June 22, 2026

Weekly Wire

“Inflation Is A Choice”

By Tim Holland, CFA

- There isn’t much I can tell you about last week’s Federal Reserve meeting that you don’t already know…as expected, the Fed left the Fed Funds Rate unchanged at 3.50% to 3.75%...somewhat unexpected, the Fed’s updated Summary of Economic Projections (better known as the Dot Plot) had nine Federal Reserve Open Market Committee – or FOMC – members penciling in one rate hike this year, up from none in March, and one FOMC member penciling in one rate cut this year, down from 12 in March – interestingly, new Fed Chair Kevin Warsh declined to submit any projections for the updated Dot Plot. At a high level, as it concerns its economic and inflation outlook, the Fed lowered its growth expectations and raised its inflation expectations for 2026. Not surprisingly, investors responded to the central bank’s more hawkish posture by selling off stocks and bonds and pricing in a higher probability of a rate hike at the Fed’s July meeting.

- What might be of some value is calling out what I thought was the most important comment made by Fed Chair Warsh at his inaugural post Fed meeting press conference, and that was “Inflation is a choice.” During his time with the press, Mr. Warsh made it clear the Fed had failed in meeting the price stability half of its dual mandate, noting the Fed’s preferred inflation gauge – the Personal Consumption Expenditures Price Index or PCE – had run ahead of the Fed’s long-term inflation target of 2% for five years (see chart). Mr. Warsh also made it clear the Fed could and would deliver on price stability, which makes sense – if inflation is a choice and not a preordained phenomena, lowering it is also a choice and not beyond the power of the world’s most powerful central bank. If Mr. Warsh needs to establish his inflation fighting bona fides, we think he went a long way towards doing so last week.

- For now, investors will probably view the Fed as more foe than friend to risk assets – as we noted recently, a higher cost of capital is almost always unwelcomed on Wall Street – so stocks could struggle near-term. That written, it is worth reminding ourselves of the strong gains US equities have delivered year to date, and of the benefits of an inflation fighting Fed, which should include a stronger US dollar near-term and lower borrowing costs long-term.

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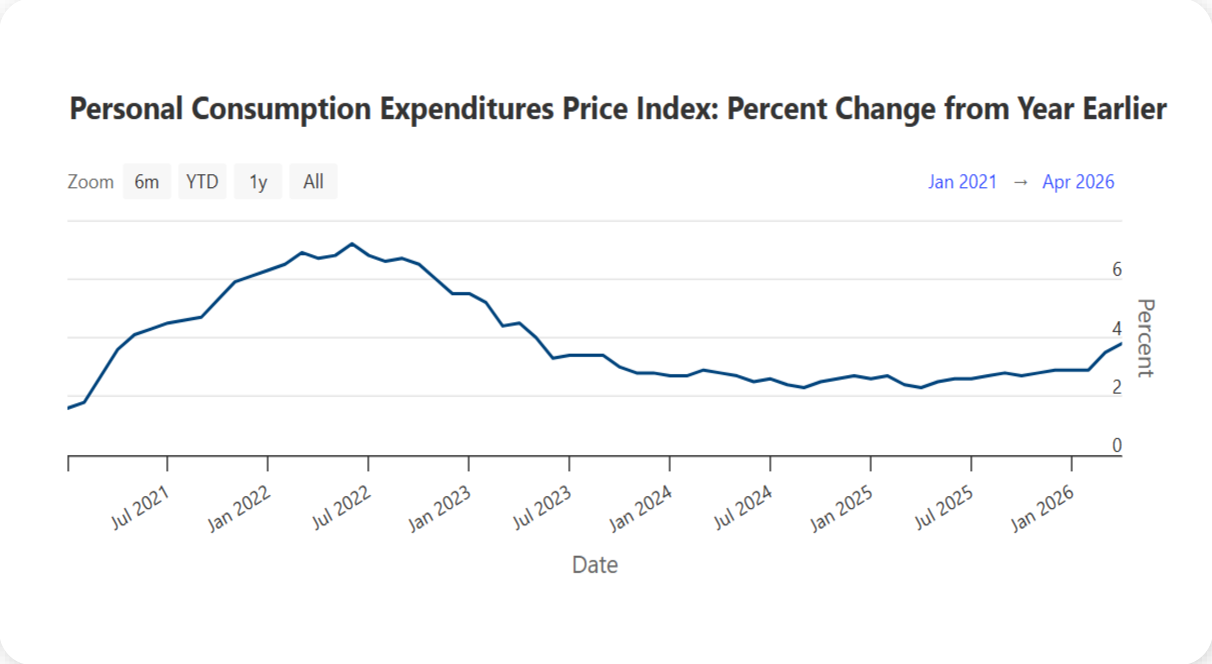

Source, US Bureau of Economic Analysis May 2026

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“Inflation Is A Choice”

By Ben Vaske, BFA™

Looking Back to Last Week

Global equity markets posted a strong week as news of a potential peace deal between the U.S. and Iran sparked a decisive shift from risk-off to risk-on sentiment. Emerging markets led all asset classes with a gain of nearly 8% on the week, followed by developed international and U.S. tech. Growth stocks outperformed as value lost ground, and oil pulled back to $77 per barrel, now 33% above its pre-conflict level. Interest rates were roughly flat despite the FOMC meeting, leaving fixed income indexes essentially unchanged on the week. The U.S. dollar rebounded approximately 1% to a fresh 52-week high.

Kevin Warsh presided over his first FOMC meeting, where the committee held rates steady but struck a more hawkish tone than markets had anticipated. The updated dot plot was the meeting's defining moment, with nine of eighteen Fed officials now projecting at least one rate hike by year-end 2026, a notable reversal from the two cuts that were being priced into markets at the start of the year. Overseas, the Bank of Japan raised interest rates to their highest level since 1995, a historic pivot for a country that had maintained near-zero or negative rates for decades as it works to combat inflation and support the yen.

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Looking Ahead to This Week

PCE inflation headlines a relatively busy economic calendar, with the reading expected to come in above 4% on Thursday. Flash PMIs, durable goods orders, new home sales, and consumer sentiment round out the week's data slate. The macro backdrop has shifted meaningfully, with markets now pricing a 38% probability of a rate hike at the July 29th FOMC meeting, up from near-zero just a few months ago. On the earnings front, Micron headlines an otherwise light week for earnings releases.

If there’s anything we can do to help you, please reach out to ben.vaske@orion.com or opsresearch@orion.com.

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Stocks, Bonds, Alternatives, & Real Assets as of June 18, 2026

Security Name	Risk Score	1 Week	1 Month	QTD	YTD	1 Year	3 Year Ann.
Global Equities (60% US, 40% Intl)	100	1.41%	3.70%	15.66%	12.58%	29.96%	20.37%
S&P 500 Total Return	102	1.47%	1.45%	15.19%	10.20%	26.93%	21.00%
Dow Jones Industrial Average	97	1.45%	4.04%	11.73%	8.16%	24.33%	16.66%
NASDAQ 100 Total Return	122	3.27%	4.95%	28.27%	20.81%	40.93%	27.29%
TV Benchmark	107	2.07%	3.48%	18.40%	13.06%	30.73%	21.65%
Morningstar US Large Cap	102	1.60%	0.60%	15.98%	8.93%	27.23%	22.36%
Morningstar US Mid Cap	113	1.32%	5.96%	14.31%	15.70%	24.79%	16.82%
Morningstar US Small Cap	125	0.88%	5.03%	11.48%	11.48%	27.59%	15.28%
Morningstar US Value	98	-0.79%	1.50%	4.24%	7.40%	22.18%	15.55%
Morningstar US Growth	126	2.98%	5.97%	21.88%	14.33%	25.57%	20.82%
MSCI ACWI Ex USA	98	4.59%	5.09%	16.68%	15.98%	33.38%	19.28%
MSCI EAFE	101	3.51%	4.00%	11.88%	10.63%	24.21%	16.62%
MSCI EM	98	7.62%	7.95%	28.87%	28.74%	53.62%	23.65%
Bloomberg US Agg Bond Index	27	0.02%	1.22%	0.54%	0.49%	4.80%	4.07%
Bloomberg High Yield Corp Bond Index	41	0.23%	0.97%	2.32%	1.81%	7.04%	8.83%
Bloomberg Commodity Index	70	-2.15%	-11.05%	-5.41%	17.69%	22.85%	11.51%
Wilshire Liquid Alternatives	25	0.26%	0.38%	2.81%	2.84%	9.01%	6.21%
MSCI US REIT	104	-2.70%	0.80%	9.31%	14.59%	17.19%	11.53%
US Dollar	10	0.99%	1.67%	0.89%	2.57%	1.97%	-0.46%
Bloomberg US Treasury Bill 1-3mo	1	0.10%	0.34%	0.83%	1.72%	4.01%	4.77%

Source: Morningstar.
The TV Benchmark represents an average of the S&P 500, Dow Jones IA, and NASDAQ 100 return indexes
The Orion Risk Score represents risk relative to the global equity market.

Interest Rates as of June 18, 2026

Rate	This Week	1 Week
13-Wk Treasury Yield	3.66%	0.04%
10-Yr Treasury Yield	4.45%	-0.04%
Bloomberg US Agg Yield	4.73%	0.03%
Avg Money Mkt Yield	3.45%	0.00%
Avg 30-Yr Mortgage Rate	6.53%	-0.04%

Sources: Yahoo Finance, S&P Global, Crane Data, BankRate

Key Economic Data Last Week

Data Point	Expectation	Actual
Housing Starts	1.41M	1.17M
U.S. Retail Sales	0.5%	0.9%
FOMC Interest Rate Decision	Hold	Hold

Source: MarketWatch

Key Economic Data This Week

Data Point	Expectation	Release Date
US Flash Manufacturing PMI	54.8	6/23/2026
US Flash Services PMI	51.0	6/23/2026
New Home Sales	634,000	6/24/2026
Durable Goods	-4.0%	6/25/2026
Personal Consumption Expenditures (PCE) YoY	4.1%	6/25/2026
Core PCE YoY	3.4%	6/25/2026
Consumer Sentiment - University of Michigan	48.9	6/26/2026

Source: MarketWatch

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We hope you have a great week. If there's anything we can do to help you, please feel free to reach out to ben.vaske@orion.com or opsresearch@orion.com.

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