Quarterly Market Recap

QUARTER ENDED June 2026

Authored By: Jason Marino CFA, CAIA

Stocks

The S&P 500® and Nasdaq Indexes posted their best quarter since 2020 driven by strength in AI related stocks. Strong returns out of Asia drove emerging market shares to be the top performers in the quarter. At home, small cap stocks outperformed large cap stocks and growth outperformed value. Technology shares were particularly strong performers in the period as chip and memory stocks posted heady returns. Markets were also disrupted by the rebalance of the Russell Indexes, with substantial shifts in sector weightings and stock representations in both the Russell cap and style indexes. The price of oil touched a high of $117.63/bbl in April and closed the quarter at $87.36/bbl.

Bonds

Bonds advanced in the quarter despite a slight increase in the 10-year U.S. Treasury yield. High yield issues rose nearly 2.5% to erase the losses of the first quarter. Municipal bonds also delivered positive returns with longer duration issues outperforming shorter duration issues.

Macro

The outbreak of war in the Middle East resulted in the IMF lowering its outlook for global growth to 3.1% in 2026 and 3.2% in 2027. The U.S. economy remained resilient in the Period. The energy shock which accompanied the Iran conflict, however, became a central theme to macro discussions, including concerns surrounding the reignition of inflation. These inflationary concerns contributed to the European Central Bank raising its policy rate by 25bps - its first rate hike since 2023. The U.S. Federal Reserve (Fed) kept rates steady at 3.50%-3.75% as real GDP growth slowed to a +1.6% annualized growth rate.

Earnings

According to data provider FactSet, the S&P 500 is expected to produce year-over-year earnings growth of 23.1% for Q2, which would be the second straight quarter of 20%+ earnings growth. This anticipated growth needs to come through as the S&P 500 Index is currently trading above both its average 5- and 10-year price-to-earnings ratios.

This Week

Chinese Manufacturing PMI (Mon); Chicago PMI, JOLTS Job Openings, CB Consumer Confidence (Tues); Eurozone CPI, Challenger Job Cuts, ADP Nonfarm Employment, S&P Global Manufacturing PMI, ISM Manufacturing PMI, Atlanta Fed GDPNow (Wed); U.S. Unemployment Rate, Initial Jobless Claims, Factory Orders (Thurs); U.S. Holiday, HCOB Eurozone Composite PMI (Fri).

KEY TAKEAWAYS

The AI theme dominated equity returns with most major indexes posting double-digit returns. The impact of the energy shock caused by the Iran conflict may yet to be fully appreciated while central banks wrestle with the impact of rising prices and slowing economic growth.

INDEX RETURNS

Index Returns are as of 06/30/2026	Level	QTD	YTD	6 Months	1 Year	3 Year
S&P 500	7,499	15.20%	10.21%	10.21%	22.32%	20.61%
Dow Jones Industrial Average	52,319	13.38%	9.76%	9.76%	20.65%	17.10%
NASDAQ Composite	26,214	21.60%	13.13%	13.13%	29.48%	24.74%
Russell 2000	7,516	21.49%	22.57%	22.57%	40.78%	18.60%
MSCI EAFE	3,117	10.82%	9.44%	9.44%	20.23%	16.44%
MSCI Emerging Markets	1,723	24.05%	23.85%	23.85%	43.51%	23.03%
Bloomberg US Agg Bond Index	2,363	0.67%	0.62%	0.62%	3.79%	4.16%
Bloomberg US Corporate High Yield Index	2,972	2.47%	1.96%	1.96%	5.91%	8.86%

Source: Morningstar Direct℠

Past Performance is No Guarantee of Future Results

Indexes are unmanaged, do not incur fees or expenses, do not reflect any deduction for taxes, and cannot be purchased directly by investors.

The **S&P 500® Index** is a widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies.

Dow Jones Industrial Average is a price-weighted average of 30 actively traded Blue Chip stocks, primarily industrials, but also including other service-oriented firms; may be used as a benchmark for large cap stocks

NASDAQ Composite is a broad-based index of over 3,000 companies, which measures all domestic, and non-U.S.-based common stocks listed on the NASDAQ Stock Market, Inc.

The **Russell 2000® Index** is a widely recognized, unmanaged index representative of common stocks of smaller capitalized U.S. companies.

The **MSCI EAFE Index** is a widely recognized, unmanaged index representative of equity securities in developed markets, excluding the U.S. and Canada.

The **MSCI Emerging Markets (EM) Index** is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of emerging stock markets throughout the world and excludes certain market segments unavailable to U.S.-based investors.

The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of fixed-rate investment-grade securities with at least one year to maturity, combining the Bloomberg U.S. Treasury Bond Index, the Bloomberg U.S. Government-Related Bond Index, the Bloomberg U.S. Corporate Bond Index, and the Bloomberg U.S. Securitized Bond Index.

The **Bloomberg U.S. Corporate High-Yield Bond Index** covers the universe of fixed rate, non-investment-grade debt from corporate sectors.

The information provided represents the opinion of MassMutual Investments as of the date of publication and is subject to change without notice. It is not to be construed as tax, legal or investment advice. Past performance does not guarantee future results. Three-year returns are annualized.

MassMutual Investments is the marketing name for certain products and/or services of Massachusetts Mutual Life Insurance Company (MassMutual®) and its affiliates, including MML Investment Advisers, LLC (MML Advisers). Investment advisory services of MassMutual Investments are provided exclusively by MML Advisers.

For more information, visit **www.MassMutual.com**, **www.MassMutualfunds.com**, or “follow” us on [LinkedIn].

RS10325 0726

MM202707-313896