



Financial Solutions Advisory Group

A Registered Investment Advisory Firm

Building Wealth, Investing in Relationships

2Q 2026 The Financial Solutions Advisor

Economic & Market Perspectives

Markets pulled back in the first quarter, but the underlying story remains largely intact.

Economy

- Growth remains positive, though modestly slower
- Consumer spending continues to hold up well
- Business activity remains solid
- Hiring has softened, but the labor market is still stable
- AI and automation are improving productivity, reducing hiring needs

Drivers of Recent Volatility

- Geopolitical tensions (U.S.–Israel–Iran) have increased uncertainty
- Rising oil prices due to supply concerns
- Higher oil is putting pressure on inflation
- Interest rate expectations have become less certain

Equity Markets

Markets have pulled back from recent highs:

- S&P 500: down ~6–7%
- Nasdaq: down ~10–11%
- International markets: down ~4–8%
- Weakness driven by macro factors—not fundamentals
- Corporate earnings remain strong (~8–10% growth)

Market leadership shifting:

- Large-cap tech pausing after strong run
- Rotation toward value-oriented sectors

Fixed Income

- Bonds relatively flat year-to-date
- Rising oil has pushed yields higher
- Fixed income continues to provide stability and diversification
- Potential for stronger performance if inflation stabilizes

What This Means

- This is a normal mid-cycle pullback, not a structural downturn
- Volatility is being driven by external factors, not economic deterioration
- Periods like this are a typical part of long-term investing

2026 Returns

<i>S&P 500</i>	<i>-4.33%</i>
<i>Nasdaq 100</i>	<i>-5.82%</i>
<i>Russell Small Cap</i>	<i>0.89%</i>
<i>Russell Mid Cap</i>	<i>1.29%</i>
<i>MSCI EAFE</i>	<i>-1.24%</i>
<i>MSCI World</i>	<i>-3.57%</i>
<i>Bloomberg US Agg Bond</i>	<i>-0.05%</i>
<i>Bloomberg Municipal Bond</i>	<i>-0.18%</i>

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