

# Cash Flow and Carey



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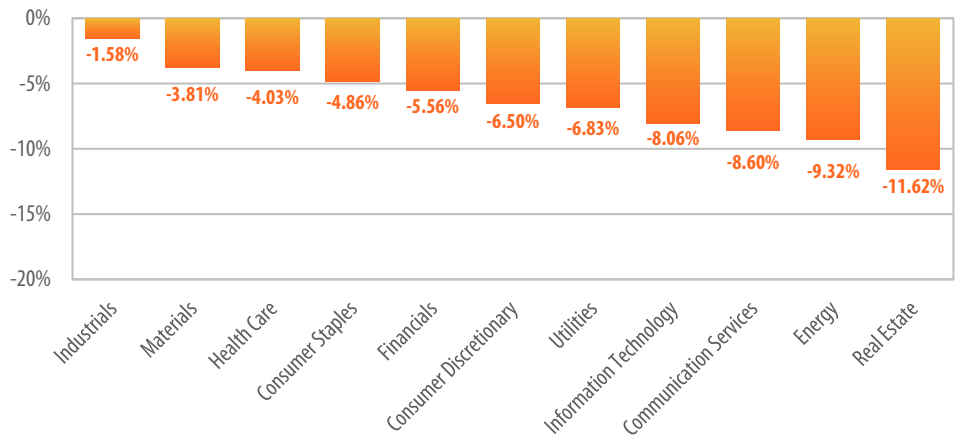
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This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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## S&P 500 Index Sector Prices vs. All-Time Highs

S&P 500 Index Sectors (Average Stock % From All-Time High)



Source: Bloomberg. As of 6/12/26. Past Performance is no guarantee of future results.

### View from the Observation Deck

Record earnings estimates, continued Artificial Intelligence spending, and strengthening economic data propelled the S&P 500 Index ("Index") to an all-time high of 7,609.78 on June 2, 2026, representing a price-only increase of 11.2% year-to-date (YTD). This year's path to all-time highs has been rocky, with persistent geopolitical conflict and resurgent inflation destabilizing investors' near-term Federal Reserve policy expectations. Notably, the Index's price declined 4.5% in the days following its record high (June 2, 2026 – June 10, 2026). Given this volatility, we wanted to update this discussion regarding which sectors lie below their all-time highs.

- Ten of the 11 sectors that comprise the Index were within ten percentage points of their all-time highs on June 12, 2026. Real Estate is the sole outlier, having set its all-time high nearly 4.5 years ago on December 31, 2021.
- The Industrials sector is closest to its record high (-1.58%), which was set on March 2, 2026. As noted above, Real Estate was furthest (-11.62%) from its all-time high which was attained in December 2021.
- Energy, Technology, Industrials, and Materials have been standout performers, exhibiting YTD price returns of 27.0%, 17.5%, 13.4%, and 13.2%, respectively, through June 12, 2026.
- Communication Services, which was the top performing sector in 2025, increased by just 2.8% YTD through June 12, 2026.
- The Index's breadth has contracted compared to the same period last year. Just 218 stocks outperformed the broader Index YTD through June 12th, compared to 234 over the same period last year, suggesting an increased concentration of gains among a narrower group of stocks.
- A Bloomberg survey of 21 equity strategists found that their average year-end price target for the S&P 500 Index was 7,612 as of May 15, 2026. The highest current estimate was 8,250, while the lowest was 7,000.

### Takeaway

It appears investors largely shrugged off upward revisions to federal funds rate expectations in the wake of the Iranian war, sending the Index to a record high in June 2026. That said, price fluctuations remain the norm, with the Index shedding 4.5% in the days following its recent peak. From our perspective, long-term investors would be well-served to guard against making reactive decisions during periods of heightened volatility like these. Information flows quickly and as evidenced by this weekend's pronouncement of a potential peace accord with Iran, wars can end as quickly as they began. Furthermore, company performance, as measured by earnings and revenue growth, has been stellar. FactSet reported that the Index registered year-over-year Q1'26 earnings and revenue growth rates of 28.6% and 13.1%, respectively. While each of the Index's 11 sectors was below its all-time high on June 12, 2026, ten of those sectors achieved their high watermark in 2026. We will update this post as relevant information becomes available.