SOLLINDA
CAPITAL MANAGEMENT

Market Down & Dirty

June 29, 2026

The Data

- Equity markets were very mixed last week as performance varied greatly.
  - S&P 500 -2.38% Dow +0.60% Russell 2000 +1.43%, Nasdaq -4.60%[1]
    - The All-Country World Index declined -2.59%.[1]
  - S&P 500 sub-sectors were wildly mixed.
    - /healthcare led to the upside with an 8% gain.[1]
    - Tech led to the downside with a -5.4% loss.[1]
  - The CBOE Volatility Index (VIX) rose 9% to end at 18.38.[1]

- US Treasury bond yields were lower on the week.
  - US 2yr -0.10% at 4.08%, 10yr -0.08% to 4.37%, 30yr -0.03% to 4.86%.[1]
  - Short yields moved lower despite Fed rate increase expectations.

- Commodities as an aggregate asset class moved lower last week.
  - WTI Crude declined -7.45%.[1]
  - Gold ended the week lower by -1.96%.[1]
  - The US Dollar index rose +0.50%.[1]

- In our opinion, U.S. economic data was mixed last week.
  - New Home Sales plunged -7.3% in May as higher borrowing costs hit housing.[1]
  - The PCE Price Index moved higher in its latest release as inflation pressures persisted.[1]
  - Consumer Sentiment for June was inline with expectations but remains historically depressed.[1]

- An index of equities outside the US (FTSE All-World ex-US) lost -2.65%.[1]

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[1] Source: Bloomberg – 6/26/2026

Conclusion

- Stocks were notably mixed last week.
    - The S&P 500 and Nasdaq led to the downside as Semiconductor stocks dropped over 7%, weighing on both major indices.
        - Semiconductor companies are now 18% of the weighting of the S&P 500.
    - Small-caps and the Dow Jones Industrial Average both finished the week positive.
    - The equal-weight S&P 500 index was positive on the week despite the normal market cap weighted gauge being down over 2%.
- S&P 500 sub-sectors were mixed last week.
    - Healthcare gained almost 8% while Real Estate & Utilities rose 4%.[1]
        - Lower interest rates undoubtedly helped the latter.
    - The Tech & Consumer Discretionary sectors led to the downside.[1]
        - There could be a recalibrating of positioning going on as recent turbulence in the markets seems to have driven capital out of the crowded tech sector.
- US Treasury yields were lower last week.
    - This follows rates moving higher, especially on the front end of the curve that most closely tracks the expected path of the Federal Reserve.
    - The notable pullback was despite updated forecasts by members of the Fed showing broadening support for a rate increase this year.
    - We believe the steep drop in oil prices almost to pre-war levels helped alleviate some of the pressure on yields.
- Commodities were firmly lower last week.
    - Oil declined over 7% and is approaching pre-war levels.[1]
    - The US Dollar index gained once again.
    - Gold gained on Friday but finished its 4th week in a row lower.[1]
        - The metal has faced headwinds from a stronger US dollar and heightened expectations that the Federal Reserve will pursue a more hawkish approach to keep inflation in check.
        - Higher interest rates tend to reduce the appeal of non-yield bearing bullion.
- Bond investors are closely monitoring whether the temporary oil-price surge unleashed by the US war on Iran in late February is leading to more broad-based price increases.
    - Data released Thursday included an unexpected upward revision to first-quarter gross domestic product and a drop in new jobless claims last week[1], reminders that US economic resilience may keep pressure on the Fed to raise rates regardless of retreating oil prices.
- Market participants appear to have priced in a rare, stark divergence: inflation expectations are trending downward into negative territory relative to where they started, while real yields are marching higher.
    - This unique combination suggests investors believe that tight monetary policy and restrictive borrowing costs are successfully slowing the economy and crushing inflationary pressures.
    - The risk emerging from this is that the Fed could hike into an economic slowdown.

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