Coffee & Commentary
June 15, 2026

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- The S&P 500, NASDAQ, and Dow each posted modest gains for the week, though the path higher was far from smooth. Stocks sold off on Wednesday before rebounding over the final two trading sessions. Even so, all three remained below the record highs they reached during the first few days of June. Final results on the week were; S&P 500 +0.7%, NASDAQ +0.7%, and the Dow +0.7%.
- A recent Consumer Price Index report showed inflation rising to an annual rate of 4.2% in May, the highest level in more than three years. Despite the increase in the year-over-year figure, monthly inflation moderated slightly from April's pace, and price pressures outside of the energy sector remained relatively stable. Meanwhile, a separate report on wholesale inflation showed the Producer Price Index climbing to a 6.5% annual rate, its highest reading since November 2022.
- Oil prices remained highly sensitive to developments in the Middle East, with U.S. crude surging more than 3% on Wednesday before reversing course later in the week. After climbing above $93 per barrel midweek, oil fell to around $84 per barrel by Friday afternoon,its lowest level since mid-April.

2. How are we to prepare and act?

- Markets have entered the summer in a noticeably different position than they occupied just a few months ago. After a powerful rally fueled by strong earnings, improving economic data, and hopes for easing geopolitical tensions, investors are now navigating a more mature phase of the market cycle characterized by broader participation, higher volatility, and a growing focus on fundamentals rather than momentum alone. Beneath the surface, leadership has begun to rotate away from the technology and semiconductor stocks that drove much of the market's advance, while other sectors including financials and healthcare have started to gain traction, suggesting that market participation is broadening in a way that often supports a healthier and more durable advance.
- While shifting market leadership and improving breadth are constructive developments, investors must also contend with an inflation and interest rate backdrop that remains challenging. Markets have steadily moved on from expectations of Federal Reserve rate cuts and are now pricing in a prolonged period of higher rates. At the same time, the economy continues to show resilience, with labor markets remaining healthy, business investment showing continued strength, and stellar corporate earnings growth. These conditions suggest that while higher interest rates may limit valuation expansion and contribute to periodic bouts of volatility, they do not necessarily signal an impending downturn.

3. Taking a look at the week ahead.

- Monday — Housing Market Index
- Tuesday — Import and export prices
- Wednesday — Fed meeting concludes, Chair Warsh press conference
- Thursday — Weekly unemployment claims
- Friday — Juneteenth, markets closed

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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