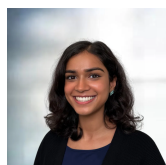


First to Market

June 11, 2026

INFLATION IS CHOMPING AWAY AT YOUR WAGE GROWTH



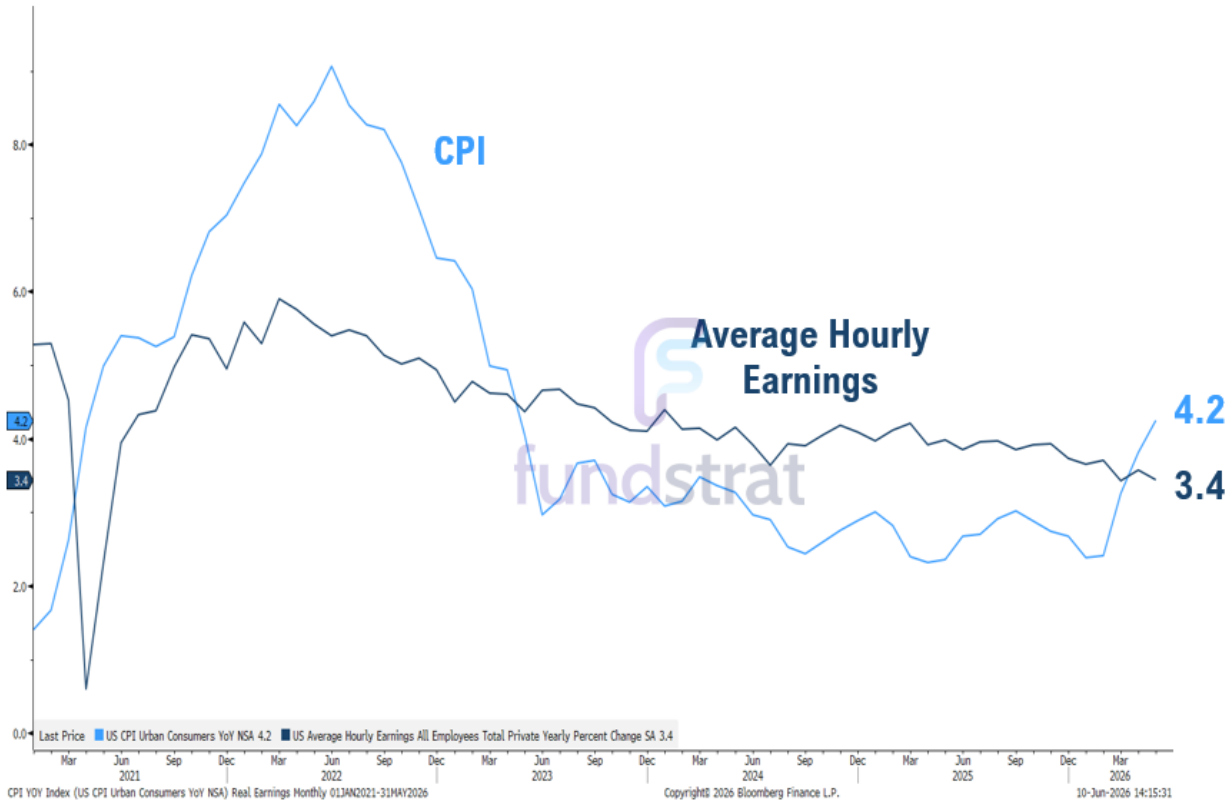
Hardika Singh

ECONOMIC STRATEGIST, MARKET INTELLIGENCE

"It's not whether you get knocked down, it's whether you get up." — Vince Lombardi

Chart of the Day

YoY changes in CPI and Average Hourly Earnings
Since 2021



Source: Fundstrat, Bloomberg, BLS

For Exclusive Use of Fundstrat Clients Only



Good morning!

For the second straight month, inflation outpaced wage growth.

The May consumer-price index report on Wednesday showed that inflation rose 4.2% from a year ago, rising to its highest level since April 2023. A separate report released by the BLS at the same time showed that average-hourly earnings in May rose 3.4% in the past year.

In fact, real average-hourly earnings have declined 0.7% from a year ago, going back to levels last seen in January 2025 when President Trump returned to office. For most of President Biden’s term, prices grew faster than wages did, which didn’t sit well with voters.

For workers this is less than ideal, but for central banks, this is desirable. It means currently there's no wage-price spiral, where workers are (successfully) demanding higher wages to maintain purchasing power. Such a spiral risks stoking inflation even more, leading to a loop of higher wages and higher inflation—against which the Federal Reserve can do little.

Lagging wage growth also means that consumers might naturally pull back from their strong spending habits, which could bring down inflation without the need for large scale unemployment.

Already, there are signs that consumers are spending beyond their means, so maybe this will be the final nail in the coffin. The percentage of credit-card balances that are at least 90 days delinquent rose to its highest level in 15 years, according to the Federal Reserve Bank of New York. Meanwhile, in the first quarter, the total credit-card balance hit \$1.25 trillion, the highest first-quarter level on record.

In some ways, it was also good to see that a surge in energy prices was responsible for 60% of the monthly all items increase in the CPI report. Since oil prices have slowed their climb despite an escalation in war, there's reason to believe that this is as bad as inflation gets, which further uncomplicates what the Fed's next steps need to be.

Workers, however, will likely continue to get the short end of the stick in the near term. Only after inflation goes up do workers start demanding higher wages, so wage growth tends to lag behind inflation. It also tends to be sticky and change over the span of months and years, whereas inflation is felt much more quickly. This time around, it took barely a month of ongoing war before it was reflected in prices.

And even switching jobs, which has historically been the best path for earning higher wages, isn't exactly paying all that well, declining to 3.8% in April from the previous month, hitting the lowest level since June 2021. Earnings growth for workers who stayed put fell to 3.6%. That's according to the Federal Reserve Bank of Atlanta, which uses data that underlies the Labor Department's employment report.

It's not easy winning in this economy.

Economic data summary: The consumer-price index increased 0.5% in May and 4.2% over the past year. The year-over-year change is the biggest jump seen since April 2023, meaning that inflation has accelerated.

The jump in headline CPI is driven by a spike in energy demand and prices, with the index for energy increasing 23.5%, and the index for gasoline rising 40.5% over the past 12 months, and energy accounting for over 60% of the monthly all-items increase in May.

Core CPI, which excludes the more volatile food and energy components, increased 0.2% this month and increased 2.9% from a year ago. Core inflation remains higher than the Fed's 2% target, but it has stayed mostly flat compared to last month.

With no indication that inflation is heading back to 2%, it's arguably unlikely that the Fed will cut rates in the near term. Instead, it's more likely that the FOMC will raise them to try to stabilize inflation later this year. However, oil prices have shown signs of stabilization, holding below \$100 a barrel so far in June, lowering the chances of a further huge increase in inflation. — *Dean Park*

Share your thoughts

Have you noted wage gains yourself? [Click here](#) to send us your response.

 **Here's what a reader commented** 

Q: Did you buy the dip recently?

A: I bought the dip on a couple of the mag 7, and Nokia. Being 77 with excess money on the side with my children already trusted up, I like the action. I still play poker, and I gamble when playing golf.

Catch up with Fundstrat

Equities have wobbled in the past week pushing S&P 500 down -2.6% month to date. This is not entirely surprising given the >10% gains registered in May. But we think the upcoming SpaceX IPO is probably creating near-term wobbles:

Technical

My expectation is for additional weakness into next week, down toward 675, which lines up with the cluster of Fibonacci retracement support at 681, then 664. Despite the excitement surrounding the coming SpaceX IPO pricing tomorrow, it would take a move back above this declining downtrend to cancel out the negatives of today's session.

Crypto

Another Tough Day for Risk Assets: It was another difficult session for both crypto and broader risk assets. Unlike some of the recent crypto-specific weaknesses, today's move occurred alongside a broader selloff across equities.

News We're Following

Breaking News

- US and Iran exchange fresh wave of strikes FT
- Wholesale prices rose 1.1% in May, more than expected CNBC

Markets and economy

- U.S. Trades Fire With Iran for Second Day in Bid to 'Negotiate With Bombs' WSJ
- Analysis: Trump said he loves inflation. Why that should be music to Kevin Warsh's ears CNBC
- Gold sinks to 6-month low as speculative investors exit FT
- Gold is in a bear market for the first time since 2022. How it got here. MW

Business

- Citigroup Is Rolling Out Tokenized Shares of Private Companies WSJ
- OpenAI Considers Drastic Price Cuts, Anticipating War for Users With Anthropic WSJ
- Oracle Shares Tumble Amid Pricy Data-Center Build-Out WSJ
- How Tesla's Stock Listing in 2010 Enabled SpaceX's I.P.O. NYT

Politics/U.S.

- Democrats Once Vowed to Stop Oil and Gas. Now They're Not So Sure. NYT

Overseas

- ECB Becomes First Major Central Bank to Raise Rates Since Inflation Resurgence WSJ

Of Interest

- Knicks stage historic Game 4 comeback against Spurs, 1 win away from title NYT

Overnight

S&P Futures	+56 ▲ point(s) (+0.78% ▲)
overnight range:	-46 ▼ to +59 ▲ point(s)

APAC

Nikkei	+0.06% ▲
Topix	-0.45% ▼
China SHCOMP	-0.16% ▼
Hang Seng	-0.65% ▼
Korea	+0.43% ▲
Singapore	+0.59% ▲
Australia	-0.23% ▼
India	-0.35% ▼
Taiwan	-0.18% ▼

Europe

Stoxx	50	+0.75% ▲
Stoxx	600	+0.60% ▲
FTSE	100	+0.73% ▲
DAX		+0.05% ▲
CAC	40	+0.61% ▲
Italy		+1.08% ▲
IBEX		+0.90% ▲

FX

Dollar Index (DXY)		+0.14% ▲ to 100.09
EUR/USD		-0.01% ▼ to 1.1534
GBP/USD		-0.01% ▼ to 1.3366
USD/JPY		+0.01% ▲ to 160.54
USD/CNY		-0.04% ▼ to 6.7779
USD/CNH		+0.02% ▲ to 6.7806
USD/CHF		+0.03% ▲ to 0.7997
USD/CAD		-0.24% ▼ to 1.3976
AUD/USD		-0.01% ▼ to 0.6998

UST Term Structure

2Y-3M Spread narrowed		-2.3bps ▼ to 39.6bps
10Y-2Y Spread narrowed		-0.3bps ▼ to 40.2bps
30Y-10Y Spread widened		0.5bps to 47.9bps

USD HY OaS

All Sectors	+1.5bps ▲ to 312bps
All Sectors ex-Energy	+2.1bps ▲ 300bps
Cons Disc	+1.7bps ▲ to 474bps
Indu	+2.2bps ▲ to 252bps
Tech	+1.3bps ▲ to 218bps
Comm Srvcs	+3.4bps ▲ to 302bps
Materials	-0.9bps ▼ to 250bps
Energy	+2.0bps ▲ to 291bps
Fin Snr	+2.1bps ▲ to 207bps
Fin Sub	+2.0bps ▲ to 310bps
Cons Staples	+5.5bps ▲ to 445bps
Healthcare	+2.2bps ▲ to 319bps
Utes	+2.3bps ▲ to 213bps *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
6/11	8:30 AM	May PPI m/m	0.7	1.4
6/11	8:30 AM	May Core PPI m/m	0.5	1
6/12	10:00 AM	Jun P UMich 1yr Inf Exp	4.9	4.8
6/12	10:00 AM	Jun P UMich Sentiment	46	44.8
6/15	10:00 AM	Jun Homebuilder Sentiment	37	37
6/16	8:30 AM	May Import Price m/m	n/a	1.9
6/17	2:00 PM	Jun 17 FOMC Decision	3.75	3.75

Disclosures

This research is for the clients of Fundstrat Global Advisors only. For additional information, please contact your sales representative or Fundstrat Global Advisors at 150 East 52nd Street, New York, NY, 10022 USA.

Conflicts of Interest

This research contains the views, opinions and recommendations of Fundstrat. At the time of publication of this report, Fundstrat does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

Fundstrat Global Advisors is an independent research company and is not a registered investment advisor and is not acting as a broker-dealer under any federal or state securities laws.

Fundstrat Global Advisors is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of Fundstrat (i.e., Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by Fundstrat clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of Fundstrat, which is available to select institutional clients that have engaged Fundstrat.

As registered representatives of IRC Securities, our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

Fundstrat does not have the same conflicts that traditional sell-side research organizations have because Fundstrat (1) does not conduct any investment banking activities, (2) does not manage any investment funds, and (3) our clients are only institutional investors.

This research is for the clients of Fundstrat Global Advisors only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but Fundstrat Global Advisors does not warrant its completeness or accuracy except with respect to any disclosures relative to Fundstrat and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client

circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies.

The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein.

Except in circumstances where Fundstrat expressly agrees otherwise in writing, Fundstrat is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fundstrat.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright 2026 Fundstrat Global Advisors LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of Fundstrat Global Advisors LLC.