to make profits in business through true innovation and entrepreneurship will be sought after regardless of the prevailing monetary policy. Increasingly, however, those skills are being shunned by the clever in favor of carnival barking and other modes of soliciting inflationary lucre at the expense of the rest of the country.

Unsustainable and morally depraved, a system like this ultimately fails. But while it lasts, it warps the standards of the

society in which it presides, doing significant damage in the process.⁸

Footnotes And Sources

1. WSJ.com, June 5, 2026
2. Investing.com, June 5, 2026
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5. CNBC.com, June 4, 2026
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7. WSJ.com, June 5, 2026
8. mises.org/mises-wire/great-disconnect-when-wealth-and-productive-ability-diverge

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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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