June 2026

DeMarche Dashboard

A Flash Report on Markets and the Economy

Data and Commentary for the Period Ended 06/30/2026

Global Overview

Global financial markets delivered mixed results in June as improving macroeconomic conditions were balanced against persistent inflation concerns and tighter monetary policy in several developed economies. Equity market performance diverged significantly by region, market capitalization, and investment style, with smaller companies outperforming large cap peers in the United States, while developed international equities were broadly unchanged and emerging markets declined modestly. Economic data generally remained constructive, supported by resilient labor markets, improving business activity, and easing energy prices following the reopening of the Strait of Hormuz. Central banks remained focused on inflation, with the Federal Reserve maintaining its policy rate, while the European Central Bank and Bank of Japan continued policy normalization through additional rate increases. Artificial intelligence remained a dominant market theme, driving continued concentration in technology related companies and reshaping the composition of major equity benchmarks, particularly within emerging markets, where technology and semiconductor companies increasingly influenced index performance and diversification characteristics.

U.S. Markets & Economy

Equity returns in June varied considerably by market capitalization and investment style. The S&P 500 declined 1.0% during the month as weakness among several large cap growth oriented sectors, including communication services and consumer discretionary, more than offset strong gains in industrials, health care, financials, and utilities. Macroeconomic indicators remained broadly constructive during the month. Labor market conditions improved modestly, with initial jobless claims declining to 215,000 from 225,000 despite persistent inflationary pressures throughout much of the year. Consumer confidence edged higher to 91.2 from a downwardly revised 90.6 in May. The improvement coincided with declining energy prices following the reopening of the Strait of Hormuz, which helped mitigate inflation concerns during the month. Manufacturing activity remained relatively stable, with the ISM Manufacturing PMI easing slightly to 53.3 from 54.0 in the prior month. June's performance was highlighted by a divergence between large- and small-cap equities. The Russell 1000 declined 0.5%, while the Russell 2000 gained 3.7%. Within growth, the Russell 1000 Growth Index declined 2.7%, while the Russell 2000 Growth Index advanced 3.6%. Value stocks also favored smaller companies, with the Russell 1000 Value Index gaining 2.3% compared to a 4.0% increase for the Russell 2000 Value Index. Favorable macroeconomic conditions and earnings expectations supported smaller companies, whose revenues are generally more directly tied to the U.S. economy.

The Federal Reserve kept its policy rate unchanged at 3.50%-3.75% during Chair Kevin Warsh's first FOMC meeting. Credit spreads remained relatively stable, as Bloomberg U.S. Corporate High Yield spreads widened modestly from 274 to 275 basis points and Investment Grade spreads widened from 74 to 76 basis points. Treasury yields were mixed during the month, with short-term yields rising while longer-term yields decreased slightly. Domestic fixed income markets posted positive returns, led by the Bloomberg U.S. Government/Credit Long Index, which returned 0.7%. The Bloomberg U.S. Aggregate Bond Index gained 0.2%, while the Bank of America U.S. High Yield Index returned 0.3%.

International Markets & Economy

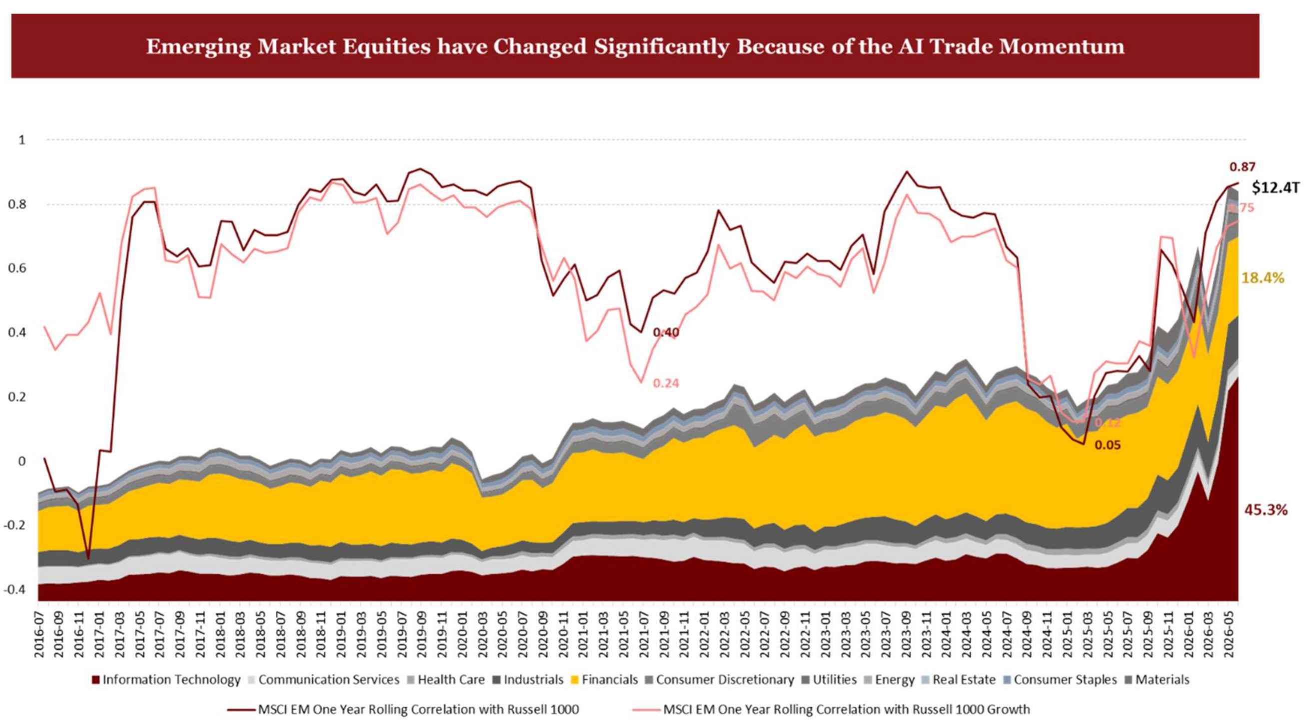
Eurozone business activity stabilized in June as the flash Composite PMI improved to 50.0 from 48.5 in May. Manufacturing remained in expansion at 51.4, while services continued to contract but at a slower pace of 48.9. The ECB raised all three key policy rates by 25 basis points, citing persistent inflation risks following the escalation of the Israel-Iran conflict. Germany's flash Composite PMI improved to 49.5, while preliminary CPI eased to 2.3% year-over-year from 2.6%. France's Manufacturing PMI returned to expansion at 51.2. The Bank of Japan raised its policy rate by 25 basis points to 1.0%, its highest level since 1995, reflecting persistent inflation pressures and yen weakness. The

MSCI EAFE Index was little changed, returning 0.1% as gains from the previous two months paused amid tighter monetary policy. China's Manufacturing PMI rose to 50.3, supported by strength in high-tech manufacturing and export orders, while consumer inflation remained subdued and weakness in the property sector persisted. China's May trade surplus widened to $105.4 billion as exports reached a year-to-date high of $377 billion. The MSCI Emerging Markets Index declined 1.4%, as technology shares in South Korea and Taiwan experienced heightened volatility following stronger-than-expected U.S. economic data and shifting expectations for Federal Reserve policy.

In the News

The Emerging Markets equity landscape has changed significantly over the past two years. Following a 33.6% return in 2025 and a 24.1% gain through June 2026, the MSCI Emerging Markets Index grew to a market capitalization of $12.4 trillion from $7.7 trillion at the end of 2024. Driven by the AI investment theme, Information Technology has become the index's largest sector at 45.3%, surpassing the S&P 500 (35.3%) and MSCI EAFE (12.1%), while Financials, previously the largest sector, has declined to 18.4%. TSMC, Samsung, and SK Hynix now account for 30.8% of the index by market value, with the two largest holdings each exceeding $1 trillion. As a result, the index has become increasingly concentrated in large-cap growth companies, with 92% of its market value represented by large-cap stocks despite only 521 of the index's 1,224 constituents qualifying as large cap. Country composition has also shifted meaningfully. Taiwan is now the largest allocation at 27.3%, followed by South Korea at 23.7%, compared to weights of 14.0% and 13.2%, respectively, in 2021. Meanwhile, China's weight has fallen to 19.0% from 37.5%, while India has increased to 11.1% from 9.9% over the same period. These structural changes have increased the index's trailing P/E multiple to 18.6x from 15.4x at the end of 2024 and 11.7x following the COVID-19 pandemic. From an asset allocation perspective, Emerging Markets now provides a markedly different diversification profile. The one-year correlation between the MSCI Emerging Markets Index and the Russell 1000 increased to 0.87 from 0.27 a year earlier, while the index's beta rose from 0.24 to 1.68 and its R-squared reached 0.75. Although AI has become a dominant driver of both markets, the Russell 1000 Growth Index continued to exhibit lower correlation, beta, and R-squared with Emerging Markets than the broader Russell 1000. Despite these structural changes, MSCI retained South Korea in the Emerging Markets Index during its June classification review, citing ongoing restrictions on foreign exchange trading in the Korean won.

Chart of the Month



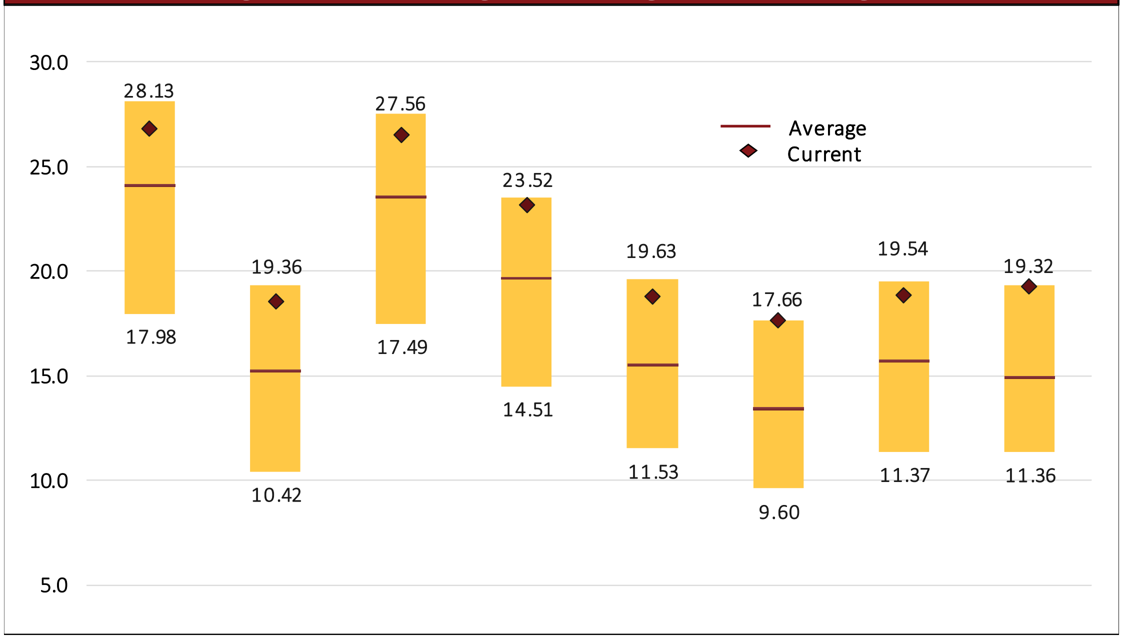
Capital Markets Overview

		TRAILING			ANNUALIZED			
		1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Broad Market	MSCI World NR USD	(0.72)	13.76	9.69	21.34	19.24	11.47	13.14
	Bloomberg US Agg Bond TR USD	0.24	0.67	0.62	3.79	4.16	0.08	1.54
	Russell 3000 TR USD	(0.30)	15.44	10.88	22.82	20.36	12.31	15.06
	DJ Industrial Average TR USD	2.71	13.38	9.76	20.65	17.10	10.78	13.68
	NASDAQ Composite PR USD	(2.81)	21.41	12.79	28.69	23.88	12.57	18.40
	MSCI EAFE NR USD	0.07	10.82	9.44	20.23	16.44	9.05	9.66
	FTSE Treasury Bill 3 Mon USD	0.31	0.93	1.87	4.05	4.86	3.69	2.40
	Bloomberg Commodity TR USD	(8.54)	(8.08)	14.36	25.46	11.69	9.37	5.83
Domestic Equities	S&P 500 TR USD	(0.95)	15.20	10.21	22.32	20.61	13.41	15.51
	S&P MidCap 400 TR	3.59	14.47	17.34	25.89	15.41	9.07	11.65
	S&P SmallCap 600 TR USD	7.29	19.70	23.90	37.50	16.05	7.37	11.52
	Russell 1000 TR USD	(0.50)	15.14	10.33	22.02	20.47	12.66	15.30
	Russell 1000 Growth TR USD	(2.68)	16.74	5.33	17.71	22.58	13.71	18.58
	Russell 1000 Value TR USD	2.27	13.87	16.26	27.12	17.79	11.17	11.52
	Russell Mid Cap TR USD	3.11	13.83	15.30	21.63	16.51	8.50	12.00
	Russell Mid Cap Growth TR USD	2.70	14.55	7.27	6.17	15.61	6.03	13.04
	Russell Mid Cap Value TR USD	3.03	13.40	17.58	26.62	16.51	9.48	10.63
	Russell 2000 TR USD	3.74	21.49	22.57	40.78	18.60	6.98	11.62
	Russell 2000 Growth TR USD	3.55	25.71	22.18	38.74	18.44	5.57	11.97
	Russell 2000 Value TR USD	3.97	17.19	22.99	43.01	18.73	8.23	10.89
International Equities	MSCI ACWI Ex USA NR USD	(0.59)	14.49	13.68	27.66	18.82	8.79	9.93
	MSCI EAFE NR USD	0.07	10.82	9.44	20.23	16.44	9.05	9.66
	MSCI EAFE Growth NR USD	0.82	14.53	9.14	13.65	11.47	4.88	8.61
	MSCI EAFE Value NR USD	(0.70)	7.49	9.63	26.95	21.51	13.15	10.45
	MSCI Japan NR USD	(0.32)	14.21	15.78	29.11	18.49	9.49	9.84
	MSCI AC Asia Ex Japan NR USD	(1.29)	27.71	26.20	45.77	24.34	7.34	10.86
	MSCI Europe NR USD	0.94	10.93	7.81	18.64	16.18	9.50	9.92
	MSCI United Kingdom NR USD	(0.77)	4.11	6.21	20.32	17.53	12.02	8.82
	MSCI EAFE Small Cap NR USD	(3.72)	9.02	7.65	17.39	15.72	5.35	8.64
	MSCI EM NR USD	(1.41)	24.05	23.85	43.51	23.03	7.20	10.07
Fixed Income	Bloomberg US Govt/Credit TR USD	0.25	0.70	0.49	3.32	3.97	(0.10)	1.59
	Bloomberg US Govt/Credit Interm TR USD	0.10	0.43	0.40	3.14	4.68	1.22	1.92
	Bloomberg US Govt/Credit Long TR USD	0.71	1.53	0.77	3.92	1.86	(3.84)	0.70
	ICE BofA US High Yield TR USD	0.25	2.45	1.89	5.74	8.79	4.13	5.70
	JPM EMBI Global Diversified TR USD	0.72	4.64	3.32	11.79	10.32	2.58	3.71
	Morningstar LSTA US LL TR USD	0.08	1.88	1.31	4.36	7.55	6.01	5.50
	FTSE WGBI NonUSD USD	(1.46)	0.96	(0.82)	(2.08)	2.02	(4.19)	(1.49)
	Bloomberg Gbl Agg Ex USD TR USD	(1.48)	0.99	(0.90)	(1.95)	2.70	(2.89)	(0.66)
REITs	FTSE Nareit All REITs TR	1.65	10.83	14.49	14.43	9.50	3.20	5.59
	Wilshire US REIT TR USD	3.13	12.30	17.67	21.16	12.81	5.95	6.16

USD - US dollar priced index **TR** - Total Return **PR** - Price Return **LCL** - Local Currency Priced Index **NR** - Return includes reinvested net dividends

Source: Morningstar

Current Trailing P/E vs. Trailing 5-Year High, Low Average



	S&P 500	Russell 2000	Russell 1000	MSCI AC World	MSCI EAFE	MSCI EM	MSCI Europe	MSCI AC Asia Pac
High Month	Sep-25	May-26	Sep-25	Jan-26	Feb-26	Jun-26	Feb-26	Jan-00
Low Month	Sep-22	Sep-22	Sep-22	Sep-22	Sep-22	Oct-22	Sep-22	Sep-22

Source: Morningstar; Data as of 06/30/2026

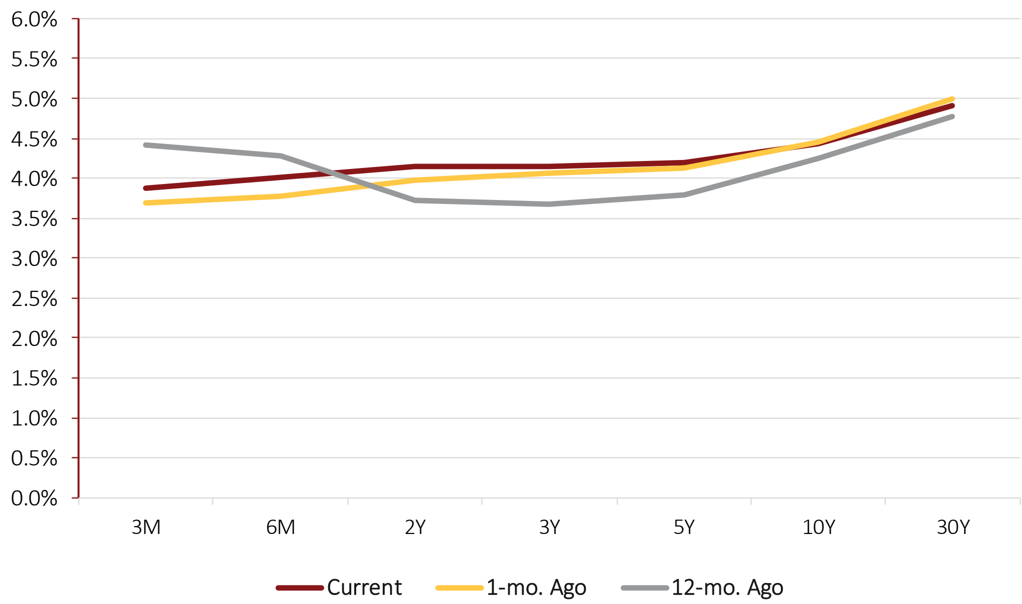
Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates[3] *per US $*		Inflation[2]
	Latest[1]	2026[1]	2027[1]	*(Most recently available)*	*Sovereign Bonds, 10 Year*	Current	1 Year Ago	*(Most recently available)*
United States	2.10	1.95	1.80	4.20	4.47	-	-	2.90
China	1.30	4.54	4.25	5.10	1.75	6.79	7.16	1.10
Japan	0.50	0.61	0.75	2.50	2.70	162.61	144.17	1.40
United Kingdom	0.60	0.86	1.06	4.90	4.77	1.33	1.37	2.60
Euro Area	-0.20	0.83	1.19	6.20	3.26	1.14	1.18	2.40
Germany	0.30	0.66	1.12	6.30	2.94	1.14	1.18	2.50
France	-0.10	0.65	0.82	8.10	3.57	1.14	1.18	1.50
Italy	0.30	0.53	0.57	5.00	3.67	1.14	1.18	1.80
Canada	0.00	1.16	1.69	6.60	3.38	1.42	1.36	2.20
India	1.90	6.27	6.40	5.50	6.75	94.96	85.88	4.95
Mexico	-0.60	0.81	1.79	2.80	9.01	17.52	18.83	4.19
Brazil	1.10	1.55	2.06	5.60	14.43	4.98	5.43	4.46

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

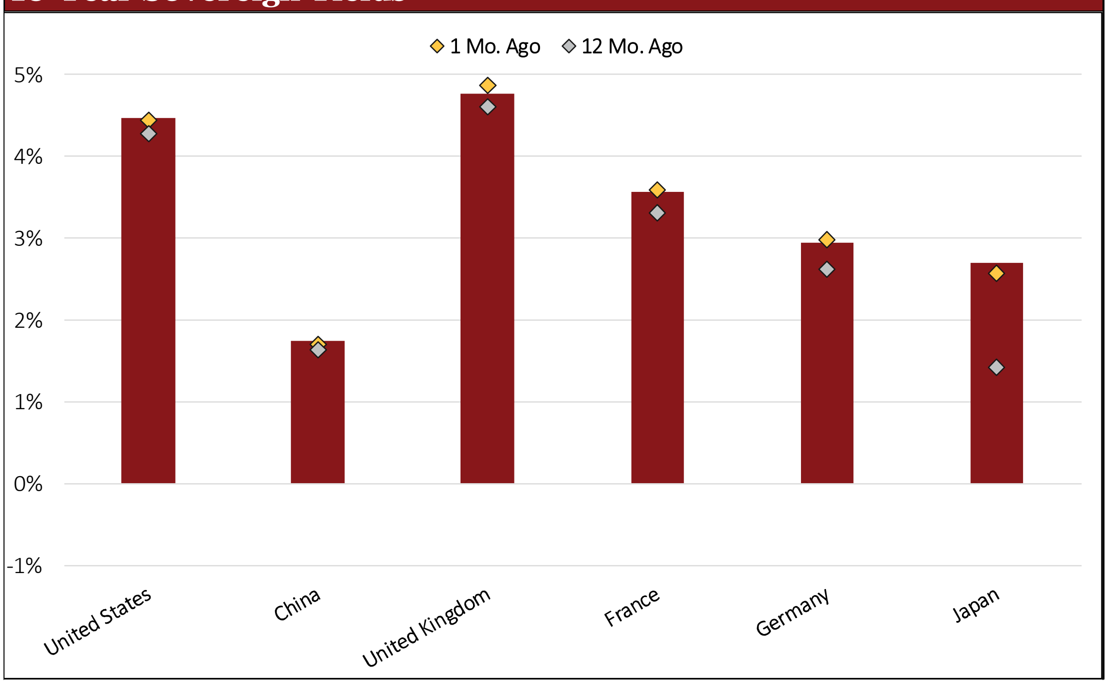
1. Latest GDP is seasonally adjusted annualized rate. 2026 & 2027 is forecasted data from OECD
2. In terms of Core CPI
3. Euro Area and U.K. exchange rates quoted in market standard format (USD/Non-USD currency)
4. Germany, France, and Italy currency exchange rates are taken at the Euro Area exchange rates

U.S. Treasury Yield Curves



Source: Federal Reserve Bank; Data as of 06/30/2026

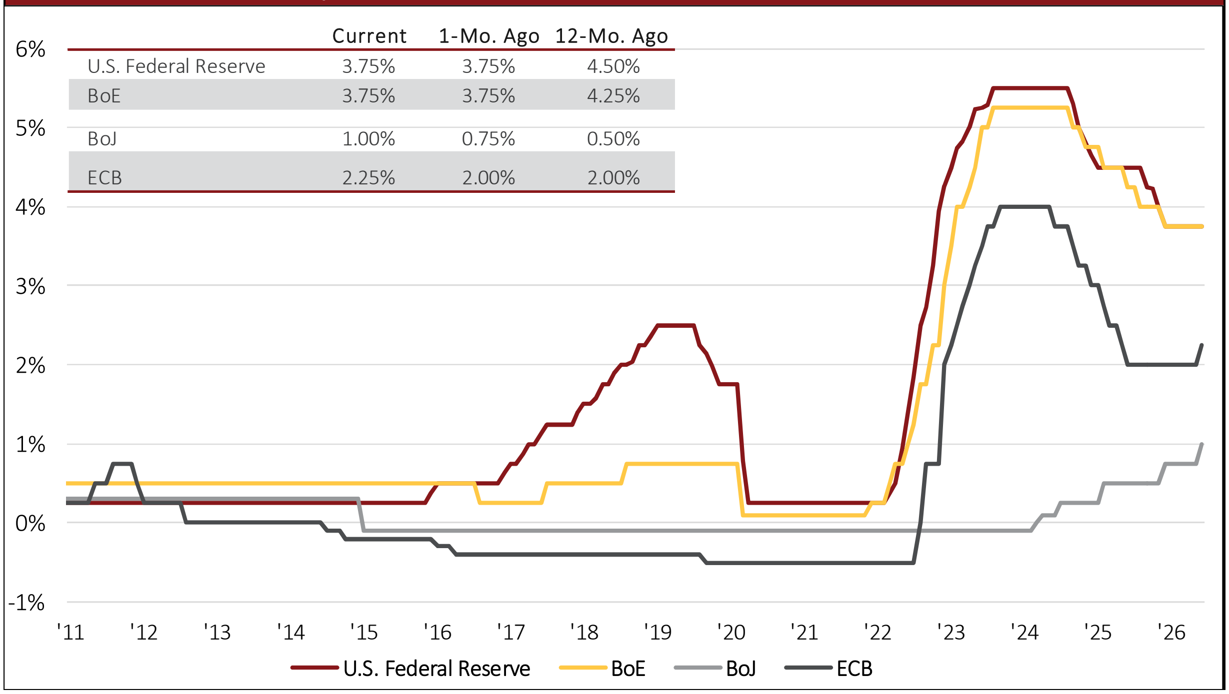
10-Year Sovereign Yields



Source: Trading Economics; Data as of 06/30/2026

Central Bank Policy Rates

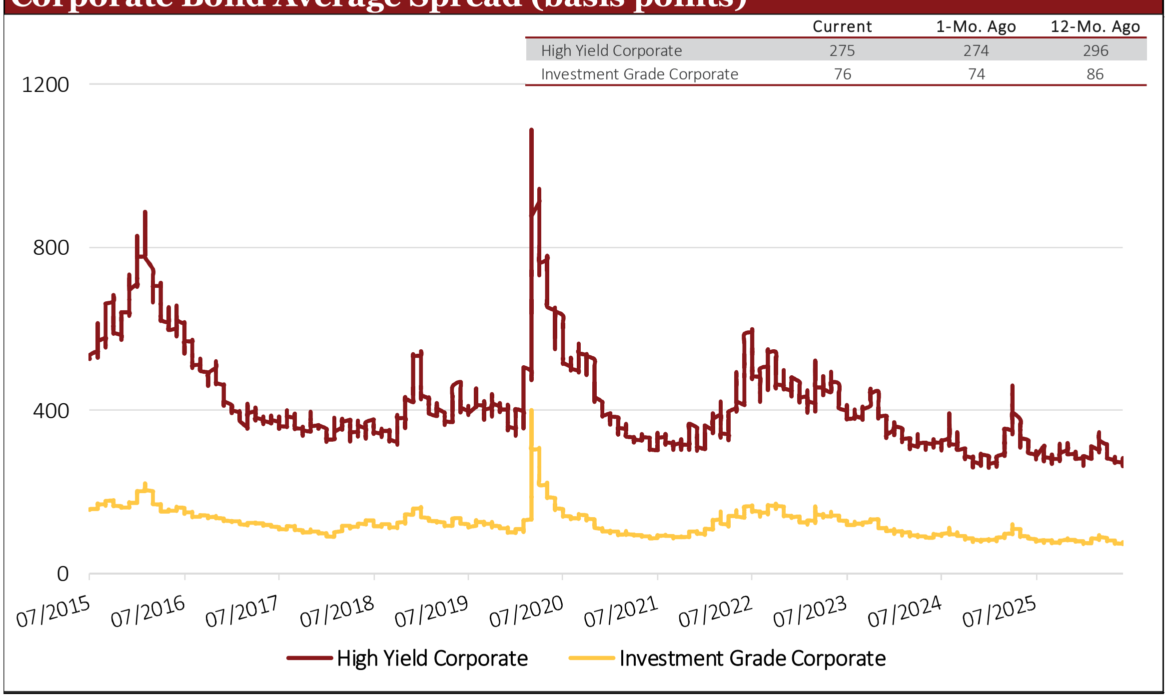
	Current	1-Mo. Ago	12-Mo. Ago
U.S. Federal Reserve	3.75%	3.75%	4.50%
BoE	3.75%	3.75%	4.25%
BoJ	1.00%	0.75%	0.50%
ECB	2.25%	2.00%	2.00%



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics; Data as of 06/01/2026

Corporate Bond Average Spread (basis points)

	Current	1-Mo. Ago	12-Mo. Ago
High Yield Corporate	275	274	296
Investment Grade Corporate	76	74	86



Source: Federal Reserve Bank, Bank of America; Data as of 06/30/2026