



Economic & Investment Outlook Summary

July 7, 2026

Equity Market Update

After a sluggish start to the year, equity markets roared back in the second quarter, leaving major U.S. and international indexes with solid gains through June. Technology regained leadership, helped by enthusiasm around artificial intelligence and resilient earnings growth. Encouragingly, performance was not limited to the largest companies. U.S. small-cap stocks outpaced large-caps year to date, while emerging markets also delivered strong returns.

The wider base of returns matters, as lasting advances are typically supported by more than a narrow group of companies. While the rally has been welcome, we do not view the recent gains as detached from fundamentals. Earnings remain healthy, the economy continues to grow, and AI-related investment continues to support parts of the market. Expectations are higher than earlier in the year, but we remain positive on equities over the long run.

AI and the Labor Market

The debate around artificial intelligence extends beyond stocks, with growing attention on its impact on white-collar and entry-level jobs. While AI will change some roles and automate certain tasks, the broader labor data do not yet show widespread stress. Unemployment remains low by historical standards, and jobless claims are not flashing warning signs.

For investors, the key point is that AI is more likely to reshape work than simply eliminate it. It may create new roles, improve productivity, and support earnings growth over time.

Total Return Performance for the Major U.S. and International Stock Market Indexes

EQUITY INDEX YTD
June 30, 2026

UNITED STATES

Dow Jones Industrial Avg.: 30 Stock Composite	9.76 %
S&P 500 Composite: U.S. Large Cap	10.21 %
NASDAQ Composite: Technology Heavy	20.30 %
S&P 600 Small Cap: U.S. Small Cap	23.98 %

INTERNATIONAL

MSCI EAFE Large Cap: Europe, Asia & Far East Large Cap	9.90 %
MSCI EAFE Small Cap: Europe, Asia & Far East Small Cap	8.02 %
MSCI EM Emerging Market: Emerging Market Countries	24.00 %

Source: Bloomberg, L.P.

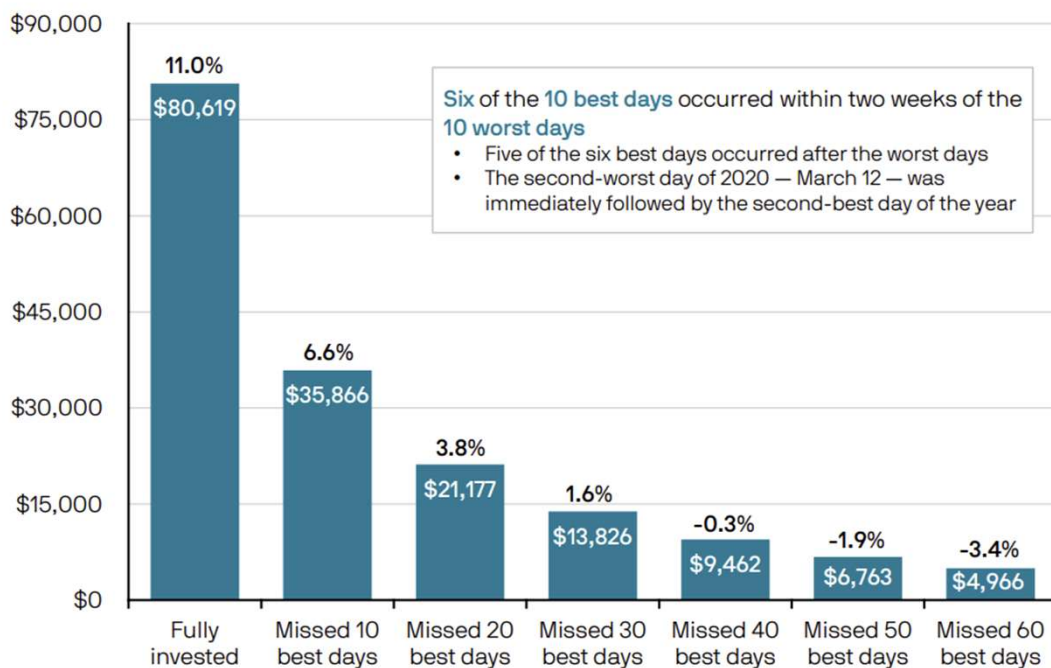
Summary

Markets can change quickly. At the end of last quarter, the S&P 500 was down more than 4% for the year and investor sentiment had become more cautious. Since then, equities have rallied sharply, with the S&P 500 now up more than 10% through June. That kind of reversal is a useful reminder that markets often begin to recover before the headlines feel settled or the outlook becomes obvious.

The chart below reinforces the importance of staying invested. Many of the market’s best days occur close to periods of weakness, when the temptation to step aside can be greatest. Missing even a small number of those strong days can have a meaningful impact on long-term returns. History continues to suggest that discipline, diversification, and time in the market remain among the most reliable tools for long-term investors. Enjoy the rest of your summer, and thank you, as always, for the trust you place in us as we navigate the markets together.

Returns of the S&P 500

Performance of a \$10,000 investment between January 2, 2006 and December 31, 2025



Source: JPMorgan Guide to Retirement 2026

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