



Advisor Analysis

Monthly Observations from CIO, Chris Zaccarelli

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Markets in Review

The S&P 500 rose 3.5% in June, which increased its year-to-date gains to 14.5%. The MSCI All Country World index also rose during the month, gaining 2.1%, improving its year-to-date return to 10.3%. The Bloomberg BarCap U.S. Aggregate Bond index recovered over half of its losses for the year, with an impressive 0.95% monthly return, which reduced its year-to-date loss to -0.7%.

The stock and bond markets continued to improve as slowing economic growth and inflation should give the Federal Reserve Bank an opportunity to cut rates later this year. The wars in the Ukraine and the Middle East show no signs of slowing down and additional uncertainty was caused by snap elections in France.

Monthly Highlights

- Economic data came in weaker than expected, which caused yields to fall
- The French president dissolved parliament and called for snap elections
- The Federal Reserve left interest rates unchanged, but left the door open for future cuts

News in Review

Below are some stories that caught our eye this past month. To learn more, follow the links to the full article.

[Treasury Yields Sink as Weak Data Fuel Fed Bets](#)

Weaker economic data is reviving the expectation that the Federal Reserve will cut interest rates later this year and bond traders bought US treasuries increasing their prices and simultaneously lowering their yields. This has led to better bond performance as well as better stock performance, because all things equal, lower interest rates are beneficial for stock prices.

[French President Macron Gambles on Snap Elections After Crushing Loss](#)

The French president Emmanuel Macron dissolved the National Assembly, the lower house of parliament, and called for snap elections in a surprise to many of his friends and foes. The election will begin on June 30th and is a risk for the president because his party isn't polling well and a sharp move to the right could have implications on everything from immigration to the country's support for Ukraine in its war against Russia.

[Chair Powell Explains Why the Central Bank Isn't Ready to Cut Rates](#)

The Federal Reserve again held interest rates steady, but indicated a desire to cut them later this year, when they are more certain that inflation is going to approach their target rate of 2%. Fed Chairman Jerome Powell explained in a press conference after their June meeting that they were still waiting to see if their interest rate policy was “sufficiently restrictive” in order to achieve their inflation target.

[Mysterious Objects Have Been Showing Up Around the World](#)

Metallic monoliths similar to those found in the famous science fiction film 2001 have appeared in Utah, Romania, California, Spain, Wales and Paraguay. They began appearing around the world in late 2020, but authorities aren't sure who is behind these works of art (e.g. they appear to be man-made) or whether it is the work of one person or many people, in copycat fashion. It's also possible they were Hollywood props and some prankster took them from a movie or TV series set and has been placing them in remote places in order to stir up media interest.

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S&P 500 INDEX: The Standard & Poor's 500 Index is an unmanaged, 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.

NASDAQ 100 INDEX: The Nasdaq 100 Index is an unmanaged, capitalization-weighted index of the largest 100 non-financial stocks traded on the Nasdaq market. Unlike the S&P 500 it does not represent all major industries and may be more volatile than more broadly constructed indices.

MSCI ACWI INDEX: The MSCI ACWI captures large- and mid-cap representation across 23 developed markets (DM) and 24 emerging markets (EM) countries. With 2,495 constituents, the index covers approximately 85% of the global investable equity opportunity set.

Bloomberg U.S. Aggregate Bond Index: The Bloomberg U.S. Aggregate Bond Index is a broad-based index of the U.S. investment-grade, fixed-rate bond market, including both government-related and corporate securities and mortgage-backed and asset-backed securities.

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