Investment Weekly: Lower Inflation, Short Shelf Life

For the week ended July 17, 2026

Commentary

Last week, America enjoyed its largest monthly decline in inflation since April 2020. That lasted roughly three days, until renewed fighting around the Strait of Hormuz pushed oil back above $80. Bagged lettuce gets a better run than that. Oh, wait…

- **Stocks:** The S&P 500 Index and Nasdaq Composite both fell during the week. Energy led (for reasons the Commodities bullet below will explain, and nobody will enjoy) and technology lagged. Value beat growth. U.S. stocks outperformed international stocks.
- **Bonds and rates:** Yields fell across the curve in the same week oil jumped, suggesting the market is pricing the surge as geopolitical noise rather than inflation. Fair enough…as long as the ceasefire cooperates.
- **Commodities and currencies:** WTI crude sits more than 40% above its year-end level and gasoline has followed, which means the relief in June's inflation report has already left the pump. Gold managed almost no movement during a week of escalating conflict—not the performance you'd expect from the designated crisis asset. Currencies were quiet.
- **June's consumer-price and producer-price indexes** both looked like a turning point but functioned like a one-time refund. Nearly all the improvement came from gasoline; strip out energy and core consumer prices remained flat, while core producer prices still rose.
- **Retail sales rose in June,** with a margin of error wide enough to include zero. The gain came from everything except autos and gas—meaning American consumers are still spending, just not on the two things economists watch most.
- **Industrial production inched forward in June** and manufacturing output was flat. Factories are running below their long-run average and showing no urgency about it. Nothing is breaking, but it's not accelerating, either.
- **Housing starts in June beat expectations on the multifamily line.** This is the most volatile number in the report (and the one least likely to mean anything next month). Take the W and move on.
- **Jobless claims fell on both the initial and continuing side** (for the weeks ending July 11 and July 4, respectively). Layoffs remain rare, and the people who do lose jobs are getting rehired quickly. Excellent news for workers, and a terrible argument for anyone building a rate-cut thesis.
- **Fed Chair Kevin Warsh delivered his semiannual testimony to the House and Senate, and then the Fed went quiet.** Before every policy meeting, Fed officials observe a self-imposed blackout—no speeches, no interviews, and nothing on rates—so the committee can deliberate without moving markets first; this one began on July 18. For a Fed Chair who won't publish his own rate forecast and thinks the Fed overcommunicates, it's less a restriction than a preference.
- **2Q earnings results are narrow but strong.** 49 companies have reported, with 90% beating expectations (against a 68% long-term average). Blended growth is at 26%, carried by energy (119%) and tech (66%). Excluding energy, blended earnings growth falls to 22%. Health care is the lone negative at -18%.

Market data

Index prices ($)	07/17/2026	12/31/2025
Dow Jones Industrial Average	52,146	48,063
S&P 500	7,458	6,846

Returns (%)	1wk	QTD	YTD	3mo
Equities				
S&P 500	-1.55	-0.52	9.64	4.95
S&P Mid Cap 400	-0.13	-1.97	15.02	3.86
S&P Small Cap 600	0.38	-1.49	22.05	8.19
Russell 1000	-1.53	-0.72	9.52	4.81
Russell MidCap	-0.58	-0.90	14.26	5.30
Russell 2000	-0.52	-2.03	20.09	6.97
Dow Jones Industrial Average	-0.93	-0.30	9.43	5.88
NASDAQ Composite	-2.90	-2.64	10.15	4.45
Fixed income				
Bloomberg U.S. Aggregate	0.13	-0.45	0.16	-0.67
Bloomberg Global Aggregate	0.03	-0.44	-0.66	-1.58
Bloomberg High Yield Bond	0.03	0.15	2.11	0.63
S&P / LSTA Senior Loan	0.23	1.01	1.43	1.27
JPM EMBI+ Emerging Markets Bond	-0.02	-0.26	3.34	0.31
S&P 500 sectors				
Technology	-3.78	-3.73	15.29	9.92
Materials	-1.34	-1.16	10.67	-3.35
Consumer discretionary	-1.28	-0.88	-1.64	-3.45
Health care	0.15	1.50	5.02	8.78
Utilities	-0.52	-0.40	7.25	-1.51
Consumer staples	1.40	2.22	10.43	2.00
Energy	4.99	8.70	30.07	5.25
Financials	0.97	4.88	3.64	7.66
Industrials	-1.36	-3.16	16.35	3.71
Communication services	-2.38	1.71	2.52	-3.58
Real Estate	2.28	3.43	15.34	3.00
Equity style performance				
Large cap value	0.44	2.24	18.86	9.54
Large cap growth	-3.64	-3.87	1.25	0.45
Mid cap value	0.40	0.93	18.68	6.97
Mid cap growth	-3.42	-5.99	0.84	0.11
Small cap value	1.10	0.53	23.65	8.18
Small cap growth	-2.07	-4.40	16.80	5.81
International equities				
MSCI EAFE	-0.81	-0.51	9.29	0.63
MSCI U.K.	1.32	2.50	8.87	-0.84
MSCI Europe ex-U.K.	-0.27	-0.90	7.96	1.23
MSCI Japan	-4.09	-3.14	12.33	1.51
MSCI AC Asia ex-Japan	-4.18	-5.99	18.77	4.88
MSCI Emerging Markets	-4.10	-5.73	16.92	2.27
MSCI ACWI	-1.57	-0.99	10.39	3.68

Source: FactSet.

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U.S. Economic Release Calendar

Date	Event
7/23/2026	Jobless Claims
7/24/2026	New Residential Sales

Market data, cont'd

As of:	Last close	Prior week	Year end	3 mos ago
U.S. bond rates (%)				
U.S. federal funds target rate	3.75	3.75	3.75	3.75
U.S. 2yr Treasury	4.18	4.27	3.48	3.70
U.S. 10yr Treasury	4.55	4.62	4.18	4.24
U.S. 20yr Treasury	5.07	5.12	4.79	4.85
U.S. 30yr Treasury	5.07	5.10	4.86	4.88
High yield (Merrill U.S. Corporates)	6.72	6.78	6.42	6.44
Consumer rates (%)				
30yr mortgage rate	6.61	6.58	6.25	6.41
Prime rate	6.75	6.75	6.75	6.75
Commodities				
Gold (USD/oz)	$4,018	$4,005	$4,341	$4,879
Crude oil (USD/bbl)	$81.78	$78.14	$57.42	$82.59
Copper (LME $/mt)	$13,373	$13,460	$12,504	$13,149
Gasoline (USD/gal)	$4.13	$4.06	$3.10	$4.46
Exchange rates				
$ per €	1.14	1.14	1.17	1.18
$ per £	1.34	1.34	1.35	1.36
¥ per $	162.42	162.37	156.75	157.86
U.S. Dollar Index	100.77	101.24	98.32	98.10

Source: FactSet.

Index definitions

Bloomberg Global Aggregate Bond Index measures a wide range of global government, government-related, corporate and securitized fixed-income investments, all with maturities greater than one year.

Bloomberg High Yield Bond Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Bloomberg U.S. Aggregate Index is a bond market index composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $250 million.

Dow Jones Industrial Average is a price-weighted average computed from the stock prices of 30 of the largest and most widely held public companies in the U.S., adjusted to reflect stock splits and stock dividends.

FTSE EPRA / NAREIT Global Real Estate Index represents general performance trends of the equity securities of real estate companies involved in the ownership, disposition and development of income-producing properties worldwide.

JPMorgan Emerging Markets Bond Index Plus (EMBI+) tracks total returns for traded foreign currency denominated debt instruments in the emerging markets which meet minimum criteria for face value outstanding and market trading liquidity.

MSCI ACWI Index is a free float-adjusted market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world, capturing large and mid cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries.

MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure developed markets' equity performance, excluding the U.S. & Canada, for 21 countries.

MSCI Europe ex-U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed European markets except the U.K..

MSCI U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in the U.K..

MSCI Asia ex-Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed Asian markets except Japan.

MSCI Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in Japan.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures emerging market equity performance of 23 countries.

Municipal Bond Index is a bond index that includes investment-grade, tax-exempt fixed-rate bonds with long-term maturities (greater than two years) selected from issues larger than $50 million.

NASDAQ Composite Index is a market capitalization weighted index of the performance of domestic and international common stocks listed on the Nasdaq Stock Market including over 2,800 securities.

Large Growth: Russell 1000 Growth Index measures the large-cap growth segment of the U.S. equity market including Russell 1000 companies with higher price-to-book ratios and forecasted growth.

Large Value: Russell 1000 Value Index measures the large-cap value segment of the U.S. equity market including Russell 1000 companies with lower price-to-book ratios and lower expected growth.

Midcap Growth: Russell MidCap Growth Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with higher price-to-book ratios and forecasted growth.

Midcap Value: Russell MidCap Value Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with lower price-to-book ratios and forecasted growth.

Small Cap Growth: Russell 2000 Growth Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with higher price-to-value ratios and forecasted growth.

Small Cap Value: Russell 2000 Value Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with lower price-to-value ratios and forecasted growth.

S&P 500 Index is a widely regarded as the best single gauge of the U.S. equities market, including 500 leading companies in major industries of the U.S. economy.

S&P 500 Sectors are defined as the GICS (Global Industry Classification Standard) sectors which provide standardized industry definitions consisting of 10 sectors, 24 industry groups, and 67 industries.

The S&P MidCap 400 includes 400 companies and represents almost 6% of the U.S. markets. To be eligible for inclusion in the index, a company should be a U.S. company, have a market cap between USD 3.3 billion to USD 11.8 billion, maintain a public float of at least 10% of its shares outstanding, and its most recent quarter's earnings and the sum of its trailing four consecutive quarters' earnings must be positive. The index implements changes on an as-needed basis.

The S&P SmallCap 600 includes 600 companies and represents almost 3% of the U.S. market. To be eligible for inclusion in the index, a company should be a U.S. company, have a market cap between USD 750 million to USD 3.3 billion, maintain a public float of at least 10% of its shares outstanding, and its most recent quarter's earnings and the sum of its trailing four consecutive quarters' earnings must be positive. The index implements changes on an as-needed basis.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity market and includes approximately 1,000 of the largest securities based on market capitalization and representing approximately 92% of the U.S. market.

GP-WEEKLY-5765029

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