

June was another positive month for stocks and the broader economy. The mega-cap S&P 500® Index (SPX), the tech-heavy NASDAQ Composite Index (COMP), and the popular Dow Jones Industrial Average® (DJIA) all delivered gains while consumer confidence jumped to its highest level in 18 months. The Federal Reserve (Fed) decided not to raise rates at its latest meeting, opting instead to see how the economy reacts to previous rate hikes. A likely reason for the move is that inflation numbers continue to show a slowing trend. Still, prices across many categories remain high and overall inflation remains above the Fed's 2% goal.

### Stocks Rise Again

June marked the fourth month in a row that stocks in the SPX and the COMP went higher. Demonstrating that investors and traders alike still have strong demand for technology stocks, the COMP led the way in June, gaining 6.6% on the month. The SPX was also up, gaining 6.5% on the month. Meanwhile, June marked the third month out of the last four that the DJIA rose, climbing 4.6% over the course of the month. The SPX and COMP are developing a consistent pattern of higher monthly lows since late 2022, a potentially positive sign for stocks because higher lows can indicate buyers are willing to pay more for shares.

US:SPX



Source: [Wall Street Journal](#)

### Consumer Confidence Pops

Reflecting a sunnier disposition among American consumers – which account for 70% of economic activity –

consumer confidence jumped to its highest level in 18 months in June. The consumer confidence index rose to 109.7 in June from 102.5 in May, which was its highest reading since January 2022. The jump was also higher than economists' forecasts. The Present Situation Index – a gauge of how consumers feel about the current labor and business conditions – rose to 155.3 in June from 148.9 in May. Meanwhile, the Expectations Index, which measures how consumers feel about labor and business conditions over the next six months, went up as well, reaching 79.3 in June compared to 71.5 in May despite persistent recession fears. Source: [AP, Conference Board](#).

## The Fed Hits the Pause Button

During its latest meeting, the Fed put the brakes on its aggressive monetary tightening campaign when it decided to not raise interest rates. This marked the first time since March 2022 – and the first time in the last 10 meetings – that the central bank left interest rates unchanged, maintaining a target rate between 5% and 5.25%. According to the Fed's announcement, "the Committee decided to maintain the target range for the federal funds rate at 5 to 5-1/4 percent. Holding the target range steady at this meeting allows the Committee to assess additional information and its implications for monetary policy." But it also said that while the "banking system is sound and resilient...tighter credit conditions for households and business are likely to weigh on economic activity, hiring, and inflation." That last part could signal more hikes down the road. Some estimates are calling for the federal funds rate to top out in the 5.63% to 5.87% range for 2023. Sources: [CNN](#), [Federal Reserve](#)

## Inflation Continues to Ease

Prices in the US continue to moderate, according to the latest report from the US Bureau of Labor Statistics. The widely watched Consumer Price Index (CPI) rose just 0.1% in May, which translates to prices rising 4% in May. That amounts to the smallest annual increase since March 2021, when inflation began to surge to its highest levels in 41 years. If you take away the more volatile components of food and energy, core inflation rose 0.4% for the month and 5.3% for the year. These numbers were all in line with Dow Jones consensus estimates. While prices continue to fall overall, inflation remains above the Fed's 2% goal, which could mean that the Fed's work isn't done yet. Prices in many categories also remain high: Food prices in June were up 6.7% compared to a year-ago, shelter was up 8% and transportation was up 10.2%. Source: [CNBC](#)

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The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

The Nasdaq Composite Index is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks. The index includes all Nasdaq listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debentures.

The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 actively traded "blue chip" stocks, primarily industrials, but includes financials and other service-oriented companies. The components, which change from time to time, represent between 15% and 20% of the market value of NYSE stocks.

The Conference Board creates the Present Situation Index (PSI) from survey data of approximately 5000 households across the United States to gauge public opinion about the U.S. economy. When the index is positive, people feel good about the current economic situation. When negative, people are less optimistic. The (PSI) along with the Expectations Index are used by The Conference Board to create the Consumer Confidence Index (CCI) which tells us how optimistic (or not) people are about the future of the economy.

The Expectations Index is a component of the Consumer Confidence Index® (CCI), which is published each month by the Conference Board. The CCI reflects consumers' short-term—that is, six-month—outlook for, and sentiment about, the performance of the overall economy as it effects them. The Expectations Index is made up of the average of the CCI components that deal with six-month outlooks for business, employment, and income.

A Consumer Price Index (CPI) is a price index, the price of a weighted average market basket of consumer goods and services purchased by households. Changes in measured CPI track changes in prices over time.

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