osaic Research

Market View: Week of Jul. 17, 2026

4 HOURS AGO

ECONOMIC REVIEW[1]

Escalating tensions with Iran drove oil prices sharply higher this week, bringing geopolitical risk back into focus for investors.

Inflation cooled more than expected in June, with headline Consumer Price Index (CPI) falling 0.4% month over month (MoM), exceeding expectations for a 0.1% decline, while the annual rate eased to 3.5% from 4.2%, well below the 3.8% consensus.

Core inflation was unchanged during the month compared with expectations for a 0.2% increase, and the year-over-year (YoY) rate slowed to 2.6%, below the expected 2.9% as lower gasoline prices offset persistent shelter inflation. It marked the first month without a monthly increase since January 2021.

Wholesale inflation also surprised to the downside, with the headline Producer Price Index (PPI) declining 0.3% MoM against expectations for no change, while the annual rate dropped to 5.5%, below the 6.2% consensus.

Core PPI increased 0.2% during the month, half the pace economists anticipated, while the yearly reading edged up to 4.7%, still below expectations of 5.2%, suggesting upstream inflation pressures continue to ease.

Consumer spending remained resilient, with retail sales increasing 0.2% MoM, matching expectations, while annual sales growth held at 6.7%.

- Excluding gasoline, spending remained healthy as lower fuel prices and stronger online purchases supported household demand, with the control group also rising 0.5%, in line with forecasts.

Consumer confidence improved more than economists expected, with the University of Michigan consumer sentiment index climbing to 54.4, exceeding the 51.5 consensus and improving from 49.5 in June.

- Lower gasoline prices and moderating inflation helped lift household optimism despite continued concerns surrounding tariffs.

The Federal Reserve's Beige Book described economic activity as expanding at a slight to moderate pace, with employment remaining stable and inflation pressures gradually moderating.

- Businesses continue to cite tariffs and higher energy costs as inflation risks, while increasingly selective consumer spending reinforces the Federal Reserve's patient datadependent stance.

How does the most recent economic data impact you?

The week's data reinforced the soft-landing narrative as cooling inflation, resilient retail sales, and improving consumer sentiment suggest the economy continues to grow in an orderly fashion.

Lower inflation is helping restore consumers' purchasing power, supporting healthy consumer spending while reducing pressure on the Federal Reserve to keep rates elevated.

A LOOK FORWARD[1]

This week, investors will turn their attention to the U.S. leading economic indicators and new home sales.

How does this week's slate of economic data impact you?

The data will provide an early read on future economic activity and whether the housing market continues to stabilize amid elevated interest rates.

MARKET UPDATE[2]

Market Index Returns as of 7/17/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.55%	-0.52%	9.64%	19.85%	19.45%	13.12%
NASDAQ	-2.90%	-2.64%	10.15%	22.87%	21.98%	12.91%
Dow Jones Industrial Average	-0.93%	-0.30%	9.43%	19.54%	16.35%	10.58%
Russell Mid-Cap	-0.58%	-0.90%	14.26%	18.03%	14.87%	8.77%
Russell 2000 (Small Cap)	-0.51%	-2.03%	20.09%	33.88%	16.02%	7.96%
MSCI EAFE (International)	-0.81%	-0.51%	8.89%	20.24%	15.21%	8.95%
MSCI Emerging Markets	-4.10%	-5.76%	16.71%	32.08%	19.18%	6.43%
Bloomberg US Agg Bond	0.13%	-0.45%	0.16%	4.13%	3.86%	-0.14%

Market Index Returns as of 7/17/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
Bloomberg High Yield Corp.	0.03%	0.15%	2.11%	5.93%	8.49%	4.15%
Bloomberg Global Agg	0.03%	-0.44%	-0.66%	1.34%	2.63%	-1.76%

OBSERVATIONS

Major US large cap equity indices finished the week lower as weakness in large cap technology stocks weighed on broader market performance.

- The Dow Jones Industrial Average proved the most resilient, declining -0.93%, followed by the S&P 500 (-1.55%), while the NASDAQ composite led losses, falling -2.90%.

Mid and small cap stocks outperformed their large cap peers despite posting modest losses, with the Russell Midcap Index down -0.58% and the Russell 2000 declining -0.51%.

International equities also ended the week lower, with developed markets (MSCI EAFE) falling -0.81%, while emerging markets significantly underperformed, declining -4.10%.

Fixed income provided relative stability as bond prices edged higher.

- The Bloomberg US Aggregate Bond Index gained 0.13%, US High Yield bonds returned 0.03%, and the Bloomberg Global Aggregate Bond Index advanced 0.03%.

BY THE NUMBERS

Spain Reigns Again: Spain captured its second men's World Cup title with a 1-0 extra-time victory over defending champion Argentina. Ferran Torres scored his first goal of the tournament in the 106th minute after Argentina was reduced to 10 men, delivering a championship celebrated by Spain's roughly 47 million people. Spain controlled the final by producing the game's first twenty shots and nine of the first 10 corner kicks, while Argentina goalkeeper Emiliano Martinez made a World Cup final record 12 saves. The champions conceded only one goal across eight matches, the fewest ever allowed by a World Cup winner, and extended their European record unbeaten streak to 38 games (29 wins and 9 draws). Spain also became the first country to hold the men's and women's World Cup titles simultaneously, completing its triumph before roughly 80,000 spectators in a potential global audience of 2 billion.[3]

Smoke Without Borders: More than 900 active wildfires were burning across Canada, sending smoke into the Northeast, Mid-Atlantic and Midwest, while additional fires in Minnesota intensified the air pollution. In Minnesota, more than 600 firefighters were battling fires that had already burned over 70,000 acres and were approaching residential and resort communities under evacuation orders. Health experts estimate that roughly 50% of outdoor smoke particles can enter a typical US home, making air purifiers and N95 masks important defenses. The disruption reached professional sports, as MLB postponed a game in Cleveland while officials warned that dangerous air quality would continue to shift into Michigan, Wisconsin, Illinois, and Indiana.[4]

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1 Data obtained from Bloomberg as of 7/17/26.

2 Data obtained from Morningstar as of 7/17/26.

3 Spain Reigns Again - AP News

4 Smoke Without Borders - NPR

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Updated July 20, 2026 at 8:23 AM