

# TALKING POINTS

Data through June 2026

## Climate

Volatility remained heightened in June 2026 as investors processed the increasingly stark contrast between geopolitical narratives, mixed economic results, and stunning corporate performance. The unilateral agreement to commence peace talks between the U.S. and Iran has been tenuous, with both sides resuming hostilities just days after its announcement on June 17th. The war's inflationary impact is notable, with surging crude oil prices culminating in a rapid increase in consumer prices. Inflation, as measured by the trailing 12-month rate of change in the consumer price index (CPI), registered a three-year high of 4.2% in May 2026, up from 2.7% in December 2025. The price per barrel of WTI crude oil continued to fall in June, declining from \$112.95 on April 7, 2026, to \$70.10 on June 30, 2026. That said, it may take time for falling energy prices to result in a meaningful decline in the CPI, especially given crude oil's lagged impact on the metric. U.S. oil exports have surged this year as Asian and European refiners search for alternative suppliers. Data from Kpler revealed that U.S. crude oil exports totaled a record 5.58 million barrels per day in May 2026, up from the previous record of 5.20 million barrels per day in April 2026, according to Reuters. Artificial intelligence's (AI) impact on the global utility infrastructure continues to evolve. The International Energy Agency reported that global data center electricity demand increased by 17% year-over-year (y-o-y) in 2025, with AI-focused data center demand rising by 50% over the period.

## Stock Market

The S&P 500 Index ("Index") closed at 7,499.36 on June 30, 2026, representing an increase of 20.86% (price-only) y-o-y, according to data from Bloomberg. The Index now stands 50.51% above its most recent low of 4,982.77, which occurred on April 8, 2025. The Index posted a total return of -0.95% in June 2026. Seven of the 11 major sectors that comprise the Index registered positive total returns for the month. Industrials was the top-performing sector, increasing by 7.29% during the month. Communication Services had the worst showing, declining by 7.78%. Equity performance varied across market capitalizations in June. The S&P MidCap 400 and S&P SmallCap 600 Indices increased by 3.59% and 7.29% (total returns), respectively, during the month, adding to an already impressive showing this year. The S&P MidCap 400 and S&P SmallCap 600 Indices registered total returns of 17.33% and 23.98% year-to-date (YTD) through June 30th. For comparison, YTD total returns for the S&P 500 and Bloomberg Magnificent 7 Indices were 10.19% and -1.74%, respectively, over the period. Technology stocks, as represented by the NASDAQ 100 Index, rebounded sharply from calendar year 2026 lows, increasing by a stunning 27.73% (total return) in the second quarter alone. For comparison, the Index's total return was 15.20% over the same period. Both figures mark the highest quarterly performance for the two indices since the second quarter of 2020. As we see it, surging earnings and increased corporate efficiency may explain these stunning results. Analyst estimates for the Index's calendar year 2026 earnings totaled 340.43 at the end of June 2026, up from 311.28 at the start of the year. Similarly, analyst estimates for the NASDAQ 100 Index's calendar year 2026 earnings totaled 1,093.92 at month-end, up from 985.47 in December 2025.

## Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 4.47% at the close of trading on June 30, 2026, an increase of 24 basis points (bps) from its 4.23% close on June 30, 2025, according to data from Bloomberg. The 4.47% yield stood 165 bps above its 2.82% average for the 10-year period ended June 2026 and 52 bps below its most recent high of 4.99% set on October 19, 2023. The yield on the 2-year T-note stood at 4.18% at the close of June 2026, up 46 bps from 3.72% on June 30, 2025. The yield on the 2-year T-note increased by 70 bps YTD through June 30, reflective of hawkish monetary policy expectations resulting from the impact of the Iranian war. Further evidence of diminished rate cut expectations can be found in the federal funds rate futures market. On June 30, 2026, the year-end 2026 market implied federal funds target rate was 4.0%. By contrast, the market implied year-end target rate was 3.0% on December 31, 2025. Higher risk-free interest rate expectations have led to increased default rate estimates. In May 2026, Moody's forecast that its baseline U.S. speculative-grade default rate would come in at 3.5% in December 2026, up from a year-end baseline default rate forecast of 2.5% in its report from January 2026.

## Takeaway

Despite the threat of higher interest rates, an acceleration in the pace of price increases, and persistent snarls in global energy supply, each of the U.S. equity indices in our "Total Return Performance" panel to the right boasts positive YTD returns. Corporate performance, as measured by earnings growth and net profit margins continue to surprise to the upside. The Index's Q1'26 earnings growth rate registered a shocking 28.6% y-o-y, its highest result since Q4'21 when the world was reawakening from COVID-era lockdowns and comparisons were much weaker than they are now. Similar gains were seen in corporate efficiency, with net profit margins reaching a record 14.8% during the quarter. Estimates for this coming quarter reveal further increases are expected. FactSet reported analyst estimates for Q2'26 y-o-y earnings growth totaled 23.1% on June 26, 2026. For comparison, FactSet puts the 10-year average earnings growth rate at 10.3%. U.S. household balance sheets continue to increase, with household net worth rising to \$183 trillion in Q1'26. Despite higher mortgage rates, rising property values offset losses in equity holdings during the quarter. Weekly data from the Federal Reserve Bank of St. Louis shows that the average rate on a 30-year fixed-rate mortgage increased to 6.49% on June 25, 2026, from this year's low of 5.98% on February 26, 2026. We expect reported U.S. household net worth to surge in the second quarter given the strong equity performance noted in the "Stock Market" section above.

Sources: Bloomberg, FactSet, and Investment Company Institute

**Past performance is no guarantee of future results.** Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index. There can be no assurance past trends will continue or estimates will be realized.

Open-End Net Fund Flows (\$)	5/26	4/26	YTD (May)
Equity	-110.4B	-69.4	-378.4B
Taxable Bond	36.0B	10.8B	95.7B
Municipal Bond	6.8B	1.8B	23.6B
Hybrid	-7.1B	-5.7B	-32.8B
Taxable Money Market	142.7B	-118.2B	-2.3B

Key Interest Rates/Yields	6/30/26	5/29/26	6/30/25
Federal Funds Target Rate	3.75%	3.75%	4.50%
2-Year T-Note	4.17%	4.00%	3.72%
5-Year T-Note	4.23%	4.14%	3.80%
10-Year T-Note	4.47%	4.44%	4.23%
Bond Buyer 40	4.55%	4.63%	4.94%

Commodities/U.S. Dollar	6/26	YTD	12 Mo.
U.S. Dollar Index (DXY)	2.27%	2.91%	4.45%
FTSE/CC CRB Excess Ret.	-7.05%	18.35%	18.95%
Crude Oil/WTI (per Barrel)	-20.44%	21.04%	6.74%
Natural Gas (per million BTUs)	-0.46%	-11.15%	-5.24%
Gold Bullion (Ounce)	-11.72%	-7.21%	21.34%

S&P 500 Full-Year Earnings Estimates	2026	2027
6/30/26	340.43	398.18
5/29/26	337.87	390.42
12/31/25	311.28	357.48

## Total Return Performance

U.S. Stock Indices	6/26	YTD	12 Mo.
S&P 500	-0.95%	10.19%	22.29%
DJIA	2.71%	9.76%	20.65%
Nasdaq 100	-0.12%	20.30%	34.38%
S&P MidCap 400	3.59%	17.33%	25.87%
Russell 2000	3.74%	22.69%	40.91%
Russell 3000	-0.30%	10.86%	22.80%

U.S. Styles/Market Caps	6/26	YTD	12 Mo.
S&P 500 Growth	-1.76%	11.99%	25.66%
S&P 500 Value	0.05%	8.01%	18.37%
S&P MidCap 400 Growth	3.12%	21.57%	29.99%
S&P MidCap 400 Value	4.10%	12.99%	21.69%
Russell 2000 Growth	3.55%	22.26%	38.83%
Russell 2000 Value	3.97%	23.15%	43.18%

Foreign Stock Indices (USD)	6/26	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-0.17%	9.19%	20.99%
MSCI Emerging Markets NET	-1.41%	23.85%	43.51%
MSCI Europe NET	0.94%	7.81%	18.64%
MSCI BRIC NET	-3.98%	-11.11%	-5.06%
MSCI EM Latin America NET	-2.39%	10.47%	31.70%
Nikkei 225	3.46%	34.92%	56.11%

Bloomberg Fixed Income Indices	6/26	YTD	12 Mo.
U.S. Treasury: Intermediate	0.09%	0.23%	2.67%
GNMA 30 Year	0.30%	1.33%	5.18%
Municipal Bond (22+)	1.76%	4.01%	9.74%
U.S. Aggregate	0.24%	0.62%	3.79%
Intermediate Corporate	0.14%	0.75%	4.13%
U.S. Corporate High Yield	0.27%	1.96%	5.91%
Global Aggregate	-0.71%	-0.21%	0.62%
EM Hard Currency Aggregate	0.29%	1.64%	7.17%

# HIGH/LOW SNAPSHOT

Data through June 2026

Index	10-Yr.		10-Yr.		Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
	High Value	Date	Low Value	Date				
S&P 500	7609.78	6/2/2026	2085.18	11/4/2016	7499.36	-1.45%	10.19%	1.08%
S&P 500 Growth	5707.06	6/1/2026	1168.78	11/4/2016	5552.02	-2.72%	11.99%	0.52%
S&P 500 Value	2258.38	6/16/2026	814.98	3/23/2020	2239.97	-0.82%	8.01%	1.77%
S&P MidCap 400	3852.54	6/30/2026	1218.55	3/23/2020	3852.54	0.00%	17.33%	1.27%
S&P MidCap 400 Growth	1904.20	6/30/2026	610.53	3/23/2020	1904.20	0.00%	21.57%	0.67%
S&P MidCap 400 Value	1180.59	6/30/2026	373.28	3/23/2020	1180.59	0.00%	12.99%	1.91%
S&P 100	3782.85	6/1/2026	923.84	11/4/2016	3667.27	-3.06%	7.41%	0.96%
DJIA	52319.20	6/30/2026	17840.62	7/5/2016	52319.20	0.00%	9.76%	1.50%
Nasdaq 100	30660.60	6/2/2026	4410.75	7/5/2016	30276.35	-1.25%	20.30%	0.55%
Russell 2000	3024.37	6/30/2026	991.16	3/18/2020	3024.37	0.00%	22.69%	1.33%
Russell 2000 Growth	2013.36	6/30/2026	679.88	3/18/2020	2013.36	0.00%	22.26%	0.47%
Russell 2000 Value	3324.87	6/26/2026	1067.63	3/23/2020	3310.43	-0.43%	23.15%	2.25%
Russell 3000	4316.23	6/2/2026	1229.75	7/5/2016	4279.36	-0.85%	10.86%	1.09%
MSCI World Net (ex U.S.) (USD)	12018.30	6/17/2026	4246.27	3/23/2020	11862.17	-1.30%	9.19%	2.60%
MSCI Emerging Markets Net (USD)	992.73	6/22/2026	357.19	7/6/2016	949.30	-4.38%	23.85%	1.89%
Bovespa/Brazil (USD)	39888.63	4/14/2026	12513.21	3/23/2020	33233.03	-16.69%	13.48%	6.34%
RTS/Russia (USD)	1919.58	10/25/2021	742.91	2/24/2022	N/A	N/A	N/A	N/A
S&P BSE 500/India (USD)	461.76	9/26/2024	129.66	3/23/2020	380.38	-17.62%	-8.00%	1.20%
Shanghai Composite/China (USD)	624.77	5/13/2026	358.39	10/18/2018	603.25	-3.44%	7.23%	2.18%
KOSPI/South Korea (USD)	5.93	6/22/2026	1.16	3/19/2020	5.47	-7.72%	88.26%	0.79%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2917.46	-31.21%	-9.90%	3.03%
MSCI Euro (USD)	2397.96	6/17/2026	865.50	3/18/2020	2370.07	-1.16%	10.07%	2.62%
S&P 500 Consumer Discretionary	2024.18	5/28/2026	608.93	11/4/2016	1907.12	-5.78%	-0.77%	0.64%
S&P 500 Consumer Staples	1003.08	2/27/2026	500.59	12/24/2018	923.02	-7.98%	8.03%	2.41%
S&P 500 Energy	962.27	3/27/2026	179.94	3/18/2020	810.95	-15.72%	19.66%	2.95%
S&P 500 Utilities	482.91	2/27/2026	227.75	3/23/2020	460.68	-4.60%	7.69%	2.73%
S&P 500 Financials	937.48	1/6/2026	293.55	3/23/2020	892.84	-4.76%	-1.31%	1.57%
S&P 500 Banks	652.68	6/25/2026	192.40	3/23/2020	639.20	-2.07%	5.21%	2.16%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	848.31	-13.44%	15.00%	3.74%
S&P 500 Health Care	1876.50	6/29/2026	763.33	11/3/2016	1852.15	-1.30%	3.47%	1.65%
S&P 500 Pharmaceuticals	1493.31	6/29/2026	551.81	11/3/2016	1465.23	-1.88%	14.34%	1.94%
NYSE Arca Biotechnology	8620.66	6/30/2026	2834.14	11/3/2016	8620.66	0.00%	20.68%	0.18%
S&P 500 Information Technology	7262.03	6/2/2026	708.76	7/5/2016	6788.21	-6.52%	19.76%	0.45%
Philadelphia Semiconductor	14634.72	6/22/2026	672.51	7/5/2016	14246.96	-2.65%	101.73%	0.43%
S&P 500 Communication Services	508.66	5/13/2026	130.86	12/24/2018	454.40	-10.67%	0.80%	0.70%
S&P 500 Industrials	1568.73	6/30/2026	412.06	3/23/2020	1568.73	0.00%	20.15%	1.15%
S&P 500 Materials	675.69	2/27/2026	241.67	3/23/2020	638.08	-5.57%	11.97%	1.61%
Philadelphia Gold & Silver	470.37	2/27/2026	61.84	11/13/2018	317.71	-32.46%	-6.57%	1.27%
FTSE/CC CRB Excess Return	406.18	5/19/2026	106.29	4/21/2020	353.61	-12.94%	18.35%	N/A
ICE BofA Perpetual Preferred	345.64	2/19/2026	224.97	3/23/2020	341.45	-1.21%	0.70%	6.94%
ICE BofA U.S. High Yield Constrained	629.25	6/15/2026	361.57	6/30/2016	628.97	-0.04%	1.89%	7.95%

Source: Bloomberg

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