

Macro Economic Overview

Equity markets reacted to uncertainty in June as major indexes saw an increase in volatility. Earnings continue to be a critical focal point as companies struggle to maintain elevated prices while consumer confidence has begun to erode.

The Federal Reserve has essentially signaled that it is more concerned about combating inflation than the negative consequences of continued rising rates on the economy.

A growing discussion among economists is whether or not the economy will experience a soft landing, meaning that the recent Fed rate increases will not evolve into a recession. Should a recession result, economists view such an environment as a hard landing, which is when job expansion and economic growth are hindered.

Once each year, the Federal Reserve conducts a test to assess how large banks are likely to perform under hypothetical economic conditions. The results of the most recent tests revealed that all the major banking institutions passed this year's stress test. The tests assumed a hypothetical 10% unemployment rate and a 40% drop in commercial real estate prices.

Yields on short-term bonds rose in June as the Fed indicated that it intends to raise rates at least two more instances this year. Longer-term bond yields remained below shorter-term bond yields as confidence in future economic growth faltered.

Inflation expectations among consumers continue to dissipate worldwide, as inflation expectations throughout European and Pacific Rim countries head downward. The Federal Reserve Bank of Atlanta projects a decrease in GDP growth in the U.S. as domestic economic growth recedes.

The average age in the U.S. increased to a historic high in 2022, reaching a median age of 38.9 years. The average age has steadily risen over the past decades, primarily due to declining birth rates coupled with longer life spans over the past 20 years.

Sources: Federal Reserve Bank of the United States, Federal Reserve Bank of Atlanta, U.S. Census Bureau

PlanRock offers investment due diligence services for investment professionals. PlanRock offers Exchange Traded Funds on the New York Stock Exchange. See prospectus for more details. Please contact 800-677-6025 or go to www.PlanRock.com for more information about how we can help you reach your goals.

© PlanRock Investments, LLC. The content above is available for use only by authorized subscribers, clients and where permissible as such. This content is not authorized for resale. Past performance does not guarantee future results. The sources we use are believed to be reliable, but their accuracy is not guaranteed.