



Wealth
Management

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The Markets

The market spent the first half of 2026 floating like a butterfly.

The market slipped every punch during the first six months of 2026, and there were a lot of them: the Iran War, gyrating oil prices, rising inflation, changed interest rate expectations, employment concerns, and mounting national debt. Each issue stepped into the ring swinging and, while the market staggered occasionally, it recovered every time.

Teresa Rivas of Barron's reported, "Bolstered by double-digit earnings growth, 2Q was the best quarter for the S&P 500 since the second quarter of 2020, and [we saw] the best first half of a year for the index since 2021."

Here are some issues investors are watching as we head into the second half of the year.

- **Winning on points.** The United States economy had some mixed data rounds, but it appears to be solid. "Higher energy prices, stubborn inflation and widening inequality all pose risks that could erode the country's current advantage," reported Michelle Fleury of BBC. "Even so, compared with many other advanced economies, the U.S. continues to look robust. Its combination of flexible markets, rapid investment, abundant energy, and tolerance for risk has helped it weather shocks that have strained its peers."
- **AI prospects.** Artificial-intelligence stocks have a shiny record, but will they prove out? Enthusiasm for AI and strong earnings lifted stocks to new highs, but the industry has been rocked by uncertainty. One issue is cost. The LLM Token Expenditure Index measures token price and usage. It doubled from December to May and is now down 20 percent from its May high, according to Jan-Patrick Barnert and Michael Msika as reported by Charles Riley of Bloomberg.

The move can be interpreted in different ways. "One explanation for the recent decline is that AI companies are losing pricing power with increasingly cost-sensitive customers, and that expectations for an eventual AI bonanza could prove misplaced," according to Barnert and Msika. "Another read is that total spend has roughly doubled since last year and cheaper tokens have expanded the market. This means that an index pause is simply digestion, while demand is real and [capital expenditure] is money well spent."

- **A hostile crowd.** An additional issue for AI companies is opposition to data center expansion. Over the first three months of 2026, more than 75 data-center projects valued at \$130 billion were blocked or delayed because of grassroots protests. Many Americans dislike the energy demands, and environmental impacts of the enormous installations. "Public pushback is becoming a risk factor for AI companies and their shares," reported Joe Light of Barron's.
- **Fresh legs in the ring.** A market rotation has begun. As June came to a close, technology stocks fell out of favor, and investors began to find value in other market sectors, including healthcare, industrials, and financials, reported Barron's. In addition, "nervousness about AI valuations has seen investors turning away from U.S. stocks at the fastest pace since March... Investors turned to some international stocks instead, with Japanese equities seeing their biggest inflows in seven weeks....," according to sources cited by Andre Janse Van Vuuren of Bloomberg.

Last week, major U.S. stock indexes rose, and yields on mid- and longer-term U.S. Treasuries moved higher.

Data as of 7/6/26	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	1.8%	9.3%	20.2%	18.9%	11.5%	13.5%
Dow Jones Global ex-U.S. Index	2.1	12.9	25.0	16.1	6.0	7.2
10-year Treasury Note (yield only)	4.5	N/A	4.3	3.9	1.4	1.4
S&P GSCI Gold Index	0.7	-5.0	22.8	28.8	18.3	11.8
Bloomberg Commodity Index	0.1	12.2	18.7	6.7	5.3	3.5

S&P 500, Dow Jones Global ex-US, S&P GSCI Gold Index, Bloomberg Commodity Index returns exclude reinvested dividends. The three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WHAT DO YOU KNOW ABOUT ROUTE 66? The United States turns 250 this year. It's a remarkable milestone and one worth celebrating. Since the history of the United States is broad and varied, we focused this quiz on one iconic American highway: Route 66. The Economist described it like this:

"Though it began as a motley stitching of state and local roads...it quickly became the main route west, passing through eight states. Farmhands used it to flee the Dust Bowl; so did workers, many of them African-Americans from Texas and Oklahoma, who flocked to California's booming industrial base after the second world war; merry holidaymakers traveled along it to Los Angeles...Services for drivers flourished, including [gas] stations, diners and motels, as did the small towns through which the route passed."

See what you know about the "Mother Road" by taking this brief quiz.

1. Few highways capture the American imagination as Route 66 does. If you traveled all 2,400 miles, from one end of the highway to the other, what cities would you start and end in?
 - a. New York City and San Francisco
 - b. Chicago and Santa Monica
 - c. St. Louis and San Jose
 - d. Detroit and Las Vegas
2. In 1928, runners traveled the length of Route 66 as part of a coast-to-coast marathon. "...The grueling event was organized as a promotional stunt by sports agent C.C. 'Cash and Carry' Pyle. Of the 199 men who began the 84-day race, 55 finished it," wrote Elizabeth Nix of History.com. The official race name was the Trans-America Foot Race. What did the press nickname it?
 - a. The Cash and Carry Classic
 - b. The Blister Bowl
 - c. The Footsore Follies
 - d. The Bunion Derby
3. In its heyday, Route 66 was known as "America's Main Street." The all-weather highway traveled the 35th parallel, minimizing exposure to ice and snow in winter and blistering heat in summer. What led to the highway's demise?
 - a. Rising prices during the 1970s oil crisis.
 - b. The interstate highway system bypassed it.
 - c. A series of earthquakes destroyed key segments.
 - d. The rise of commercial air travel.
4. A Marine Corps veteran wrote the song "(Get Your Kicks on) Route 66". Over time it was sung by Nat King Cole, Bing Crosby, The Rolling Stones and other recording artists. What was the songwriter's name?
 - a. Bobby Troup
 - b. Woodie Guthrie
 - c. Chuck Berry
 - d. Allee Willis

Route 66 turns 100 this year, a noteworthy celebration that aligns with America's 250th birthday. The iconic highway paved the way for modern Americans to answer Horace Greeley's historic call to "Go West and grow up with the country". And they did.

WEEKLY FOCUS – THINK ABOUT IT

“The social, and especially the political institutions of the United States, have, for the whole of the current century, been the subject in Europe, not merely of curious speculation, but of the deepest interest. We have been regarded as engaged in trying a great experiment, involving not merely the future fate and welfare of this Western continent, but the hopes and prospects of the whole human race. Is it possible for a government to be permanently maintained without privileged classes, without a standing army, and without either hereditary or self-appointed rulers? Is the democratic principle of equal rights, general suffrage, and government by a majority, capable of being carried into practical operation, and that, too, over a large extent of country?”

– *The New York Daily News, 1860*

Answers: 1) b; 2) c; 3) b; 4) a

Best regards,

A handwritten signature in black ink that reads "Ann Marie Etergino". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Ann Marie Etergino, CIMA®
Managing Director – Financial Advisor

The Etergino Group at
RBC Wealth Management
5425 Wisconsin Avenue, Suite 301
Chevy Chase, MD 20815
Tel: (301) 907-2772 | Toll: (800) 368-3880
Website: www.eterginogroup.com



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- Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
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- The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.
- The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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