

Weekly Recap

Economic Calendar

Monday, June 16

Empire State Manufacturing.

Tuesday, June 17

Retail Sales, Import/Export Prices, Industrial Production, Homebuilder Confidence.

Wednesday, June 18

Mortgage Activity, Housing Starts, Jobless Claims, FOMC Rate & Policy Decisions.

Thursday, June 19

Juneteenth holiday, No Major Releases, Markets Closed.

Friday, June 20

Philadelphia Fed Manufacturing, Leading Economic Indicators.

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[No Tariff Impact Seen in Consumer Price Index](#)

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Israel-Iran Conflict Stirs Losses

Stocks Reverse Earlier Gains

U.S. equities ended the week lower as a sharp Friday selloff erased earlier gains. Markets reacted to escalating geopolitical tensions after Israel launched airstrikes targeting Iran's nuclear facilities, prompting a retaliatory missile barrage from Iran. The conflict overshadowed a positive U.S.-China trade framework agreement reached in London.

For the Week...

Following a 1.54% prior week gain, the S&P 500 fell 0.36% last week, trimming its year-to-date return to 2.25%. The Dow Jones Industrial Average fell 1.30% while the tech-heavy Nasdaq Composite fell 0.61%. The small cap-focused Russell 2000 tumbled 1.45% after jumping 3.23% the week prior.

Small Business Optimism Climbs

The NFIB Small Business Optimism Index rose 3 points in May to 98.8, slightly above the 51-year average of 98. It was the first increase this year, driven by an improved economic outlook. The share of business owners raising compensation fell to its lowest since February 2021, signaling potential disinflation.

Weekly Sector Insights

Six of the eleven S&P 500 sectors ended negative last week with Financials (-2.58%) and Industrials (-1.58%) falling the most. Technology (-0.07%) fell the least. Energy (+5.79%) gained the most, spurred by a surge in crude oil prices following the Israel-Iran conflict. In year-to-date performance, Industrials (+8.64%) is up the most, followed by Utilities (+8.33%) and Communication Services (+6.08%). Consumer Discretionary (-6.40%) and Healthcare (-0.61%) are the only sectors with negative YTD returns.

Treasury Yields Fall

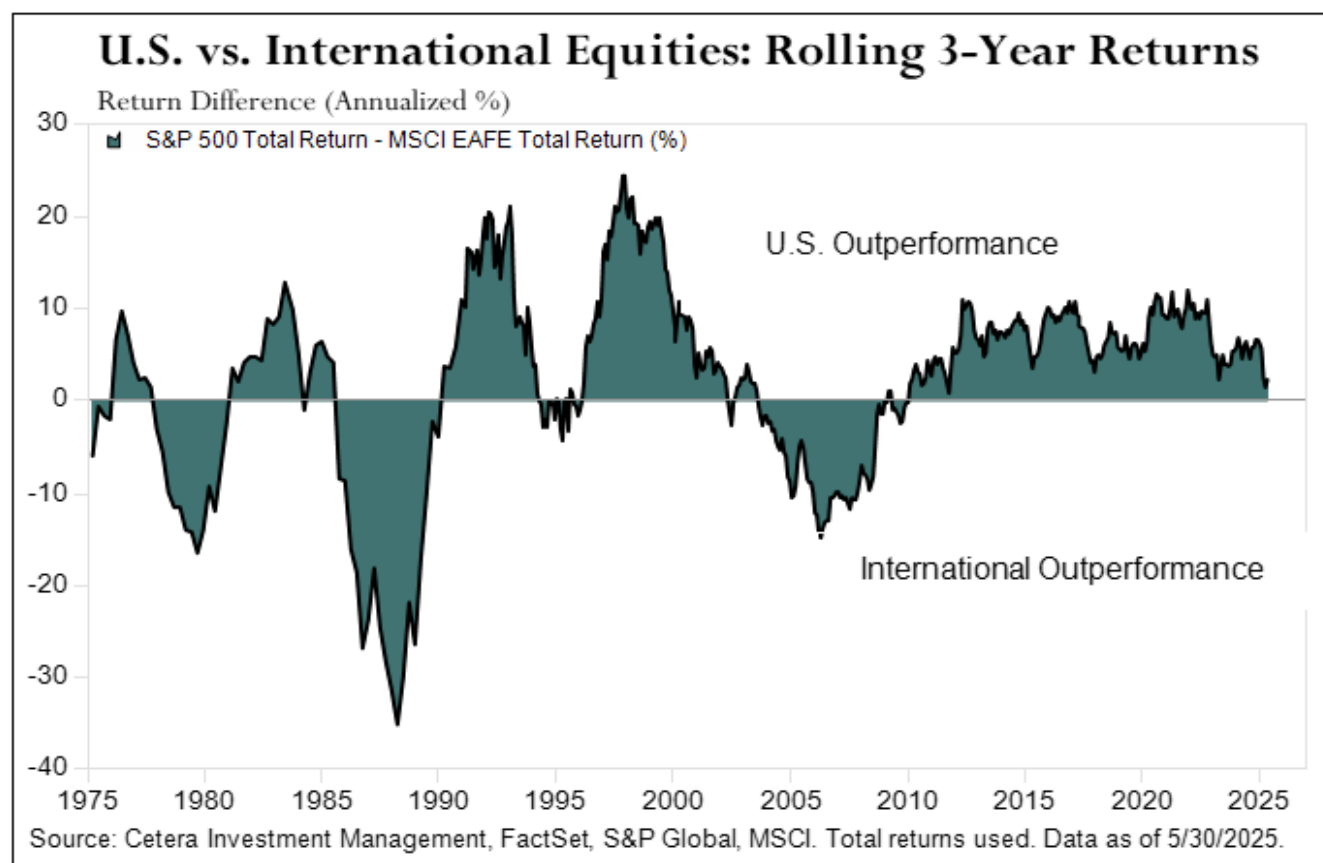
The yield on 10-year Treasury notes ended Friday at 4.412%, down 0.09% for the week. The U.S. Dollar Index fell 1%, positing its third decline in the past four weeks. Gold futures advanced 3.17%, ending the week at \$3,452.80 per ounce. U.S. WTI crude oil futures surged 10.72% for the week, finishing Friday at \$72.98/barrel, powered by a 7.26% surge on Friday.

Market Watch

| Stocks | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
|------------------------------|--------|--------|---------|--------|--------|---------|
| Dow Jones Industrial Avg. | -1.30% | -0.08% | 3.83% | -0.01% | 11.13% | 13.62% |
| S&P 500 | -0.36% | 1.17% | 8.63% | 2.25% | 11.50% | 18.60% |
| NASDAQ Composite | -0.61% | 1.57% | 12.37% | 0.82% | 10.62% | 22.48% |
| Russell 3000 | -0.53% | 1.14% | 8.67% | 1.79% | 11.62% | 17.91% |
| Russell 2000 | -1.45% | 1.74% | 5.77% | -5.23% | 4.45% | 8.59% |
| MSCI EAFE | -0.17% | 0.55% | 8.41% | 17.52% | 14.91% | 14.72% |
| MSCI Emerging Markets | 0.75% | 3.04% | 8.58% | 12.04% | 13.38% | 8.26% |
| Bonds | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
| Bloomberg US Agg Bonds | 0.67% | 0.23% | 0.37% | 2.68% | 4.00% | 2.78% |
| Bloomberg Municipal Bonds | 0.25% | 0.16% | -0.86% | -0.80% | 0.61% | 2.57% |
| Bloomberg US Corp High Yield | 0.15% | 0.47% | 2.32% | 3.17% | 8.80% | 8.86% |
| Commodities | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
| Bloomberg Commodity | 2.01% | 5.50% | 1.45% | 8.71% | 7.30% | -3.12% |
| S&P GSCI Crude Oil | 10.72% | 17.27% | 7.58% | -0.60% | -8.91% | -15.51% |
| S&P GSCI Gold | 3.17% | 4.14% | 14.35% | 30.74% | 48.96% | 23.50% |

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

Chart of the Week: International Stocks Playing Catch Up



International equities (MSCI EAFE Index) have lagged U.S. equities (S&P 500 Index) on a rolling 3-year basis for 15 years. However, the EAFE index is catching up this year, outperforming the S&P 500 by 15% YTD. A weaker U.S. dollar is a key factor in recent U.S. underperformance.

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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.