

July 2026

SECOND QUARTER 2026 QUARTERLY ECONOMIC OUTLOOK

THE SECOND QUARTER OF 2026 DEMONSTRATED AN IMPORTANT LESSON FOR INVESTORS:

Markets can continue to advance even when uncertainty dominates the headlines. Persistent inflation concerns, heightened geopolitical tensions, high energy prices, and evolving expectations for Federal Reserve policy all contributed to periods of market volatility. Despite these headwinds, U.S. equities recovered from a difficult first quarter and continued their longer-term upward trend, leaving the major market indices higher after the first half of the year.

Led by strong corporate earnings, a resilient U.S. economy, and continued enthusiasm for artificial intelligence (AI) and technological innovation, equity markets made new highs during the quarter. Both the S&P 500 and Dow Jones Industrial Average (DJIA) indexes experienced healthy gains as the S&P 500 closed the quarter up 14.4% and the DJIA gained approximately 12.8%. Through the first six months of 2026, the S&P 500 has gained 9.6%, and the Dow has advanced 8.9%. (Source: *apnews.com*; *statmuse.com* 6/30/26)

One of the most important drivers of equity markets is the direction of corporate America – and it continued to deliver solid results. According to FactSet, on June 26, the estimated year-over-year growth for S&P 500 companies is 23.1%, which would mark the seventh consecutive

quarter of double-digit earnings increases and the second-straight quarter of earnings growth over 20%.

Money Rates

(as posted in Barron's 6/29/2026)

	Latest Week	Year Ago
Fed Funds Rate*	3.64%	4.33%
Bank Money Market ^z	0.51%	0.39%
12-month Certif ^z	1.94%	1.76%

^z Bankrate.com *Average effective offer
 (Source: Barron's; bankrate.com)

S&P 500 AND DJIA — QUARTER 2, 2026



Source: marketwatch.com

The energy sector was among the largest contributors to market volatility. West Texas Intermediate (WTI) crude oil experienced a 74% volatility rate as it swung between the high \$60s and the low \$120s per barrel during the quarter. Meanwhile, the U.S. labor market continued to demonstrate resilience as the U.S. Bureau of Labor Statistics stated the unemployment rate remained steady at 4.3% in May.

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Overall, the second quarter reinforced an important investment principle: while headlines often create short-term market volatility, long-term market performance is ultimately driven by healthy, long-term focused fundamentals. While volatility remains a normal part of investing, the quarter reinforced the importance of focusing on long-term fundamentals rather than reacting to short-term market noise.

As financial professionals, our role is to closely monitor market developments and help ensure your portfolio remains aligned with your broader financial goals.

Any questions?

Call us!

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Inflation and Interest Rates

- **The Federal Reserve left the federal funds rate unchanged during the second quarter of 2026, maintaining the target range at 3.50%–3.75% but they reduced expectations for rate cuts and discussed the possibility of future rate increases.**
- **Inflation remains above the Fed's long-term target and continues to be a concern.**



At the April FOMC meeting, the final meeting chaired by Jerome Powell, the Federal Reserve held interest rates steady. At the June meeting, the first under newly appointed Federal Reserve Chair Kevin Warsh, policymakers again voted to maintain the target rate range of 3.50%–3.75%, while signaling a more hawkish outlook for the remainder of the year. (Source: CNBC, June 17, 2026)

Consumer spending also remains healthy. According to May data from the Bureau of Labor Statistics, the core Consumer Price Index (CPI), which excludes food and energy, increased 2.9% year-over-year. Geopolitical developments should continue to affect energy prices and therefore they will also influence inflation trends. (Source: Bureau of Labor Statistics)

Looking ahead, currently the prospect of a rate cut in 2026 appears increasingly unlikely. In fact, the possibility of a rate increase later this year has gained momentum. The path forward will largely depend on the trajectory of inflation, labor market conditions, and overall economic growth. Interest rates and inflation remain critical factors in financial planning and investment decision-making so we will continue to monitor them

Key Takeaways

- After a rough start to the year, the second quarter brought new highs in equities led by strong corporate earnings, a resilient U.S. economy, and continued enthusiasm for artificial intelligence (AI) and technological innovation.
- The Federal Reserve adjusted its stance on future interest rate adjustments this year but kept interest rates unchanged at 3.5% – 3.75%.
- Oil prices rose heavily during the quarter and then began to subside at the quarter's end with hope of a possible resolution with Iran.
- Focusing on your long-term goals and staying the course of a well-structured investment approach can help you stay grounded and confident during these times of uncertainty.
- **We are here for you. Please reach out with any questions or concerns. Your financial well-being is always our highest priority!**

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The Bond Market and Treasury Yields



- Treasury and bond yields remain elevated as investors continued to consider the prospect of higher-for-longer interest rates.

During the second quarter both U.S. Treasury and bond yields remained elevated as investors assessed persistent inflation, resilient economic growth, and evolving expectations for Federal Reserve monetary policy. Throughout the quarter, the 10-year Treasury yield generally traded in the mid-4% range, while the 2-year Treasury yield remained above 4%, reflecting expectations that short-term interest rates would stay higher for longer. At the end of the second quarter, the 10-year Treasury yield closed at 4.44%, the 5-year Treasury at 4.19%, and the 30-year Treasury at 4.91%. (Source: U.S. Department of the Treasury Resource Center)

Bonds remain a core component of many well-balanced portfolios, and we will continue to monitor developments, Federal Reserve policy, and Treasury markets as conditions evolve.



Oil

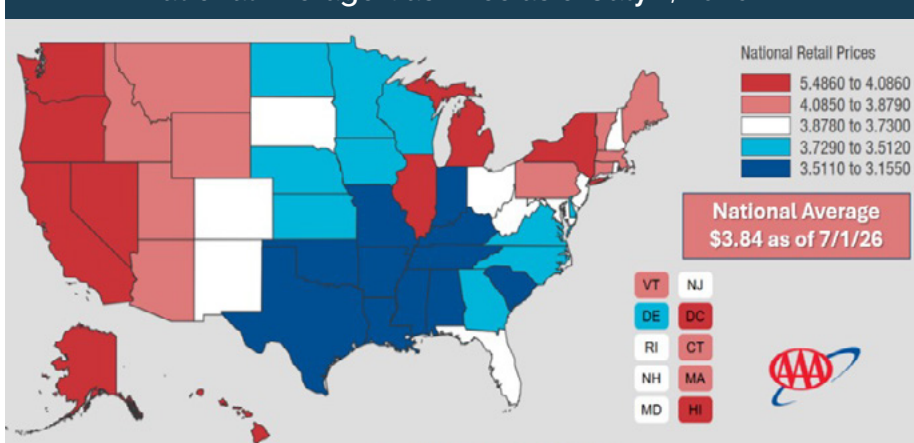


- National average gasoline prices increased nearly 32% in the second quarter of 2026.
- Easing geopolitical tensions late in the quarter contributed to a decline in crude oil and gasoline prices.

After averaging approximately \$2.98 per gallon at the end of February, the national gasoline price average climbed to approximately \$4.56 per gallon by mid-May. Higher crude oil prices, coupled with geopolitical tensions in the Middle East, contributed to the rise in fuel costs. (Source: [gasprices.aaa.com](https://www.gasprices.aaa.com))

As the quarter neared its end, oil prices dropped as geopolitical tensions eased. The global benchmark Brent crude fell below \$73, after reaching April highs of over \$125 per barrel. (Sources: [cnn.com](https://www.cnn.com); [bbc.com](https://www.bbc.com))

National Average Gas Price as of July 1, 2026



WHAT'S Happening! AT JRWA



We were thrilled to once again host our annual Golf Scramble at Torreon Golf Club. Surrounded by the beautiful White Mountains, clients enjoyed a day of friendly competition before gathering for lunch and an economic outlook presentation from Jared Roskelley and Kyle Robertson.

Thank you to everyone who participated and helped make this year's event another memorable one. We look forward to continuing this tradition for years to come.



SAVE THE DATE!

Don't miss:
October 23
Client Appreciation Event

Find out more by visiting our website. Just scan the QR code!



Investor's Outlook



- We remain cautiously optimistic. While volatility is likely to remain, continued earnings growth, a resilient economy, and the possibility of a resolution in Iran, provide an encouraging backdrop for investors.
- Maintaining a long-term focus and avoiding short-term distractions has historically been an effective way to pursue financial goals.

As we enter the second half of 2026, the investment landscape remains, for the most part, positive, although investors should continue to expect periods of elevated volatility. The primary drivers of market performance are likely to still be; the direction of inflation, Federal Reserve policy, corporate earnings, geopolitical developments (particularly regarding the Strait of Hormuz), and confidence in advancements in technology and artificial intelligence.

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Investor's Outlook, continued from page 2

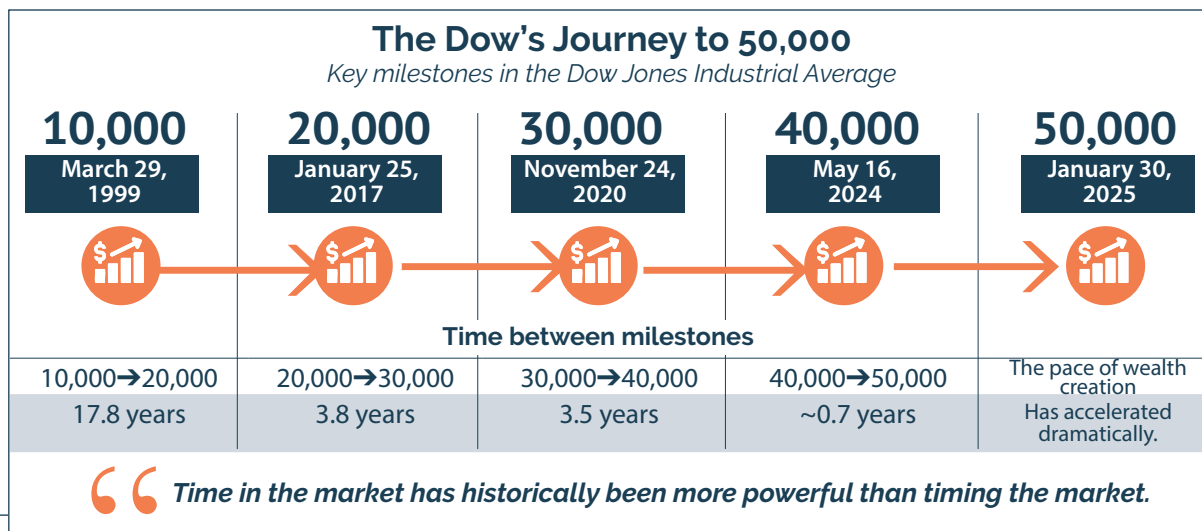
Although volatility is expected, the combination of healthy corporate earnings and a resilient economy provides a supportive backdrop for investors as we move through the remainder of 2026. Most analysts are suggesting higher movements in equity markets for the remainder of 2026. Ed Yardeni, the highly respected President of market advisory firm Yardeni Research is forecasting a further 9% gain in the S&P 500. However, a handful of other analysts, including Tyler Richey, an analyst at Sevens Report Research, are predicting a decline in major indexes through the end of 2026. (Source: abcnews.com; 6/30/26)

The pace of equity market growth has accelerated over the last decade and while we are not in the business of predicting the future, history has consistently demonstrated that maintaining a

disciplined, diversified investment strategy remains one of the most effective ways to navigate uncertain markets. Rather than attempting to predict short-term movements or falling prey to the day-to-day noise from the media, investors are generally better served by remaining focused on their long-term financial objectives and allowing high-quality investments time to compound.

We will continue to closely monitor market developments and make thoughtful portfolio adjustments when appropriate, always with our clients' long-term goals at the forefront of our investment decisions.

We believe an informed client is the best client and our team is here to help clients with every step of their journey toward their financial goals. We would welcome the opportunity to help you with your financial decisions.



Please feel free to reach out to us with any questions or concerns you may have.

Call us!

480.609.1055

COMPLIMENTARY FINANCIAL CHECK-UP

If you're not currently a client of Jackson Roskelley Wealth advisors, we'd like to offer you a complimentary, one-hour private consultation with one of our professionals at absolutely no cost or obligation to you. Please call us at 480.447.4050, we'd be happy to help!



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Investing involves risk including loss of principal. No strategy assures success or protects against loss.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

The fast price swings in commodities will result in significant volatility in an investor's holdings. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors.

The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

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