# Client Newsletter – July 2026

## EUSTACE ADVISOR UPDATES

1. Financial education continues to be a focus - I am offering a new class focused on preparing to buy a house. The 1st session was held in June, and a 2nd session is planned for the week of July 20th. An overview of the class can be found at: https://www.eustaceadvisors.com/files/ea_home_buying_made_simple_class_flyer.pdf.
2. As detailed in the next section, numerous resources have been developed or updated in recent months to help clients better understand a wide range of personal financial management topics.
3. My investing guidance remains structured around a diversified portfolio and a strategic (i.e., buy-and-hold) strategy, with an emphasis on low-cost U.S. and International Index Funds and ETFs and optimization of yield on cash holdings. I try to ignore hype and short-term events and stick with a long-term plan to help avoid making decisions based on fear or hype - as explained on the next page, 2026 is the 2nd year in a row with a turbulent market during 1H, with net positive gains – again proving the merit of not trying to time the market. Please refer to the BlackRock and MFS resources listed below.

## NEW and UPDATED RESOURCES ON THE CLIENT PORTAL

ARTICLES and PAPERS:
- A Playbook for Tax Planning (new),
- An Introduction to Investing,
- Comparing Mutual Funds vs ETFs (new),
- Fidelity Mutual Fund and ETF recommendations,
- Traditional IRA Contribution Limits & Deductibility Guidelines (new),
- Why Monitoring Your Credit Score is Important.

CLASSES:
- Home Buying Made Simple.

TEMPLATES and REFERENCES:
- Important Numbers for 2026.
- Home Inspection Checklist.
- BlackRock Returns by Asset Class – 2017-2026.
- MFS Returns by Asset Class 2006 through 2025.

**Please let me know if you have suggestions for article topics.**

## UPCOMING EUSTACE ADVISOR FINANCIAL PLANNING TOPICS

JUL: Estate Planning (educational update); How to Manage a Financial Windfall (Article)
AUG: Insurance (educational update); A Summary of Useful Financial Resources (Article)

## KEY UPCOMING DATES

SEP 15, 2026: Q3’26 ESTIMATED TAX PAYMENTS ARE DUE.

# FINANCIAL NEWS

**General 2026 trends:**

- As of mid-year, the U.S. economy is defined by a sharp divide between strong corporate and market performance and widespread consumer financial anxiety. While the broader U.S. GDP continues to expand and corporate earnings remain strong, 95% of Americans report concerns over an affordability crisis driven by the rising cost of everyday essentials.
- U.S. employment data, per the BLS, shows a stronger job market in 1H26 than in 1H25, but employment growth is slowing.
- Headline Inflation increased sharply to a 4.2% annual rate as of the end of May, due to rising fuel prices and the ripple effect that it has on other goods and services. The Core inflation rate, which excludes food and energy, increased to 2.9% as of the end of May.
- 30-year fixed mortgage rates, which track the 10-year Treasury yield and are adversely affected by rising inflation, surged from 6.0% in March to 6.5% in June and recently dipped to 6.4% as of July 2$^{nd}$.
- U.S. household ownership of equities and mutual funds / ETFs has increased within every wealth group, with the bottom 50% of households exhibiting the highest growth rate.
- U.S. household cash reserves have increased to 8% of total financial assets, the highest rate in over 3 decades (it was 3.2% in 2019).
- U.S. consumer debt has hit a record high of $19.9T at the end of Q1. Mortgages make up the largest portion of this debt, followed by auto loans, student loans and credit cards.
- U.S. tax law and investment management rules continue to change. Impacted areas include retirement plan contributions, taxes on overtime and tips, charitable contributions, retail investor access to Alternative investments, and investment fee transparency.
- U.S. markets have had turbulence due to inflation and the war in the Middle East but are posting strong YTD returns (see next item).

**2026 markets year-to-date**:

- The S&P500 index opened at 6878 on Jan 2, hit a low of 6317 on Mar 30 and closed at 7504 on Jul 7. Despite a significant decline in March, the market is up 9.1% 2026 YTD. Since Mar 30, the S&P500 index is up 18.8%. We saw similar down-then-up performance in 1H2025 – patient investors who avoided panic selling were yet again rewarded in 2026.
- International markets continue to be strong in 2026 following a banner 2025 in which they returned ~2x (28%) vs. the U.S. market (15%). Diversification across U.S and international markets continues to be recommended.

**Interest Rates:** The Fed has maintained a target effective funds rate of 3.5-3.75% since December 2025, following three consecutive rate cuts in 2025. Some actions to consider:

1. Continue to look for the highest-yielding options for your cash - do not let a lot of cash sit in low-yielding bank accounts. See https://www.eustaceadvisors.com/blog/simple-way-make-your-savings-work-harder-you.
2. If you invest in CDs: the spread on rates between 90-day and 5-yr terms is 4.0-4.4%. I recommend CD ladders to balance liquidity vs. yield and currently favor 1 or 2-year ladders. See: https://www.eustaceadvisors.com/files/eustace_advisors_research_paper_how_to_build_a_cd_ladder.pdf.
3. If you invest in bonds or bond funds, consider shorter-duration options, which should offer better returns if interest rates increase. This is very important with corporate bonds, which offer a modest spread vs. government bonds making the risk-vs-reward tradeoff unfavorable.

*Past performance is not a guarantee of future results, and every investor's situation is unique. Thus, all investment and financial decisions must be made in the context of your unique circumstances, perspectives, and goals. The information contained in this newsletter is of a general nature and is for educational purposes only.*