

The Data

- Equity markets were mostly higher during the holiday shortened trading week.
 - S&P 500 +2.17% Dow +1.97% Russell 2000 -0.75%, Nasdaq +2.12%¹
 - The All-Country World Index rose +1.19%.¹
 - S&P 500 sub-sectors were mostly positive.
 - Financials & Healthcare led to the upside.¹
 - Real Estate, Utilities, Energy, & Tech declined on the week.¹
 - The CBOE Volatility Index (VIX) sank -12.33% to end at 16.14.¹
- US Treasury bond yields were higher on the week.
 - US 2yr +0.06% at 4.14%, 10yr +0.12% to 4.49%, 30yr +0.12% to 4.98%.¹
 - The yield curve steepened which is opposite of recent price action.
- Commodities as an aggregate asset class were flat last week.
 - WTI Crude declined -1.14%.¹
 - Gold rose +0.74%.¹
 - The US Dollar index lost -0.50%.¹
- In our opinion, U.S. economic data was mixed last week.
 - Consumer Confidence ticked higher in June.¹
 - The ISM Manufacturing index is still signaling expansion despite a decline in June.¹
 - The latest jobs reports showed fewer jobs added while the unemployment rate declined.¹
- An index of equities outside the US (FTSE All-World ex-US) were positive +0.31%.¹

¹ Source: Bloomberg – 7/2/2026

Conclusion

- Stocks finished the holiday shortened week mostly in positive territory.
 - The S&P 500 and Nasdaq both gained over 2% despite weakness seen in semiconductors.
 - The major Semiconductor Index declined over 11% the last 2 trading days.¹
 - This is following its meteoric rise recently; helped by large ETFs that carry imbedded leverage to boost gains when semis rise.
 - We believe the potential unwind of leveraged funds like the semiconductor on could be a major volatility event risk that can't be ignored.
 - Small-caps were the lone negative major equity index on the week.
 - Interesting that last week saw the first overall redemption of US equities by investors in the last 3 months.
- S&P 500 sub-sectors were mostly higher last week.
 - Healthcare & Financials saw outsized gains to lead to the upside.¹
 - Utilities & Real Estate saw declines last week undoubtedly aided by a rise in interest rates.
- US Treasury yields were higher last week.
 - The yield curve steepened meaning the 10yr & 30yr yields rose more than the 2yr did.
 - This is a notable change in price action as compared to the last couple of months.
 - The US economy added much fewer jobs than expected for the month while the unemployment rate declined to 4.2%.¹
 - This could have taken some momentum out of the pressure on the 2yr yield which most closely tracks the expected actions of the Federal Reserve.
 - The 10yr & 30yr continue to be under pressure by still elevated inflation.
- Commodities were mixed last week.
 - Oil declined while metals gained.¹
 - Gold saw its first weekly gain since May.¹
 - In just a few weeks, oil has went from trading near highs with warnings about inventories to there being talk of a glut as its price has tumbled 43%.¹
 - The US Dollar index was down -0.50%.¹
- Non-US equities were strong last week outside of Korea.
 - The largest US listed ETF tracking the Korean KOSPI index declined almost 10%.¹
 - Most other areas of the ex-US landscape rose with Europe leading the way.
 - Europe equities have scaled record highs on optimism that resilient growth and cooling inflation will support the economy.
 - Sentiment received a further boost on Thursday after the softer-than-expected US jobs report tempered bets on Fed rate hikes.

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