

6/29/2026

The Week Ahead



**Cape Ann Savings
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THINGS TO WATCH

June Labor Data

On Thursday morning, the June Nonfarm Payrolls report is projected to show net hiring of 115,000, according to Bloomberg consensus estimates. If realized, this would mark the fourth consecutive month of job gains exceeding 100,000, the longest stretch of labor market resilience since early 2024. Hiring momentum is expected to remain concentrated within healthcare, government, and education, alongside the recent acceleration in leisure and hospitality payrolls. Meanwhile, the headline unemployment rate is forecast to hold firm at 4.3%, while annual wage growth is projected to tick slightly higher to 3.5% from May's 3.4% reading.

Reflation Rotation

A market rotation seems to have gathered steam in recent weeks as U.S. small caps, value stocks, and international equities outpace indexes with heavy U.S. mega-cap technology exposure. Year-to-date, the Russell 2000 Index is up 21.8%, leading the S&P 500's 7.4% gain, while the Magnificent Seven has consolidated after a powerful multi-year run. Rather than signaling a broader economic de-risking, this volatility could reflect a rotation into cyclical sectors benefiting from expectations for an acceleration in economic growth, sometimes referred to as "reflation." This broadening of market participation into prior laggards should help cushion index drawdowns and help the bull market stay intact.

July Market Strength?

The S&P 500's average return in July from 1946 through 2025 is 1.25%, behind only November (1.60%), December (1.54%), and April (1.47%). In the 20 midterm election years from 1946 through 2022, the benchmark's average July return has been a solid 1.07%. The average July return for the S&P 500 following a June decline of 2% or worse is +1.61%. Historically, when June has a notable sell-off, July acts as a reliable bounce-back month, finishing positive nearly 63% of the time.

LAST WEEK'S ECONOMIC DATA	LATEST 3MO PRIOR	CHANGE
S&P Global U.S. Manufacturing PMI	55.7	52.3 ▲
S&P Global U.S. Services PMI	51.3	49.8 ▲
New Home Sales (Thousands Ann.)	580	630 ▼
Core PCE Price Index (Y/Y)	3.4%	3.0% ▲
Personal Income (Y/Y)	3.8%	3.5% ▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	51876.11	0.60%	8.82%	21.57%
NASDAQ	26517.93	-4.59%	9.18%	26.23%
S&P 500	7534.02	-1.94%	8.04%	21.17%
MSCI EAFE	3085.46	-1.75%	8.75%	20.98%
BB U.S. Aggregate	2371.96	0.49%	0.98%	4.31%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	3.74%	3.65%	4.32%
10-Year Treasury	4.45%	4.67%	4.39%

REPORTS DUE THIS WEEK	LATEST
JOLTS Job Openings (Millions)	7.62
Conf. Board Consumer Confidence	93.1
ISM Manufacturing PMI	54.0
Non-Farm Payrolls (Thousands)	172
Unemployment Rate	4.3%

Total returns are as of 6/26/26. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

\$35 billion

Last week, Lockheed Martin (LMT) signed a 7-year contract worth up to \$35 billion with the U.S. Defense Department to quadruple production of Terminal High Altitude Area Defense (THAAD) missile interceptors. The deal is part of a full-throttle effort by the Trump administration to boost munitions output and mobilize the defense industrial base. Earlier in June, President Trump invoked the Defense Production Act to ease manufacturing obstacles and promote coordination among defense contractors.

26.4%

A recent National Association of Home Builders study estimated that government regulations account for 26.4% of the average new single-family home's price, adding \$131,734 to the average total cost. Driven by rising permit fees and stricter building codes, these regulatory expenses have surged over 40% since 2021. This growth pace is more than double that of U.S. disposable income over the same period.

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