



The Weekly Market Update – 7/6/26: Positive Jobs Market Despite Slower June

Major Indices (Price Returns)	Close	Last Week	Quarter-to-Date	Year-to-Date	Trailing 12-Months	All-Time High	% to High
S&P 500	7,483.24	1.76%	-0.21%	9.32%	20.60%	7,609.78	1.7%
Dow Jones Industrial Average	52,900.07	1.97%	1.11%	10.06%	19.97%	52,900.07	0.0%
NASDAQ Composite	25,832.67	2.12%	-1.45%	11.15%	26.82%	27,093.90	4.9%
Russell 2000	2,996.11	-0.46%	-0.93%	20.72%	37.75%	3,024.37	0.9%
MSCI EAFE (USD)	3,144.43	1.91%	0.89%	8.70%	18.44%	3,179.91	1.1%
MSCI Emerging Markets (USD)	1,684.18	-1.30%	-2.25%	19.92%	37.73%	1,802.77	7.0%
Bloomberg Commodity Index	123.07	0.07%	-0.08%	12.20%	20.64%	237.95	93.3%
Barclays U.S. Aggregate Bond	92.85	-0.64%	-0.23%	-1.31%	0.14%	112.07	20.7%

Source: FactSet

The U.S. economy created fewer jobs than expected in June, but the labor market appears healthy in 2026. According to the Bureau of Labor Statistics (BLS), the U.S. created +57 thousand (K) net new nonfarm payrolls (jobs) in June. This was below the +100K consensus estimate and the lowest monthly number since a decline in jobs four months prior (February 2026). The unemployment rate of 4.2% improved from 4.3% in May (and 4.4% in December). This reflected 7.1 million (M) persons unemployed (June 2026) from a civilian workforce of 169.4M. This is an improvement from 7.5M unemployed persons in December 2025, but the civilian workforce has declined as well as people have left the workforce (can include retirement, less immigration, and discouragement). June jobs gains were driven by professional and business services +36K, social assistance +25K, and health care +22K. Leisure and hospitality jobs decreased -61K in June, a surprise given the ongoing World Cup soccer tournament in the U.S. Both construction +11K and manufacturing +3K were only modestly positive. Despite the headline weakness (lower than expected) in June, U.S. jobs monthly growth averaged +111K for the recent three months and +92K over the first six months of 2026. Monthly jobs gains over the first six months of 2025 averaged +27K, and only +10K monthly for full-year 2025. In 2026 (January-June), the largest jobs-creating segments were healthcare +207K, social assistance +109K, administrative and support (includes temps) +99K, and local government +65K. Since December 2025, construction has added +59K jobs, transportation and warehousing added +50K, and manufacturing added +18K. With monthly jobs growth positive along with an unemployment rate that has receded to 4.2% from 4.4%, the labor market is operating above a breakeven level. This level is theoretical and variable, reflecting monthly jobs gains that keep the unemployment rate stable. A healthy jobs market provides important support for sustained consumer spending trends, which become a key driver of U.S. economic growth.

Recent 2Q26 economic growth trackers have weakened, but business investment and consumer spending data are positive. The Bureau of Economic Analysis (BEA) measures growth in the U.S. economy through gross domestic product, or GDP. The first pass on second quarter (2Q26) GDP is set for release in late July, but many of the inputs are reported monthly so much of the April and May data is available. The FactSet consensus estimate for 2Q26 GDP growth is up +2.0% (annualized growth adjusted for inflation). This follows 1Q26 GDP growth of +2.1%. The Federal Reserve Bank of Atlanta publishes a GDPNow estimate that tracks the current quarter GDP as the monthly data is reported. That estimate was +1.2% as of 7/1/26, due to weak exports trends (exports add to U.S. GDP). This could be attributed to short-term tariff uncertainty as the Trump tariff policies are being renegotiated. But the Atlanta Fed data reflects ongoing positive consumer spending trends (retail sales and personal consumption), and business investment reflects high capital deployment for the artificial intelligence (AI) infrastructure buildup.

The first full week of July appears quiet, but earnings reporting season looms. Just three S&P 500 companies are scheduled to report quarterly financial results this week, but anticipation remains high. According to FactSet, S&P 500 companies are estimated to report 2Q26 revenue growth of +12.2% and earnings growth of +23.3%. If those earnings estimates are reached, it will be the second consecutive quarter of earnings growth above +20% (for the S&P 500). Elevated earnings expectations are paced by the Technology sector, but all 11 S&P 500 GICS (Global Industry Classification Standards) sectors are estimated to show growth. The benefits and challenges from AI investment and threats remain an intense area of investor interest.

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The Global Industry Classification Standard (GICS) is a four-tiered, hierarchical industry classification system. Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the Sub-Industry level according to its principal business activity. MSCI and S&P Dow Jones Indices use revenues as a key factor in determining a firm's principal business activity. The 11 sectors are: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities. Within the Technology sector, the Semiconductor group is a sub-industry that includes makers of memory chips.

Gross domestic product (GDP) is a measure of economic growth and refers to the monetary measure of the market value of all final goods and services produced within a country's borders within a specific time period. Real GDP is adjusted for the impact of inflation. GDP numbers are compiled by the Bureau of Economic Analysis (BEA), a division within the U.S. Department of Commerce. Quarterly GDP is reported as a percentage change from the prior quarter, annualized. The BEA also reports data as a year-over-year percentage change from the same period one year prior. The most recent GDP report can be found at www.bea.gov. Major components of GDP include personal consumption expenditures, non-residential fixed investment, residential investment, government expenditures and adjustments for inventories and net exports (imports). Non-Residential Fixed Investment includes several subcategories including software and information processing equipment that measure investment in technology. Imports of goods and services are subtracted from GDP data (products are not produced or performed in the U.S.) while exports are added to GDP. The first revision of 1Q26 U.S. GDP was released on 5/28/26 and can be found at www.bea.gov.

The consumer price index (CPI) is a measure of average change, over time, in the prices paid by urban consumers for a market basket of goods and services. It is reported monthly by the U.S. Bureau of Labor Statistics.

S&P 500 earnings growth reflects the year-over-year change in operating earnings on a per share basis. Earnings data are aggregated for all S&P 500 constituents and are measured according to the relative market capitalization weights for each company. Estimated earnings are the combined FactSet estimates of analysts covering each company included in the index. According to FactSet, the 2Q26 weighted average consensus earnings growth estimate for the S&P 500 Technology is up +63% year-over-year (as of 6/26/26). This compares to estimated growth of +23% for the S&P 500 broader index.

The Bureau of Labor Statistics (BLS) compiles U.S. labor statistics from two monthly surveys. The household survey measures labor force status by demographics, while the establishment survey measures nonfarm employment and data by industry. The nonfarm payrolls component of the establishment survey is drawn from private businesses and government entities. The nonfarm payrolls number is among the most widely used data points to assess U.S. employment trends. The unemployment rate is the percentage of the labor force that is jobless and actively willing and available to work. The [June 2026 BLS labor report is linked](#).

Generative Artificial Intelligence (GenAI): We think of artificial intelligence as using advanced computers to process large amounts of data to ultimately approach human problem solving and decision making. While still predictive models, generative AI can give detailed responses, much better than a search engine, which does a good job of telling the user where to go to find additional information. As generative AI systems access more data, they become larger and learn to make better decisions. At each iteration, the system gains knowledge, enhancing its predictive (reliable) capabilities and ability to produce original content. Generative AI systems become more robust as they are used as all new data can be trained into the system, creating new challenges and opportunities.

The Federal Reserve Bank of Atlanta publishes a "GDP tracker," which measures current quarter economic growth trends as data is reported. The growth rate of real gross domestic product (GDP) is a key indicator of economic activity, but the official estimate is released with a delay. GDPNow forecasting model provides a "nowcast" of the official estimate prior to its release by estimating GDP growth using a methodology similar to the one used by the US Bureau of Economic Analysis. The report is not a forecast, but rather gives an estimate of the growth trend from data as reported.

According the Federal Reserve Bank of St. Louis, breakeven employment growth is the monthly job gain needed to keep the unemployment rate from rising or falling. The Federal Reserve believes the breakeven number depends on how fast the labor force is growing, which reflects both population growth among those ages 16 and older and the labor force participation rate. It turns out that the breakeven growth estimate is actually quite insensitive to gradual changes in the unemployment and labor force participation rates. In terms of population growth, the share of native-born Americans turning 16 each month and mortality rates are fairly predictable, but net immigration is much harder to forecast.