Weekly Economic Brief

Collaboration with The Investing Group (TIG)

by Saied Toossi | Week of June 22, 2026

Last week was marked by the first FOMC meeting under newly minted Chair Kevin Warsh and the signing of a U.S.-Iran Memorandum of Understanding (MOU) aimed at opening the Strait of Hormuz and ultimately ending the war. Unsurprisingly, this preliminary agreement remains fragile as hostilities in Lebanon persist and President Trump issues new threats to bomb Iran. Nevertheless, the MOU has driven national average gas prices down from over $4.50 a month ago to under $4.00 a gallon, offering timely respite to consumers during the summer travel season.

As expected, the FOMC voted to maintain the target range for the federal funds rate while delivering a hawkish tilt. The accompanying Summary of Economic Projections, which lays out where committee members see the economy heading, revealed that half now expect explicit interest rate hikes later this year, reflecting a view that inflation, not the labor market, is the primary challenge. Notably, Chair Warsh curtailed traditional forward guidance that markets have come to rely on for anticipating future rate decisions.

Overall industrial production ticked up on a month-over-month basis in May for a second consecutive month, albeit below expectations. Growth in manufacturing production, the largest subcomponent, was flat, with broad-based gains in durables production offset by a decline in nondurables manufacturing. This contrasts with the ISM manufacturing Purchasing Managers' Index (PMI), which suggests that the manufacturing sector is expanding, but also flags a rise in input costs, supply chain disruptions, and inventory buildups that could translate into price increases for consumers. Jobless claims, on the other hand, continued to point to a labor market that has stabilized with businesses slow to hire, but also slow to fire.

Week ahead for economic data: Tuesday's S&P Global PMI data will provide another read of the manufacturing and services sectors. The week's marquee release will be Thursday's Personal Consumption Expenditures (PCE) data, providing insights on consumer spending and the Federal Reserve's preferred measure of inflation, the core PCE price index. This measure strips out volatile energy and food prices to provide a clearer read of underlying inflation trends. A pickup in core inflation would solidify expectations for an upcoming rate hike. Closing out the week will be Friday's release of University of Michigan consumer survey data, which will provide a look at consumer sentiment and inflation expectations.