Weekly Economic Brief

Collaboration with The Investing Group (TIG)

by Saied Toossi | Week of July 13, 2026

Last week was a tame one for economic data. S&P Global and ISM PMI releases for June continue to point to expansion in both manufacturing and services in Q2. Of note, the ISM Services Employment index was in expansionary territory for the first time since February 2026, indicating a surge in labor demand in the sector likely supported in part by the World Cup. High frequency labor market data from ADP and the Department of Labor continue to reflect the “low hiring, low firing” dynamic, however, with continuing claims climbing as businesses reduce hiring in the face of higher input and borrowing costs. High prices remain a challenge across the chain, though ISM Prices indices indicate that input cost pressures eased somewhat last month, aided by the partial reopening of the Strait of Hormuz.

The recent escalation in the U.S.-Israel-Iran war threatens to undo this easing, however, as both sides have stepped up their attacks and Iran declaring the Strait of Hormuz “closed” once again. Five months into the “3-day excursion,” the U.S. finds itself embroiled in what is quickly turning into another lengthy quagmire in the Middle East, with risks skewed towards an intensification of the war. If that were to happen, we could see the closure of the Bab al-Mandab Strait as well, another chokepoint for global trade, and further damage to regional infrastructure that could send the prices for energy and other key commodities surging once again.

Taken together, last week's data and geopolitical developments affirms a “higher-for-longer” interest rate environment. The release of the June FOMC meeting minutes revealed a divided committee with nine of 18 participants offering projections expecting at least one additional rate hike before the end of 2026. Furthermore, the committee dropped its “easing bias.” Policymakers flagged massive AI investments, tariffs, and the fallout from the Middle East war as drivers of inflation.

Week ahead for economic data: The upcoming week's releases present a crucial test with the June CPI and PPI inflation reports, retail sales, and the preliminary University of Michigan consumer sentiment print for July taking center stage. Beyond the economic data, markets will also absorb a slew of earnings reports alongside a dense slate of speeches by Fed officials, headlined by Chair Kevin Warsh's semi-annual congressional testimony. Together, these inputs will serve as a vital check on consumer demand, inflation, and corporate profitability in light of the central bank's hawkish shift.
