

Weekly Recap

Economic Calendar

Monday, June 15

Industrial Production,
Capacity Utilization.

Tuesday, June 16

Housing Starts, Export-Import
Prices.

Wednesday June 17

Mortgage Applications, Retail
Sales, Pending Home Sales,
FOMC Policy Decision.

Thursday, June 18

Jobless Claims.

Friday, June 19

Markets Closed – Juneteenth
Holiday.

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[Home Sales Rise in May](#)

[Economic Data Outpaces
Expectations](#)

[Small Business Optimism
Falls as Hiring Plans Decline](#)

[The Week Ahead Video](#)

Historic Peace Deal in Sight

Ceasefire Hopes Calm Volatile Markets

While the week ended essentially flat, volatility remained elevated as the prior week's selloff extended amid escalating tensions in the Middle East. Sentiment improved later in the week after reports indicated both parties had agreed to a ceasefire framework. Wednesday's CPI report offered some relief as shelter inflation moderated in May, though headline inflation continued to edge higher on elevated energy prices. Thursday's PPI report reinforced signs of rising pipeline pressures, with higher energy costs gradually feeding into raw materials, transportation, and core goods prices. Meanwhile, declining trade margins in May suggest corporations may still be absorbing part of these costs, delaying a broader pass-through to consumers. Separately, Friday marked the launch of SpaceX, with the stock rallying 19.2%, implying an approximate \$2.1 trillion valuation.

For the Week...

While volatility remained elevated, all 3 major U.S. indices—the S&P 500, Nasdaq 100, and Dow Jones Industrial Average—finished the week up 0.7%. The Russell 2000 continued to trend higher, gaining 3.9% for the week. Internationally, MSCI Developed Markets rose 1.0%, while Emerging Markets ended the week essentially flat.

PPI Surges Past Street Expectations

The Producer Price Index (PPI) rose 1.1% in May, exceeding expectations of +0.7%. The annual rate climbed to a 42-month high of 6.5%. Final demand goods increased 2.8% month-over-month, the sharpest increase on record (since 2009), with energy as the primary driver.

Weekly Sector Insights

9 of the 11 sectors ended the week higher, led by Materials (+3.0%) and Consumer Staples (+2.6%), Communication services (-1.9%) and Energy (-0.4%) edged lower.

Treasury Yields Falls

The yield on the 10-year Treasury note fell from 4.54% to 4.49% for the week. Bond yields move inversely to prices. The U.S. Dollar Index fell 0.3%. U.S. WTI crude oil fell 7.4% as negotiations progressed between U.S. & Iran. Gold edged lower, falling 2.9%.

The Week Ahead

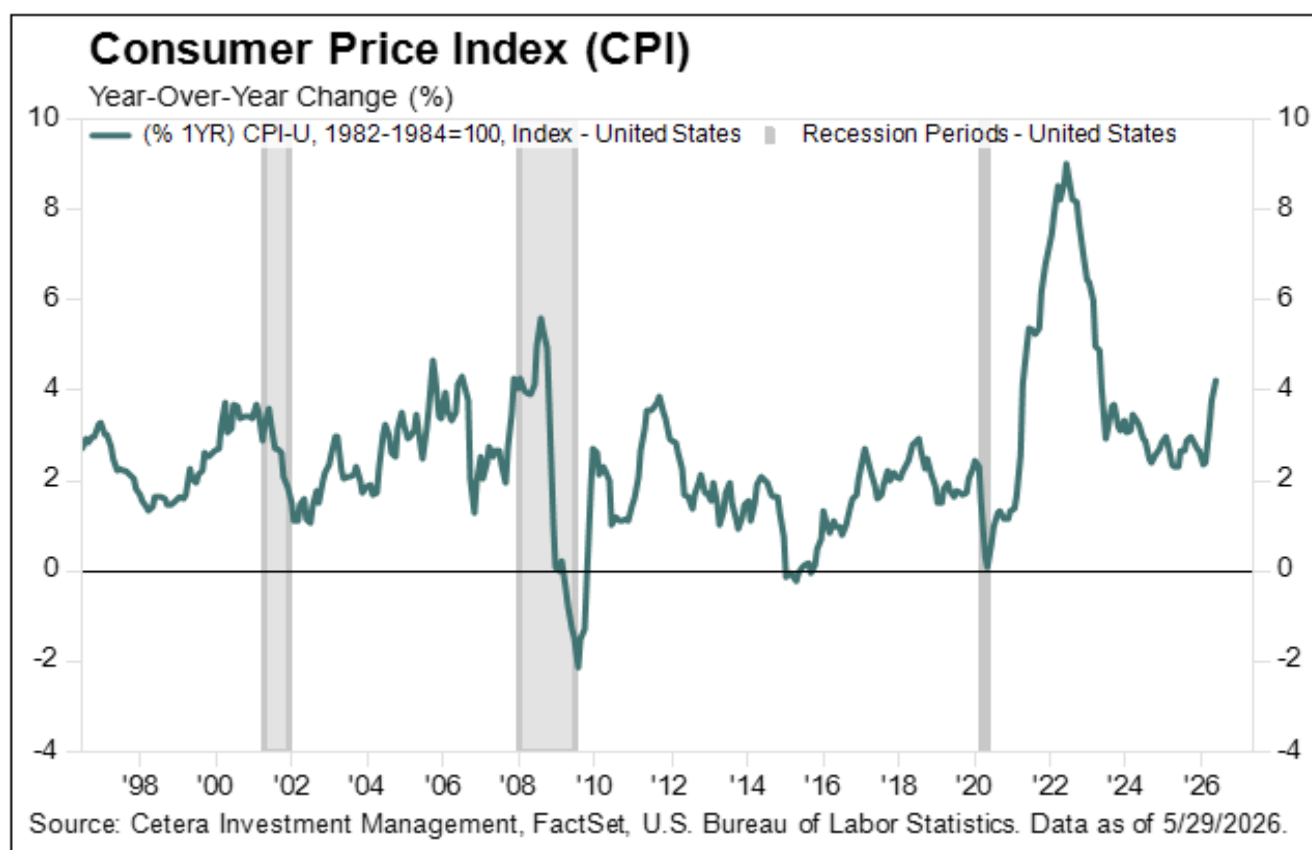
With the U.S. and Iran expected to sign an agreement on June 19, focus will remain on the progress of the peace agreement, with any renewed escalation posing a risk to recent gains. On the data front, retail sales are due Tuesday, followed by the FOMC rate decision on Wednesday. While no change in policy is expected, markets will be closely watching the Fed's forward guidance and updated projections.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	0.68%	0.47%	10.12%	7.36%	21.18%	16.64%
S&P 500	0.66%	-1.90%	11.70%	9.15%	24.44%	21.26%
NASDAQ Composite	0.71%	-3.98%	16.23%	11.71%	32.49%	25.20%
Russell 3000	0.90%	-1.57%	11.91%	9.46%	24.50%	20.84%
Russell 2000	3.93%	0.90%	18.65%	19.22%	39.31%	17.87%
MSCI EAFE	0.97%	-0.43%	7.06%	8.90%	20.22%	16.60%
MSCI Emerging Markets	0.02%	-1.92%	15.75%	23.21%	45.34%	22.43%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.52%	-0.03%	0.38%	0.35%	4.47%	4.02%
Bloomberg Municipal Bonds	-0.12%	0.28%	0.91%	1.62%	6.80%	3.68%
Bloomberg US Corp High Yield	0.45%	0.03%	1.85%	1.71%	6.97%	8.93%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-2.34%	-4.07%	-3.29%	19.94%	30.28%	14.14%
S&P GSCI Crude Oil	-7.42%	-4.59%	-11.73%	45.16%	25.08%	7.41%
S&P GSCI Gold	-2.90%	-7.71%	-17.91%	-2.36%	24.58%	29.07%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Inflation Hits 3-Year High



Headline CPI inflation rose 0.5% month-over-month in May, in line with expectations, while the annual rate of 4.2% was the highest in 3 years. Energy prices accounted for a large share of the overall increase. Core CPI (excludes food and energy) rose 0.2% month-over-month, below expectations of +0.3%.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.